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**If you have sold or transferred** all your shares in Melco International Development Limited, you should at once hand this circular to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

Website: [www.melco-group.com](http://www.melco-group.com)

(Stock Code: 200)

**MAJOR TRANSACTION**

**PURCHASE OF 19.99% INTEREST  
IN CROWN RESORTS LIMITED**

**BY A LISTED SUBSIDIARY  
– MELCO RESORTS & ENTERTAINMENT LIMITED**

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A letter from the Board is set out on pages 4 to 12 of this circular.

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## DEFINITIONS

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*In this circular, the following terms and expressions shall have the following meanings unless the context requires otherwise:*

“Amendment Deed”	the amendment deed dated 28 August 2019 entered into between Melco Resorts and CPH to amend the Share Sale Agreement, details of which are more particularized under the paragraph headed “Share Sale Agreement” in the “Letter from the Board” in this circular
“AU\$”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“Business Day”	a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in each of New South Wales, Australia, the People’s Republic of China and the Hong Kong and Macau Special Administrative Regions of the People’s Republic of China
“Company”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability and having its shares listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“CPH”	CPH Crown Holdings Pty Limited (ACN 603 296 804), a company incorporated in Australia with limited liability and a wholly-owned subsidiary of Consolidated Press Holdings Pty Limited
“Crown Resorts”	Crown Resorts Limited (ACN 125 709 953), a company incorporated in Victoria, Australia with limited liability and the shares of which are listed on the Australian Securities Exchange
“Crown Resorts Share(s)”	ordinary share(s) in the capital of Crown Resorts
“Director(s)”	the director(s) of the Company
“Encumbrance”	a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any security interest having the meaning ascribed to it under the Personal Property Securities Act 2009 (Cth) of Australia
“First Tranche Completion”	the completion of the sale and purchase of the First Tranche Shares, which took place on 6 June 2019

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## DEFINITIONS

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“First Tranche Purchase Price”	AU\$879,775,000 (approximately HK\$4,750,785,000)
“First Tranche Shares”	67,675,000 Crown Resorts Shares
“Group”	the Company and its Subsidiaries (from time to time)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“ILGA”	the New South Wales Independent Liquor & Gaming Authority
“ILGA Inquiry”	the inquiry being conducted by ILGA into the Transaction and other matters relating to Crown Resorts
“Latest Practicable Date”	17 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Melco Resorts”	Melco Resorts & Entertainment Limited, a company incorporated in the Cayman Islands with limited liability and a subsidiary of the Company, with its American depository shares listed on the NASDAQ Global Select Market in the United States
“Mr. Ho”	Mr. Ho, Lawrence Yau Lung, Chairman and Chief Executive Officer of the Company and Melco Resorts
“Purchase Price”	AU\$1,759,550,000 (approximately HK\$9,501,570,000), being the aggregate of the First Tranche Purchase Price and the Second Tranche Purchase Price, subject to adjustment (details of which are set out under the paragraph headed “Purchase Price” in the “Letter from the Board” in this circular)
“Sale Shares”	135,350,000 Crown Resorts Shares, being the aggregate of the First Tranche Shares and the Second Tranche Shares
“Second Tranche Completion”	the completion of the sale and purchase of the Second Tranche Shares
“Second Tranche Purchase Price”	AU\$879,775,000 (approximately HK\$4,750,785,000), subject to adjustment (details of which are set out under the paragraph headed “Purchase Price” in the “Letter from the Board” in this circular)
“Second Tranche Shares”	67,675,000 Crown Resorts Shares

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of shares of the Company
“Share Sale Agreement”	the Share Sale Agreement dated 30 May 2019 entered into between Melco Resorts and CPH in relation to the sale and purchase of the Sale Shares (as amended by the Amendment Deed dated 28 August 2019)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed to it under the Listing Rules, and “Subsidiaries” shall be construed accordingly
“Sunset Date”	31 May 2020, which is extendable by a further six (6) months if required by either Melco Resorts or CPH
“Transaction”	the transaction contemplated by the Share Sale Agreement, as described in this circular
“%”	per cent.

*Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of (i) AU\$1.00 = HK\$5.40 and (ii) €1.00 = HK\$9.12. Percentages and figures expressed have been rounded.*



**Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

Website: [www.melco-group.com](http://www.melco-group.com)

(Stock Code: 200)

*Executive Directors:*

Mr. Ho, Lawrence Yau Lung

*(Chairman and Chief Executive Officer)*

Mr. Evan Andrew Winkler

*(President and Managing Director)*

Mr. Chung Yuk Man, Clarence

*Registered office:*

38th Floor, The Centrium

60 Wyndham Street

Central

Hong Kong

*Non-executive Directors:*

Mr. Tsui Che Yin, Frank

Mr. Ng Ching Wo

*Independent Non-executive Directors:*

Mr. John William Crawford

Mr. Chow Kwong Fai, Edward

Ms. Karuna Evelyne Shinsho

25 October 2019

*To the Shareholders*

Dear Sir or Madam,

**PURCHASE OF 19.99% INTEREST  
IN CROWN RESORTS LIMITED**

**BY A LISTED SUBSIDIARY  
– MELCO RESORTS & ENTERTAINMENT LIMITED**

**INTRODUCTION**

Reference is made to the Company's announcements dated 30 May 2019 and 28 August 2019 in relation to the purchase of 19.99% of the issued Crown Resorts Shares by Melco Resorts.

The purpose of this circular is to provide you with, among other things, (i) information in relation to the Transaction; (ii) financial information relating to the Group; (iii) financial information relating to Crown Resorts and (iv) other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### **PURCHASE OF 19.99% INTEREST IN CROWN RESORTS LIMITED**

As announced by the Company on 30 May 2019 (after trading hours of the Stock Exchange), Melco Resorts as buyer and CPH as seller, entered into the Share Sale Agreement pursuant to which Melco Resorts agreed to purchase (or procure its nominee to purchase) and CPH agreed to sell, free from Encumbrances and together with all rights attaching or accruing to the Sale Shares after the date of the Share Sale Agreement, an aggregate of 135,350,000 Crown Resorts Shares, representing approximately 19.99% of the issued Crown Resorts Shares, in two equal tranches.

As further announced by the Company on 28 August 2019 (after trading hours of the Stock Exchange), it was disclosed in the Form 6-K dated 28 August 2019 furnished by Melco Resorts with the United States Securities and Exchange Commission in relation to the deferral of acquisition of the Second Tranche Shares in Crown Resorts that, the ILGA announced that it was conducting the ILGA Inquiry. Melco Resorts and CPH have agreed to allow more time for the relevant Australian regulatory processes to be completed before the Second Tranche Completion. On 28 August 2019 (after trading hours of the Stock Exchange), Melco Resorts and CPH entered into the Amendment Deed.

### **SHARE SALE AGREEMENT**

The principal terms of the Share Sale Agreement (as amended by the Amendment Deed) are summarized below:

#### **Date**

30 May 2019 (as amended on 28 August 2019)

#### **Parties**

- (1) Melco Resorts (or its nominee) as buyer
- (2) CPH as seller

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, CPH and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

#### **Subject Matter**

Melco Resorts has agreed to purchase (or procure its nominee to purchase) and CPH has agreed to sell, free from Encumbrances and together with all rights attaching or accruing to the Sale Shares after the date of the Share Sale Agreement, an aggregate of 135,350,000 Crown Resorts Shares, representing approximately 19.99% of the issued Crown Resorts Shares, in two equal tranches.

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## LETTER FROM THE BOARD

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### **Purchase Price**

The Purchase Price for the Sale Shares is AU\$1,759,550,000 (equivalent to approximately HK\$9,501,570,000). The Purchase Price is payable by Melco Resorts (or its nominee), in cash, to CPH in two equal tranches, as to AU\$879,775,000 (equivalent to approximately HK\$4,750,785,000) on the First Tranche Completion and as to AU\$879,775,000 (equivalent to approximately HK\$4,750,785,000), subject to adjustment (as herein below mentioned) on the Second Tranche Completion.

The Share Sale Agreement provides that Melco Resorts (or its nominee) is entitled to any dividend, distribution, return of capital, paid or credited amount, transferred property or similar, announced and/or paid in respect of the Second Tranche Shares at any time after the date of the Share Sale Agreement (each an “Entitlement”). If the Second Tranche Completion occurs after 30 September 2019, the Second Tranche Purchase Price shall be reduced by an amount equal to any dividends received by CPH on the Second Tranche Shares during the period between 6 June 2019 and the Second Tranche Completion, but increased by AU\$0.05 per Second Tranche Share per calendar month (as pro rated daily) following 30 September 2019 until the Second Tranche Completion.

The Share Sale Agreement further provides that the amount or value of any franking credit attached to a dividend or other distribution does not form part of the Entitlement of Melco Resorts (or its nominee) for this purpose.

The Purchase Price for the Sale Shares was determined based on arm’s length negotiations between Melco Resorts and CPH after taking into account, among other things, (i) the historical and prevailing share price performance of Crown Resorts (the closing share price of which as quoted on the Australian Securities Exchange as at the Latest Practicable Date was AU\$12.14), (ii) the historical earnings of Crown Resorts (details of which are set out in Appendix II to this circular) and (iii) the prospective strategic value, performance and development of Crown Resorts in Australia and elsewhere through its premium assets, which details are disclosed in the already published annual reports of Crown Reports as set out in Appendix II to this circular.

The Group intends to finance the purchase of the Sale Shares by internal and external sources of funding.

### **Completion**

The Share Sale Agreement provides that:

#### *First Tranche Completion*

First Tranche Completion must take place on the date that is five (5) Business Days after the date of the Share Sale Agreement (which has taken place on 6 June 2019) at the time and place agreed by the parties to the Share Sale Agreement in writing or at any other place, date or time as CPH and Melco Resorts agree in writing.



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## LETTER FROM THE BOARD

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### *Second Tranche Completion*

- (1) Second Tranche Completion is subject to certain conditions being satisfied or waived, including the completion of the relevant regulatory processes with no restriction, objection, or conditions considered unreasonable by Melco Resorts or CPH, imposed as a result of the ILGA Inquiry to the Second Tranche Completion, and no condition related to Melco Resorts' suitability considered unacceptable by Melco Resorts.
- (2) If by the Sunset Date, the conditions to the Second Tranche Completion as mentioned in (1) above have not been satisfied or waived, the obligation of the Second Tranche Completion is subject to a termination notice that can be given by either Melco Resorts or CPH.
- (3) Second Tranche Completion must take place:
  - (i) on a date falling within a period of up to sixty (60) Business Days following the completion of the relevant Australian regulatory processes as mentioned in (1) above; or
  - (ii) at any other place, date or time as Melco Resorts and CPH agree in writing.

The First Tranche Completion occurred on 6 June 2019, with the First Tranche Purchase Price settled in cash. As at the Latest Practicable Date, the Second Tranche Completion has not occurred and will be subject to satisfaction or waiver of the conditions mentioned in (1) above.

### **Other undertakings**

The Share Sale Agreement provides that CPH must not dispose of or create any Encumbrance over any of the Sale Shares (or any interest in any or them) from the date of the Share Sale Agreement until such time as Second Tranche Completion has occurred.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE PARTIES

#### Melco Resorts

Melco Resorts is a listed Subsidiary of the Company, whose American depository shares are listed on the NASDAQ Global Select Market in the United States of America. Melco Resorts, through its Subsidiaries, is principally engaged in businesses in the leisure, gaming and entertainment sectors.

#### CPH

CPH is a company incorporated in Australia with limited liability and a wholly-owned subsidiary of Consolidated Press Holdings Pty Limited. CPH is an investment holding company.

#### Crown Resorts

Crown Resorts is a company incorporated under the laws of Victoria, Australia with its shares listed on the Australian Securities Exchange. Its core businesses and investments are in the integrated resorts sector.

Set out below is the financial information of Crown Resorts extracted from the audited consolidated financial statements for the two financial years ended 30 June 2019 and 30 June 2018 published in the 2019 annual report of Crown Resorts:

- (1) for the financial year ended 30 June 2019, Crown Resorts' audited profit before taxation was approximately AU\$579,300,000 (equivalent to approximately HK\$3,128,220,000) and Crown Resorts' audited profit after taxation was approximately AU\$402,900,000 (equivalent to approximately HK\$2,175,660,000).
- (2) for the financial year ended 30 June 2018, Crown Resorts' audited profit before taxation was approximately AU\$744,200,000 (equivalent to approximately HK\$4,018,680,000) and Crown Resorts' audited profit after taxation was approximately AU\$573,200,000 (equivalent to approximately HK\$3,095,280,000).
- (3) as at 30 June 2019, Crown Resorts' audited net asset value was approximately AU\$5,096,900,000 (equivalent to approximately HK\$27,523,260,000).

#### The Company

The Company, through its Subsidiaries, is principally engaged in leisure, gaming and entertainment and other investments.

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## LETTER FROM THE BOARD

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### FURTHER INFORMATION

Certain executives of Melco Resorts intend to submit applications to the gaming regulatory authorities in each of Victoria, Western Australia and New South Wales. Following approval from these authorities, Melco Resorts intends to pursue board representation on the board of directors of Crown Resorts commensurate with its ownership position in Crown Resorts. Any such appointments would require the support of the board of directors of Crown Resorts, and once appointed, any such directors would be subject to periodic election by simple majority vote of the shareholders of Crown Resorts. Additionally, subject to obtaining requisite regulatory approvals, Melco Resorts welcomes the opportunity to increase its ownership in Crown Resorts. However, as at the Latest Practicable Date, no particular determination has been made by Melco Resorts on increasing its ownership in Crown Resorts.

### REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors believe that the strategic acquisition will expand the Group's business presence into two new markets, namely, Australia and the United Kingdom, with opportunities to create additional value for the Shareholders. The Transaction reflects the Group's strategy of continually seeking global expansion opportunities, leveraging the Group's strong financial position and solid experience in the field of leisure, entertainment and hospitality. In light of the volume and percentage shareholding contemplated under the Transaction, the purchase of the Sale Shares was conducted by way of a private sale and purchase rather than an open market transaction.

The Directors consider that the terms of the Transaction are fair and reasonable, and that the Transaction is on normal commercial terms (as far as the Company is concerned) and in the interests of the Company and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction are more than 25% but less than 100%, the Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement, circular and Shareholders' approval requirements for a major transaction under the Listing Rules.

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve, the Transaction, if the Company were to convene a general meeting to approve the Transaction.

On 30 May 2019, the following Shareholders hold an aggregate of 833,669,396 shares in the Company as recorded in the register required to be kept under Section 336 of the SFO, representing approximately 54.85% of the then issued shares of the Company:

- (1) Mr. Ho holds 46,739,132 shares in the Company, representing approximately 3.08% of the issued shares of the Company;
- (2) Better Joy Overseas Ltd. holds 297,851,606 shares in the Company, representing approximately 19.60% of the issued shares of the Company;

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## LETTER FROM THE BOARD

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- (3) Lasting Legend Ltd. holds 120,333,024 shares in the Company, representing approximately 7.92% of the issued shares of the Company;
- (4) Mighty Dragon Developments Limited holds 50,830,447 shares in the Company, representing approximately 3.34% of the issued shares of the Company;
- (5) LH Family Investment Inc. holds 6,873,000 shares in the Company, representing approximately 0.45% of the issued shares of the Company;
- (6) Maple Peak Investments Inc. holds 1,566,000 shares in the Company, representing approximately 0.10% of the issued shares of the Company; and
- (7) Great Respect Limited holds 309,476,187 shares in the Company, representing approximately 20.36% of the issued shares of the Company.

All of the companies referred to in paragraphs (2) to (6) above are owned by Mr. Ho and/or persons and/or trusts associated with Mr. Ho. By virtue of the SFO, Mr. Ho is deemed to be interested in the shares held by those companies. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho and his immediate family members. Mr. Ho is taken to have interests in the shares held by Great Respect Limited by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.

The Company has received written Shareholders' approval in respect of the Transaction from a closely allied group of Shareholders specified above, which together hold more than 50% of the issued shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Transaction.

### **WAIVERS FROM COMPLIANCE WITH RULE 14.67(6)(a)(i) and RULE 14.67(7) OF THE LISTING RULES**

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, on an acquisition of any company, an accountants' report prepared in accordance with Chapter 4 of the Listing Rules on the company being acquired is required to be included in the shareholders' circular; provided that, where the company in question has not or will not become a subsidiary of the listed company, the Stock Exchange may be prepared to relax this requirement.

If the Company is required to comply with Rule 14.67(6)(a)(i) of the Listing Rules, such accountants' report should include the financial information of Crown Resorts for the three financial years immediately preceding the issue of this circular (being the years ended 30 June 2017, 2018 and 2019), and must be prepared using accounting policies which should be materially consistent with those of the Company (which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS")).

Upon completion of the Transaction, the Company is expected to hold approximately 19.99% of the issued share capital of Crown Resorts. Crown Resorts will not become a subsidiary of the Company and the financial results of Crown Resorts will not be consolidated in the financial statements of the Company.

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## LETTER FROM THE BOARD

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The shares of Crown Resorts are listed on the Australian Securities Exchange (ASX: CWN). Pursuant to rules and regulations applicable to Crown Resorts, Crown Resorts publishes annual financial statements and half-year financial results. In accordance with the Corporations Act 2001 of Australia, Crown Resorts' published audited financial statements have been audited by Ernst & Young Australia in accordance with Australian Auditing Standards ("AAS"). Crown Resorts' published audited financial statements also comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board, which standards are materially consistent with HKFRS, the accounting standards adopted by the Company.

If the Company is required to comply with the requirements of Rule 14.67(6)(a)(i) of the Listing Rules, a considerable amount of work would be required to convert Crown Resorts' financial information from AAS to HKFRS and prepare financial statements of Crown Resorts in conformity with HKFRS. However, as the financial year-end or accounting reference period of Crown Resorts falls on 30 June of each year, which does not align with that of the Company (being 31 December of each year), such converted financial information of Crown Resorts, could only be prepared in respect of the financial years ended 30 June 2017, 2018 and 2019 (the "Crown Resorts HKFRS Financial Information"). The Company's auditors would then need to carry out certain audit procedures in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") on the Crown Resorts HKFRS Financial Information and prepare an accountants' report under Rule 14.67(6)(a)(i). Accordingly, complying with the requirements of Rule 14.67(6)(a)(i) of the Listing Rules would be unduly burdensome for the Company to prepare the Crown Resorts HKFRS Financial Information and for its auditors to complete the audit, and be of no benefit to the Shareholders, and any benefit of such work would not justify the work and expenses involved.

Rule 14.67(7) of the Listing Rules provides that a circular issued in relation to an acquisition constituting a major transaction is required to contain a management discussion and analysis of the results of the company being acquired covering the matters set forth in paragraph 32 of Appendix 16 to the Listing Rules for the period reported on in the accountants' report. For the same reasons set out above, the Company has applied to the Stock Exchange for a waiver of the requirement to prepare a management discussion and analysis of the results of Crown Resorts in accordance with Rule 14.67(7) of the Listing Rules.

As alternative disclosure to an accountants' report required under Rule 14.67(6)(a)(i) of the Listing Rules and a management discussion and analysis required under Rule 14.67(7) of the Listing Rules, the already published annual reports of Crown Resorts for the three financial years ended 30 June 2017, 2018 and 2019 have been included in this circular.

The Directors consider that such published financial information in relation to Crown Resorts (prepared in compliance with AAS, and also IFRS which standards are materially consistent with HKFRS, the accounting standards adopted by the Company) reproduced in this circular, will afford the Shareholders with all material information necessary to assess the financial performance of Crown Resorts throughout the periods presented, such information being broadly commensurate in all material respects to the disclosure that would otherwise have been provided if an accountants' report on Crown Resorts had been produced under Rule 14.67(6)(a)(i) and the management discussion and analysis of the results of Crown Resorts had been prepared under Rule 14.67(7) of the Listing Rules.

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## LETTER FROM THE BOARD

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Accordingly, as disclosed in the Company's announcement dated 9 August 2019, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from compliance with Rule 14.67(6)(a)(i) and Rule 14.67(7) of the Listing Rules such that the Company is not required to include an accountants' report on Crown Resorts or a management discussion and analysis of the financial results of Crown Resorts in this circular.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board of  
**Melco International Development Limited**  
**Ho, Lawrence Yau Lung**  
*Chairman and Chief Executive Officer*

## 1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2016, 2017 AND 2018

Financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 is disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website ([www.melco-group.com](http://www.melco-group.com)) and can be accessed at the website addresses below:

- Annual report of the Company for the year ended 31 December 2016 (pages 105 to 281)  
[https://www.melco-group.com/doc/english/report/e0200\\_170330\\_AR.PDF](https://www.melco-group.com/doc/english/report/e0200_170330_AR.PDF)
- Annual report of the Company for the year ended 31 December 2017 (pages 98 to 206)  
[https://www.melco-group.com/doc/english/report/e0200\\_180329\\_AR.pdf](https://www.melco-group.com/doc/english/report/e0200_180329_AR.pdf)
- Annual report of the Company for the year ended 31 December 2018 (pages 122 to 233)  
[https://www.melco-group.com/doc/english/report/e0200\\_190418\\_AR.pdf](https://www.melco-group.com/doc/english/report/e0200_190418_AR.pdf)

## 2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of this statement of indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

### Interest-bearing borrowings

	<i>HK\$'000</i>
Secured and guaranteed	23,441,756
Unsecured and guaranteed	4,706,399
Unsecured and unguaranteed	<u>16,380,033</u>
	<u><u>44,528,188</u></u>

Secured and guaranteed borrowings as at 31 August 2019 were secured by the following assets of the Group:

- i. certain property, plant and equipment;
- ii. investment properties;
- iii. certain land and all present and future buildings on and fixtures to such land, and land use rights (or equivalent);
- iv. certain bank deposits;
- v. chattels, receivables and other assets including certain inter-group loans; and
- vi. issued shares of certain subsidiaries of the Group.

#### **Leases liabilities**

The Group adopted HKFRS 16 *Leases* from 1 January 2019 using the modified retrospective method without restating comparative information. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases under Hong Kong Accounting Standard 17 *Leases* and related interpretation at the date of initial application. The Group also elected to use the recognition exemption allowed by the standard on lease contracts whose lease terms end within 12 months as of the commencement date and do not contain a purchase option. The Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate and measured the right-of-use assets at an amount equal to the lease liabilities, adjusted by any related prepaid or accrued lease payments at the date of initial application. As at 31 August 2019, the Group had current and non-current lease liabilities amounted to approximately HK\$583,695,000 and HK\$2,993,461,000, respectively.

Save as disclosed above and the interim report of the Company in 2019 and apart from intra-group liabilities and normal trade and other payables, at the close of business on 31 August 2019, the Group did not have any debt securities issued and outstanding or authorized or otherwise created but unissued, term loans, bank overdrafts, liabilities under acceptances or acceptance credits, hire purchases, mortgages, charges, guarantees or material contingent liabilities.

### **3. WORKING CAPITAL SUFFICIENCY**

After due and careful consideration, the Directors are of the opinion that, taking into account the financial resources available to the Group including cash flows to be generated from the operating activities and the available credit facilities, the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular, in the absence of unforeseen circumstances.



#### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

#### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group continues to focus on improving the quality of its services and entertainment offerings as well as upgrading the infrastructure of its properties, with the goal to better cater to customers in Macau and around the world. Driven by the corporate DNA to always strive to do better, the Group aims to create a category of hospitality, leisure and entertainment that constantly exceeds expectations, and is well positioned to continue to be a pioneer and innovator in premium travel, leisure and entertainment in Macau and internationally.

For Macau, the Group's long-term growth strategy remains to focus on the premium-mass and mass segments, which the Group believes will drive sustainable growth and profit for its industry. The Group will continue to invest in balancing its exposure and to further grow a diversified portfolio to attract the broader tourism market through its world-class non-gaming entertainment and leisure offers. The Group is confident that its latest US\$1.1 billion iconic hotel Morpheus will further solidify the Group's position as a pioneer in delivering the most luxurious travel, leisure and entertainment experiences to guests.

Beyond Macau, the Group continues to focus on opportunities for global expansion, bringing the most premium and luxurious experience to guests around the world. With operations across Macau, the Philippines and Cyprus, Melco Resorts announced its agreement to acquire a 19.99% stake in Crown Resorts from CPH in May 2019. Crown Resorts is a company listed on the Australian Securities Exchange and operates two of Australia's leading integrated resorts, namely, Crown Melbourne Entertainment Complex and Crown Perth Entertainment Complex, along with Crown Aspinalls, a high-end licensed casino in the United Kingdom. The Group believes the strategic acquisition will expand its business presence into two new markets, namely, Australia and the United Kingdom.

The core focus of the Group continues to be Japan. Following the passage of the Integrated Resorts Implementation Bill in July 2018, the Group is very focused and dedicated to becoming an international integrated resort operator in the country. To this end, the Group has been working diligently for the past 10 years to build up potential partnerships and collaborations with government stakeholders, local communities and local companies in an effort to further build up local presence. The Group has announced in September 2019 that it will be focusing its Japanese integrated resort development efforts for large cities on Yokohama, Japan. The convenient location, communication links, vibrancy and pioneering spirit of Yokohama make it an ideal candidate for a large-scale development designed specifically for premium international tourists. The Group has demonstrated its commitment and support to Yokohama through a series of local events across the city, including a long-term partnership with the Yokohama F Marinos. As further demonstration of the Group's strong and continued commitment to Yokohama, the Group is expanding its dedicated team that is focused on developing an integrated resort plan for the city, and has already secured an office in Minato Mirai area that will be opening shortly. With the Group's focus on the Asian premium segment, dedication to high quality assets and sustainable

operations, and its world-class entertainment offerings that go beyond gaming, the Group believes it is in a strong position to be a partner to Japan's journey in its integrated resort development with a tailored and unique Japanese touch.

Looking ahead, the Group believes that its diversified revenue streams across market segments and geographies with distinctive high-quality hotel brands will provide a strong foundation to the Group's near and long-term success and development. With growing global demand for premium and tailored travel experiences, for both gaming as well as non-gaming entertainment and leisure offerings, the Group's dedicated management team, solid corporate governance, strong property portfolio are well placed to continue to deliver solid financial growth.

## **6. FINANCIAL EFFECTS ON THE GROUP**

As set out in the unaudited pro forma financial information of the Group in Appendix III to this circular, the First Tranche Completion had occurred on 6 June 2019 and the Group held approximately 9.99% of the issued Crown Resorts Shares as at 30 June 2019. The First Tranche Shares were classified as financial assets at fair value through profit or loss in the unaudited condensed consolidated interim financial information of the Group as at 30 June 2019. Had the Second Tranche Completion occurred on 30 June 2019, the total assets and liabilities of the Group as at 30 June 2019 would be increased by approximately HK\$4,549,790,000 and HK\$4,787,330,000 respectively. In addition, the Group's reserves and non-controlling interests as at 30 June 2019 would be decreased by approximately HK\$130,224,000 and HK\$107,316,000 respectively. Upon Second Tranche Completion, the Group will hold approximately 19.99% of the issued Crown Resorts Shares and the Sale Shares will be classified as financial assets at fair value through profit or loss in the consolidated financial statements of the Group. Crown Resorts will not become a subsidiary and its financial results will not be consolidated or shared-of in the consolidated financial statements of the Group. After Second Tranche Completion, as a result, the assets, liabilities and results of Crown Resorts will not be consolidated into the Group.

Further details of the financial effects of the Transaction to the Group together with the basis in preparing the unaudited pro forma financial information of the Group are set out in Appendix III to this circular.

**A. PUBLISHED FINANCIAL INFORMATION OF CROWN RESORTS OF EACH OF THE THREE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019**

1. The following is the reproduction of each of the already published 2017, 2018 and 2019 annual reports of Crown Resorts for the three financial years ended 30 June 2017, 2018 and 2019, respectively.

# ANNUAL REPORT 2017





CROWN RESORTS LIMITED  
ABN 39 125 709 953

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## Financial Calendar

Record date for dividend	22 September 2017
Payment of final dividend	6 October 2017
Annual General Meeting	26 October 2017
2018 Interim results	February 2018

## Annual General Meeting

10.00am (Melbourne time)  
Thursday 26 October 2017

River Room  
Level 1, Crown Towers Melbourne  
8 Whiteman Street  
Southbank, Victoria

## Executive Chairman's Message

*Crown Resorts has delivered significant cash returns to shareholders and is now primarily focussed on its high quality core Australian operations and development projects.*



It is with great pleasure that I present my first Annual Report as Executive Chairman.

Crown is one of Australia's largest entertainment groups. Crown's continued investment in its Australian resorts has ensured that Crown remains one of Australia's most valuable tourism assets with its leading integrated resorts in Melbourne and Perth, and construction underway on the highly anticipated Crown Sydney Hotel Resort.

It is with this reputation that Crown attracted approximately 31 million local and international visits during the period and has remained the largest single-site private sector employer in both Victoria and Western Australia, with more than 15,600 people working at Crown Melbourne and Crown Perth in over 700 different roles.

It has been a challenging period given the detention of a number of current and former Crown employees in China last October. We are pleased that all of our employees have now been reunited with their families and loved ones. Crown is deeply appreciative of the support provided by the Department of Foreign Affairs and Trade and the Australian Government, and for their professionalism and assistance throughout the course of the matter.

### **Results and Sale of Interest in Melco Resorts & Entertainment Limited (MRE)**

For the financial year ended 30 June 2017, Crown Resorts announced a net profit of \$308.9 million before significant items, which was down 21.5% from the previous year. This result reflects difficult trading conditions at Crown's Australian resorts, due primarily to the reduction in VIP program play revenue and the challenging economic conditions in Perth.

Crown's net profit after significant items was \$1,866.1 million, up 96.7%. This includes the profit from the sale of Crown's interest in MRE (the MRE sale), which generated proceeds of approximately \$3.1 billion, resulting in a net gain of approximately \$1.7 billion. Crown no longer holds an interest in MRE.

The MRE sale will enable investors and analysts to more easily assess the value of Crown's high quality core Australian operations. The return from our overall investment in MRE has generated cash returns equivalent to approximately six times the total amount invested by Crown.

### **Capital Management**

Following completion of the MRE sale, Crown returned approximately \$1.1 billion of capital to shareholders via a special dividend of 83 cents per share and the completion of an approximately \$500 million on-market share buy-back. In addition, Crown has announced its intention to undertake a further on-market share buy-back of up to approximately 29.3 million shares and the recommencement of the buy-back of Subordinated Notes listed on the ASX under the code "CWNHA".

Consistent with the objective of increasing cash returns to shareholders, Crown also adopted a new dividend policy to pay 60 cents per share on a full year basis, subject to Crown's financial position. For the financial year ended 30 June 2017, Crown declared a dividend of 30 cents per share, franked to 60%, at both the half and full year results. This brings the dividends for the year to 60 cents per share or \$1.43 per share including the special dividend paid to shareholders during the period.

Crown has significantly reduced its net debt following receipt of the proceeds from the MRE sale and has strengthened its balance sheet and credit profile to fund its Australian development project pipeline.

### **Major Focus**

Following the sale of Crown's interest in MRE and the decision not to proceed with the Alon Las Vegas project, Crown is now primarily focussed on its world-class core Australian operations and development projects.

Crown's major focus is to improve the underlying performance of our key Australian resorts, execute on our existing development project pipeline and continue to grow our digital businesses.

### **Crown Melbourne and Crown Perth**

Normalised EBITDA from Crown's Australian resorts was \$833.7 million, down 10.7%. This result was impacted by the challenging Perth economy and the reduction in VIP program play revenue in Australia, where turnover was down 48.9% compared to the prior year.

In response to these challenging trading conditions and the increased focus on Crown's Australian assets, Crown simplified its organisational structure and reduced costs across the business during the second half of the year. A number of productivity and efficiency improvements were also implemented at both Crown Melbourne and Crown Perth. Crown will remain focussed on continuing to identify opportunities to deliver improved operating performance at both Australian properties.

### Australian Projects

Crown is excited to have commenced construction of the Crown Sydney Hotel Resort at Barangaroo South. We are working diligently to deliver Sydney's first six-star hotel and a landmark building of global significance on one of the world's most beautiful harbours. Crown Sydney is expected to be completed in 2021.

In Victoria, Crown and its joint venture partner, the Schiavello Group, were pleased to receive conditional planning approval in February 2017 to construct the proposed One Queensbridge project. The project includes a new 388 room luxury six-star hotel, which will be connected to Crown Melbourne by a sculptural pedestrian bridge. The project remains subject to financing and long-form agreements between Crown and the Schiavello Group.

On 15 December 2016, Crown officially opened Perth's first luxury six-star hotel, Crown Towers Perth. We believe that Crown Towers Perth, which takes the total number of guest rooms and suites at the resort to approximately 1,200, is one of the most luxurious hotels in Australia and the region and has set a new benchmark in six-star accommodation.

### Crown Digital

Crown's digital businesses saw strong revenue growth and improved profitability during the year. We were pleased with the performance of Crown's wagering and online social gaming operations which generated EBITDA of \$14.8 million, compared to a loss of \$5.4 million in the previous year. The assets and investments in Crown Digital are expected to provide a continued source of future growth for Crown.

Crown Digital also includes Crown's investment in Chill Gaming, a 50/50 joint venture with the founders of Wymac Gaming Solutions. Chill Gaming, whose products are in the process of being developed, will focus on innovation and providing current gaming customers with new entertaining product options.

### Our Commitment to Community

Crown is a large and diverse business, serving millions of customers each year and is responsible for the employment of over 15,600 people at our Melbourne and Perth resorts. We are grateful for the efforts of all our employees and are mindful of our responsibilities to them and to the communities in which we operate. Through the Crown Resorts Foundation, we continue to set the benchmark in corporate philanthropy.

This year we have continued the momentum of our award-winning Indigenous Employment Program. We have now provided over 680 Indigenous employment opportunities as we work towards our ambitious target of 2,000 by 2021. Similarly, we are proud of the progress we have made with CROWNability, our disability employment program. Our efforts in diversity and inclusion resulted in Crown Perth receiving the 2017 Employer of the Year award for Innovation at the atWork Australia awards and Crown Melbourne receiving the National Employer of the Year 2016 award from OCTEC Employment Services.

While we maintain our industry leading commitment to the training and development of our employees, a particular focus of our diversity and inclusion programs this year has been addressing gender equity within our business. We are working at all levels of our business to create positive and proactive change for gender equity.

We are proud of the work the Crown Resorts Foundation continues to deliver with its community partners. Currently, the Foundation is working with 115 not-for-profit community organisations to provide thousands of school students across Australia with greater access to enhanced and creative educational programs, and pathways to employment and community re-engagement.

On behalf of the Board, I wish to sincerely thank you, as a valued shareholder of Crown Resorts, for your support as we continue our strategy to maximise the performance of Crown Melbourne and Crown Perth and progress our strong portfolio of future projects.



**John Alexander**  
Executive Chairman, Crown Resorts Limited



## Financial Performance

*The 2017 full year result reflected difficult trading conditions in the Australian operations, primarily due to the reduction in VIP program play revenue in Australia and softness in the Perth economy. The result also includes a net gain from the sale of Crown's interest in Melco Resorts & Entertainment Limited, which was reported as a significant item.*

- Crown reported a normalised net profit after tax (NPAT) of \$343.1 million for the full year ended 30 June 2017, down 15.5%.
- A net gain from the sale of shares in Melco Resorts & Entertainment Limited (MRE), formerly Melco Crown Entertainment Limited, was the major component of the \$1,557.2 million in significant items.
- Crown's Australian resorts normalised EBITDA declined by 10.7%, with normalised revenue down 12.7%, primarily due to the decline in VIP program play revenue, which was down 48.9%, and softness in the Perth economy.
- Crown's share of MRE's normalised NPAT of \$42.4 million was down \$15.7 million or 27.0%, with Crown no longer equity accounting the investment from 1 January 2017.
- A final dividend of 30 cents per share, franked to 60%, was declared bringing the full year dividend to 60 cents per share or \$1.43 per share including the special dividend of 83 cents per share.

### Performance for the year ended 30 June 2017

	FY17 \$m	FY16 \$m	% change
Normalised revenue <sup>1</sup>	3,231.3	3,584.9	(9.9%)
Normalised expenditure <sup>1</sup>	(2,403.3)	(2,729.1)	11.9%
Normalised EBITDA <sup>2</sup>	828.0	855.8	(3.3%)
Normalised EBIT <sup>3</sup>	531.2	573.1	(7.3%)
Normalised NPAT <sup>4</sup> attributable to Crown	343.1	406.2	(15.5%)
Reported NPAT before significant items <sup>5</sup> attributable to Crown	308.9	393.6	(21.5%)
Significant items attributable to Crown	1,557.2	555.2	180.5%
Reported NPAT after significant items attributable to Crown	1,866.1	948.8	96.7%

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items.

2. Normalised earnings before interest, tax, depreciation and amortisation.

3. Normalised earnings before interest and tax.

4. Net profit after tax.

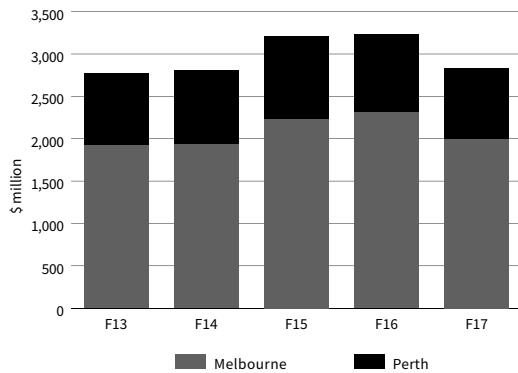
5. Significant items of \$1,557.2 million in the 2017 financial year, the major component of which is the net gain from the sale of shares in MRE.



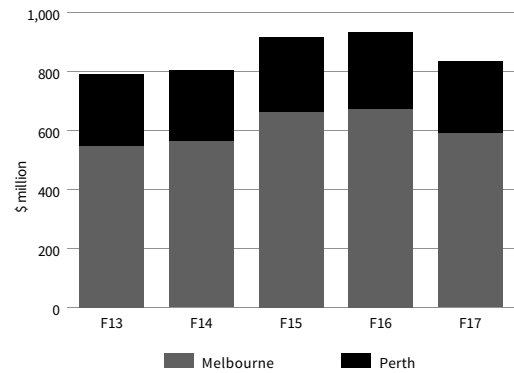
Crown Resorts' Major Focus Areas

- Improve the underlying performance of Crown Melbourne and Crown Perth
- Deliver the Crown Sydney project on time and on budget
- Develop a financing solution for the proposed One Queensbridge project
- Continue growing Crown Digital, including wagering and online social gaming

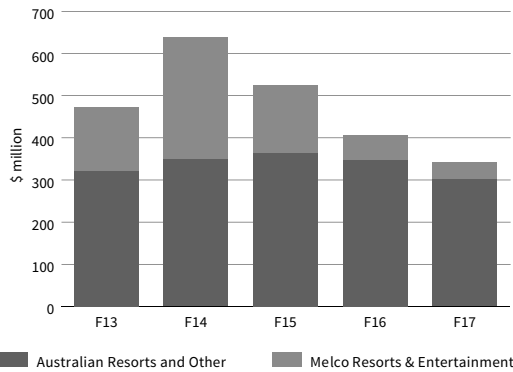
Australian Resorts Normalised Revenue



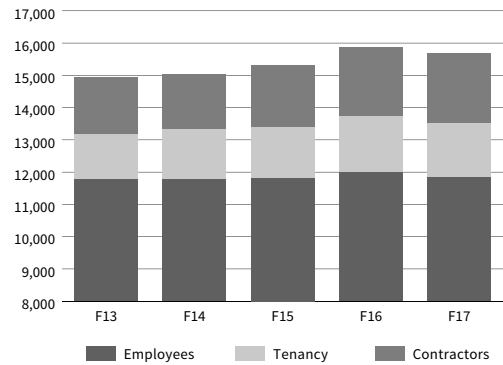
Australian Resorts Normalised EBITDA



Crown Resorts Limited Normalised NPAT



Head Count Australian Resorts



# About Crown Resorts

*Crown is one of Australia's largest entertainment groups. The group's core businesses and investments are in the integrated resorts sector.*

### CROWN RESORTS GROUP

Crown owns and operates two of Australia's leading integrated resorts, Crown Melbourne and Crown Perth, which together attracted approximately 31 million visits during the period.

Overseas, Crown fully owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district.

Crown has a strong portfolio of future projects and complementary investments, anchored by Crown Sydney, and including our wagering and online social gaming businesses.

Crown also holds equity interests in Aspers Group (50%) in the United Kingdom, Nobu (20%) and Caesars (approximately 2%).

### AUSTRALIAN RESORTS

Crown Melbourne is Australia's leading integrated resort, featuring luxury accommodation, award-winning dining, world-class gaming, conferencing, shopping and entertainment facilities.

Crown Perth is one of Western Australia's largest tourist destinations, featuring three hotels, world-class convention and gaming facilities, restaurants and bars, a 2,300-seat theatre, and shopping and entertainment facilities.

### AUSTRALIAN PROJECTS

Crown has commenced construction of the Crown Sydney Hotel Resort at Barangaroo South. Crown Sydney, which is expected to be completed in 2021, will be Sydney's first six-star hotel and a landmark building of global significance on one of the world's most beautiful harbours.

Crown Melbourne's proposed fourth hotel, One Queensbridge, is a joint venture with the Schiavello Group. The project is a landmark luxury hotel and apartment development that received conditional planning approval from the Victorian State Government in February 2017 and was recognised as a project of state significance. The project remains subject to financing and long-form agreements between Crown and the Schiavello Group.

### CROWN DIGITAL

Crown is investing in complementary assets, with online wagering business CrownBet (62% owned), online betting exchange Betfair Australasia (100% owned), US-based online social gaming business DGN Games (70% interest) and Chill Gaming (50% owned), which will focus on innovation and providing current gaming customers with new entertaining product options.



AWARD-WINNING HOTELS



HIGH-END RETAIL



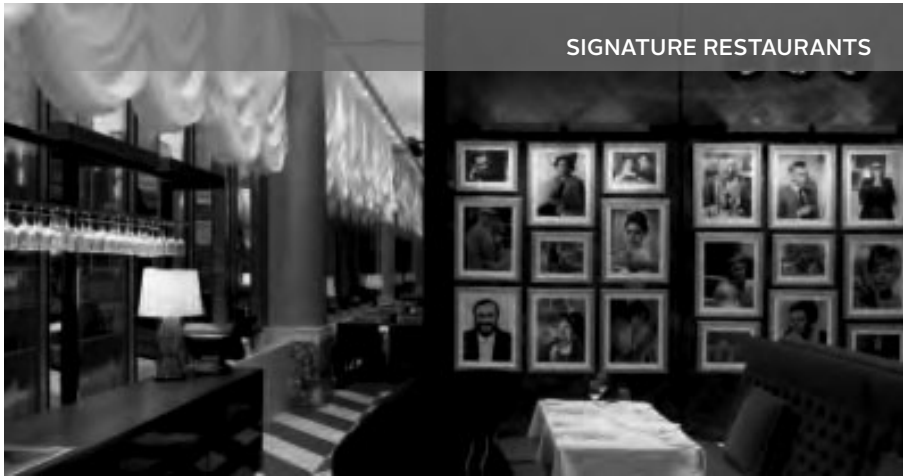
LUXURY SPAS



WORLD-CLASS GAMING



SIGNATURE RESTAURANTS



LUXURY BARS



EXCLUSIVE CLUBS



ICONIC PROJECTS



Proposed concept render

## Crown's Resort Portfolio



### Crown Melbourne

- Crown Melbourne is Australia's leading integrated resort and one of the most visited tourist destinations in Australia with its dynamic and diverse facilities.
- It is licensed to operate 2,628 gaming machines and 540 gaming tables.
- The resort currently features three hotels: Crown Towers Melbourne (481 guest rooms), Crown Metropol Melbourne (658 guest rooms) and Crown Promenade Melbourne (465 guest rooms).
- The Crown Conference Centre has 7,350 square metres of conference and meeting facilities across three floors.
- Banqueting facilities include the Palladium's 1,500-seat ballroom and The Palms' 900-seat cabaret venue.
- A broad selection of restaurants and bars are located in the resort, including many of Melbourne's finest.
- Crown Melbourne's retail precinct features prestigious designer brands and luxury retail outlets.



## Crown Perth

- Crown Perth is one of Western Australia's largest tourist destinations, with an exceptional range of entertainment and tourism experiences.
- It has approval to operate 2,500 gaming machines and 350 gaming tables.
- The resort features three hotels: the newly-opened Crown Towers Perth (500 guest rooms), Crown Metropol Perth (397 guest rooms) and Crown Promenade Perth (291 guest rooms).
- Crown Towers Perth, which opened in December 2016, features luxury hotel rooms and suites, villas, private gaming salons, restaurants, bars, luxury retail outlets, a resort pool and spa facilities.
- Large-scale entertainment facilities include the new 1,500-seat Crown Ballroom and 2,300-seat Crown Theatre Perth, along with world-class convention facilities.
- A premium selection of restaurants and bars are located across the resort in addition to casual dining options.

## Australian Projects

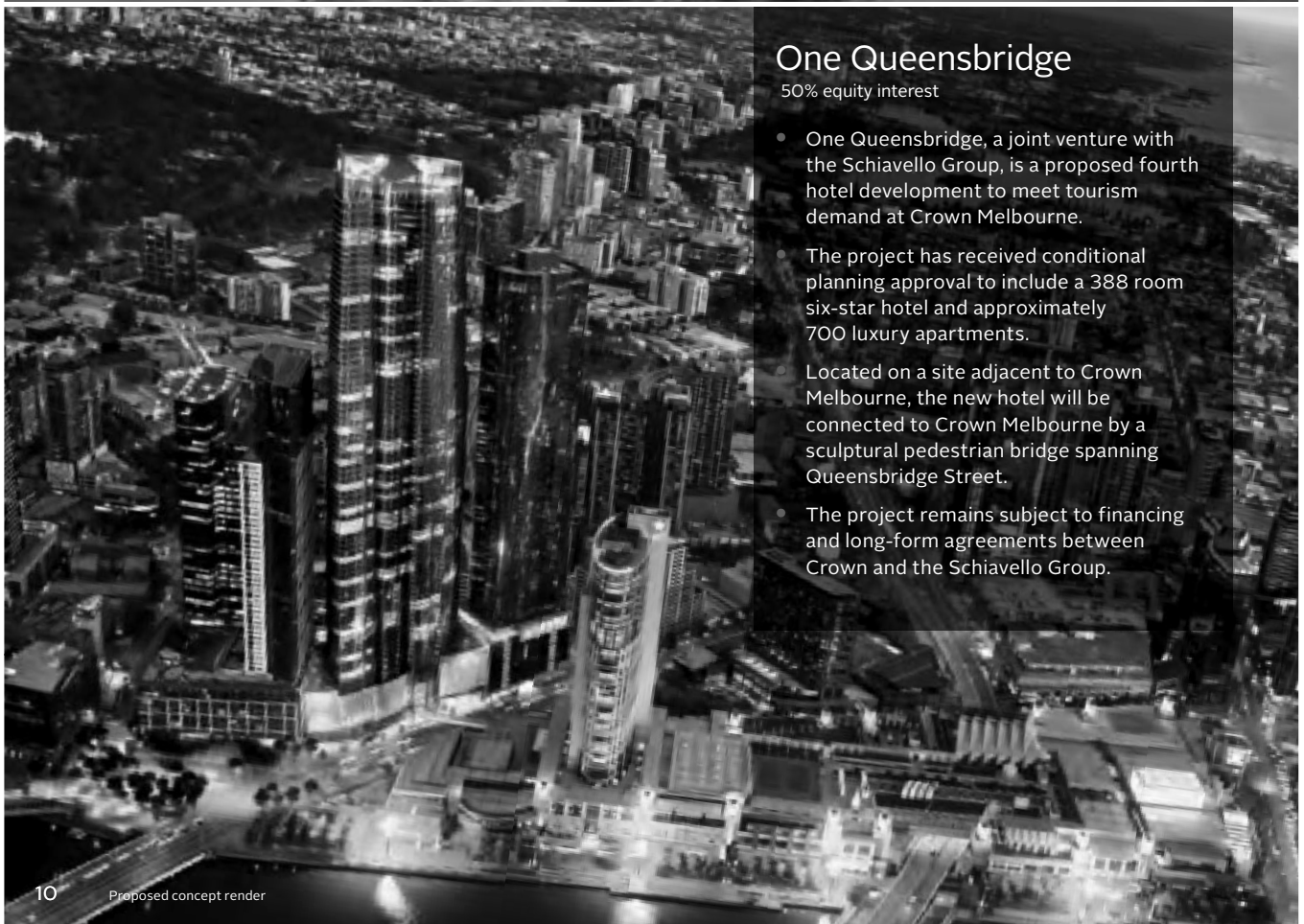


Proposed concept render

### Crown Sydney

100% owned

- Crown Sydney, located at Barangaroo South on Sydney Harbour, will be the city's first six-star luxury resort.
- Construction of Crown Sydney is underway and the resort will include 349 hotel rooms and suites, luxury apartments, signature restaurants, bars, luxury retail outlets, pool and spa facilities, conference rooms and VIP gaming facilities.
- Crown Sydney is expected to be completed in 2021.



### One Queensbridge

50% equity interest

- One Queensbridge, a joint venture with the Schiavello Group, is a proposed fourth hotel development to meet tourism demand at Crown Melbourne.
- The project has received conditional planning approval to include a 388 room six-star hotel and approximately 700 luxury apartments.
- Located on a site adjacent to Crown Melbourne, the new hotel will be connected to Crown Melbourne by a sculptural pedestrian bridge spanning Queensbridge Street.
- The project remains subject to financing and long-form agreements between Crown and the Schiavello Group.

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Proposed concept render

## Australian Resorts

*Crown's Australian resorts, Crown Melbourne and Crown Perth, continue to attract approximately 31 million visits each year and are employers of choice in both Victoria and Western Australia.*



**Barry Felstead**

CEO, Australian Resorts

Crown's Australian operations' full year result reflected difficult trading conditions. Main floor gaming revenue decreased by 1.4% while non-gaming revenue increased by 6.5%. VIP program play turnover in Australia of \$33.3 billion was down 48.9% on the prior year.

Business conditions for Crown Melbourne were steady during the period, however Crown Perth was impacted by continued softness in the Western Australian economy. Normalised EBITDA decreased by 10.7% for Crown's Australian resorts, primarily due to the reduction in VIP program play revenue in Australia.

Despite declining revenues, margin improvement was achieved through cost reduction, a significant program of productivity and efficiency improvements, as well as a change in the mix of business, particularly in the second half, with the normalised operating margin at both Australian resorts improving on the prior year.

Crown's Australian resorts are some of the finest resorts in the world and continue to attract a growing share of visitors. With most of the major capital expenditure projects complete in Melbourne and Perth, the future capital expenditure profile predominantly relates to the construction of Crown Sydney.

In November 2016, Crown launched the Crown Rewards loyalty program, integrated across Crown Melbourne, Crown Perth and CrownBet. The program rewards members with a range of offers, including invitations to special events and other unique experiences. The loyalty program membership base continues to grow, assisted by activities surrounding the new program launch.

Crown recognises that it is our people who are the critical element in driving first-class service outcomes. Crown continues to invest in its people and is an employer of choice. Crown's ongoing investment in training and

developing our employees continues to be recognised as a best-practice model by government bodies and external parties. Crown College operates campuses at each of our Australian resorts and is one of Australia's most awarded and respected Registered Training Organisations. Since its inception, approximately 7,900 apprentices and trainees have graduated from Crown College, with approximately 370,000 training hours being delivered in the 2017 financial year.

Leveraging this success, Crown College International was established in March 2017, having been successful in gaining CRICOS (Commonwealth Register of Institutions and Courses for Overseas Students) registration, enabling it to provide training to international students.

Additionally, Crown has continued to focus on inclusive employment practices which enhance the diversity of its workforce. Crown's efforts in this area have been recognised with the Moulis Legal Award for Diversity at the 2017 Property Council of Australia's Innovation & Excellence Awards and the Australian Business Awards citation for Community Contribution for the third consecutive year.

### Indigenous Employment Program

Our award-winning Indigenous Employment Program has provided more than 680 Indigenous employment opportunities, well on our way to achieving our ambitious target of 2,000 job opportunities by 2021. Beyond employment outcomes, we continue to work across our business to achieve the targets we have set in our Elevate Reconciliation Action Plan which include procurement, community and cultural awareness outcomes.





## Australian Resorts *continued*

### **CROWNability**

Crown continues to invest in creating a disability-confident organisation, providing an accessible and inclusive environment for people with disabilities, through its CROWNability initiative. More than just an employment program, CROWNability aims to build careers and transform attitudes towards disability in our workplaces and the broader community.

The 2017 financial year has seen the program, in partnership with key industry organisations, continue to provide employment pathways for people with disabilities, with over 150 Australians with a disability now employed as a result of the CROWNability program.

In December 2016, Crown was a finalist in the 2016 Australian Human Rights Commission Business Awards, which recognised Crown's achievements in disability employment. This was an acknowledgment of Crown's commitment to promoting and advancing human rights in Australia through the CROWNability program.

The CROWNability Action Plan will include targets and goals that will increase accessibility to employment, our premises, communication and marketing materials, products and services, and learning and development for people with disabilities.

### **Health, Safety & Employee Well-being**

Crown's commitment to workplace health and safety is contained in the Health, Safety & Wellbeing Policy. The policy details the commitment, framework and expected behaviours of all employees necessary to ensure the continuous improvement of workplace safety.

This year there have been a number of key achievements in Crown's health, safety and workers compensation performance.

By continuing to demonstrate effective injury prevention and injury management practices, Crown has sustained strong performance outcomes and achieved the performance targets set for both the Crown Perth and Crown Melbourne properties. Improved financial outcomes have also been achieved following strong performance in both self-insured and traditional workers

compensation insurance operations. Training, awareness and acceptance of responsibility through CrownSAFE have all contributed to Crown's continued success in health and safety performance.

In May 2017, Crown launched EMMaH (Evaluation and Management of Manual Handling), its new Manual Handling Program. EMMaH enables Crown to objectively analyse employees whilst undertaking their roles and, based on the findings, make recommendations to improve body positioning, provide technique training or modify the way tasks are being undertaken. This will further enhance the health and safety of our employees.

Crown has also continued to expand the supportive network of health and well-being resources, initiatives and opportunities provided to all employees. This continues to be fundamental to Crown's commitment to employee well-being in the workplace.

In September 2016, Crown launched its new Employee Assistance Program (EAP). The EAP is a free and confidential counselling service offered by Crown to employees and their families who may need assistance. Access to the Crown EAP was provided to all employees via a mobile app, making support and information more accessible at any time.

### **Industrial Relations**

Crown is committed to managing industrial relations through open and effective relationships with employee associations and we act in good faith in all dealings with these associations.

Crown has five collective bargaining enterprise agreements, which cover the majority of frontline staff and include some management level employees.

During the 2017 financial year, the new Crown Melbourne Limited Enterprise Agreement 2016 was approved and took effect on 24 January 2017 and the Hospitality Sector WA United Voice Crown Perth Enterprise Agreement 2016 was approved and took effect from 24 October 2016.



## Crown Melbourne

### Overview

Crown Melbourne is one of the region's leading integrated resorts and a key driver of international and interstate visitation to Victoria. Its reputation for luxury experiences and exceptional hotel, gaming and entertainment facilities has attracted approximately 21 million visits to Crown Melbourne during the period.

Crown Melbourne continues to strengthen its offering with property enhancements and initiatives to stimulate visitation, in line with Crown's strategic priorities. The resort remains Victoria's largest single-site private sector employer, with almost 10,000 people working across the resort.

Crown continues to develop its digital presence through the Crown Resorts app, Crown websites and social media. An evolved digital approach saw the continued growth of fans on Facebook and followers on Instagram, alongside broader digital reach, increased audience engagement and digital transaction volume.

### Property Update

Average occupancy at Crown Melbourne's three hotels was again greater than 90%, reaffirming the need for increased hotel capacity to meet future tourist demand.

Crown and the Schiavello Group, through a joint venture announced in December 2014, are planning to develop a landmark new building comprising a 388 room six-star hotel and approximately 700 luxury apartments. The proposed One Queensbridge project, which is on a site adjacent to Crown Melbourne, received conditional planning approval in February 2017 and will be connected to Crown Melbourne via a sculptural pedestrian bridge over Queensbridge Street. The project remains subject to financing and long-form agreements between Crown and the Schiavello Group.

The Crown Melbourne resort saw a number of new capital initiatives implemented during the 2017 financial year.

The main gaming floor received an expansion at each end of the Maple Room to accommodate additional baccarat tables for patrons. In retail, Kennedy launched its new boutique and Jaeger-LeCoultre was introduced at Monards. Kingpin re-launched its entertainment venue following an extensive redevelopment. Supporting these expansions, infrastructure projects were undertaken including significant improvements to car park control and automation.

Crown Melbourne also continued its affinity with world-class cuisine, opening Long Chim by Michelin star Thai chef David Thompson on the Riverwalk. This is the third Long Chim restaurant in Australia following successful openings in Perth and Sydney.

### Local Gaming and Crown Rewards

Crown Melbourne continued to invest in new technology, including the introduction of the latest gaming products, system upgrades and innovations. These investments, together with the Crown Rewards program, allowed us to deliver differentiated market-leading experiences for our guests.

Crown Melbourne hosted its twentieth Aussie Millions Poker Championship in January 2017, which is a major event on the international poker circuit. The enhanced digital marketing campaign, through the use of live streaming and social media, continued to expand the tournament's global reach.

### VIP Program Play

Normalised VIP program play revenue at Crown Melbourne was \$340.3 million, down 49.7% with turnover of \$25.2 billion.

### Hotels and Conferences

As one of the world's leading integrated resorts, Crown Melbourne features more than 1,600 guest rooms across three luxury hotels, Crown Towers, Crown Metropal and Crown Promenade. Together, they provided for more than 875,000 guests during the year, with combined occupancy levels exceeding 90%.



## Australian Resorts *continued*

Crown Towers was awarded the prestigious 2017 Forbes Travel Guide Global 5 Star Award, the only hotel in Melbourne to achieve this status. All three hotels received the Certificate of Excellence in the 2017 TripAdvisor Travellers' Choice Awards.

Events and Conferencing achieved a strong revenue result during the period, hosting major conferences for Lion Nathan, Global Food Forum 2017, World Taiwanese Chamber of Commerce and the Hadoop Summit Australia.

### Restaurants and Bars

Crown Melbourne's award-winning restaurants and bars showcase a global repertoire of culinary brands and choice for our patrons that is unrivalled in Australia.

Crown's signature restaurants continue to feature strongly in The Age Good Food Guide 2017, with Dinner by Heston Blumenthal, Rockpool Bar & Grill, Rosetta, Spice Temple and Bistro Guillaume all included. In January 2017, the much-anticipated Long Chim restaurant was welcomed to Crown Melbourne, a celebration of David's Thompson's unique take on Bangkok street food.

Crown's offering for sports enthusiasts was expanded with the CrownBet Sports Bar launching its new identity and Lagerfeld partnering with Heineken and Carlton Draught to deliver in-venue experiences aligned with key sporting events including the Melbourne Grand Prix and the AFL season.

### Entertainment and Events

Crown Melbourne continued to provide the venues of choice for some of Australia's most memorable events. More than 2,000 events were booked during the year. At the Palladium ballroom, the largest events included the TV Week Logie Awards and the AFL Brownlow Medal. Key charitable events hosted at Crown Melbourne included the Children's Cancer Foundation's Million Dollar Lunch, Challenge – Supporting Kids with Cancer, Diamonds are a Girl's Best Friend Gala Dinner, Starry Starry Night and the Epworth Medical Foundation Dinner.

This year's major live performances at The Palms included sold-out shows with James Reyne, Arj Barker, Kate Ceberano, Dami Im, Kasey Chambers and a five week season of Velvet. Crown's nightclubs continued to feature top artists including Havana Brown, Will Sparks, Marlo, Fatman Scoop, Blu Cantrell, Nelly, Tigerlily, Chingy, Dash Berlin, Markus Shultz, Bryan Kearney, Sean Kingston, Mya and many more.

In the 2017 financial year, Crown also hosted a number of activations, including the Sony Foundation's River4Ward event, the AVPN Pizza Festival, which headlined the Melbourne Food & Wine Festival, the pop-up BBQ Festival headlined by San Antone's Kevin Bludso, the World of Nobu Festival, and the Jack Daniels' 150th Anniversary Barrel House.

## Crown Perth

### Overview

Crown Perth is Western Australia's only fully integrated entertainment resort. Following Crown's extensive development and renovation plan since its acquisition in 2004, it has been transformed into a premium tourist destination, this year attracting approximately 10 million visits. The highly anticipated Crown Towers Perth hotel opened in December 2016, bringing to Perth a new level of prestige.

Crown Perth remains the State's largest single-site private sector employer, with more than 5,900 people working on site.

### Property Update

The major development highlight for the year was the opening of the Crown Towers Perth hotel, which opened to the public in December 2016. The hotel provides the Crown Perth resort with an additional 500 luxury rooms, including a number of villas located on the upper floors, each with amazing views over the Swan River and Perth skyline. Also taking advantage of these views are the private VIP gaming salons and Crystal Club lounge located on level 15 of the tower. The hotel has introduced a number of new venues including the



luxurious Crown Spa, and the popular Epicurean restaurant and TWR lobby bar.

The 1,500-seat Crown Ballroom was a key amenity delivered as part of the opening of Crown Towers Perth. The new ballroom, along with the refurbished convention facilities, ensures that Crown Perth strongly establishes itself as the premier convention facility in Western Australia.

Other luxury offerings to complement the Crown Towers hotel include the new retail link connecting Crown Towers with the existing precinct. The dedicated retail precinct has already seen the introduction of Paspaley Pearls. Kennedy, a watch boutique featuring luxury brands including Rolex, Omega and IWC, is expected to open shortly.

### Local Gaming

Crown Perth's main gaming floor revenue declined by 4.7%, which reflected weak consumer sentiment in the local economy. Investment in, and popularity of, automated table games have helped drive increased visitation to the gaming floor, despite challenging market conditions overall.

A significant project was the expansion of the main gaming floor through the addition of the Riverside Room (formerly the Meridian Room), which provides improved premium gaming machine facilities. The expansion also provides upgraded amenities including a new main gaming floor bar.

### VIP Program Play

Normalised VIP program play revenue at Crown Perth was \$109.3 million, down 46.1% with turnover of \$8.1 billion.

### Hotels and Conferences

The opening of Crown Towers Perth resulted in an overall increase in the number of guests across the three hotels by 28% to over 444,000 guests. Combined occupancy reached 80% which aligned with the overall Perth market, however average room rates were approximately 40% ahead of the market, which

was a pleasing result considering the challenging economic conditions. Looking ahead, the addition of new hotel room inventory and a constrained market outlook will continue to put pressure on the entire Perth market.

Crown Towers Perth has been well received to date with interest locally, interstate and overseas. International visitation grew with a number of key large-scale corporate groups staying from South East Asia.

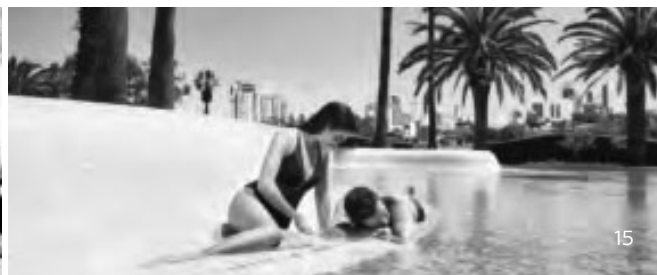
Although only recently opened, Crown Towers Perth was nominated for, and won, Best Australian Luxury Hotel for Luxury Travel Magazine. Further, Crown Towers Perth also recently won the Western Australian AHA Award for Best Deluxe Accommodation and Best Overall Hotel Accommodation.

Events and Conferencing benefited from the completion of the new Crown Ballroom with 182,000 patrons attending Crown Perth's convention facilities, up 16% on the previous year. Key assets such as the new poolside area of Crown Towers and the Crystal Club were utilised throughout the year creating opportunities to host unique events. A number of large-scale conferences and events are confirmed for 2018 and beyond, driven largely by the new convention facilities at Crown Towers Perth.

### Restaurants and Bars

Crown Perth increased its offering of restaurants and bars with the December opening of Crown Towers which includes the TWR lobby bar, Epicurean restaurant, the Crystal Club and the luxurious poolside bar area. In particular, public recognition has been received by TWR for its sophistication and style, and by Epicurean for exhibiting one of the largest chocolate fountains in the Southern Hemisphere.

Crown's premium restaurants were once again recipients of a number of awards this year, receiving four Gold Plate Awards at the Catering Institute of Australia's 2016 Gala Ball, with honours going to Atrium for Buffet Dining, Modo Mio for Mediterranean Dining, and Silks for Licensed Chinese Restaurant as well as the



## Australian Resorts *continued*

Premier's Award. In addition, at the 2016 AHA Accommodation Awards for Excellence, Bistro Guillaume was awarded Best Accommodation Hotel Wine List.

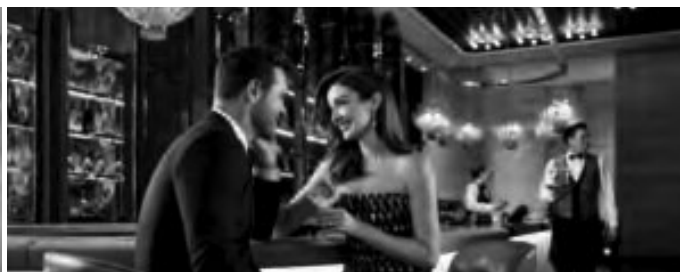
This year, Crown Perth held its first food festival event, the Merrywell/Yak Ales BBQ Festival, which attracted over 8,000 patrons.

### Entertainment and Events

The new 1,500-seat Crown Ballroom was unveiled in December 2016 and has secured new and larger events including the successful SUITED – New Year's Eve Ball, the Perth Wildcats Awards and the Chevron Australia Ball. Key charitable events hosted at Crown Perth included the Ear Science Institute Australia Dinner, the HeartKids Ball, the Rafiki Ball and the Royal Flying Doctors Ball.

Major long-running shows performing at Crown Perth Theatre included the widely-acclaimed Matilda, Georgy Girl and Singin' in the Rain, in addition to single live performances by Jimmy Barnes, Kevin Bloody Wilson, Arj Barker, Suzi Quatro, Julia Morris and Icehouse.

This year also saw the new addition of the Crown Pyramid, a temporary custom-made pyramid, which has the capacity to hold various events for up to 5,000 people. Events included Santa's Magical Kingdom, Jurassic Creatures and Lights by DreamWorks, all of which provided interactive walkthrough experiences for people of all ages, and in total attracted an additional 96,000 visitors and 137 shows to the resort.



## International Interests

### Crown Aspinalls

Crown Aspinalls is one of the licensed high-end casinos in London's prime West End entertainment district. Nestled in the heart of Mayfair, Crown Aspinalls offers members and guests an exciting and opulent world of international VIP gaming, in an environment that only London can provide.

Normalised EBITDA from Crown Aspinalls was \$26.6 million, up 0.4% on the previous period. Reported EBITDA for the period was a loss of \$5.5 million, a decrease of \$21.5 million on the previous period.

The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result, which had a negative EBITDA impact of \$32.1 million. This compares to a negative EBITDA impact of \$10.5 million in the previous period.

### Aspers Group

Crown holds a 50% equity interest in the Aspers Group, which operates four regional casinos in the United Kingdom, in Newcastle, Stratford (London), Milton Keynes and Northampton (the latter in a joint venture with Kerzner UK Limited).

### Nobu

Crown holds a 20% interest in Nobu, one of the world's most recognised Japanese restaurant brands. Nobu operates 13 owned restaurants in the US, London and Tokyo, 23 international licenced restaurants, and manages six hotels in Ibiza, Las Vegas, London, Malibu, Manila and Miami Beach. The other investors in Nobu are Nobu Matsuhisa, Robert De Niro and Meir Teper. The restaurant business has a pipeline of three new owned restaurants and six new licensed restaurants. The managed hotels business has a pipeline of new hotel openings, which include Chicago, Los Cabos, Riyadh, Toronto, Palo Alto, Barcelona, Marbella and Sao Paulo.

### Alon Las Vegas

Crown, through a majority-owned subsidiary, has an ownership interest in a 34.6 acre vacant site on the Las Vegas Strip. As previously announced, Crown has resolved not to proceed with the Alon project in Las Vegas at this time and is assessing options to optimise the value of Crown's investment in the project, including an outright sale. Crown recognised an impairment loss relating to its investment in Alon in the period, which has been classified as a significant item.

### Caesars

Crown holds an ownership interest in Caesars Entertainment Corporation (approximately 2%), which owns and operates approximately 50 casinos and hotels under several brands; and Caesars Acquisition Company (approximately 2%), which is focussed on acquiring and developing a portfolio of investments in the gaming and interactive entertainment industries.

### Cannery

Crown holds a 24.5% interest in Cannery, which is based in the United States. During the period, Cannery disposed of its casino assets at the Meadows Racetrack & Casino in Pittsburgh, Pennsylvania, and Cannery Casino and East Side Cannery in Las Vegas, Nevada. Following the sale, Cannery no longer owns any material assets.

During the year, Crown received \$38.9 million from Cannery, representing Crown's share of the sale proceeds from the disposal of its casino assets.



## Crown Digital

Crown's wagering and online social gaming operations contributed revenues of \$303.3 million and EBITDA of \$14.8 million in the year ended 30 June 2017, compared to a loss of \$5.4 million recorded in the prior year. In addition, Crown equity accounts its investments in Draftstars and Chill Gaming.

### CrownBet

Crown owns a 62% controlling interest in CrownBet, which is led by the founding shareholder and CEO, Matt Tripp, and an experienced management team with a proven track record of building highly successful businesses in the wagering industry. CrownBet continues to demonstrate strong revenue growth and is one of the few Australian-owned businesses in the online wagering industry.

CrownBet is building its business based on:

- leveraging its relationship with Crown's Australian integrated resorts, as well as a number of unique 'partner' relationships including the AFL, ClubsNSW, Draftstars (a joint venture between CrownBet, Fox Sports and Seven West Media) and racing.com (a joint venture between Seven West Media and Racing Victoria);
- developing proprietary software in order to offer a best-in-class user experience, with features such as live AFL vision (the only wagering provider in Australia to offer this), a market-leading loyalty program and market-leading mobile apps; and
- being recognised as the most responsible wagering operator in Australia.

### Betfair Australasia

Betfair Australasia is 100% owned by Crown and provides access for Australian and New Zealand customers to the world's leading betting exchange. In the 2017 financial year, Betfair Australasia continued to grow revenue from the core exchange product whilst delivering that product as efficiently as possible, resulting in strong EBITDA growth.

### DGN Games

DGN Games, which is based in Austin, Texas, is 70% owned by Crown and is a developer of online social games. DGN's online social game titles include "Old Vegas Slots", a classic 3-reel game, and "Lucky Time Slots", a new 5-reel game, both of which continue to improve in terms of performance and technology.

### Draftstars

Draftstars is a daily fantasy sports wagering business and is a joint venture between CrownBet, Fox Sports and Seven West Media. Each joint venture partner has dedicated their respective resources to grow the business and it is now the largest daily fantasy sports wagering business in Australia. Draftstars is the Official Daily Fantasy Sports Partner of the AFL.

### Chill Gaming

Chill Gaming is a 50/50 joint venture between Crown and New Gaming Pty Ltd, which is owned by the founders of Wymac Gaming Solutions, a manufacturer and developer of electronic gaming machines. Chill Gaming will focus on innovation and providing current gaming customers with new entertaining product options. Products are in the process of being developed and will continue to be showcased at future gaming technology expos.



## Corporate Social Responsibility

*Our approach to corporate social responsibility is integrated into everything we do with all initiatives developed to consider efficiency, diversity, inclusion, community and our impact on the environment.*

### Creating opportunities through employment

Crown is recognised as one of Australia's leading employers. We pride ourselves on our best-practice Indigenous Employment Program, our disability employment program (CROWNability) and our employee training and development programs delivered through Crown College, a Registered Training Organisation.

Crown's two Australian resorts are significant employers in both Melbourne and Perth, providing employment for over 15,600 people. We are committed to the training and development of our employees so that they have the skills and attitude to deliver the world-class customer experience expected at Crown's Australian resorts.

The training that Crown employees undertake at Crown College is relevant to their role and is nationally recognised as it is aligned with the Australian Qualification Framework. In the 2017 financial year, over 7,500 employees participated in technical, leadership, health and safety and customer service training at Crown College, receiving over 370,000 hours of training.

Our mantra is "not training for a job, but learning for a career" and this year over 1,700 employees were enrolled in Certificates III, IV and Diploma level qualifications. Since its inception, over 7,900 apprentices and trainees have graduated from Crown College.

### Diversity and inclusion

At Crown we are committed to investing in our people and ensuring that our employees can achieve their personal career goals. Therefore, our workforce must not only be well-trained but also feel supported and included in the workplace. We want all our employees to feel valued at work regardless of their gender, age, ethnicity, cultural background, experience, physical limitations or sexual orientation.

Our efforts in diversity and inclusion have received a number of awards this year, including the Moulis Legal Award for Diversity at the 2017 Property Council of Australia's Innovation & Excellence Awards. In addition, Crown Melbourne received the National Employer of the Year 2016 award from OCTEC Employment Services for our commitment to inclusive employment, and Crown Perth received the 2017 Employer of the Year award for Innovation at the atWork Australia awards.

Our CROWNability program surpassed all of its 2017 targets. Crown now employs over 150 people with a disability across its Melbourne and Perth properties. The program is focussed on transforming attitudes towards

disability in our workplaces and the broader community. We are working towards becoming a disability-confident organisation and have developed our CROWNability Action Plan with targets and goals to ensure our workplace continues to evolve and provide as many opportunities as possible for people with a disability.

Our award-winning Indigenous Employment Program has provided more than 680 Indigenous Australians with employment opportunities, well on our way to achieving our ambitious target of 2,000 job opportunities by 2021. Beyond employment outcomes, we continue to work across our business to achieve the targets we have set in our Elevate Reconciliation Action Plan which include procurement, community and cultural awareness outcomes.

We acknowledge that, like many other Australian workplaces, we need to work hard to address gender imbalance. Gender equity is one of our key focus areas in our quest to provide diverse and inclusive employment at Crown. We are committed to improving gender balance and have developed a number of programs overseen by an executive committee to help address it, including the Women of Crown Management program, developing flexible work arrangements and developing a Gender Action Plan which outlines targets and goals across the business to help drive improvements in this area.

### Industry-leading social safeguards

Crown is proud of the broad range of customer and employee programs and services that promote awareness of responsible gaming, recognising that responsible gaming is the shared responsibility of the gaming industry, governments, communities and individuals, working in partnership to achieve socially responsible outcomes.

Crown continues to adopt a proactive and business-wide approach to responsible gaming led by the Crown Responsible Gaming Committee, chaired by Independent Director, Professor John Horvath, AO. This Committee is dedicated to overseeing Crown's responsible gaming initiatives and recommending policies and procedures to enhance the effectiveness of those programs.

In 2002, Crown Melbourne introduced a world first in responsible gaming initiatives by establishing the Responsible Gaming Support Centre at its resort. A similar facility, the Responsible Gambling Information Centre, was opened at the Crown Perth resort in 2010.



## Corporate Social Responsibility *continued*

Employee training and education in responsible gaming begins on an employee's first day during the induction program. Responsible Service of Gaming training is delivered using a combination of online and facilitator-led learning. This training includes information about observable behaviours that may indicate that a customer may be experiencing difficulty with their gaming experience and how to direct the customer to appropriate services.

Each resort's Responsible Gambling Code of Conduct/Practice is widely promoted throughout the casino gaming floor for customers and in back-of-house areas for employees. Information about the Code is included in all responsible gaming training.

Crown develops and maintains strong engagement with many stakeholders and regularly attends national and international conferences. This open dialogue contributes to a culture of continuous improvement of Crown's responsible gaming services and programs.

### Supporting our communities

At Crown we believe managing our business in a sustainable manner is the right thing to do by our stakeholders and makes good business sense. As such, our approach to corporate sustainability is integrated into everything we do with all initiatives developed to consider efficiency, diversity, inclusion, community and our impact on the environment.

Equally important is our role within the communities in which we operate. Crown recognises our responsibility to give back and, through the Crown Resorts Foundation, we look for opportunities to partner with outstanding local community organisations to provide educational and mentoring pathways for young Australians.

Across Crown we have a group-wide sustainability framework in place which includes identified actions, performance measures and targets which allow us to focus on what matters most to our stakeholders. Oversight by the Crown Corporate Social Responsibility (CSR) Committee, and a number of employee consultative committees, ensures that transparency and reporting are also a major part of our CSR commitment.

Crown's community support comes in many different forms. Through our resorts, we are able to support charities by subsidising, promoting and hosting their fundraising events and providing raffle prizes. In addition, many of our employees enthusiastically volunteer their time to support a wide range of causes.

We look for opportunities to leverage our corporate networks, funds and people to deliver the best outcomes for our community partners. This year, the Children's Cancer Foundation's Million Dollar Lunch was once again hosted by Crown Melbourne. With the support of its suppliers, Crown committed to delivering the event cost-free, significantly assisting the Crown Resorts Foundation to raise over \$2.1 million, which will be used to fund childhood cancer research programs, clinical care and family support.

Within our business we also look for opportunities to leverage our skill sets to support communities in need. Crown Perth's chefs once again provided more than 30,000 meals to Perth's vulnerable and homeless through Foodbank Western Australia, continuing this longstanding commitment. Crown Melbourne's employees volunteered their time at The Salvation Army Project 614's Hamadova Café so that it could remain open 24 hours a day throughout the winter months.

Many of Crown's community partners, in addition to receiving support from the business, benefit from fundraising and volunteer support from Crown staff. Within business departments, teams organise their own fundraising events for charities such as SIDS and Kids, the Cancer Council, Oxfam and Jeans for Genes. More formal fundraising activities are organised in partnership with the Crown Resorts Foundation by the Employee Advisory Committee.

Crown's Australian Resorts CEO, Barry Felstead, sets the tone for a culture of giving and support throughout the business. Barry has participated in the St Vincent de Paul CEO Sleepout in Perth for eight consecutive years and has raised over \$730,000 for Perth's St Vincent de Paul's homeless and emergency housing services.

### The Crown Resorts Foundation

#### \$200 million National Philanthropic Fund

We are very proud of the work that the Crown Resorts Foundation is doing to provide more young Australians access to better education, more opportunities to be creative and to develop the self-esteem and confidence that will support them to build more fulfilled lives.

The Crown Resorts Foundation is now into its third year of the delivery of its \$200 million National Philanthropic Fund, a joint initiative of the Crown Resorts Foundation and the Packer Family Foundation (together, the Foundations). This year the first recipients of the \$25 million Melbourne and Perth Arts Education Initiative were announced, the second grant round for

the \$30 million Western Sydney Arts Initiative was undertaken and sizable grants were delivered to promote education opportunities for Indigenous girls.

The Foundations are currently delivering support for over 115 programs, which will provide thousands of school students across Australia greater access to enhanced and creative educational programs, and pathways to employment and community re-engagement.

#### **Supporting Indigenous education**

Providing assistance to increase and improve the education opportunities for Aboriginal and Torres Strait Islander Australians is a priority for the Foundations.

The Foundations partner with organisations that provide a highly supportive school environment and engage students, family and the community in the design and, where possible, the delivery of the program.

During the 2017 financial year, in addition to their existing Indigenous education program partnerships, the Foundations sought to identify programs which focus on providing education opportunities for Aboriginal and Torres Strait Islander girls. The two selected programs, Role Models and Leaders Australia Girls Academy and the Stars Foundation, both work within schools to help overcome educational barriers faced by young Indigenous girls aged 12 to 18. Their aim is to lift school completion rates and help achieve successful post-school transition.

#### **Supporting our local communities – Crown employees lead the way**

Employee engagement with the Foundations' partners continues to grow. Crown Melbourne's Employee Advisory Committee continues to deliver exemplary employee-driven fundraising opportunities which provide channels for their peers to engage with some of the Foundations' programs. Equally important are the opportunities the Committee has established in terms of volunteering.

In November 2016, Crown Melbourne's Employee Advisory Committee organised its second successful fundraiser for the Luke Batty Foundation during White Ribbon Week. The event raised more than \$75,000 and increased awareness about domestic violence.

The Employee Advisory Committee also oversees the allocation of the community grants which are provided to the organisations nominated and supported by our employees. So far, over \$100,000 has been provided to local charities and schools through this program.

The Foundations also support key community initiatives whose work is undertaken locally around Crown's resorts. A longstanding partnership has been with the Channel 7 Kids Telethon (WA) which raises money for the Kids Telethon Institute. This year the Foundations again donated \$2.5 million towards the Telethon, taking the total amount donated over the last five years to \$11 million.

#### **Supporting Australian culture**

The Foundations support engagement with the arts, from first experience through to professional practice, as they recognise the power of the arts for education – nurturing creativity and development, improving school attendance, building confidence and learning skills that transfer into other disciplines.

Following the success of the Western Sydney Arts Initiative programs, the Foundations extended this funding opportunity to Melbourne and Perth-based arts education organisations with the \$25 million Melbourne and Perth Arts Education Initiative.

In October 2016, 25 successful programs were selected, with the recipients receiving multi-year funding. The programs are focussed on promoting creativity and supporting education – using art as the vehicle with which to engage with learning and the community. Concurrently, the second Western Sydney Arts Initiative grant round was undertaken in which 40 successful programs were selected.

These arts education grant rounds are in addition to the ongoing support the Foundations provide to flagship Australian arts organisations, adding the Australian National Academy of Music to the program this year.

#### **Progress towards environmental goals**

This year saw a further increase in environmental action across Crown's two resorts, as we continue to work towards being a leader in sustainable business practices in the gaming and entertainment industry, focussing on three major areas – energy efficiency, water conservation and waste reduction.

During the 2017 financial year, the footprint of Crown's Australian resorts increased significantly with the addition of Crown Towers Perth. Despite this, Crown's environmental performance improved in comparison to the 2016 financial year, achieving a reduction in greenhouse gas emissions intensity of 5.8% per area, a decrease in water consumption of 5.2% per area and recycling rates remained steady with 70% of Crown's waste diverted from landfill.

## Corporate Social Responsibility *continued*

To continue improving these results, Crown Melbourne and Crown Perth are working together to develop and align strategies and programs across both properties that will further reduce the environmental impact and contribute to developing more sustainable practices. To engage our employees and business units, Crown has well-established CROWNEARTH Committees with representatives from each major business unit across both properties with a focus on numerous energy, water and waste management initiatives to improve the overall sustainability performance of the business.

This year Crown Melbourne was excited to launch its industry-first Eco-Chef Program, established by Executive Sous Chef Bas Van Uyen and implemented across Crown's food and beverage outlets. Our aim for the program is to deliver quantifiable savings that reduce Crown's environmental impact and encourage proactive, sustainable behaviour by our employees. We are particularly proud of this employee-led program as it supports Crown's environmental sustainability targets around energy, water and life-cycle management.

Crown continues to invest in resource monitoring and reporting systems that provide live building analytics data to relevant business units highlighting their electricity, gas and water consumption throughout both resorts. The systems provide each business unit with daily, weekly and monthly reports that show time-of-use data, so that resource savings opportunities can be identified and the effectiveness of programs can be monitored.

In addition to our internal programs, Crown continues to participate in a number of externally organised programs, including Sustainability Victoria's TAKE2 program, Clean-up Australia Day, Earth Hour, Soap Aid and the Carbon Disclosure Project (for the eighth year running).

# Corporate Governance Statement

The Board of Crown Resorts Limited (Crown or the Company) is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which Crown has followed the ASX Corporate Governance Council's third Edition of the Corporate Governance Principles and Recommendations (the Principles and Recommendations). This Statement is current as at 12 September 2017 and has been approved by the Board.

## Principle 1: Lay solid foundations for management and oversight

### Functions reserved for the Board and Senior Management

#### Functions reserved for the Board

The Board is responsible for guiding and monitoring Crown on behalf of its shareholders. In addition, the Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board has adopted a formal Board Charter which sets out a list of specific functions that are reserved for the Board.

Board appointments are made pursuant to formal terms of appointment.



#### More information

A full copy of the Crown Board Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

#### Functions delegated to Senior Executives

Crown's senior executives have responsibility for matters which are not specifically reserved for the Board (such as the day-to-day management of the operations and administration of Crown).

### Crown Board Committees

To assist in carrying out its responsibilities, the Crown Board has established the following Committees:

Committees	Current Members
Audit and Corporate Governance Committee	Helen Coonan (Chair) Rowena Danziger Michael Johnston
Corporate Social Responsibility Committee	Helen Coonan (Chair) John Horvath Harold Mitchell
Finance Committee	Geoff Dixon (Chair) Helen Coonan Michael Johnston
Investment Committee	John Horvath (Chair) John Alexander Michael Johnston
Nomination and Remuneration Committee	Geoff Dixon (Chair) John Horvath Harold Mitchell
Occupational Health and Safety Committee	Rowena Danziger (Chair) John Horvath Michael Johnston
Responsible Gaming Committee	John Horvath (Chair) John Alexander Rowena Danziger
Risk Management Committee	Geoff Dixon (Chair) John Alexander Rowena Danziger

Each Committee has adopted a formal Charter that outlines its duties and responsibilities.



#### More information

A full copy of each of the Crown Committee Charters is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### Director probity reviews and elections

Every appointment of a Crown Director is subject to receipt of necessary gaming regulatory approvals.

The gaming industry is highly regulated and each of the casinos in which Crown has an interest is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located.

Officers, Directors and certain key employees of Crown and its licensed subsidiaries must file applications with relevant gaming authorities and may be required to be licensed in certain jurisdictions. These investigations generally concern the responsibility, financial stability and character of the owners, managers and persons with financial interests in gaming operations and generally include requirements to obtain police checks and credit checks and undergo fingerprinting.

A Director will only be formally appointed once all necessary gaming regulatory approvals have been obtained. As a separate exercise, Crown undertakes its own internal investigations on the suitability of nominated Directors as a pre-condition to a recommendation to the Board to appoint a Director.

The Company's Constitution requires that an election of Directors must take place each year. In addition, Directors appointed to fill casual vacancies during the year must retire from office at the next annual general meeting following his or her appointment but are eligible for re-election by shareholders at that time. The Notice of Meeting for an annual general meeting sets out the background for the election and re-election of Directors, informs shareholders where they can find background information on the skills and experience of the relevant Director and provides a recommendation of the Board in relation to the proposed election or re-election.

Accordingly, shareholders are provided with all material information in Crown's possession relevant to a decision on whether or not to elect or re-elect a Director.



#### **More information**

Copies of Crown's past and present Notices of Meeting are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors & Media – Annual Reports.

### Director and Senior Executive agreements

Crown Directors are provided with an induction pack upon appointment which, among other things, includes a letter agreement setting out the terms of that Director's appointment. The letter agreement, which each Director must countersign, describes when the appointment commences and when it ends, sets out the Director's powers and duties and the agreed remuneration arrangements and obliges the Director to comply with all Crown Policies, Procedures and the Code of Conduct. In addition, the letter agreement requires the Director to enter into a separate undertaking to inform Crown of any interests that Director may have in Crown securities (and contracts relevant to Crown securities) so that Crown is able to comply with its disclosure requirements under Listing Rule 3.19A to provide ASX with completed Appendices 3X, 3Y and 3Z within the time period allowed by the ASX Listing Rules.

Each senior executive of Crown has an employment contract setting out the terms of that senior executive's appointment.

### Company Secretary accountability

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The decision to appoint or remove a Company Secretary must be made or approved by the Board.

The role of the Company Secretary is set out in the Crown Board Charter and includes:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.



#### **More information**

A full copy of the Crown Board Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### Diversity Policy

Crown has established a policy concerning diversity and disclosed its policy on its website. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and the progress in achieving them.

In accordance with the policy, Crown has established the measurable objectives for achieving gender diversity set out below.

Objective	Crown's Progress
1. To require that at least one female candidate is presented on candidate short lists for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.	Female candidates were presented on short lists for 95% of all Senior Management and Senior Executive positions during the financial year.
2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.	During the financial year, Crown's wholly-owned properties achieved 45.2% female participation in leadership and development programs. There were a total of 366 participants.
3. To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.	<p>Crown has continued to apply a variety of internal and external equity testing in relation to remuneration decisions at various points throughout the year, of which gender equity has been a key feature.</p> <p>The testing and analysis applied has included:</p> <ul style="list-style-type: none"> <li>• validation of salaries at the start of the recruitment process, whereby non-Enterprise Agreement roles have their salaries validated prior to approval to hire;</li> <li>• Workplace Gender Equity Agency (WGEA) reporting requirements, where gender demographics as well as the gender pay gap is assessed; and</li> <li>• annual performance and remuneration review processes, whereby a detailed analysis of all salaried roles is undertaken to understand and identify areas where individuals performing similar roles are validated to ensure there is internal parity. Where these cases are identified, a case has been made to remedy them at the mid-year point.</li> </ul> <p>These processes have identified the existence of a gender pay gap which is currently being reviewed by Crown management. A number of recommendations have been made to address the issue, which are subject to review.</p>

CORPORATE GOVERNANCE STATEMENT CONTINUED

Objective	Crown's Progress
<p>4. To participate in the Male Champions of Change program and to implement relevant actions arising out of that program.</p>	<p>Crown has continued its participation in the Male Champions of Change (MCC) program during the financial year. Through this program, the following were achieved in FY17:</p> <ul style="list-style-type: none"> <li>• a Gender Equity Group was formed in a bid to better understand the challenges our employees face and to come up with ideas of how we can start to address them;</li> <li>• a Flexible Work Arrangement Policy was implemented at Crown Melbourne, which clarified the informal arrangements already in place, and introduced other options such as job share and phased retirement; and</li> <li>• participation in a variety of discussions and forums hosted by the MCC program, increasing our knowledge and understanding of what other organisations are doing in the diversity and inclusion space.</li> </ul> <p>Following the departure of Rowen Craigie (Crown's former Chief Executive Officer and Managing Director), Ken Barton (Crown's Chief Financial Officer and CEO Crown Digital) was invited to join the Victorian Chapter of the MCC program as a Crown representative.</p>
<p>5. To identify and implement development plans for high potential women for career progression as part of the company's succession planning processes and to ensure that these development plans are reviewed annually by the CEO.</p>	<p>Women of Crown Management Program, a tailored 12 month learning and development program, was designed, developed and launched to support high potential women in their career progression.</p> <p>The program focusses on key aspects needed to enable career progression including networking opportunities, talks with broader industry leaders such as the CEO of the Victorian Property Council and invitations to relevant industry events.</p> <p>The CEO of Australian Resorts is provided with an update of each participant's progress at the end of the 12 month period as well as a clearly articulated development plan to aid their career progression. Ongoing evaluations of their progress continue to be made after completion of the program.</p> <p>Twelve high potential women were selected through the annual talent review process. These women were allocated a Crown Executive mentor to meet with and guide them throughout the program.</p>

The proportion of women employees in the group, women in senior executive positions and women on the Board as at 30 June 2017 is as follows:

Measure	Result
Proportion of women employees in the group	There were 4,971 women in the group. This represents 42% of the total workforce of 11,835 employees.
Proportion of women in senior executive positions in the group	There were 13 women in senior executive positions in the group. This represents 18% of senior executive positions in the group.
Proportion of women on the Board	There were two women Directors out of a total of eight Directors, or 25%.

For the purposes of these statistics, the term "senior executive position" refers to the Executive Team and Board members of Crown Resorts Limited, Crown Melbourne and Crown Perth as well as the most senior leaders from each operational unit therein. The Executive Team is comprised of persons with titles in the nature of, or similar to, Executive General Manager, General Manager, Chief Information Officer, Chief Marketing Officer and General Counsel together with the Chief Operating Officers, Chief Financial Officers, Chief Legal Officers and Chief Executive Officers within the group.

Crown's Audit and Corporate Governance Committee has been delegated responsibility for developing and monitoring the application of Crown's Diversity Policy.

As noted above, Crown's Diversity Policy requires that Crown reviews its Gender Objectives annually to ensure that they remain relevant and appropriate for Crown. The Audit and Corporate Governance Committee formally reviewed the Gender Objectives and resolved to amend Objective 1 and replace Objective 5. In summary:

#### Objective 1

Objective 1 has been strengthened by requiring at least one female Senior Manager or Senior Executive to be involved in the recruitment process of Senior Managers or Senior Executives. This has resulted in the existing objective being improved to read:

*To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.*

#### Objective 5

Objective 5 has been replaced with the following objective:

*To task the Gender Equity Group to develop a Gender Action Plan for FY18 to FY21.*

The Committee was of the view that an objective focussed on a Gender Action Plan is more robust and cements Crown's commitment to diversity.

Accordingly, the Audit and Corporate Governance Committee adopted the following revised Gender Objectives with effect from 1 July 2017:

1. To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken (**Modified Objective**).
2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.
3. To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.
4. To participate in the Male Champions of Change program and to implement relevant actions arising out of that program.
5. To task the Gender Equity Group to develop a Gender Action Plan for FY18 to FY21 (**New Objective**).

A report on the progress against the revised objectives will be provided in the 2018 Corporate Governance Statement.



#### More information

A full copy of Crown's Diversity Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

Crown is a "relevant employer" under the *Workplace Gender Equality Act 2012* (Cth) and, in accordance with the requirements of the Act, Crown lodged its annual Public Report with the Workplace Gender Equality Agency for the 2016-2017 period which reports on the most recent "Gender Equality Indicators".



#### More information

A full copy of Crown's Workplace Gender Equality Report is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Gender Equality.

#### Process for evaluating performance of the Board, its Committees and its Directors

A performance evaluation of the Board and of its Committees is undertaken annually, following completion of each financial year, by way of a questionnaire sent to each Director.

The questionnaire covers the role, composition, procedures and practices of the Board and its Committees. The individual responses to the questionnaire are confidential to each Director, with questionnaire responses provided to the Chair of the Nomination and Remuneration Committee for consideration and provision of a report to the Board.

Crown's Nomination and Remuneration Committee is also responsible for reviewing Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors.

An evaluation of the Board and its Committees took place following the end of the financial year in accordance with the processes described above.

#### Process for evaluating performance of Senior Executives

Crown has established processes for evaluating the performance of its senior executives. In summary, each senior executive is evaluated against the achievement of pre-agreed performance objectives. The evaluation process is conducted annually and is followed by the determination of appropriate remuneration of the relevant senior executive.

Detailed information regarding Crown's remuneration practices is provided in the Remuneration Report. An evaluation of senior executives took place following the end of the financial year and in accordance with the processes described in the Remuneration Report.



## Principle 2: Structure the Board to add value

### Nomination and Remuneration Committee

Crown has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Nomination and Remuneration Committee are Geoff Dixon (Chair), Professor John Horvath and Harold Mitchell who are each independent, Non-Executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The role of the Committee is to assist the Board to develop, maintain and implement policies in relation to:

1. the selection and appointment practices for Directors; and
2. the remuneration of Directors and relevant executives.

### Selection, appointment and development of Directors

The Nomination and Remuneration Committee is required to:

- review Crown's procedure for the selection and appointment of new Directors (Selection Procedure) and make appropriate recommendations to the Board in relation to the Selection Procedure;
- implement the Selection Procedure and make nomination recommendations to the Board;
- develop succession plans in order for the Board to maintain appropriate experience, expertise and diversity;
- review Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors and be primarily responsible for the implementation of the evaluation process; and
- consider implementing a plan for enhancing Director competencies and ensure that an effective induction process is in place for new Directors.

The Selection Procedure requires that in the event that a new Director appointment is required, the Nomination and Remuneration Committee (on behalf of the Board) must adhere to procedures including the following:

- the experience and skills appropriate for an appointee, the skills of the existing Board and any likely changes to the Board will be considered;

- upon identifying a potential appointee, specific consideration will be given to that candidate's:
  - competencies and qualifications;
  - independence;
  - other directorships and time availability; and
  - the effect that the appointment would have on the overall balance and composition of the Board including by reference to the Crown Board Skills Matrix adopted from time to time; and
- finally, all existing Board members must consent to the proposed appointment.

The Nomination and Remuneration Committee also has responsibility for reviewing the Board Skills Matrix on an annual basis to ensure it remains consistent with the objectives of Crown and existing regulatory requirements and recommendations.

### Remuneration of Directors and relevant executives

The role of the Nomination and Remuneration Committee also includes:

1. the review and recommendation of appropriate fees to be paid to Non-executive Directors; and
2. consideration of remuneration policies to be applied to executives, including any equity-based remuneration plan that may be considered, subject to shareholder approval (where required).

Following the end of the financial year, the Committee reviewed and approved:

- the remuneration for Non-executive Directors and senior executives which will apply during the financial year ending 30 June 2018; and
- the short term incentive payments made to senior executives referable to the financial year ended 30 June 2017.

A summary of current remuneration arrangements is set out more fully in the Remuneration Report. The objective of Crown's remuneration policy is to ensure that:

- senior executives are motivated to pursue the long-term growth and success of Crown; and
- there is a clear relationship between the performance of senior executives and their remuneration.

### Board Skills Matrix

As noted above, the Selection Procedure for Director nomination requires that the Nomination and Remuneration Committee (on behalf of the Board) considers the effect that any proposed Director candidate would have on the overall balance and composition of the Board including by reference to the Crown Board Skills Matrix adopted from time to time.

The Crown Board has adopted the following Board Skills Matrix which sets out the mix of skills and diversity that the Board is looking to achieve in its membership. The Board Skills Matrix highlights the key skills and experience of the Board and the extent to which those skills are currently represented on the Board and on each of its Committees as at 12 September 2017.

Skill / Competency	Board	Audit and Corporate Governance	Corporate Social Responsibility	Finance	Investment	Nomination and Remuneration	Occupational Health and Safety	Responsible Gaming	Risk Management
<b>Total Number of Directors</b>	9	3	3	3	3	3	3	3	3
<b>Executive Experience</b> Experience in senior positions at executive levels.	9	3	3	3	3	3	3	3	3
<b>Strategic Planning and Execution</b> Ability to develop and implement successful strategy and deliver agreed strategic planning goals.	9	3	3	3	3	3	3	3	3
<b>Risk Management</b> Experience in the oversight and management of material business risk including Board Risk Management Committee membership.	9	3	3	3	3	3	3	3	3
<b>Financial Acumen</b> Senior executive or equivalent experience in financial accounting and reporting, capital management, industry taxation, internal financial controls and corporate financing arrangements.	8	3	2	3	2	2	2	2	3
<b>Governance</b> Experience with listed and other organisations subject to robust governance frameworks with an ability to assess the effectiveness of relevant governance processes.	9	3	3	3	3	3	3	3	3
<b>Occupational Health and Safety</b> Experience in relation to workplace health and safety.	7	3	2	3	3	2	3	3	3
<b>Environment and Sustainability</b> Experience in relation to environmental and social responsibility and community.	8	3	3	3	3	3	3	3	3
<b>Legal and Regulatory</b> Experience in legal and regulatory matters including regulatory and contractual frameworks governing gaming matters.	8	3	3	3	3	3	3	3	3
<b>Information Technology</b> Senior executive experience in information technology including gaming systems and data security.	3	0	1	1	1	2	0	1	2
<b>Human Resources / Remuneration</b> Experience in relation to remuneration practices, development of incentive plans, succession planning and director appointment processes including Board Remuneration Committee membership.	8	3	3	3	3	3	3	3	3
<b>Capital Projects</b> Senior executive experience in executing large scale projects with long-term investment horizons and substantial capital outlays.	6	1	1	2	3	2	1	1	2
<b>Sales and Marketing</b> Senior executive experience in marketing coupled with a detailed understanding of Crown's strategic direction and competitive environment.	6	1	1	1	2	2	1	2	3
<b>Industry Experience - Gaming and Entertainment</b> Senior executive experience in the gaming and entertainment industry.	4	0	0	1	1	1	0	1	2
<b>Industry Experience - Hospitality and Management</b> Senior executive experience in the hospitality, food and beverage industries.	5	1	0	2	2	1	1	1	2
<b>Industry Experience - Tourism</b> Senior executive experience in the tourism industry.	5	1	0	2	2	1	1	1	2
<b>Industry Experience - Public Policy</b> Experience in public and regulatory policy, including in relation to gaming related policy.	6	2	2	3	1	2	2	2	2

The Board Skills Matrix, albeit important, is only part the Selection Procedure which the Board is required to follow. As noted above, the Nomination and Remuneration Committee has responsibility for reviewing the appropriateness of the Board Skills Matrix on an annual basis.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Succession planning is an important part of the responsibilities of the Nomination and Remuneration Committee as it ensures that the Board maintains appropriate experience, expertise and diversity.

#### Relationships affecting independence

The table below sets out the Crown Directors as at 12 September 2017, indicates which of those Directors are considered to be independent Directors and notes the length of service of each Director from the date of their appointment to 12 September 2017:

Name of Director	Independence Status	Length of Tenure (By years and complete months)
John H Alexander BA Executive Chairman	Non-independent	10 Years, 2 Months
The Hon. Helen A Coonan BA, LLB Non-Executive Director	Independent	5 Years, 9 Months
Rowena Danziger AM, BA, TC, MACE Non-Executive Director	Independent	10 Years, 2 Months
Andrew Demetriou BA, BEd Non-Executive Director	Independent	2 Years, 8 Months
Geoffrey J Dixon Non-Executive Director	Independent	10 Years, 2 Months
Professor John S Horvath AO, MB, BS (Syd), FRACP Non-Executive Director	Independent	7 Years
Michael R Johnston BEc, CA Non-Executive Director	Non-independent	10 Years, 2 Months
Harold C Mitchell AC Non-Executive Director	Independent	6 Years, 7 Months
James D Packer Non-Executive Director	Non-independent	1 month

#### Independent Board Directors

The Crown Board is currently comprised of nine Directors, six of whom are independent Directors. A majority of Directors are therefore independent. The independence of Directors is assessed against a list of criteria and materiality thresholds. Those criteria have been formally enshrined in the Crown Board Charter. Each Director who is listed as an independent Director complies with the relevant criteria for independence set out in the Crown Board Charter.

#### Board Chair independence

John Alexander is the Executive Chairman of Crown.

**Departure from Recommendation 2.5:** The Principles and Recommendations recommend that the chair of the Board should be an independent Director and should not be the same person as the CEO. Crown's Executive Chairman is not an independent Director. Crown's Executive Chairman is a senior executive of Crown who has assumed the responsibilities of the former Chief Executive Officer. The Board believes that Crown's Executive Chairman is well placed to act on behalf of shareholders and in their best interests as a whole.

### Director professional development

The induction process for new Directors involves both formal and informal elements. As noted above, new Directors are provided with a formal induction pack which includes important information that a Director must know about the Company and their appointment terms and includes copies of relevant constitutions, Board Charters and Policies. In addition, new Directors are provided with tours of Crown's main businesses and the opportunity to spend time with various members of senior management.

The professional development program for Directors has largely consisted of presentations from time to time to the Board regarding issues including developments in accounting standards, updates on legal issues and governance processes.

In an attempt to provide more structure to Director professional development, the Nomination and Remuneration Committee has been formally delegated with responsibility for implementing a plan for enhancing Director competencies and ensuring that an effective induction process is in place for new Directors. This process involves, amongst other things, a review of the Crown Board Skills Matrix and consideration of the extent to which those skills are currently represented on the Board and on each of its Committees. Where skills are not currently adequately represented, appropriate professional development in this area will be considered.

## Principle 3: Act ethically and responsibly

### Codes of Conduct

Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and of its employees at all times.

#### Code of Conduct for Directors

The purpose of the Code of Conduct for Directors is to ensure that they have a clear understanding of Crown's expectations of their conduct and reinforces the statutory duties of Directors to, among other things:

- act with proper purpose and honesty, in good faith and in the best interests of Crown as a whole;
- use due care and diligence in fulfilling the functions of office; and
- avoid improper use of information acquired as a Director, improper advantage of the position of Director and conflicts of interest.

Crown Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the

course of the exercise of their duties and are prohibited from engaging in conduct likely to bring discredit upon Crown.

Finally, Directors are obliged to, at all times, comply with the spirit as well as the letter of the law and with the principles of the Code of Conduct and are encouraged to report suspected unlawful and unethical behaviour.

#### Code of Conduct for Employees

The Code of Conduct for Employees is a detailed statement of the:

- practices required by employees to maintain confidence in Crown's integrity;
- legal obligations of employees and the reasonable expectations of their stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.



#### More information

Full copies of Crown's Code of Conduct for Directors and Code of Conduct for Employees are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Codes.

## Principle 4: Safeguard integrity in corporate reporting

### Audit and Corporate Governance Committee

Crown has established a formal Audit and Corporate Governance Committee to review the integrity of Crown's financial reporting and to oversee the independence of Crown's external auditors.

The current members of the Audit and Corporate Governance Committee are Helen Coonan (Chair), Rowena Danziger and Michael Johnston. All members of the Committee are Non-Executive Directors and a majority of those Committee members are independent Directors.

The Chair of the Audit and Corporate Governance Committee, Ms Coonan is an independent Director who has extensive financial experience. Ms Coonan has served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The Audit and Corporate Governance Committee has adopted a formal Charter that outlines its duties and responsibilities. The Charter includes information on the procedures for selection and appointment of the external auditor of Crown and for the rotation of external audit engagement partners.



#### **More information**

A full copy of the Audit and Corporate Governance Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

#### **CEO & CFO declarations**

Before approving the financial statements for each financial period, the Board receives from the Executive Chairman and the Chief Financial Officer a declaration that, in their opinion:

- the financial records of Crown have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Crown; and
- that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### **Auditor's attendance at AGMs**

Crown shareholders are provided with an opportunity at the AGM to ask questions and make comments on Crown's Annual Report and on the business and operations of the Company. Crown's Auditor is required to attend the AGM and shareholders are therefore also provided a reasonable opportunity to ask the Auditor questions about the Auditor's Report and the conduct of the audit of the Financial Report. Shareholders are informed of their opportunity to address the Auditor in the Notice of Meeting for the AGM.

### Principle 5: Make timely and balanced disclosure

#### **Policy to ensure compliance with ASX Listing rule disclosure requirements**

Crown has a formal Continuous Disclosure Policy in place which is designed to ensure compliance with ASX Listing Rule requirements. The policy details processes for:

- ensuring material information is communicated to Crown's Chief Executive Officer (or equivalent), its General Counsel and Company Secretary or a member of the Audit and Corporate Governance Committee;

- the assessment of information and for the disclosure of material information to the market; and
- the broader publication of material information to Crown's shareholders and the media.



#### **More information**

A full copy of Crown's Continuous Disclosure Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

### Principle 6: Respect the rights of shareholders

#### **Providing online information to investors**

Crown has a dedicated corporate website which provides information about itself and its governance to investors. The website has a dedicated Corporate Governance tab which sets out Crown's Charters, Policies and Codes, describes Crown's Board Committees and includes copies of current and historical Corporate Governance Statements and Remuneration Reports.



#### **More information**

For more information, visit: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance.

#### **Promotion of effective communication with shareholders**

The Board aims to ensure that shareholders and prospective investors are kept informed of all major developments affecting Crown.

Crown's investor relations program is designed to facilitate effective communication between shareholders, prospective investors and Crown.

Crown actively engages with shareholders and prospective investors through a program of scheduled interactions with institutional investors, sell-side and buy-side analysts and the financial media. In addition, meetings are held with shareholders and prospective investors on request and responses are provided to enquiries made from time to time.

Crown's investor relations program works in tandem with its obligations under its Continuous Disclosure Policy, a copy of which is available on Crown's website.

Crown's Chief Financial Officer regularly reports to the Board on investor relations matters.

In addition, Crown has a Communications Policy which seeks to promote effective communication with its shareholders. The policy explains how information concerning Crown will be communicated to shareholders. The communication channels include:

- Crown's Annual Report;
- disclosures made to the ASX; and
- Notices of Meeting and other Explanatory Memoranda.

Advance notification of results announcements is made via Crown's website.



#### **More information**

A full copy of Crown's Continuous Disclosure Policy and Communications Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

#### **Shareholder participation at meetings**

Shareholders are encouraged to both attend and participate in all meetings of shareholders. The date of Crown's AGM is advertised well in advance on its website and separately communicated to investors via its investor relations channels.

Shareholders are informed in the formal Notice of Meeting for the AGM of their opportunity to participate in the meeting by asking questions of either Crown Directors or its Auditor.

At the AGM itself, as an introduction to the formal business of the meeting, the Chairman encourages shareholders to ask questions on each item of business and offers a further opportunity to ask general questions at the conclusion of the formal business of the meeting.



#### **More information**

Copies of Crown's Notices of Meeting are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors and Media – Annual Reports.

#### **Shareholder communications**

Crown shareholders have the option to receive communications from Crown and to send communications to Crown electronically. Crown's share registry (on behalf of Crown) actively encourages shareholders to receive their shareholder communications electronically and provides online access to shareholder information.

Separately, the Crown website includes a "Contact Us" feature which can be used by both shareholders and others to ask questions of the Company.

## Principle 7: Recognise and manage risk

### **Policy for oversight and management of material business risks**

Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board.

The current members of the Risk Management Committee are Geoff Dixon (Chair), John Alexander and Rowena Danziger. A majority of Committee members are independent Directors.

The Chairman of the Risk Management Committee, Mr Geoff Dixon is an independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The Risk Management Committee has adopted a formal Charter that outlines its duties and responsibilities.



#### **More information**

A full copy of the Risk Management Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### **Design and implementation of risk management and internal control systems**

Crown has established policies for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates.

Management is charged with monitoring the effectiveness of Crown's risk management systems and is required to report to the Board via the Risk Management Committee.

The Board convened Risk Management Committee administers Crown's Risk Management Policy.

The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and requires that the results of those procedures are reported to the Crown Board. A formal Risk Management Plan has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

The Plan identifies specific Head Office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group.

Management is required to conduct an annual review of the Risk Management Plan to ensure that risk ratings and risk definitions remain appropriate for Crown, and that adequate controls are in place to manage risk.

A review has been conducted during the reporting period and presented to the Risk Management Committee (and the Board). In the course of that review the current Risk Profiles of Crown's major operating businesses were taken into account and the risk environment of its investments also considered.

In addition, the Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown.

#### Disclosure of internal audit functions

Crown's major operating businesses (namely Crown Melbourne and Crown Perth) each had an internal audit function in place for the full year that meets the definition of "internal audit" under the Institute of Internal Auditor's International Professional Practices Framework.

The function is internally led and resourced at each business, with supplemental resourcing provided by specialist third parties if required.

Internal audit delivers a comprehensive audit program to provide additional comfort around significant risks, processes, systems and regulatory requirements where assurance is determined to be a priority for that period.

Internal audit coverage is determined using a structured approach. The Boards of each major operating business and management receive regular reports from internal audit on the control environment, areas for improvement and progress in addressing those areas for improvement.

To ensure independence of the function, the Internal Audit Manager reports to the Executive Chairman (together with the Chief Legal Officer, Australian Resorts, as an alternate). Further, each Internal Audit Manager periodically meets with members of the relevant operating subsidiary's Board throughout the year.

As a holding company, Crown does not have a separate internal audit function, however its accounts are subject to third party independent audit.

#### Disclosure of sustainability risks

The Crown group is exposed to a number of economic, environmental and social sustainability risks.

Crown's goal is to be a leader in the entertainment and tourism industry by creating long-term value for its stakeholders across economic, social and environmental dimensions. Crown aspires to be a model corporate citizen and recognises that a company is assessed not only on its financial performance, but also by its commitment to corporate social responsibility (CSR), which includes consideration of, among others, the following factors:

- the quality of its workplace;
- its environmental footprint;
- its level of community engagement;
- the creation of a safe environment for its customers, employees and contractors; and
- the provision of employment opportunities.

Crown has established a Corporate Social Responsibility Committee to assist the Board in setting Crown's corporate social responsibility policies and programs and assessing Crown's corporate social responsibility performance. The Corporate Social Responsibility Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Corporate Social Responsibility Committee are Helen Coonan (Chair), Professor John Horvath and Harold Mitchell. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The responsibilities of the Committee extend to:

- establishing appropriate corporate social responsibility policies and programs for Crown;
- monitoring and reviewing the operation and effectiveness of Crown's corporate social responsibility policies and programs;
- promoting and supporting continuous improvement in Crown's corporate social responsibility performance;
- encouraging and monitoring the establishment and maintenance of relationships with key stakeholders including non-government organisations, sporting and cultural organisations and other community groups; and
- encouraging and promoting awareness of corporate social responsibility related issues at Crown among Crown's staff and other stakeholders.

The Committee oversaw the development and publication of Crown's Corporate Social Responsibility Report. The Corporate Social Responsibility Report brings together the elements of Crown's CSR activities and programs and identifies and addresses all material economic, environmental and social sustainability risks and Crown's processes for managing them.

A copy of the Corporate Social Responsibility Report can be found on the Crown website.



#### **More information**

A full copy of the Corporate Social Responsibility Report is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Our Contribution – Corporate Social Responsibility Reports.

## Principle 8: Remunerate fairly and responsibly

### **Nomination and Remuneration Committee**

As noted in response to Recommendation 2.1, Crown has established a formal Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Nomination and Remuneration Committee are each independent, Non-Executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

### **Policy for Director remuneration**

A summary of current remuneration arrangements is set out more fully in the Remuneration Report. Crown separately discloses the policies and practices regarding the remuneration of Non-executive Directors and the remuneration of Executive Directors and other senior executives in the Remuneration Report.

### **Restrictions on dealing in equity based remuneration**

The rules of the 2014 Crown Long Term Incentive Plan specifically provide that a participant must not grant or enter into any Security Interest in or over any Crown shares that may be acquired under the Plan (Participant Shares) or otherwise deal with any Participant Shares or interest in them until the relevant Participant Shares are transferred from the Trustee to the participant in

accordance with the Plan rules. Security Interests are defined to extend to any mortgage, charge, pledge or lien or other encumbrance of any nature, and includes any derivative relating to or involving a Participant Share. Any Security Interest, disposal or dealing made by a participant in contravention of the Plan rules will not be recognised by Crown.

The rules of the 2017 Senior Executive Incentive Plan specifically provide that a participant must not transfer, encumber, dispose of or have a Security Interest issued over Plan Shares, or any beneficial interest in Plan Shares, unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met or waived by the Board or the Board has provided prior written consent. A Security Interest is defined to include any mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature. The rules of the 2017 Senior Executive Incentive Plan also require participants to comply with Crown's Securities Trading Policy at all times.



# Directors' Statutory Report

## Company Information

### Significant changes in state of affairs

Some of the significant changes in the state of affairs of the consolidated group since 1 July 2016 include:

#### Capital Management Initiatives

- On 23 February 2017, Crown announced its intention to buy back approximately \$500 million of its ordinary shares. On 30 June 2017, Crown announced the completion of the share buy-back with 39,546,363 shares having been bought back at a total consideration of approximately \$500 million.
- On 23 February 2017, Crown announced its intention to buy back any and all outstanding Subordinated Notes listed on ASX under the code "CWNHA" (Notes). As at 30 June 2017, Crown had bought back a total of 1,266,277 Notes with 4,053,423 Notes remaining on issue. On 30 June 2017, Crown announced its suspension of the CWNHA Notes buy-back which recommenced on 7 August 2017, following the release of Crown's 2017 full year results.

#### Board and Management Changes

- On 10 January 2017, Crown announced that Robert Rankin would step down as Chairman of Crown effective 1 February 2017 and that John Alexander had been appointed as Executive Chairman of Crown effective 1 February 2017. Robert Rankin subsequently resigned as a Director of Crown on 21 June 2017.
- On 23 February 2017, Crown announced that Rowen Craigie would step down from his role as Chief Executive Officer and Managing Director of Crown with effect from 28 February 2017, with Mr Craigie's responsibilities assumed by Executive Chairman, John Alexander. A simplified organisation structure, reflecting the changed focus of Crown's business, was also announced.
- On 26 April 2017, Crown announced the issue of 14 million options to acquire 14 million fully paid shares in Crown that were issued to John Alexander and a small number of senior executives under a new Crown Senior Executive Incentive Plan.
- On 30 June 2017, Crown announced that Michael Neilson had stepped down as General Counsel and Company Secretary of Crown and that Mary Manos would continue to act as Company Secretary and would become General Counsel.

#### Significant Projects

- On 2 August 2016, Crown announced that it had been served with legal proceedings from the Millers Point Fund Incorporated, as applicant, challenging the validity of the decision of the NSW Planning Assessment

Commission to approve the applications for the modification of the approved concept plan for Barangaroo (known as Mod 8) and for the construction of the Crown Sydney Hotel Resort at Barangaroo South. Crown defended the proceedings and, on 23 December 2016, announced that the legal challenge had been dismissed by the Land and Environment Court of NSW.

- On 15 December 2016, Crown announced that the Board resolved not to proceed with the Alon project in Las Vegas and that Crown would assess its options to optimise the value of Crown's investment in the project and that Crown would not proceed with the proposed demerger of its international investments.
- On 9 February 2017, Crown announced that it, together with its joint venture partner, Schiavello Group, had received conditional planning approval for the proposal to develop One Queensbridge, a new 388 room luxury six-star hotel and approximately 700 luxury apartments on a site adjacent to Crown Melbourne. The project remains subject to financing and long-form agreements between Crown and Schiavello.
- On 23 February 2017, Crown announced that it would not proceed with the proposed IPO of a 49% interest in some of its Australian hotels and associated retail property.

#### Investment in Melco Resorts & Entertainment Limited

During the 2017 financial year, Crown executed a series of transactions in relation to its investment in Melco Resorts & Entertainment Limited (MRE) (formerly Melco Crown Entertainment Limited), including:

- an underwriting agreement for the sale of 40.9 million MRE shares (equivalent to approximately 2.8% of MRE shares outstanding) for US\$5.33 per MRE share, which completed on 20 December 2016;
- a bilateral agreement with Melco International Development Limited for the sale of 198 million MRE shares (equivalent to 13.4% of MRE shares outstanding) for US\$6.00 per MRE share, which completed on 16 February 2017; and
- a repurchase agreement with MRE for the sale of 165.3 million MRE shares (equivalent to 11.2% of MRE shares outstanding) for US\$7.04 per MRE share, which completed on 16 May 2017,

(together, the MRE sell-down transactions).

In addition, Crown entered into agreements to unwind each of the cash-settled equity swaps entered into in December 2016 (referencing approximately 82 million MRE shares outstanding with a price hedge of US\$5.33 per MRE share) and the cash-settled equity swap entered into in March 2017 (referencing approximately 36 million MRE

shares outstanding with a price hedge of US\$6.02 per MRE share).

As a result of the MRE sell-down transactions, Crown generated net proceeds of approximately \$3.1 billion and no longer holds an interest in MRE.

#### **Detention of Crown Employees in China**

- On 17 October 2016, Crown released a response to media reports of the detention of 18 Crown employees by Chinese authorities.
- On 13 June 2017, Crown announced that all its employees detained in China as well as those released on bail had been charged with offences related to the promotion of gambling and that their cases had been referred to the Baoshan District Court.
- On 26 June 2017, Crown announced that 17 current and two former employees of the Crown group were convicted by the Shanghai Baoshan District Court of contraventions of Article 303, Clause 1 and Article 25, Clause 1 of the *Criminal Law of the People's Republic of China*. Fines totalling A\$1.67 million were imposed on 16 of the 19 defendants. All of the fines were paid ex gratia by Crown. Of the 16 defendants who were fined, 11 were sentenced to a period of incarceration of nine months and five were sentenced to a period of ten months, with time in detention since 14 October 2016 taken into account for all those incarcerated. The remaining three defendants were not fined or sentenced to a period of incarceration.
- On 14 August 2017, Crown announced that the last of the 19 current and former employees of the Crown group who were detained in China had now been released.

#### **Significant events after Balance Date**

- On 3 August 2017, Crown announced that the appointment of James Packer as a Director of Crown had become effective following receipt of all necessary consents and approvals and that Guy Jalland had been appointed as a Director, subject to the receipt of all necessary regulatory approvals.
- On 4 August 2017, Crown announced its intention to undertake a further on-market share buy-back of up to approximately 29.3 million shares, which, together with the initial share buy-back that completed on 30 June 2017, represents no more than 10% of the smallest number of Crown shares on issue during the prior 12 months.
- On 4 August 2017, Crown announced that on 7 August 2017 it would recommence the buy-back of outstanding Subordinated Notes listed on ASX under the code "CWNHA" that was suspended on 30 June 2017 pending the release of Crown's full year results.

- On 4 August 2017, Crown announced that, subsequent to 30 June 2017, it had repaid \$300 million of Australian Medium Term Notes (AMTNs) (maturing in July 2017) and had provided early termination notices in relation to \$105.7 million of finance leases (maturing in June 2022).

Subsequent to year end, the Directors of Crown declared a final dividend on ordinary shares of 30 cents per share in respect of the year ended 30 June 2017. The final dividend will be 60% franked. No part of the unfranked component of the dividend will consist of conduit foreign income.

The dividend has not been provided for in the 30 June 2017 financial statements.

#### **Environmental Regulation**

The National Greenhouse and Energy Reporting Act 2007 (NGER Act) established a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. Crown is required to report emissions under the NGER Act. Relevant reports have been submitted during the year.

Key features of the NGER Act are:

- reporting of greenhouse gas emissions, energy consumption and production by large corporations;
- corporate level public disclosure of greenhouse gas emissions and energy information; and
- to provide consistent and comparable data for decision making.

Under the Western Australian Water By-laws legislation, Crown Perth is required to complete annual water management assessments and submit water efficiency management plans. Relevant reports have been submitted during the year.

The Crown group is not otherwise subject to any particular or significant environmental regulation under Australian law. Environmental issues are, however, important to Crown and it has taken a number of initiatives in this regard. A description of those initiatives is set out in the Corporate Social Responsibility section of this Annual Report.

#### **Operating and Financial Review**

In addition to the information provided in the review of operations section of this Report, set out below is some additional information that shareholders of Crown might reasonably require to make an informed assessment of the operations, financial position and business strategies of Crown. The commentary which follows omits some information which might be considered relevant to Crown's business strategies and prospects for future financial years, on the basis that the Directors have

DIRECTORS' STATUTORY REPORT CONTINUED

reasonable grounds to believe that disclosure would likely result in unreasonable prejudice to Crown.

Crown reported a consolidated net profit after tax (NPAT) attributable to the parent of \$1,866.1 million and a normalised NPAT<sup>1</sup> of \$343.1 million for the 12 months ended 30 June 2017. Crown Melbourne and Crown Perth normalised EBITDA declined by 10.7%, and normalised revenue declined by 12.7%, predominantly due to the decline in VIP program play revenue which was down 48.9%.

<b>Performance for the year ended 30 June 2017</b>		<b>\$m</b>
Normalised revenue <sup>1</sup>		3,231.3
Normalised expenditure <sup>1</sup>		(2,403.3)
Normalised EBITDA <sup>2</sup>		828.0
Normalised EBIT <sup>3</sup>		531.2
Normalised NPAT attributable to Crown		343.1
Reported NPAT before significant items attributable to Crown		308.9
Significant items attributable to Crown <sup>4</sup>		1,557.2
Reported NPAT attributable to Crown		1,866.1

- 1 Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items.
- 2 Normalised earnings before interest, tax, depreciation and amortisation.
- 3 Normalised earnings before interest and tax.
- 4 Relates to a net gain on the sale of MRE shares, a special dividend from MRE and a net foreign currency gain on disposal of foreign operations (previously recorded in reserves), partially offset by restructuring costs, early debt retirement costs and net asset impairments, predominately relating to the Alon Las Vegas project.

The activities and results of Crown's operations are discussed further below.

#### Crown Melbourne

Normalised EBITDA from Crown Melbourne was \$588.8 million, down 12.5% on the prior comparable period (pcp). Reported EBITDA for the period was \$570.6 million, down 14.0% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$18.2 million. This compares to a negative EBITDA impact of \$9.9 million in the pcp.

Normalised revenue of \$1,994.8 million was down 13.7% on the pcp. This decline was due primarily to the 49.7% reduction in VIP program play revenue. Main floor gaming revenue was \$1,182.7 million, down 0.1% on the pcp, and non-gaming revenue grew 4.2% to \$471.8 million.

Normalised VIP program play revenue was \$340.3 million, down 49.7% on the pcp with turnover of \$25.2 billion.

Crown Towers Melbourne hotel occupancy was 96.7% with an average room rate of \$375. Crown Metropal Melbourne achieved hotel occupancy of 92.2% with an average room rate of \$268. Crown Promenade Melbourne hotel occupancy was 93.4% with an average room rate of \$233. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin increased from 29.1% to 29.5%. Margin improvement was achieved through a significant program of productivity and efficiency improvements, particularly in the second half, as well as a change in the mix of business.

#### Crown Perth

Normalised EBITDA from Crown Perth was \$244.8 million, down 5.8% on the pcp. Reported EBITDA for the period was \$257.3 million, down 10.0% on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$12.5 million. This compares to a positive EBITDA impact of \$25.9 million in the pcp.

Normalised revenue of \$830.1 million was down 10.0% on the pcp. This decline was due primarily to the 46.1% reduction in VIP program play revenue, with main floor gaming revenue also down 4.7% on the pcp.

Normalised VIP program play revenue was \$109.3 million, down 46.1% on the pcp with turnover of \$8.1 billion.

Non-gaming revenue was up 11.2% to \$246.7 million. Hotel occupancy at Crown Towers Perth, which officially opened on 15 December 2016, was 58.0% with an average room rate of \$332. Crown Metropal Perth hotel occupancy was 85.2% with an average room rate of \$275. Hotel occupancy at Crown Promenade Perth was 91.4% with an average room rate of \$193.

The overall normalised operating margin increased from 28.2% to 29.5%. This improvement includes the impact of benefits from significant productivity and efficiency improvements as well as a change in the mix of business.

#### Crown Aspinalls

Normalised EBITDA from Crown Aspinalls was \$26.6 million, up 0.4% on the pcp. Reported EBITDA for the period was a loss of \$5.5 million, a decrease of \$21.5 million on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$32.1 million. This compares to a negative EBITDA impact of \$10.5 million in the pcp.

### Crown Digital

EBITDA from Crown's wagering and online social gaming operations was \$14.8 million, compared to a loss of \$5.4 million in the pcp. Crown's wagering and online social gaming operations include CrownBet (a 62% owned, online wagering business), Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (a 70% owned, online social gaming business based in Austin, Texas).

Crown equity accounts its investments in Draftstars and Chill Gaming. Chill Gaming is a 50/50 joint venture between Crown and New Gaming Pty Ltd, which is owned by the founders of Wymac Gaming Solutions, a manufacturer and developer of electronic gaming machines. Chill Gaming will focus on innovation and providing current gaming customers with new entertaining product options. Products are in the process of being developed and will be showcased at future gaming technology expos.

### Melco Resorts & Entertainment Limited (MRE)

Crown's share of MRE's normalised NPAT for the full year to 30 June 2017 was an equity accounted profit of \$42.4 million, down \$15.7 million or 27.0% on the pcp<sup>1</sup>. After adjusting for the variance from theoretical, Crown's share of MRE's reported NPAT result for the year was an equity accounted profit of \$37.9 million, down \$4.8 million or 11.3% on the pcp.

Dividends received from MRE totalled \$62.1 million<sup>2</sup> which includes the special dividend paid in January 2017 of \$48.6 million.

As noted earlier in this Report under "Significant changes in state of affairs", Crown executed a series of transactions in relation to its MRE investment which generated net proceeds of approximately \$3.1 billion. As a result of the MRE sell-down transactions, Crown no longer holds an interest in MRE.

### Cash Flow and Debt

Net operating cash flow for the period of \$465.7 million compared to net operating cash flow of \$482.7 million in the pcp. After net proceeds received from the sale of investments of \$3,165.1 million, net capital expenditure of \$348.1 million, share buy-back payments of \$499.9 million and dividend payments of \$1,110.8 million, the Group's net debt position (excluding working capital cash of \$134.7 million) at 30 June 2017 was \$308.5 million, consisting of total debt of \$1,945.0 million and cash (excluding working capital cash) of \$1,636.5 million.

At 30 June 2017, total liquidity, excluding working capital cash of \$134.7 million, was \$2,051.3 million, represented by \$1,636.5 million in available cash and \$414.8 million in committed undrawn facilities.

Subsequent to 30 June 2017, Crown repaid \$300 million of Australian Medium Term Notes (AMTNs) (maturing in July 2017) and provided early termination notices in relation to \$105.7 million of finance leases (maturing in June 2022).

### Likely developments

Other than the developments described in this Report and the accompanying review of operations, the Directors are of the opinion that no other matter or circumstance will significantly affect the operations and expected results for the Crown group.

1. Crown held a 34.3% interest in MRE for approximately 10 months and a 27.4% interest for approximately 2 months in the 2016 financial year. In the full year ended 30 June 2017, Crown held a 27.4% interest in MRE from 1 July to 20 December 2016 and a 24.6% interest from 21 December to 31 December 2016, following which it no longer equity accounted the results of MRE. Crown completed the sale of its remaining interest in MRE on 16 May 2017 and, as a result, no longer holds an interest in MRE.
2. From 1 July to 31 December 2016, Crown equity accounted the results of MRE. During this period, dividends received from MRE totalled \$10.2 million. From 1 January to 16 May 2017, dividends received from MRE totalled \$51.9 million, which includes the special dividend of \$48.6 million. Given Crown no longer equity accounted the results of MRE during this period, the special dividend of \$48.6 million was included in significant items while the ordinary dividend of \$3.3 million was included in Crown's revenue.

DIRECTORS' STATUTORY REPORT CONTINUED

## Dividends and distributions

**Interim Dividend:** Crown paid an interim dividend of 30 cents per ordinary share on 17 March 2017. The dividend was 60% franked.

**Special Dividend:** Crown paid a special dividend of 83 cents per ordinary share on 17 March 2017. The special dividend was 60% franked.

**Final Dividend:** The Directors of Crown have declared a final dividend of 30 cents per ordinary share to shareholders registered as at 22 September 2017.

The final dividend will be 60% franked. No part of the unfranked component of the dividend will consist of conduit foreign income.

In summary:	Dividend per share	\$
Interim Dividend paid	30.0 cents per share	\$218,518,256
Special Dividend paid	83.0 cents per share	\$604,567,174
Final Dividend declared	30.0 cents per share	\$206,654,347 <sup>1</sup>
<b>Total</b>	<b>143.0 cents per share</b>	<b>\$1,029,739,777</b>

<sup>1</sup> Dollar value based on the total number of shares on issue as at the date of declaration of the 2017 final dividend.

Crown paid shareholders a final dividend in respect of the 2016 financial year of \$287.7 million.

## Directors and officers

### Director details

Set out below are the names of each person who has been a Director of Crown during or since year end and the period for which they have been a Director. There are currently nine Directors.

Name	Date Appointed	Date Ceased
John Henry Alexander	6 July 2007	
Benjamin Alexander Brazil	26 June 2009	12 April 2017
The Hon. Helen Anne Coonan	2 December 2011	
Rowen Bruce Craigie	31 May 2007	28 February 2017
Rowena Danziger	6 July 2007	
Andrew Demetriou	29 January 2015	
Geoffrey James Dixon	6 July 2007	
Professor John Stephen Horvath AO	9 September 2010	
Michael Roy Johnston	6 July 2007	
Harold Charles Mitchell AC	10 February 2011	
James Douglas Packer	3 August 2017	
Robert John Rankin	30 July 2015	21 June 2017

Since year end, the Board approved the appointment of My Guy Jalland as a Director, subject to the receipt of all necessary regulatory approvals. Mr Jalland's appointment will only become effective once the necessary approvals have been received.

At Crown's 2016 Annual General Meeting, John Alexander, The Hon. Helen Coonan, Geoff Dixon and Professor John Horvath AO stood for re-election as Directors. Each Director was re-elected at that meeting.

The details of each Director's qualifications and experience as at the date of this Report are set out below.

Details of all directorships of other Australian listed companies held in the three years before the end of the financial year have been included.

**John H Alexander, BA**  
*Executive Chairman*

Mr Alexander is the Executive Chairman of Crown and is also a Director of a number of companies, including Seven West Media Limited. Mr Alexander is also Chairman of the Crown Melbourne Limited, Burswood Limited and CrownBet Pty Limited Boards.

Mr Alexander was the Executive Chairman of Consolidated Media Holdings Limited (CMH) from 2007 to November 2012, when CMH was acquired by News Corporation. Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (PBL) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002.

Before joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher and Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

Mr Alexander is a member of the Crown Investment, Responsible Gaming and Risk Management Committees.

Directorships of other Australian listed companies held during the last three years:

- Seven West Media Limited from May 2013 to current

**The Hon. Helen A Coonan, BA, LLB**  
*Non-executive Director*

Ms Coonan is a former Senator for New South Wales serving in the Australian Parliament from 1996 to 2011.

Ms Coonan holds Bachelor of Arts and Bachelor of Laws degrees from the University of Sydney. Prior to entering Parliament, she worked as a lawyer including as principal of her own legal firm, as a partner in law firm Gadens, as a commercial Barrister in Australia and as an Attorney in New York.

In Parliament, Ms Coonan served as the Deputy Leader of the Government in the Senate. She was appointed to Cabinet as the former Minister for Communications, Information Technology and the Arts and was shareholder Minister for Telstra Corporation and Australia Post. She also served as the Minister for Revenue and Assistant

Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority. She is the recipient of a Centenary Medal for service to the Australian Parliament.

Ms Coonan is a Non-executive Director of Snowy Hydro Limited and is Chair of Snowy Hydro Retail Committee. She is Chair of Place Management NSW (formerly the Sydney Harbour Foreshore Authority), Chair of Supervised Investments Australia Limited, a member of the J.P. Morgan Advisory Council, and is Co-Chair of GRACosway (a subsidiary of the Clemenger Group). She is a Non-executive Director of Obesity Australia Limited and a trustee of the Sydney Opera House. She is a Non-executive Director of Australian Children's Television Foundation and is a consultant to Samsung Electronics Australia and Allegis Partners.

Ms Coonan serves on the Corporate Council of the European Australian Business Council and the Australia-Israel Chamber of Commerce Advisory Council. She is also a member of Chief Executive Women.

Ms Coonan is an Ambassador for the Menzies School of Health Research and of the GUT Foundation. She serves on the Advisory Council of the National Breast Cancer Foundation and is also a mentor at Stone and Chalk (start-up hub).

Ms Coonan is the Chair of the Crown Audit and Corporate Governance Committee and the Corporate Social Responsibility Committee. She also sits on the Crown Finance Committee, and is Chair of the Crown Resorts Foundation.

**Rowena Danziger, AM, BA, TC, MACE**  
*Non-executive Director*

Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. Mrs Danziger was the Headmistress at Ascham School in Sydney from 1973 to 2003.

Mrs Danziger is a Director of Crown Melbourne Limited and is Chair of the Crown Occupational Health and Safety Committee and is a member of the Crown Audit and Corporate Governance, Risk Management and Responsible Gaming Committees. Mrs Danziger also sits on the Crown Resorts Foundation Board.

**Andrew Demetriou, BA, BEd**  
*Non-executive Director*

Mr Demetriou was Chief Executive Officer of the Australian Football League from 2003 until June 2014.

DIRECTORS' STATUTORY REPORT CONTINUED

Prior to becoming Chief Executive Officer, Mr Demetriou served as AFL General Manager – Football Operations for three years, overseeing all aspects of the AFL competition. This followed a stint as head of the AFL Players Association when he was instrumental in establishing programs to look after players both during and after their playing careers.

Following an AFL playing career of 106 games, Mr Demetriou was the Managing Director of the Ruthinium Group, a business importing acrylic teeth, growing the business significantly by expanding manufacturing and exports to 70 countries worldwide and he currently remains a Board member.

Mr Demetriou is a Director of the Melbourne Sports Marketing firm, Bastion Group, is a Non-executive Chairman of Capitol Health Limited, Transitional Chairman of Cox Architects, Global Chairman of Beyond Boundaries and a Non-executive Director of the non-partisan Climate Institute.

Mr Demetriou was formerly Chair of the Acquire Learning Advisory Group. He also served as Non-executive Chairman of the Baxter Group, a waste management group listed on ASX in 2003 with a market capitalisation of \$40 million – the company was later sold to Transpacific for \$260 million – and is a former Chairman of the Australian Multicultural Advisory Council.

Mr Demetriou is a Director of CrownBet Pty Limited.

Directorship of other Australian listed companies held during last three years:

- Capitol Health Limited from November 2014 to current

#### **Geoffrey J Dixon**

*Non-executive Director*

Geoff Dixon is an experienced and successful corporate executive with a background in the media, mining, aviation and tourism industries.

He was Managing Director and Chief Executive of Qantas Airways Limited for eight years until 2008 - joining Qantas in 1994 and also serving as Chief Commercial Officer and, for two years, as Deputy Managing Director. He was Chairman of the Australian Government's major tourism authority, Tourism Australia, for six years until 2015.

Mr Dixon is currently Chairman of the privately-held Australian Pub Fund, Great Walks of Australia and the Garvan Medical Research Foundation. He is on the Board of the Museum of Contemporary Art Australia and is an Ambassador for the Australian Indigenous Education Foundation.

He is Chairman of the Crown Nomination and Remuneration Committee, the Risk Management Committee and the Finance Committee.

Directorships of other Australian listed companies held during the past three years:

- Adslot Limited from December 2013 to December 2016

#### **Professor John S Horvath, AO, MB, BS (Syd), FRACP** *Non-executive Director*

Professor John Horvath was the Australian Government Chief Medical Officer from 2003 to 2009 and principal Medical Consultant to the Commonwealth Department until January 2016. He is currently continuing to advise the Department of Health and the School of Medicine, University of Sydney, and holds the position of Honorary Professor of Medicine.

Professor Horvath is a Fellow of the Royal Australasian College of Physicians and is a distinguished practitioner, researcher and teacher. Professor Horvath previously sat on the Board of the Garvan Research Foundation and was a Governor of the Centenary Institute of Medical Research until January 2016. He was a member of the Advisory Council to the Australian Organ and Tissue Donation Agency. He is a member of the Finance and Administration Committee of the School of Medicine at the University of Sydney. Professor Horvath was a member of the Ministerial Advisory Council to the Minister of Health.

Professor Horvath was previously Clinical Professor of Medicine at the University of Sydney. He is also known as a leader in a range of medical training and workforce organisations and is a former President of the Australian Medical Council and the New South Wales Medical Board.

Professor Horvath is the Chairman of the Crown Responsible Gaming Committee and the Investment Committee and a member of Crown's Occupational Health and Safety, Corporate Social Responsibility and Nomination and Remuneration Committees. He also sits on the Crown Melbourne Limited Board and the Crown Resorts Foundation Board.

Professor Horvath is currently the Global Strategic Medical Advisor to the Chief Executive Officer of Ramsay Health Care and a Director of the Ramsay Hospital Medical Research Institute.

**Michael R Johnston, BEc, CA**  
*Non-executive Director*

Mr Johnston is the Finance Director of Consolidated Press Holdings Pty Limited (CPH), having previously been an adviser to the Consolidated Press Holdings Group (CPH Group) for seventeen years. As Finance Director, Mr Johnston oversees a number of operational businesses within the CPH Group and its controlled associates. He was also the Chief Financial Officer of Ellerston Capital (a subsidiary of CPH) until 30 June 2008.

Prior to his appointment with the CPH Group, Mr Johnston was a senior partner in the Australian member firm of Ernst & Young. He was also on the Board of Partners of Ernst & Young, Australia.

Mr Johnston holds a Bachelor of Economics degree from Sydney University and is an Associate of the Institute of Chartered Accountants of Australia.

Mr Johnston is a member of the Crown Audit and Corporate Governance, Finance, Investment and Occupational Health and Safety Committees.

**Harold C Mitchell, AC**  
*Non-executive Director*

Mr Mitchell is the founder of Mitchell & Partners and until August 2013 was Executive Chairman of Aegis Media, Australia and New Zealand. Since he started Mitchell & Partners in 1976, the company has evolved to become the largest media and communications group in Australia today.

In December 2000, Mr Mitchell launched the Harold Mitchell Foundation which distributes funds between health and the arts.

Mr Mitchell holds a large number of community roles including Chairman of Art Exhibitions Australia, Board member of Tennis Australia, Chairman of The Florey Institute of Neuroscience and Mental Health, Board member of New York Philharmonic, Chairman of Australia-Indonesia Centre and Chairman of FreeTV Australia. Previously Mr Mitchell was Chairman of the Melbourne Symphony Orchestra, TVS and University of Western Sydney's television service for Greater Sydney and in June 2015, Mr Mitchell was appointed Chairman of the Victorian Premier's Job and Investment Panel.

In 2003, Mr Mitchell delivered the Andrew Olle Memorial Lecture on Media. In January 2004, he was awarded the Officer of the Order of Australia for his services as a benefactor and fundraiser in support of artistic and cultural endeavour.

Mr Mitchell was appointed Companion of the Order of Australia in 2010 for eminent service to the community through leadership and philanthropic endeavours in the fields of art, health and education and as a supporter of humanitarian aid in Timor-Leste and Indigenous communities.

In December 2011, Mr Mitchell was awarded an Honorary Doctorate – Doctor of Business Honoris Causa, by RMIT University.

Mr Mitchell was awarded the Victorian Australian of the Year for 2013.

In August 2013, Mr Mitchell was appointed Adjunct Professor, School of Humanities and Communications Arts, University of Western Sydney.

In December 2014, Melbourne University conferred on him an honorary degree of Doctor of Laws.

Mr Mitchell is a member of the Crown Corporate Social Responsibility and Nomination and Remuneration Committees and he sits on the Crown Resorts Foundation Board.

**James D Packer**  
*Non-executive Director*

James Packer is Chairman of Consolidated Press Holdings Pty Ltd (CPH). CPH owns and operates a portfolio of investments and assets across the entertainment, leisure, information technology, retail and financial services sectors.

The CPH group is a substantial shareholder of Crown and Mr Packer is the former Chairman of Crown.

Crown is also an investor in the Nobu hospitality group and Mr Packer serves on Nobu's Board of Directors.

In 2014, Mr Packer formed the Packer Family Foundation which, together with the Crown Resorts Foundation, has committed \$200 million of funding through the National Philanthropic Fund, a joint initiative of the Foundations. The National Philanthropic Fund distributes funds to good causes in the fields of education, arts and community inclusion.



DIRECTORS' STATUTORY REPORT CONTINUED

### Company secretary details

**Mary Manos**, BCom, LLB (Hons), GAICD  
*Company Secretary*

Mary Manos is Crown's General Counsel and Company Secretary. Prior to her appointment, she was Senior Legal Counsel for Crown and joint Company Secretary. Ms Manos was appointed joint Company Secretary in April 2008.

Prior to joining Crown, Ms Manos was a Senior Associate in a Melbourne law firm, specialising in mergers and acquisitions and corporate law.

Ms Manos holds Bachelor of Commerce and Bachelor of Laws (Hons) degrees from the University of Melbourne.

She is also a Graduate of the Australian Institute of Company Directors and a secretary of the Crown Resorts Foundation.

**Michael J Neilson**, BA, LLB  
*Former Company Secretary*

Mr Neilson stepped down from his role as General Counsel and joint Company Secretary on 30 June 2017. Prior to his appointment with Crown, he was General Counsel for Crown Melbourne Limited, a position he held from 2004 to 2007.

Before joining the Crown group, Mr Neilson spent 10 years in a commercial legal practice in Melbourne before joining the Lend Lease Group in Sydney in 1997 as General Counsel for Lend Lease Property Management.

In 1998, he was appointed General Counsel and Company Secretary of General Property Trust, the position he held until joining Crown Melbourne Limited in 2004.

Mr Neilson is also a member of the Board of Trustees of the International Association of Gaming Advisers (IAGA) and Chair of the School Council of Camberwell Grammar School.

### Other officer details

In addition to the above, Crown's principal officers include:

**Kenneth M Barton**  
Chief Financial Officer and CEO Crown Digital

**Barry J Felstead**  
Chief Executive Officer – Australian Resorts

**W Todd Nisbet**  
Executive Vice President, Strategy and Development

## Relevant interests of Directors

Details of relevant interests of current Directors in Crown shares as at 30 June 2017<sup>1</sup> were as follows:

Director	Total number of ordinary shares	Total number of options
John Alexander	399,557	5,000,000
The Hon. Helen Coonan	-	-
Rowena Danziger	30,896	-
Andrew Demetriou	-	-
Geoff Dixon	-	-
Professor John Horvath	-	-
Michael Johnston	-	-
Harold Mitchell	114,887	-
James Packer	342,527,795	-

Notes:

1 For more information on relevant interests of current Directors, please see the Remuneration Report.

Other than in connection with Crown's 2014 Long Term Incentive Plan and Crown's 2017 Senior Executive Incentive Plan which are described in the Remuneration Report, no Crown Director is party to any contract which would give that Director the right to call for the delivery of shares in Crown.

## Board and Committee meetings

Set out below are details of the number of Board meetings and Committee meetings held by Crown during the 2017 financial year together with each Director's attendance details.

	Board Meetings		Audit and Corporate Governance Committee Meetings		Corporate Social Responsibility Committee Meetings		Finance Committee Meetings		Nomination and Remuneration Committee Meetings		Occupational Health and Safety Committee Meetings		Responsible Gaming Committee Meetings		Risk Management Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J H Alexander <sup>1</sup>	15	15											1	1	1	1
B A Brazil <sup>2</sup>	12	10	3	3			2	2								
H A Coonan	15	15			2	2										
R B Craigie <sup>3</sup>	12	11			1	1					4	4	4	4	3	3
R Danziger	15	13	3	3							4	4	6	5	4	4
A Demetriou	15	15														
G J Dixon	15	13					2	2	4	4					4	4
J S Horvath	15	14			2	2			4	4	4	4	6	6		
M R Johnston	15	14	3	2			2	2			4	4				
H C Mitchell	15	15			2	2			4	4						
R J Rankin <sup>4</sup>	15	15														

1 John Alexander was appointed as a member of the Responsible Gaming and Risk Management Committees on 27 April 2017.

2 Ben Brazil resigned as a Director on 12 April 2017.

3 Rowen Craigie resigned as a Director on 28 February 2017.

4 Robert Rankin resigned as a Director on 21 June 2017.

DIRECTORS' STATUTORY REPORT CONTINUED

Under Crown's Constitution and its Board and Committee Charters, documents containing written resolutions assented to by Directors are to be taken as a minute of a meeting of Directors or of a Committee (as the case may be). The Board assented to four written resolutions and the Finance Committee assented to one written resolution in the 2017 financial year. The Investment Committee did not formally meet in the 2017 financial year.

## Shares and Options

On 27 April 2017, Crown issued 14 million options under the 2017 Senior Executive Incentive Plan (Options). The Options, with an expiry date of 22 February 2021, have been issued to the following Senior Executives:

Senior Executive	Number of Options
John Alexander	5,000,000
Barry Felstead	3,000,000
Todd Nisbet	3,000,000
Ken Barton	3,000,000

Each Option is granted over one fully paid ordinary share in Crown with an initial exercise price of \$11.43. The exercise price of \$11.43 per Option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

If Crown undertakes a bonus issue of Crown shares during the term of the Options, holders are entitled, upon exercise of an Option, and without payment of any further consideration, to the number of Crown shares the holder would have received under that bonus issue. If Crown undertakes a pro rata issue of Crown shares during the term of the Options, then the exercise price of each Option will be reduced in accordance with the 2017 Senior Executive Incentive Plan Rules.

For all holders of the Options, other than a Director of Crown, at Crown's election, the Options can be settled by the issue of new Crown fully paid ordinary shares, the transfer of shares acquired by Crown from the market or by paying a cash equivalent to the difference between the exercise price of the Options and the market price of the shares at the time of exercise. For John Alexander, a Director of Crown, any shares to be acquired on the vesting and exercise of the Options must be purchased on-market and cannot be settled by the issue of new Crown shares.

No shares or interests have been issued during the year or since year end as a result of option exercise.

## Indemnity and Insurance of Officers and Auditors

### Director and officer indemnities

Crown indemnifies certain persons as detailed in its Constitution in accordance with the terms of the Crown Constitution.

### Directors' and officers' insurance

During the year Crown has paid insurance premiums to insure officers of the Crown group against certain liabilities.

The insurance contract prohibits disclosure of the nature of the insurance cover and the amount of the insurance premiums payable.

### Indemnification of auditors

To the extent permitted by law, Crown has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

## Auditor Information

### Auditor details

Ernst & Young has been appointed Crown's auditor. Mr David McGregor was the Ernst & Young partner responsible for the audit of Crown's accounts for the year ended 30 June 2017. As the 2017 financial year marked Mr McGregor's fifth anniversary as Crown's lead audit partner, the Crown Board has appointed Mr Michael Collins of Ernst & Young as Crown's lead audit partner from the 2018 financial year.

### Non-audit services

Details of the amounts paid or payable to Ernst & Young for non-audit services provided during the year by the auditor are outlined in note 25 of the Financial Report. Crown acquired non-audit services from Ernst & Young, largely in respect of taxation matters relating to:

- the proposed demerger and REIT which did not proceed;
- refinancing activities;
- the sale of Crown's interest in Melco Resorts & Entertainment Limited;
- proposed developments and major capital projects; and
- ongoing taxation matters.

The ratio of non-audit to audit services provided by Ernst & Young to Crown at the conclusion of the 2017 financial year was approximately 8.6:1. This ratio reflects an elevated level of activity in the areas noted above during the year.

Based on advice received from the Audit and Corporate Governance Committee, the Directors are satisfied that the provision of non-audit services during the 2017 financial year by Ernst & Young is compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services have been reviewed by the Audit and Corporate Governance Committee to ensure that they did not impact the impartiality and objectivity of the auditor; and
- none of the services involved reviewing or auditing the auditor's own work or acting in a management decision-making capacity for the Company.

### Rounding

The amounts contained in the financial statements have been rounded off to the nearest thousand dollars (where rounding is applicable) under the option available to Crown under ASIC Class Order 2016/191. Crown is an entity to which the Class Order applies.

# Remuneration Report

This Remuneration Report for the year ended 30 June 2017 outlines the Director and executive remuneration arrangements of Crown in accordance with the requirements of the *Corporations Act 2001* (Cth) (Corporations Act) and the *Corporations Regulations 2001* (Cth). For the purposes of this Report, key management personnel (KMP) of the Crown group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Crown group, directly or indirectly, including any Director (whether executive or otherwise) of Crown Resorts Limited.

The disclosures in this Report have been audited. This Report is presented under the following sections:

1. Introduction
2. Overview of Remuneration Policy
3. Summary of Senior Executive Remuneration Structure
  - Fixed Remuneration
  - Performance Based Remuneration
4. Details of Performance Based Remuneration Elements
  - Short Term Incentives
  - Long Term Incentives: 2014 Crown Long Term Incentive Plan and 2017 Senior Executive Incentive Plan
5. Relationship between Remuneration Policy and Company Performance
  - Remuneration linked to performance
  - Policy on entering into transactions in associated products which limit economic risk
6. Remuneration details for Non-executive Directors
7. Remuneration details for Senior Executives
8. Key Management Personnel Disclosures

## Introduction

### Persons to whom report applies

The remuneration disclosures in this Report cover the following persons:

#### **Non-executive Directors**

- Benjamin A Brazil (until 12 April 2017)
- The Hon. Helen A Coonan
- Rowena Danziger
- Andrew Demetriou
- Geoffrey J Dixon
- Professor John S Horvath
- Michael R Johnston
- Harold C Mitchell
- Robert J Rankin (until 21 June 2017 (Chairman from 12 August 2015 to 31 January 2017))

#### **Executive Directors**

- John H Alexander (Executive Chairman from 1 February 2017, previously Executive Deputy Chairman)
- Rowen B Craigie (Managing Director and Chief Executive Officer until 28 February 2017)

#### **Other company executives and key management personnel**

- Kenneth M Barton (Chief Financial Officer and CEO Crown Digital)
- Barry J Felstead (Chief Executive Officer – Australian Resorts)
- W Todd Nisbet (Executive Vice President – Strategy and Development)

In this Report the group of persons comprised of the Executive Directors and the other company executives and key management personnel (listed above) are referred to as “Senior Executives”.

This Report contains a similar level of disclosure to the 2016 Remuneration Report. Other than the introduction of a new Senior Executive Incentive Plan (described below), there has been no material change to the Company’s remuneration policy during the period and much of the description of the Company’s remuneration policy in this Report is therefore unchanged from last year.

#### **Crown Group Restructure**

In February 2017, Crown announced that after more than 20 years with the Crown group, Chief Executive Officer and Managing Director, Rowen Craigie would be stepping down from his role with effect from 28 February 2017.

Given the decision to reduce (and then ultimately exit) Crown’s investment in Melco Resorts & Entertainment Limited (MRE) (formerly Melco Crown Entertainment Limited) and to discontinue the proposed Alon Las Vegas project, the Board decided that following the cessation of Mr Craigie’s employment, a simplified organisation structure reflecting the changed focus of Crown’s business should be adopted.

Accordingly, it was determined that Mr Craigie’s responsibilities would be assumed by the then newly appointed Executive Chairman, John Alexander.

The Senior Executives who report to Mr Alexander are Mr Barry Felstead, Chief Executive Officer – Australian Resorts, Mr Todd Nisbet, Executive Vice President – Strategy and Development and Mr Ken Barton – Chief Financial Officer who also assumed the role as CEO of Crown’s Digital Businesses during the period.

As Executive Chairman, Mr Alexander now has primary accountability for the management of Crown and, as noted, has assumed the responsibilities of the previous Chief Executive Officer. Mr Alexander’s role therefore effectively replaced three existing positions, being

Chairman, Executive Deputy Chairman and the Chief Executive Officer.

On account of these increased responsibilities, the employment arrangements for Mr Alexander were varied and a new Contract of Employment was entered into. A summary of the material terms of Mr Alexander's Contract of Employment has been set out under the heading "Remuneration details for Senior Executives" later in this Report.

## Overview of Remuneration Policy

### Philosophy

Crown is a company that provides outstanding customer service and, to remain competitive, Crown must continue to enhance the experience of all customers who visit Crown's land based and digital properties. As a result, the performance of the Crown group is highly dependent upon the quality of its Directors, senior executives and employees. Crown seeks to attract, retain and motivate skilled Directors and senior executives in leadership positions of the highest calibre. Crown's remuneration philosophy is to ensure that remuneration packages properly reflect a person's duties and responsibilities, that remuneration is appropriate and competitive both internally and as against comparable companies and that there is a direct link between remuneration and performance. Crown has differing remuneration structures in place for Non-executive Directors and Senior Executives.

### Non-executive Directors

The process for determining remuneration of the Non-executive Directors has the objective of ensuring maximum benefit for Crown by the retention of a high quality Board.

The Nomination and Remuneration Committee bears the responsibility of determining the appropriate remuneration for Non-executive Directors. Non-executive Directors' fees are reviewed periodically by the Nomination and Remuneration Committee with reference to the fees paid to the Non-executive Directors of comparable companies. The Nomination and Remuneration Committee is subject to the direction and control of the Board.

In forming a view of the appropriate level of Board fees to be paid to Non-executive Directors, the Nomination and Remuneration Committee may also elect to receive advice from independent remuneration consultants, if necessary. Details regarding the composition of the Nomination and Remuneration Committee and its main objectives are outlined in the Corporate Governance Statement. The Nomination and Remuneration Committee is comprised solely of independent Non-executive Directors.

A review of Non-executive Directors' fees was conducted at the beginning of the 2017 financial year and, at the 2016 Annual General Meeting, shareholders approved an increase in the aggregate Non-executive Directors' fee cap in Crown's Constitution to \$2,500,000. Following the receipt of shareholder approval, Non-executive Directors' fees were increased with effect from 1 November 2016. Further detail regarding this process is set out under the heading "Remuneration details for Non-executive Directors" later in this Report.

No performance based fees are paid to Non-executive Directors. Non-executive Directors are not entitled to participate in Crown's incentive plans (described more fully below). Non-executive Directors are not provided with retirement benefits other than statutory superannuation at the rate prescribed under the *Superannuation Guarantee (Administration) Act 1992* (Cth) (Superannuation Legislation).

### Senior Executives

The remuneration structure for Senior Executives incorporates a mix of fixed and performance based remuneration. The following section provides an overview of the fixed and performance based elements of executive remuneration. The summary tables provided later in this Report indicate which elements apply to each Senior Executive.

Crown's key strategies and business focusses which are taken into consideration as part of performance based remuneration are set out on page 5 of the Annual Report.

## Summary of Senior Executive Remuneration Structure

### Fixed remuneration

The objective of fixed remuneration is to provide a base level of remuneration which is appropriate to the Senior Executive's responsibilities, the geographic location of the Senior Executive and competitive conditions in the appropriate market.

Fixed remuneration is therefore determined with reference to available market data, the scope and any unique aspects of an individual's role and having regard to the qualifications and experience of the individual. From time to time, Crown seeks a range of specialist advice to help establish the competitive remuneration for its Senior Executives.

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Legislation, mobile telephone costs, complimentary privileges at Crown Melbourne and Crown Perth and may include, at the election of the Senior

REMUNERATION REPORT CONTINUED

Executive, other benefits such as a motor vehicle, additional contribution to superannuation, car parking and staff gym membership, aggregated with associated fringe benefits tax to represent the total employment cost (TEC) of the relevant Senior Executive to Crown.

Fixed remuneration for the Senior Executives (except the Executive Chairman) is reviewed annually by the Executive Chairman and is approved by the Nomination and Remuneration Committee.

The review process measures the achievement by the Senior Executives of their Key Performance Objectives (KPOs) established at the beginning of the financial year (see further below), the performance of Crown and the business in which the Senior Executive is employed, relevant comparative remuneration in the market and relevant external advice.

Fixed remuneration for the Executive Chairman is reviewed by the Nomination and Remuneration Committee following their consideration of his performance against his annual KPOs.

The KPOs for Senior Executives, including the Executive Chairman are closely aligned with the objectives set out in Crown's Four Year Financial Plan (see below).

Prior to becoming Executive Chairman, Mr Alexander's fixed annual remuneration was \$1.5 million and he also participated in the long term incentive program. The former Chief Executive Officer and Managing Director received fixed annual remuneration of approximately \$3.1 million and he also participated in short term and long term incentive programs. As a result of the Crown group restructure (described above), the position of Executive Chairman replaced these roles which, at a cost of \$3.5 million per annum in fixed remuneration, is less than the combined TEC of the Executive Deputy Chairman and the Chief Executive Officer and Managing Director roles previously in place.

Any payments relating to redundancy or retirement are as specified in each relevant Senior Executive's contract of employment.

For summaries of Senior Executive contracts of employment, see pages 63 to 69 of this Report.

#### **Performance based remuneration**

The performance based components of remuneration for Senior Executives seek to align the rewards attainable by Senior Executives with the achievement of particular annual and long term objectives of Crown and the creation of shareholder value over the short and long term. The performance based components which applied to the Senior Executives during the year were as follows:

- Short Term Incentives (STI); and
- Long Term Incentives (the 2014 Crown Long Term Incentive Plan (2014 Crown LTI) and the 2017 Senior Executive Incentive Plan (2017 Incentive Plan)).

A key focus of the Crown Board is the achievement of the Crown group's annual business plan and budget and the long term financial plan. In order to provide incentives to executives, each of the STI and the 2014 Crown LTI link back to key elements of the business plan and budget and long term financial plan. It is therefore important to understand how that business plan and budget and long term financial plan are developed. A summary of the process involved is set out below. The 2017 Incentive Plan is based on an alignment of the relevant Senior Executive's reward to the appreciation of Crown's share price and is contingent on continued employment with the Crown group.

#### ***Development of Long Term Financial Plan (Four Year Financial Plan)***

Each year, the Crown Board approves a financial plan which contains the key assumptions and forecasts for each Crown group business and for the Crown group as a whole for the four year period commencing in the following financial year (Four Year Financial Plan).

The process for developing, reviewing and approving the Four Year Financial Plan is rigorous. Each department in each Crown business must prepare a four year financial plan. Key inputs into this process include current operating performance and the previously approved Four Year Financial Plan, having regard to:

- performance relative to targets set in the previous Four Year Financial Plan;
- any changes in the business;
- any changes in factors affecting performance over the four year period; and
- any new strategic initiatives and changes in the market in which those businesses are operating.

The targets in each department's four year financial plan incorporate an underlying target growth in operating profit with additional operating profit increases arising from capital expenditure programs, performance improvement initiatives and other strategic impacts.

Each department's four year forecast is consolidated into the relevant business's four year forecast which is then reviewed by the Chief Executive Officer and Chief Financial Officer of the relevant business.

In turn, the four year forecast for each business is then incorporated into the Four Year Financial Plan and

reviewed by the Crown Resorts Limited Chief Financial Officer and the Executive Chairman before it is submitted to the Crown Board for review and approval.

#### **Development of Annual Business Plan and Budget**

Crown's Annual Business Plan and Budget is prepared having regard to the Four Year Financial Plan.

The Annual Business Plan and Budget is based on the first year of the Four Year Financial Plan and details key operational strategic initiatives and the risks to be addressed. It is developed on a departmental basis, which is then incorporated into each business's annual budget and business plan and, finally, into the Crown group Annual Business Plan and Budget, which then must be approved by the Crown Board.

### Details of Performance Based Remuneration Elements

#### **Short term Incentives (STI)**

The remuneration of Senior Executives is linked to Crown's short term annual performance through a cash-based STI. Individuals may be paid an STI following an assessment of the performance of the Crown group in the previous year and the performance of the individual against agreed annual KPOs. Senior Executives have a potential or target STI, which is subject to the Crown group's performance and the achievement of the Senior Executive's KPOs established at the beginning of each financial year. In summary, the typical KPO structure might comprise the following elements:

Financial Performance Objectives	<ul style="list-style-type: none"> <li>• Performance against budgeted normalised EBITDA<sup>1</sup> and/or net profit after tax.</li> </ul>
Typical Non-Financial Objectives	<ul style="list-style-type: none"> <li>• Management of major capital expenditure and investment programs to ensure projects are delivered on time and on budget, while minimising disruption at relevant Australian properties as well as the subsequent delivery of anticipated benefits from those capital programs.</li> <li>• Reinforcement and delivery of outstanding customer experiences through continuous improvement in Crown's service culture.</li> <li>• Successful management of Crown stakeholders, including government, media, trade unions, community organisations, to achieve targeted outcomes.</li> <li>• Achievement of successful expansion of customer base for Crown properties and digital businesses through marketing or other relevant activities.</li> <li>• Growth in engagement levels of employees across Crown.</li> <li>• Achievement of margin improvement targets through the implementation of approved programs aimed at reducing costs and increasing asset yield.</li> <li>• Achievement (or maintenance) of improvements in key occupational health and safety statistics.</li> </ul>

Financial performance objectives are derived from Crown's Annual Business Plan and Budget as the Crown Board considers this is the best way to ensure that Crown meets the Annual Business Plan and Budget, aligning performance outcomes with shareholder value.

A failure to achieve relevant financial performance objectives will result in Senior Executives receiving either no STI bonus or, where relevant financial performance objectives are only partially met, a reduced STI bonus. The Crown Board retains discretion, however, to pay an STI bonus where financial performance objectives have not been met, but other objectives have been achieved.

Appropriate non-financial performance objectives (such as those set out above) are also included in a Senior Executive's KPOs where they are within that Senior Executive's sphere of influence and are relevant to the Senior Executive's area of work. These metrics are aligned with the achievement of Crown's Annual Business Plan and Budget.

<sup>1</sup> In this Report, the term "normalised EBITDA" represents EBITDA which has been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and the impact of significant items (where applicable).



REMUNERATION REPORT CONTINUED

The performance of each Senior Executive against financial and non-financial KPOs is reviewed on an annual basis. Whether KPOs have been achieved is determined by the Executive Chairman, having regard to the operational performance of the business or function in which the Senior Executive is involved and the Executive Chairman's assessment of the attainment of the individual's KPOs.

The Executive Chairman reviews performance based remuneration entitlements and recommends the STI payments, subject to final approval by the Nomination and Remuneration Committee and the Board.

The Executive Chairman's eligibility for an STI is determined by the Nomination and Remuneration Committee on behalf of the Board.

For a more detailed commentary on financial year 2017 STI bonuses see page 70.

#### Long term Incentives

This year, as part of the Crown group restructure described earlier in this Report, the Board determined that an additional long term incentive plan be put in place in order to incentivise selected Senior Executives to remain with the Crown group to assist it to achieve the group's strategic plans over the life of the 2017 Four Year Financial Plan. Accordingly, Crown has the following two long term incentive plans in place:

- the 2014 Crown Long Term Incentive Plan (2014 Crown LTI); and
- the 2017 Senior Executive Incentive Plan (2017 Incentive Plan).

This section of the Report describes these two Plans.

#### 2014 Crown Long Term Incentive Plan (2014 Crown LTI)

The 2014 Crown LTI was made available to selected senior executives with effect from 1 July 2014. A summary of the terms of the 2014 Crown LTI follows.

##### Operation of the 2014 Crown LTI

The award of a long term incentive bonus under the 2014 Crown LTI is dependent on Crown achieving certain earnings per share hurdles (EPS Hurdles) in respect of, or in relation to, the four financial years ending 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018 (each a Plan Year).

The 2014 Crown LTI rules provide that the earnings per share (EPS) target would exclude the contribution from MRE and are to be calculated in accordance with the following formula:

$$\frac{\text{Crown Profit}}{\text{Total Crown Shares}}$$

where:

**Crown Profit** means, in respect of a Plan Year, the normalised net profit after tax of the group for that Plan Year (excluding the contribution made by MRE and significant items). Normalised net profit excludes the impact of any variance from the theoretical win rate on VIP program play. For the purposes of both the EPS Hurdles and actual EPS, a theoretical win rate of 1.4% is applied; and

**Total Crown Shares** means the average of the largest number of Crown shares on issue during each day during the relevant Plan Year.

#### How EPS Hurdles were derived

The EPS Hurdles adopted in the 2014 Crown LTI were derived directly from EPS forecasts put in place in respect of the 2014 Four Year Financial Plan (each an EPS Target). Accordingly, the 2014 Crown LTI was specifically designed to provide an incentive to senior executives participating in the 2014 Crown LTI (Participants) to ensure the Four Year Financial Plan from financial year 2015 to financial year 2018 was met. The way in which Crown's Four Year Financial Plans are developed has been described in detail above.

The EPS Hurdles in financial year 2015, financial year 2016 and financial year 2017 are 98% of the EPS Target for the relevant year in the Four Year Financial Plan. The EPS Hurdle in financial year 2018 is 100% of the EPS Target for the relevant year in the Four Year Financial Plan.

#### Why earnings per share is used as the single measure for the 2014 Crown LTI

Crown has elected to use earnings per share as the single measure for its 2014 Crown LTI.

Earnings per share targets represent the product of individual business unit future performance projections (as determined by relevant executives based on their business unit's four year financial plan targets). These individual future performance projections are aggregated with group costs, interest and taxes to arrive at a Crown group earnings per share target.

As a result, each executive knows with certainty what performance hurdles need to be met from their respective business operations over an extended period in order to meet the EPS Targets. In addition, as the executive group collectively needs to achieve the consolidated EPS Target, it fosters a cooperative approach across businesses to optimise the Crown group as well as individual business unit outcomes.

In developing the 2014 Crown LTI, consideration was given by the Crown Board to a range of different measures as well as the potential use of multiple measures, however, ultimately, it was determined that a single clear, unambiguous target in the form of an earnings per share hurdle was best suited to Crown. For example, consideration was given to the use of a relative measure, such as relative total shareholder return (TSR), however, it was decided such measures were not appropriate for Crown. This is because there are a limited number of comparable companies within any sizeable ASX comparator group and many of the larger companies listed on ASX bear little resemblance to Crown (e.g. financial institutions and resource companies). As the results and share prices of such companies can be expected to move in line with different economic factors (such as credit conditions and global resource market conditions) the Crown Board considered it to be inappropriate to base Crown executives' long term rewards on factors over which Crown executives have little influence.

In addition, the complexity of TSR and other relative measures (to accommodate changes in the comparator group, restructurings and capital management initiatives) can, in some cases, cause them to be of limited value in motivating executives to individually and collectively deliver outstanding performance. It is difficult for executives to equate their individual performance and efforts to the performance of Crown's share price relative to unrelated and incomparable companies.

Crown acknowledges that its EPS Targets are, to a large degree, an internal measure. However, Crown has disclosed in this Report (and will continue to disclose) its historical EPS Targets and EPS Hurdles as well as actual EPS performance against those historical targets, so that shareholders are able to see the "stretch" nature of these targets.

#### **How bonuses accrue**

If an EPS Hurdle is achieved in respect of a Plan Year, a Participant will become entitled to a portion of the potential maximum bonus (Maximum Bonus) which may be achieved under the 2014 Crown LTI in accordance with the following table:

Plan Year	Percentage
Plan Year 1	15%
Plan Year 2	20%
Plan Year 3	25%
Plan Year 4	40%

The Plan rules provide that bonuses will only ultimately be paid at the end of financial year 2018 either by way of the transfer of shares acquired under the 2014 Crown LTI or the payment of cash. See further below.

#### **Effect of achieving an EPS Hurdle**

If an EPS Hurdle is met in respect of a Plan Year, the 2014 Crown LTI provides that Crown will calculate the dollar value of the bonus in respect of the relevant Plan Year (Plan Year Bonus) by multiplying the Maximum Bonus for the Participant by the relevant percentage applicable to that Plan Year (as set out in the table above).

If the Plan Year is Plan Year 1, Plan Year 2 or Plan Year 3, the 2014 Crown LTI provides that Crown will pay the Plan Year Bonus earned by the Participant to the nominated Trustee and with an instruction that the Trustee apply that Plan Year Bonus to acquire Crown shares on market (Participant Shares), to be held on trust for the benefit of the Participant until the end of Plan Year 4 (at which time the shares could be transferred to the Participant).

In respect of Plan Year 4, the 2014 Crown LTI provides that Crown will pay the Plan Year 4 Plan Year Bonus to the Participant in cash and also advise the Trustee, who will arrange for any shares held in trust to be transferred to the relevant Participant. The Plan Year 4 Plan Year Bonus is designed to be paid in cash because the Participant will be required to pay tax on the Bonus at this time.

#### **Effect of not achieving one or more EPS Hurdles**

If an EPS Hurdle is not met, the 2014 Crown LTI provides as follows:

- if an EPS Hurdle in respect of Plan Year 1, Plan Year 2 or Plan Year 3 is not met, Crown will calculate the Plan Year Bonus which would have been applied to the purchase of Participant Shares had the relevant EPS Hurdle been met (Carried Over Plan Year Bonus);
- if the EPS Hurdle in respect of Plan Year 4 is met:
  - the Plan Year 4 Bonus will be paid by Crown to the relevant Participant in cash;
  - the Trustee will arrange for any Crown shares held in trust to be transferred to the relevant Participant; and
  - if the sum of the EPS Targets for financial year 2015, financial year 2016, financial year 2017 and financial year 2018 (Cumulative EPS Hurdle) has also been met, any Carried Over Plan Year Bonuses will also be paid to the relevant Participant in cash. The Carried Over Plan Year Bonuses (if any) are paid in cash because the Participant will be required to pay tax on these Bonuses at this time.

REMUNERATION REPORT CONTINUED

- if the EPS Hurdle in respect of Plan Year 4 is not met but both the Fallback Plan Year 4 EPS Hurdle (i.e. 98% of the Plan Year 4 EPS Target) and the Cumulative EPS Hurdle are met:
  - the Plan Year Bonus in respect of Plan Year 4 will be paid by Crown to the relevant Participant in cash;
  - any Carried Over Plan Year Bonuses will be paid to the relevant Participant in cash; and
  - the Trustee will arrange for any Crown shares held in trust to be transferred to the relevant Participant.
- if neither the EPS Hurdle in respect of Plan Year 4 nor the Fallback Plan Year 4 EPS Hurdle are met but the Cumulative EPS Hurdle is met:
  - the Plan Year Bonus in respect of Plan Year 4 will not be paid by Crown to the relevant Participant;
  - any Carried Over Plan Year Bonuses will be paid to the relevant Participant in cash; and
  - the Trustee will arrange for any Crown shares held in trust to be transferred to the relevant Participant.
- if neither the EPS Hurdle in respect of Plan Year 4 nor the Cumulative EPS Hurdle are met (whether or not the Fallback Plan Year 4 EPS Hurdle is met):
  - the Plan Year Bonus in respect of Plan Year 4 will not be paid by Crown to the relevant Participant;
  - any Carried Over Plan Year Bonuses will lapse and will not be paid by Crown to the relevant Participant; and
  - the Trustee will arrange for any Crown shares held in trust to be transferred to the relevant Participant.

**Illustration**

The following is an illustration of a range of outcomes which might have been achieved by a Participant under the 2014 Crown LTI. It does not include every permutation or combination of outcomes which the 2014 Crown LTI was designed to achieve.

Key: ✓ = Achieved X = Not achieved.

Year 1 EPS Hurdle Met? 15%	Year 2 EPS Hurdle Met? 20%	Year 3 EPS Hurdle Met? 25%	Year 4 EPS Hurdle Met? 40%	Fallback Year 4 EPS Hurdle Met? 40%	Cumulative EPS Hurdle Met?
✓	✓	✓	✓		✓ 60% shares 40% cash
✓	✓	✓	X	✓	✓ 60% shares 40% cash  X 60% shares No cash
				X	✓ 60% shares No cash  X 60% shares No cash
✓	✓	X	X	✓	✓ 35% shares 65% cash  X 35% shares No cash
				X	✓ 35% shares 25% cash  X 35% shares No cash
✓	X	X	X	✓	✓ 15% shares 85% cash  X 15% shares No cash
				X	✓ 15% shares 45% cash  X 15% shares No cash
X	X	X	X	X	X No shares No cash

Note: the percentage allocations between cash and shares are based on the Maximum Bonus, with the share component being valued based on the value of Crown shares at the time of acquisition. Subsequent movements in the price of Crown shares may result in changes to the cash and share proportions.

***What happens to dividends earned on Crown shares acquired under the 2014 Crown LTI***

All dividends received on shares held in trust are to be passed through to the Participant. As bonuses earned in the final year of the 2014 Crown LTI (including any Carried Over Plan Year Bonuses) are to be paid in cash, no dividends apply in respect of these bonuses.

***What happens if an executive's employment with Crown ceases***

If a Participant's employment with Crown ceases, then the Participant is not entitled to any part of his or her 2014 Crown LTI bonus, except where the Participant's employment is terminated by Crown without cause, in which case the Participant will be entitled to any tranche (in the form of shares held on trust) which has vested prior to the date of termination.

***How EPS Hurdles can be amended***

The 2014 Crown LTI provides that in the event that corporate control events or capital reconstruction events impact the achievement of EPS Hurdles, then the Crown Board has discretion to amend the EPS Hurdles in such a way that does not materially disadvantage Participants.

The Crown Board retains general power to amend the rules of the 2014 Crown LTI from time to time.

After the Plan Year ended 30 June 2015, the Crown Nomination and Remuneration Committee conducted a review of the 2014 Crown LTI and the EPS Hurdles, to consider whether the Board should exercise its discretion to adjust any EPS Hurdle or any feature of the Plan.

Whilst there was no change to the EPS Hurdles which will apply over the life of the Plan, the Nomination and Remuneration Committee recognised that since the adoption of the 2014 Crown LTI, there had been a number of events which affected the definition of Crown Profit, which were not contemplated when the 2014 Four Year Financial Plan was adopted.

Those events had both a positive impact on the determination of Crown Profit, in some cases, and a negative impact in other cases. They included the beneficial effect of the removal of super tax for Crown Melbourne as part of the modifications to the Crown Melbourne Casino Licence, changes in interest expense on account of various debt raising activities (including the issue of Crown Subordinated Notes II) and various additional corporate costs.

Accordingly, for the purposes of calculating "Crown Profit" and EPS, the Board determined that the effect of these unanticipated events should not have been taken into account during the financial year ended 30 June 2015 and thereafter.

The Crown Nomination and Remuneration Committee conducted a similar review of the 2014 Crown LTI and the EPS Hurdles, following 30 June 2016. Again, there was no change to the EPS Hurdles which will apply over the life of the Plan. However, in addition to the above matters, the Nomination and Remuneration Committee recognised that there had been a number of events which affected the determination of Crown Profit, which were not contemplated in the 2014 Four Year Financial Plan. Again some of those events had a positive impact on the determination of Crown Profit and others had a negative impact. Those events included new business acquisitions not contemplated in the 2014 Four Year Financial Plan such as CrownBet and DGN, potential development projects including One Queensbridge and the Alon Las Vegas project and foreign exchange movements and asset revaluations.

In light of these events and unforeseen costs, and in accordance with the conclusion of the Nomination and Remuneration Committee, appropriate adjustments were made to neutralise the effect of these events. As a result of those adjustments to the determination of Crown Profit, the EPS Hurdles were considered to be achieved in relation to the 2016 financial year.

Having conducted its review of the 2014 Crown LTI and the EPS Hurdles, following 30 June 2017, the Nomination and Remuneration Committee has concluded that the EPS Hurdles for the 2017 financial year have not been met. Accordingly, no part of the 2014 Crown LTI vested for financial year 2017. Crown has calculated the Carried Over Plan Year Bonus, being the Plan Year Bonus which would have been applied to the purchase of Participant Shares had the relevant EPS Hurdle been met, and that Carried Over Plan Year Bonus will be dealt with in the manner described earlier in this Report.

***How the 2014 Crown LTI ameliorates issues with "cliff's edge" vesting***

The key features of the 2014 Crown LTI are that:

- the EPS Hurdles for Plan Years 1, 2 and 3 are set at 98% of the EPS Targets in the 2014 Four Year Financial Plan; and
- if at the end of financial year 2018, on a cumulative basis, the EPS Hurdles over all four years are met, then any Carried Over Plan Year Bonuses will vest and be paid to the relevant senior executive in cash.

Accordingly, when viewed as a whole, the Maximum Bonus under the 2014 Crown LTI consists of four separate and individually achievable targets, as well as a cumulative target. As a result, there are a range of potential outcomes depending on performance against target in each year of the 2014 Crown LTI as well as the cumulative result.

REMUNERATION REPORT CONTINUED

This feature is designed to ameliorate issues with “cliff’s edge” vesting, by giving participants a “second chance” to have a tranche paid when an individual EPS Hurdle is not met.

#### Disclosure of historical EPS Targets

The disclosure of prospective EPS Targets would have the consequence of providing the market and Crown’s competitors with Crown’s financial forecasts. It has been Crown’s longstanding practice not to disclose prospective financial information and financial forecasts. Accordingly, Crown will not publicly disclose prospective EPS Targets.

Such concerns, however, are not as significant in relation to historical EPS Targets and EPS Hurdles and performance against those historical EPS Hurdles.

Set out below are the EPS Targets and EPS Hurdles which applied for financial year 2015, financial year 2016 and financial year 2017 together with Crown’s actual EPS for financial year 2015, financial year 2016 and financial year 2017.

	EPS Target (2014 Four Year Financial Plan)	EPS Target Growth (2014 Four Year Financial Plan)	EPS Hurdle (Crown LTI)*	Actual EPS	Actual EPS Growth (from previous year)	Tranche Vested?
FY15	51.5 cents	N/A	50.5 cents	53.0 cents	N/A	Yes
FY16	57.6 cents	11.8%	56.4 cents	57.1 cents	7.7%	Yes
FY17	60.9 cents	5.7%	59.7 cents	42.5 cents	(25.6%)	No

\* In financial year 2015, financial year 2016 and financial year 2017, the EPS Hurdle was 98% of the 2014 Four Year Financial Plan EPS Target.

All references in the above table to “EPS” exclude the contribution made by MRE and significant items and Crown’s actual EPS also excludes the impact of certain unanticipated events as described above.

#### Details of Participation of Senior Executives in 2014 Crown LTI

Of the Senior Executives named in this Report, five participate in the 2014 Crown LTI. Details of potential 2014 Crown LTI bonuses are as follows:

Senior Executive	Maximum Value over four year period	30 June 2015 (15%)	30 June 2016 (20%)	30 June 2017 (25%)	30 June 2018 (40%)
	\$	\$	\$	\$	\$
John Alexander	4,500,000	675,000	900,000	1,125,000	1,800,000
Ken Barton	4,050,000	607,500	810,000	1,012,500	1,620,000
Rowen Craigie	9,000,000	1,350,000	1,800,000	2,250,000*	3,600,000*
Barry Felstead	6,300,000	945,000	1,260,000	1,575,000	2,520,000
Todd Nisbet	6,300,000	945,000	1,260,000	1,575,000	2,520,000

\* Mr Craigie ceased as Chief Executive Officer and Managing Director on 28 February 2017. As such, Mr Craigie has no entitlement to receive a bonus for Plan Years 3 and 4.

As noted in the tables above, in financial year 2017, Crown did not meet the relevant EPS Hurdle and accordingly, no entitlement to the EPS Bonus for financial year 2017 has vested, being 25% of the Maximum Value over the four year period.

Set out below are the vested bonus amounts for the above participants in respect of financial year 2015, financial year 2016 and financial year 2017:

Senior Executive	Vested in relation to the financial year ended 30 June 2015	Vested in relation to the financial year ended 30 June 2016	Vested in relation to the financial year ended 30 June 2017
	\$	\$	\$
John Alexander	675,000	900,000	Nil
Ken Barton	607,500	810,000	Nil
Rowen Craigie*	1,350,000	1,800,000	Nil
Barry Felstead	945,000	1,260,000	Nil
Todd Nisbet	945,000	1,260,000	Nil

\* Mr Craigie ceased as Chief Executive Officer and Managing Director on 28 February 2017.

As noted above, in accordance with the rules of the 2014 Crown LTI, Crown has calculated the Carried Over Plan Year Bonus in respect of the period ended 30 June 2017 and that Carried Over Plan Year Bonus will be dealt with in the manner described earlier in this Report.

#### 2017 Senior Executive Incentive Plan

##### *Rationale for the Introduction of the Plan*

As part of the Crown group restructure described earlier in this Report, the Board determined that a new incentive plan should be adopted to incentivise selected Senior Executives to remain with the Crown group to assist it to achieve the group's strategic plans over the life of the 2017 Four Year Financial Plan.

The Board considered that the Senior Executives remaining following the restructure should be given the opportunity to benefit from the increase in the value of Crown shares over the following four years. The Plan is designed to motivate participants to deliver improved performance of Crown which is expected to lead to an increase in the value of Crown's shares over and above the price at the time the Options were issued.

The 2017 Incentive Plan seeks to assist in the reward, retention and motivation of relevant Senior Executives, to link the reward to shareholder value creation and to align the interests of relevant Senior Executives with shareholders.

In February 2017, the Board therefore agreed to offer Options to Mr Alexander and his direct reports Mr Barton, Mr Felstead and Mr Nisbet under the 2017 Incentive Plan.

##### *Outline of the Plan and the Offer*

The 2017 Incentive Plan accommodates the offer and issue of 'Awards' which may be in the form of Options, Performance Rights or Share Appreciation Rights. All Awards may, under the Plan, be settled with Crown shares or cash settled.

The Awards that have been granted to the relevant Senior Executives are Options which have a four year term from their agreed date of issue. The Options were agreed to be issued on 22 February 2017. The Options are not quoted on ASX or on any other financial market.

For all participants, other than a Director of Crown, at Crown's election, the Options can be settled by the issue of new Crown shares, the transfer of shares acquired by Crown from the market or by paying a cash equivalent to the difference between the exercise price of the Options and the market price of the shares at the time of exercise. For John Alexander, a director of Crown, any Crown shares to be acquired on the vesting and exercise of the Options must be purchased on-market and cannot be settled by the issue of new Crown shares.

In addition to the cash or physical settlement of Awards, Awards may be bought back by the agreement of Crown and the participant or, at the instigation of Crown, at market value.

The Options that have been issued are styled as 'European' Options, meaning that they are only exercisable on a single day being Monday, 22 February 2021 starting at midnight and ending at 11.59pm Melbourne time on that day (the Expiry Date).

REMUNERATION REPORT CONTINUED

**Option Exercise Price**

An initial exercise price of \$11.43 per Option has been determined by reference to the volume weighted average price (VWAP) of Crown shares at the time the Crown Board approved the offer of Options at its February 2017 meeting.

The exercise price of each Option of \$11.43 may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

**Options are Issued for Value – Senior Executives Pay for Options**

The 2017 Incentive Plan differs from many similar option-based incentive plans in that it requires participants to pay value for their Options. The Options are not free.

Participants in the 2017 Incentive Plan were invited to acquire Options for a fee equal to the market value of those Options.

The market value has been based on the option valuation methodology determined under the *Income Tax Assessment Regulations 1997* (Cth) (Regulations).

Under the Regulations, having regard to the market price of a Crown share at grant and the exercise price of the Option, a four year Option is valued at 6.2% of the market value of the underlying share.

Options were therefore issued to participants for a fee equal to the market value at the date they were agreed to be issued, being 22 February 2017, of \$0.71 per Option (Fee) (i.e. 6.2% of the initial exercise price of \$11.43).

On the day the Options were issued, the value to the participants was therefore nil. The value of the incentives to the participants will arise only where Crown's share price exceeds the exercise price of the Options plus the Fee, the vesting condition is met and the Options are exercisable.

**Consideration for the Payment of Options – Acquisition Loan**

Each participant paid the Fee for the issue of the Options through an Acquisition Loan advanced by Crown.

The Acquisition Loan is repayable on the exercise, lapse, cancellation or forfeiture of the Options financed by the Acquisition Loan. No interest is payable on the Loan.

The repayment amount of the Acquisition Loan is the lesser of the outstanding amount of the Acquisition Loan and:

- the market value of the Crown shares to be delivered on exercise; or
- in the case of a buy-back, the market value of the Option; or
- in the case of lapse, cancellation or forfeiture, nil.

**Single Vesting Condition of Continued Employment**

The Options are subject to a single Vesting Condition being the continued employment of the relevant Senior Executive for four years after the grant date, or the classification of the Senior Executive as a good leaver at the Expiry Date.

As noted, the Board considered that the Senior Executives remaining following the restructure should be given the opportunity to benefit from the increase in the value of Crown shares over the following four years and seeks to reward and retain those Senior Executives who have primary responsibility for delivering Crown's key strategic priorities over the coming years.

Continued employment together with an improvement in the value of Crown shares will therefore result in a benefit to participants. Continued employment without improvement in value of Crown shares above the Fee paid for the Options will not deliver any benefit to participants.

**Voting Rights and Rights to Dividends**

No ordinary dividend or voting rights will attach to the Options unless and until Crown shares are delivered on exercise.

Any special dividends (but not ordinary dividends), capital restructure or other corporate events will be reflected as adjustments to the exercise price of the Options.

**Option Participants**

Options have been granted to the following Senior Executives:

Senior Executive	Number of Options
John Alexander	5,000,000
Ken Barton	3,000,000
Barry Felstead	3,000,000
Todd Nisbet	3,000,000

**Accounting Valuation of Options and Reporting**

The Options constitute remuneration for the purposes of this Report.

For the purposes of reporting, a determination of the "fair value" (for accounting purposes) of each Option was undertaken.

As there is a limited recourse Acquisition Loan associated with the Options with an obligation to repay Crown (in the event the Options are exercised) of \$0.71 per Option, from an accounting perspective, the Acquisition Loan has been treated as an addition to the exercise price of the Option and the Option has been re-valued accordingly, without having further regard to the amount outstanding under the Acquisition Loan.

Based on this approach, from an accounting perspective, the Options have been valued using an exercise price of \$12.14 and assumes that there is no Acquisition Loan.

The fair value of the Options has therefore been determined to be \$0.53 per Option (being approximately 4.6% of the exercise price of the Options).

The outcome of this valuation approach (using the Black Scholes valuation model) and the accounting implications are shown below:

Number of Options		14,000,000
Exercise Price*	\$	11.43
Total Face value	\$	160,020,000
Valuation %*		4.6%
Valuation \$	\$	7,360,920
Value per Option	\$	0.53
<b>Annual impact on Crown reported results (over four years)</b>	<b>\$</b>	<b>1,840,230</b>

\* While the contracted exercise price of each Option is \$11.43, from an accounting perspective, the valuation of each Option is determined assuming an exercise price of \$12.14. For the purposes of the Black Scholes Valuation model, a volatility measure of 18% has been used representing the historical volatility of Crown shares excluding the material impact of the Melco Resorts & Entertainment Limited investment.

Based on the above, the annual value of the 2017 Incentive Plan which has been attributed to each Senior Executive participant is as follows:

	Number of Options	Accounting Value per Option	Annual Impact \$	FY17 Impact (5 months) \$
John Alexander	5,000,000	53 cents	657,225	275,000
Ken Barton	3,000,000	53 cents	394,335	165,000
Barry Felstead	3,000,000	53 cents	394,335	165,000
Todd Nisbet	3,000,000	53 cents	394,335	165,000
<b>Total</b>	<b>14,000,000</b>		<b>1,840,230</b>	<b>770,000</b>

Disclosures in line with the above have been included in the Senior Executive Remuneration Table set out later in this Report.

## Relationship between remuneration policy and company performance

### Remuneration linked to performance

As detailed above in the sections on Fixed Remuneration and Performance Based Remuneration, various elements of Crown's remuneration policy are linked to company performance, in particular, the achievement of Crown's Board approved Annual Budget and Business Plan (in the case of STI), Crown's Board approved Four Year Financial Plan (in the case of the 2014 Crown LTI) and an increase in the value of Crown shares (in the case of the 2017 Incentive Plan).

The Crown Board has sought to achieve this link by requiring the achievement of an annual level of normalised EBITDA and net profit after tax (in the case of STI), predetermined EPS Targets (in the case of the 2014 Crown LTI) or an increase in the value of Crown shares over the following four years (in the case of the 2017 Incentive Plan).

Full details of how these links have been achieved are set out in the above sections of this Report, but, in summary:

- an STI may be payable if Crown achieves its budgeted financial objectives and where an individual achieves his or her annual KPOs, assessed using a combination of financial and non-financial measures;
- the 2014 Crown LTI is linked to predetermined EPS Hurdles in financial year 2015, financial year 2016, financial year 2017 and financial year 2018; and
- an increase in the value of Crown shares over the following four years may result in a benefit to Senior Executives who have participated in the 2017 Incentive Plan.



REMUNERATION REPORT CONTINUED

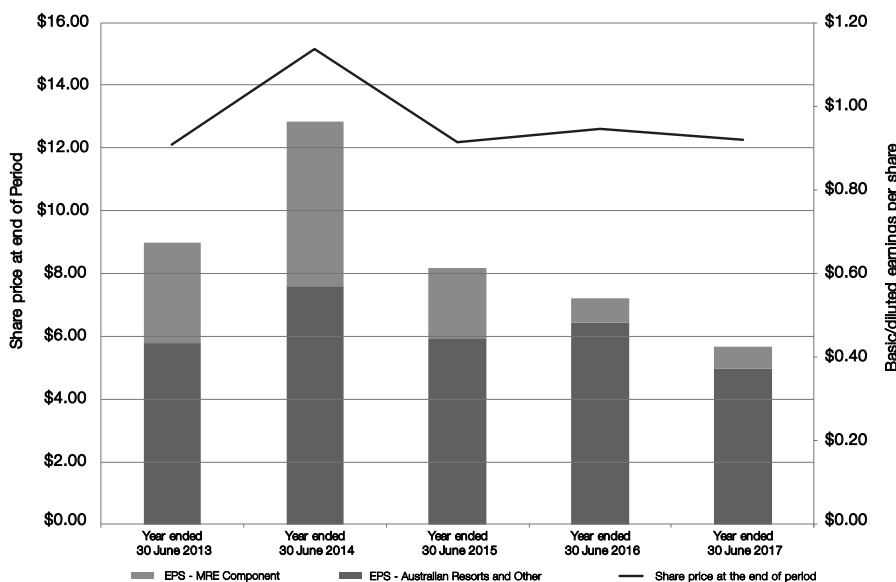
Remuneration Report

This year, normalised EBITDA generated by Crown Melbourne and Crown Perth, Crown’s wholly owned Australian casinos, fell by 10.7%. The compound average normalised EBITDA growth for Crown Melbourne and Crown Perth for the five year period from 1 July 2012 to 30 June 2017 was 2.5%. Normalised Crown group NPAT fell by 15.5% in financial year 2017 predominantly due to the reduction in VIP program play revenue in Australia. The compound average normalised NPAT growth for the Crown group for the five year period from 1 July 2012 to 30 June 2017 was negative 3.7%.

The table and graph below set out information about movements in shareholder wealth for the years ended 30 June 2013 to 30 June 2017.

	Year Ended 30 June 2013	Year Ended 30 June 2014	Year Ended 30 June 2015	Year Ended 30 June 2016	Year Ended 30 June 2017
Share price at start of period	\$8.49	\$12.11	\$15.12	\$12.20	\$12.61
Share price at end of period	\$12.11	\$15.12	\$12.20	\$12.61	\$12.28
Full year dividend	37.0 cents <sup>1</sup>	37.0 cents <sup>1</sup>	37.0 cents <sup>2</sup>	72.5 cents <sup>3</sup>	143.0 cents <sup>4</sup>
Basic/diluted earnings per share <sup>5</sup>	67.40 cps	96.44 cps	61.28 cps	54.04 cps	42.55 cps

- 1 Franked to 50% with none of the unfranked component comprising conduit foreign income.
- 2 Franked to 50% with all of the unfranked component of the final dividend comprising conduit foreign income.
- 3 Interim dividend franked to 50% and final dividend franked to 70% with all of the unfranked components comprising conduit foreign income.
- 4 Franked to 60% with none of the unfranked component comprising conduit foreign income. This amount includes a special dividend paid to shareholders in March 2017 of 83 cents per share.
- 5 Excluding the effect of significant items.



**Policy on entering into transactions in associated products which limit economic risk**

The rules of the 2014 Crown LTI specifically provide that a Participant must not grant or enter into any Security Interest in or over any Crown shares that may be acquired under the Plan (Participant Shares) or otherwise deal with any Participant Shares or interest in them until the relevant Participant Shares are transferred from the Trustee to the participant in accordance with the Plan rules. A Security Interest is defined to extend to any mortgage, charge, pledge or lien or other encumbrance of any nature, and includes any derivative relating to or involving a Participant Share. Any Security Interest, disposal or dealing made by a participant in contravention of the Plan rules will not be recognised by Crown.

The rules of the 2017 Incentive Plan specifically provide that a participant must not transfer, encumber, dispose of or have a Security Interest issued over Plan Shares, or any beneficial interest in Plan Shares, unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met or waived by the Board or the Board has provided prior written consent. A Security Interest is defined to include a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

In addition, Crown's Securities Trading Policy provides that restricted persons who hold Crown shares (defined as Crown shares or other securities which may be issued from time to time by Crown) under an incentive plan offered by Crown from time to time, must not, without the prior consent in writing of Crown, sell, create a security interest in, or otherwise dispose or deal with their Crown shares or any of their interests in any of those Crown shares.

The rules of the 2017 Incentive Plan also require participants to comply with Crown's Securities Trading Policy at all times.

## Remuneration Details for Non-executive Directors

### Non-executive Directors

Non-executive Directors are entitled to a base fee per annum for acting as a Director of Crown.

Non-executive Directors acting on the Board of Crown Melbourne Limited are entitled to receive a further fee in respect of that service. Crown's nominee on the CrownBet Board is also entitled to an annual fee in respect of that service.

Non-executive Directors of Crown are entitled to additional fees if they act as either chair or a member of an active Committee (the Audit and Corporate Governance Committee, the Occupational Health and Safety Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee or the Risk Management Committee).

All Directors are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Non-executive Directors fees which applied at the commencement of the 2017 financial year were as follows:

Base Board Fees:	\$100,000
Active Board Committees:	
- Chair	\$20,000
- Member	\$10,000
Crown Melbourne Board:	\$60,000
CrownBet Board:	\$75,000

A review of Non-executive Directors' fees was conducted following the 2016 financial year end by the Nomination and Remuneration Committee.

The focus of the review was twofold:

- firstly to consider whether the existing Non-executive Director fees remain appropriate, in light of the fact that there had been no increase in Non-executive Directors' fees since the Publishing and Broadcasting Limited demerger in 2007; and

- to determine whether the existing aggregate Non-executive Directors' fee cap of \$1,300,000 could accommodate a potential increase in Non-executive Director fees or the appointment of additional Non-executive Directors.

Egan Associates, an expert remuneration consultant, was engaged by the Committee to assist by providing factual information and analysis. Egan Associates provided a report to the Nomination and Remuneration Committee regarding the level of fees paid to Non-executive Directors in other Top 100 Listed Companies so that the Nomination and Remuneration Committee could assess whether to increase Non-executive Director fees and assess whether there might be a need to increase the fee cap in the Crown Constitution. No recommendation was made by or sought from Egan Associates. The advice contained only facts and an analysis of those facts.

With the benefit of the advice from the remuneration consultant, the Nomination and Remuneration Committee recommended to the Board that Non-executive Directors' fees which should apply commencing 1 November 2016 be as follows, subject to shareholders approving the increase in the remuneration pool cap (further discussed below):

Base Board Fees:	\$150,000
Active Board Committees:	
- Chair	\$25,000
- Member	\$15,000
Crown Melbourne Board:	\$60,000 (no change)
CrownBet Board:	\$75,000 (no change)

In light of the above recommendation and to allow for scope for possible future fee increases as well as the possible appointment of another Non-executive Director, the Nomination and Remuneration Committee also recommended to the Board that the Non-executive Directors' fee cap be increased from \$1,300,000 per annum to \$2,500,000 per annum (that is, an increase of \$1,200,000 per annum).

Under Crown's Constitution, an increase in the fee cap requires the approval of shareholders by an ordinary resolution. The Crown Board adopted the recommendation of the Nomination and Remuneration Committee to increase the Non-executive Directors' fee cap to \$2,500,000 per annum by seeking shareholder approval at the 2016 Annual General Meeting. At the 2016 Annual General Meeting, shareholders approved the increase in fee cap and accordingly, the increase in Non-executive Directors' fees set out above applied from 1 November 2016.

REMUNERATION REPORT CONTINUED

Set out below is a table showing Non-executive Director remuneration for financial years 2017 and 2016.

## Remuneration table – Non-executive Directors

	Financial Year	Short Term Benefits			Post-employment Benefit – Superannuation	Long Term Incentives		Termination Benefits	Total
		Salary & Fees	Non Monetary	Other		Cash Based	Equity Based		
<b>Ben Brazil</b> <sup>1</sup>	2017	118,750	-	-	11,281	-	-	-	130,031
Non-executive Director	2016	120,000	-	-	11,400	-	-	-	131,400
<b>Helen Coonan</b> <sup>2</sup>	2017	161,041	-	-	15,299	-	-	-	176,340
Non-executive Director	2016	120,000	-	-	11,400	-	-	-	131,400
<b>Rowena Danziger</b> <sup>3</sup>	2017	256,666	-	-	19,616	-	-	-	276,282
Non-executive Director	2016	210,000	-	-	19,308	-	-	-	229,308
<b>Andrew Demetriou</b> <sup>4</sup>	2017	208,333	-	-	19,616	-	-	-	227,949
Non-executive Director	2016	175,000	-	-	16,625	-	-	-	191,625
<b>Geoffrey Dixon</b>	2017	180,000	-	-	17,100	-	-	-	197,100
Non-executive Director	2016	140,000	-	-	13,300	-	-	-	153,300
<b>John Horvath</b> <sup>3</sup>	2017	256,666	-	-	19,616	-	-	-	276,282
Non-executive Director	2016	210,000	-	-	19,308	-	-	-	229,308
<b>Michael Johnston</b> <sup>5</sup>	2017	-	-	-	-	-	-	-	-
Non-executive Director	2016	-	-	-	-	-	-	-	-
<b>Harold Mitchell</b>	2017	160,000	-	-	15,200	-	-	-	175,200
Non-executive Director	2016	120,000	-	-	11,400	-	-	-	131,400
<b>Robert Rankin</b> <sup>5,6</sup>	2017	-	-	-	-	-	-	-	-
Non-executive Director	2016	-	-	-	-	-	-	-	-
<b>2017 TOTALS</b>		<b>1,341,456</b>	<b>-</b>	<b>-</b>	<b>117,728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,459,184</b>
<b>2016 TOTALS</b>		<b>1,095,000</b>	<b>-</b>	<b>-</b>	<b>102,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,197,741</b>

1. Mr Brazil ceased as a director on 12 April 2017.

2. Ms Coonan was appointed Chair of the Audit and Corporate Governance Committee on 27 April 2017.

3. Mrs Danziger and Professor Horvath each received Directors' fees at a rate of \$60,000 per annum for their participation on the Crown Melbourne Limited Board.

4. Mr Demetriou received Directors' fees at a rate of \$75,000 per annum for his participation on the CrownBet Pty Ltd and CrownBet Holdings Pty Ltd Boards.

5. Mr Johnston and Mr Rankin did not receive remuneration from Crown for their services to Crown.

6. Mr Rankin ceased as a director on 21 June 2017.

## Remuneration details for Senior Executives

Senior Executives are employed under service agreements with Crown or a subsidiary of Crown. Common features to these service agreements include (unless noted otherwise):

- an annual review of the Senior Executive's fixed remuneration, with any increases requiring approval of the Executive Chairman (except in relation to the Executive Chairman) and the Nomination and Remuneration Committee and dependent on Crown's financial performance, the individual's KPO performance and market changes;
- competitive performance based incentive payments annually and in the long term, dependent upon Crown achieving its objectives and the Senior Executive achieving his or her KPOs;
- a provision that Crown may ask the Senior Executive to act as a Director of a member or associate of the Crown group for no additional remuneration;
- a prohibition from gambling at any property within the Crown group during the term of employment and for six months following termination and a requirement that the Senior Executive maintains licences required and issued by relevant regulatory authorities (such as the Victorian Commission for Gambling and Liquor Regulation and the Western Australian Gaming and Wagering Commission);
- where post-employment restraints apply, a restraint covering, amongst other things, competitive activities to those of the Crown group. Restraint periods vary and have been noted in each instance;
- where an employment agreement is terminated by Crown, a provision that notice may be given in writing or payment may be made (wholly or partly) in lieu of notice;
- a provision that all contracts may be terminated without notice by Crown for serious misconduct; and
- all Senior Executives are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Specific details of each Senior Executive's contract of employment which applied at the end of the 2017 financial year are summarised in the tables on the following pages.

### Employment Arrangements for Mr Rowen Craigie

On 23 February 2017, Crown announced that after more than 20 years with the Crown group, its Chief Executive Officer and Managing Director, Rowen Craigie would be stepping down from his role with effect from 28 February 2017.

Mr Craigie has received, and will receive subject to shareholder approval at the 2017 Annual General Meeting, entitlements payable in accordance with the terms of his employment contract and the 2014 Crown LTI Rules. A summary of the key elements of Mr Craigie's employment contract have been disclosed to shareholders since 2007 and have been included in each of Crown's Annual Reports since 2008. The key elements of Mr Craigie's employment contract which applied until 28 February 2017 are as follows:

<b>Fixed Remuneration</b>	
Base salary:	\$3,116,734 per annum.
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.
<b>Post-employment benefits</b>	
	Nil
<b>Post-employment restraint</b>	
	Crown may impose a restraint for various periods up to 12 months.
<b>Termination</b>	
By Senior Executive:	12 months' notice.
By Crown:	12 months' notice without cause (Notice Pay).
<b>Termination benefits*</b>	
	Subject to the receipt of shareholder approval, Mr Craigie will be entitled to receive a severance payment equal to 12 months' fixed remuneration in the event of early termination of his employment by Crown (Severance Pay).
	The imposition of Mr Craigie's post-employment restraint is tied to, and is conditional upon, receipt of his Severance Pay.

\* Note: As announced to the ASX on 19 February 2015, and as subsequently disclosed in Crown's 2016 Annual Report, Mr Craigie's employment contract was last varied in February 2015 to **reduce** the severance payment payable to Mr Craigie should Crown terminate Mr Craigie's employment from 24 months' base salary to 12 months' base salary. Mr Craigie's post-employment restraint was also reduced at that time from 24 months to 12 months.

REMUNERATION REPORT CONTINUED

Mr Craigie also participated in the 2014 Crown LTI. The Rules of the 2014 Crown LTI provide that where a Participant leaves the employment of the Group and their employment is terminated "without cause" prior to the end of Plan Year 4 (i.e. 30 June 2018), any Participant Shares held on trust for the Participant will remain in trust until the end of Plan Year 4. In accordance with the 2014 Crown LTI Rules, the Board has determined that, subject to the receipt of shareholder approval, the 254,821 Participant Shares held on trust for Mr Craigie be released to Mr Craigie prior to the end of Plan Year 4. The 2014 Crown LTI Rules also provide that where a Participant leaves the employment of the Group, that Participant's rights to any Carried Over Plan Year Bonus will cease. As Mr Craigie's employment with Crown ceased part way through Plan Year 3, Mr Craigie has no entitlement to receive a bonus for Plan Years 3 and 4 but is entitled to receive the first two vested tranches of his bonus for Plan Years 1 and 2 comprising 254,821 Participant Shares. This represents 35% (less than half) of the maximum bonus granted to Mr Craigie under the 2014 Crown LTI despite the earnings per share hurdles for the 2014 Crown LTI having been met for two of the four years (i.e. half of the life of the plan). Shareholder approval will be sought at Crown's 2017 Annual General Meeting in relation to the benefit constituted by the early release of the 254,821 Participant Shares to Mr Craigie. As Mr Craigie is entitled, under the 2014 Crown LTI, to any dividends payable in relation to the 254,821 Participant Shares, the value of the early release of the 254,821 Participant Shares is the ability to trade these shares prior to the end of Plan Year 4, which is not able to be quantified.

In addition, there will be no STI paid to Mr Craigie in relation to his employment for the financial year ended 30 June 2017.

Crown has agreed with Mr Craigie that, subject to and conditional upon the approval of the shareholders of Crown by resolution passed under sections 200B and 200E of the Corporations Act 2001 (Cth) at the 2017 Annual General Meeting:

- Crown will procure the early release of the Participant Shares presently held on trust for Mr Craigie under the 2014 Crown LTI; and
- pay the Notice Pay and the Severance Pay to Mr Craigie,

within 10 Business Days after the date of shareholder approval.

Importantly, under Mr Craigie's employment contract, Mr Craigie's post-employment restraint is tied to, and is conditional upon, the receipt of his Severance Pay. Accordingly, should the approval of shareholders not be obtained at the 2017 Annual General Meeting, Mr Craigie's restraint will also cease at that time. Mr Craigie has agreed to consult to Crown, as required, on specific projects of the Company.

The Explanatory Statement to the 2017 Notice of Annual General Meeting provides further information regarding the proposed approvals in respect of the termination benefits payable to Mr Craigie in accordance with the terms of his employment contract and the 2014 Crown LTI Rules.

#### Changes to Employment Arrangements made during the 2017 Financial Year

As Executive Chairman, Mr Alexander now has primary accountability for the management of Crown and as noted, assumed the responsibilities of the previous Chief Executive Officer. Mr Alexander's role therefore effectively replaced three existing positions, being Chairman, Executive Deputy Chairman and the Chief Executive Officer.

On account of these increased responsibilities, the employment arrangements for Mr Alexander were varied and a new Contract of Employment was entered into.

A summary of the material changes to Mr Alexander's Contract of Employment which took effect from 1 February 2017 is as follows:

	Previous Contract of Employment	Current Contract of Employment
<b>Term</b>	Commenced 1 December 2007 with no fixed term.	Commenced 1 February 2017 with no fixed term.
<b>Fixed Remuneration</b>	\$1,500,000 per annum (inclusive of Compulsory Superannuation Guarantee Contributions).	\$3,500,000 per annum (inclusive of Compulsory Superannuation Guarantee Contributions).
<b>Performance based remuneration</b>		
STI:	Nil	Potential to earn a short term incentive of up to \$500,000 based on performance and at the sole discretion of the Board.
LTI:	Participation in the 2014 Crown LTI.	Continued participation in the 2014 Crown LTI and participation in the 2017 Incentive Plan.

In determining the fixed remuneration component, the Board took into consideration the global gaming and resort hotel environment and remuneration arrangements of leaders in the industry. While there is variability in the market, in the context of the Board's expectations, and the near term criticality of the role, the Board considered the arrangements with Mr Alexander to be commercially appropriate.

All other material terms of Mr Alexander's employment contract remained unchanged.

REMUNERATION REPORT CONTINUED

## Summary of Contracts of Employment Applicable at 30 June 2017

<b>John H Alexander</b>															
<b>Current Position</b>	Executive Chairman (commenced 1 February 2017) (previously Executive Deputy Chairman): Mr Alexander's current employment agreement with Crown Resorts Limited has no fixed term.														
<b>Fixed Remuneration</b>															
Base salary:	\$3,480,384 per annum.														
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.														
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation.														
<b>Performance based remuneration</b>															
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Alexander may receive an STI payment of up to \$500,000.														
LTI:	Mr Alexander participates in the 2014 Crown LTI and the 2017 Incentive Plan. Refer to pages 52 to 59.														
<b>2017 Percentage breakdown of remuneration</b>	<table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2014 Crown LTI</b></th> <th><b>2017 Incentive Plan</b></th> </tr> </thead> <tbody> <tr> <td>113%</td> <td>6%</td> <td>(31)%</td> <td>12%</td> </tr> </tbody> </table> <p>Given that the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved, Crown has amended its provisioning in relation to the 2014 Crown LTI accordingly.</p> <p>This has resulted in a reversal of amounts previously expensed and, as a result of this, each Senior Executive who participated in the 2014 Crown LTI must be shown to have a negative amount for the 2014 Crown LTI component of their F17 remuneration.</p> <p>Crown recognises that while it is required to include the reversal in the remuneration disclosures, the percentage breakdown in the form provided above is not a meaningful reflection of the 2017 percentage breakdown of remuneration.</p> <p>To assist shareholders, set out below is a percentage breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2014 Crown LTI:</p> <table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2017 Incentive Plan</b></th> </tr> </thead> <tbody> <tr> <td>86%</td> <td>4%</td> <td>10%</td> </tr> </tbody> </table>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>	113%	6%	(31)%	12%	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	86%	4%	10%
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>												
113%	6%	(31)%	12%												
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>													
86%	4%	10%													
<b>Post-employment benefits</b>	Nil														
<b>Post-employment restraint</b>	Crown may impose a restraint for various periods up to 12 months.														
<b>Termination</b>															
By Senior Executive:	12 months' notice.														
By Crown:	12 months' notice without cause; without notice for breach or misconduct.														
<b>Termination benefits</b>	Nil														
<b>Payments made prior to commencement</b>	Nil														
<b>Directors' Fees</b>	Nil														

<b>Kenneth M Barton</b>															
<b>Current Position</b>	Chief Financial Officer (commenced 9 March 2010) and CEO Crown Digital (from 1 February 2017); Mr Barton's employment agreement with Crown Resorts Limited will expire on 30 September 2018.														
<b>Fixed Remuneration</b>															
Base salary:	\$1,787,084 per annum.														
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.														
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Until Mr Barton relocates to Melbourne, Crown will meet the weekly travel costs of his Melbourne/Sydney commuting and will provide hotel accommodation while in Melbourne.														
<b>Performance based remuneration</b>															
STI:	Mr Barton's annual target STI is \$500,000 and payment depends on meeting agreed personal KPOs. The STI may, at the discretion of the Nomination and Remuneration Committee, be increased to a maximum of \$750,000 if Mr Barton exceeds his KPOs and Crown also achieves its performance objectives.														
LTI:	Mr Barton participates in the 2014 Crown LTI and the 2017 Incentive Plan. Refer to pages 52 to 59.														
<b>2017 Percentage breakdown of remuneration</b>	<table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2014 Crown LTI</b></th> <th><b>2017 Incentive Plan</b></th> </tr> </thead> <tbody> <tr> <td>107%</td> <td>19%</td> <td>(35)%</td> <td>9%</td> </tr> </tbody> </table> <p>Given that the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved, Crown has amended its provisioning in relation to the 2014 Crown LTI accordingly.</p> <p>This has resulted in a reversal of amounts previously expensed and, as a result of this, each Senior Executive who participated in the 2014 Crown LTI must be shown to have a negative amount for the 2014 Crown LTI component of their F17 remuneration.</p> <p>Crown recognises that while it is required to include the reversal in the remuneration disclosures, the percentage breakdown in the form provided above is not a meaningful reflection of the 2017 percentage breakdown of remuneration.</p> <p>To assist shareholders, set out below is a percentage breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2014 Crown LTI:</p> <table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2017 Incentive Plan</b></th> </tr> </thead> <tbody> <tr> <td>79%</td> <td>14%</td> <td>7%</td> </tr> </tbody> </table>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>	107%	19%	(35)%	9%	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	79%	14%	7%
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>												
107%	19%	(35)%	9%												
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>													
79%	14%	7%													
<b>Post-employment benefits</b>	Nil														
<b>Post-employment restraint</b>	Nil														
<b>Termination</b>															
By Senior Executive:	6 months' notice.														
By Crown:	6 months' notice without cause; one month's notice for performance issues (following at least 3 months' notice to improve); 3 months' notice for incapacity.														
<b>Termination benefits</b>	Nil														
<b>Payments made prior to commencement</b>	As previously disclosed, a sign on payment was made in 2010 to compensate Mr Barton for unvested incentives forfeited on cessation of employment with his previous employer.														
<b>Directors' Fees</b>	Nil														



REMUNERATION REPORT CONTINUED

<b>Barry J Felstead</b>				
<b>Current Position</b>	Chief Executive Officer – Australian Resorts (from 1 August 2013); Mr Felstead's current employment agreement with Crown Resorts Limited has no fixed term.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,238,759 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Mr Felstead is entitled to a travel allowance of \$50,000 per annum.			
<b>Performance based remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Felstead's annual target STI is 40% of his TEC.			
LTI:	Mr Felstead participates in the 2014 Crown LTI and the 2017 Incentive Plan. Refer to pages 52 to 59.			
<b>2017 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>
	127%	14%	(50)%	9%
<p>Given that the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved, Crown has amended its provisioning in relation to the 2014 Crown LTI accordingly.</p> <p>This has resulted in a reversal of amounts previously expensed and, as a result of this, each Senior Executive who participated in the 2014 Crown LTI must be shown to have a negative amount for the 2014 Crown LTI component of their F17 remuneration.</p> <p>Crown recognises that while it is required to include the reversal in the remuneration disclosures, the percentage breakdown in the form provided above is not a meaningful reflection of the 2017 percentage breakdown of remuneration.</p> <p>To assist shareholders, set out below is a percentage breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2014 Crown LTI:</p>				
	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	
	84%	10%	6%	
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Crown may impose various restraint periods up to a period of 12 months post-employment.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

<b>W Todd Nisbet</b>															
<b>Current Position</b>	Executive Vice President – Strategy and Development (from 9 August 2010): Mr Nisbet's fixed term employment agreement with Crown Resorts Limited expired on 31 December 2015 and is continuing on the same terms and conditions except as to term, which is now no longer fixed.														
<b>Fixed Remuneration</b>															
Base salary:	\$2,238,759 per annum.														
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.														
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. During Mr Nisbet's employment with Crown, he is also entitled to additional customary expatriate benefits for himself and his family. Upon cessation of employment, Mr Nisbet will be entitled to relocation benefits for him and his family to Las Vegas.														
<b>Performance based remuneration</b>															
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Nisbet's annual target STI is 50% of his base salary.														
LTI:	Mr Nisbet participates in the 2014 Crown LTI and the 2017 Incentive Plan. Refer to pages 52 to 59.														
<b>2017 Percentage breakdown of remuneration</b>	<table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2014 Crown LTI</b></th> <th><b>2017 Incentive Plan</b></th> </tr> </thead> <tbody> <tr> <td>118%</td> <td>14%</td> <td>(39)%</td> <td>7%</td> </tr> </tbody> </table> <p>Given that the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved, Crown has amended its provisioning in relation to the 2014 Crown LTI accordingly.</p> <p>This has resulted in a reversal of amounts previously expensed and, as a result of this, each Senior Executive who participated in the 2014 Crown LTI must be shown to have a negative amount for the 2014 Crown LTI component of their F17 remuneration.</p> <p>Crown recognises that while it is required to include the reversal in the remuneration disclosures, the percentage breakdown in the form provided above is not a meaningful reflection of the 2017 percentage breakdown of remuneration.</p> <p>To assist shareholders, set out below is a percentage breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2014 Crown LTI:</p> <table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2017 Incentive Plan</b></th> </tr> </thead> <tbody> <tr> <td>85%</td> <td>10%</td> <td>5%</td> </tr> </tbody> </table>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>	118%	14%	(39)%	7%	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	85%	10%	5%
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>												
118%	14%	(39)%	7%												
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>													
85%	10%	5%													
<b>Post-employment benefits</b>	Nil														
<b>Post-employment restraint</b>	Crown may impose various restraint periods up to a period of 12 months post-employment.														
<b>Termination</b>															
By Senior Executive:	12 months' notice.														
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.														
<b>Termination benefits</b>	Nil														
<b>Payments made prior to commencement</b>	Nil														
<b>Directors' Fees</b>	Nil														

REMUNERATION REPORT CONTINUED

**Remuneration table for Senior Executives****Commentary**

The structure of Senior Executive remuneration has been described in detail in this Report, both generically and specifically in relation to each named Senior Executive. In addition, a table summarising all remuneration to be attributed to each Senior Executive for the financial years ended 30 June 2017 and 30 June 2016 is set out below.

Accounting Standards are prescriptive in relation to the required presentation of remuneration tables. Accordingly, as an aid to understanding, the following additional information should be read in conjunction with the table set out below.

In addition, a separate table has been provided which details the remuneration that was received, or vested by each Senior Executive during the year.

**Fixed Remuneration**

During the year, Mr Alexander's fixed remuneration increased from \$1.5 million to \$3.5 million per annum as disclosed on page 65 of this Report.

During the 2017 Financial Year, Messrs Barton, Craigie, Felstead and Nisbet received an increase to their fixed remuneration of 1.5%.

**Short Term Incentives (STI)**

In the 2017 financial year, the Group's financial performance objectives were not met. Although the 2017 targets were not met, some important financial and non-financial outcomes were achieved. These included the successful exit of the Group's shareholding in Melco Resorts & Entertainment Limited, capital management initiatives, debt restructuring, substantial operational improvement and cost saving initiatives in light of the downturn in revenues and progress on major projects including the completion of Crown Towers Perth and obtaining all necessary approvals for the Crown Sydney and Queensbridge projects.

STI bonuses at Crown Melbourne, Crown Perth and Crown Resorts were generally paid at 30% of target STI bonuses. However, individual STI bonuses were adjusted to reflect the extent to which non-financial objectives were achieved. Accordingly, Mr Alexander received \$125,000 representing 25% of his total target STI bonus, although Mr Alexander was only entitled to receive an STI bonus from the time he commenced as Executive Chairman. Mr Nisbet received \$335,000 representing 30% of his target STI bonus, Mr Barton received \$335,000 representing 67% of his target STI bonus and Mr Felstead received \$270,000 representing 30% of his target STI bonus.

**Long Term Incentives (LTI)**

As summarised earlier, each Senior Executive participated in the 2014 Crown LTI.

In accordance with relevant accounting standards, the 2014 Crown LTI is included in the remuneration for each Senior Executive to the extent that it is considered more likely than not at the date of this Report that the performance condition and service condition will eventuate over the life of the 2014 Crown LTI, notwithstanding that the benefits will vest for the Senior Executives at a different rate.

As explained earlier, the first, second and third tranches of the 2014 Crown LTI represent 15%, 20% and 25% (respectively) of the total 2014 Crown LTI bonus for which each Senior Executive is eligible. The EPS Hurdles of the 2014 Crown LTI for financial years 2015 and 2016 were met. Details of the actual sums vested to relevant Senior Executives have been provided earlier, however, these have also been shown in the separate Remuneration Received / Vested table below.

As noted earlier, the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved. Crown has therefore amended its provisioning in relation to the 2014 Crown LTI accordingly, resulting in a reversal of amounts previously expensed.

As summarised earlier, four Senior Executives participated in the 2017 Incentive Plan.

In accordance with relevant accounting standards, the 2017 Incentive Plan is included in the remuneration for each Senior Executive to the extent that it is considered more likely than not at the date of this Report that the performance condition and service condition will eventuate over the life of the 2017 Incentive Plan.

An amount has been attributed to each participant in the 2017 Incentive Plan based on the methodology noted earlier in this Report.

Remuneration Table – Statutory

Financial Year	Short Term Benefits				% of target	Post-employment Benefits – Super-annuation <sup>5</sup>	Long Term Incentives				Total	
	Salary & Fees	Non Monetary <sup>1</sup>	Other <sup>1</sup>	STI			Cash Based	Equity Based – 2014 LTI <sup>6</sup>	Senior Executive Plan 2017	Termination Benefits <sup>8</sup>		
<b>John Alexander<sup>1</sup></b> Executive Chairman	2017	2,313,717	76,229	68,561	125,000	25%	19,616	-	(675,000)	275,000	-	2,203,123
	2016	1,480,692	-	-	-	-	19,308	-	1,125,000	-	-	2,625,000
<b>Ken Barton<sup>2</sup></b> Chief Financial Officer & CEO Digital	2017	1,787,084	59,671	-	335,000	67%	19,616	-	(607,706)	165,000	-	1,758,665
	2016	1,745,002	43,726	-	710,000	142%	34,998	-	1,012,500	-	-	3,546,226
<b>Rowen Craigie<sup>3</sup></b>	2017	2,077,823	-	-	-	-	14,712	-	(1,350,000)	-	6,272,700	7,015,235
	2016	3,070,692	-	-	900,000	90%	19,308	-	2,250,000	-	-	6,240,000
<b>Barry Felstead</b> Chief Executive Officer - Australian Resorts	2017	2,238,759	126,699	-	270,000	30%	19,616	-	(945,000)	165,000	-	1,875,074
	2016	2,205,692	22,800	-	1,000,000	112%	19,308	-	1,575,000	-	-	4,822,800
<b>Todd Nisbet</b> Executive Vice President - Strategy & Development	2017	2,238,759	265,496	366,927	335,000	30%	19,616	-	(945,000)	165,000	-	2,445,798
	2016	2,205,692	-	332,940	1,000,000	90%	19,308	-	1,575,000	-	-	5,132,940
<b>2017 TOTALS</b>		<b>10,656,142</b>	<b>528,095</b>	<b>435,488</b>	<b>1,065,000</b>		<b>93,176</b>	<b>-</b>	<b>(4,522,706)</b>	<b>770,000</b>	<b>6,272,700</b>	<b>15,297,895</b>
<b>2016 TOTALS</b>		<b>10,707,770</b>	<b>66,526</b>	<b>332,940</b>	<b>3,610,000</b>		<b>112,230</b>	<b>-</b>	<b>7,537,500</b>	<b>-</b>	<b>-</b>	<b>22,366,966</b>

1 Mr Alexander was Executive Deputy Chairman until 31 January 2017 and was appointed Executive Chairman with effect from 1 February 2017.

2 Mr Barton assumed the role as CEO of Crown's Digital Businesses with effect from 1 February 2017.

3 Mr Craigie stepped down from his role as Managing Director and Chief Executive Officer with effect from 28 February 2017.

4 Refer to the summaries of contracts of employment for each Senior Executive for a description of the short term benefits to which each individual is entitled to receive. The Non Monetary short term benefits for the 2017 financial year also include fringe benefits tax paid in relation to benefits received by the Senior Executives.

5 Long service leave accrued balances have increased during the financial year ended 30 June 2017 for the following Senior Executives: Mr Alexander \$38,765, Mr Barton \$30,015, Mr Craigie \$34,764, Mr Felstead \$37,519 and Mr Nisbet \$37,519.

6 During the financial year ended 30 June 2017, Crown did not meet the relevant EPS Hurdle and the LTI provisioning has been amended accordingly. This has resulted in a reversal of amounts previously expensed. Details of the actual sums vested to relevant Senior Executives has been noted in the section of this Report entitled 2014 Crown Long Term Incentive Plan (2014 Crown LTI).

7 The 2017 Incentive Plan has been included in total remuneration on the basis that it is considered more likely than not that, at the date of this Report, the vesting condition will occur.

8 Subject to the receipt of shareholder approval, Mr Craigie will be entitled to 12 months' pay in lieu of notice and a severance payment equal to 12 months' fixed remuneration equal to the amount included in the Termination Benefits column.

REMUNERATION REPORT CONTINUED

## Remuneration Report

**Remuneration Table – Remuneration Received / Vested**

The statutory table above is prepared in accordance with the requirements of the Corporations Act, and does not reflect amounts actually received by the Senior Executives during the financial year. The following table sets out the remuneration which was received by, or vested during, the relevant financial year for each Senior Executive. This is comprised of salary and fees, the STI referable to the previous financial year, but which was received after the end of the financial year and the actual portion of the 2014 Crown LTI which vested during the financial year. While Senior Executives did not actually receive the vested component of the 2014 Crown LTI, those funds were applied by the trustee of the Plan to acquire Crown shares which are being held for the benefit of the Senior Executive in accordance with the terms of the Plan rules. The value of the 2017 Incentive Plan has not been included in the following table. This information is provided as it is considered to be of interest to the users of this Report.

Financial Year	Salary & Fees	Non Monetary	Other <sup>1</sup>	STI	Super-annuation	Vested Component of Equity Based - 2014 Crown LTI	Termination Benefits	Total
<b>John Alexander</b> Executive Chairman	2017	2,313,717	76,229	622,579	-	19,616	-	3,032,141
	2016	1,480,692	-	-	-	19,308	900,000	2,400,000
<b>Ken Barton</b> Chief Financial Officer & CEO Digital	2017	1,787,084	59,671	-	710,000	19,616	-	2,576,371
	2016	1,745,002	43,726	-	450,000	34,998	810,000	3,083,726
<b>Rowen Craigie</b>	2017	2,077,823	-	2,392,615	900,000	14,712	-	5,385,150
	2016	3,070,692	-	800,000	19,308	1,800,000	-	5,690,000
<b>Barry Feistead</b> Chief Executive Officer - Australian Resorts	2017	2,238,759	126,699	-	1,000,000	19,616	-	3,385,074
	2016	2,205,692	22,800	-	864,000	19,308	1,260,000	4,371,800
<b>Todd Nisbet</b> Executive Vice President – Strategy & Development	2017	2,238,759	265,496	366,927	1,000,000	19,616	-	3,890,798
	2016	2,205,692	-	332,940	864,000	19,308	1,260,000	4,681,940
<b>2017 TOTALS</b>		<b>10,656,142</b>	<b>528,095</b>	<b>3,382,121</b>	<b>3,610,000</b>	<b>93,176</b>	<b>-</b>	<b>18,269,534</b>
<b>2016 TOTALS</b>		<b>10,707,770</b>	<b>66,526</b>	<b>332,940</b>	<b>2,978,000</b>	<b>112,230</b>	<b>6,030,000</b>	<b>20,227,466</b>

<sup>1</sup> Refer to the summaries of contracts of employment for each Senior Executive for a description of the short term benefits to which each individual is entitled to receive. The figure included in 'Other' for Mr Alexander includes an amount of annual leave cashed out in November 2016 and the figure included in 'Other' for Mr Craigie includes an amount of leave accrued and paid up to and including 28 February 2017.

## Key Management Personnel Disclosures

## Shareholdings of Key Management Personnel

Set out below is a summary of equity instruments held directly, indirectly or beneficially by KMPs, close family or controlled entities.

## 30 June 2017

## Crown Directors

Directors (Including Directors who left the Board during the year)	Balance 1 July 2016	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2017
John Alexander	333,768	65,789	-	399,557
Rowen Craigie	225,556	131,579	-	357,135*
Rowena Danziger	30,896	-	-	30,896
Harold Mitchell	114,887	-	-	114,887

\* Mr Craigie ceased as a director on 28 February 2017. As required by the ASX Listing Rules, Mr Craigie provided Crown with an Appendix 3Z detailing his interests in Crown shares on the date of his resignation. The interests in respect of Mr Craigie are therefore as at 28 February 2017.

## Crown Executives

Executives	Balance 1 July 2016	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2017
Ken Barton	83,898	59,230	-	143,128
Barry Felstead	86,269	92,105	-	178,374
Todd Nisbet	137,426	92,105	-	229,531

## 30 June 2016

## Crown Directors

Directors (Including Directors who left the Board during the year)	Balance 1 July 2015	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2016
James Packer	364,270,253	-	-	364,270,253*
John Alexander	272,147	61,621	-	333,768
Rowen Craigie	102,314	123,242	-	225,556
Rowena Danziger	30,896	-	-	30,896
Harold Mitchell	114,887	-	-	114,887

\* Mr Packer ceased as a director on 21 December 2015. As required by the ASX Listing Rules, Mr Packer provided Crown with an Appendix 3Z detailing his interests in Crown shares on the date of his resignation. The interests in respect of Mr Packer are therefore as at 21 December 2015.

## Crown Executives

Executives	Balance 1 July 2015	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2016
Ken Barton	28,420	55,478	-	83,898
Barry Felstead	-	86,269	-	86,269
Todd Nisbet	51,157	86,269	-	137,426

REMUNERATION REPORT CONTINUED

**Senior Executive Option Holdings**

Set out below is a summary of Options held directly, indirectly or beneficially by KMPs, close family or controlled entities.

Senior Executives	Balance 1 July 2016	Options granted under 2017 Incentive Plan	Options exercised	Other net change	Balance 30 June 2017	Options vested during year
John Alexander	-	5,000,000	-	-	5,000,000	-
Ken Barton	-	3,000,000	-	-	3,000,000	-
Barry Felstead	-	3,000,000	-	-	3,000,000	-
Todd Nisbet	-	3,000,000	-	-	3,000,000	-

**Loans to Key Management Personnel**

As noted above, Options under the 2017 Incentive Plan have been issued to those Senior Executives remaining following the restructure announced by Crown earlier in the year. The Options were issued to those Senior Executives for a Fee equal to the market value at the date they were originally agreed to be issued, being 22 February 2017, of \$0.71 per Option (Fee). Each relevant Senior Executive paid the Fee for the issue of the Options through an Acquisition Loan advanced by Crown.

The Acquisition Loan is repayable on the exercise, lapse, cancellation or forfeiture of the Options financed by the Acquisition Loan. No interest is payable on the Loan.

The repayment amount of the Acquisition Loan is the lesser of the outstanding amount of the loan and:

- the market value of the Crown shares to be delivered on exercise; or
- in the case of a buy-back, the market value of the Option; or
- in the case of lapse, cancellation or forfeiture, nil.

The Senior Executives who have been granted an Acquisition Loan and the value of that Acquisition Loan are as follows:

Senior Executives	Acquisition Loan Value
John Alexander	\$3,543,300
Barry Felstead	\$2,125,980
Todd Nisbet	\$2,125,980
Ken Barton	\$2,125,980

There have been no other loans made, guaranteed or secured, directly or indirectly by the Company or any of its subsidiaries in the reporting period in relation to KMPs, close family or controlled entities.

**Transactions entered into with Key Management Personnel**

Other than as has been disclosed in Note 28 of the Financial Report, there have been no transactions entered into during the reporting period between the Company or any of its subsidiaries and KMPs, close family and controlled entities.

Signed in accordance with a resolution of the Directors.



**J H Alexander**  
Director

Melbourne, 12 September 2017

# Auditor's Independence Declaration



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Auditor's Independence Declaration to the Directors of Crown Resorts Limited

As lead auditor for the audit of Crown Resorts Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Crown Resorts Limited and the entities it controlled during the financial year.

Ernst & Young

David McGregor  
Partner  
Melbourne  
12 September 2017

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# Independent Auditor's Report



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Independent Auditor's Report to the Members of Crown Resorts Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Crown Resorts Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

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

- (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



**1. Carrying value of trade receivables**

Why significant	How our audit addressed the key audit matter
<p>The Group is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers.</p> <p>The Group early adopted Australian Accounting Standard - AASB 9 <i>Financial Instruments</i>, effective from 1 July 2016. As a result, a forward-looking expected loss impairment model was applied by the Group. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.</p> <p>The Group's disclosures are included in Note 1.2 and Note 6 to the financial report, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables.</p>	<p>In obtaining sufficient audit evidence over the carrying value of trade receivables, we:</p> <ul style="list-style-type: none"> <li>▶ tested the aging of trade receivables for a sample of customer transactions;</li> <li>▶ evaluated receipts after year-end to determine any remaining exposure at the date of the financial report;</li> <li>▶ examined the Group's assessment of the customers' financial circumstances and ability to repay the debt;</li> <li>▶ assessed the design and tested the operating effectiveness of relevant controls in relation to the granting of credit facilities, including credit checks; and</li> <li>▶ considered the customers' historical payment habits along with other macroeconomic information.</li> </ul> <p>We assessed the Group's provisioning policy applied from 1 July 2016, which included assessing whether the calculation was in accordance with AASB 9 and comparing the Group's provisioning rates against historical collection data. We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations.</p> <p>We assessed the adequacy of the Group's disclosures in relation to trade receivables included in the financial report.</p>

**2. Impairment testing of intangibles assets and property, plant & equipment**

Why significant	How our audit addressed the key audit matter
<p>The Group has licence intangible assets of \$1,097.3 million, goodwill of \$346.5 million and other intangible assets of \$216.3 million. Property, plant &amp; equipment of \$3,959.2 million is also held on the statement of financial position at 30 June 2017. The Group performs an impairment assessment on an annual basis, for goodwill and indefinite life intangible assets, or when there is an impairment indicator present.</p>	<p>We evaluated the cash flow forecasts, which supported the value-in-use impairment models for goodwill, licence intangible assets, other intangible assets and other non-current assets such as property, plant and equipment.</p> <p>We compared the forecasts with the Board approved budgets and long term financial plan. We also compared the actual results for FY 2017 against the forecasts to assess their reliability.</p>

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INDEPENDENT AUDITOR'S REPORT CONTINUED

Independent Auditor's Report



Why significant	How our audit addressed the key audit matter
<p>The impairment assessment is complex and judgemental, as it includes modelling a range of assumptions and estimates that are affected by expected future performance and market conditions such as cash flow forecasts, growth rates, terminal value multiples and discount rates. This is why the Group's impairment assessment was considered to be a key audit matter. The DGN cash generating unit (CGU) was impaired during the period.</p> <p>Key assumptions, judgements and estimates used in the Group's assessment of impairment of intangibles assets are set out in Note 13 to the financial report. In addition property, plant and equipment is disclosed in note 10, licenses are disclosed in note 11 and other intangible assets are disclosed in note 12 to the financial report.</p> <p>In addition, during the period the Group indefinitely suspended the Alon project in Las Vegas. The Group performed a fair value less costs of disposal valuation of the Alon project and as a result, recorded an impairment expense at 30 June 2017, as disclosed in note 10.</p>	<p>We evaluated the appropriateness of the key assumptions in the cash flow forecasts. We performed sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that would either individually or collectively result in an impairment charge.</p> <p>We involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and evaluated the key assumptions applied in the impairment models. These included the discount rates and terminal value multiples. We assessed the discount rates and terminal value multiples applied by reference to external market data for comparable companies.</p> <p>We assessed the adequacy of the disclosures included in notes 10 - 13 to the financial report.</p> <p>In respect of the Alon project, we involved our Real Estate valuation specialists in Las Vegas to assess the valuation performed by the Group. We checked the mathematical accuracy of the calculation, as well as evaluated the impairment expense and related disclosure included in the financial report.</p>

**3. Accounting for the Group's interest in Melco Resorts & Entertainment Ltd**

Why significant	How our audit addressed the key audit matter
<p>During the year, the Group sold their entire 27.4% interest in the Nasdaq-listed entity Melco Resorts &amp; Entertainment Ltd ("MRE"). The net gain on the sale was \$1,745.5 million.</p> <p>The foreign exchange gain previously recorded in the foreign currency translation reserve (FCTR) has been transferred to the statement of profit or loss.</p> <p>Given the quantum of the gain on sale of MRE, this was considered to be a key audit matter. This has been disclosed as a significant item in the financial report, refer to note 3(e).</p> <p>For the first six months of the financial year, the Group's investment in MRE was equity accounted as detailed in Note 9. Subsequently the investment was classified as held for sale in accordance with Australian Accounting Standard - AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</p>	<p>In obtaining sufficient audit evidence regarding the sale of the Group's interest in MRE, we:</p> <ul style="list-style-type: none"> <li>▶ agreed the gain recorded from the sale of MRE shares to supporting evidence and cash received;</li> <li>▶ assessed the treatment of foreign exchange gains that were recycled from the FCTR to the statement of profit or loss;</li> <li>▶ agreed a sample of transaction costs to underlying support; and</li> <li>▶ assessed the adequacy of the disclosure included in the financial report.</li> </ul> <p>In order to gain comfort over the equity accounted result of MRE, we:</p> <ul style="list-style-type: none"> <li>▶ reviewed the audited financial statements of MRE for the year ended 31 December 2016;</li> </ul>

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Why significant	How our audit addressed the key audit matter
<p>An equity accounted gain of \$37.9 million contributed to the overall result of the Group. The assessment of the adequacy of the procedures performed by MREs auditors was considered significant to the audit. MRE has a 31 December financial year end.</p>	<ul style="list-style-type: none"> <li>▶ obtained a completed questionnaire from MREs auditors detailing their risk assessment procedures, and execution of audit procedures for the year ended 31 December 2016;</li> <li>▶ enquired with MREs auditors regarding the completed questionnaire and evaluated scoping of key audit areas, planning and execution of audit procedures, significant areas of estimation and judgement, and audit findings for the year ended 31 December 2016;</li> <li>▶ recalculated Crown's share of the equity-accounted result and dividends;</li> <li>▶ agreed Crown's shareholding to supporting documentation, and monitored market announcements for any changes in ownership interest; and</li> <li>▶ assessed the appropriateness and timing of the MRE investment being classified as held for sale, resulting in the share of MRE's net profit no longer being recorded on the Group's statement of profit or loss.</li> </ul>

#### Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Report

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

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In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Audit of the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 48 to 74 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Crown Resorts Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

David McGregor  
Partner  
Melbourne  
12 September 2017

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FINANCIAL REPORT 2017



# Financial Report

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# Statement of Profit or Loss

For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Revenues	3	3,344,135	3,616,152
Other income	3	1,835,408	603,593
Expenses	3	(3,143,274)	(2,996,405)
Share of profits of associates and joint venture entities	2,9	39,132	41,261
<b>Profit before income tax and finance costs</b>		<b>2,075,401</b>	<b>1,264,601</b>
Finance costs	3	(143,617)	(215,671)
<b>Profit before income tax</b>		<b>1,931,784</b>	<b>1,048,930</b>
Income tax expense	2,5	(106,815)	(105,354)
<b>Net profit after tax</b>		<b>1,824,969</b>	<b>943,576</b>
<b>Attributable to:</b>			
Equity holders of the Parent		1,866,055	948,823
Non-controlling interests		(41,086)	(5,247)
		<b>1,824,969</b>	<b>943,576</b>

The above Statement of Profit or Loss should be read in conjunction with the accompanying notes.

	Note	2017 Cents per share	2016 Cents per share
<b>Earnings per share (EPS)</b>			
Basic EPS	26	257.03	130.26
Diluted EPS	26	257.03	130.26
EPS calculation is based on the weighted average number of shares on issue throughout the period			
<b>Dividends per share</b>			
Current year final dividend declared	4	30.00	39.50
Current year interim dividend paid	4	113.00	33.00



FINANCIAL REPORT 2017 CONTINUED

## Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>Net profit after tax</b>		<b>1,824,969</b>	<b>943,576</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	19	(33,460)	65,751
Movement in cash flow hedge reserve	19	18,033	(14,230)
Unrealised gain / (loss) on investments	19	-	(5,079)
<i>Items reclassified to profit or loss:</i>			
Foreign currency translation	19	(88,820)	(70,576)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Employee benefits reserve	19	(3,188)	3,188
<b>Other comprehensive income / (loss) for the period, net of income tax</b>		<b>(107,435)</b>	<b>(20,946)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>1,717,534</b>	<b>922,630</b>
<b>Attributable to:</b>			
Equity holders of the Parent		1,759,508	925,236
Non-controlling interests		(41,974)	(2,606)
		<b>1,717,534</b>	<b>922,630</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>Current assets</b>			
Cash and cash equivalents	22	1,771,227	449,663
Trade and other receivables	6	225,290	248,558
Inventories		17,457	16,296
Prepayments		35,465	33,405
Other financial assets	7	9,375	9,639
<b>Total current assets</b>		<b>2,058,814</b>	<b>757,561</b>
<b>Non-current assets</b>			
Receivables	6	145,735	141,488
Other financial assets	7	21,892	15,136
Investments	8	64,764	51,760
Investments in associates	9	235,511	1,614,886
Property, plant and equipment	10	3,959,191	4,069,036
Licences	11	1,097,296	1,113,959
Other intangible assets	12	562,720	740,646
Deferred tax assets	5	354,701	355,553
Other assets	14	51,996	60,694
<b>Total non-current assets</b>		<b>6,493,806</b>	<b>8,163,158</b>
<b>Total assets</b>		<b>8,552,620</b>	<b>8,920,719</b>
<b>Current liabilities</b>			
Trade and other payables	15	446,503	475,240
Interest-bearing loans and borrowings	16	350,109	85,715
Income tax payable		118,168	138,720
Provisions	17	210,788	182,017
<b>Total current liabilities</b>		<b>1,125,568</b>	<b>881,692</b>
<b>Non-current liabilities</b>			
Other payables	15	224,802	339,489
Interest-bearing loans and borrowings	16	1,594,889	2,175,611
Deferred tax liabilities	5	377,423	351,163
Provisions	17	51,783	58,580
Other financial liabilities		2,790	22,060
<b>Total non-current liabilities</b>		<b>2,251,687</b>	<b>2,946,903</b>
<b>Total liabilities</b>		<b>3,377,255</b>	<b>3,828,595</b>
<b>Net assets</b>		<b>5,175,365</b>	<b>5,092,124</b>
<b>Equity</b>			
Contributed equity	18	(53,233)	446,763
Treasury shares	18	(19,377)	(8,886)
Reserves	19	60,792	796,630
Retained earnings	19	5,153,080	3,767,765
<b>Equity attributable to equity holders of the Parent</b>		<b>5,141,262</b>	<b>5,002,272</b>
Non-controlling interest		34,103	89,852
<b>Total equity</b>		<b>5,175,365</b>	<b>5,092,124</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

FINANCIAL REPORT 2017 CONTINUED

# Cash Flow Statement

For the year ended 30 June 2017

Cash Flow Statement

	Note	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		3,352,499	3,566,724
Payments to suppliers and employees		(2,685,118)	(2,695,800)
Dividends received		70,598	195,913
Interest received		6,294	14,184
Borrowing costs paid		(170,665)	(252,771)
Income tax paid		(107,945)	(345,568)
<b>Net cash flows from/(used in) operating activities</b>	22b	<b>465,663</b>	<b>482,682</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(404,514)	(556,549)
Proceeds from sale of property, plant and equipment		56,407	66,291
Investment in equity accounted associates		(5,880)	(203,105)
Proceeds from disposal of investments		38,966	-
Net proceeds from sale of equity investments		3,134,105	1,067,109
Net payment for acquisition of controlled entities		-	(49,523)
Loans to associated entities		(2,000)	(386)
Repayments of loans from associated entities		-	131,867
Other (net)		-	(2,599)
<b>Net cash flows from/(used in) investing activities</b>		<b>2,817,084</b>	<b>453,105</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		270,124	883,394
Repayment of borrowings		(614,510)	(1,331,718)
Dividends paid		(1,110,801)	(378,765)
Payments for share buy-back		(499,884)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(1,955,071)</b>	<b>(827,089)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial year		449,663	340,984
Effect of exchange rate changes on cash		(6,112)	(19)
<b>Cash and cash equivalents at the end of the financial year</b>	22a	<b>1,771,227</b>	<b>449,663</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the year ended 30 June 2017

	Ordinary Shares \$'000	Shares Held in Trust \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Year ended 30 June 2017</b>							
Balance at 1 July 2016	446,763	(8,886)	3,767,765	796,630	5,002,272	89,852	5,092,124
Profit for the period	-	-	1,866,055	-	1,866,055	(41,086)	1,824,969
Other comprehensive income	-	-	-	(106,547)	(106,547)	(888)	(107,435)
Total comprehensive income for the period	-	-	1,866,055	(106,547)	1,759,508	(41,974)	1,717,534
Dividends paid	-	-	(1,110,801)	-	(1,110,801)	-	(1,110,801)
Share buy-back	(499,996)	-	-	-	(499,996)	-	(499,996)
Transfers	-	-	630,061	(630,061)	-	-	-
Share based payments	-	(10,491)	-	770	(9,721)	-	(9,721)
Change in ownership	-	-	-	-	-	(13,775)	(13,775)
<b>Balance at 30 June 2017</b>	<b>(53,233)</b>	<b>(19,377)</b>	<b>5,153,080</b>	<b>60,792</b>	<b>5,141,262</b>	<b>34,103</b>	<b>5,175,365</b>
<b>Year ended 30 June 2016</b>							
Balance at 1 July 2015	446,763	-	3,257,760	820,217	4,524,740	84,260	4,609,000
Profit for the period	-	-	948,823	-	948,823	(5,247)	943,576
Other comprehensive income	-	-	-	(23,587)	(23,587)	2,641	(20,946)
Total comprehensive income for the period	-	-	948,823	(23,587)	925,236	(2,606)	922,630
Dividends paid	-	-	(378,765)	-	(378,765)	-	(378,765)
Share based payments	-	(8,886)	-	-	(8,886)	-	(8,886)
Acquisition of subsidiaries	-	-	-	-	-	8,198	8,198
Adjustment on adoption of AASB 9	-	-	(60,053)	-	(60,053)	-	(60,053)
<b>Balance at 30 June 2016</b>	<b>446,763</b>	<b>(8,886)</b>	<b>3,767,765</b>	<b>796,630</b>	<b>5,002,272</b>	<b>89,852</b>	<b>5,092,124</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

FINANCIAL REPORT 2017 CONTINUED

# Notes to the Financial Statements

For the year ended 30 June 2017

## 1. Significant Accounting Policies

### 1.1 Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration and investments that have been measured at fair value and investments in associates accounted for using the equity method.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the class order applies.

The financial report of Crown Resorts Limited and its controlled entities (the Group) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 12 September 2017 subject to final approval by a subcommittee.

#### Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### 1.2 Changes in accounting policies

The Group has adopted the following accounting standard, which became applicable from 1 July 2016:

#### AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (December 2014) is a new standard which replaces AASB 139 *Financial Instruments: Recognition and Measurement*. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

From 31 December 2010, Crown elected to early adopt the classification and measurement component of AASB 9, which has been applied to Crown's financial statements.

Crown has elected to early adopt AASB 9 in its entirety from 1 July 2016.

#### Classification and measurement

Crown has applied the classification and measurement requirements since 31 December 2010. In the transition to the most current version of AASB 9, there have been no changes to the classification and measurement of financial assets and financial liabilities from those adopted upon initial application on 31 December 2010.

#### Hedge Accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing. There was no significant impact on the Group from the application of this section of the standard.

#### Impairment

AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses which will replace the incurred loss model under AASB 139. Specifically, the new Standard requires entities to account for expected credit losses from the time financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

The early adoption of AASB 9 has been applied retrospectively as permitted by the transitional provision of AASB 9. The impact of transitioning to AASB 9 on the Group's financial statements was a decrease in net assets of \$60.1 million, comprising:

- An increase in provisioning for doubtful debts on trade receivables of \$84.6 million; and
- An increase in deferred tax assets of \$24.5 million.

As per the transition requirements of AASB 9, adjustments have been recognised against retained earnings. The comparative period information has been updated to reflect this change.

#### AASB 112 Income Taxes

In November 2016, the IFRS Interpretations Committee (IFRIC) published a summary of its discussions following a request to clarify how an entity determines the expected manner of recovery of an intangible asset with an indefinite useful life for the purpose of measuring deferred taxes in accordance with AASB 112 *Income Taxes*. The IFRIC noted that the fact that an entity does not amortise an intangible asset with an indefinite useful life does not mean that it has infinite life and that the entity will recover the carrying amount of that asset only through sale and not through use.

Consequently, the Group has adopted an accounting policy to measure deferred taxes arising from indefinite life intangible assets based upon the tax consequences that follow from the expected manner of recovery of the assets. As a result of the retrospective adoption of this accounting policy, goodwill has increased by \$132.1 million, and deferred tax liabilities have increased by \$132.1 million. This change has been applied retrospectively to the comparative information presented in the Financial Statements.

### 1.3 Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ending 30 June 2017 which may impact the entity in the period of initial application are outlined below:

## 1. Significant Accounting Policies *continued*

### 1.3 Standards issued but not yet effective *continued*

#### **AASB 15 Revenue from Contracts with Customers (applicable to the Group from 1 July 2018)**

This standard specifies the accounting treatment for revenue arising from contracts with customers providing a framework for determining whether, when and how much revenue should be recognised. The core principle is that revenue must be recognised when the goods or services are transferred to the customer at the transaction price, which is an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An assessment is being undertaken to identify the impact of AASB 15 on the Group's financial statements. This assessment includes an analysis of the specific requirements of the standard and the impact on Crown's revenue streams. Based on the assessment to date, the Group expects that the standard will not have a material impact on its financial performance. However, there is expected to be changes to the classification between revenue and expenses.

The standard also imposes additional disclosure requirements. The Group is continuing to determine the impact of the new standard.

#### **AASB 16 Leases (applicable to the Group from 1 July 2019)**

This standard has a number of key features included requiring the recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis. For Lessor accounting, AASB 16 substantially carries forward the accounting requirements in AASB 117.

Depending on the Group's lease arrangements in place when the standard becomes effective, the standard may have a material impact on the financial position of the company, as the Group will recognise a right-of-use-asset and a corresponding liability in respect of its operating leases. Currently, the Group is not expecting a material impact to financial performance, however there will be a change of classification between expenses. On adoption of the new standard, the Group is expecting an increase in EBITDA, offset by higher depreciation and interest expense.

The full impact on the financial statements from the new standard will be dependent on the Group's lease arrangements in place when the standard becomes effective from 1 July 2019.

Crown will continue to monitor the impact the application of this standard will have on the Group.

#### **Standards and Interpretations not expected to be material**

Certain other new Accounting Standards and Interpretations have been published that are not mandatory for the 30 June

2017 reporting period. The Group has assessed the impact of these new Accounting Standards and Interpretations that are relevant to the Group, and does not expect any material impact on net assets, net profit, presentation or disclosures when these standards become effective and are adopted.

### 1.4 Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Crown Resorts Limited (the parent entity) and all entities that Crown Resorts Limited controlled from time to time during the year and at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control. Change of ownership interest of a subsidiary without the loss of control is accounted for as an equity transaction.

Subsidiary acquisitions are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

The accounting policies adopted have been applied consistently throughout the two reporting periods.

### 1.5 Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### **Impairment of non-financial assets**

The Group determines whether goodwill and casino licences 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 to which the goodwill and casino licences with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and casino licences with indefinite useful lives are discussed in note 13.

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

1. Significant Accounting Policies *continued***1.5 Significant accounting judgements, estimates and assumptions** *continued***Impairment of non-financial assets** *continued*

During the period, Crown announced that it was not proceeding with the Alon project in Las Vegas and began exploring alternatives to optimise the value, including an outright sale. Based on the review of the anticipated recoverable amount of a land sale, the carrying value of assets relating to the Alon project has been written down to its recoverable amount.

**Fair value of financial instruments**

In accordance with accounting standards the Group uses the Level Three method in estimating the fair value of financial assets. Accordingly, the fair value is estimated using inputs for the asset that are not based on observable market data.

Contingent consideration, resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. Refer note 15 for further details.

**Taxes**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

**Doubtful debts**

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised.

**Significant items**

Significant items are transactions or events that fall outside the ordinary course of business. Significant items are disclosed separately to allow users of the financial report to see the performance of the Group in a comparable form to that of the comparative period.

**1.6 Summary of significant accounting policies****(a) Income tax**

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 tax is provided on most temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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 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 tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only 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 tax assets is reviewed at each reporting 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 tax asset to be utilised.

Deferred 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 reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not the Statement of Profit or Loss.

**(b) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where 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;
- gaming revenues, due to the GST being offset against casino taxes; and
- receivables and payables are stated with the amount of GST included.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies *continued*

#### (b) Other taxes *continued*

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 Cash Flow Statement 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.

#### (c) Foreign currency translation

Both the functional and presentation currency of Crown Resorts Limited and its Australian subsidiaries is Australian dollars.

Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency, which is translated to the presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Resorts Limited at the rate of exchange ruling at the reporting date and the profit or loss is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

#### (d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises of cash at bank and on 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 future value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised. Bad debts are written off when identified.

Receivables from associates and other related parties are carried at amortised cost less an allowance for impairment. Interest, when charged is taken up as income on an accrual basis.

#### (f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Inventories which include food, beverages and other consumables are costed on a weighted average basis; and
- 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.

#### (g) Investments in associates

The financial statements of the associates are used by the Group to apply the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

Investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The Statement of Profit or Loss reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any changes and discloses this, when applicable in the Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

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

Financial assets are classified based on:

- (i) The objective of the entity's business model for managing the financial assets; and
- (ii) the characteristics of the contractual cash flow.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. An irrevocable election is made by instrument to determine if the instrument is measured at fair value either through Other



FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

1. Significant Accounting Policies *continued*1.6 Summary of significant accounting policies *continued*(h) Investments and other financial assets *continued*

Comprehensive Income (OCI) or the Statement of Profit or Loss.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets at fair value through OCI, directly attributable transaction costs.

The best evidence of fair value is quoted prices in an active market. The fair value of the investments and other financial assets that do not have a price quoted in an active market have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The fair value is reassessed each reporting period.

If the fair value through Statement of Profit or Loss approach is adopted, increments and decrements on the fair value of the financial asset at each reporting date are recognised through the Statement of Profit or Loss.

If the fair value through OCI approach is adopted, increments and decrements on the fair value are recognised in OCI, without recycling of gains and losses between the Statement of Profit or Loss and OCI, even on disposal of the investment. Dividends in respect of these investments that are a return on investment are recognised in the Statement of Profit or Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

## (i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Freehold buildings - 40 to 75 years;
- Leasehold improvements - lease term; and
- Plant and equipment - 2 to 15 years.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

**Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss in the period the item is derecognised.

## (j) Intangible assets

**Licences**

Licences are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The directors regularly assess the carrying value of casino licences so as to ensure they are not carried at a value greater than their recoverable amount.

The casino licences are carried at cost of acquisition. The Crown Melbourne licence is being amortised on a straight-line basis over the remaining life of the licence to 2050. The Crown Perth licence is assessed as having an indefinite useful life and, as such, no amortisation is charged. The Crown Perth licence is subject to an annual impairment assessment. Amortisation will commence on the Crown Sydney licence once the property is operational.

**Goodwill**

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies *continued*

#### (j) Intangible assets *continued*

##### **Other intangible assets**

##### **Acquired both separately and from a business combination.**

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Profit or Loss.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

#### (k) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### (l) Trade and other payables

Trade and other payables are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

#### (m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Borrowing costs**

Borrowing costs directly associated with qualifying assets are capitalised, including any other associated costs directly attributable to the borrowing. The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year, in this case 6.2% (2016: 6.4%).

All other borrowing costs are expensed in the period they are incurred.

#### (n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required 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, the reimbursement is recognised as a separate asset. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, or publicly recommended on or before the reporting date.

#### (o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

1. Significant Accounting Policies *continued*1.6 Summary of significant accounting policies *continued*(o) Employee benefits *continued*

The liability for long service leave is recognised in the provision for employee benefits and measured as the 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 bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

## (p) Leases

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.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

## (q) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

## (r) Derivative financial instruments and hedging

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair value of forward exchange contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

## (i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable

to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

## (ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Statement of Profit or Loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

## (s) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the Statement of Profit or Loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies *continued*

#### (s) Impairment of financial assets *continued*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Statement of Profit or Loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### (t) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received, less transaction costs and share buy-backs.

#### (u) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that 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:

##### **Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer.

##### **Rendering of services**

Revenue is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

Gaming revenues are the net of gaming wins and losses.

##### **Interest**

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### **Dividends**

Revenue is recognised when the shareholders' right to receive the payment is established.

#### (v) Earnings per share (EPS)

Basic EPS is calculated as net profit after tax, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit after tax, adjusted for:

- costs of servicing equity (other than dividends);

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### (w) Segment information

The Group's operating segments have been determined based on internal management reporting structure and the nature of the products provided by the Group. They reflect the business level at which financial information is provided to management for decision making regarding resource allocation and performance assessment. The segment information presented is consistent with internal management reporting.

The Group has four operating segments being Crown Melbourne, Crown Perth, Crown Aspinalls and Wagering & Online.

#### (x) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred.

For each business combination the group elects whether to measure the non-controlling interest in the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 in the Statement of Profit or Loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

## 2. Segment Information

30 June 2017

	Normalised Result <sup>(1)</sup>							Actual	
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinalls \$'000	Wagering & Online \$'000	Unallocated \$'000	Crown Group \$'000	Adjustment <sup>(2)</sup> \$'000		Significant Items <sup>(3)</sup> \$'000
<b>Operating revenue</b>									
Main floor gaming	1,182,665	474,047	-	-	-	1,656,712	-	-	1,656,712
VIP program play	340,335	109,340	98,776	-	-	548,451	56,841	-	605,292
Wagering & Non gaming	471,802	246,677	982	303,334	3,307	1,026,102	-	48,620	1,074,722
Intersegment						(1,124)	-	-	(1,124)
Operating revenue	1,994,802	830,064	99,758	303,334	3,307	3,230,141	56,841	48,620	3,335,602
Interest revenue						9,648	-	-	9,648
<b>Total revenue</b>	<b>1,994,802</b>	<b>830,064</b>	<b>99,758</b>	<b>303,334</b>	<b>3,307</b>	<b>3,239,789</b>	<b>56,841</b>	<b>48,620</b>	<b>3,345,250<sup>(2)</sup></b>
<b>Segment result</b>									
Gaming taxes, commissions & other	(522,913)	(134,636)	(43,507)	-	-	(701,056)	(94,546)	-	(795,602)
Operating expenses	(883,066)	(450,590)	(29,674)	(288,543)	(50,373)	(1,702,246)	-	-	(1,702,246)
Intersegment						1,124	-	-	1,124
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>588,823</b>	<b>244,838</b>	<b>26,577</b>	<b>14,791</b>	<b>(47,066)</b>	<b>827,963</b>	<b>(37,705)</b>	<b>-</b>	<b>790,258</b>
Depreciation and amortisation	(188,613)	(79,641)	(947)	(22,288)	(5,275)	(296,764)	-	-	(296,764)
<b>Earnings before interest and tax "EBIT"</b>	<b>400,210</b>	<b>165,197</b>	<b>25,630</b>	<b>(7,497)</b>	<b>(52,341)</b>	<b>531,199</b>	<b>(37,705)</b>	<b>-</b>	<b>493,494</b>
Net gain on sale of MRE						-	-	1,745,473	1,745,473
Net foreign currency gain on disposal of foreign operations						-	-	88,820	88,820
MRE special dividend						-	-	48,620	48,620
Net asset (impairment)/reversal						-	-	(260,233)	(260,233)
Restructuring & other expenses						-	-	(89,553)	(89,553)
Equity accounted share of associates' net profit/(loss)						43,693	(4,561)	-	39,132
Net interest income/(expense)						(101,552)	-	(32,417)	(133,969)
Income tax benefit/(expense)						(135,136)	8,028	20,293	(106,815)
<b>Profit/(loss) after tax</b>	<b>400,210</b>	<b>165,197</b>	<b>25,630</b>	<b>(7,497)</b>	<b>(52,341)</b>	<b>338,204</b>	<b>(34,238)</b>	<b>1,521,003</b>	<b>1,824,969</b>
Non-controlling interest						4,927	-	36,159	41,086
<b>Profit/(loss) attributable to equity holders of the Parent</b>	<b>400,210</b>	<b>165,197</b>	<b>25,630</b>	<b>(7,497)</b>	<b>(52,341)</b>	<b>343,131</b>	<b>(34,238)</b>	<b>1,557,162</b>	<b>1,866,055</b>

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commissions & other expenses, income tax expense and equity accounted share of associates' results.

(2) Total revenue of \$3,345.2 million includes \$1.1 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items of \$1,557.2 million consist of a net gain on sale of MRE shares, a special dividend from MRE and a net foreign currency gain on disposal of foreign operations (previously recorded in reserves), partially offset by restructuring costs, early debt retirement costs and net asset impairments, predominately relating to Alon.

2. Segment Information *continued*  
**30 June 2016**

	Normalised Result <sup>(1)</sup>						Actual
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinalls \$'000	Wagering & Online \$'000	Unallocated \$'000	Crown Group \$'000	
<b>Operating revenue</b>							
Main floor gaming	1,183,267	497,322	-	-	-	1,680,589	1,680,589
VIP program play	676,481	202,769	107,266	-	-	986,516	1,004,583
Wagering & Non gaming	452,708	221,901	893	229,905	12,345	917,752	917,752
Intersegment						(1,499)	(1,499)
Operating revenue	2,312,456	921,992	108,159	229,905	12,345	3,583,358	3,601,425
Interest revenue						16,332	16,332
<b>Total revenue</b>	<b>2,312,456</b>	<b>921,992</b>	<b>108,159</b>	<b>229,905</b>	<b>12,345</b>	<b>3,599,690</b>	<b>3,617,757<sup>(2)</sup></b>
<b>Segment result</b>							
Gaming taxes, commissions & other	(754,469)	(235,162)	(49,322)	-	-	(1,038,953)	(1,051,488)
Operating expenses	(884,675)	(426,894)	(32,357)	(235,353)	(110,794)	(1,690,073)	(1,690,073)
Intersegment						1,499	1,499
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>673,312</b>	<b>259,936</b>	<b>26,480</b>	<b>(5,448)</b>	<b>(93,449)</b>	<b>855,831</b>	<b>861,363</b>
Depreciation and amortisation	(194,105)	(66,843)	(1,201)	(15,810)	(4,816)	(282,775)	(282,775)
<b>Earnings before interest and tax "EBIT"</b>	<b>479,207</b>	<b>193,093</b>	<b>25,279</b>	<b>(21,258)</b>	<b>(103,265)</b>	<b>573,056</b>	<b>578,588</b>
Net gain on sale of MRE						-	601,988
Impairment reversal						-	35,465
Proposed demerger related costs						-	(9,033)
Equity accounted share of associates' net profit/(loss)						56,714	41,261
Net interest income/(expense)						(141,604)	(199,339)
Income tax benefit/(expense)						(87,196)	(105,354)
<b>Profit/(loss) after tax</b>	<b>479,207</b>	<b>193,093</b>	<b>25,279</b>	<b>(21,258)</b>	<b>(103,265)</b>	<b>400,970</b>	<b>943,576</b>
Non-controlling interest						5,247	5,247
<b>Profit/(loss) attributable to equity holders of the Parent</b>	<b>479,207</b>	<b>193,093</b>	<b>25,279</b>	<b>(21,258)</b>	<b>(103,265)</b>	<b>406,217</b>	<b>948,823</b>

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth, Crown Aspinalls and MRE), pre-opening costs from MRE and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commissions & other expenses, income tax expense and equity accounted share of associates' results.

(2) Total revenue of \$3,617.8 million includes \$1.6 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items of \$555.2 million consist of a net gain on sale of MRE shares and an Aspers impairment reversal, partially offset by proposed demerger related costs, early debt retirement costs and a tax provision adjustment relating to amended assessments.

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 3. Revenue and Expenses

	2017	2016
	\$'000	\$'000
Profit before income tax expense includes the following revenues and expenses:		
<b>(a) Revenue</b>		
Revenue from services	2,837,943	3,161,944
Revenue from sale of goods	415,020	394,642
Interest	9,648	16,332
Dividends	51,927	12,345
Other operating revenue	29,597	30,889
	<b>3,344,135</b>	<b>3,616,152</b>
<b>(b) Other income</b>		
Profit on disposal of non-current assets	1,115	1,605
Net gain on sale of MRE	1,745,473	601,988
Net foreign currency gain on disposal of foreign operations	88,820	-
	<b>1,835,408</b>	<b>603,593</b>
<b>(c) Expenses</b>		
Cost of sales	153,605	142,042
Operating activities	2,584,235	2,765,185
Net asset impairment/(reversal)	260,233	(35,465)
Restructuring & other expenses	89,553	-
Proposed demerger related costs	-	9,033
Other expenses	55,648	115,610
	<b>3,143,274</b>	<b>2,996,405</b>
<b>Depreciation of non-current assets</b> <i>(included in expenses above)</i>		
Buildings	96,269	91,739
Plant and equipment	170,473	161,070
	266,742	252,809
<b>Amortisation of non-current assets</b> <i>(included in expenses above)</i>		
Casino licence fee and management agreement	20,335	20,335
Other assets	9,687	9,631
	30,022	29,966
<b>Total depreciation and amortisation expense</b>	<b>296,764</b>	<b>282,775</b>
<b>(d) Other income and expense disclosures</b>		
<b>Finance costs expensed:</b>		
Debt facilities	151,232	201,321
Capitalised interest	(40,032)	(43,385)
	111,200	157,936
Early debt retirement costs	32,417	57,735
	<b>143,617</b>	<b>215,671</b>
Operating leases	7,970	8,361
Superannuation expense	64,784	61,575
Other employee benefits expense	940,027	920,022
Net foreign currency (gains)/losses	(2,784)	(7,762)
<b>(e) Significant items - income / (expense)</b>		
Net gain on sale of MRE	1,745,473	601,988
Net foreign currency gain on disposal of foreign operations	88,820	-
MRE special dividend	48,620	-
Net asset (impairment)/reversal	(260,233)	35,465
Restructuring & other expenses	(89,553)	-
Early debt retirement costs	(32,417)	(57,735)
Proposed demerger related costs	-	(9,033)
Net tax on significant items	20,293	(15,451)
	<b>1,521,003</b>	<b>555,234</b>

## 4. Dividends Paid and Declared

	2017	2016
	\$'000	\$'000
<b>(a) Dividends declared and paid during the financial year</b>		
<b><i>Prior year final dividend (paid 7 October 2016)</i></b>		
Paid at 39.5 cents (2015: 19.0 cents) per share franked at 70% (2015: 50% franked) at the Australian tax rate of 30% (2015: 30%)	287,716	138,395
<b><i>Current year interim dividend (paid 17 March 2017)</i></b>		
Paid at 113.0 cents (2016: 33.0 cents) per share franked at 60% (2016: 50% franked) at the Australian tax rate of 30% (2016: 30%)	823,085	240,370
<b>Total dividends appropriated</b>	<b>1,110,801</b>	<b>378,765</b>
<b>(b) Dividends declared and not recognised as a liability</b>		
<b><i>Current year final dividend (expected to be paid 6 October 2017)</i></b>		
Declared at 30.0 cents (2016: 39.5 cents) per share and franked at 60% (2016: 70% franked) at the Australian tax rate of 30% (2016: 30%)	<b>206,654 <sup>(1)</sup></b>	<b>287,716</b>
<b>(c) Franking credits</b>		
The tax rate at which the final dividend will be franked is 30% (2016: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2017.		
The amount of franking credits available for the subsequent financial year:		
Franking account balance as at the end of the financial year at 30% (2016: 30%)	91,233	287,958
Franking credits/(debits) that will arise from the payment/(receipt) of income taxes payable/(refundable) as at the end of the financial year	(18,227)	7,047
<b>Total franking credits</b>	<b>73,006</b>	<b>295,005</b>
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends announced before the financial report was authorised for issue but not recognised as a distribution to equity holders during the financial year	(53,140)	(86,315)
<b>Total franking credits available for future reporting periods</b>	<b>19,866</b>	<b>208,690</b>

(1) Dollar value based on the total number of shares on issue as at the date of declaration of the 2017 final dividend.



FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 5. Income Tax

	2017 \$'000	2016 \$'000
<b>(a) Income tax expense</b>		
The prima facie tax expense, using the Australian tax rate multiplied by profit differs from income tax provided in the financial statements as follows:		
Profit before income tax	1,931,784	1,048,930
Prima facie income tax expense on profit at the Australian rate of 30% (2016: 30%)	579,535	314,679
Tax effect of:		
Non deductible depreciation and amortisation	1,655	1,655
Share of associates' net losses/(profits)	(11,740)	(12,378)
Differences in foreign tax rates	46	3,056
Deferred tax balances not previously brought to account	8,572	(102,905)
Income tax (over)/under provided in prior years	(11,513)	52,799
Non-deductible/(non-assessable) significant items	(470,506)	(155,754)
Revenue losses not brought to account	4,222	803
Other items - net	6,544	3,399
<b>Income tax expense</b>	<b>106,815</b>	<b>105,354</b>
Income tax expense comprises:		
Current expense	103,098	137,891
Deferred expense/(benefit)	35,523	(100,787)
Adjustments for current income tax of prior periods	(11,513)	52,799
Tax on significant items	(20,293)	15,451
	<b>106,815</b>	<b>105,354</b>
<b>(b) Deferred income taxes</b>		
Deferred income tax assets	354,701	355,553
Deferred income tax liabilities	(377,423)	(351,163)
<b>Net deferred income tax assets/(liabilities)</b>	<b>(22,722)</b>	<b>4,390</b>
<b>(c) Deferred income tax assets and liabilities at the end of the financial year</b>		
<b>The balance comprises temporary differences attributable to:</b>		
Doubtful debt provision	99,070	87,579
Employee benefits provision	37,248	35,828
Losses available for offsetting against future taxable income	52,316	46,220
Other receivables	2,986	4,376
Other provisions	64,839	53,939
Prepaid casino tax	(14,943)	(15,390)
Licences and intangibles	(229,577)	(230,970)
Land and buildings	(120,475)	(87,338)
Property, plant & equipment	5,517	10,146
Revaluation of investment to fair value	88,566	108,372
Other	(8,269)	(8,372)
<b>Net deferred income tax assets/(liabilities)</b>	<b>(22,722)</b>	<b>4,390</b>

5. Income Tax *continued*

	2017	2016
	\$'000	\$'000
<b>(d) Movements in deferred income tax assets and liabilities during the financial year</b>		
Carrying amount at the beginning of the year <sup>(1)</sup>	4,390	(95,346)
Tax income / (expense) during the period recognised in profit or loss	(35,523)	100,787
Tax income / (expense) during the period recognised in profit or loss - significant items	16,140	-
Exchange differences	-	(237)
Tax income / (expense) - derivatives	(7,729)	(814)
<b>Carrying amount at the end of the year</b>	<b>(22,722)</b>	<b>4,390</b>
<b>(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable</b>		
Tax losses arising in Australia for offset against future capital gains	515,478	622,301
Foreign income tax losses for offset against future foreign profits	608,199	625,674
Foreign capital tax losses for offset against future foreign profits	-	257,712
<b>Total tax losses not brought to account</b>	<b>1,123,677</b>	<b>1,505,687</b>
<b>Potential tax benefit at respective tax rates</b>	<b>361,431</b>	<b>487,041</b>

(1) Opening balances have been adjusted to reflect the new interpretive guidance in relation to AASB 112 *Income Taxes*. Refer to note 1.2 for further details.

**(f) Unrecognised temporary differences**

At 30 June 2017, there is no recognised or unrecognised deferred income tax liability (2016: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

**(g) Tax consolidation**

Crown Resorts Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Resorts Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Resorts Limited in order to allocate income tax expense between Crown Resorts Limited and the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

**(h) Tax effect accounting by members of the tax consolidated group**

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries inter-company accounts with the tax consolidated group head company, Crown Resorts Limited.

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

## 6. Trade and Other Receivables

	2017 \$'000	2016 \$'000
<b>Current</b>		
Trade receivables	581,906	550,239
Provision for doubtful debts (a)	(367,561)	(319,616)
	214,345	230,623
Other receivables	10,945	17,935
	<b>225,290</b>	<b>248,558</b>
<b>Non-current</b>		
Other receivables	145,735	141,488
	<b>145,735</b>	<b>141,488</b>

**(a) Allowance for Doubtful Debts**

Trade receivables are non-interest bearing and are generally 30 day terms.

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised.

**Movements in the allowance for doubtful debts**

	2017 \$'000	2016 \$'000
Allowance for doubtful debts at the beginning of the year	(319,616)	(246,123)
Net doubtful debt expense <sup>(1)</sup>	(57,308)	(78,730)
Net amounts written off	5,047	2,829
Exchange differences	4,316	2,408
	<b>(367,561)</b>	<b>(319,616)</b>

(1) Amounts are included in other expenses.

The comparative period reflects the retrospective application of AASB 9. Refer note 1.2.

**Ageing analysis of trade receivables**

	0-30 days \$'000	>30 days \$'000	Total \$'000
<b>2017- consolidated</b>			
Current	92,730	-	92,730
Past due not impaired	-	121,615	121,615
Considered impaired	3,144	364,417	367,561
	<b>95,874</b>	<b>486,032</b>	<b>581,906</b>
<b>2016- consolidated</b>			
Current	87,370	-	87,370
Past due not impaired	-	143,253	143,253
Considered impaired	3,897	315,719	319,616
	<b>91,267</b>	<b>458,972</b>	<b>550,239</b>

## 7. Other Financial Assets

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Receivable on forward exchange contracts	9,375	9,639
	<b>9,375</b>	<b>9,639</b>
<b>Non-current</b>		
Receivable on forward exchange contracts	-	1,592
Receivable on cross currency swaps	21,892	13,544
	<b>21,892</b>	<b>15,136</b>

Details of the Group's exposure to interest rate risk and foreign currency changes are provided in note 32.

## 8. Investments

	2017	2016
	\$'000	\$'000
<b>At fair value</b>		
Shares - listed (USA)	64,764	49,743
Shares - unlisted (North America)	-	2,017
	<b>64,764</b>	<b>51,760</b>

Investments consist of shares, and therefore have no fixed maturity date or coupon rate.

The fair value of listed investments have been determined by reference to published price quotations in an active market.

## 9. Investments in Associates

	2017	2016
	\$'000	\$'000
<b>Investment details:</b>		
Associated entities - unlisted shares	235,511	241,184
Associated entities - listed shares	-	1,373,702
<b>Total investments in associates</b>	<b>235,511</b>	<b>1,614,886</b>
<b>Share of profits of associates</b>		
Melco Resorts & Entertainment Ltd <sup>(1)</sup>	37,857	42,676
Aggregate share of profit from non material associates	1,275	(1,415)
	<b>39,132</b>	<b>41,261</b>

(1) Crown's share of MRE's profits relates to the period from 1 July 2016 to 31 December 2016. From 1 January 2017, Crown ceased equity accounting MRE, which was fully divested during the period.

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Notes to the Financial Statements *continued*

For the year ended 30 June 2017

9. Investments in Associates *continued*

Investments in Associates	Reporting Date	Principal Activity	Principal Place of Business	% Interest	
				30 June 2017	30 June 2016
Melco Resorts & Entertainment Ltd	31 Dec <sup>(1)</sup>	Resort/Casino and gaming machine operator	Macau <sup>(2)</sup>	-	27.4
Nobu Group	31 Dec <sup>(1)</sup>	Restaurants/Hospitality	USA	20.0	20.0
Aspers Holdings (Jersey) Ltd	30 June	Casino and gaming machine operator	UK	50.0	50.0
Chill Gaming Pty Ltd	30 June	Gaming software developer	Australia	50.0	50.0
Draftstars Pty Ltd	30 June	Daily fantasy sports	Australia	33.3	50.0
Ellerston Leisure Pty Ltd	30 June	Accommodation/Recreation	Australia	50.0	50.0
Zengaming Inc	31 Dec <sup>(1)</sup>	eSports social network	USA	30.0	30.0

(1) The Group uses 30 June results to equity account for the investments.

(2) Melco Resorts &amp; Entertainment Ltd was incorporated in the Cayman Islands.

The associates outlined above are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below.

	2017 \$'000	2016 \$'000
<b>Carrying amount of investment in Melco Resorts &amp; Entertainment Ltd</b>		
Balance at the beginning of the financial year	1,373,702	1,965,717
Share of associates' net profit/(loss) for the year	37,857	42,676
Disposal of MRE shares	(1,394,116)	(523,948)
Foreign exchange movements	(7,282)	69,926
Dividends received	(10,161)	(180,669)
<b>Carrying amount of investment in Melco Resorts &amp; Entertainment Ltd at the end of the financial year</b>	<b>-</b>	<b>1,373,702</b>

## 10. Property, Plant and Equipment

	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Plant & equipment \$'000	Construction work in progress \$'000	Leased plant & equipment \$'000	Total property, plant and equipment \$'000
<b>Year ended 30 June 2017</b>						
At 1 July 2016, net of accumulated depreciation and impairment	1,578,394	914,725	613,100	839,242	123,575	4,069,036
Additions	36,491	17,643	89,120	304,548	25,291	473,093
Disposals	(141)	-	(57,805)	-	-	(57,946)
Depreciation expense	(37,938)	(58,331)	(156,640)	-	(13,833)	(266,742)
Impairment	(241,455)	-	(1,059)	-	(5,000)	(247,514)
Exchange differences	(9,411)	(854)	(471)	-	-	(10,736)
Reclassification/ transfer	638,898	(967)	160,150	(798,081)	-	-
<b>At 30 June 2017, net of accumulated depreciation and impairment</b>	<b>1,964,838</b>	<b>872,216</b>	<b>646,395</b>	<b>345,709</b>	<b>130,033</b>	<b>3,959,191</b>
<b>At 30 June 2017</b>						
Cost (gross carrying amount)	2,604,531	1,607,630	2,303,289	345,709	158,377	7,019,536
Accumulated depreciation and impairment	(639,693)	(735,414)	(1,656,894)	-	(28,344)	(3,060,345)
<b>Net carrying amount</b>	<b>1,964,838</b>	<b>872,216</b>	<b>646,395</b>	<b>345,709</b>	<b>130,033</b>	<b>3,959,191</b>

**Impairment Testing**

During the current period, a net impairment loss of \$247.5 million has been recorded in the Group's Statement of Profit or Loss (2016: nil). During the period, Crown announced that it was not proceeding with the Alon project in Las Vegas and began exploring alternatives to optimise the value, including an outright sale. Based on the review of the anticipated recoverable amount of a land sale, calculated using the fair value less cost to sale method, the carrying value of Property, Plant and Equipment relating to the Alon project (including directly attributable costs incurred from acquisition) has been written down to its recoverable amount. The recoverable amount was categorised as a Level 2 fair value (as defined in note 32), utilising a listing of all recent comparable land sale transactions and currently marketed properties in Las Vegas.

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

10. Property, Plant and Equipment *continued*

	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Plant & equipment \$'000	Construction work in progress \$'000	Leased plant & equipment \$'000	Total property, plant and equipment \$'000
<b>Year ended 30 June 2016</b>						
At 1 July 2015, net of accumulated depreciation and impairment	1,542,579	939,091	632,624	491,947	84,256	3,690,497
Additions	1,544	39,416	158,688	415,713	52,273	667,634
Disposals	-	-	(57,115)	-	-	(57,115)
Depreciation expense	(29,745)	(61,994)	(148,116)	-	(12,954)	(252,809)
Acquisition of subsidiary	-	-	5,147	-	-	5,147
Exchange differences	18,434	(1,116)	(643)	(993)	-	15,682
Reclassification/ transfer	45,582	(672)	22,515	(67,425)	-	-
<b>At 30 June 2016, net of accumulated depreciation and impairment</b>	<b>1,578,394</b>	<b>914,725</b>	<b>613,100</b>	<b>839,242</b>	<b>123,575</b>	<b>4,069,036</b>
<b>At 30 June 2016</b>						
Cost (gross carrying amount)	1,938,829	1,593,200	2,124,667	839,242	138,085	6,634,023
Accumulated depreciation and impairment	(360,435)	(678,475)	(1,511,567)	-	(14,510)	(2,564,987)
<b>Net carrying amount</b>	<b>1,578,394</b>	<b>914,725</b>	<b>613,100</b>	<b>839,242</b>	<b>123,575</b>	<b>4,069,036</b>

## 11. Licences

	<b>Casino Licences \$'000</b>
<b>Year ended 30 June 2017</b>	
At 1 July 2016, net of accumulated amortisation and impairment	1,113,959
Amortisation expense	(16,663)
<b>At 30 June 2017, net of accumulated amortisation and impairment</b>	<b>1,097,296</b>
<b>At 30 June 2017</b>	
Cost (gross carrying amount)	1,297,020
Accumulated amortisation and impairment	(199,724)
<b>Net carrying amount</b>	<b>1,097,296</b>
<b>Year ended 30 June 2016</b>	
At 1 July 2015, net of accumulated amortisation and impairment	1,130,623
Amortisation expense	(16,664)
<b>At 30 June 2016, net of accumulated amortisation and impairment</b>	<b>1,113,959</b>
<b>At 30 June 2016</b>	
Cost (gross carrying amount)	1,297,020
Accumulated amortisation and impairment	(183,061)
<b>Net carrying amount</b>	<b>1,113,959</b>

The casino licences are carried at cost and amortised on a straight line basis over their useful lives.

The Crown Melbourne licence is being amortised until 2050. The Crown Perth licence is assessed as having an indefinite useful life and no amortisation is charged. Amortisation will commence on the Crown Sydney licence once the property is operational.



FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 12. Other Intangible Assets

	Goodwill <sup>(1)</sup> \$'000	Casino Management Agreement <sup>(1)</sup> \$'000	Other \$'000	Total \$'000
<b>Year ended 30 June 2017</b>				
At 1 July 2016, net of accumulated amortisation and impairment	459,464	126,345	154,837	740,646
Additions	-	-	1,574	1,574
Impairment <sup>(2)</sup>	(110,257)	-	(49,371)	(159,628)
Exchange differences	(2,739)	-	(5,264)	(8,003)
Amortisation expense	-	(3,672)	(8,197)	(11,869)
<b>At 30 June 2017, net of accumulated amortisation and impairment</b>	<b>346,468</b>	<b>122,673</b>	<b>93,579</b>	<b>562,720</b>
<b>At 30 June 2017</b>				
Cost (gross carrying amount)	456,725	245,279	166,201	868,205
Accumulated amortisation and impairment	(110,257)	(122,606)	(72,622)	(305,485)
<b>Net carrying amount</b>	<b>346,468</b>	<b>122,673</b>	<b>93,579</b>	<b>562,720</b>
<b>Year ended 30 June 2016</b>				
At 1 July 2015, net of accumulated amortisation and impairment <sup>(3)</sup>	264,976	130,016	157,980	552,972
Business acquisitions	204,911	-	-	204,911
Additions	-	-	4,997	4,997
Exchange differences	(10,423)	-	-	(10,423)
Amortisation expense	-	(3,671)	(8,140)	(11,811)
<b>At 30 June 2016, net of accumulated amortisation and impairment</b>	<b>459,464</b>	<b>126,345</b>	<b>154,837</b>	<b>740,646</b>
<b>At 30 June 2016</b>				
Cost (gross carrying amount)	459,464	245,279	169,891	874,634
Accumulated amortisation and impairment	-	(118,934)	(15,054)	(133,988)
<b>Net carrying amount</b>	<b>459,464</b>	<b>126,345</b>	<b>154,837</b>	<b>740,646</b>

(1) Purchased as part of business combinations.

(2) Refer note 13 for details regarding the impairment of intangible assets.

(3) Opening balances have been adjusted to reflect the new interpretive guidance in relation to AASB 112 *Income Taxes*. Refer to note 1.2 for further details.

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 13). The goodwill balance at 30 June 2017 is allocated to Crown Melbourne \$26.9 million (2016: \$26.9 million), Crown Perth \$144.0m (2016: \$144.0 million), Crown Aspinalls \$49.7 million (2016: \$52.5 million) and Wagering & Online \$125.9 million (2016: \$236.0 million).

The useful life of the Crown Melbourne casino management agreement is amortised on a straight line basis to 2050.

### 13. Impairment Testing of Intangible Assets

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGU's) identified according to business segment.

The recoverable amount of a CGU is determined based on a value in use calculation using a discounted cash flow methodology covering a specified period, with an appropriate residual value at the end of that period, for each segment. The methodology utilises cash flow forecasts that are based primarily on business plans presented to and approved by the Board.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets.

#### (a) Cash flow forecasts

Cash flow forecasts are based on past performance and expectations for the future using a five year cash flow period.

#### (b) Residual value

Residual value is calculated using a perpetuity growth formula based on the cash flow forecast using a weighted average cost of capital (after tax) and forecast growth rate.

#### (c) Forecast growth rates

Forecast growth rates are based on past performance and management's expectations for future performance in each segment.

#### (d) Discount rates

A weighted average cost of capital (after tax) of between 8% and 11% was used by the Group in impairment testing, risk adjusted where applicable.

#### (e) Outcome of impairment tests for intangible assets

Based on the valuation techniques performed, an impairment loss of \$159.6 million has been recorded against the Group's intangible assets during the year (2016: nil). In the prior period, Crown acquired 70% of DGN Games LLC (DGN), and DGN subsequently acquired 100% of Winners Club Limited (and subsidiaries). This acquisition resulted in goodwill of \$204.9 million being recorded in the Group's Statement of Financial Position, \$157.8 million of which related to contingent consideration. Refer to note 15 for details of the contingent consideration on the acquisition of Winners Club Limited.

During the current period, following a re-forecast of earnings of the DGN Group, Crown has reduced goodwill relating to the acquisition of DGN by \$110.3 million. DGN forms part of the Wagering & Online segment. In addition, as part of the review of the anticipated recoverable amount of Alon as outlined in note 10, Crown has impaired intangible assets relating to Alon by \$49.4 million being the excess of the carrying amount over its recoverable amount. These amounts have been included in net asset impairment/(reversal) in the Statement of Profit or Loss.

#### (f) Sensitivity analysis

It is not considered that any reasonable possible change in any of the above assumptions would cause the carrying value of any CGU to materially exceed its recoverable amount. The exception to this is in respect of the DGN CGU, where the estimated recoverable amount is equal to the carrying value, and any adverse movement in a key assumption would lead to further impairment of the DGN goodwill.

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

## 14. Other Assets

	2017 \$'000	2016 \$'000
<b>Non-current</b>		
Prepaid casino tax at cost	100,800	100,800
Accumulated amortisation	(50,990)	(49,500)
	<b>49,810</b>	<b>51,300</b>
Other prepayments	2,186	9,394
	<b>51,996</b>	<b>60,694</b>

## 15. Trade and Other Payables

	2017 \$'000	2016 \$'000
<b>Current - unsecured</b>		
Trade and other payables	444,549	473,505
Deferred income	1,954	1,735
	<b>446,503</b>	<b>475,240</b>
<b>Non-current - unsecured</b>		
Casino licence payable	158,498	154,136
Deferred income	7,486	9,004
Contingent consideration	45,277	154,094
Other	13,541	22,255
	<b>224,802</b>	<b>339,489</b>

**Contingent consideration**

As part of the purchase agreement with the previous owners of Winners Club, there may be additional contingent consideration payments based on future earnings of the DGN Group. These potential cash payments are due in December 2017 and December 2020, based on the 2017 and 2020 earnings. As at the acquisition date, the fair value of the contingent consideration was estimated to be \$157.8 million. Following a re-forecast of earnings of the DGN Group, Crown has reduced the contingent consideration by \$110.3 million in net asset impairment/(reversal) through the Statement of Profit or Loss in the current period. The fair value was determined using the probability-weighted approach, discounted to present value. A significant increase (decrease) in the future earnings of the DGN Group would result in a higher (lower) fair value of the contingent consideration liability. As part of the reassessment of future earnings Crown also impaired the goodwill relating to DGN, as outlined in note 13.

## 16. Interest-Bearing Loans and Borrowings

	2017 \$'000	2016 \$'000
<b>Current</b>		
Bank Loans - unsecured	38,391	75,552
Capital Markets Debt - unsecured	300,000	-
Finance Lease - secured	11,718	10,163
	<b>350,109</b>	<b>85,715</b>
<b>Non-current</b>		
Bank Loans - unsecured	20,000	-
Capital Markets Debt - unsecured	1,444,011	2,057,968
Finance Lease - secured	130,878	117,643
	<b>1,594,889</b>	<b>2,175,611</b>

16. Interest-Bearing Loans and Borrowings *continued***Assets pledged as security**

The lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default.

**Fair Value Disclosures**

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 32.

**Financial Risk Management**

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 32.

**Financing and Credit Facilities**

Unsecured credit facilities are provided as part of the overall debt funding structure of the Crown Group as follows:

<b>Facility Type</b>	<b>Facility Amount \$'000</b>	<b>Drawn Amount \$'000</b>	<b>Letters of Credit Issued \$'000</b>	<b>Available \$'000</b>	<b>Expiry Dates</b>
<b>Bank Facilities</b>					
Bilateral Multi Option Facilities	170,000	58,391	31,602	80,007	Feb 18 / Nov 19
Syndicated Revolving Facilities	250,000	-	-	250,000	Jun 2021
GBP Syndicated Facility	84,760	-	-	84,760	Aug 2020
Letter of Credit Facilities	398,734	-	398,734	-	Jan 20 - Jan 22
	<b>903,494</b>	<b>58,391</b>	<b>430,336</b>	<b>414,767</b>	
<b>Debt Capital Markets</b>					
Euro Medium Term Notes	174,634	174,634	-	-	Jul 2036
Australian Medium Term Notes	559,070	559,070	-	-	Jul 17 / Nov 19
AUD Subordinated Notes	1,010,307	1,010,307	-	-	Sep 72 / Apr 75
	<b>1,744,011</b>	<b>1,744,011</b>	<b>-</b>	<b>-</b>	
<b>Total at 30 June 2017</b>	<b>2,647,505</b>	<b>1,802,402</b>	<b>430,336</b>	<b>414,767</b>	
<b>Total at 30 June 2016</b>	<b>3,641,731</b>	<b>2,133,520</b>	<b>218,914</b>	<b>1,289,297</b>	

The bank facilities are provided on an unsecured basis by domestic and international banks.

The debt capital markets drawn amounts represent unsecured notes issued to domestic and international debt investors.

Crown is able to make advances and issue letters of credit under the letter of credit facility, syndicated facilities and the bilateral facilities which are multi option in nature.

Each of the above mentioned facilities is issued by or supported by a Group guarantee from Crown and certain subsidiaries and impose various affirmative covenants on Crown, which may include compliance with certain financial ratios and negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

During the current and prior year, there were no defaults or breaches on any of the loans or borrowings.

Refer to note 22(c) for a summary of Crown's overdraft facilities.

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

## 17. Provisions

	Employee Entitlements	Other	Total
	\$'000	\$'000	\$'000
At 1 July 2016	207,292	33,305	240,597
Arising during the year	117,900	68,677	186,577
Utilised during the year	(127,178)	(37,425)	(164,603)
<b>At 30 June 2017</b>	<b>198,014</b>	<b>64,557</b>	<b>262,571</b>
Current 2017	161,278	49,510	210,788
Non-current 2017	36,736	15,047	51,783
<b>At 30 June 2017</b>	<b>198,014</b>	<b>64,557</b>	<b>262,571</b>
Current 2016	162,103	19,914	182,017
Non-current 2016	45,189	13,391	58,580
<b>At 30 June 2016</b>	<b>207,292</b>	<b>33,305</b>	<b>240,597</b>

## 18. Contributed Equity

	2017	2016
	\$'000	\$'000
<b>Issued share capital</b>		
Ordinary shares fully paid	(53,233)	446,763
<b>Movements in issued share capital</b>		
Carrying amount at the beginning of the financial year	446,763	446,763
Share buy-back, inclusive of costs	(499,996)	-
<b>Carrying amount at the end of the financial year</b>	<b>(53,233)</b>	<b>446,763</b>
<b>Shares held in Trust</b>		
Balance at beginning of the financial year	(8,886)	-
Net shares acquired by the Crown Long Term Incentive Plan	(10,491)	(8,886)
<b>Balance at the end of the financial year</b>	<b>(19,377)</b>	<b>(8,886)</b>
	2017	2016
	No.	No.
<b>Issued share capital</b>		
Ordinary shares fully paid	688,847,822	728,394,185
<b>Movements in issued share capital</b>		
Balance at the beginning of the financial year	728,394,185	728,394,185
Share buy-back	(39,546,363)	-
<b>Balance at the end of the financial year</b>	<b>688,847,822</b>	<b>728,394,185</b>

During the year, the Group carried out an on-market share buy-back as an element of its capital management program. For the year ended 30 June 2017, shares to a value of approximately \$500 million have been purchased.

18. Contributed Equity *continued*

Due to share buy-backs being undertaken at higher prices than the original subscription prices, the balance of contributed equity is reflected as a negative balance, which shows the excess value of shares bought over the original amount of subscribed capital. Refer note 31 for details of the Parent Entity's share capital, which has significant paid up capital.

**Terms and Conditions of Contributed Equity**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

**Capital Management**

When managing capital, the Group's objective is to maintain optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

During 2017, the Group paid dividends of \$1,110.8 million (2016: \$378.8 million). The Group's dividend policy is to pay 60 cents per share on a full year basis, subject to Crown's financial position.

## 19. Reserves and Retained Earnings

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency translation reserve	26,061	147,453
Employee equity benefits reserve	13,780	16,198
Net unrealised gains reserve	1,018	631,079
Cash flow hedge reserve	19,933	1,900
	<b>60,792</b>	<b>796,630</b>
<b>Foreign Currency Translation Reserve</b>		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to recognise gains and losses on hedges of the net investment in foreign operations.		
Balance at the beginning of the financial year	147,453	154,919
Net foreign exchange translation	(33,460)	65,751
Net foreign exchange reclassified to profit or loss	(88,820)	(70,576)
Non-controlling interest	888	(2,641)
<b>Balance at the end of the financial year</b>	<b>26,061</b>	<b>147,453</b>
<b>Employee Equity Benefits Reserve</b>		
The employee equity benefits reserve is used to record share based remuneration obligations to executives in relation to ordinary shares.		
Balance at the beginning of the financial year	16,198	13,010
Movement for the period	(2,418)	3,188
<b>Balance at the end of the financial year</b>	<b>13,780</b>	<b>16,198</b>

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

19. Reserves and Retained Earnings *continued*

	2017 \$'000	2016 \$'000
<b>Net Unrealised Gains Reserve</b>		
The net unrealised gains reserve records the movement from changes in ownerships interest in a subsidiary, investments and associates equity.		
Balance at the beginning of the financial year	631,079	636,158
Transfer to retained earnings	(630,061)	-
Change ownership interest in subsidiary without loss of control	-	(5,079)
<b>Balance at the end of the financial year</b>	<b>1,018</b>	<b>631,079</b>
<b>Cash Flow Hedge Reserve</b>		
The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.		
Balance at the beginning of the financial year	1,900	16,130
Movement in interest rate swaps	13,488	(11,621)
Movement in cross currency swaps	5,844	4,148
Movement in forward exchange contracts	(1,299)	(6,757)
<b>Balance at the end of the financial year</b>	<b>19,933</b>	<b>1,900</b>
<b>Retained Earnings</b>		
Balance at the beginning of the financial year	3,767,765	3,257,760
Transfer from unrealised gains reserve	630,061	-
Net profit after tax attributable to equity holders of the parent	1,866,055	948,823
Total available for appropriation	6,263,881	4,206,583
Dividends provided for or paid	(1,110,801)	(378,765)
Adjustment on adoption of AASB 9	-	(60,053)
<b>Balance at the end of the financial year</b>	<b>5,153,080</b>	<b>3,767,765</b>

## 20. Business Combinations

**Acquisition of subsidiaries in prior period**

On 2 July 2015, Crown acquired 60% of DGN Games LLC (DGN) for US\$32.5 million (A\$42.5 million). Subsequently on 23 December 2015, Crown increased its shareholding in DGN to 70% by investing a further US\$15m (A\$20.8 million) in return for new units in the company.

On 23 December 2015, Crown through its majority owned subsidiary DGN, acquired 100% of Winners Club Limited (and subsidiaries) for US\$10 million (A\$13.8 million).

The fair value of the identifiable assets and liabilities as at the dates of acquisition were:

	<b>Consolidated fair value at acquisition date</b>
	<b>\$'000</b>
Cash and cash equivalents	6,814
Other current assets	2,586
Property, plant and equipment	5,147
	<b>14,547</b>
Trade and other payables	1,823
Other current liabilities	168
	<b>1,991</b>
<b>Fair value of identifiable net assets</b>	<b>12,556</b>
	<b>\$'000</b>
<b>Goodwill arising on acquisition</b>	<b>\$'000</b>
Consideration transferred on acquisition	56,337
Contingent consideration	157,801
Fair value of identifiable net assets	(12,556)
Minority interest in identifiable net assets	3,329
<b>Goodwill</b>	<b>204,911</b>

Based on the fair values, DGN and Winners Club's identifiable net assets at the date of acquisition were \$12.6 million, resulting in goodwill of \$204.9 million. The goodwill is attributable to the skills and experience of the management team, as well as the synergies that will be obtained through the integration of the two businesses. Goodwill will be deductible for US Federal tax purposes when there has been a payment for the goodwill. Goodwill on payment of the contingent consideration (refer below) may be deductible in the future.

Crown has elected to measure the non-controlling interest on acquisition in DGN at fair value.

**Contingent consideration**

As part of the purchase agreement with the previous owners of Winners Club, there may be additional contingent consideration payments based on future earnings of the DGN Group. These potential cash payments are due in December 2017 and December 2020, based on the 2017 and 2020 earnings. As at the acquisition date, the fair value of the contingent consideration was estimated to be \$157.8 million. The fair value was determined using the probability-weighted approach, discounted to present value.

A significant increase (decrease) in the future earnings of the DGN Group would result in a higher (lower) fair value of the contingent consideration liability. Refer note 15 for further details.

**Net Cash Flow - Acquisition of subsidiaries**

	<b>\$'000</b>
Cash paid	56,337
Cash acquired	(6,814)
<b>Net Cash Flow - Acquisition of subsidiaries</b>	<b>49,523</b>



FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

## 21. Expenditure Commitments

## (a) Capital expenditure commitments

	2017 \$'000	2016 \$'000
<b>Estimated capital expenditure contracted for at balance date, but not provided for:</b>		
Payable within one year	219,998	217,758
Payable after one year but not more than five years	813,894	974,427
	<b>1,033,892</b>	<b>1,192,185</b>

## (b) Non-cancellable operating lease commitments

	2017 \$'000	2016 \$'000
Payable within one year	14,964	15,766
Payable after one year but not more than five years	48,528	55,184
Payable more than five years	503,137	519,028
	<b>566,629</b>	<b>589,978</b>

The Group has entered into non-cancellable operating leases. The leases vary in contract period depending on the asset involved but generally have an average lease term of approximately 6 years (2016: 8 years) excluding the land leases detailed below. Operating leases include telecommunications rental agreements and leases on assets including motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

In addition, in 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which Crown Melbourne Entertainment Complex is located. For years one to forty inclusive the annual rent payable by the parent entity is one dollar per annum. For years forty-one to ninety-nine inclusive the annual rent payable will be the then current market rent for the site. The aggregate lease expenditure contracted for at balance date but not provided for which is disclosed in this report does not include an estimate for the rent payable for years forty-one to ninety-nine inclusive due to the uncertainty of these amounts.

Crown through its majority owned subsidiary, Alon, holds the operating lease on the leasehold portion of the land in Las Vegas which expires in 2097. The above operating lease commitment table includes the scheduled payments until 2097.

## (c) Non-cancellable finance lease commitments

	2017 \$'000	2016 \$'000
Payable within one year	11,718	10,163
Payable after one year but not more than five years	75,104	51,099
Payable more than five years	55,774	66,544
	<b>142,596</b>	<b>127,806</b>

Under the terms of the lease, Crown has the option to acquire the leased asset for a predetermined residual value on expiry of the lease.

## 22. Cash Flow Statement Reconciliation

	2017 \$'000	2016 \$'000
<b>(a) Cash balance represents:</b>		
Cash on hand and at bank	330,973	412,123
Deposits at call	1,440,254	37,540
	<b>1,771,227</b>	<b>449,663</b>

The above closing cash balances includes \$134.7 million (2016: \$151.0 million) of cash on the company's premises and cash held in bank accounts needed to run the day to day operations of the businesses and cash (including deposits on call) of \$1,636.5 million (2016: \$298.7 million) for other purposes.

	2017 \$'000	2016 \$'000
<b>(b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities</b>		
Profit after tax	1,824,969	943,576
Non cash items and items dealt with separately:		
- Depreciation and amortisation	296,764	282,775
- Asset impairment/(reversal)	260,233	(35,465)
- Share of associates' net (profit)/loss	(39,132)	(41,261)
- Net foreign exchange (gain)/loss	(2,784)	(7,762)
- Net foreign exchange gain on disposal of foreign operations	(88,820)	-
- Net mark-to-market (gain)/loss on investments	(16,245)	(8,432)
Cash items not included in profit after tax:		
- Dividends received from associates	18,671	183,568
Items classified as investing/financing activities:		
- (Profit)/loss on sale of property, plant and equipment	(1,115)	(1,605)
- Net profit on sale of MRE	(1,745,473)	(601,988)
Working Capital changes:		
- (Increase) / decrease in trade receivables and other assets	(36,292)	(139,535)
- (Increase) / decrease in inventories	(1,161)	(1,435)
- (Decrease) / increase in tax provisions	6,560	(114,834)
- (Decrease) / increase in trade and other payables, accruals and provisions	(10,512)	25,080
<b>Net cash flows from operating activities</b>	<b>465,663</b>	<b>482,682</b>

**(c) Bank Overdraft Facilities**

The Group has bank overdraft facilities available as follows:

Bank	2017	2016
ANZ Banking Group Limited	A\$20 million	A\$20 million
Citibank NA	US\$10 million	US\$10 million
Royal Bank of Scotland PLC	£20 million	£20 million

As at 30 June 2017 there were no drawn down amounts on the overdraft facilities (2016: nil).

FINANCIAL REPORT 2017 CONTINUED

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 23. Events After the Reporting Period

Subsequent to 30 June 2017, the directors of Crown declared a final dividend on ordinary shares in respect of the year ending 30 June 2017. The total amount of the dividend is expected to be \$206.7 million, which represents a dividend of 30.0 cents per share franked at 60%. No part of the unfranked portion of the dividend will consist of conduit foreign income.

On 4 August 2017, Crown announced its intention to undertake a further on-market share buy-back of up to approximately 29.3 million shares (the "Further Share Buy-Back"), which together with the initial share buy-back that completed on 30 June 2017, represents no more than 10% of the smallest number of shares on issue during the prior 12 months. Crown may, at its discretion, vary, suspend or terminate the Further Share Buy-Back at any time.

## 24. Contingent Liabilities and Related Matters

On 15 February 2016 Crown was issued with amended assessments and notice of penalty by the Australian Taxation Office for a total of approximately \$362 million which comprises primary tax, interest and penalties. The amended assessments are in respect of income tax paid for the financial years ending 30 June 2009 to 30 June 2014 (inclusive) and relate to the tax treatment of some of the financing for Crown's investment in Cannery Casino Resorts and other investments in North America. Crown considers that it has paid the correct amount of tax and intends to pursue all available avenues of objection (including, if necessary, court proceedings) to the amended assessments.

The group has no other contingent liabilities at 30 June 2017.

### Legal Actions

Entities within the group are defendants from time to time in legal proceedings arising from the conduct of their business. The group does not consider that the outcome of any proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

## 25. Auditors' Remuneration

	2017	2016
	\$'000	\$'000
<b>Amounts received, or due and receivable, by Ernst &amp; Young (Australia) for:</b>		
Auditing the accounts	1,045	1,113
Taxation services	8,180	7,701
Consulting and assurance related services	1,441	200
<b>Amounts received, or due and receivable, by other member firms of Ernst &amp; Young International for:</b>		
Auditing the accounts	287	298
Taxation services	1,886	2,791
	<b>12,839</b>	<b>12,103</b>
<b>Amounts received, or due and receivable, by non Ernst &amp; Young audit firms for:</b>		
Auditing services	64	22

## 26. Earnings Per Share (EPS)

	2017	2016
<b>The following reflects the income and share data used in the calculations of basic and diluted EPS:</b>		
Net profit / (loss) after tax used in calculating basic and diluted EPS (\$'000)	1,866,055	948,823
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	726,008	728,394

During the year, Crown completed a \$500 million on-market share buy-back (the "Initial Share Buy-Back"). Following the completion of the Initial Share Buy-Back, Crown's shares on issue reduced by approximately 39.5 million to approximately 688.8 million.

## 26. Earnings Per Share (EPS) *continued*

In addition to the Initial Share Buy-Back, on 4 August 2017 Crown announced its intention to undertake a further on-market share buy-back of up to approximately 29.3 million shares, which together with the Initial Share Buy-Back represents no more than 10% of the smallest number of shares on issue during the prior 12 months of approximately 688.8 million shares.

Crown may, at its discretion, vary, suspend or terminate the Further Share Buy-Back at any time.

## 27. Key Management Personnel Disclosures

### (a) Details of key management personnel

#### (i) Directors

John H Alexander	Executive Chairman (appointed Executive Chairman 1 February 2017)
Benjamin A Brazil	Non-Executive Director (resigned 12 April 2017)
The Hon. Helen A Coonan	Non-Executive Director
Rowen B Craigie	Chief Executive Officer and Managing Director (resigned 28 February 2017)
Rowena Danziger	Non-Executive Director
Andrew Demetriou	Non-Executive Director
Geoffrey J Dixon	Non-Executive Director
Professor John S Horvath	Non-Executive Director
Michael R Johnston	Non-Executive Director
Harold C Mitchell	Non-Executive Director
Robert J Rankin	Chairman (until 31 January 2017), Non-Executive Director (resigned 21 June 2017)

Prior to 30 June 2017, the Board approved the appointment of Mr James Packer as a director, subject to the receipt of all necessary consents and regulatory approvals. On 3 August 2017, following the receipt of the necessary consents and approvals, Mr Packer's appointment became effective.

On 3 August 2017, the Board approved the appointment of Mr Guy Jalland as a director, subject to receipt of all necessary regulatory approvals. Mr Jalland's appointment will only become effective once the necessary approvals have been received.

#### (ii) Executives

Kenneth M Barton	Chief Financial Officer & Chief Executive Officer – Crown Digital
Barry J Felstead	Chief Executive Officer – Australian Resorts
W Todd Nisbet	Executive Vice President – Strategy and Development

### (b) Remuneration of key management personnel

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

	2017	2016
Remuneration by category	\$	\$
Short term benefits	12,684,725	14,717,236
Post employment benefits	93,176	112,230
Long term incentives	(3,752,706)	7,537,500
Termination benefits	6,272,700	-
	<b>15,297,895</b>	<b>22,366,966</b>

Further details are contained in the Remuneration Report.

FINANCIAL REPORT 2017 CONTINUED

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 28. Related Party Disclosures

### (a) Parent entity

Crown Resorts Limited is the ultimate parent entity of the Group.

### (b) Controlled entities, associates and joint ventures

Interests in significant controlled entities are set out in note 29.

Investments in associates and joint ventures are set out in note 9.

### (c) Entity with significant influence over the Group

At balance date Consolidated Press Holdings Group ("CPH"), comprising Consolidated Press Holdings Pty Limited and its related corporations, a group related to Mr James Packer, have a relative interest in 49.72% (2016: 53.01%) of the Company's fully paid ordinary shares.

### (d) Key management personnel

Disclosures relating to key management personnel are set out in note 27, and in the Remuneration Report.

### (e) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms, unless otherwise stated.

### (f) Transactions with related parties

The Group had the following transactions with related parties:

#### (i) Director related entities and entities with significant influence over the Group

CPH provided management services in accordance with a Services Agreement, in addition to corporate secretarial and administrative services of \$4.0 million during the year (2016: \$0.2 million). CPH paid costs on behalf of Crown to third parties totalling \$2.2 million during the year (2016: \$1.0 million). At 30 June 2017 there was \$4.2 million owing to CPH (2016: \$nil).

Crown and its controlled entities provided CPH with hotel and banqueting services of \$0.1 million during the year (2016: \$0.1m). At 30 June 2017 there were no amounts owing from CPH (2016: \$nil).

#### (ii) Associates

During the year, Crown provided loans of \$2.0 million (2016: nil) to Draftstars Pty Ltd which remained outstanding at 30 June 2017.

## 29. Investment in Controlled Entities

The consolidated financial statements include the financial statements of Crown Resorts Limited and its controlled entities. Significant controlled entities and those that are party to a Deed of Cross Guarantee with the parent entity are set out below:

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2017	2016		2017 %	2016 %
<b>Crown Resorts Limited</b>			<b>Australia</b>	<b>Parent Entity</b>	
ALON Las Vegas Financeco, LLC			USA	88	74
ALON Las Vegas Holdings, LLC			USA	88	74
ALON Las Vegas Landco, LLC			USA	88	74
Artra Pty Ltd			Australia	100	100
Aspinall's Club Limited			United Kingdom	100	100
Betfair Pty Ltd	A	B	Australia	100	100
Betfair Australasia Pty Ltd	A	B	Australia	100	100
Burswood Limited	A	B	Australia	100	100
Burswood Nominees Ltd	A	B	Australia	100	100
Burswood Resort (Management) Ltd	A	B	Australia	100	100
Capital Club Pty Ltd			Australia	100	100
Crown Asia Investments Limited	A	B	Australia	100	100
Crown Australia Pty Ltd	A	B	Australia	100	100
Crown Capital Golf Pty Ltd			Australia	100	100
Crown Cyprus Limited			Australia	100	100
Crown CCR Group Holdings One Pty Ltd	A	B	Australia	100	100
Crown CCR Group Holdings Two Pty Ltd			Australia	100	100
Crown CCR Group Holdings General Partnership			USA	100	100
Crown CCR Group Investments One LLC			USA	100	100
Crown CCR Group Investments Two LLC			USA	100	100
Crown CCR Holdings LLC			USA	100	100
Crown CPS Holdings Pty Ltd	A	B	Australia	100	100
Crown (Ellerston Leisure) Holdings Pty Ltd			Australia	100	100
Crown Entertainment Group Holdings Pty Ltd	A	B	Australia	100	100
Crown (Gaming Technology) Holdings Pty Ltd			Australia	100	100
Crown Gateway Luxembourg Pty Ltd		B	Australia	100	100
Crown Group Finance Limited	A	B	Australia	100	100
Crown Group Securities Ltd	A	B	Australia	100	100
Crown International Holdings Ltd			Bahamas	100	100
Crown Investment Holdings LLC			USA	100	100
Crown Management Holdings Pty Ltd	A	B	Australia	100	100
Crown Management Pty Ltd	A	B	Australia	100	100
Crown Melbourne Limited	A	B	Australia	100	100
Crown North America Holdings One Pty Ltd			Australia	100	100
Crown North America Investments LLC			USA	100	100
Crown Overseas Investments Pty Ltd	A	B	Australia	100	100
Crown Sydney Pty Ltd			Australia	100	100
Crown Sydney Gaming Pty Ltd			Australia	100	100
Crown Sydney Holdings Pty Ltd			Australia	100	100

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

29. Investment in Controlled Entities *continued*

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2017	2016		2017 %	2016 %
Crown Sydney Property Pty Ltd			Australia	100	100
Crown US Investments LLC			USA	100	100
Crown UK Investments Ltd			United Kingdom	100	100
Crown (Western Australia) Pty Ltd	A	B	Australia	100	100
Crown (Western Australia) Finance Holdings Pty Ltd	A		Australia	100	100
Crown (Western Australia) Finance Pty Ltd	A	B	Australia	100	100
CrownBet Pty Ltd			Australia	62	62
CrownBet Holdings Pty Ltd			Australia	62	62
DGN Games LLC			USA	70	70
Flienn Pty Ltd		B	Australia	100	100
Jade West Entertainment Pty Ltd		B	Australia	100	100
Jemtex Pty Ltd	A	B	Australia	100	100
Melbourne Golf Academy Pty Ltd			Australia	100	100
PBL Overseas (CI) Pty Ltd	A		Australia	100	100
PBL (CI) Finance Pty Ltd			Australia	100	100
Pennwin Pty Ltd		B	Australia	100	100
Publishing and Broadcasting (Finance) Ltd	A	B	Australia	100	100
Renga Pty Ltd		B	Australia	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

A These controlled entities have entered into a new deed of cross guarantee dated 21 June 2017 with the parent entity under ASIC Instrument 2016/785 - the "Closed Group" (refer note 30).

B These controlled entities were party to a deed of cross guarantee with the parent entity under ASIC Class Order 98/1418 that was revoked by a Revocation Deed dated 21 June 2017.

## 30. Deed of Cross Guarantee

Crown Resorts Limited and certain controlled entities, as detailed in note 29, are parties to a Deed of Cross Guarantee dated 21 June 2017 under which each company in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

By entering into the Deed, pursuant to ASIC Instrument 2016/785, certain controlled entities of Crown have been granted relief from the Corporations Act 2001 requirements for preparation, audit and reporting of financial reports and directors' reports.

The consolidated income statement and balance sheet of the entities which are members of the Closed Group are detailed below.

	Closed Group	
	2017 \$'000	2016 \$'000
<b>Consolidated income statement</b>		
Profit / (loss) before income tax	1,391,647	1,463,462
Income tax (expense) / benefit	(98,472)	(218,595)
Net profit / (loss) after income tax	1,293,175	1,244,867
Retained earnings / (accumulated losses) at the beginning of the financial year	4,116,295	3,250,193
Retained earnings / (accumulated losses) of entities entering Closed Group	34,514	-
(Retained earnings) / accumulated losses of entities removed from Closed Group	222,905	-
Transfer from reserves	630,061	-
Dividends provided for or paid	(1,110,801)	(378,765)
<b>Retained earnings / (accumulated losses) at the end of the financial year</b>	<b>5,186,149</b>	<b>4,116,295</b>

30. Deed of Cross Guarantee *continued*

	Closed Group	
	2017	2016
	\$'000	\$'000
<b>Consolidated balance sheet</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,667,183	291,182
Trade and other receivables	170,775	184,272
Inventories	16,487	15,472
Prepayments	30,134	25,255
Other financial assets	5,564	9,639
<b>Total current assets</b>	<b>1,890,143</b>	<b>525,820</b>
<b>Non-current assets</b>		
Receivables	1,650,516	2,213,288
Other financial assets	1,933,675	2,837,265
Investments	-	2,017
Investment in associates	39,025	1,409,167
Property, plant and equipment	3,331,839	3,416,365
Licences	997,296	1,013,959
Other intangible assets	320,632	326,167
Deferred tax assets	233,763	190,362
Other assets	51,994	58,583
<b>Total non-current assets</b>	<b>8,558,740</b>	<b>11,467,173</b>
<b>Total assets</b>	<b>10,448,883</b>	<b>11,992,993</b>
<b>Current liabilities</b>		
Trade and other payables	351,075	379,500
Interest-bearing loans and borrowings	350,109	85,715
Income tax payable	113,266	133,086
Provisions	188,829	170,348
<b>Total current liabilities</b>	<b>1,003,279</b>	<b>768,649</b>
<b>Non-current liabilities</b>		
Other payables	165,995	163,294
Interest-bearing loans and borrowings	2,038,496	3,529,667
Deferred tax liability	352,008	334,469
Provisions	62,274	58,580
Other financial liabilities	2,790	22,060
<b>Total non-current liabilities</b>	<b>2,621,563</b>	<b>4,108,070</b>
<b>Total liabilities</b>	<b>3,624,842</b>	<b>4,876,719</b>
<b>Net assets</b>	<b>6,824,041</b>	<b>7,116,274</b>
<b>Equity</b>		
Contributed equity	1,630,078	2,180,793
Treasury shares	(19,377)	(8,886)
Reserves	27,191	828,072
Retained earnings	5,186,149	4,116,295
<b>Total equity</b>	<b>6,824,041</b>	<b>7,116,274</b>



FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

## 31. Parent Entity Disclosures

	Crown Resorts Limited	
	2017 \$'000	2016 \$'000
<b>Results of the parent entity</b>		
Profit after tax for the period	1,166,786	516,023
Other comprehensive income/(loss)	-	-
<b>Total comprehensive income for the period</b>	<b>1,166,786</b>	<b>516,023</b>
<b>Financial position of the parent entity</b>		
Current assets	5,355	2,290
Non-current assets	14,597,467	14,575,150
<b>Total assets</b>	<b>14,602,822</b>	<b>14,577,440</b>
Current liabilities	178,471	135,972
Non-current liabilities	5,130,692	4,703,798
<b>Total liabilities</b>	<b>5,309,163</b>	<b>4,839,770</b>
<b>Total equity of the parent entity comprising of:</b>		
Issued capital	9,427,208	9,927,204
Employee equity benefits reserve	13,010	13,010
Accumulated losses	(146,559)	(202,544)
<b>Total equity</b>	<b>9,293,659</b>	<b>9,737,670</b>

**Contingent liabilities**

There are no other contingent liabilities for the parent entity at 30 June 2017 (2016: \$nil), other than those disclosed in note 24.

**Capital expenditure**

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2017 (2016: \$nil).

**Parent entity guarantees in respect of debts of its subsidiaries**

The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in notes 29 and 30.

## 32. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans, capital market debt, finance lease liabilities, investments, cash and short term deposits and derivatives.

The Group's business activities expose it to the following risks; market risks (interest rate and foreign exchange), credit risk and liquidity risk. For each of these risks, the Group considers the counterparties, geographical area, currency and markets as applicable to determine whether there are concentrations of risk. Other than as described in this note, the Group is satisfied that there are no material concentrations of risk.

The Group has policies in place to manage different types of risks to which it is exposed. Policies include monitoring the level of interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates. Ageing analysis of and monitoring of exposures to counterparties are undertaken to manage credit risk. Liquidity risk is monitored through the employment of rolling cash flow forecasts.

32. Financial Risk Management Objectives and Policies *continued*

Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks in accordance with approved policies. The Board are informed on a regular basis of risk management activities.

**(a) Market Risk****(i) Interest rate risk – cash flow**

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and long term debt obligations as outlined in note 16.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated as cash flow hedges.

	2017	2016
	\$'000	\$'000
<b>Financial assets</b>		
AUD cash on hand and at bank	122,415	136,426
AUD deposits at call	1,435,586	28,064
GBP cash on hand and at bank	20,690	47,387
EUR cash on hand and at bank	105	220
USD cash on hand and at bank	53,005	76,778
USD deposits at call	4,668	9,746
<b>Total financial assets</b>	<b>1,636,469</b>	<b>298,621</b>
<b>Financial liabilities</b>		
AUD Bank loans	20,000	20,000
AUD Capital Market Debt	810,307	333,334
Finance Lease Liability	142,596	127,806
HKD Bank Loans	38,391	55,552
<b>Total financial liabilities</b>	<b>1,011,294</b>	<b>536,692</b>
<b>Net exposure</b>	<b>625,175</b>	<b>(238,071)</b>

As at balance date, the Group maintained floating rate liabilities of \$1,011.3 million (2016: \$536.7 million) that were not hedged by interest rate swaps. The associated interest rate risk is mitigated by total financial assets of \$1,636.5 million (2016: \$298.6 million). Under the financial liabilities outstanding, for AUD facilities, the Group pays the Bank Bill Swap rate (BBSW) plus a margin of between 140 and 500 basis points, for the finance lease liabilities, the Group pays BBSW or USD LIBOR plus a margin of between 140 and 180 basis points, and for HKD facilities, the Group pays HIBOR plus a margin of 55 basis points.

Of the AUD cash on hand and at bank \$122.4 million is interest bearing and is invested at approximately BBSW. Deposits at call of \$1,435.6 million are invested at approximately BBSW. The Group maintains cash and cash equivalents on hand of \$134.7 million for operational purposes and is non interest bearing (2016: \$151.0 million).

As at balance date, the Group maintained no floating rate borrowings in GBP (2016: \$nil) and had cash and cash equivalents of \$20.7 million (2016: \$47.4 million) which is interest bearing and accrues at the UK daily cash rate.

As at balance date, the Group maintained floating rate borrowings in HKD of \$38.4m (2016: \$55.6m) and had minimal interest earning cash and cash equivalents (2016: minimal).

As at balance date, the Group had USD cash on hand and at bank of \$53.0 million which is interest bearing and is invested at approximately US LIBOR (2016: \$76.8 million). In addition, the Group had USD deposits at call of \$4.7 million, which is invested at approximately US LIBOR (2016: \$9.7 million). The Group maintained no floating rate borrowings in USD (2016: \$nil).

As at balance date, the Group maintained no floating rate borrowings in EUR (2016: \$nil) and had minimal cash and cash equivalents (2016: minimal).

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

32. Financial Risk Management Objectives and Policies *continued*(a) Market Risk *continued*(i) Interest rate risk – cash flow *continued*

## Group Sensitivity

As a result of an increase of 50 basis points in AUD, HKD and USD interest rates, and an increase of 100 basis points in GBP and EUR interest rates, the Group's post-tax-profit for the year would have increased by \$2.3 million (2016: decreased by \$0.9 million). As a result of a decrease of 50 basis points in AUD and USD interest rates, and a decrease of 25 basis points in GBP, EUR and HKD interest rates, the Group's post-tax-profit for the year would have decreased by \$2.2 million (2016: increased by \$1.0 million).

The Group, where appropriate, uses interest rate swaps to manage the risk of adverse movements in interest rates for its long term floating rate borrowings which are subject to variable rates.

The Group uses cross-currency interest rate swaps to manage the risk of adverse movements in interest rates for its long term foreign currency denominated borrowings which are subject to variable rates.

As at balance date the notional principal amounts and period of expiry of the interest rate swap contracts were as follows:

	2017	2016
	\$'000	\$'000
<b>Cash flow hedge</b>		
Maturity under 1 year	-	-
Maturity 1 -5 years	200,000	800,000
Maturity over 5 years	174,634	174,634
<b>Closing Balance</b>	<b>374,634</b>	<b>974,634</b>

The movement from 2016 to 2017 is a result of early termination of interest rate swaps.

As at balance date the key terms of the interest rate swap contracts were as follows:

Hedge Type	Maturity Date	Interest Rate Received	Interest Rate Paid	Fair Value of
				Swap Contract \$'(000)
<b>Year Ended 30 June 2017</b>				
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(2,790)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	21,892
<b>Year Ended 30 June 2016</b>				
Interest Rate Swap Contract	March 2019	BBSW	3.04%	(3,311)
Interest Rate Swap Contract	March 2020	BBSW	3.18%	(4,618)
Interest Rate Swap Contract	December 2019	BBSW	2.43%	(3,893)
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(10,238)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	13,544

The terms of each of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective.

## (ii) Interest rate risk - fair value

Where appropriate, the Group enters into fixed rate debt to mitigate exposure to interest rate risk. As the Group holds fixed rate debt there is a risk that the fair value of financial instruments will fluctuate because of market movements in interest rates. The level of fixed rate debt at balance date was \$933.7 million (2016: \$1,724.6 million). As at balance date, the carrying amounts of the Group's fixed rate debt were not materially different from the fair values (2016: not material).

As at balance date the Group had no interest rate swaps in place to hedge fixed rate debt issuances (2016: nil).

32. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(iii) Foreign exchange risk**

The Group has currency exposure as a result of capital expenditure and investments/sales in currencies other than the Group's functional currency.

The Group uses forward exchange contracts to minimise the currency exposure on any significant receivables or payables as is deemed appropriate.

All forward exchange contracts must be in the same currency as the firm commitment and the Group negotiates the terms of the hedges to exactly match the underlying commitment to maximise hedge effectiveness. As at balance date, the Group had hedged the majority of its foreign currency receivables and payables that are firm commitments.

As at balance date, the Group had the following material foreign exchange exposures that were not designated as cash flow hedges:

	2017	2016
	\$'000	\$'000
<b>USD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	7,731	23,879
<b>Total financial assets</b>	<b>7,731</b>	<b>23,879</b>
<b>Net exposure</b>	<b>7,731</b>	<b>23,879</b>
<b>GBP Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	7,376	4,356
<b>Total financial assets</b>	<b>7,376</b>	<b>4,356</b>
<b>Net exposure</b>	<b>7,376</b>	<b>4,356</b>
<b>HKD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	5,833	19,811
Trade and other receivables	43,784	64,466
<b>Total financial assets</b>	<b>49,617</b>	<b>84,277</b>
<b>Financial liabilities</b>		
Trade and other payables	7,599	23,386
HKD Debt Facilities	38,391	55,552
<b>Total financial liabilities</b>	<b>45,990</b>	<b>78,938</b>
<b>Net exposure</b>	<b>3,627</b>	<b>5,339</b>

**Group sensitivity – USD**

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 10c against the USD would not be material as at balance date (2016: not material).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 10c against the USD would be \$1.2 million higher or \$0.9 million lower (2016: \$3.7 million higher or \$2.8 million lower).

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

Notes to the Financial Statements

32. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(iii) Foreign exchange risk** *continued***Group sensitivity – GBP**

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 5c against the GBP would not be material as at balance date (2016: not material).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 5c against the GBP would be \$0.7 million higher or \$0.6 million lower (2016: \$0.4 million higher or \$0.4 million lower).

**Group sensitivity – HKD**

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 50c against the HKD would not be material as at balance date (2016: not material).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 50c against the HKD would be \$0.3 million higher or \$0.3 million lower (2016: \$0.5 million higher or \$0.4 million lower).

**Foreign Exchange Contracts**

The Group uses derivative instruments such as forward exchange contracts to manage the currency risks arising from the Group's operations and its sources of finance.

Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. These derivatives qualify for hedge accounting and are based on limits set by the Board.

**Cash flow hedges**

At balance date details of outstanding cash flow hedges denominated in AUD was:

	Notional Amounts		Average Rate	
	2017 \$'000	2016 \$'000	2017	2016
<b>Buy USD/Sell AUD</b>				
Maturity under 1 year	99,966	70,225	0.8402	0.8402
Maturity 1 -5 years	-	12,063	-	0.8290
<b>Closing Balance</b>	<b>99,966</b>	<b>82,288</b>	<b>0.8402</b>	<b>0.8385</b>

The forward exchange contracts and cash flow hedges are considered to be highly effective hedges as they are matched against known and committed receivables and payments and any gain or loss on the hedged risk is taken directly to equity.

**(b) Price Risk****(i) Equity Securities Price Risk**

The Group is exposed to equity securities price risk. Equity securities price risk arises from investments held by the Group and classified on the balance sheet as investments.

	2017 \$'000	2016 \$'000
Shares - listed	64,764	49,743
Shares - unlisted	-	2,017
<b>Net exposure</b>	<b>64,764</b>	<b>51,760</b>

32. Financial Risk Management Objectives and Policies *continued***(b) Price Risk** *continued***(i) Equity Securities Price Risk** *continued***Group sensitivity**

The Group's sensitivity to equity securities price risk for the listed investments has been estimated by reference to published price quotations in an active market. The sensitivity to movement in fair value for listed investments as a result of a 10% movement in the share price of the listed shares at balance date was \$4.5 million (2016: \$2.6 million).

**(ii) Commodity Price Risk**

Neither the Group nor the parent entity is exposed to commodity price risk.

**(c) Credit Risk**

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is outlined under each applicable note.

The Group does not hold any credit derivatives or collateral to offset its credit exposure.

All investment and financial instruments activity is with approved counterparties with investment grade ratings and is in accordance with approved policies. There are no significant concentrations of credit risk within the Group and the aggregate value of transactions is spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk in trade receivables is managed in the following ways:

- (i) The provision of credit is covered by a risk assessment process for all customers.
- (ii) Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.
- (iii) The provision of cheque-cashing facilities for gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world.

In assessing the doubtful debts provisioning for trade receivables, the Group has measured credit risk using the 'Simplified Approach'. The simplified approach requires the recognition of lifetime expected credit losses at all times. The Group has elected to use a provision matrix utilising historical default rates, as well as taking into account current conditions and forecasts of future economic conditions. If the Group becomes aware of circumstances relevant to an individual or group of debtors that results in the matrix not being an appropriate basis for provisioning, then management discretion will be applied.

The Group has early adopted AASB 9 in its entirety from 1 July 2016 (refer to note 1 for further details). Under AASB 139 the opening trade receivables would have been \$333.2 million, however with the adoption of AASB 9 this balance was reduced by \$84.6 million to \$248.6 million.

**(d) Liquidity Risk**

It is the Group's objective to maintain a balance between continuity of funding and flexibility through the use of cash reserves, committed bank lines and capital markets debt in order to meet its financial commitments in a timely manner.

At balance date 18.0% or \$350.1 million of the Group's interest bearing liabilities will mature in less than 12 months (2016: 3.8%).

As at balance date the Group had \$414.8 million in undrawn committed bank lines and \$1,771.2 million in cash and cash equivalents to mitigate the maturing liabilities (2016: \$1,289.3 million and \$449.7 million respectively).

FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

32. Financial Risk Management Objectives and Policies *continued***(d) Liquidity Risk** *continued***Maturity analysis of financial assets and liabilities**

The table below analyses the Group's contractual undiscounted cash flows of financial assets and financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	1 year or less		1 to 5 years		more than 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Cash and cash equivalents	1,771,227	449,663	-	-	-	-	1,771,227	449,663
Receivables - trade	225,290	248,558	20,355	16,108	-	-	245,645	264,666
Receivables - other	-	-	125,380	125,380	-	-	125,380	125,380
Forward exchange contracts receivable	78,064	79,195	-	13,423	-	-	78,064	92,618
Cross currency interest rate swaps receivable	8,066	8,322	32,264	33,286	112,924	124,823	153,254	166,431
<b>Total financial assets</b>	<b>2,082,647</b>	<b>785,738</b>	<b>177,999</b>	<b>188,197</b>	<b>112,924</b>	<b>124,823</b>	<b>2,373,570</b>	<b>1,098,758</b>
<b>Financial liabilities</b>								
Trade and other payables	446,503	475,240	66,293	182,329	158,509	157,160	671,305	814,729
Finance lease liabilities	11,718	10,163	130,878	51,098	-	66,545	142,596	127,806
Capital markets	300,000	-	259,070	750,000	1,184,941	1,307,968	1,744,011	2,057,968
Bank loans	38,391	75,552	20,000	-	-	-	58,391	75,552
Forward exchange contracts payable	72,556	70,225	-	12,063	-	-	72,556	82,288
Interest rate swaps payable	1,585	5,215	3,900	14,502	-	-	5,485	19,717
Cross currency interest rate swaps payable	12,312	12,312	49,248	49,248	172,364	184,675	233,924	246,235
<b>Total financial liabilities</b>	<b>883,065</b>	<b>648,707</b>	<b>529,389</b>	<b>1,059,240</b>	<b>1,515,814</b>	<b>1,716,348</b>	<b>2,928,268</b>	<b>3,424,295</b>
<b>Net maturity</b>	<b>1,199,582</b>	<b>137,031</b>	<b>(351,390)</b>	<b>(871,043)</b>	<b>(1,402,890)</b>	<b>(1,591,525)</b>	<b>(554,698)</b>	<b>(2,325,537)</b>

32. Financial Risk Management Objectives and Policies *continued***(e) Fair Value of Financial Instruments**

The fair value of the Group's financial assets and financial liabilities approximates the carrying value as at balance date.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level One – the fair value is calculated using quoted prices in active markets;
- Level Two – the fair value is estimated using inputs other than quoted prices included in Level One that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level Three – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Valuation Technique			Total \$'000
	Quoted market price Level One \$'000	Observable inputs Level Two \$'000	Non market observable Level Three \$'000	
<b>Year ended 30 June 2017</b>				
<b>Financial Assets</b>				
Foreign currency forward contracts	-	9,375	-	9,375
Cross currency swap contracts	-	21,892	-	21,892
Equity instruments	64,764	-	-	64,764
	<b>64,764</b>	<b>31,267</b>	<b>-</b>	<b>96,031</b>
<b>Financial Liabilities</b>				
Contingent consideration	-	-	45,277	45,277
Interest rate swap contracts	-	2,790	-	2,790
	<b>-</b>	<b>2,790</b>	<b>45,277</b>	<b>48,067</b>
<b>Year ended 30 June 2016</b>				
<b>Financial Assets</b>				
Foreign currency forward contracts	-	11,231	-	11,231
Cross currency swap contracts	-	13,544	-	13,544
Equity instruments	49,743	-	2,017	51,760
	<b>49,743</b>	<b>24,775</b>	<b>2,017</b>	<b>76,535</b>
<b>Financial Liabilities</b>				
Contingent consideration	-	-	154,094	154,094
Interest rate swap contracts	-	22,060	-	22,060
	<b>-</b>	<b>22,060</b>	<b>154,094</b>	<b>176,154</b>

There have been no transfers between fair value measurement levels during the financial year ended 30 June 2017.



FINANCIAL REPORT 2017 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

32. Financial Risk Management Objectives and Policies *continued*(e) Fair Value of Financial Instruments *continued*

## Reconciliation of Level Three fair value movements:

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>		
Opening balance	2,017	2,235
Profit and Loss	38,113	(218)
Distributions received	(40,130)	-
<b>Closing Balance - Financial Assets</b>	<b>-</b>	<b>2,017</b>
<b>Financial Liabilities</b>		
Opening balance	154,094	-
Acquisition of Subsidiary	-	157,801
Profit and Loss	(104,085)	-
Other Comprehensive Income	(4,732)	(3,707)
<b>Closing Balance - Financial Liabilities</b>	<b>45,277</b>	<b>154,094</b>

## Directors' Declaration

1. In the opinion of the Directors:
  - a. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth), including:
    - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (Cth);
  - b. the financial statements and notes also comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1 of the Financial Report; 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 has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 30 June 2017.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 30 of the Financial Report will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of the Directors.



**John Alexander**  
Director

Melbourne, 12 September 2017

## Shareholder Information

### Substantial shareholders as at 5 September 2017

The following information is extracted from substantial shareholder notices received by Crown.

Shareholder	Number of ordinary Shares	% of Issued Capital
Consolidated Press Holdings Pty Limited	333,789,924	48.46

### Holders of each class of securities as at 5 September 2017

Crown has 688,847,822 ordinary shares on issue held by 64,436 shareholders.

### Voting rights of ordinary shares

Crown's Constitution sets out the information in relation to the voting rights attached to shares. In summary, at a general meeting:

- (a) on a show of hands, every member present has one vote; and
- (b) on a poll, every member present has:
  - (i) one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and
  - (ii) a fraction of a vote for each partly paid share held by the member and in respect of which the member is entitled to vote, equivalent to the proportion which the amount paid on the share bears to the total amount paid and payable on the share.

### Distribution of shareholders as at 5 September 2017

Size of Holdings	Number of Shareholders	% of Issued Capital
1 – 1,000	42,829	2.53
1,001 – 5,000	19,100	5.93
5,001 – 10,000	1,729	1.79
10,001 – 100,000	723	2.29
100,001 and over	55	87.46
<b>Total</b>	<b>64,436</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 2,165 (based on a closing market price of ordinary shares on 5 September 2017).

### On-market buy-back

Crown lodged an Appendix 3C with the Australian Securities Exchange on 4 August 2017.

### Shares purchased on-market

During the 2017 financial year, 857,416 ordinary shares were purchased on-market at an average price per share of \$13.65 for the purposes of the 2014 Crown Long Term Incentive Plan.

The 20 largest shareholders as at 5 September 2017

Name	No. of Shares	% of Issued Capital
1. CPH CROWN HOLDINGS PTY LTD	312,940,933	45.43
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	107,691,825	15.63
3. J P MORGAN NOMINEES AUSTRALIA LIMITED	70,749,963	10.27
4. CITICORP NOMINEES PTY LIMITED	26,309,157	3.82
5. NATIONAL NOMINEES LIMITED	24,485,630	3.55
6. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	10,130,360	1.47
7. UBS NOMINEES PTY LTD	9,854,454	1.43
8. BNP PARIBAS NOMS PTY LTD <DRP>	6,185,718	0.90
9. CONSOLIDATED PRESS HOLDINGS PTY LIMITED	6,000,000	0.87
10. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,384,136	0.64
11. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,479,447	0.51
12. ARGO INVESTMENTS LIMITED	2,609,184	0.38
13. NAVIGATOR AUSTRALIA LTD <SMA ANTARES INV DV BUILD A/C>	2,107,837	0.31
14. IOOF INVESTMENT MANAGEMENT LIMITED <IPS SUPER A/C>	1,923,950	0.28
15. AUST EXECUTOR TRUSTEES LTD <CROWN EMPLOYEE SHARE PLAN>	1,537,557	0.22
16. BNP PARIBAS NOMS (NZ) LTD <DRP>	966,820	0.14
17. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	820,380	0.12
18. AMP LIFE LIMITED	753,709	0.11
19. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	742,301	0.11
20. NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	722,939	0.10
<b>Total</b>	<b>594,396,300</b>	<b>86.29</b>

Shareholder Information

## Additional Information

### Shareholder enquiries

Shareholders may access their details by visiting the website of the Company's Share Registry, Computershare, at [www.investorcentre.com](http://www.investorcentre.com). For security reasons, shareholders will be required to enter their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode to access personal information. Security holding information may be updated online. Alternatively, the relevant forms may be downloaded from the Share Registry's website with completed forms mailed to the Share Registry. Shareholders with queries about their shareholdings should contact the Share Registry Investor Services, by phone on 1300 659 795 (within Australia), or on +61 3 9415 4000 (outside Australia) or alternatively by fax on +61 3 9473 2500.

### Electronic shareholder communications

The Company encourages shareholders to elect to receive shareholder communications electronically instead of by post as it enables shareholders to:

- receive important shareholder and company information faster;
- reduce the impact on the environment;
- securely store important shareholder documents online, reducing clutter in your home or office; and
- access all documents conveniently 24/7.

Shareholders who wish to receive email alerts with copies of the Annual Report, Notice of Meeting, Issuer Holding Statements, Payment Advices and other company related information may either contact the Share Registry or update their communication preference online at [www.investorcentre.com](http://www.investorcentre.com).

### Change of address

Issuer sponsored shareholders should notify the Share Registry immediately in writing or by telephone upon any change in their address quoting their SRN. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate HIN.

### Direct payment to shareholders' accounts

Dividends may be paid directly to any bank, building society or credit union account in Australia. Payments are electronically credited on the dividend date with advisory confirmation containing payment details mailed to shareholders. Shareholders who wish to have their dividends paid directly to their account may advise the Share Registry in writing or may update their payment instructions online on [www.investorcentre.com](http://www.investorcentre.com) prior to the dividend record date.

### Tax File Numbers

Crown is obliged to deduct tax at the top marginal tax rate plus the Medicare levy from unfranked or partially franked dividends paid to Australian resident shareholders who have not supplied their Tax File Number (TFN) or exemption details. If you wish to provide your TFN or exemption details, please contact the Share Registry or update your details online at [www.investorcentre.com](http://www.investorcentre.com).

### Consolidation of multiple holdings

If you have multiple holdings which you wish to consolidate, please advise the Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

### Crown's website

Crown has a dedicated corporate website at [www.crownresorts.com.au](http://www.crownresorts.com.au) which includes Crown's Annual Reports, Notices of Meeting and other Explanatory Memoranda and disclosures made to the ASX.

### Investment warning

All information provided in the Annual Report is provided as at the date stated or otherwise as at the date of this Report.

This Report has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Crown or to seek independent professional advice.

# Corporate Information

## Directors

- **John H Alexander**, BA Executive Chairman
- **The Honourable Helen A Coonan**, BA, LLB
- **Rowena Danziger**, AM, BA, TC, MACE
- **Andrew Demetriou**, BA, BEd
- **Geoffrey J Dixon**
- **Professor John S Horvath**, AO, MB, BS (Syd), FRACP
- **Michael R Johnston**, BEc, CA
- **Harold C Mitchell**, AC
- **James D Packer**

## Company Secretary

**Mary Manos**, BCom, LLB (Hons), GAICD

## Crown's registered office and principal corporate office

Level 3  
Crown Towers  
8 Whiteman Street  
Southbank VIC 3006  
Australia  
Phone: +61 3 9292 8824

## Share Registry

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Phone: 1300 659 795 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Fax: +61 3 9473 2500  
Website: [www.computershare.com.au](http://www.computershare.com.au)

## Securities Exchange Listing

Crown's ordinary shares are listed on the Australian Securities Exchange under the code "**CWN**".  
Crown's Subordinated Notes I are listed on the Australian Securities Exchange under the code "**CWNHA**".  
Crown's Subordinated Notes II are listed on the Australian Securities Exchange under the code "**CWNHB**".  
The home exchange is Melbourne.

## Website

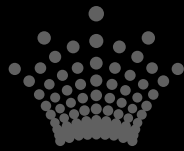
Visit our website [www.crownresorts.com.au](http://www.crownresorts.com.au) for media releases and financial information.

## Auditor

Ernst & Young

## Banker

Australia and New Zealand Banking Group Limited

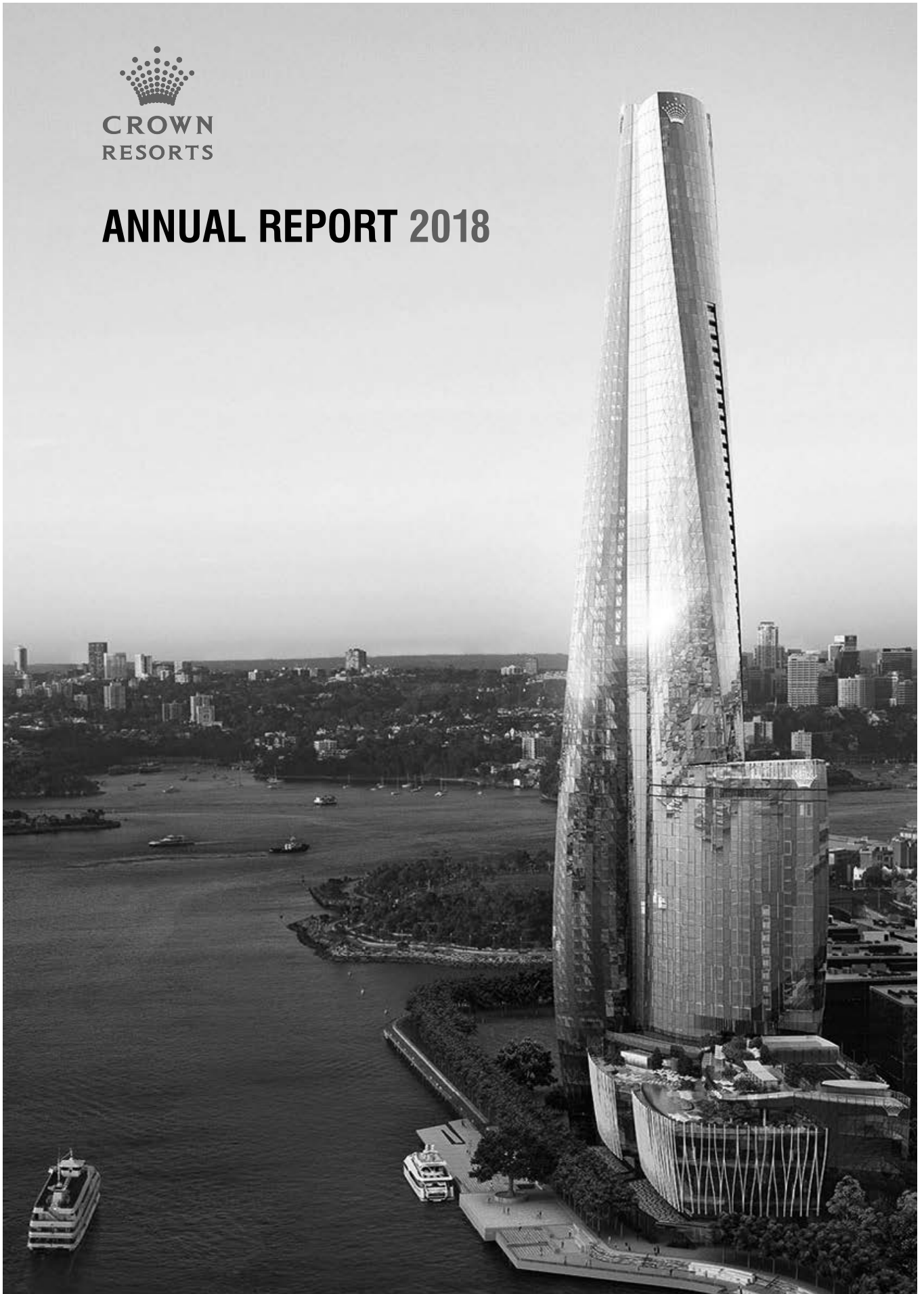


CROWN  
RESORTS

[crownresorts.com.au](http://crownresorts.com.au)



# ANNUAL REPORT 2018







CROWN RESORTS LIMITED  
ABN 39 125 709 953

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## Financial Calendar

Record date for final dividend	21 September 2018
Payment of final dividend	5 October 2018
Annual General Meeting	1 November 2018
2019 half year results	February 2019

## Annual General Meeting

10.00am (Perth time)  
 Thursday, 1 November 2018  
 Crown Ballroom 1  
 Lobby Level, Crown Towers Perth  
 Great Eastern Highway  
 Burswood, Western Australia

FRONT COVER IMAGE:  
 PROPOSED CONCEPT RENDER OF CROWN SYDNEY

## Executive Chairman's Message

*Crown is committed to its strategy of focusing on its high quality core Australian operations and development projects as well as maximising shareholder returns.*



Crown is one of Australia's largest entertainment groups and makes a major contribution to Australian tourism, employment, training and social responsibility programs.

Crown's continued investment in our Australian resorts has ensured that Crown's portfolio includes some of the most valuable current and future tourism assets in Australia across Melbourne, Perth and Sydney.

We are proud to be the largest single-site private sector employer in both Victoria and Western Australia with approximately 18,000 people working across our resorts in over 700 different roles. Crown also continues to be a significant tax payer, having incurred more than \$650 million in taxes to all levels of government in Australia in financial year 2018, representing over two thirds of Crown's profit before tax from its Australian operations.

### Results

For the financial year ended 30 June 2018, Crown announced a net profit of \$326.7 million before significant items, which was up 5.8% from the previous year. This result reflects a solid performance from our Melbourne operation, with VIP program play turnover up 73.9%, partially offset by continued subdued trading in Perth.

A final dividend of 30 cents per share, franked to 60%, was declared, bringing the total dividend for the year to 60 cents per share.

### Major Focus

We have maintained our strategy of focusing on our world-class Australian operations and development projects as well as maximising shareholder returns.

Our actions over the past year demonstrate our ongoing commitment to this strategy. In financial year 2018, we completed the sale of a number of significant assets including the Alon Las Vegas land for US\$300 million, our interest in CrownBet for \$150 million, our interest in Ellerton for \$62.5 million and our shares in Caesars Entertainment Corporation for US\$53.3 million. Crown's balance sheet, with a net cash position of \$221 million at 30 June 2018, is well placed to fund our Australian development project pipeline.

Consistent with our objective to increase cash returns to shareholders, in financial years 2017 and 2018 combined, Crown's capital management, which included ordinary dividends, a special dividend and two on-market share buy-backs, exceeded \$2 billion. Crown has also announced its intention to undertake a new \$400 million on-market share buy-back.

Looking forward, our focus will be to continue to improve the underlying performance of our existing businesses as well as execute on our development project pipeline.

### Crown Melbourne

Normalised EBITDA from Crown Melbourne was \$645.0 million, up 9.5%. Reported EBITDA was \$586.0 million, up 2.7%, which takes into account an unfavourable variance from the theoretical VIP program play result.

Normalised revenue at Crown Melbourne was \$2,279.0 million, up 14.2%, with VIP program play up 73.9%, main floor gaming up 2.9%, driven by solid growth in table games, and non-gaming slightly down. This recovery in gaming revenues, combined with all three hotels operating at over 90% occupancy, reaffirms Crown Melbourne's position as Australia's leading integrated resort and one of the most visited tourist destinations in Australia.

Following the end of financial year 2018, the Victorian Commission for Gambling and Liquor Regulation (VCGLR) released its final report concerning the Sixth Review of the Casino Operator and Licence held by Crown Melbourne. The report concluded, among other matters, that Crown Melbourne remains a suitable person to continue to hold its licence to operate the Melbourne Casino. Crown will continue to work with the VCGLR to improve the operations of Crown Melbourne.

### Crown Perth

Normalised EBITDA from Crown Perth was \$248.8 million, up 1.6%. Reported EBITDA for the period was \$221.5 million, down 13.9%. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result.

Normalised revenue at Crown Perth was \$844.5 million, up 1.7%, with main floor gaming down 2.1%, VIP program play down 5.8% and non-gaming up 12.5%, primarily due to the full year impact of Crown Towers Perth, which opened in December 2016.

Despite subdued trading due to the challenging economic conditions in Western Australia, we were pleased to have maintained the level of visitation to the complex during the period with approximately 10 million local and international visits in financial year 2018.

Crown remains focused on continuing to identify opportunities to deliver improved operating performance at both Crown Melbourne and Crown Perth.

### Australian Projects

Work continues on the delivery of the Crown Sydney Hotel Resort at Barangaroo, Sydney's first six-star hotel and a landmark building with views of some of Australia's most celebrated icons, the Sydney Harbour Bridge and Sydney Opera House.

The Crown Sydney Hotel Resort podium is rising on the Barangaroo foreshore and the tower core structure has been constructed to Level 12. The Crown Sydney Residences have received strong interest from both domestic and international buyers and the project remains on schedule for completion in the first half of calendar year 2021.

We believe that Crown Sydney will become an international tourism icon and will help Sydney attract high net worth travellers from all parts of the world.

In Victoria, Crown and its joint venture partner, the Schiavello Group, were granted planning approval in February 2017 to construct the proposed One Queensbridge project. The project would include a new 388 room luxury six-star hotel, which would be connected to Crown Melbourne by a sculptural pedestrian bridge. The project remains subject to financing.

### Crown Digital

Crown's wagering and online social gaming operations saw strong revenue growth and improved profitability during the year, with EBITDA of \$26.9 million, up 81.8%. This includes CrownBet's consolidated result from 1 July 2017 to 28 February 2018 (during which Crown held a 62% interest in CrownBet).

The current assets and investments in Crown Digital — Betfair Australasia, DGN Games and Chill Gaming — are expected to provide a continued source of future growth for Crown.

### Our Commitment to Community

Crown's Melbourne and Perth resorts are significant tourist attractions, serving millions of visitors each year with approximately 18,000 people working towards the delivery of a world-class customer experience. We are grateful to our employees for their dedication and acknowledge our responsibility to create a safe and rewarding workplace. Similarly, we recognise our responsibility to the communities in which we operate, and are proud of the employee-led community partnerships and work undertaken through the Crown Resorts Foundation.

Crown's commitment to providing strong skills-based training and leadership development to all employees has again been recognised, with Crown College Perth being named by the Tourism Council of WA as the Gold winner for Tourism Education and Training for the second year in a row. This is Crown's fifth year in a row to win this category in the combined state tourism awards, with Crown College Melbourne winning in 2013, 2014 and 2015 and receiving Hall of Fame status in 2015.

We have maintained our focus on diversity and inclusion through programs including the Indigenous Employment Program, CROWNability, Gender Equity, Crown Pride, the Family Support Network and the Cultural and Linguistic Diversity Employee Network. Through our Indigenous Employment Program, we have provided more than 775 Indigenous employment opportunities. In addition, our CROWNability program was a finalist at the National Employment Services Association Excellence Awards for Innovation.

The Crown Resorts Foundation continues to support effective programs which provide young Australians with opportunities to engage in education, the arts and culture, and continues to partner with organisations that encourage and foster social cohesion. In financial year 2018, in partnership with the Packer Family Foundation, support was provided to more than 120 programs across Australia.

On behalf of the Board, I wish to sincerely thank you, as a valued shareholder of Crown Resorts, for your support as we continue our strategy to maximise the performance of Crown Melbourne and Crown Perth and progress our Australian development projects.



**John Alexander**

Executive Chairman  
Crown Resorts Limited

## Financial Performance

*The 2018 full year result reflected a solid performance from our Melbourne operation and continued subdued trading in Perth.*

- Crown's Australian resorts normalised EBITDA increased by 7.2%, with normalised revenue increasing by 10.6%. This was primarily driven by normalised VIP program play revenue, which increased 54.5% across Crown Melbourne and Crown Perth combined.
- Crown reported a normalised net profit after tax (NPAT) of \$386.8 million for the full year ended 30 June 2018, up 12.7%, while reported NPAT before significant items was \$326.7 million, up 5.8%.
- Net gain from significant items of \$232.2 million includes the reversal of an impairment of the Alon Las Vegas land and an associated net foreign currency gain, as well as net gains from the sales of CrownBet and Ellerston.
- A final dividend of 30 cents per share, franked to 60%, was declared, bringing the full year dividend to 60 cents per share.

### Group performance for the year ended 30 June 2018

	FY18 \$m	FY17 \$m	% change
Normalised revenue <sup>1</sup>	3,485.3	3,231.3	7.9%
Normalised expenditure <sup>1</sup>	(2,607.0)	(2,403.3)	(8.5%)
Normalised EBITDA <sup>2</sup>	878.3	828.0	6.1%
Normalised EBIT <sup>3</sup>	592.4	531.2	11.5%
Normalised NPAT <sup>4</sup> attributable to Crown	386.8	343.1	12.7%
Reported NPAT before significant items attributable to Crown	326.7	308.9	5.8%
Significant items attributable to Crown <sup>5</sup>	232.2	1,557.2	(85.1%)
Reported NPAT after significant items attributable to Crown	558.9	1,866.1	(70.0%)

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items.

2. Normalised earnings before interest, tax, depreciation and amortisation.

3. Normalised earnings before interest and tax.

4. Normalised net profit after tax.

5. Significant items of \$1,557.2 million in FY17 include a net gain on the sale of Crown's interest in Melco Resorts & Entertainment Limited (MRE) of \$1,745.5 million. Crown held a 27.4% interest in MRE from 1 July 2016 to 20 December 2016 and a 24.6% interest from 21 December 2016 to 31 December 2016, following which it no longer equity accounted the results of MRE. Crown completed the sale of its remaining interest in MRE on 16 May 2017 and, as a result, no longer holds an interest in MRE.

**Crown’s Major Focus Areas**

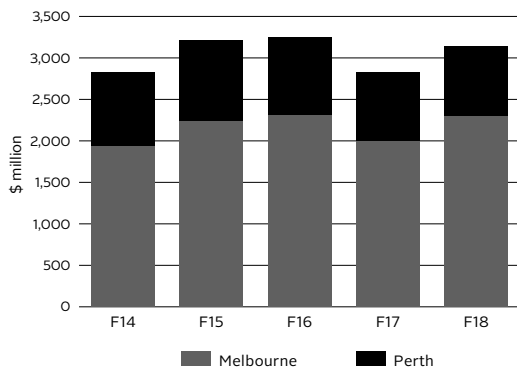
Continue to improve the underlying performance of Crown Melbourne and Crown Perth

Deliver the Crown Sydney project on time and on budget

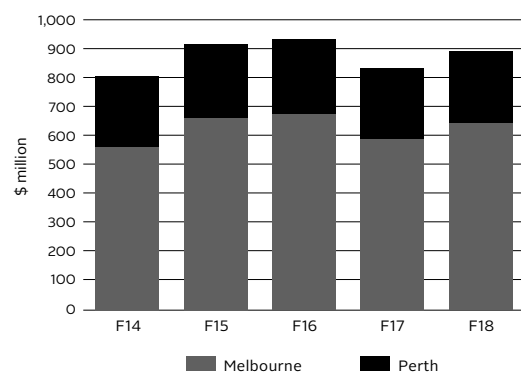
Develop a financing solution for the proposed One Queensbridge project

Continue growing Crown Digital, including wagering and online social gaming

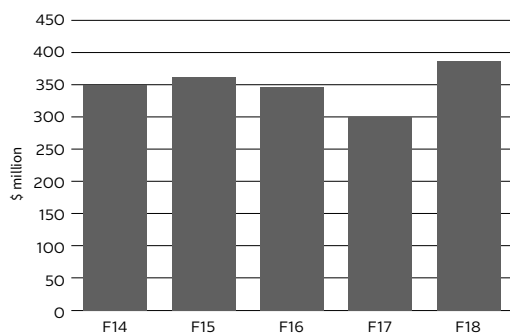
**Australian Resorts Normalised Revenue**



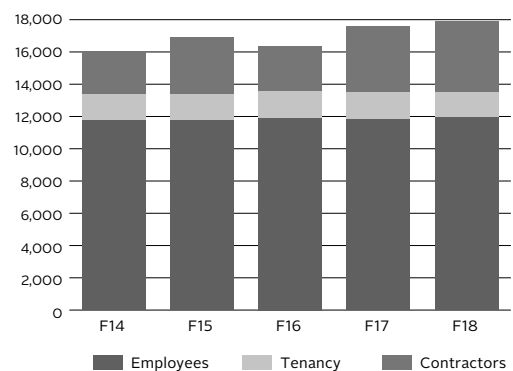
**Australian Resorts Normalised EBITDA**



**Crown Resorts Limited Normalised NPAT<sup>1</sup>**



**Australian Resorts Head Count<sup>2</sup>**



1 F14 to F17 excludes Crown's share of MRE's normalised NPAT. Crown completed the sale of its interest in MRE in F17 and, as a result, no longer holds an interest in MRE.

2 F14 to F17 head count differs from previous Annual Reports mainly due to a change in the reporting of contractors.

## About Crown Resorts

*Crown is one of Australia's largest entertainment groups with its core businesses and investments in the integrated resorts sector.*

### CROWN RESORTS GROUP

Crown owns and operates two of Australia's leading integrated resorts, Crown Melbourne and Crown Perth, which together attracted approximately 31 million visits during the period.

Overseas, Crown owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district.

Crown's development projects include the Crown Sydney Hotel Resort at Barangaroo on Sydney Harbour and the proposed One Queensbridge project in Melbourne.

Crown has interests in various digital businesses, including Betfair Australasia (100%), DGN Games (85%) and Chill Gaming (50%), and holds equity interests in UK-based Aspers Group (50%) and Nobu (20%).

### AUSTRALIAN RESORTS

Crown Melbourne is Australia's leading integrated resort, featuring luxury accommodation and award-winning dining, world-class gaming, conferencing, shopping and entertainment facilities.

Crown Perth is one of Western Australia's largest tourist destinations, featuring three hotels, world-class convention and gaming facilities, restaurants and bars, a 2,300-seat theatre, and shopping and entertainment facilities.

### AUSTRALIAN PROJECTS

Work continues on the Crown Sydney Hotel Resort at Barangaroo. Crown Sydney, which is expected to be completed in the first half of calendar 2021, will be Sydney's first six-star hotel and a landmark building with views of some of Australia's most celebrated icons, the Sydney Harbour Bridge and the Sydney Opera House.

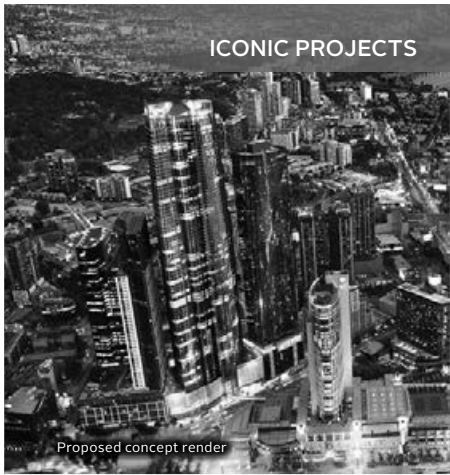
Crown Melbourne's proposed fourth hotel, One Queensbridge, is a joint venture with the Schiavello Group. The proposed project includes a landmark luxury hotel and apartment development that received conditional planning approval from the Victorian State Government in February 2017 and was recognised as a project of State significance. The project remains subject to financing.

### CROWN DIGITAL

Crown Digital comprises online betting exchange Betfair Australasia (100% owned), global online social gaming business DGN Games (85% owned) and Chill Gaming (50% owned).

During the year, Crown sold its 62% interest in online wagering business CrownBet.







## Crown's Resort Portfolio



### Crown Melbourne

- Crown Melbourne is Australia's leading integrated resort and one of the most visited tourist destinations in Australia with its dynamic and diverse facilities.
- It is licensed to operate 2,628 gaming machines and 540 gaming tables.
- The resort currently features three hotels: Crown Towers Melbourne (481 guest rooms), Crown Metropol Melbourne (658 guest rooms) and Crown Promenade Melbourne (465 guest rooms).
- The Crown Conference Centre has 7,350 square metres of conference and meeting facilities across three floors.
- Banqueting facilities include the Palladium's 1,500-seat ballroom and The Palms' 900-seat cabaret venue.
- A broad selection of restaurants and bars are located in the resort, including many of Melbourne's finest.
- Crown Melbourne's retail precinct features prestigious designer brands and luxury retail outlets.



## Crown Perth

- Crown Perth is one of Western Australia's largest tourist destinations, with an exceptional range of entertainment and tourism experiences.
- It has approval to operate 2,500 gaming machines and 350 gaming tables.
- The resort features three hotels: Crown Towers Perth (500 guest rooms), Crown Metropol Perth (397 guest rooms) and Crown Promenade Perth (291 guest rooms).
- Crown Towers Perth, which opened in December 2016, features luxury hotel rooms and suites, villas, private gaming salons, restaurants, bars, luxury retail outlets, a resort pool and spa facilities.
- Large-scale entertainment facilities include the 1,500-seat Crown Ballroom and 2,300-seat Crown Theatre Perth, along with world-class convention facilities.
- A premium selection of restaurants and bars are located across the resort in addition to casual dining options.

## Australian Projects



Proposed concept render

### Crown Sydney

100% owned

- Crown Sydney, located at Barangaroo on the foreshore of Sydney Harbour, will be the city's first six-star hotel and a landmark building with views of some of Australia's most celebrated icons, the Sydney Harbour Bridge and Sydney Opera House.
- Construction of Crown Sydney is progressing on schedule and the resort will include 349 hotel rooms and suites, luxury residences, signature restaurants, bars, luxury retail outlets, pool and spa facilities, conference rooms and VIP gaming facilities.
- The Crown Sydney Residences, which will be situated above the Crown Sydney Hotel Resort, has launched a marketing suite and has received strong interest from both domestic and international buyers.
- Almost all of the construction work is being undertaken by Australian businesses, creating hundreds of construction jobs and benefitting the New South Wales economy.
- Crown Sydney remains on schedule for completion in the first half of calendar year 2021 and the total gross project cost is expected to be approximately \$2.2 billion, with a net project cost of approximately \$1.4 billion.



10

Proposed concept render

### One Queensbridge

50% equity interest

- One Queensbridge, a joint venture with the Schiavello Group, is a proposed fourth hotel development to meet tourism demand at Crown Melbourne.
- The proposed project was granted planning approval in February 2017 for a new 388 room luxury six-star hotel and approximately 700 luxury apartments located on one of the last significant development sites adjacent to the Crown Melbourne complex.
- The proposed project represents Crown's continued investment in the Southbank arts and entertainment precinct and would be connected to the Crown Melbourne complex by a sculptural pedestrian bridge spanning Queensbridge Street.
- The proposed project remains subject to financing.

## Australian Resorts

*Crown's Australian resorts, Crown Melbourne and Crown Perth, continue to attract approximately 31 million visits each year and are employers of choice in both Victoria and Western Australia.*



**Barry Felstead**  
CEO, Australian Resorts

Crown's Australian resorts' full year result reflected a solid performance from our local Melbourne operation, continued subdued trading in Perth and strong growth in VIP program play.

Main floor gaming revenue increased 1.5% with modest growth in Melbourne offset by softness in Perth. VIP program play turnover in Australia of \$51.5 billion (growth of 54.5%) was a pleasing outcome given the difficult trading conditions in the prior corresponding period (pcp). Normalised EBITDA increased 7.2% for Crown's Australian resorts, primarily due to strong growth in VIP program play.

Margin performance declined slightly on the prior year largely due to a change in the mix of business, with strong growth coming from lower margin VIP program play, combined with an increase in fixed costs such as energy, particularly at Crown Melbourne.

Crown's Australian resorts are some of the finest resorts in the world and continue to attract a growing share of visitors as well as prestigious industry awards. All major capital expenditure projects in Melbourne and Perth are now complete.

The Crown Rewards loyalty program rewards members with a range of offers, including invitations to special events and other unique experiences. The appeal of the Crown Rewards program is demonstrated by the ongoing growth in its membership base and Crown will continue to develop the proposition over the coming year.

### Our Employees

At Crown, our aim is to create tangible career pathways for our employees. Crown College is a dedicated training facility which delivers on Crown's commitment to the learning and development of our employees. In the 2018 financial year, over 640 employees were enrolled in Certificates III, IV and Diploma level qualifications, with over 8,500 apprentices and trainees graduating since the inception of Crown College.

Our employees are instrumental in ensuring that Crown consistently delivers exceptional levels of customer service. As such, Crown is committed to continuing to provide its employees with meaningful learning and development opportunities.

Crown College International, which offers international students with vocational education and training across hospitality, tourism and management, is an expansion of our training program. Crown College International continues to grow with 100 students enrolled at 30 June 2018. The College's innovative programs create pathways for students to graduate with skills that meet industry needs.

Crown's commitment to inclusive employment practices has continued to strengthen. Crown is progressing the implementation of a Gender Action Plan and Crown Pride Action Plan, which will detail our formal commitment to Gender Equity and LGBTIQ+ inclusion. These plans are in addition to the well-established Reconciliation Action Plan and the CROWNability Action Plan. All of these programs and plans are complemented by a range of employee networks which support our people.



## Australian Resorts *continued*

### Indigenous Employment Program

Crown's award-winning Indigenous Employment Program (IEP) continues to make a positive impact on the lives of hundreds of Aboriginal and Torres Strait Islander people in Australia. Crown's IEP has provided over 775 Indigenous employment opportunities with a consistent focus on hiring, developing and retaining employees.

Crown's Indigenous employment efforts extend to Crown Sydney with our sponsorship of the iTradies program. Fourteen Indigenous men and women have graduated from the program with a Certificate I in construction, which allows them to pursue further opportunities in the building industry.

Developing our third Reconciliation Action Plan (RAP) was a key priority during the 2018 financial year. Our key objective is to retain 'Elevate' status, which Crown achieved through its second RAP 2015-2017. 'Elevate' status, which is the highest level of endorsement granted by Reconciliation Australia, affirms that Crown is a leader in advancing national reconciliation.

The dedicated RAP steering committees across Melbourne and Perth have determined that the third RAP will focus on identifying the strengths of Indigenous employment and championing these within the wider industry.

The 2018 financial year has welcomed numerous success stories from our Indigenous employees in relation to career development as well as personal achievements outside of the organisation. Crown will continue to work collaboratively with other businesses and external stakeholders to ensure that we achieve targets beyond direct employment, including procurement, community and cultural awareness outcomes.

### CROWNability

Crown is one of Australia's most significant private sector employers dedicated to creating an accessible and inclusive environment for staff and patrons. We are

committed to transforming perceptions of disability within our organisation and the broader community.

The CROWNability program was launched in 2014 to support the employment, development and retention of people with disability at Crown. Through the program, we strive to ensure that people with disability are given the opportunity to gain employment at Crown within the diverse range of roles available. We recognise that the program is about more than just employment and, as such, members of the CROWNability program have access to Crown's various training and development opportunities. Our goal is to create a disability confident organisation.

Our CROWNability Action Plan 2018 – 2021 was launched in December 2017, which coincided with International Day of People with Disability. This is the second CROWNability Action Plan and it is strategically focussed on building meaningful careers for employees with disability and ensuring access and inclusion extends well beyond their employment.

Our dedicated CROWNability team, which works proactively with industry partners and stakeholders, has successfully placed and supported over 240 candidates into meaningful careers. In total, CROWNability has provided 350 employment opportunities for people with disability, which includes contractors and employees.

Crown is proud of its continued association with Program Ambassador and Australian Paralympic Gold Medallist, Kurt Fearnley AO. In his role as Ambassador, Kurt has attended Crown Melbourne and Crown Perth to promote positive attitudes towards living and working with people with disability.

The CROWNability program has been recognised with several accolades, including atWork Australia Employer of the Year for Innovation 2017, National Employer of the Year from OCTEC Employment Services and finalist at the National Employment Services Association Excellence Awards for Innovation 2017.



### Health, Safety & Employee Wellbeing

Crown remains committed to the continuous improvement of workplace health and safety outcomes.

A strategic, integrated and sustainable approach to support the health and wellbeing of our employees was developed and implemented, with recent developments in the area of mental health. The Mental Health Awareness Program, which is due to be rolled out over the next 12 months, aims to increase the capability and confidence of Crown managers when dealing with general mental health situations, whilst providing all employees with access to specialised counselling and information services.

Crown has strengthened its partnerships with local specialised medical providers to further expand its targeted pre-employment functional assessment programs. This program is aimed at delivering long-term benefits in relation to injury prevention.

In August 2017, members of Crown's executive and senior management participated in health and safety due diligence sessions aimed at reinforcing their understanding of occupational health and safety legal requirements and providing them with the tools necessary to meet these obligations. In addition, Crown has strengthened employee participation in emergency training and practice scenarios during the year.

### Industrial Relations

Crown is committed to managing industrial relations through open and effective relationships with employee associations and we act in good faith in all dealings with these associations.

Crown has five collective bargaining enterprise agreements, which cover the majority of frontline staff and include some management level employees.

## Crown Melbourne

### Overview

Crown Melbourne is one of the region's leading integrated resorts and a key driver of international and interstate visitation to Victoria. Its reputation for luxury experiences and exceptional hotel, gaming and entertainment facilities has attracted approximately 21 million visits to Crown Melbourne during the period.

Crown Melbourne continues to strengthen its offering with property enhancements and initiatives to stimulate visitation, in line with Crown's strategic priorities. Crown Melbourne remains Victoria's largest single-site private sector employer, with almost 12,000 people working across the resort.

### Property Update

Crown Melbourne continued its investment in capital improvements across the property during the 2018 financial year.

Crown Towers maintained its world-class standard with refurbishments undertaken to its premium suites and villas. A number of restaurants and outlets received upgrades, notably Rockpool Bar & Grill where significant front of house renovations were completed along with a state-of-the-art on show kitchen. At Crown Metropol, new retail tenants were introduced to the level one retail precinct.

The main gaming floor central area was enhanced, introducing a new Crown Rewards operational model which adopted the use of individual kiosks to create a more interactive patron experience.

### Local Gaming

Crown Melbourne continued to invest in new technology, including the introduction of some of the latest gaming products, system upgrades and innovations. Crown Melbourne now has one of the largest installations of the popular Lightning Link and Dragon Link gaming machine products in the world. These investments, together with the Crown Rewards program, allowed us to deliver differentiated market-leading experiences to our patrons.



## Australian Resorts *continued*

Crown Melbourne hosted its twenty-first Aussie Millions Poker Championship in January 2018, welcoming participants from more than 30 countries and a prize-pool of over \$20 million. Aussie Millions is a major event on the international poker circuit and, combined with Crown's enhanced digital marketing approach through the use of live streaming and social media, a new record was set for entrants into the main event.

### VIP Program Play

Normalised VIP program play revenue at Crown Melbourne was \$591.8 million, up 73.9% with turnover of \$43.8 billion.

### Hotels

Crown Melbourne features more than 1,600 guest rooms across three luxury hotel brands – Crown Towers, Crown Metropolis and Crown Promenade. Together, the three hotels provided for more than 878,000 guests during the year, with a combined occupancy exceeding 93%.

The hotel digital strategy continued during the period with a focus on personalisation, driving increased leisure visitation to the hotels and building online brand loyalty. Crown also continued to refine its Crown Direct offering, an online portal that allows hotel customers to receive exclusive benefits when they book directly with Crown.

Crown Towers retained the prestigious Forbes Travel Guide Global 5 Star Award in 2018 and is the only hotel in Melbourne to achieve this status. Additional accolades include Best Club Lounge of the Year both with Qantas Business Travel Awards and TAA Victoria as well as Winner of TAA Victoria's Front Office Employee of the Year and Best Environment and Energy Efficiency Practice.

Crown Towers was also acknowledged in the 2018 Travel & Leisure World's Best Awards Gold List as a Finalist for Best Australian Hotel.

### Food and Beverage

Crown Melbourne's award-winning restaurants and bars include world-class, distinctive culinary brands that are unrivalled in Australia. Crown's signature restaurants continue to receive favourable accolades and reviews, with Dinner by Heston Blumenthal securing Number 25 at The Australia 100 Awards in 2017.

Crown's 2018 Melbourne Food & Wine Festival activation delivered 13 innovative food experiences across our premium dining portfolio, including Dinner by Heston Blumenthal, Bistro Guillaume, Long Chim and Nobu. These events were executed both in-house and along the riverside, delivering record crowds and reaching over 15 million people through PR, traditional media and social media.

Our casual dining portfolio saw year-on-year growth driven by the 'Taste the Season' campaign, which offers gaming customers dishes crafted by our chefs using fresh seasonal ingredients.

Crown's bar offering and in-venue experience continued to evolve, delivering market-first and industry-leading customer experiences with our key beverage partners. These included the Heineken Melbourne Grand Prix, Carlton Draught Front Bar during the AFL season, the activation of the globally renowned Robokeeper with Hahn Super Dry, as well as Budweiser, Moët and Piper Heidsieck during major events including the FIFA World Cup, State of Origin, Spring Racing Carnival and the Christmas period.

This year's major live performances at The Palms included sell-out performances by Burn The Floor, Wayne Brady, Jimeoin, James Reyne, FAST LOVE – A Tribute to George Michael as well as an 11 day season of Legends in Concert, the longest running tribute show in Las Vegas.

Crown's nightclubs continued to secure top global artists and DJs including Drake, Ne-Yo, Kelly Rowland, Mario, Sean Kingston, Will Sparks, Usain Bolt, Mya and many more.



### Events and Conferencing

Events and Conferencing had a challenging year due to increased competition from new entrants in the Melbourne and Sydney markets. Despite this, Crown Melbourne continued to be at the forefront of events in Australia with over 1,500 events and conferences booked for the year. The largest events included the Tertiary Education Management Conference 2017, CPA Congress 2017 Melbourne and CleanUP 2017 Conference. Key charitable events hosted at Crown Melbourne included Diamonds are a Girl's Best Friend Dinner, Australian Cystic Fibrosis Conference and Myer Stores Community Fund – Precious Metal Ball.

Crown has become a major partner with Meetings & Events Australia (MEA), the event industry's Registered Training Organisation. Crown is MEA's education partner and is working with MEA to build national professional development programs.

## Crown Perth

### Overview

Crown Perth is Western Australia's only fully integrated entertainment resort. Following the extensive development and renovation since its acquisition in 2004, Crown Perth has been transformed into a premium tourist destination, this year attracting approximately 10 million visits. Crown Perth remains the State's largest single-site private sector employer, with almost 6,000 people working on site.

### Property Update

Following a number of years of extensive development on the property, Crown has focussed the last twelve months on enhancing the property's existing assets. A number of venues have been added or modified to optimise the property during peak customer periods.

The elegant Fusion cocktail bar has been extended to allow improved service during peak periods while retaining its luxury lounge feel during non-peak times.

The Epicurean and Merrywell alfresco areas have been enclosed to substantially increase capacity to these already successful venues. Also introduced this year was Crown Perth's first rooftop pop-up venue, Hi-Line Bar. With views of the Perth CBD, Hi-Line Bar has turned a previously vacant space into a popular destination.

A number of facilities have been introduced around the property as part of our CROWNability and Crown Pride programs. These include improved pedestrian crossings to all major car parks, Crown Perth's first LGBTIQ+ bathrooms and a new disability-friendly staff entrance.

The final stage of Crown Perth's roadworks strategy has now been completed with the introduction of a roundabout to Glenn Place and modification to the existing western car park entries. These works have considerably improved vehicle access between the main Crown Perth complex and the Crown Towers hotel and has significantly reduced peak period multilevel car park congestion, further improving customer satisfaction.

### Local Gaming

Crown Perth's local gaming revenue declined by 2.1%, reflecting the subdued local economic conditions. Investment in gaming technology has provided a suite of new products to enhance the customer experience. These enhancements have provided growth in casual gaming segments, in particular electronic table games and mainstream gaming machines.

Further supporting the growth in casual gaming segments was the Value Guarantee campaign, which provides special offers for hotels, entertainment, theatre and dining at Crown Perth. This campaign resonated well in what remains a challenging market and delivered positive customer outcomes across the business.

### VIP Program Play

Normalised VIP program play revenue at Crown Perth was \$103.0 million, down 5.8% with turnover of \$7.6 billion.





## Australian Resorts *continued*

### Hotels

Crown Towers continued to position itself as the premier destination in Perth and drew a wide range of guests attracted to the hotel's luxury elements and resort-style features. The Crown Towers brand continued to attract international guests and a number of high profile entertainment groups.

Crown Towers increased visitation to Crown Perth with the three hotels providing for approximately 575,000 guests during the year, up 30% on the prior period. Market conditions in Perth, which continued to be challenged, impacted rate performance during the year. However, Crown Perth's combined average room rates remained at an approximately 40% premium compared to the broader Perth market. Crown Perth's three hotels grew combined occupancy to 83% (up three percentage points) while occupancy rates across the Perth market declined by one percentage point to 75%.

Most recently, Crown Towers Perth was awarded Best Deluxe Accommodation Hotel and Best Accommodation Hotel Overall at the AHA 2018 Perth Airport WA Accommodation Awards for Excellence.

### Food and Beverage

Crown Perth's restaurant and bar operations exceeded expectations after subdued trading conditions last year. Crown Perth's Value Guarantee campaign continued to prove popular, and the new restaurants and bars located within Crown Towers performed strongly in their first full financial year of operation since opening in December 2016.

Bar operations were enhanced with the opening of Hi-Line Rooftop Bar in February 2018 and the refurbishment of Fusion on the main gaming floor. In addition, TWR won Best Bar in the 2018 Australian Gourmet Traveller Hotel Awards.

Crown's premium restaurants received two Gold Plate Awards at the Catering Institute of Australia's 2017 Gala Ball – Silks for Licensed Chinese Restaurant and Modo Mio received the Prix D'Honneur Award (Hall of Fame). At the AHA 2017 Accommodation Awards for

Excellence, TWR received the Cocktail Bar Award and Nobu won the Premium Restaurant Award. In May 2018, The Merrywell was awarded Perth's Best Steak Sandwich by the Australian Hotels Association. Crown Perth also successfully partnered with the Good Food Guide for the first time and hosted the 2018 Good Food Guide Awards in October 2017.

### Events, Conferencing and Entertainment

Events and Conferences achieved a record revenue result in the 2018 financial year.

The new Crown Towers Ballroom allowed for increased conference and event business with over 200,000 delegates attending Crown Perth's convention facilities, up 12% on the previous year. There were a number of significant residential conferences which included large scale Asia Pacific groups, including Hewlett Packard and Canals, which together attracted approximately 1,600 delegates. The activation of Crown's unique premium spaces, including the Crown Towers private pool, the Mansions and the Crystal Club, were key to the success of these events.

Crown Perth's premier event venues also secured a number of large events during the year. The key events included the 2018 Oasis Ball, RQCC Perth 2017, ASOHNS Annual Scientific Meeting, Mastercard Hopman Cup NYE Gala, Suited – The NYE Ball 2017, Classique Melbourne Cup, Ronald McDonald House Charities WA Ball, the AHA-Aon Hospitality Awards for Excellence, Variety of Chefs 2017 Ball, Altitude 2017, the AHA Accommodation Awards for Excellence & Gala Ball, Parkerville Children and Youth Care Charity Lunch, and the 2017 HIA-CSR Housing Awards.

In a first for Crown Perth, the Grand Ballroom held a very successful ticketed event for the Mayweather versus McGregor boxing match broadcast in August 2017.

Crown Theatre had several long-running shows throughout the year including seasons of Mamma Mia!, The Rocky Horror Show and The Unbelievables as well as a number of smaller shows.



## International Interests

### Crown Aspinalls

Crown Aspinalls is one of the licensed high-end casinos in London's prime West End entertainment district. Nestled in the heart of Mayfair, Crown Aspinalls offers members and guests an exciting and opulent world of international VIP gaming, in an environment that only London can provide.

Normalised EBITDA from Crown Aspinalls was \$12.0 million, down 54.8% on the previous period. This reflects a softening in volumes across the London high-end casino market and disruption from refurbishment. Reported EBITDA for the period was \$12.4 million, an increase of \$17.9 million on the previous period.

The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result, which had a positive EBITDA impact of \$0.4 million. This compares to a negative EBITDA impact of \$32.1 million in the previous period.

### Aspers Group

Crown holds a 50% equity interest in the Aspers Group, which operates four regional casinos in the United Kingdom, in Newcastle, Stratford (London), Milton Keynes and Northampton (the latter in a joint venture with Kerzner UK Limited).

### Nobu

Crown holds a 20% interest in Nobu, one of the world's most recognised lifestyle hotel and restaurant brands. Nobu operates 15 owned restaurants in the US, London and Tokyo, 24 international licenced restaurants and manages eight Nobu hotels in Ibiza, Las Vegas, London, Malibu, Manila, Marbella, Miami Beach and Palo Alto. The other investors in Nobu are Nobu Matsuhisa, Robert De Niro and Meir Teper. The restaurant business has a pipeline of four new owned restaurants and ten new licensed restaurants. The managed hotels business has a pipeline of seven new hotel openings, which include Atlanta, Chicago, Los Cabos, Riyadh, Toronto, Barcelona and Sao Paulo.

### Asset Sales

During the year, and consistent with our strategy to focus on our world-class core Australian operations and development projects, Crown sold the Alon Las Vegas land to Wynn Resorts, Limited for US\$300 million (Crown's share of the proceeds was approximately US\$264 million) and its 4.2 million shares in Caesars Entertainment Corporation for US\$53.3 million.



## Crown Digital

EBITDA from Crown's wagering and online social gaming operations was \$26.9 million, up 81.8% on the pcp. This includes CrownBet's consolidated result from 1 July 2017 to 28 February 2018.

During the year, Crown completed the sale of its 62% interest in CrownBet, together with loans advanced by it to CrownBet, for \$150 million and no longer holds any interest in CrownBet.

Crown's wagering and online social gaming operations now comprises Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (an 85% owned, online social gaming business). In addition, Crown equity accounts its investment in Chill Gaming.

### **Betfair Australasia**

Betfair Australasia is 100% owned by Crown and provides access for Australian and New Zealand customers to the world's leading betting exchange. In the 2018 financial year, Betfair Australasia continued to grow revenue from the core exchange product whilst delivering that product as efficiently as possible, resulting in strong EBITDA growth.

### **DGN Games**

DGN Games is 85% owned by Crown and is a developer of online social games. DGN's online social game titles include "Old Vegas Slots", a classic 3-reel game, and "Lucky Time Slots", a 5-reel game. While both games are performing well, "Lucky Time Slots" is driving DGN's growth.

During the period, Crown increased its interest in DGN Games from 70% to 85% in exchange for an earn-out payment to the founders of US\$8.4 million

### **Chill Gaming**

Chill Gaming is a 50/50 joint venture between Crown and New Gaming Pty Ltd, which is owned by the founders of Wymac Gaming Solutions. Chill Gaming will focus on innovation and developing new entertaining products.



## Corporate Social Responsibility

*Our approach to corporate social responsibility is integrated into everything we do with all initiatives developed to consider efficiency, diversity, inclusion, community and our impact on the environment.*

### Creating opportunities through employment

Crown's two Australian resorts are significant employers in both Melbourne and Perth, providing employment for approximately 18,000 people.

Crown is committed to creating real opportunities through employment as demonstrated by our 20 year award-winning history in the training sector, specialising in hospitality, tourism, commercial cookery and management. Crown's dedicated training facility, Crown College, is a Registered Training Organisation which enables employees to receive on-site access to world-class training and development programs.

The training that employees undertake at Crown College is relevant to their roles and is nationally recognised as it is aligned with the Australian Qualification Framework.

Crown is a leader in the tourism industry with Crown College Perth being named by the Tourism Council of WA as the Gold winner for Tourism Education and Training for the second year in a row. This is Crown's fifth year in a row to win this category in the combined state tourism awards, with Crown College Melbourne winning in 2013, 2014 and 2015 and receiving Hall of Fame status in 2015. Crown Perth also won the Training Initiative Award at the 2017 AHA Awards for Excellence.

Crown's aim is to create career pathways for its employees and, in the 2018 financial year, over 640 employees were enrolled in Certificates III, IV and Diploma level qualifications. Since its inception, over 8,500 apprentices and trainees have graduated from Crown College.

Crown's training program expanded significantly in the past financial year with the opening of Crown College International in July 2017. Crown College International provides vocational education and training, specialising in delivering qualifications in hospitality, tourism and management. The high quality and innovative programs at the college are expected to create pathways for students from all over the world who graduate job-ready to meet industry needs.

As at 30 June 2018, Crown College International reached over 100 student enrolments and has a large number of ongoing applications.

### Diversity and inclusion

Crown's whole-of-business approach to diversity and inclusion ensures that our workplace remains a dynamic, positive environment where all employees feel valued in their role and comfortable and confident in bringing their whole self to work.

Our diversity and inclusion strategy encompasses several programs including the Indigenous Employment Program (IEP), CROWNability, Gender Equity, Crown Pride, the Family Support Network and the Cultural and Linguistic Diversity Employee Network.

Crown's commitment to workplace diversity and inclusion has been recognised through several external accolades, including the Moulis Legal Award for Diversity at the 2017 Property Council of Australia Awards, atWork Australia Employer of the Year for Innovation 2017 and National Employer of the Year from OCTEC Employment Services.

In the past financial year, Crown has worked diligently to progress Gender Equity, including as a member of both the national Male Champions of Change program and Western Australia's CEOs for Gender Equity. Crown also introduced a Paid Parental Leave scheme with effect from July 2017.

Gender Fitness, which was launched in December 2017, is an innovative in-house digital solution that contributes to Crown's diversity and inclusion strategy. Gender Fitness captures real-time data from meeting interactions to increase awareness of diversity and inclusion with the aim of delivering an improved gender balance across Crown.

Crown's work in Gender Equity highlighted an opportunity to expand its program to support employees in their personal lives. As such, in February 2018, the Family Support Network launched at Crown Melbourne.

Culture was also identified as a key area for expansion in Crown's diversity and inclusion program given the multicultural composition of Crown's workforce and patronage. In May 2018, the Cultural and Linguistic Diversity Employee Network launched at Crown Melbourne.



Corporate Social Responsibility *continued*

Crown's LGBTIQ+ strategy framework is currently being drafted by Crown's established LGBTIQ+ Steering Committee, which oversees the Crown Pride Committees at each property. To assist with the development of Crown Pride and the LGBTIQ+ framework, in January 2018, Crown gained membership to Pride in Diversity, the national not-for-profit employer support program for LGBTIQ+ inclusion.

### Commitment to responsible gaming

Crown is committed to the responsible service of gaming at each of its resorts, engaging internally and externally to achieve socially responsible outcomes. Crown recognises that in delivering its responsible gaming programs and services, it does so as a shared responsibility as part of the gaming industry, with government, communities and individuals all working in partnership.

Mindful of developments and initiatives in social safeguards nationally and internationally, Crown ensures it actively engages in committees, working groups, conferences and think tanks. These provide the opportunity to exchange information and ideas, and allow Crown to share advances in its own programs and services via conference presentations and panel memberships. For example, Crown presented at the 2017 National Association for Gambling Studies annual conference, contributed as part of the organising committee, and was invited to participate as part of a panel at the International Association of Gaming Advisors Best Practices Institute education series in Las Vegas.

In Western Australia, Crown Perth is a member of the Problem Gambling Support Services Committee and the Gaming Community Trust Committee, as well as the Responsible Gambling Awareness Week Planning Committee.

In Victoria, Crown Melbourne is a member of the Responsible Gambling Ministerial Advisory Council and participates in the Victorian Responsible Gambling Foundation Industry Forum and the Responsible Gambling Awareness Week Reference Group. This is in addition to regular engagement with gambling help services in both states and various community groups.

Responsible gaming culture is embedded throughout Crown at each resort. This is achieved through extensive and ongoing employee training in the responsible service of gaming.

Customers and employees benefit from continuous responsible gaming awareness campaigns about Crown's responsible gaming programs and services, and the Responsible Gambling Code of Conduct. Multiple communication channels are used throughout each resort to ensure important information reaches a wide audience. Information is available in multiple languages.

Responsible Gaming Centres at each resort are the focal point for interaction with customers. Staffed by a dedicated and professional team within each resort, the Responsible Gaming Centres provide free and confidential services, programs and referrals and are available 24 hours a day, seven days a week.

A testament to Crown's commitment to responsible gaming is the Crown Resorts Limited Responsible Gaming Board Committee, chaired by independent Director, Professor John Horvath AO. This Committee is dedicated to overseeing Crown's responsible gaming initiatives and recommending policies and procedures to enhance the effectiveness of those programs.

Crown remains committed to developing new, as well as refining existing, responsible gaming programs and services, and will continue its strong engagement with stakeholders to contribute to informed delivery in the area of responsible gaming.

### Progress towards environmental goals

Crown continues to work towards being a leader in sustainable business practices in the gaming and entertainment industry, focussing on three major areas: energy efficiency, water conservation and waste reduction.

During the 2018 financial year, Crown achieved a reduction in greenhouse gas emissions intensity of 2.8% per area, Crown Melbourne reported a decrease in water consumption of 4.4% and Crown Perth recorded a 2% reduction in overall electricity consumption. Crown's Recycle90 Program continues to be integral to our overall waste management strategy with approximately 70% of Crown's waste diverted from landfill.

Crown Melbourne and Crown Perth work collaboratively, aligning strategies and programs across both properties that will further reduce the environmental impact and contribute to developing more sustainable practices.



Crown's well-established, employee-led CROWNEARTH Committees were very active across both properties during the period, focussing on a number of energy, water and waste management initiatives to improve the overall sustainability performance of the business.

Crown Melbourne was excited to announce the successful installation of a 300 kilowatt PV solar power system on its Clarke Street building in February 2018. The system consists of over 900 solar panels and was recognised as the largest solar installation in the Melbourne CBD. The system has the capacity to produce over 400,000 kWh of renewable energy annually, equivalent to the power consumed by over 70 homes. It will reduce annual emissions by over 460,000 kg CO<sub>2</sub>-e, comparable to planting approximately 12,000 trees. This project showcases Crown's commitment to sustainability, being just one of many energy conservation projects that Crown has completed over the last few years.

In 2018, Crown was pleased to launch its Sustainable Supply Chain Policy. This policy was developed to provide guidance in integrating environmental and social considerations in procurement decisions to promote a more sustainable way of doing business. Crown's vision is to contribute to environmental sustainability and community development, whilst reducing the impact of our own operations through considered procurement decisions. Crown intends to leverage its influence as a large buyer and further support its suppliers to improve their own sustainability practices.

Crown recognises that policies and systems, whilst important, are not enough. Employees need to understand and be aligned with Crown's environmental objectives, otherwise change is difficult to achieve and may be short-lived. The 2018 financial year saw a major focus on staff engagement across Crown's resorts with regular events, training and communications to ensure staff and contractors are informed of Crown's environmental objectives and progress, as well as to continue to embed sustainability as part of Crown's culture.

In addition to the internal programs, Crown continues to participate in a number of externally organised programs, including Sustainability Victoria's TAKE2 program, Clean-up Australia Day, Earth Hour, Soap Aid, National Recycling Week, Plastic Free July and the Carbon Disclosure Project (for the ninth year running).

### Supporting our communities

Crown believes in supporting the communities in which it operates. Recognising our role within our communities, we, together with our employees, support many community causes and organisations through our resort-specific community partnerships, employee volunteering opportunities and the Crown Resorts Foundation.

Crown's community support comes in many different forms. At a resort level we are able to support charities through subsidising, promoting and hosting their fundraising events and providing raffle prizes. Many of our employees enthusiastically volunteer their time to support a wide range of causes.

This year, the Children's Cancer Foundation's Million Dollar Lunch was once again hosted by Crown Melbourne. Crown, with the support of its suppliers, committed to delivering the event cost-free, which significantly assisted the Children's Cancer Foundation to raise over \$2.5 million. These funds will be used to fund childhood cancer research programs, clinical care and family support.

Complementing our community partnerships are the fundraising events organised by teams throughout Crown. Operations teams across Crown organise their own fundraising events for charities such as SIDS and Kids, the Cancer Council, Oxfam and Jeans for Genes. More formal fundraising activities are organised in partnership with the Crown Resorts Foundation by the Employee Advisory Committee.

Crown's Australian Resorts CEO, Barry Felstead, participated in the St Vincent de Paul CEO Sleepout in Perth for the ninth consecutive year. To date, Barry has raised over \$860,000 for Perth's St Vincent de Paul's homeless and emergency housing services.

### The Crown Resorts Foundation

#### \$200 million National Philanthropic Fund

The Crown Resorts Foundation continues to support effective programs which provide young Australians with opportunities to engage in education, the arts and culture, and continues to partner with organisations that encourage and foster social cohesion. Underlying these priorities are learning, accessibility and engagement outcomes for young Australians – staying engaged with school and learning is the key to long-term positive outcomes, and this is the approach and message that our program partners are delivering.



Corporate Social Responsibility *continued*

In the 2018 financial year, in partnership with the Packer Family Foundation, the Foundations provided over \$16 million in grants to more than 120 organisations across Australia. These grants ranged from smaller one-off employee nominated donations to significant annual grants which are 10 year commitments.

Over 77,500 students across Australia participated in the Arts Education programs that the Foundations support, undertaking a combined total of 750,000 hours of creative learning. This included over 90,000 hours of engagement with creative education programs for over 3,750 Aboriginal and Torres Strait Islander students and more than 88,000 hours of engagement for over 980 people with disability. In addition, over 700 teachers undertook more than 7,800 hours in teacher training programs focussed on the arts, creativity and innovation, paid for by the Foundations.

#### Supporting Indigenous education

Providing assistance to increase and improve the education opportunities for Aboriginal and Torres Strait Islander Australians is a priority for the Crown Resorts and Packer Family Foundations.

The Foundations partner with organisations that provide a highly supportive school environment and engage students, family and the community in the design and, where possible, the delivery of the educational program. The Foundations' Boards believe that this approach is important as these programs establish the trust and sense of security that enable children not only to benefit from a consistent school-based education but to thrive in such a setting.

This year, the Foundations undertook their second Indigenous education grant round with the successful organisations being AIME, Australian Indigenous Education Foundation, The Australian Literacy and Numeracy Foundation, Clontarf Foundation, Ganbina and National Centre of Indigenous Excellence. With the exception of Ganbina, all of these organisations had previously received multi-year grants from the Foundations.

#### Supporting our local communities – Crown employees lead the way

The Crown Resorts Foundation Employee Advisory Committee (EAC) continues to deliver a creative employee focussed program aimed at recognising the work our employees undertake in their community and providing opportunities for employees to engage with the Foundations' partners as well as other charities with which our employees are engaged.

The EAC has launched its CROWNversations series, a program which invites philanthropists and representatives from not-for-profit organisations to speak to employees about their programs and experiences. The EAC has also launched CROWNverteering, which enables Crown employees to volunteer for charities in their area of interest. In addition, the EAC continues to deliver employee-driven fundraising opportunities.

The Annual Crown Metropool Stair Climb has raised \$180,000 over the past three years and is mainly made up of employee donations, matched by the Crown Resorts Foundation. In December 2017, the money raised was donated to STEP BACK THINK for the prevention of social violence. The EAC again partnered with Crown's wagering businesses to organise the event, which raised \$50,000 and had more than 140 participants.

The EAC also oversees the Crown Melbourne Community Grants Program, which focusses on providing monetary support to charities and non-for-profit organisations nominated by employees. To date, over \$200,000 has been donated to organisations nominated by employees.

#### Supporting Australian culture

Our Western Sydney Arts Initiative and Melbourne and Perth Arts Education Initiative programs combined, will account for \$55 million of our \$200 million National Philanthropic Fund commitment. These programs, which are focussed on supporting education and promoting creativity, use art as a vehicle with which to engage participants with learning and their community.

Currently we are supporting 66 programs across Western Sydney, Melbourne and Perth within our arts education grants initiative. The programs range from violin lessons in low socio-economic primary schools provided by Symphony Orchestra members to drama and literacy programs delivered in juvenile detention centres.



# Corporate Governance Statement

The Board of Crown Resorts Limited (Crown or the Company) is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which Crown has followed the ASX Corporate Governance Council's Third Edition of the Corporate Governance Principles and Recommendations (the Principles and Recommendations). This Statement is current as at 11 September 2018 and has been approved by the Board.

## Principle 1: Lay solid foundations for management and oversight

### Functions reserved for the Board and Senior Management

#### Functions reserved for the Board

The Board is responsible for guiding and monitoring Crown on behalf of its shareholders. In addition, the Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board has adopted a formal Board Charter which sets out a list of specific functions that are reserved for the Board.

Board appointments are made pursuant to formal terms of appointment.



#### **More information**

A full copy of the Crown Board Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

#### Functions delegated to Senior Executives

Crown's senior executives have responsibility for matters which are not specifically reserved for the Board (such as the day-to-day management of the operations and administration of Crown).

### Crown Board Committees

To assist in carrying out its responsibilities, the Crown Board has established the following Committees:

Committees	Current Members
Audit and Corporate Governance Committee	Helen Coonan (Chair) Michael Johnston Antonia Korsanos
Corporate Social Responsibility Committee	Helen Coonan (Chair) John Horvath AO Harold Mitchell AC
Finance Committee	Helen Coonan (Chair) Michael Johnston Antonia Korsanos
Investment Committee	Guy Jalland (Chair) John Alexander Michael Johnston
Nomination and Remuneration Committee	Geoff Dixon (Chair) John Horvath AO Harold Mitchell AC
Occupational Health and Safety Committee	John Horvath AO (Chair) Jane Halton AO PSM Michael Johnston
Responsible Gaming Committee	John Horvath AO (Chair) John Alexander Antonia Korsanos
Risk Management Committee	Geoff Dixon (Chair) Andrew Demetriou Jane Halton AO PSM

Each Committee has adopted a formal Charter that outlines its duties and responsibilities.



#### **More information**

A full copy of each of the Crown Committee Charters is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.



### Director probity reviews and elections

Every appointment of a Crown Director is subject to the receipt of necessary gaming regulatory approvals.

The gaming industry is highly regulated and each of the casinos in which Crown has an interest is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located.

Officers, Directors and certain key employees of Crown and its licensed subsidiaries must file applications with relevant gaming authorities and may be required to be licensed in certain jurisdictions. These investigations generally concern the responsibility, financial stability and character of the owners, managers and persons with financial interests in gaming operations and generally include requirements to obtain police checks and credit checks.

A Director will only be formally appointed once all necessary gaming regulatory approvals have been obtained. As a separate exercise, Crown undertakes its own internal investigations on the suitability of nominated Directors as a pre-condition to a recommendation to the Board to appoint a Director.

The Company's Constitution requires that an election of Directors must take place each year. In addition, Directors appointed to fill casual vacancies during the year must retire from office at the next annual general meeting following his or her appointment but are eligible for re-election by shareholders at that time. The Notice of Meeting for an annual general meeting sets out the background for the election and re-election of Directors, informs shareholders where they can find background information on the skills and experience of the relevant Director and provides a recommendation of the Board in relation to the proposed election or re-election.

Accordingly, shareholders are provided with all material information relevant to a decision on whether or not to elect or re-elect a Director.



#### **More information**

Copies of Crown's past and present Notices of Meeting are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors & Media – Annual Reports.

### Director and Senior Executive agreements

Crown Directors are provided with an induction pack upon appointment which, among other things, includes a letter agreement setting out the terms of that Director's appointment. The letter agreement, which each Director must countersign, describes when the appointment commences and when it ends, sets out the Director's powers and duties and the agreed remuneration arrangements and obliges the Director to comply with all Crown Policies, Procedures and the Code of Conduct for Directors. In addition, the letter agreement requires the Director to enter into a separate undertaking to inform Crown of any interests that Director may have in Crown securities (and contracts relevant to Crown securities) so that Crown is able to comply with its disclosure requirements under Listing Rule 3.19A to provide the ASX with completed Appendices 3X, 3Y and 3Z within the time period allowed by the ASX Listing Rules.

Each senior executive of Crown has an employment contract setting out the terms of that senior executive's appointment.

### Company Secretary accountability

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The decision to appoint or remove a Company Secretary must be made or approved by the Board.

The role of the Company Secretary is set out in the Crown Board Charter and includes:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.



#### **More information**

A full copy of the Crown Board Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### Diversity Policy

Crown has established a policy concerning diversity and disclosed its policy on its website. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and the progress in achieving them.

In accordance with the policy, Crown has established the measurable objectives for achieving gender diversity as set out below:

Objective	Crown's Progress
<p>1. To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.</p>	<p>Female candidates were shortlisted for 86% of Senior Management and Senior Executive positions within the group for which a recruitment process was undertaken during the financial year. For the positions that did not have a female candidate shortlisted, there were no female applicants.</p> <p>A female from Senior Management was involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process was undertaken.</p>
<p>2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.</p>	<p>During the financial year, Crown Melbourne, Crown Perth, Aspinalls and Betfair achieved 44% female participation in leadership and development programs.</p> <p>Whilst the participation rate was slightly below the target percentage, Crown Melbourne achieved a 45% participation rate, Crown Perth achieved an improved participation rate of 41% and Aspinalls achieved a 50% participation rate. Betfair, with its smaller employee numbers, only had one participant during the financial year who was not female.</p>
<p>3. To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.</p>	<p>Crown has continued to apply a variety of internal and external equity testing processes in relation to remuneration decisions at various points throughout the financial year, of which gender equity has been a key feature.</p> <p>The internal testing and analysis applied has included:</p> <ul style="list-style-type: none"> <li>• validation of salaries at the start of the recruitment process, whereby salaries of non-Enterprise Agreement roles are validated prior to approval to hire in order to remove any unintended bias;</li> <li>• Workplace Gender Equity Agency (WGEA) reporting requirements, where gender demographics as well as the gender pay gap is assessed; and</li> <li>• annual performance and remuneration review processes, whereby a detailed analysis of all salaried roles is undertaken to understand and identify 'like for like' roles and to ensure there is no gender based inequity.</li> </ul> <p>The internal testing and analysis conducted into 'like for like' roles provided an unclear result in relation to pay parity. As a result, Crown engaged Mercer, a workforce consultancy firm, to undertake an independent external gender pay gap analysis for all salaried roles below the Business Operations Team at Crown Melbourne and Crown Perth.</p> <p>The analysis conducted by Mercer utilised a validated predictive tool to analyse the pay data with consideration of all pay drivers to pinpoint any gender pay gaps and determine where corrections may be necessary.</p> <p>The external analysis found that no meaningful gender pay gap existed for any of the salaried roles within the scope of the review.</p> <p>The results of the external analysis, which considered like for like roles, are inconsistent with the WGEA data as the WGEA data considers the average pay of all salaried roles within the group, including senior executive positions up to and including the CEO.</p>

CORPORATE GOVERNANCE STATEMENT CONTINUED

Objective	Crown's Progress
<p>4. To participate in the Male Champions of Change program and to implement relevant actions arising out of that program.</p>	<p>Ken Barton, Crown's Chief Financial Officer and CEO Crown Digital, has continued to represent Crown in the Male Champions of Change (MCC) program.</p> <p>Crown's continued participation in a variety of discussion groups, seminars and forums hosted by the MCC program assists with increasing Crown's knowledge and understanding of best practice diversity and inclusion programs. Throughout the financial year, the following initiatives were achieved at Crown, in alignment with the MCC Action Group meetings:</p> <p><b>Flexible work arrangements</b></p> <ul style="list-style-type: none"> <li>• Enhancements were made to Crown's online application to allow employees to arrange shift swaps and increase or reduce shifts to suit their personal circumstances.</li> </ul> <p><b>Violence against women</b></p> <ul style="list-style-type: none"> <li>• Crown's Family and Domestic Violence Support Policy was updated to provide paid leave entitlements to employees experiencing, or supporting someone experiencing, family violence.</li> <li>• A dedicated family violence support line was introduced for employees through Benestar, our Employee Assistance Provider.</li> <li>• Dedicated training in relation to family violence for the Crown Melbourne operational Human Resources team was introduced.</li> <li>• Dedicated family violence Contact Officers were appointed at Crown Melbourne.</li> </ul> <p><b>Financial security for women</b></p> <ul style="list-style-type: none"> <li>• A paid parental leave scheme was introduced.</li> <li>• The statutory qualifying periods for full-time and part-time employees taking parental leave was removed.</li> <li>• Financial and superannuation seminars were provided to employees with a specific focus for women.</li> </ul> <p><b>Further MCC initiatives</b></p> <ul style="list-style-type: none"> <li>• Crown supported the report of the MCC and Chief Executive Women – <i>Backlash and Buy-in: Responding to the Challenges in Achieving Gender Equality</i>.</li> <li>• Mercer, a workforce consultancy firm, was engaged to undertake an independent external gender pay gap analysis (as described in more detail above).</li> </ul>

Objective	Crown's Progress
5. To task the Gender Equity Group to develop a Gender Action Plan for FY18 to FY21.	<p>The draft Crown Resorts Gender Action Plan for FY18 to FY21 (GAP), which has been prepared by the Gender Equity Advisory Groups, is in the process of being finalised.</p> <p>Meanwhile, a number of initiatives from the GAP have progressed including:</p> <ul style="list-style-type: none"> <li>• each of the initiatives listed in Objective 4 above under the sub-heading <i>Financial security for women</i>;</li> <li>• the ability for full-time and part-time employees to accrue Long Service Leave entitlements in the first 12 months of parental leave; and</li> <li>• the launch of Gender Fitness at Crown in December 2017. Gender Fitness is an innovative, in-house digital solution that contributes to our diversity and inclusion strategy. The core value of the solution is to capture real-time data from meeting interactions to increase awareness of diversity and inclusion and to deliver an improved gender balance across Crown.</li> </ul>

The proportion of women employees in the group, women in senior executive positions and women on the Board as at 30 June 2018 is as follows:

Measure	Result
Proportion of women employees in the group	There were 5,170 women in the group. This represents 42.5% of the total workforce of 12,169 employees.
Proportion of women in senior executive positions in the group	There were 18 women in senior executive positions in the group. This represents 24.3% of senior executive positions in the group. This is a 6.3% increase on FY17.
Proportion of women on the Board	There were three female Directors out of a total of ten Directors, or 30%.

For the purpose of these statistics, the term "senior executive position" refers to the Executive Team and Board members of Crown Resorts Limited, Crown Melbourne and Crown Perth as well as the most senior leaders from each operational unit therein. The Executive Team is comprised of persons with titles in the nature of, or similar to, Executive General Manager, General Manager, Chief Information Officer, Chief Marketing Officer and General Counsel together with the Chief Operating Officers, Chief Financial Officers, Chief Legal Officers and Chief Executive Officers within the group.

Crown's Audit and Corporate Governance Committee has been delegated responsibility for developing and monitoring the application of Crown's Diversity Policy.

As noted above, Crown's Diversity Policy requires that Crown reviews its Gender Objectives annually to ensure that they remain relevant and appropriate for Crown. The Audit and Corporate Governance Committee formally reviewed the Gender Objectives and resolved to amend Objectives 3 to 5. In summary:

### Objective 3

Objective 3 has been strengthened to require that an external validation review be undertaken every two years to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps. This is in addition to the required annual internal review. This has resulted in the existing objective improved to read as follows:

*To conduct an internal review on an annual basis of the remuneration for key roles within the group, with an external validation review to be undertaken every second year, to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.*

CORPORATE GOVERNANCE STATEMENT CONTINUED

**Objective 4**

Objective 4 has been amended to reflect that Crown participates in programs that promote gender equity beyond the Male Champions of Change program. This has resulted in the existing objective improved to read as follows:

*To participate in local and national programs which promote gender equity and to implement relevant actions arising out of those programs.*

**Objective 5**

Objective 5 has been updated to reflect that the Gender Action Plan for FY18 to FY21 has largely been developed and therefore, going forward, the Company should assess its progress against the Plan's objectives. This has resulted in the existing objective improved to read as follows:

*To progress the objectives of the Gender Action Plan for FY18 to FY21 (the Plan) and to annually assess the progress of the Plan's objectives.*

Accordingly, the Audit and Corporate Governance Committee adopted the following revised Gender Objectives with effect from 1 July 2018:

1. To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.
2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.
3. To conduct an internal review on an annual basis of the remuneration for key roles within the group, with an external validation review to be undertaken every second year, to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps. *(Modified Objective).*
4. To participate in local and national programs which promote gender equity and to implement relevant actions arising out of those programs. *(Modified Objective).*
5. To progress the objectives of the Gender Action Plan for FY18 to FY21 (the Plan) and to annually assess the progress of the Plan's objectives. *(Modified Objective).*

A report on the progress against the revised objectives will be provided in the 2019 Corporate Governance Statement.

**More information**

A full copy of Crown's Diversity Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

Crown is a "relevant employer" under the *Workplace Gender Equality Act 2012* (Cth) and, in accordance with the requirements of the Act, Crown lodged its annual Public Report with the Workplace Gender Equality Agency for the 2017-2018 period which reports on the most recent "Gender Equality Indicators".

**More information**

A full copy of Crown's Workplace Gender Equality Report is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Gender Equality.

**Process for evaluating performance of the Board, its Committees and its Directors**

A performance evaluation of the Board and of its Committees is undertaken annually, following completion of each financial year, by way of a questionnaire sent to each Director.

The questionnaire covers the role, composition, procedures and practices of the Board and of its Committees. The individual responses to the questionnaire are confidential to each Director, with questionnaire responses provided to the Chair of the Nomination and Remuneration Committee for consideration and provision of a report to the Board.

Crown's Nomination and Remuneration Committee is also responsible for reviewing Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors.

An evaluation of the Board and its Committees took place following the end of the 2018 financial year in accordance with the processes described above.

**Process for evaluating performance of Senior Executives**

Crown has established processes for evaluating the performance of its senior executives. In summary, each senior executive is evaluated against the achievement of pre-agreed performance objectives. The evaluation process is conducted annually and is followed by the determination of appropriate remuneration of the relevant senior executive.

Detailed information regarding Crown's remuneration practices is provided in the Remuneration Report. An evaluation of senior executives took place following the end of the 2018 financial year and in accordance with the processes described in the Remuneration Report.

## Principle 2: Structure the Board to add value

### Nomination and Remuneration Committee

Crown has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Nomination and Remuneration Committee are Geoff Dixon (Chair), Professor John Horvath AO and Harold Mitchell AC who are each independent, Non-executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The role of the Committee is to assist the Board to develop, maintain and implement policies in relation to:

1. the selection and appointment practices for Directors; and
2. the remuneration of Directors and relevant executives.

### Selection, appointment and development of Directors

The Nomination and Remuneration Committee is required to:

- review Crown's procedure for the selection and appointment of new Directors (Selection Procedure) and make appropriate recommendations to the Board in relation to the Selection Procedure;
- implement the Selection Procedure and make nomination recommendations to the Board;
- develop succession plans in order for the Board to maintain appropriate experience, expertise and diversity;
- review Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors and be primarily responsible for the implementation of the evaluation process; and
- consider implementing a plan for enhancing Director competencies and ensure that an effective induction process is in place for new Directors.

The Selection Procedure requires that, in the event that a new Director appointment is required, the Nomination and Remuneration Committee (on behalf of the Board) must adhere to procedures including the following:

- the experience and skills appropriate for an appointee, the skills of the existing Board and any likely changes to the Board will be considered;
- upon identifying a potential appointee, specific consideration will be given to that candidate's:
  - competencies and qualifications;
  - independence;
  - other directorships and time availability; and
  - the effect that the appointment would have on the overall balance and composition of the Board, including by reference to the Crown Board Skills Matrix adopted from time to time; and
- finally, all existing Board members must consent to the proposed appointment.

The Nomination and Remuneration Committee also has responsibility for reviewing the Board Skills Matrix on an annual basis to ensure it remains consistent with the objectives of Crown and existing regulatory requirements and recommendations.

### Remuneration of Directors and relevant executives

The role of the Nomination and Remuneration Committee also includes:

1. the review and recommendation of appropriate fees to be paid to Non-executive Directors; and
2. consideration of remuneration policies to be applied to executives, including any equity-based remuneration plan that may be considered, subject to shareholder approval (where required).

Following the end of the 2018 financial year, the Committee reviewed and approved:

- the remuneration for Non-executive Directors and senior executives which will apply during the financial year ending 30 June 2019;
- the short term incentive payments made to senior executives referable to the financial year ended 30 June 2018; and
- the issue of options to a small number of senior executives under the Crown Senior Executive Incentive Plan.

A summary of current remuneration arrangements is set out in more detail in the Remuneration Report. The objective of Crown's remuneration policy is to ensure that:

- senior executives are motivated to pursue the long-term growth and success of Crown; and
- there is a clear relationship between the performance of senior executives and their remuneration.

CORPORATE GOVERNANCE STATEMENT CONTINUED

### Board Skills Matrix

As noted above, the Selection Procedure for Director nomination requires that the Nomination and Remuneration Committee (on behalf of the Board) considers the effect that any proposed Director candidate would have on the overall balance and composition of the Board including by reference to the Crown Board Skills Matrix adopted from time to time.

The Crown Board has adopted the following Board Skills Matrix which sets out the mix of skills and diversity that the Board is looking to achieve in its membership. The Board Skills Matrix highlights the key skills and experience of the Board and the extent to which those skills are currently represented on the Board and on each of its Committees as at 11 September 2018.

Skill / Competency	Board	Audit and Corporate Governance	Corporate Social Responsibility	Finance	Investment	Nomination and Remuneration	Occupational Health and Safety	Responsible Gaming	Risk Management
<b>Total Number of Directors</b>	10	3	3	3	3	3	3	3	3
<b>Executive Experience</b>	10	3	3	3	3	3	3	3	3
Experience in senior positions at executive levels.									
<b>Strategic Planning and Execution</b>	10	3	3	3	3	3	3	3	3
Ability to develop and implement successful strategy and deliver agreed strategic planning goals.									
<b>Risk Management</b>	10	3	3	3	3	3	3	3	3
Experience in the oversight and management of material business risk including Board Risk Management Committee membership.									
<b>Financial Acumen</b>	9	3	2	3	3	2	2	2	3
Senior executive or equivalent experience in financial accounting and reporting, capital management, industry taxation, internal financial controls and corporate financing arrangements.									
<b>Governance</b>	10	3	3	3	3	3	3	3	3
Experience with listed and other organisations subject to robust governance frameworks with an ability to assess the effectiveness of relevant governance processes.									
<b>Occupational Health and Safety</b>	8	3	2	3	2	2	3	3	3
Experience in relation to workplace health and safety.									
<b>Environment and Sustainability</b>	8	2	3	2	2	3	3	2	3
Experience in relation to environmental and social responsibility and community.									
<b>Legal and Regulatory</b>	10	3	3	3	3	3	3	3	3
Experience in legal and regulatory matters including regulatory and contractual frameworks governing gaming matters.									
<b>Information Technology</b>	5	1	1	1	1	2	1	2	2
Senior executive experience in information technology including gaming systems and data security.									
<b>Human Resources / Remuneration</b>	10	3	3	3	3	3	3	3	3
Experience in relation to remuneration practices, development of incentive plans, succession planning and director appointment processes including Board Remuneration Committee membership.									
<b>Capital Projects</b>	8	2	1	2	3	2	2	2	3
Senior executive experience in executing large scale projects with long-term investment horizons and substantial capital outlays.									
<b>Sales and Marketing</b>	4	0	1	0	1	2	0	1	2
Senior executive experience in marketing coupled with a detailed understanding of Crown's strategic direction and competitive environment.									
<b>Industry Experience - Gaming and Entertainment</b>	4	1	0	1	1	1	0	2	2
Senior executive experience in the gaming and entertainment industry.									
<b>Industry Experience - Hospitality and Management</b>	4	1	0	1	2	1	1	1	2
Senior executive experience in the hospitality, food and beverage industries.									
<b>Industry Experience - Tourism</b>	4	1	0	1	2	1	1	1	2
Senior executive experience in the tourism industry.									
<b>Industry Experience - Public Policy</b>	7	2	2	2	2	2	3	2	3
Experience in public and regulatory policy, including in relation to gaming related policy.									

The Board Skills Matrix, albeit important, is only part of the Selection Procedure that the Board is required to follow. As noted above, the Nomination and Remuneration Committee has responsibility for reviewing the appropriateness of the Board Skills Matrix on an annual basis.

Succession planning is an important part of the responsibilities of the Nomination and Remuneration Committee as it ensures that the Board maintains appropriate experience, expertise and diversity.

#### Relationships affecting independence

The table below, which sets out the Crown Directors as at 11 September 2018, indicates which of those Directors are considered to be independent Directors and notes the length of service of each Director from the date of their appointment to 11 September 2018:

<b>Name of Director</b>	<b>Independence Status</b>	<b>Length of Tenure (By years and complete months)</b>
<b>John H Alexander</b> BA Executive Chairman	Non-independent	11 Years, 2 Months
<b>The Hon. Helen A Coonan</b> BA, LLB Non-Executive Director	Independent	6 Years, 9 Months
<b>Andrew Demetriou</b> BA, BEd Non-Executive Director	Independent	3 Years, 8 Months
<b>Geoffrey J Dixon</b> Non-Executive Director	Independent	11 Years, 2 Months
<b>Jane Halton</b> AO PSM, BA (Hons) Psychology, FIML, FIPAA, NAM, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt (UNSW) Non-Executive Director	Independent	4 Months
<b>Professor John S Horvath</b> AO, MB, BS (Syd), FRACP Non-Executive Director	Independent	8 Years
<b>Guy Jalland</b> LLB Non-Executive Director	Non-independent	5 Months
<b>Michael R Johnston</b> BEc, CA Non-Executive Director	Non-independent	11 Years, 2 Months
<b>Antonia Korsanos</b> BEc, CA Non-Executive Director	Independent	4 months
<b>Harold C Mitchell</b> AC Non-Executive Director	Independent	7 Years, 7 Months



### Independent Board Directors

The Crown Board is currently comprised of ten Directors, seven of whom are independent Directors. A majority of Directors are therefore independent. The independence of Directors is assessed against a list of criteria and materiality thresholds. Those criteria have been formally enshrined in the Crown Board Charter. Each Director who is listed as an independent Director complies with the relevant criteria for independence set out in the Crown Board Charter.

### Board Chair independence

John Alexander is the Executive Chairman of Crown.

**Departure from Recommendation 2.5:** The Principles and Recommendations recommend that the chair of the Board should be an independent Director and should not be the same person as the CEO. Crown's Executive Chairman is not an independent Director. Crown's Executive Chairman is a senior executive of Crown who has assumed the responsibilities of the former Chief Executive Officer. The Board believes that Crown's Executive Chairman is well placed to act on behalf of shareholders and in their best interests as a whole.

### Director professional development

The induction process for new Directors involves both formal and informal elements. As noted above, new Directors are provided with a formal induction pack which includes important information that a Director must know about the Company and their appointment terms and includes copies of relevant constitutions, Board Charters and Policies. In addition, new Directors are provided with tours of Crown's main businesses and the opportunity to spend time with various members of senior management.

The professional development program for Directors has largely consisted of presentations from time to time to the Board regarding issues including developments in accounting standards, updates on legal issues and governance processes.

In an attempt to provide more structure to Director professional development, the Nomination and Remuneration Committee has been formally delegated with responsibility for implementing a plan for enhancing Director competencies and ensuring that an effective induction process is in place for new Directors. This process involves, amongst other things, a review of the Crown Board Skills Matrix and consideration of the extent to which those skills are currently represented on the Board and on each of its Committees. Where skills are not currently adequately represented, appropriate professional development in this area will be considered.

### Principle 3: Act ethically and responsibly

#### Codes of Conduct

Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and of its employees at all times.

#### Code of Conduct for Directors

The purpose of the Code of Conduct for Directors is to ensure that they have a clear understanding of Crown's expectations of their conduct and to reinforce the statutory duties of Directors to, among other things:

- act with proper purpose and honesty, in good faith and in the best interests of Crown as a whole;
- use due care and diligence in fulfilling the functions of office; and
- avoid improper use of information acquired as a Director, improper advantage of the position of Director and conflicts of interest.

Crown Directors have an obligation to be independent in judgement and action and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the course of the exercise of their duties and are prohibited from engaging in conduct likely to bring discredit upon Crown.

Finally, Directors are obliged to, at all times, comply with the spirit as well as the letter of the law and with the principles of the Code of Conduct and must encourage the reporting and investigating of unlawful and unethical behaviour.

#### Code of Conduct for Employees

The Code of Conduct for Employees is a detailed statement of the:

- practices required by employees to maintain confidence in Crown's integrity;
- legal obligations of employees and the reasonable expectations of their stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.



#### More information

Full copies of Crown's Code of Conduct for Directors and Code of Conduct for Employees are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Codes.

## Principle 4: Safeguard integrity in corporate reporting

### Audit and Corporate Governance Committee

Crown has established a formal Audit and Corporate Governance Committee to review the integrity of Crown's financial reporting and to oversee the independence of Crown's external auditors.

The current members of the Audit and Corporate Governance Committee are Helen Coonan (Chair), Michael Johnston and Antonia Korsanos. All members of the Committee are Non-executive Directors and a majority of those Committee members are independent Directors.

The Chair of the Audit and Corporate Governance Committee, Ms Coonan is an independent Director who has extensive financial experience. Ms Coonan has served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The Audit and Corporate Governance Committee has adopted a formal Charter that outlines its duties and responsibilities. The Charter includes information on the procedures for selection and appointment of the external auditor of Crown and for the rotation of external audit engagement partners.



#### More information

A full copy of the Audit and Corporate Governance Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### CEO & CFO declarations

Before approving the financial statements for each financial period, the Board receives from the Executive Chairman and the Chief Financial Officer a declaration that, in their opinion:

- the financial records of Crown have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Crown; and

- the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### Auditor's attendance at AGMs

Crown shareholders are provided with an opportunity at the AGM to ask questions and make comments on Crown's Annual Report and on the business and operations of the Company. Crown's Auditor is required to attend the AGM and shareholders are therefore also provided a reasonable opportunity to ask the Auditor questions about the Auditor's Report and the conduct of the audit of the Financial Report. Shareholders are informed of their opportunity to address the Auditor in the Notice of Meeting for the AGM.

## Principle 5: Make timely and balanced disclosure

### Policy to ensure compliance with ASX Listing Rule disclosure requirements

Crown has a formal Continuous Disclosure Policy in place which is designed to ensure compliance with ASX Listing Rule requirements. The policy details processes for:

- ensuring that any information that could be market sensitive or could involve reputational or material regulatory issues or risks are communicated to the Disclosure Officer;
- the assessment of information by the Disclosure Committee and, where appropriate, the Board, and for the disclosure of material information to the market; and
- the broader publication of material information to the media, analysts and investors.



#### More information

A full copy of Crown's Continuous Disclosure Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

## Principle 6: Respect the rights of shareholders

### Providing online information to investors

Crown has a dedicated corporate website which provides information about itself and its governance to investors. The website has a dedicated Corporate Governance tab which sets out Crown's Charters, Constitution, Policies and Codes, describes Crown's Board Committees and includes copies of current and historical Corporate Governance Statements and Remuneration Reports.

**More information**

For more information, visit: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance.

**Promotion of effective communication with shareholders**

The Board aims to ensure that shareholders and prospective investors are kept informed of all major developments affecting Crown.

Crown's investor relations program is designed to facilitate effective communication between shareholders, prospective investors and Crown.

Crown actively engages with shareholders and prospective investors through a program of scheduled interactions with institutional investors, sell-side and buy-side analysts and the financial media. In addition, meetings are held with shareholders and prospective investors on request and responses are provided to enquiries made from time to time.

Crown's investor relations program works in tandem with its obligations under its Continuous Disclosure Policy, a copy of which is available on Crown's website.

Crown's Chief Financial Officer regularly reports to the Board on investor relations matters.

In addition, Crown has a Communications Policy which seeks to promote effective communication with its shareholders. The policy explains how information concerning Crown will be communicated to shareholders. The communication channels include:

- Crown's Annual Report;
- disclosures made to the ASX; and
- Notices of Meeting and other Explanatory Memoranda.

Advance notification of results announcements is made via Crown's website.

**More information**

Full copies of Crown's Continuous Disclosure Policy and Communications Policy are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

**Shareholder participation at meetings**

Shareholders are encouraged to both attend and participate in all meetings of shareholders. The date of Crown's AGM is advertised well in advance on its website and is separately communicated to investors via its investor relations channels.

Shareholders are informed in the formal Notice of Meeting for the AGM of their opportunity to participate in the meeting by asking questions of either Crown Directors or its Auditor.

At the AGM itself, as an introduction to the formal business of the meeting, the Chairman encourages shareholders to ask questions on each item of business and offers a further opportunity to ask general questions at the conclusion of the formal business of the meeting.

**More information**

Copies of Crown's Notices of Meeting are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors and Media – Annual Reports.

**Shareholder communications**

Crown shareholders have the option to receive communications from Crown and to send communications to Crown electronically. Crown's share registry (on behalf of Crown) actively encourages shareholders to receive their shareholder communications electronically and provides online access to shareholder information.

Separately, the Crown website includes a "Contact Us" feature which can be used by both shareholders and others to ask questions of the Company.

**Principle 7: Recognise and manage risk****Policy for oversight and management of material business risks**

Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board.

The current members of the Risk Management Committee are Geoff Dixon (Chair), Andrew Demetriou and Jane Halton AO PSM. The current Committee members are each independent, Non-executive Directors.

The Chairman of the Risk Management Committee, Mr Geoff Dixon, is an independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The Risk Management Committee has adopted a formal Charter that outlines its duties and responsibilities.



#### **More information**

A full copy of the Risk Management Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### **Design and implementation of risk management and internal control systems**

Crown has established a framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates.

Management is charged with monitoring the effectiveness of Crown's risk management systems and is required to report to the Board via the Risk Management Committee.

The Board convened Risk Management Committee administers Crown's Risk Management Policy.

The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and requires that the results of those procedures are reported in a Risk Profile to the Crown Board. The Framework has been developed using the model outlined in *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines*.

Crown's Risk Profile identifies specific head office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group on an ongoing basis.

Management is required to conduct an annual review of its Risk Profile to ensure that risk ratings and definitions remain appropriate for Crown, and that adequate controls are in place to manage them.

A review has been conducted during the reporting period and presented to the Risk Management Committee (and the Board). In the course of that review the current Risk Profiles of Crown's major operating businesses were taken into account and the risk environment of its investments also considered.

In addition, the Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown.

### **Disclosure of internal audit functions**

Crown's major operating businesses (namely Crown Melbourne and Crown Perth) each had an internal audit function in place for the full year that meets the definition of "internal audit" under the Institute of Internal Auditor's International Professional Practices Framework.

The function is internally led and resourced at each business, with supplemental resourcing provided by specialist third parties as required.

Internal audit delivers a comprehensive audit program to provide additional comfort around significant risks, processes, systems and regulatory requirements where assurance is determined to be a priority for that period.

Internal audit coverage is determined using a structured approach. The Boards of each major operating business and management receive regular reports from internal audit on the control environment, areas for improvement and progress in addressing those areas for improvement.

To ensure independence of the function, the head of the Internal Audit department reports to the CEO – Australian Resorts. Further, the head of the department periodically meets with members of the relevant operating subsidiary's Board throughout the year.

As a holding company, Crown does not have a separate internal audit function, however its accounts are subject to third party independent audit.

### **Disclosure of sustainability risks**

The Crown group is exposed to a number of economic, environmental and social sustainability risks.

Crown's goal is to be a leader in the entertainment and tourism industry by creating long-term value for its stakeholders across economic, social and environmental dimensions. Crown aspires to be a model corporate citizen and recognises that a company is assessed not only on its financial performance, but also by its commitment to corporate social responsibility (CSR), which includes consideration of, among others, the following factors:

- the quality of its workplace;
- its environmental footprint;
- its level of community engagement;
- the creation of a safe environment for its customers, employees and contractors; and
- the provision of employment opportunities.

Crown has established a Corporate Social Responsibility Committee to assist the Board in setting Crown's CSR policies and programs and assessing Crown's CSR performance. The Corporate Social Responsibility Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Corporate Social Responsibility Committee are Helen Coonan (Chair), Professor John Horvath AO and Harold Mitchell AC. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The responsibilities of the Committee extend to:

- establishing appropriate CSR policies and programs for Crown;
- monitoring and reviewing the operation and effectiveness of Crown's CSR policies and programs;
- promoting and supporting continuous improvement in Crown's CSR performance;
- encouraging and monitoring the establishment and maintenance of relationships with key stakeholders including non-government organisations, sporting and cultural organisations and other community groups; and
- encouraging and promoting awareness of CSR related issues at Crown among Crown's staff and other stakeholders.

The Committee oversees the development and publication of Crown's Corporate Social Responsibility Report. The Corporate Social Responsibility Report brings together the elements of Crown's CSR activities and programs and identifies and addresses all material economic, environmental and social sustainability risks and Crown's processes for managing them.



#### **More information**

A full copy of the Corporate Social Responsibility Report is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Our Contribution – Corporate Social Responsibility Reports.

## Principle 8: Remunerate fairly and responsibly

### Nomination and Remuneration Committee

As noted in response to Recommendation 2.1, Crown has established a formal Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Nomination and Remuneration Committee are each independent, Non-executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

### Policy for Director remuneration

A summary of current remuneration arrangements is set out in more detail in the Remuneration Report. Crown separately discloses the policies and practices regarding the remuneration of Key Management Personnel in the Remuneration Report.

### Restrictions on dealing in equity based remuneration

The rules of the Senior Executive Incentive Plan specifically provide that a participant must not transfer, encumber, dispose of or have a Security Interest issued over Plan Shares, or any beneficial interest in Plan Shares, unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met or waived by the Board or the Board has provided prior written consent. A Security Interest is defined to include any mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature. The rules of the Senior Executive Incentive Plan also require participants to comply with Crown's Securities Trading Policy at all times.

# Directors' Statutory Report

## Company Information

### Principal Activities

Crown is one of Australia's largest entertainment groups with its core businesses and investments in the integrated resorts sector.

In Australia, Crown owns and operates two of Australia's leading integrated resorts – Crown Melbourne and Crown Perth. Overseas, Crown owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district.

Crown's development projects include the Crown Sydney Hotel Resort at Barangaroo on Sydney Harbour and the proposed One Queensbridge project in Melbourne.

Crown has interests in various digital businesses, including Betfair Australasia (100%), DGN Games (85%) and Chill Gaming (50%), and holds equity interests in UK-based Aspers Group (50%) and Nobu (20%).

### Significant changes in state of affairs

Some of the significant changes in the state of affairs of the consolidated group since 1 July 2017 include:

#### Significant Transactions

- In December 2017, Crown completed the on-market sale of its approximately 4.2 million shares in Caesars Entertainment Corporation for US\$53.3 million.
- On 29 January 2018, Crown announced that its majority owned subsidiary, Alon Las Vegas Resort, LLC, had completed the sale of its interest in a 34.6 acre vacant site on Las Vegas Boulevard to a subsidiary of Wynn Resorts, Limited for US\$300 million. Crown's share of the proceeds (after taking into account minority interests) was approximately US\$264 million.
- On 2 February 2018, Crown completed the sale of its interest in part of the property and operations at Ellerston in the Hunter Valley for \$62.5 million. While Crown no longer holds an interest in Ellerston, Crown has ongoing access rights to the golf course and other facilities at Ellerston in line with its commitment to the NSW Government.
- On 28 February 2018, Crown announced that it had completed the sale of its 62% interest in CrownBet, together with loans advanced by it to CrownBet, for \$150 million.

#### Capital Management Initiatives

- On 4 August 2017, Crown announced its intention to buy back up to approximately 29.3 million of its ordinary shares. The share buy-back expired on 22 August 2018, with 1,426,628 shares having been bought back at a total consideration of approximately \$18.7 million.

- On 29 June 2018, Crown announced the cancellation of the buy-back of the Subordinated Notes listed on the ASX under the code "CWNHA" (CWNHA Notes) with a total of 1,342,270 CWNHA Notes bought back.

#### Board Changes

- On 3 August 2017, Crown announced that the appointment of James Packer as a Director of Crown had become effective following the receipt of all necessary consents and approvals. On 21 March 2018, Crown announced the resignation of James Packer as a Director of Crown.
- On 16 April 2018, Crown announced that the appointment of Guy Jalland as a Director of Crown had become effective following the receipt of all necessary regulatory approvals.
- On 2 May 2018, Crown announced the appointment of John Poynton AO as a Director of Crown subject to the receipt of all necessary regulatory approvals.
- On 23 May 2018, Crown announced that the appointment of Jane Halton AO PSM and Antonia Korsanos as Directors of Crown had become effective following the receipt of all necessary regulatory approvals.

#### Significant events after Balance Date

- On 19 July 2018, Crown announced its election to redeem all of the outstanding CWNHA Notes on the first call date of 14 September 2018 in accordance with the terms of the CWNHA Notes.
- On 3 August 2018, the Victorian Commission for Gambling and Liquor Regulation released its final report concerning the Sixth Review of the Casino Operator and Licence held by Crown Melbourne Limited (Crown Melbourne), a subsidiary of Crown, which concluded that:
  - Crown Melbourne remains a suitable person to continue to hold its licence to operate the Melbourne Casino;
  - Crown Melbourne is complying with relevant legislation and agreements; and
  - it is in the public interest that the licence should continue in force.

The report made 20 recommendations in relation to the operations of Crown Melbourne which Crown Melbourne has accepted, subject to the matters set out in Crown Melbourne's response to the report.

- On 9 August 2018, Crown announced its intention to undertake a new on-market share buy-back of approximately \$400 million worth of shares.
- Subsequent to year end, the Directors of Crown declared a final dividend on ordinary shares of 30 cents per share in respect of the financial year ended 30 June 2018. The final dividend will be 60% franked with the unfranked component of the dividend declared to be

DIRECTORS' STATUTORY REPORT CONTINUED

conduit foreign income. The final dividend has not been provided for in the 30 June 2018 financial statements.

### Environmental Regulation

The *National Greenhouse and Energy Reporting Act 2007* (NGER Act) established a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. Crown is required to report emissions under the NGER Act. Relevant reports have been submitted during the year.

Key features of the NGER Act include:

- reporting of greenhouse gas emissions, energy consumption and production by large corporations;
- corporate level public disclosure of greenhouse gas emissions and energy information; and
- providing consistent and comparable data for decision making.

Under the Western Australian Water By-laws legislation, Crown Perth is required to complete annual water management assessments and submit water efficiency management plans. Relevant reports have been submitted during the year.

The Crown group is not otherwise subject to any particular or significant environmental regulation under Australian law. Environmental issues are, however, important to Crown and it has taken a number of initiatives in this regard. A description of those initiatives is set out in the Corporate Social Responsibility section of this Annual Report.

### Operating and Financial Review

In addition to the information provided in the review of operations section of this Report, set out below is some additional information that shareholders of Crown might reasonably require to make an informed assessment of the operations, financial position and business strategies of Crown. The commentary which follows omits some information which might be considered relevant to Crown's business strategies, prospects for future financial years and material risks, on the basis that the Directors have reasonable grounds to believe that disclosure would likely result in unreasonable prejudice to Crown.

Crown reported a consolidated net profit after tax (NPAT) attributable to the parent of \$558.9 million and a normalised NPAT<sup>1</sup> of \$386.8 million for the 12 months ended 30 June 2018. Crown Melbourne and Crown Perth normalised EBITDA increased by 7.2%, and normalised revenue increased by 10.6%, predominantly due to the increase in normalised VIP program play revenue which was up 54.5%.

Performance for the year ended 30 June 2018		\$m
Normalised revenue <sup>1</sup>		3,485.3
Normalised expenditure <sup>1</sup>		(2,607.0)
Normalised EBITDA <sup>2</sup>		878.3
Normalised EBIT <sup>3</sup>		592.4
Normalised NPAT attributable to Crown		386.8
Reported NPAT before significant items attributable to Crown		326.7
Significant items attributable to Crown <sup>4</sup>		232.2
Reported NPAT attributable to Crown		558.9

- 1 Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items.
- 2 Normalised earnings before interest, tax, depreciation and amortisation.
- 3 Normalised earnings before interest and tax.
- 4 Relates to the reversal of an impairment of the Alon Las Vegas land and an associated net foreign currency gain, as well as net gains from the sales of CrownBet and Ellerston, partially offset by restructuring and other expenses, equity accounted investments, tax amounts in significant items and non-controlling interests.

### Review of Operations

Crown's full year result reflects a solid performance from the Melbourne operation and continued subdued trading in Perth. Total normalised revenue across Crown's Australian resorts increased by 10.6% on the prior comparable period (pcp). Main floor gaming revenue increased by 1.5%, with modest growth in Melbourne offset by softness in Perth. VIP program play turnover in Australia of \$51.5 billion (up 54.5%) was a pleasing outcome, particularly at Crown Melbourne (up 73.9%), given the difficult trading conditions in the pcp.

The activities and results of Crown's operations are discussed in further detail below.

### Crown Melbourne

Normalised EBITDA from Crown Melbourne was \$645.0 million, up 9.5% on the pcp. Reported EBITDA for the period was \$586.0 million, up 2.7% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$59.0 million. This compares to a negative EBITDA impact of \$18.2 million in the pcp.

Normalised revenue of \$2,279.0 million was up 14.2% on the pcp. During the period, main floor gaming revenue was \$1,217.0 million, up 2.9% on the pcp, and non-gaming revenue declined 0.3% to \$470.2 million.

Main floor gaming revenue comprises table games (non-program play) revenue of \$767.1 million, up 4.6% on the pcp, and gaming machine revenue of \$449.9 million, up 0.2% on pcp.

Normalised VIP program play revenue was \$591.8 million, up 73.9% on the pcp with turnover of \$43.8 billion.

Crown Towers Melbourne hotel occupancy was 96.3% with an average room rate of \$384. Crown Metropol Melbourne achieved hotel occupancy of 93.8% with an average room rate of \$262. Crown Promenade Melbourne hotel occupancy was 94.1% with an average room rate of \$234. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin decreased from 29.5% to 28.3%. The decline in margin is largely due to a change in the mix of business and the impact of higher fixed costs, including energy.

#### Crown Perth

Normalised EBITDA from Crown Perth was \$248.8 million, up 1.6% on the pcp. Reported EBITDA for the period was \$221.5 million, down 13.9% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$27.3 million. This compares to a positive EBITDA impact of \$12.5 million in the pcp.

Normalised revenue of \$844.5 million was up 1.7% on the pcp. During the period, main floor gaming revenue was \$463.9 million, down 2.1% on the pcp, and non-gaming revenue grew 12.5% to \$277.6 million, primarily due to the full year impact of Crown Towers Perth, which opened in December 2016.

Main floor gaming revenue comprises table games (non-program play) revenue of \$198.8 million, down 4.1% on the pcp, and gaming machine revenue of \$265.1 million, down 0.6% on the pcp.

Normalised VIP program play revenue was \$103.0 million, down 5.8% on the pcp with turnover of \$7.6 billion.

Crown Towers Perth hotel occupancy was 76.9% with an average room rate of \$312. Crown Metropol Perth hotel occupancy was 86.1% with an average room rate of \$235. Hotel occupancy at Crown Promenade Perth was 89.8% with an average room rate of \$182.

The overall normalised operating margin was flat at 29.5%. This reflects the additional operating costs of the expanded property following the completion of Crown Towers Perth, offset by a favourable mix of business.

#### Crown Aspinalls

Normalised EBITDA from Crown Aspinalls was \$12.0 million, down 54.8% on the pcp. This reflects a softening in volumes across the London high-end casino

market and disruption from refurbishment. Reported EBITDA for the period was \$12.4 million, an increase of \$17.9 million on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$0.4 million. This compares to a negative EBITDA impact of \$32.1 million in the pcp.

#### Crown Digital

EBITDA from Crown's wagering and online social gaming operations was \$26.9 million, up 81.8% on the pcp. This includes CrownBet's consolidated result from 1 July 2017 to 28 February 2018.

On 28 February 2018, Crown announced it had completed the sale of its 62% interest in CrownBet, together with loans advanced by it to CrownBet, for \$150 million. Crown no longer holds any interest in CrownBet.

Crown's wagering and online social gaming operations now comprises Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (an 85% owned, online social gaming business). During the period, Crown increased its interest in DGN Games from 70% to 85% in exchange for an earn-out payment to the founders of US\$8.4 million.

#### Cash Flow and Debt

Net operating cash flow for the period of \$731.7 million compared to net operating cash flow of \$465.7 million in the pcp. After taking into account the net proceeds received from the sale of investments of \$256.0 million, net capital expenditure of \$55.1 million, net repayment of borrowings of \$428.5 million, dividend payments of \$413.4 million and share buy-back payments of \$18.8 million, the Group's net cash position at 30 June 2018 was \$221.0 million (excluding working capital cash of \$130.9 million). This consisted of total debt of \$1,492.7 million and cash (excluding working capital cash) of \$1,713.7 million.

At 30 June 2018, total liquidity (excluding working capital cash of \$130.9 million) was \$1,889.8 million. This consisted of \$1,713.7 million in available cash and \$176.1 million in committed undrawn bank facilities.

Normalised net interest expense for the year was \$46.0 million, \$55.6 million below the pcp, which reflects lower net debt levels.

#### Significant items

During the period, there were events or transactions arising that were unusual in terms of both their size and their nature, which have been classified as significant items. Significant items for the year included a net asset impairment reversal of \$122.3 million predominately relating to assets held by Crown's majority owned



DIRECTORS' STATUTORY REPORT CONTINUED

subsidiary, Alon Las Vegas, and a \$76.9 million foreign currency gain on the subsequent disposal of the Alon Las Vegas assets (previously recorded in reserves). Crown also disposed of its interest in CrownBet and Ellerston resulting in gains on disposal of \$87.5 million and \$5.9 million respectively. During the period, Crown also recognised \$15.5 million in significant item expenses, predominately relating to restructuring costs.

### Business Strategies

Crown's strategy is to continue focusing on its world-class Australian operations and development projects as well as maximising shareholder returns.

Crown's actions over the past year demonstrate its ongoing commitment to this strategy. In financial year 2018, Crown completed the sale of a number of significant assets including the Alon Las Vegas land for US\$300 million, its interest in CrownBet for \$150 million, its interest in Ellerston for \$62.5 million and its shares in Caesars Entertainment Corporation for US\$53.3 million. Crown's balance sheet, which shows a net cash position of \$221 million at 30 June 2018, is well placed to fund its Australian development project pipeline.

### Business Risks

Crown has established a framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates.

Management is charged with monitoring the effectiveness of Crown's risk management systems and is required to report to the Board through the Crown Risk Management Committee which administers Crown's Risk Management Policy.

Crown's Risk Profile identifies specific head office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group on an ongoing basis.

Crown is committed to operating in a manner that is sustainable into the future. Crown is working towards aligning its strategies and activities in line with this commitment.

### Likely developments

Other than the developments described in this Report and the accompanying review of operations, the Directors are of the opinion that no other matter or circumstance will significantly affect the operations and expected results for the Crown group.

### Dividends and distributions

**Interim Dividend:** Crown paid an interim dividend of 30 cents per ordinary share on 4 April 2018. The dividend was 60% franked.

**Final Dividend:** The Directors of Crown have declared a final dividend of 30 cents per ordinary share to shareholders registered as at 21 September 2018.

The final dividend will be 60% franked. The unfranked portion of the final dividend has been declared to be conduit foreign income.

In summary:	Dividend per share	\$
Interim Dividend paid	30.0 cents per share	\$206,654,347
Final Dividend declared	30.0 cents per share	\$206,226,358 <sup>1</sup>
<b>Total</b>	<b>60.0 cents per share</b>	<b>\$412,880,705</b>

<sup>1</sup> Dollar value based on the total number of shares on issue as at the date of declaration of the 2018 final dividend.

Crown paid shareholders a final dividend in respect of the 2017 financial year of \$206.7 million.

## Directors and officers

**Director details**

Set out below are the names of each person who has been a Director of Crown during the year or since year end and the period for which they have been a Director. There are currently ten Directors.

Name	Date Appointed	Date Ceased
John Henry Alexander	6 July 2007	
The Hon. Helen Anne Coonan	2 December 2011	
Rowena Danziger	6 July 2007	26 October 2017
Andrew Demetriou	29 January 2015	
Geoffrey James Dixon	6 July 2007	
Jane Halton AO PSM	23 May 2018	
Professor John Stephen Horvath AO	9 September 2010	
Guy Jalland	16 April 2018	
Michael Roy Johnston	6 July 2007	
Antonia Korsanos	23 May 2018	
Harold Charles Mitchell AC	10 February 2011	
James Douglas Packer	3 August 2017	21 March 2018

On 2 May 2018, the Board approved the appointment of Mr John Poynton AO as a Director, subject to the receipt of all necessary regulatory approvals. Mr Poynton's appointment will only become effective once the necessary approvals have been received.

At Crown's 2017 Annual General Meeting, Andrew Demetriou and Harold Mitchell AC stood for re-election as Directors. Both Directors were re-elected at that meeting.

DIRECTORS' STATUTORY REPORT CONTINUED



**John H Alexander, BA**  
*Executive Chairman*

John Alexander is the Executive Chairman of Crown and is also a Director of a number of companies, including Seven West Media Limited. Mr Alexander is also Chairman of the Crown Melbourne Limited and Burswood Limited Boards.

Mr Alexander was the Executive Chairman of Consolidated Media Holdings Limited (CMH) from 2007 to November 2012, when CMH was acquired by News Corporation. Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (PBL) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002.

Before joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher and Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

**Board Committee memberships:**

- Member of the Investment Committee
- Member of the Responsible Gaming Committee

**Directorships of other Australian listed companies held during the last three years:**

- Seven West Media Limited from May 2013 to current



**The Honourable Helen A Coonan, BA, LLB**  
*Non-executive Director*

The Honourable Helen Coonan is a former Senator for New South Wales serving in the Australian Parliament from 1996 to 2011.

Ms Coonan holds Bachelor of Arts and Bachelor of Laws degrees from the University of Sydney. Prior to entering Parliament, she worked as a lawyer including as principal of her own legal firm, as a partner in law firm Gadens, as a commercial Barrister in Australia and as an Attorney in New York.

In Parliament, Ms Coonan served as the Deputy Leader of the Government in the Senate. She was appointed to Cabinet as the former Minister for Communications, Information Technology and the Arts and was shareholder Minister for Telstra Corporation and Australia Post. She also served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority. She is the recipient of a Centenary Medal for service to the Australian Parliament.

Ms Coonan is the inaugural Chair of the Australian Financial Complaints Authority (AFCA). She is a Non-executive Director of Snowy Hydro Limited and is Chair of Snowy Hydro Retail Board Committee. She is Chair of Place Management NSW (formerly the Sydney Harbour Foreshore Authority), Chair of Supervised Investments Australia Limited, a member of the J.P. Morgan Advisory Council and is Co-Chair of GRACosway (a subsidiary of the Clemenger Group). She is a Non-executive Director of Obesity Australia Limited and of the Australian Children's Television Foundation. She is a consultant to Samsung Electronics Australia and Chairs the Advisory Board of Allegis Partners.

Ms Coonan serves on the Corporate Council of the European Australian Business Council and the Australia-Israel Chamber of Commerce Advisory Council. She is also a member of Chief Executive Women.

Ms Coonan is an Ambassador for the Menzies School of Health Research and of the GUT Foundation. She serves on the Advisory Council of the National Breast Cancer Foundation and is also a mentor at start up fintech hub Stone and Chalk.

Ms Coonan is Chair of the Crown Resorts Foundation.

**Board Committee memberships:**

- Chair of the Audit and Corporate Governance Committee
- Chair of the Corporate Social Responsibility Committee
- Chair of the Finance Committee



**Andrew Demetriou, BA, BEd**  
Non-executive Director

Andrew Demetriou was Chief Executive Officer of the Australian Football League (AFL) from 2003 until June 2014.

Prior to becoming Chief Executive Officer, Mr Demetriou served as AFL General Manager – Football Operations for three years, overseeing all aspects of the AFL competition. This followed a stint as head of the AFL Players Association when he was instrumental in establishing programs to look after players both during and after their playing careers.

Following an AFL playing career of 106 games, Mr Demetriou was the Managing Director of the Ruthinium Group, a business importing acrylic teeth, growing the business significantly by expanding manufacturing and exports to 70 countries worldwide and he currently remains a Board member.

Mr Demetriou is a Director of the Melbourne Sports Marketing firm, Bastion Group, Co-Chair of the National Basketball League (NBL) Advisory Board, Chairman and Non-Executive Director of Capitol Health Limited and Transitional Chairman of Cox Architecture.

Mr Demetriou also served as Non-executive Chairman of the Baxter Group, a waste management group listed on ASX in 2003 with a market capitalisation of \$40 million – the company was later sold to Transpacific for \$260 million – and is a former Chairman of the Australian Multicultural Advisory Council. He recently completed a two year term on the Australian Referendum Council for Indigenous recognition in the Constitution.

**Board Committee memberships:**

- Member of the Risk Management Committee

**Directorships of other Australian listed companies held during last three years:**

- Capitol Health Limited from November 2014 to current



**Geoffrey J Dixon**  
Non-executive Director

Geoff Dixon is an experienced and successful corporate executive with a background in the media, mining, aviation and tourism industries.

Mr Dixon was Managing Director and Chief Executive Officer of Qantas Airways for eight years until 2008 – joining Qantas in 1994, he also served as Chief Commercial Officer and, for two years, as Deputy Managing Director.

Mr Dixon was Chairman of the Australian Government's principal tourism authority, Tourism Australia, for six years until 2014 and Chairman of the Garvan Medical Research Foundation for 10 years until 2018.

He has served on a number of public companies and not-for-profit boards including Leighton Holdings, Adslot Limited, the Business Council of Australia, the Museum of Contemporary Art Australia and is a long time Ambassador for the Australian Indigenous Education Foundation.

**Board Committee memberships:**

- Chair of the Nomination and Remuneration Committee
- Chair of the Risk Management Committee

**Directorships of other Australian listed companies held during the past three years:**

- Adslot Limited from December 2013 to December 2016

DIRECTORS' STATUTORY REPORT CONTINUED



**Jane Halton**, AO, PSM, BA (Hons) Psychology, FIML, FIPAA, NAM, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt (UNSW)  
*Non-executive Director*

Jane Halton's 33 year career in the public service includes the positions of Secretary of the Australian Department of Finance, Secretary of the Australian Department of Health, Secretary for the Department of Health and Ageing and Executive Co-ordinator (Deputy Secretary) of the Department of the Prime Minister and Cabinet.

Ms Halton is a current Director of Australia and New Zealand Banking Group Limited and Clayton Utz, is the current Chair of Vault Systems and Council on the Ageing Australia and is the Chair and a Director of Coalition of Epidemic Preparedness Innovations (Norway).

Ms Halton's other roles include Member of the Executive Board of the Institute of Health Metrics and Evaluation at the University of Washington, Adjunct Professor of the University of Sydney and the University of Canberra and Council Member of Australian Strategic Policy Institute.

Ms Halton brings to the Board extensive experience in finance, risk management, information technology, human resources and public policy.

**Board Committee memberships:**

- Member of the Occupational Health and Safety Committee
- Member of the Risk Management Committee

**Directorships of other Australian listed companies held during the past three years:**

- Australia and New Zealand Banking Group Limited from October 2016 to current



**Professor John S Horvath**, AO, MB, BS (Syd), FRACP  
*Non-executive Director*

Professor John Horvath was the Australian Government Chief Medical Officer from 2003 to 2009 and principal Medical Consultant to the Commonwealth Department until January 2016. He is currently continuing to advise the Department of Health and the School of Medicine, University of Sydney, and holds the position of Honorary Professor of Medicine.

Professor Horvath is a Fellow of the Royal Australasian College of Physicians and is a distinguished practitioner, researcher and teacher. Professor Horvath previously sat on the Board of the Garvan Research Foundation and was a Governor of the Centenary Institute of Medical Research until January 2016. He was a member of the Advisory Council to the Australian Organ and Tissue Donation Agency. He is a member of the Finance and Administration Committee of the School of Medicine at the University of Sydney. Professor Horvath was a member of the Ministerial Advisory Council to the Minister of Health.

Professor Horvath was previously Clinical Professor of Medicine at the University of Sydney. He is also known as a leader in a range of medical training and workforce organisations and is a former President of the Australian Medical Council and the New South Wales Medical Board. Professor Horvath is currently the Global Strategic Medical Advisor to the Chief Executive Officer of Ramsay Health Care and a Director of the Ramsay Hospital Medical Research Institute.

Professor Horvath sits on the Crown Melbourne Limited and the Crown Resorts Foundation Boards.

**Board Committee memberships:**

- Chair of the Occupational Health and Safety Committee
- Chair of the Responsible Gaming Committee
- Member of the Corporate Social Responsibility Committee
- Member of the Nomination and Remuneration Committee



**Guy Jalland, LLB**  
*Non-executive Director*

Guy Jalland is the Chief Executive Officer of Consolidated Press Holdings Pty Limited (CPH), having worked in the Consolidated Press Holdings and Publishing & Broadcasting Limited (PBL) groups since 1998.

In the past, Mr Jalland has held the role of Group General Counsel and Joint Company Secretary of CPH and PBL. He has represented CPH as a Director on the boards of Consolidated Media Holdings Limited, Foxtel and Fox Sports.

**Board Committee memberships:**

- Chair of the Investment Committee



**Michael R Johnston, BEc, CA**  
*Non-executive Director*

Michael Johnston is the Finance Director of Consolidated Press Holdings Pty Limited (CPH), having previously been an adviser to the Consolidated Press Holdings Group (CPH Group) for seventeen years. As Finance Director, Mr Johnston oversees a number of operational businesses within the CPH Group and its controlled associates. He was also the Chief Financial Officer of Ellerston Capital (a subsidiary of CPH) until 30 June 2008.

Prior to his appointment with the CPH Group, Mr Johnston was a senior partner in the Australian member firm of Ernst & Young. He was also on the Board of Partners of Ernst & Young, Australia.

Mr Johnston holds a Bachelor of Economics degree from Sydney University and is an Associate of the Institute of Chartered Accountants of Australia.

**Board Committee memberships:**

- Member of the Audit and Corporate Governance Committee
- Member of the Finance Committee
- Member of the Investment Committee
- Member of the Occupational Health and Safety Committee

DIRECTORS' STATUTORY REPORT CONTINUED



**Antonia Korsanos, BEc, CA**  
*Non-executive Director*

Antonia Korsanos was the Chief Financial Officer (2009 to 2018) and Company Secretary (2011 to 2018) of Aristocrat Leisure Limited. She has over 20 years' experience in financial and general management at companies including Kellogg's Australia and New Zealand, Goodman Fielder Limited and Coopers & Lybrand in Sydney.

Mrs Korsanos brings to the Board extensive experience in the gaming industry and experience in the areas of technology, finance, strategy, mergers and acquisitions, risk management and financial and regulatory compliance.

Mrs Korsanos has a Bachelor of Economics (Accounting & Finance) from Macquarie University and is a Member of the Institute of Chartered Accountants. Mrs Korsanos is also a Member of Chief Executive Women and a Non-Executive Director of Webjet Limited, Ardent Leisure Limited and Ardent Leisure Management Limited.

Mrs Korsanos is a Director of Crown Melbourne Limited.

**Board Committee memberships:**

- Member of the Audit and Corporate Governance Committee
- Member of the Finance Committee
- Member of the Responsible Gaming Committee.

**Directorships of other Australian listed companies held during the past three years:**

- Webjet Limited from June 2018 to current
- Ardent Leisure Limited and Ardent Leisure Management Limited from July 2018 to current



**Harold C Mitchell, AC**  
*Non-executive Director*

Harold Mitchell is the founder of Mitchell & Partners and until August 2013 was Executive Chairman of Aegis Media, Australia and New Zealand. Since he started Mitchell & Partners in 1976, the company has evolved to become the largest media and communications group in Australia today. In December 2000, Mr Mitchell launched the Harold Mitchell Foundation which distributes funds between health and the arts.

Mr Mitchell holds a large number of community roles including Chairman of Art Exhibitions Australia, Board member of Tennis Australia, Chairman of The Florey Institute of Neuroscience and Mental Health, Board member of New York Philharmonic, Chairman of Australia-Indonesia Centre and Chairman of FreeTV Australia.

Previously Mr Mitchell was Chairman of the Melbourne Symphony Orchestra, TVS and University of Western Sydney's television service for Greater Sydney and, in June 2015, Mr Mitchell was appointed Chairman of the Victorian Premier's Job and Investment Panel.

In 2003, Mr Mitchell delivered the Andrew Olle Memorial Lecture on Media. In January 2004, he was awarded the Officer of the Order of Australia for his services as a benefactor and fundraiser in support of artistic and cultural endeavour.

Mr Mitchell was appointed Companion of the Order of Australia in 2010 for eminent service to the community through leadership and philanthropic endeavours in the fields of art, health and education and as a supporter of humanitarian aid in Timor-Leste and Indigenous communities.

In December 2011, Mr Mitchell was awarded an Honorary Doctorate – Doctor of Business Honoris Causa, by RMIT University.

Mr Mitchell was awarded the Victorian Australian of the Year for 2013.

In August 2013, Mr Mitchell was appointed Adjunct Professor, School of Humanities and Communications Arts, University of Western Sydney.

In December 2014, Melbourne University conferred on him an honorary degree of Doctor of Laws.

Mr Mitchell sits on the Crown Resorts Foundation Board.

**Board Committee memberships:**

- Member of the Corporate Social Responsibility Committee
- Member of the Nomination and Remuneration Committee

## Company secretary details



**Mary Manos**, LLB (Hons), BCom, GAICD  
*General Counsel and Company Secretary*

Mary Manos is Crown's General Counsel and Company Secretary. Ms Manos is also Secretary of Crown Melbourne Limited, Burswood Limited and Crown Resorts Foundation Limited.

Ms Manos was formerly Senior Legal Counsel for Crown and joint Company Secretary. Ms Manos was appointed joint Company Secretary in April 2008.

Prior to joining Crown, Ms Manos was a Senior Associate in a Melbourne law firm, specialising in mergers and acquisitions and corporate law.

Ms Manos holds Bachelor of Laws (Hons) and Bachelor of Commerce degrees from the University of Melbourne.

She is also a Graduate of the Australian Institute of Company Directors.

## Other officer details



**Kenneth M Barton**, BEd  
*Chief Financial Officer  
CEO Crown Digital*

Ken Barton has been Chief Financial Officer of Crown Resorts Limited since March 2010 and CEO Crown Digital since February 2017. Mr Barton also sits on the Crown Melbourne Limited, Burswood Limited and Crown Resorts Foundation Boards.

He was previously Chief Financial Officer of Boral Limited for seven years having also held roles at Pioneer International and Arthur Andersen.

Mr Barton holds a Bachelor of Economics degree from the University of Sydney, is an Associate of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia. He also joined the Male Champions of Change program in 2017.



**Barry Felstead**  
*Chief Executive Officer -  
Australian Resorts*

Barry Felstead has been Chief Executive Officer – Australian Resorts since August 2013. Mr Felstead sits on the Crown Melbourne Limited and Burswood Limited Boards.

Prior to August 2013, Mr Felstead was Chief Executive Officer of Crown Perth (formerly Burswood) since March 2007, after holding the position of Chief Operating Officer – Gaming of Crown Perth from 2005. Mr Felstead has held multiple management positions at Crown Melbourne.

Mr Felstead is Chairman of FutureNow, a Board member of Burswood Park Board, Alumni of Celebrate WA and a Board Member of Australasian Gaming Council (AGC).



**W Todd Nisbet**, BSc  
*Executive Vice President -  
Strategy and Development*

Todd Nisbet joined the Crown Resorts team in October 2007. In his role as Executive Vice President – Strategy and Development, Mr Nisbet is responsible for all project development and construction operations of Crown Resorts.

From August 2000 through to July 2007, Mr Nisbet held the position of Executive Vice President – Project Director for Wynn Design and Development, a development subsidiary of Wynn Resorts Limited. Serving this role with Wynn Resorts Limited, he was responsible for all project development and construction operations undertaken by Wynn Resorts. Prior to joining Wynn, Mr Nisbet was the Vice President of Operations for Marnell Corrao Associates. During his 14 years at Marnell Corrao (1986 to 2000), he was responsible for managing various aspects of the construction of some of Las Vegas' most elaborate and industry-defining properties.

Mr Nisbet holds a Bachelor of Science degree in Finance from the University of Nevada, Las Vegas.



DIRECTORS' STATUTORY REPORT CONTINUED

## Relevant interests of Directors

Details of relevant interests of current Directors in Crown shares as at 30 June 2018<sup>1</sup> were as follows:

<b>Director</b>	<b>Total number of ordinary shares</b>	<b>Total number of options</b>
John Alexander	399,557	5,000,000
The Hon. Helen Coonan	-	-
Andrew Demetriou	-	-
Geoff Dixon	-	-
Jane Halton AO PSM	948	-
Professor John Horvath AO	-	-
Guy Jalland	-	-
Michael Johnston	-	-
Antonia Korsanos	-	-
Harold Mitchell AC	114,887	-

<sup>1</sup> For more information on relevant interests of current Directors, please see the Remuneration Report.

Other than in connection with Crown's 2017 Senior Executive Incentive Plan which is described in the Remuneration Report, no Crown Director is party to any contract which would give that Director the right to call for the delivery of shares in Crown.

## Board and Committee meetings

Set out below are details of the number of Board meetings and Committee meetings held by Crown during the 2018 financial year together with each Director's attendance details.

	Board Meetings		Audit and Corporate Governance Committee Meetings		Corporate Social Responsibility Committee Meetings		Investment Committee Meetings		Nomination and Remuneration Committee Meetings		Occupational Health and Safety Committee Meetings		Responsible Gaming Committee Meetings		Risk Management Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J H Alexander <sup>1</sup>	11	11					1	1					6	6	4	4
H A Coonan	11	11	3	3	2	2										
R Danziger <sup>2</sup>	4	4	2	2							1	1	2	2		
A Demetriou <sup>3</sup>	11	11	1	1											4	4
G J Dixon	11	11							7	7					4	3
J Halton AO PSM <sup>4</sup>	1	1									0	0			0	0
J S Horvath AO <sup>5</sup>	11	11			2	2	1	1	7	7	5	5	6	6		
G Jalland <sup>6</sup>	2	2														
M R Johnston <sup>7</sup>	11	9	3	3			1	1			5	5				
A Korsanos <sup>8</sup>	1	1	0	0									0	0		
H C Mitchell AC <sup>9</sup>	11	9			2	1			7	7						
J D Packer <sup>10</sup>	7	5														

1. Mr Alexander ceased as a member of the Risk Management Committee on 20 June 2018.
2. Mrs Danziger ceased as a Director of Crown, as member of the Crown Audit and Corporate Governance, Responsible Gaming and Risk Management Committees and as Chair of the Crown Occupational Health and Safety Committee on 26 October 2017.
3. Mr Demetriou was appointed as a member of the Risk Management Committee on 25 October 2017. Mr Demetriou was appointed as a member of the Audit and Corporate Governance Committee on 29 January 2018 and ceased as a member of that Committee on 20 June 2018.
4. Ms Halton AO PSM was appointed as a Director of Crown on 23 May 2018 and was subsequently appointed as a member of the Occupational Health and Safety and Risk Management Committees on 20 June 2018.
5. Professor Horvath AO was appointed as Chair of the Crown Occupational Health and Safety Committee on 13 December 2017.
6. Mr Jalland was appointed as a Director of Crown and as Chair of the Crown Investment Committee on 16 April 2018.
7. Mr Johnston was ineligible to attend two meetings of the Crown Board that considered related party transactions.
8. Mrs Korsanos was appointed as a Director of Crown on 23 May 2018 and was subsequently appointed as a member of the Crown Audit and Corporate Governance, Finance and Responsible Gaming Committees on 20 June 2018.
9. Mr Mitchell AC was ineligible to attend one meeting of the Crown Board that considered a related party transaction.
10. Mr Packer was appointed as a director of Crown on 3 August 2017 and ceased as a director of Crown on 21 March 2018. Mr Packer was ineligible to attend two meetings of the Crown Board that considered related party transactions.

Under Crown's Constitution and its Board and Committee Charters, documents containing written resolutions assented to by Directors are to be taken as a minute of a meeting of Directors or of a Committee (as the case may be). The Board assented to seven written resolutions and the Investment Committee assented to three written resolutions in the 2018 financial year. The Finance Committee did not formally meet in the 2018 financial year.

## Shares and Options

As at the date of this Report, Crown has 21.175 million unquoted options on issue (as set out below). Each option is granted over one fully paid ordinary share in Crown.

In April 2017, Crown issued 14 million options under the 2017 Senior Executive Incentive Plan to John Alexander and a small number of senior executives. The options, with an expiry date of 22 February 2021, were granted with an initial exercise price of \$11.43. The exercise price of \$11.43 per option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

In August 2018, Crown issued an additional 7.175 million options under the 2017 Senior Executive Incentive Plan to a small number of senior executives, none of which were members of Crown's key management personnel. 540,000 of the options were issued to Mr Karl Bitar – the Executive Vice President – Group Marketing & Brand Strategy. The options, with an

DIRECTORS' STATUTORY REPORT CONTINUED

expiry date of 8 August 2022, were granted with an initial exercise price of \$13.35. The exercise price of \$13.35 per option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

If Crown undertakes a bonus issue of Crown shares during the term of the options, holders are entitled, upon exercise of an option, and without payment of any further consideration, to the number of Crown shares the holder would have received under that bonus issue. If Crown undertakes a pro rata issue of Crown shares during the term of the options, then the exercise price of each option will be reduced in accordance with the 2017 Senior Executive Incentive Plan Rules.

For all holders of the options, other than a Director of Crown, at Crown's election, the options can be settled by the issue of new Crown fully paid ordinary shares, the transfer of shares acquired by Crown from the market or by paying cash, equivalent to the difference between the exercise price of the options and the market price of the shares at the time of exercise. For John Alexander, a Director of Crown, any shares to be acquired on the vesting and exercise of the options must be purchased on-market and cannot be settled by the issue of new Crown shares.

No shares or interests have been issued during the year or since year end as a result of option exercise.

## Indemnity and Insurance of Officers and Auditors

### Director and officer indemnities

Crown indemnifies certain persons as detailed in its Constitution in accordance with the terms of the Crown Constitution.

### Directors' and officers' insurance

During the year, Crown has paid insurance premiums to insure officers of the Crown group against certain liabilities.

The insurance contract prohibits disclosure of the nature of the insurance cover and the amount of the insurance premiums payable.

### Indemnification of auditors

To the extent permitted by law, Crown has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

## Auditor Information

### Auditor details

Ernst & Young has been appointed Crown's auditor. Mr Michael Collins was the Ernst & Young partner responsible for the audit of Crown's accounts for the year ended 30 June 2018.

### Non-audit services

Details of the amounts paid or payable to Ernst & Young for non-audit services provided during the year by the auditor are outlined in note 25 of the Financial Report. Crown acquired non-audit services from Ernst & Young, largely in respect of taxation matters relating to:

- the sale of Crown's interest in CrownBet and Ellerston;
- the sale of Crown's interest in Melco Resorts & Entertainment Limited;
- proposed developments; and
- ongoing taxation matters.

The ratio of non-audit to audit services provided by Ernst & Young to Crown at the conclusion of the 2018 financial year was approximately 3.3:1.

Based on advice received from the Audit and Corporate Governance Committee, the Directors are satisfied that the provision of non-audit services during the 2018 financial year by Ernst & Young is compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services have been reviewed by the Audit and Corporate Governance Committee to ensure that they did not impact the impartiality and objectivity of the auditor; and
- none of the services involved reviewing or auditing the auditor's own work or acting in a management decision-making capacity for the Company.

## Rounding

The amounts contained in this Report and in the Financial Report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Crown is an entity to which this Instrument applies.

# Remuneration Report

This Remuneration Report for the year ended 30 June 2018 outlines the Director and executive remuneration arrangements of Crown in accordance with the requirements of the *Corporations Act 2001* (Cth) (Corporations Act) and the *Corporations Regulations 2001* (Cth). For the purposes of this Report, key management personnel (KMP) of the Crown group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Crown group, directly or indirectly, including any Director (whether executive or otherwise) of Crown Resorts Limited.

The disclosures in this Report have been audited. This Report is presented under the following sections:

1. Introduction
2. Overview of Remuneration Policy
3. Summary of Senior Executive Remuneration Structure
  - Fixed Remuneration
  - Performance Based Remuneration
4. Details of Performance Based Remuneration Elements
  - Short Term Incentives
  - Long Term Incentives: 2014 Crown Long Term Incentive Plan and 2017 Senior Executive Incentive Plan
5. Relationship between Remuneration Policy and Company Performance
  - Remuneration linked to performance
  - Policy on entering into transactions in associated products which limit economic risk
6. Remuneration details for Non-executive Directors
7. Remuneration details for Senior Executives
8. Key Management Personnel Disclosures

## Introduction

### Persons to whom report applies

The remuneration disclosures in this Report cover the following persons:

#### **Non-executive Directors**

- The Hon. Helen A Coonan
- Rowena Danziger (until 26 October 2017)
- Andrew Demetriou
- Geoffrey J Dixon
- Jane Halton AO PSM (from 23 May 2018)
- Professor John S Horvath AO
- Guy Jalland (from 16 April 2018)
- Michael R Johnston
- Antonia Korsanos (from 23 May 2018)
- Harold C Mitchell AC
- James D Packer (from 3 August 2017 until 21 March 2018)

#### **Executive Directors**

- John H Alexander (Executive Chairman)

#### **Other Company Executives**

- Kenneth M Barton (Chief Financial Officer and CEO Crown Digital)
- Barry Felstead (Chief Executive Officer – Australian Resorts)
- W Todd Nisbet (Executive Vice President – Strategy and Development)

In this Report, the group of persons comprised in the categories of Executive Directors and Other Company Executives (listed above) are collectively referred to as “Senior Executives”.

This Report contains a similar level of disclosure to the 2017 Remuneration Report. There has been no material change to the Company’s remuneration policy during the period and much of the description of the Company’s remuneration policy in this Report is therefore unchanged from last year other than in relation to the 2014 Crown Long Term Incentive Plan. As the 2014 Crown Long Term Incentive Plan has now expired and no Plan Year Bonus was paid in respect of the financial year ended 30 June 2018, an abbreviated summary of the terms of the 2014 Crown Long Term Incentive Plan is included in this Report.

## Overview of Remuneration Policy

### Philosophy

Crown is a company that provides outstanding customer service and, to remain competitive, Crown must continue to enhance the experience of all customers who visit Crown’s land-based properties and digital assets. As a result, the performance of the Crown group is highly dependent upon the quality of its Directors, senior executives and employees. Crown seeks to attract, retain and motivate skilled Directors and senior executives in leadership positions of the highest calibre. Crown’s remuneration philosophy is to ensure that remuneration packages properly reflect a person’s duties and responsibilities, that remuneration is appropriate and competitive both internally and as against comparable companies and that there is a direct link between remuneration and performance. Crown has differing remuneration structures in place for Non-executive Directors and Senior Executives.

REMUNERATION REPORT CONTINUED

**Non-executive Directors**

The process for determining remuneration of the Non-executive Directors has the objective of ensuring maximum benefit for Crown by the retention of a high quality Board.

The Nomination and Remuneration Committee bears the responsibility of determining the appropriate remuneration for Non-executive Directors. Non-executive Directors' fees are reviewed periodically by the Nomination and Remuneration Committee with reference to the fees paid to the Non-executive Directors of comparable companies. The Nomination and Remuneration Committee is subject to the direction and control of the Board.

In forming a view of the appropriate level of Board fees to be paid to Non-executive Directors, the Nomination and Remuneration Committee may also elect to receive advice from independent remuneration consultants, if necessary. Details regarding the composition of the Nomination and Remuneration Committee and its main objectives are outlined in the Corporate Governance Statement. The Nomination and Remuneration Committee is comprised solely of independent Non-executive Directors.

No performance based fees are paid to Non-executive Directors. Non-executive Directors are not entitled to participate in Crown's incentive plans (described more fully below). Non-executive Directors are not provided with retirement benefits other than statutory superannuation at the rate prescribed under the *Superannuation Guarantee (Administration) Act 1992* (Cth) (Superannuation Legislation).

**Senior Executives**

The remuneration structure for Senior Executives incorporates a mix of fixed and performance based remuneration. The following section provides an overview of the fixed and performance based elements of executive remuneration. The summary tables provided later in this Report indicate which elements apply to each Senior Executive.

Crown's key strategies and business focusses which are taken into consideration as part of performance based remuneration, are set out on page 5 of the Annual Report.

**Summary of Senior Executive Remuneration Structure****Fixed remuneration**

The objective of fixed remuneration is to provide a base level of remuneration which is appropriate to the Senior Executive's responsibilities, the geographic location of the Senior Executive and competitive conditions in the appropriate market.

Fixed remuneration is therefore determined with reference to available market data, the scope and any unique aspects of an individual's role and having regard to the qualifications and experience of the individual. From time to time, Crown seeks a range of specialist advice to help establish the competitive remuneration for its Senior Executives.

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Legislation, mobile telephone costs, complimentary privileges at Crown Melbourne and Crown Perth and may include, at the election of the Senior Executive, other benefits such as a motor vehicle, additional contributions to superannuation, car parking and staff gym membership, aggregated with associated fringe benefits tax to represent the total employment cost (TEC) of the relevant Senior Executive to Crown.

Fixed remuneration for the Senior Executives (except the Executive Chairman) is reviewed annually by the Executive Chairman and is approved by the Nomination and Remuneration Committee.

The review process measures the achievement by the Senior Executives of their Key Performance Objectives (KPOs) established at the beginning of the financial year (see further below), the performance of Crown and the business in which the Senior Executive is employed, relevant comparative remuneration in the market and relevant external advice.

Fixed remuneration for the Executive Chairman is reviewed by the Nomination and Remuneration Committee following their consideration of his performance against his annual KPOs.

The KPOs for Senior Executives, including the Executive Chairman, are closely aligned with the objectives set out in Crown's Four Year Financial Plan.

Any payments relating to redundancy or retirement are as specified in each relevant Senior Executive's contract of employment.

For summaries of Senior Executive contracts of employment, see pages 64 to 67 of this Report.

### Performance based remuneration

The performance based components of remuneration for Senior Executives seek to align the rewards attainable by Senior Executives with the achievement of particular annual and long term objectives of Crown and the creation of shareholder value over the short and long term. The performance based components which applied to the Senior Executives during the year were as follows:

- Short Term Incentives; and
- Long Term Incentives (the 2014 Crown Long Term Incentive Plan and the 2017 Senior Executive Incentive Plan).

A key focus of the Crown Board is the achievement of the Crown group's annual business plan and budget and the long term financial plan. In order to provide incentives to executives, each of the Short Term Incentives and the 2014 Crown Long Term Incentive Plan link back to key elements of the business plan and budget and long term financial plan. The 2017 Senior Executive Incentive Plan is based on an alignment of the relevant Senior Executive's reward to the appreciation of Crown's share price and is contingent on continued employment with the Crown group.

### Details of Performance Based Remuneration Elements

#### Short Term Incentives (STI)

The remuneration of Senior Executives is linked to Crown's short term annual performance through a cash-based STI. Senior Executives have a potential or target STI, which is subject to the Crown group's performance and the achievement of the Senior Executive's KPOs established at the beginning of each financial year. In summary, the typical KPO structure might comprise the following elements:

Financial Performance Objectives	<ul style="list-style-type: none"> <li>• Performance against budgeted normalised EBITDA<sup>1</sup> and/or net profit after tax.</li> </ul>
Typical Non-Financial Objectives	<ul style="list-style-type: none"> <li>• Progress on Crown Sydney, including project management, realisation of apartment proceeds and preparation for the commencement of operations.</li> <li>• Management of major capital expenditure and investment programs to ensure projects are delivered on time and on budget, while minimising disruption at relevant Australian properties as well as the subsequent delivery of anticipated benefits from those capital programs.</li> <li>• Successful execution of strategic initiatives including the sale of non-core assets and businesses.</li> <li>• Reinforcement and delivery of outstanding customer experiences through continuous improvement in Crown's service culture.</li> <li>• Successful management of Crown stakeholders, including government, media, trade unions and community organisations, to achieve targeted outcomes.</li> <li>• Achievement of successful expansion of customer base for Crown properties and digital businesses through marketing or other relevant activities.</li> <li>• Growth in engagement levels of employees across Crown.</li> <li>• Achievement of margin improvement targets through the implementation of approved programs aimed at reducing costs and increasing asset yield.</li> <li>• Achievement (or maintenance) of improvements in key occupational health and safety statistics.</li> <li>• Management of, and responding to, regulatory and compliance matters.</li> </ul>

Financial performance objectives are derived from Crown's Annual Business Plan and Budget as the Crown Board considers that this is the best way to ensure that Crown meets the Annual Business Plan and Budget, aligning performance outcomes with shareholder value.

A failure to achieve relevant financial performance objectives will result in Senior Executives receiving either no STI bonus or, where relevant financial performance objectives are only partially met, a reduced STI bonus. The Crown Board retains discretion, however, to pay STI bonus where financial performance objectives have not been met, but other objectives have been achieved.

<sup>1</sup> In this Report, the term "normalised EBITDA" represents EBITDA which has been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and the impact of significant items (where applicable).

REMUNERATION REPORT CONTINUED

Appropriate non-financial performance objectives (such as those set out in the table above) are also included in a Senior Executive's KPOs where they are within that Senior Executive's sphere of influence and are relevant to the Senior Executive's area of work. These metrics are aligned with the achievement of Crown's Annual Business Plan and Budget.

The performance of each Senior Executive against financial and non-financial KPOs is reviewed on an annual basis. Whether KPOs have been achieved is determined by the Executive Chairman, having regard to the operational performance of the business or function in which the Senior Executive is involved and the Executive Chairman's assessment of the attainment of the individual's KPOs.

The Executive Chairman reviews performance based remuneration entitlements and recommends the STI bonuses, subject to final approval by the Nomination and Remuneration Committee and the Board.

The Executive Chairman's eligibility for an STI bonus is determined by the Nomination and Remuneration Committee on behalf of the Board.

For a more detailed commentary on financial year 2018 STI bonuses see page 68.

#### Long Term Incentives

During the year, Crown had the following two long term incentive plans in place:

- the 2014 Crown Long Term Incentive Plan; and
- the 2017 Senior Executive Incentive Plan.

This section of the Report describes these two Plans.

#### 2014 Crown Long Term Incentive Plan (2014 Crown LTI)

The 2014 Crown LTI, which expired on 30 June 2018, was made available to selected senior executives with effect from 1 July 2014.

As the 2014 Crown LTI has now expired and no Plan Year Bonus was paid in respect of the financial year ended 30 June 2018, an abbreviated summary of the terms of the 2014 Crown LTI follows.

A detailed description, including all permutations under the 2014 Crown LTI, is set out in the 2015, 2016 and 2017 Annual Reports.

#### Operation of the 2014 Crown LTI

The award of a long term incentive bonus under the 2014 Crown LTI was dependent on Crown achieving certain earnings per share hurdles (EPS Hurdles) in respect of, or in relation to, the four financial years ended 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018 (each a Plan Year).

The 2014 Crown LTI rules provided that the earnings per share (EPS) target would exclude the contribution from Melco Resorts & Entertainment Limited (MRE) (formerly

Melco Crown Entertainment Limited) and would be calculated in accordance with the following formula:

$$\frac{\text{Crown Profit}}{\text{Total Crown Shares}}$$

where:

**Crown Profit** means, in respect of a Plan Year, the normalised net profit after tax of the group for that Plan Year (excluding the contribution made by MRE and significant items). Normalised net profit excludes the impact of any variance from the theoretical win rate on VIP program play. For the purposes of both the EPS Hurdles and actual EPS, a theoretical win rate of 1.4% is applied; and

**Total Crown Shares** means the average of the largest number of Crown shares on issue during each day during the relevant Plan Year.

#### How EPS Hurdles were derived

The EPS Hurdles adopted in the 2014 Crown LTI were derived directly from EPS forecasts put in place in respect of the 2014 Four Year Financial Plan (each an EPS Target). Accordingly, the 2014 Crown LTI was specifically designed to provide an incentive to senior executives participating in the 2014 Crown LTI (Participants) to ensure the Four Year Financial Plan from financial year 2015 to financial year 2018 was met.

The EPS Hurdles in financial year 2015, financial year 2016 and financial year 2017 were 98% of the EPS Target for the relevant year in the Four Year Financial Plan. The EPS Hurdle in financial year 2018 was 100% of the EPS Target for the relevant year in the Four Year Financial Plan.

#### How bonuses accrued

If an EPS Hurdle was achieved in respect of a Plan Year, a Participant became entitled to a portion of the potential maximum bonus (Maximum Bonus) which may have been achieved under the 2014 Crown LTI in accordance with the following table:

Plan Year	Percentage
Plan Year 1	15%
Plan Year 2	20%
Plan Year 3	25%
Plan Year 4	40%

The Plan rules provided that bonuses would only ultimately be paid at the end of financial year 2018 either by way of the transfer of shares acquired under the 2014 Crown LTI or the payment of cash. See below for further details.

**Effect of achieving an EPS Hurdle**

If an EPS Hurdle was met in respect of a Plan Year, the 2014 Crown LTI provided that Crown would calculate the dollar value of the bonus in respect of the relevant Plan Year (Plan Year Bonus) by multiplying the Maximum Bonus for the Participant by the relevant percentage applicable to that Plan Year (as set out in the table above).

If the Plan Year was Plan Year 1, Plan Year 2 or Plan Year 3, the 2014 Crown LTI provided that Crown would pay the Plan Year Bonus earned by the Participant to the nominated Trustee and with an instruction that the Trustee apply that Plan Year Bonus to acquire Crown shares on market (Participant Shares), to be held on trust for the benefit of the Participant until the end of Plan Year 4 (at which time the shares could be transferred to the Participant).

In respect of Plan Year 4, the 2014 Crown LTI provided that Crown would pay that Plan Year Bonus to the Participant in cash and also advise the Trustee, who would arrange for any shares held in trust to be transferred to the relevant Participant. The Plan Year Bonus for Plan Year 4 was designed to be paid in cash because the Participant would be required to pay tax on the Bonus at that time.

The EPS Hurdles for Plan Year 1 and Plan Year 2 were met, however the EPS Hurdles for Plan Year 3 and Plan Year 4 were not met.

As previously disclosed, participants received their Plan Year Bonuses in respect of Plan Year 1 and Plan Year 2 in Crown shares. Participants did not receive any Plan Year Bonus for Plan Year 3 and Plan Year 4.

The Trustee will therefore be instructed to transfer the shares held in trust in respect of Plan Year 1 and Plan Year 2 to the relevant participants.

**What happened to dividends earned on Crown shares acquired under the 2014 Crown LTI?**

All dividends received on shares held in trust were passed through to the Participant.

**What happened if an executive's employment with Crown ceased?**

If a Participant's employment with Crown ceased, then the Participant was not entitled to any part of his or her 2014 Crown LTI bonus, except where the Participant's employment was terminated by Crown without cause, in which case the Participant would be entitled to any tranche (in the form of shares held on trust) which had vested prior to the date of termination.

**Review of EPS Hurdles**

After 30 June 2018, the Crown Nomination and Remuneration Committee conducted a review of the 2014 Crown LTI EPS Hurdles to consider whether the EPS Hurdles had been achieved.

Having conducted its review of the 2014 Crown LTI and the EPS Hurdles, the Nomination and Remuneration Committee concluded that the EPS Hurdles for the 2018 financial year were not met and, accordingly, no part of the 2014 Crown LTI vested for financial year 2018.

**Disclosure of EPS Targets**

Set out below are the EPS Targets and EPS Hurdles which applied for financial years 2015, 2016, 2017 and 2018 together with Crown's actual EPS for financial years 2015, 2016, 2017 and 2018.

	EPS Target (2014 Four Year Financial Plan)	EPS Target Growth (2014 Four Year Financial Plan)	EPS Hurdle (Crown LTI)*	Actual EPS	Actual EPS Growth (from previous year)	Tranche Vested?
FY15	51.5 cents	N/A	50.5 cents	53.0 cents	N/A	Yes
FY16	57.6 cents	11.8%	56.4 cents	57.1 cents	7.7%	Yes
FY17	60.9 cents	5.7%	59.7 cents	42.5 cents	(25.6%)	No
FY18	70.6 cents	15.9%	70.6 cents	58.0 cents	36.5%	No

\* In financial year 2015, financial year 2016 and financial year 2017, the EPS Hurdle was 98% of the 2014 Four Year Financial Plan EPS Target. In financial year 2018, the EPS Hurdle was 100% of the EPS Target for the relevant year in the Four Year Financial Plan.

All references in the above table to "EPS" exclude the contribution made by MRE and significant items and Crown's actual EPS also excludes the impact of certain unanticipated events as described in previous Annual Reports.



REMUNERATION REPORT CONTINUED

**Details of Participation of Senior Executives in 2014 Crown LTI**

All the Senior Executives named in this Report participated in the 2014 Crown LTI. Details of potential 2014 Crown LTI bonuses were as follows:

Senior Executive	Maximum Value over four year period \$	30 June 2015 (15%) \$	30 June 2016 (20%) \$	30 June 2017 (25%) \$	30 June 2018 (40%) \$
John Alexander	4,500,000	675,000	900,000	1,125,000	1,800,000
Ken Barton	4,050,000	607,500	810,000	1,012,500	1,620,000
Barry Felstead	6,300,000	945,000	1,260,000	1,575,000	2,520,000
Todd Nisbet	6,300,000	945,000	1,260,000	1,575,000	2,520,000

As noted in the tables above, in financial years 2017 and 2018, Crown did not meet the relevant EPS Hurdle and accordingly, no entitlement to the EPS Bonus for financial years 2017 and 2018 vested, being 65% of the Maximum Value over the four year period.

Set out below are the vested bonus amounts for the above participants in respect of financial years 2015, 2016, 2017 and 2018:

Senior Executive	Vested in relation to the financial year ended 30 June 2015 \$	Vested in relation to the financial year ended 30 June 2016 \$	Vested in relation to the financial year ended 30 June 2017 \$	Vested in relation to the financial year ended 30 June 2018 \$
John Alexander	675,000	900,000	Nil	Nil
Ken Barton	607,500	810,000	Nil	Nil
Barry Felstead	945,000	1,260,000	Nil	Nil
Todd Nisbet	945,000	1,260,000	Nil	Nil

**2017 Senior Executive Incentive Plan (2017 Incentive Plan)****Outline of the Plan and the Offer**

The 2017 Incentive Plan seeks to assist in the reward, retention and motivation of relevant Senior Executives, to link the reward to shareholder value creation and to align the interests of relevant Senior Executives with shareholders.

The 2017 Incentive Plan accommodates the offer and issue of 'Awards' which may be in the form of Options, Performance Rights or Share Appreciation Rights. All Awards may, under the Plan, be settled with Crown shares or cash.

The Awards that have been granted to the Senior Executives are Options which have a four year term from their agreed date of issue. The Options were agreed to be issued on 22 February 2017. The Options are not quoted on the ASX or on any other financial market.

For all participants, other than a Director of Crown, at Crown's election, the Options can be settled by the issue of new Crown shares, the transfer of shares acquired by Crown from the market or by paying cash, equivalent to the difference between the Exercise Price of the Options and the market price of the shares at the time of exercise. For John Alexander, a Director of Crown, any Crown shares to be acquired on the vesting and exercise of the Options must be purchased on-market and cannot be settled by the issue of new Crown shares.

In addition to the physical settlement of Awards, Awards may be bought back by the agreement of Crown and the participant or, at the instigation of Crown, at Market Value.

The Options that have been issued are styled as 'European' Options, meaning that they are only exercisable on a single day being Monday, 22 February 2021 starting at midnight and ending at 11.59pm Melbourne time on that day (the Expiry Date).

**Option Participants**

Options have been granted to the following Senior Executives:

Senior Executive	Number of Options
John Alexander	5,000,000
Ken Barton	3,000,000
Barry Felstead	3,000,000
Todd Nisbet	3,000,000

**Key Features of the 2017 Incentive Plan**

The key features of the 2017 Incentive Plan are set out below:

Feature	Description
Options	The Awards are Options which have a four year term from their agreed date of issue. The Options expire on the Expiry Date (i.e. 22 February 2021).
Option Exercise Price	The Options have an Exercise Price of \$11.43 per Option.
Options Issued for Value	Participants were required to pay value for their Options. The Options were not free.
Consideration for the Issue of Options	Each participant was required to pay a Fee equal to the market value of the Options through an Acquisition Loan advanced by Crown.
Vesting Condition	The Options are subject to a single Vesting Condition, being the continued employment of the relevant participant for four years after the grant date, or the classification of the Senior Executive as a good leaver at the expiry date.
Malus and Board Discretion	The Board may deem all unvested Options to have lapsed where a participant acts fraudulently or dishonestly, or wilfully breaches their duties.  All unvested Options will automatically be forfeited where a participant is considered a 'bad leaver' which extends to serious and wilful misconduct, material breach of the terms of the employment contract, gross negligence or other conduct justifying termination without notice.  A participant will also be considered a 'bad leaver' if the participant resigns from his or her employment or office.
Board discretion to buy back at any time	The Board may cause the company to buy back Options held by a participant at any time, for the Market Value of the Options without the agreement of a participant.
Dividend and Voting Rights	No ordinary dividend or voting rights attach to the Options unless and until Crown shares are delivered on exercise.
Adjustments to the Exercise Price	Any special dividends (but not ordinary dividends) or capital returns are reflected as adjustments to the Exercise Price of the Options.
Shareholder Approval Not Required	Shareholder approval was not required for the 2017 Incentive Plan or the issue of Options under the Plan.

Set out below is a description of how a selection of these features apply and why Crown considers these features to be appropriate for Crown.

**Option Exercise Price**

An initial Exercise Price of \$11.43 per Option was determined by reference to the volume weighted average price (VWAP) of Crown shares at the time that the Crown Board approved the offer of Options at its February 2017 meeting.

The Exercise Price of each Option of \$11.43 may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

**Options are Issued for Value – Senior Executives Pay for Options**

The 2017 Incentive Plan differs from many similar option-based incentive plans in that it requires participants to pay value for their Options. The Options are not free.

REMUNERATION REPORT CONTINUED

Senior Executives participating in the 2017 Incentive Plan were invited to acquire Options for a Fee equal to the market value of those Options.

The market value was based on the option valuation methodology under the *Income Tax Assessment Regulations 1997* (Cth) (Regulations).

Under the Regulations, having regard to the market price of a Crown share at grant and the Exercise Price of the Option, a four year Option is valued at 6.2% of the market value of the underlying share.

Options were therefore issued to participants for a Fee equal to the market value at the date they were agreed to be issued, being 22 February 2017, of \$0.71 per Option (Fee) (i.e. 6.2% of the initial exercise price of \$11.43).

On the day the Options were issued, the value to the participants was therefore nil. The value of the incentives to the participants will arise only where Crown's share price exceeds the Exercise Price of the Options plus the Fee (i.e. \$12.14), the vesting condition is met and the Options are exercisable.

#### **Consideration for the Payment of Options – Acquisition Loan**

Each participant paid the Fee for the issue of the Options through an Acquisition Loan advanced by Crown.

The Acquisition Loan is repayable on the exercise, lapse, cancellation or forfeiture of the Options financed by the Acquisition Loan. No interest is payable on the Loan.

The repayment amount of the Acquisition Loan is the lesser of the outstanding amount of the Acquisition Loan and:

- the market value of the Crown shares to be delivered on exercise; or
- in the case of a buy-back, the market value of the Option; or
- in the case of lapse, cancellation or forfeiture, nil.

#### **Single Vesting Condition of Continued Employment**

The Options are subject to a single Vesting Condition being the continued employment of the relevant Senior Executive for four years after the grant date, or the classification of the Senior Executive as a good leaver at the Expiry Date.

The Board considered that, following the restructure announced in February 2017, the Senior Executives that remained should be given the opportunity to benefit from the increase in the value of Crown shares over the following four years. Further, the 2017 Incentive Plan seeks to reward and retain those Senior Executives who have primary responsibility for delivering Crown's key strategic priorities over the coming years.

The Options have an implicit performance hurdle in that the Options have no value upon vesting unless the Crown

share price exceeds the Exercise Price of the Options plus the Fee (i.e. \$12.14). This creates alignment with shareholders through share price appreciation and motivates the performance and retention of Senior Executives.

#### **Malus and Board Discretion**

The 2017 Incentive Plan provides that where, in the opinion of the Board, a participant acts fraudulently or dishonestly, or wilfully breaches their duties, then the Board may deem all unvested Options of that participant to have lapsed.

In addition, all unvested Options will automatically be forfeited where a participant is considered a 'bad leaver'. Circumstances in which a participant would be considered a 'bad leaver' include where a participant's employment is terminated or a participant is dismissed due to serious and wilful misconduct, material breach of the terms of the employment contract, gross negligence or other conduct justifying termination without notice. A participant will also be considered a 'bad leaver' if the participant resigns from his or her employment or office.

#### **Voting Rights and Rights to Dividends**

No ordinary dividend or voting rights attach to the Options unless and until Crown shares are delivered on exercise.

Any special dividends (but not ordinary dividends) or capital returns will be reflected as adjustments to the Exercise Price of the Options.

#### **Shareholder Approval Not Required**

The terms of the 2017 Incentive Plan specifically provide that, upon vesting and exercise of the Options, Directors of Crown may only receive Crown shares that have been purchased on-market. The issue of such Options to Directors of Crown will therefore not be dilutive of existing shareholders and the shares delivered to Option holders will reflect the market value of the shares at the time. As a result, shareholder approval was not required under the ASX Listing Rules for the 2017 Incentive Plan or any Options issued under the 2017 Incentive Plan. Neither the letter nor the spirit of the ASX Listing Rules requires such approval, which would therefore not serve any purpose. As a condition of the fact that the 2017 Incentive Plan was not approved by shareholders, new Crown shares must not be issued to a Director of Crown under the terms of the 2017 Incentive Plan.

#### **Accounting Valuation of Options and Reporting**

The Options constitute remuneration for the purposes of this Report.

For the purposes of reporting, a determination of the "fair value" (for accounting purposes) of each Option was undertaken.

As there is a limited recourse Acquisition Loan associated with the Options with an obligation to repay Crown (in the event the Options are exercised) the Fee of \$0.71 per Option, from an accounting perspective, the Acquisition Loan has been treated as an addition to the Exercise Price of the Option and the Option has been re-valued accordingly, without having further regard to the amount outstanding under the Acquisition Loan.

Based on this approach, from an accounting perspective, the Options have been valued using an assumed "exercise price" of \$12.14 and assumes that there is no Acquisition Loan.

The fair value of the Options was determined at the commencement of the Plan to be \$0.53 per Option (equivalent to approximately 4.6% of the actual Exercise Price of the Options).

The outcome of this valuation approach (using the Black Scholes valuation model) and the accounting implications are shown below:

Number of Options		14,000,000
Exercise Price*	\$	11.43
Total Face value	\$	160,020,000
Valuation %*		4.6%
Valuation \$	\$	7,360,920
Value per Option	\$	0.53
<b>Annual impact on Crown reported results (over four years)</b>	<b>\$</b>	<b>1,840,230</b>

\* While the contracted Exercise Price of each Option is \$11.43, from an accounting perspective, the valuation of each Option is determined assuming an exercise price of \$12.14. For the purposes of the Black Scholes Valuation model, a volatility measure of 18% has been used representing the historical volatility of Crown shares.

Based on the above, the annual value of the 2017 Incentive Plan which has been attributed to each Senior Executive participant is as follows:

	Number of Options	Accounting Value per Option	Annual Impact \$
John Alexander	5,000,000	53 cents	657,225
Ken Barton	3,000,000	53 cents	394,335
Barry Felstead	3,000,000	53 cents	394,335
Todd Nisbet	3,000,000	53 cents	394,335
<b>Total</b>	<b>14,000,000</b>		<b>1,840,230</b>

Disclosures in line with the above have been included in the Senior Executive Remuneration Table set out later in this Report.

## Relationship between remuneration policy and company performance

### Remuneration linked to performance

As detailed above in the sections on Fixed Remuneration and Performance Based Remuneration, various elements of Crown's remuneration policy are linked to company performance, in particular, the achievement of Crown's Board approved Annual Budget and Business Plan (in the case of STI), Crown's Board approved Four Year Financial Plan (in the case of the expired 2014 Crown LTI) and an increase in the value of Crown shares (in the case of the 2017 Incentive Plan).

The Crown Board has sought to achieve this link by requiring the achievement of an annual level of normalised EBITDA and net profit after tax (in the case of STI), predetermined EPS Targets (in the case of the expired 2014 Crown LTI) or an increase in the value of Crown shares over the following four years (in the case of the 2017 Incentive Plan).

Full details of how these links have been achieved are set out in the above sections of this Report, but, in summary:

- an STI bonus may be payable if Crown achieves its budgeted financial objectives and where an individual achieves his or her annual KPOs, assessed using a combination of financial and non-financial measures;
- the 2014 Crown LTI was linked to predetermined EPS Hurdles in financial year 2015, financial year 2016, financial year 2017 and financial year 2018; and
- an increase in the value of Crown shares over the four years of the 2017 Incentive Plan may result in a benefit to participants.

## REMUNERATION REPORT CONTINUED

This year, normalised EBITDA generated by Crown Melbourne and Crown Perth, Crown's wholly owned Australian casinos, grew by 7.2%. The compound annual normalised EBITDA growth for Crown Melbourne and Crown Perth for the five year period to 30 June 2018 was 2.6% per annum. Normalised Crown group NPAT was up by 12.7% in financial year 2018. The compound annual normalised NPAT growth (including NPAT from MRE until financial year 2017) for the Crown group for the five year period to 30 June 2018 was negative 4.0% per annum.

The table and graph below set out information about movements in shareholder wealth for the financial years ended 30 June 2014 to 30 June 2018.

	Year Ended 30 June 2014	Year Ended 30 June 2015	Year Ended 30 June 2016	Year Ended 30 June 2017	Year Ended 30 June 2018
Share price at start of period	\$12.11	\$15.12	\$12.20	\$12.61	\$12.28
Share price at end of period	\$15.12	\$12.20	\$12.61	\$12.28	\$13.50
Full year dividend	37.0 cents <sup>1</sup>	37.0 cents <sup>2</sup>	72.5 cents <sup>3</sup>	143.0 cents <sup>4</sup>	60.0 cents <sup>5</sup>
Basic/diluted earnings per share <sup>6</sup> :					
<i>Australian resorts and other</i>	56.95 cps	44.53 cps	48.18 cps	37.34 cps	47.44 cps
<i>MRE component</i>	39.49 cps	16.75 cps	5.86 cps	5.21 cps	-
Total basic/diluted earnings per share	96.44 cps	61.28 cps	54.04 cps	42.55 cps	47.44 cps

1 Franked to 50% with none of the unfranked component comprising conduit foreign income.

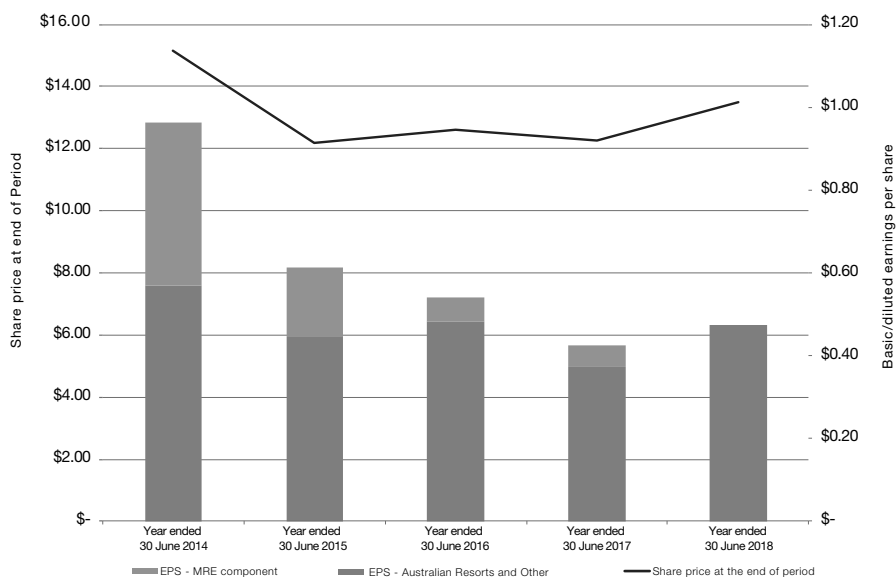
2 Franked to 50% with all of the unfranked component of the final dividend comprising conduit foreign income.

3 Interim dividend franked to 50% and final dividend franked to 70% with all of the unfranked components comprising conduit foreign income.

4 Franked to 60% with none of the unfranked component comprising conduit foreign income. This amount includes a special dividend paid to shareholders in March 2017 of 83 cents per share.

5 Franked to 60% with none of the unfranked component of the interim dividend comprising conduit foreign income and all of the unfranked component of the final dividend comprising conduit foreign income.

6 Excluding the effect of significant items.



### Policy on entering into transactions in associated products which limit economic risk

The rules of the 2014 Crown LTI specifically provided that a Participant could not grant or enter into any Security Interest in or over any Crown shares that may be acquired under the Plan (Participant Shares) or otherwise deal with any Participant Shares or interest in them until the relevant Participant Shares were transferred from the Trustee to the participant in accordance with the Plan rules. A Security Interest was defined to extend to any mortgage, charge, pledge or lien or other encumbrance of any nature, and includes any derivative relating to or involving a Participant Share. Any Security Interest, disposal or dealing made by a participant in contravention of the Plan rules would not be recognised by Crown.

The rules of the 2017 Incentive Plan specifically provide that a participant must not transfer, encumber, dispose of or have a Security Interest issued over Plan Shares, or any beneficial interest in Plan Shares, unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met or waived by the Board or the Board has provided prior written consent. A Security Interest is defined to include a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

In addition, Crown's Securities Trading Policy provides that restricted persons who hold Crown shares (defined as Crown shares or other securities which may be issued from time to time by Crown) under an incentive plan offered by Crown from time to time, must not, without the prior consent in writing of Crown, sell, create a security interest in, or otherwise dispose or deal with their Crown shares or any of their interests in any of those Crown shares.

The rules of the 2017 Incentive Plan also require participants to comply with Crown's Securities Trading Policy at all times.

### Remuneration Details for Non-executive Directors

#### Non-executive Directors

Non-executive Directors are entitled to a base fee per annum for acting as a Director of Crown.

Non-executive Directors acting on the Board of Crown Melbourne Limited are entitled to receive a further fee in respect of that service. Prior to the sale of Crown's interest in CrownBet in February 2018, Crown's nominee on the CrownBet Board was entitled to an annual fee in respect of that service.

Non-executive Directors of Crown are entitled to additional fees if they act as either chair or a member of an active Committee (the Audit and Corporate Governance Committee, the Corporate Social Responsibility Committee, the Occupational Health and Safety Committee, the Nomination and Remuneration Committee, the Responsible Gaming Committee or the Risk Management Committee).

All Directors are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Non-executive Directors' fees which applied during the financial year ended 30 June 2018 were as follows:

Base Board Fees:	\$150,000
Active Board Committees:	
- Chair	\$25,000
- Member	\$15,000
Crown Melbourne Board:	\$60,000
CrownBet Board:	\$75,000

In accordance with Crown's constitution, Non-executive Directors' fees were within the aggregate Non-executive Directors' Fee cap of \$2,500,000 per annum.

Set out below is a table showing Non-executive Director remuneration for financial years 2018 and 2017.

REMUNERATION REPORT CONTINUED

## Remuneration table – Non-executive Directors

	Financial Year	Short Term Benefits			Long Term Incentives				Total
		Salary & Fees	Non Monetary	Other	Post - employment Benefit - Superannuation	Cash Based	Equity Based	Termination Benefits	
<b>Helen Coonan</b>	2018	200,000	-	-	19,000	-	-	-	219,000
Non-executive Director	2017	161,041	-	-	15,299	-	-	-	176,340
<b>Rowena Danziger<sup>1,2</sup></b>	2018	130,833	-	-	10,079	-	-	-	140,912
Non-executive Director	2017	256,666	-	-	19,616	-	-	-	276,282
<b>Andrew Demetriou<sup>3</sup></b>	2018	218,620	-	-	20,769	-	-	-	239,389
Non-executive Director	2017	208,333	-	-	19,616	-	-	-	227,949
<b>Geoffrey Dixon</b>	2018	200,000	-	-	19,000	-	-	-	219,000
Non-executive Director	2017	180,000	-	-	17,100	-	-	-	197,100
<b>Jane Halton AO PSM<sup>4</sup></b>	2018	16,304	-	-	1,549	-	-	-	17,853
Non-executive Director	2017	-	-	-	-	-	-	-	-
<b>John Horvath AO<sup>2,5</sup></b>	2018	285,516	-	-	20,049	-	-	-	305,565
Non-executive Director	2017	256,666	-	-	19,616	-	-	-	276,282
<b>Guy Jalland<sup>6,7</sup></b>	2018	-	-	-	-	-	-	-	-
Non-executive Director	2017	-	-	-	-	-	-	-	-
<b>Michael Johnston<sup>7</sup></b>	2018	-	-	-	-	-	-	-	-
Non-executive Director	2017	-	-	-	-	-	-	-	-
<b>Antonia Korsanos<sup>8</sup></b>	2018	16,304	-	-	1,549	-	-	-	17,853
Non-executive Director	2017	-	-	-	-	-	-	-	-
<b>Harold Mitchell AC</b>	2018	180,000	-	-	17,100	-	-	-	197,100
Non-executive Director	2017	160,000	-	-	15,200	-	-	-	175,200
<b>James Packer<sup>7,9</sup></b>	2018	-	-	-	-	-	-	-	-
Non-executive Director	2017	-	-	-	-	-	-	-	-
<b>2018 TOTALS</b>		<b>1,247,577</b>	<b>-</b>	<b>-</b>	<b>109,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,356,672</b>
<b>2017 TOTALS<sup>10</sup></b>		<b>1,222,706</b>	<b>-</b>	<b>-</b>	<b>106,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,329,153</b>

1 Mrs Danziger ceased as a Director of Crown, as member of the Crown Audit and Corporate Governance, Responsible Gaming and Risk Management Committees and Chair of the Crown Occupational Health and Safety Committee on 26 October 2017.

2 Mrs Danziger and Professor Horvath AO each received Directors' fees at a rate of \$60,000 per annum for their participation on the Crown Melbourne Limited Board.

3 Mr Demetriou was appointed as a member of the Risk Management Committee on 25 October 2017. Mr Demetriou was appointed as a member of the Audit and Corporate Governance Committee on 29 January 2018 and ceased as a member of that Committee on 20 June 2018. Mr Demetriou also received Directors' fees at a rate of \$75,000 per annum for his participation on the CrownBet Pty Ltd and CrownBet Holdings Pty Ltd Boards from 1 July 2017 up to and including 27 February 2018.

4 Ms Halton AO PSM was appointed as a Director of Crown on 23 May 2018 and was subsequently appointed as a member of the Crown Occupational Health and Safety and Risk Management Committees on 20 June 2018.

5 Professor Horvath AO was appointed as Chair of the Crown Occupational Health and Safety Committee on 13 December 2017.

6 Mr Jalland was appointed as a Director of Crown on 16 April 2018.

7 Messrs Jalland, Johnston and Packer did not receive remuneration from Crown for their services to Crown.

8 Mrs Korsanos was appointed as a Director on 23 May 2018 and was subsequently appointed as a member of the Crown Audit and Corporate Governance and Responsible Gaming Committees on 20 June 2018.

9 Mr Packer was appointed as a Director of Crown on 3 August 2017 and ceased as a Director of Crown on 21 March 2018.

10 Total Non-executive Director remuneration for the 2017 financial year excludes remuneration of \$130,031 for the Non-executive Directors who ceased in the 2017 financial year.

## Remuneration details for Senior Executives

Senior Executives are employed under service agreements with Crown or a subsidiary of Crown. Common features of these service agreements include (unless noted otherwise):

- an annual review of the Senior Executive's fixed remuneration, with any increases requiring approval of the Executive Chairman (except in relation to the Executive Chairman) and the Nomination and Remuneration Committee and dependent on Crown's financial performance, the individual's KPO performance and market changes;
- competitive performance based incentive payments annually and in the long term, dependent upon Crown achieving its objectives and the Senior Executive achieving his or her KPOs;
- a provision that Crown may ask the Senior Executive to act as a Director of a member or associate of the Crown group for no additional remuneration;
- a prohibition from gambling at any property within the Crown group during the term of employment and for a period following termination and a requirement that the Senior Executive maintains licences required and issued by relevant regulatory authorities (such as the Victorian Commission for Gambling and Liquor Regulation, Western Australian Gaming and Wagering Commission and the New South Wales Independent Liquor and Gaming Authority);
- where post-employment restraints apply, a restraint covering, amongst other things, competitive activities to those of the Crown group. Restraint periods vary and have been noted in each instance;
- where an employment agreement is terminated by Crown, a provision that notice may be given in writing or payment may be made (wholly or partly) in lieu of notice;
- a provision that all contracts may be terminated without notice by Crown for serious misconduct; and
- all Senior Executives are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Specific details of each Senior Executive's contract of employment which applied at the end of the 2018 financial year are summarised in the tables on the following pages.



REMUNERATION REPORT CONTINUED

## Summary of Contracts of Employment Applicable at 30 June 2018

<b>John H Alexander</b>									
<b>Current Position</b>	Executive Chairman (commenced 1 February 2017) (previously Executive Deputy Chairman): Mr Alexander's current employment agreement with Crown Resorts Limited has no fixed term.								
<b>Fixed Remuneration</b>									
Base salary:	\$3,501,826 per annum.								
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$20,049 per annum.								
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation.								
<b>Performance based remuneration</b>									
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Alexander may receive an STI payment of up to \$500,000.								
LTI:	Mr Alexander participated in the 2014 Crown LTI and participates in the 2017 Incentive Plan. Refer to pages 54 to 59.								
<b>2018 Percentage breakdown of remuneration</b>	<table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2014 Crown LTI</b></th> <th><b>2017 Incentive Plan</b></th> </tr> </thead> <tbody> <tr> <td>75%</td> <td>11%</td> <td>0%</td> <td>14%</td> </tr> </tbody> </table>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>	75%	11%	0%	14%
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>						
75%	11%	0%	14%						
<b>Post-employment benefits</b>	Nil								
<b>Post-employment restraint</b>	Crown may impose a restraint for various periods up to 12 months.								
<b>Termination</b>									
By Senior Executive:	12 months' notice.								
By Crown:	12 months' notice without cause; without notice for breach or misconduct.								
<b>Termination benefits</b>	Nil								
<b>Payments made prior to commencement</b>	Nil								
<b>Directors' Fees</b>	Nil								

<b>Kenneth M Barton</b>				
<b>Current Position</b>	Chief Financial Officer (commenced 9 March 2010) and CEO Crown Digital (from 1 February 2017); Mr Barton's employment agreement with Crown Resorts Limited will expire on 30 September 2018.			
<b>Fixed Remuneration</b>				
Base salary:	\$1,813,752 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$20,049 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Until Mr Barton relocates to Melbourne, Crown will meet the weekly travel costs of his Melbourne/Sydney commuting and will provide hotel accommodation while in Melbourne.			
<b>Performance based remuneration</b>				
STI:	Mr Barton's annual target STI is \$500,000 and payment depends on meeting agreed personal KPOs. The STI may, at the discretion of the Nomination and Remuneration Committee, be increased to a maximum of \$750,000 if Mr Barton exceeds his KPOs and Crown also achieves its performance objectives.			
LTI:	Mr Barton participated in the 2014 Crown LTI and participates in the 2017 Incentive Plan. Refer to pages 54 to 59.			
<b>2018 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>
	62%	25%	0%	13%
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Nil			
<b>Termination</b>				
By Senior Executive:	6 months' notice.			
By Crown:	6 months' notice without cause; one month's notice for performance issues (following at least 3 months' notice to improve); 3 months' notice for incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	As previously disclosed, a sign on payment was made in 2010 to compensate Mr Barton for unvested incentives forfeited on cessation of employment with his previous employer.			
<b>Directors' Fees</b>	Nil			

REMUNERATION REPORT CONTINUED

<b>Barry Felstead</b>				
<b>Current Position</b>	Chief Executive Officer – Australian Resorts (from 1 August 2013): Mr Felstead's current employment agreement with Crown Resorts Limited has no fixed term.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,272,202 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$20,049 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Mr Felstead is entitled to a travel allowance of \$50,000 per annum.			
<b>Performance based remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Felstead's annual target STI is 40% of his TEC.			
LTI:	Mr Felstead participated in the 2014 Crown LTI and participates in the 2017 Incentive Plan. Refer to pages 54 to 59.			
<b>2018 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>
	64%	25%	0%	11%
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Crown may impose various restraint periods up to a period of 12 months post-employment.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

<b>W Todd Nisbet</b>				
<b>Current Position</b>	Executive Vice President – Strategy and Development (from 9 August 2010): Mr Nisbet's fixed term employment agreement with Crown Resorts Limited expired on 31 December 2015 and is continuing on the same terms and conditions except as to term, which is now no longer fixed.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,272,202 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$20,049 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. During Mr Nisbet's employment with Crown, he is also entitled to additional customary expatriate benefits for himself and his family. Upon cessation of employment, Mr Nisbet will be entitled to relocation benefits for him and his family to Las Vegas.			
<b>Performance based remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Nisbet's annual target STI is 50% of his base salary.			
LTI:	Mr Nisbet participated in the 2014 Crown LTI and participates in the 2017 Incentive Plan. Refer to pages 54 to 59.			
<b>2018 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>
	66%	25%	0%	9%
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Crown may impose various restraint periods up to a period of 12 months post-employment.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

REMUNERATION REPORT CONTINUED

**Remuneration table for Senior Executives****Commentary**

The structure of Senior Executive remuneration has been described in detail in this Report, both generically and specifically in relation to each named Senior Executive. In addition, a table summarising all remuneration to be attributed to each Senior Executive for the financial years ended 30 June 2018 and 30 June 2017 is set out on the following pages.

Accounting Standards are prescriptive in relation to the required presentation of remuneration tables. Accordingly, as an aid to understanding, the following additional information should be read in conjunction with the tables set out on the following pages.

In addition, a separate table has been provided which details the remuneration that was received, or vested by each Senior Executive during the year.

**Fixed Remuneration**

Messrs Alexander, Barton, Felstead and Nisbet received an increase to their fixed remuneration of 1.5% for the 2018 Financial Year, in the case of Mr Alexander, on a pro rata basis.

**Short Term Incentives (STI)**

Senior Executives have a potential or target STI bonus, which is subject to Crown group's performance and the achievement of the Senior Executive's KPOs established at the beginning of each financial year. In the 2018 financial year, the Group's financial performance objectives were met.

The performance of each Senior Executive against the non-financial KPOs (described earlier) was reviewed by the Executive Chairman, having regard to the operational performance of the business and the function in which the Senior Executive is involved.

The Executive Chairman's recommended STI bonus was approved by the Nomination and Remuneration Committee on behalf of the Board.

STI bonuses at Crown Melbourne, Crown Perth and Crown Resorts were generally paid at 100% of target STI bonuses. However, individual STI bonuses were adjusted to reflect the extent to which non-financial objectives were achieved. Messrs Alexander, Barton, Felstead and Nisbet received their maximum STI bonus entitlement.

**Long Term Incentives (LTI)**

As summarised earlier, each Senior Executive participated in the 2014 Crown LTI. The Plan Year 4 EPS Hurdle adopted under the 2014 Crown LTI was not achieved. In the 2017 financial year, Crown amended its provisioning in relation to the 2014 Crown LTI resulting in a reversal of amounts previously expensed. As such, no disclosure is required for the 2018 financial year as this was accounted for in the 2017 financial year.

As summarised earlier, the Senior Executives also participated in the 2017 Incentive Plan.

In accordance with relevant accounting standards, the 2017 Incentive Plan is included in the remuneration for each Senior Executive to the extent that it is considered more likely than not at the date of this Report that the performance condition and service condition will eventuate over the life of the 2017 Incentive Plan.

An amount has been attributed to each participant in the 2017 Incentive Plan based on the methodology noted earlier in this Report.

Remuneration Table – Statutory

Financial Year	Short Term Benefits				Long Term Incentives					Total	
	Salary & Fees	Non Monetary <sup>1</sup>	Other <sup>1</sup>	STI target	% of STI target	Post-employment Benefits - Super-annuation <sup>2</sup>	Cash Based	Equity Based - 2014 Crown LTI	Senior Executive Incentive Plan - 2017 <sup>3</sup>		Termination Benefits
<b>John Alexander</b>											
2018	3,501,826	14,240	2,728	500,000	100%	20,049	-	-	657,225	-	4,696,068
Executive Chairman	2017	2,313,717	76,229	68,561	125,000	25%	19,616	-	(675,000)	275,000	2,203,123
<b>Ken Barton</b>											
2018	1,808,801	62,081	-	750,000	150%	25,000	-	-	394,335	-	3,040,217
Chief Financial Officer & CEO Digital	2017	1,787,084	59,671	-	335,000	67%	19,616	-	(607,706)	165,000	1,758,665
<b>Barry Feistead</b>											
2018	2,272,202	132,727	-	916,900	100%	20,049	-	-	394,335	-	3,736,213
Chief Executive Officer - Australian Resorts	2017	2,238,759	126,699	-	270,000	30%	19,616	-	(945,000)	165,000	1,875,074
<b>Todd Nisbet</b>											
2018	2,272,202	348,597	366,212	1,146,126	100%	20,049	-	-	394,335	-	4,547,521
Executive Vice President - Strategy & Development	2017	2,238,759	265,496	366,927	335,000	30%	19,616	-	(945,000)	165,000	2,445,798
<b>2018 TOTALS</b>	<b>9,855,031</b>	<b>557,645</b>	<b>368,940</b>	<b>3,313,026</b>		<b>85,147</b>	<b>-</b>	<b>-</b>	<b>1,840,230</b>	<b>-</b>	<b>16,020,019</b>
<b>2017 TOTALS<sup>4</sup></b>	<b>8,578,319</b>	<b>528,095</b>	<b>435,488</b>	<b>1,065,000</b>		<b>76,464</b>	<b>-</b>	<b>(3,172,706)</b>	<b>770,000</b>	<b>-</b>	<b>8,282,660</b>

1 Refer to the summaries of contracts of employment for each Senior Executive for a description of the short term benefits to which each individual is entitled to receive. The Non Monetary short term benefits also include fringe benefits tax paid in relation to benefits received by the Senior Executives.

2 Long service leave accrued balances have increased during the financial year ended 30 June 2018 for the following Senior Executives: Mr Alexander \$58,510, Mr Barton \$30,466, Mr Feistead \$38,802 and Mr Nisbet \$38,802.

3 The 2017 Senior Executive Incentive Plan has been included in total remuneration on the basis that it is considered more likely than not that, at the date of this Report, the vesting condition will occur.

4 Total Senior Executive remuneration for the 2017 financial year excludes remuneration of \$7,015,235 for the Senior Executive who ceased in the 2017 financial year.

REMUNERATION REPORT CONTINUED

Remuneration Report<sup>1</sup>**Remuneration Table – Remuneration Received / Vested**

The statutory table above is prepared in accordance with the requirements of the Corporations Act and the Australian Accounting Standards and does not reflect amounts actually received by the Senior Executives during the financial year. The following table sets out the remuneration which was received by, or vested during, the relevant financial year for each Senior Executive. This is comprised of salary and fees, the STI referable to the previous financial year, but which was received after the end of the financial year and the actual portion of the 2014 Crown LTI which vested during the financial year. The value of the 2017 Incentive Plan has not been included in the following table. This information is provided as it is considered to be of interest to the users of this Report.

Financial Year	Salary & Fees	Non Monetary <sup>1</sup>	Other <sup>1</sup>	STI	Super-annuation	Vested Component of Equity Based - 2014 Crown LTI	Termination Benefits	Total
<b>John Alexander</b> Executive Chairman	2018 3,501,826	14,240	2,728	125,000	20,049	-	-	3,663,843
	2017 2,313,717	76,229	622,579	-	19,616	-	-	3,032,141
<b>Ken Barton</b> Chief Financial Officer & GEO Digital	2018 1,808,801	62,081	-	335,000	25,000	-	-	2,230,882
	2017 1,787,084	59,671	-	710,000	19,616	-	-	2,576,371
<b>Barry Feistead</b> Chief Executive Officer - Australian Resorts	2018 2,272,202	132,727	-	270,000	20,049	-	-	2,694,978
	2017 2,238,759	126,699	-	1,000,000	19,616	-	-	3,385,074
<b>Todd Nisbet</b> Executive Vice President - Strategy & Development	2018 2,272,202	348,597	366,212	335,000	20,049	-	-	3,342,060
	2017 2,238,759	265,496	366,927	1,000,000	19,616	-	-	3,890,798
<b>2018 TOTALS</b>	<b>9,855,031</b>	<b>557,645</b>	<b>368,940</b>	<b>1,065,000</b>	<b>85,147</b>	<b>-</b>	<b>-</b>	<b>11,931,763</b>
<b>2017 TOTALS</b>	<b>8,578,319</b>	<b>528,095</b>	<b>989,506</b>	<b>2,710,000</b>	<b>78,464</b>	<b>-</b>	<b>-</b>	<b>12,884,384</b>

<sup>1</sup> Refer to the summaries of contracts of employment for each Senior Executive for a description of the short term benefits to which each individual is entitled to receive.

## Key Management Personnel Disclosures

## Shareholdings of Key Management Personnel

Set out below is a summary of equity instruments held directly, indirectly or beneficially by KMPs, close family or controlled entities.

## 30 June 2018

## Crown Directors

Directors (including Directors who left the Board during the year)	Balance 1 July 2017	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2018
John Alexander	399,557	-	-	399,557
Rowena Danziger	30,896	-	-	30,896 <sup>1</sup>
Jane Halton AO PSM	948 <sup>2</sup>	-	-	948
Harold Mitchell AC	114,887	-	-	114,887
James Packer	342,527,795 <sup>3</sup>	-	(25,599,493)	316,928,302 <sup>4</sup>

- Mrs Danziger ceased as a director on 26 October 2017. As required by the ASX Listing Rules, Mrs Danziger provided Crown with an Appendix 3Z detailing her interests in Crown shares on the date of her resignation. The interests in respect of Mrs Danziger are therefore as at 26 October 2017.
- Ms Halton AO PSM was appointed as a director on 23 May 2018. As required by the ASX Listing Rules, Ms Halton provided Crown with an Appendix 3X detailing her interests in Crown shares on the date of her appointment. The interests in respect of Ms Halton are therefore as at 23 May 2018.
- Mr Packer was appointed as a director on 3 August 2017. As required by the ASX Listing Rules, Mr Packer provided Crown with an Appendix 3X detailing his interests in Crown shares on the date of his appointment. The interests in respect of Mr Packer are therefore as at 3 August 2017.
- Mr Packer ceased as a director on 21 March 2018. As required by the ASX Listing Rules, Mr Packer provided Crown with an Appendix 3Z detailing his interests in Crown shares on the date of his resignation. The interests in respect of Mr Packer are therefore as at 21 March 2018.

## Crown Executives

Executives	Balance 1 July 2017	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2018
Ken Barton	143,128	-	-	143,128
Barry Felstead	178,374	-	-	178,374
Todd Nisbet	229,531	-	-	229,531

## 30 June 2017

## Crown Directors

Directors (including Directors who left the Board during the year)	Balance 1 July 2016	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2017
John Alexander	333,768	65,789	-	399,557
Rowen Craigie	225,556	131,579	-	357,135 <sup>1</sup>
Rowena Danziger	30,896	-	-	30,896
Harold Mitchell AC	114,887	-	-	114,887

- Mr Craigie ceased as a director on 28 February 2017. As required by the ASX Listing Rules, Mr Craigie provided Crown with an Appendix 3Z detailing his interests in Crown shares on the date of his resignation. The interests in respect of Mr Craigie are therefore as at 28 February 2017.



REMUNERATION REPORT CONTINUED

**Crown Executives**

Executives	Balance 1 July 2016	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2017
Ken Barton	83,898	59,230	-	143,128
Barry Felstead	86,269	92,105	-	178,374
Todd Nisbet	137,426	92,105	-	229,531

**Senior Executive Option Holdings**

Set out below is a summary of Options held directly, indirectly or beneficially by KMPs, close family or controlled entities.

Senior Executives	Balance 1 July 2017	Options granted	Options exercised	Other net change	Balance 30 June 2018	Options vested during year
John Alexander	5,000,000	-	-	-	5,000,000	-
Ken Barton	3,000,000	-	-	-	3,000,000	-
Barry Felstead	3,000,000	-	-	-	3,000,000	-
Todd Nisbet	3,000,000	-	-	-	3,000,000	-

**Loans to Key Management Personnel**

As noted above, Options under the 2017 Incentive Plan were issued to the Senior Executives for a Fee equal to the market value at the date they were originally agreed to be issued, being 22 February 2017, of \$0.71 per Option (Fee). Each relevant Senior Executive paid the Fee for the issue of the Options through an Acquisition Loan advanced by Crown.

The Acquisition Loan is repayable on the exercise, lapse, cancellation or forfeiture of the Options financed by the Acquisition Loan. No interest is payable on the Loan.

The repayment amount of the Acquisition Loan is the lesser of the outstanding amount of the loan and:

- the market value of the Crown shares to be delivered on exercise; or
- in the case of a buy-back, the market value of the Option; or
- in the case of lapse, cancellation or forfeiture, nil.

The Senior Executives who have been granted an Acquisition Loan and the value of that Acquisition Loan are as follows:

Senior Executives	Acquisition Loan Value
John Alexander	\$3,543,300
Barry Felstead	\$2,125,980
Todd Nisbet	\$2,125,980
Ken Barton	\$2,125,980

There have been no other loans made, guaranteed or secured, directly or indirectly by the Company or any of its subsidiaries in the reporting period in relation to KMPs, close family or controlled entities.

**Transactions entered into with Key Management Personnel**

Other than as has been disclosed in Note 28 of the Financial Report, there have been no transactions entered into during the reporting period between the Company or any of its subsidiaries and KMPs, close family and controlled entities.

Signed in accordance with a resolution of the Directors.



**J H Alexander**  
Executive Chairman

Melbourne, 11 September 2018

# Auditor's Independence Declaration



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Auditor's Independence Declaration to the Directors of Crown Resorts Limited

As lead auditor for the audit of Crown Resorts Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Crown Resorts Limited and the entities it controlled during the financial year.

Ernst & Young

Michael Collins  
Partner  
Melbourne  
11 September 2018

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# Independent Auditor's Report



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Independent Auditor's Report to the Members of Crown Resorts Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Crown Resorts Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of trade receivables

Why significant	How our audit addressed the key audit matter
<p>The Group is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers.</p> <p>The Group applies Australian Accounting Standard - AASB 9 Financial Instruments in calculating the provision for doubtful debts, applying a forward-looking expected loss impairment model. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.</p> <p>The Group's disclosures are included in Note 1.5 and Note 6 of the financial report, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables.</p>	<p>In assessing the carrying value of trade receivables, we:</p> <ul style="list-style-type: none"> <li>▶ tested the ageing of trade receivables for a sample of customer transactions;</li> <li>▶ evaluated receipts after year-end to determine any remaining exposure at the date of the financial report;</li> <li>▶ considered the Group's assessment of individual customers debtor circumstances along with other information available relating to customers;</li> <li>▶ evaluated whether the expected credit loss impairment model was calculated in accordance with AASB 9 and tested the mathematical accuracy of the calculations;</li> <li>▶ compared the Group's provisioning rates against historical collection data;</li> <li>▶ assessed whether the time value of money was considered in the impairment model;</li> <li>▶ assessed the effectiveness of relevant controls in relation to the granting of credit facilities, including credit checks; and</li> <li>▶ assessed the adequacy of the Group's disclosures in relation to trade receivables included in the financial report.</li> </ul>

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INDEPENDENT AUDITOR'S REPORT CONTINUED



## 2. Impairment testing of indefinite lived intangibles assets

### Why significant

The Group has goodwill of \$338.4 million and licence intangible assets of \$1,080.6 million held on the consolidated statement of financial position at 30 June 2018. The Group performs an impairment assessment on an annual basis to support the carrying value of goodwill and other indefinite life intangible assets. In addition, an impairment assessment is performed when there is an impairment indicator present.

The impairment assessment is complex and judgemental, as it includes modelling a range of assumptions and estimates that are affected by expected future performance and market conditions such as cash flow forecasts, growth rates, discount rates and terminal value assumptions. Accordingly, the Group's impairment assessment was considered to be a key audit matter.

Key assumptions, judgements and estimates used in the Group's assessment of impairment of intangibles assets are set out in Note 13 of the financial report. In addition licenses are disclosed in Note 11 and Goodwill in Note 12 of the financial report.

### How our audit addressed the key audit matter

We evaluated the cash flow forecasts, which supported the value-in-use impairment models for goodwill and other indefinite lived intangible assets.

We compared the forecasts to the Board approved budgets and long term financial plan. We also considered the historical reliability of the Group's cash flow forecasting process.

We involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and to evaluate the key assumptions applied in the impairment models. These included the discount rates and terminal value assumptions.

We tested whether the models used were mathematically accurate.

We performed sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that would either individually or collectively result in an impairment charge. In addition, we assessed the sensitivity analysis performed by the Group.

We assessed the adequacy of the disclosures included in Notes 11, 12 and 13 of the financial report.



### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT CONTINUED



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 51 to 72 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Crown Resorts Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

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### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Michael Collins  
Partner  
Melbourne  
11 September 2018

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FINANCIAL REPORT 2018



# Financial Report

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<b>82</b> Statement of Comprehensive Income	<b>84</b> Cash Flow Statement	<b>86</b> Notes to the Financial Statements

# Statement of Profit or Loss

For the year ended 30 June 2018

	Note	2018 \$m	2017 \$m
Revenues	3	3,493.0	3,344.1
Other income	3	172.5	1,835.4
Expenses	3	(2,851.8)	(3,143.3)
Share of profits of associates and joint venture entities	2,9	6.6	39.2
<b>Profit before income tax and finance costs</b>		<b>820.3</b>	<b>2,075.4</b>
Finance costs	3	(76.1)	(143.6)
<b>Profit before income tax</b>		<b>744.2</b>	<b>1,931.8</b>
Income tax expense	2,5	(171.0)	(106.8)
<b>Net profit after tax</b>		<b>573.2</b>	<b>1,825.0</b>
<b>Attributable to:</b>			
Equity holders of the Parent		558.9	1,866.1
Non-controlling interests		14.3	(41.1)
		<b>573.2</b>	<b>1,825.0</b>

Statement of Profit or Loss

The above Statement of Profit or Loss should be read in conjunction with the accompanying notes.

	Note	2018 Cents per share	2017 Cents per share
<b>Earnings per share (EPS)</b>			
Basic EPS	26	81.16	257.03
Diluted EPS	26	81.16	257.03
EPS calculation is based on the weighted average number of shares on issue throughout the period			
<b>Dividends per share</b>			
Current year final dividend declared	4	30.00	30.00
Current year interim dividend paid	4	30.00	113.00

FINANCIAL REPORT 2018 CONTINUED

## Statement of Comprehensive Income

For the year ended 30 June 2018

Statement of Comprehensive Income

	2018 \$m	2017 \$m
<b>Net profit after tax</b>	<b>573.2</b>	<b>1,825.0</b>
<b>Other Comprehensive Income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	7.6	(33.5)
Movement in cash flow hedge reserve	1.4	18.0
<i>Items reclassified to profit or loss:</i>		
Foreign currency translation	(76.9)	(88.8)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Employee benefits reserve	-	(3.2)
<b>Other comprehensive income / (loss) for the period, net of income tax</b>	<b>(67.9)</b>	<b>(107.5)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>505.3</b>	<b>1,717.5</b>
<b>Attributable to:</b>		
Equity holders of the Parent	491.7	1,759.5
Non-controlling interests	13.6	(42.0)
	<b>505.3</b>	<b>1,717.5</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

As at 30 June 2018

	Note	2018 \$m	Restated <sup>(1)</sup> 2017 \$m
<b>Current assets</b>			
Cash and cash equivalents	22	1,844.6	1,771.2
Trade and other receivables	6	172.3	225.3
Inventories		17.3	17.5
Prepayments		32.8	35.4
Other financial assets	7	9.2	9.4
<b>Total current assets</b>		<b>2,076.2</b>	<b>2,058.8</b>
<b>Non-current assets</b>			
Receivables	6	143.0	145.7
Other financial assets	7	23.3	21.9
Investments	8	-	64.8
Investments in associates	9	187.8	235.5
Property, plant and equipment	10	3,880.7	3,959.2
Intangible assets - licences	11	1,080.6	1,097.3
Other intangible assets	12	462.8	562.7
Deferred tax assets	5	266.9	354.7
Other assets	14	50.4	52.0
<b>Total non-current assets</b>		<b>6,095.5</b>	<b>6,493.8</b>
<b>Total assets</b>		<b>8,171.7</b>	<b>8,552.6</b>
<b>Current liabilities</b>			
Trade and other payables	15	427.5	453.0
Interest-bearing loans and borrowings	16	25.7	350.1
Income tax payable		165.3	118.2
Provisions	17	225.1	210.8
<b>Total current liabilities</b>		<b>843.6</b>	<b>1,132.1</b>
<b>Non-current liabilities</b>			
Other payables	15	287.6	274.0
Interest-bearing loans and borrowings	16	1,467.0	1,594.9
Deferred tax liabilities	5	380.9	377.4
Provisions	17	32.6	51.8
Other financial liabilities		2.1	2.7
<b>Total non-current liabilities</b>		<b>2,170.2</b>	<b>2,300.8</b>
<b>Total liabilities</b>		<b>3,013.8</b>	<b>3,432.9</b>
<b>Net assets</b>		<b>5,157.9</b>	<b>5,119.7</b>
<b>Equity</b>			
Contributed equity	18	(71.9)	(53.2)
Treasury shares	18	(15.7)	(19.4)
Reserves	19	(60.5)	14.4
Retained earnings	19	5,306.0	5,153.1
<b>Equity attributable to equity holders of the Parent</b>		<b>5,157.9</b>	<b>5,094.9</b>
Non-controlling interest		-	24.8
<b>Total equity</b>		<b>5,157.9</b>	<b>5,119.7</b>

(1) Certain amounts have been restated, refer note 20

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

FINANCIAL REPORT 2018 CONTINUED

# Cash Flow Statement

For the year ended 30 June 2018

Cash Flow Statement

	Note	2018 \$m	2017 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		3,676.8	3,352.5
Payments to suppliers and employees		(2,815.0)	(2,685.1)
Dividends received		9.1	70.6
Interest received		28.8	6.3
Borrowing costs paid		(108.7)	(170.7)
Income tax paid		(59.3)	(107.9)
<b>Net cash flows from/(used in) operating activities</b>	22b	<b>731.7</b>	<b>465.7</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(393.7)	(404.5)
Proceeds from sale of property, plant and equipment		338.6	56.4
Investment in equity accounted associates		(6.9)	(5.9)
Proceeds from disposal of investments		70.7	39.0
Net proceeds from sale of equity investments		62.5	3,134.1
Net payment for the acquisition of subsidiaries		(10.6)	-
Net proceeds from the disposal of subsidiaries		141.8	-
Loans to associated entities		(1.5)	(2.0)
<b>Net cash flows from/(used in) investing activities</b>		<b>200.9</b>	<b>2,817.1</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		79.7	270.1
Repayment of borrowings		(508.2)	(614.5)
Dividends paid		(413.4)	(1,110.8)
Payments for share buy-back		(18.8)	(499.9)
<b>Net cash flows from/(used in) financing activities</b>		<b>(860.7)</b>	<b>(1,955.1)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial year		1,771.2	449.7
Effect of exchange rate changes on cash		1.5	(6.2)
<b>Cash and cash equivalents at the end of the financial year</b>	22a	<b>1,844.6</b>	<b>1,771.2</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the year ended 30 June 2018

	Ordinary Shares \$m	Shares Held in Trust \$m	Retained Earnings \$m	Reserves \$m	Total \$m	Non- Controlling Interest \$m	Total Equity \$m
<b>Year ended 30 June 2018</b>							
Balance at 1 July 2017 - Restated <sup>(1)</sup>	(53.2)	(19.4)	5,153.1	14.4	5,094.9	24.8	5,119.7
Profit for the period	-	-	558.9	-	558.9	14.3	573.2
Other comprehensive income/(loss)	-	-	-	(67.2)	(67.2)	(0.7)	(67.9)
Total comprehensive income for the period	-	-	558.9	(67.2)	491.7	13.6	505.3
Dividends paid	-	-	(413.4)	-	(413.4)	-	(413.4)
Transactions with non-controlling interests	-	-	-	-	-	(37.0)	(37.0)
Share buy-back	(18.7)	-	-	-	(18.7)	-	(18.7)
Transfers	-	-	7.4	(7.4)	-	-	-
Movement in non-controlling interest put option	-	-	-	(2.1)	(2.1)	(1.4)	(3.5)
Share based payments	-	3.7	-	1.8	5.5	-	5.5
<b>Balance at 30 June 2018</b>	<b>(71.9)</b>	<b>(15.7)</b>	<b>5,306.0</b>	<b>(60.5)</b>	<b>5,157.9</b>	<b>-</b>	<b>5,157.9</b>
<b>Year ended 30 June 2017 - Restated<sup>(1)</sup></b>							
Balance at 1 July 2016	446.8	(8.9)	3,767.7	634.8	4,840.4	80.3	4,920.7
Profit for the period	-	-	1,866.1	-	1,866.1	(41.1)	1,825.0
Other comprehensive income/(loss)	-	-	-	(106.6)	(106.6)	(0.9)	(107.5)
Total comprehensive income for the period	-	-	1,866.1	(106.6)	1,759.5	(42.0)	1,717.5
Dividends paid	-	-	(1,110.8)	-	(1,110.8)	-	(1,110.8)
Share buy-back	(500.0)	-	-	-	(500.0)	-	(500.0)
Transfers	-	-	630.1	(630.1)	-	-	-
Movement in non-controlling interest put option	-	-	-	115.4	115.4	0.3	115.7
Share based payments	-	(10.5)	-	0.9	(9.6)	-	(9.6)
Change in ownership of subsidiary	-	-	-	-	-	(13.8)	(13.8)
<b>Balance at 30 June 2017</b>	<b>(53.2)</b>	<b>(19.4)</b>	<b>5,153.1</b>	<b>14.4</b>	<b>5,094.9</b>	<b>24.8</b>	<b>5,119.7</b>

(1) Certain amounts have been restated, refer note 20.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

FINANCIAL REPORT 2018 CONTINUED

# Notes to the Financial Statements

For the year ended 30 June 2018

## 1. Significant Accounting Policies

### 1.1 Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration and investments that have been measured at fair value and investments in associates accounted for using the equity method.

The amounts contained in this report and in the financial report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Crown is an entity to which this Instrument applies.

The financial report of Crown Resorts Limited and its controlled entities (the Group) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 11 September 2018 subject to final approval by a subcommittee. Crown is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

#### Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### 1.2 Changes in accounting policies

The Group has adopted the following accounting standards, which became applicable from 1 July 2017:

- AASB 2016-1 *Amendments to Australian Accounting Standards-Recognition of Deferred Tax Assets for Unrealised Losses*
- AASB 2016-2 *Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 107*

The adoption of these standards did not have a material effect on the financial position or performance on the Group during the period.

### 1.3 Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ended 30 June 2018 which may impact the entity in the period of initial application are outlined below:

#### AASB 15 Revenue from Contracts with Customers (applicable to the Group from 1 July 2018)

This standard specifies the accounting treatment for revenue arising from contracts with customers providing a framework for determining whether, when and how much revenue should

be recognised. The standard requires an entity to recognise revenue when it transfers promised goods or services to customers at the transaction price, at an amount that reflects what it expects to be entitled to receive in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group will adopt the new standard on 1 July 2018 on a full retrospective basis, which will be reflected in future financial statements.

Under the new standard, certain commission arrangements will be reclassified out of operating expenses and will be recognised as a reduction to revenue. Upon retrospective application on 1 July 2018, Crown estimates that the revenues and operating expenses for amounts previously reported for the year ended 30 June 2018 will decrease by approximately \$409.9 million. Promotional allowances provided to customers were previously netted against the revenue of the relevant complimentary privilege provided. Under the new standard, the majority of such promotional allowances will be allocated against revenue from services. This change will primarily result in a reclassification of revenue between revenue from services and revenue from sale of goods with no net impact on total revenue. The adoption of this standard is not expected to have a material impact on the net profit or cash flows of the Group.

This standard also imposes additional disclosure requirements. The Group is continuing to assess the impact of these requirements.

#### AASB 16 Leases (applicable to the Group from 1 July 2019)

This standard has a number of key features included requiring the recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis. For Lessor accounting, AASB 16 substantially carries forward the accounting requirements in AASB 117.

Depending on the Group's lease arrangements in place when the standard becomes effective, the standard may have a material impact on its financial position, as the Group will recognise a right-of-use-asset and a corresponding liability in respect of its operating leases. Currently, the Group is not expecting a material impact to financial performance, however there will be a change of classification between expenses. On adoption of the new standard, the Group is expecting an increase in EBITDA, offset by higher depreciation and interest expense.

The full impact on the financial statements from the new standard will be dependent on the Group's lease arrangements in place when the standard becomes effective from 1 July 2019.

Crown will continue to assess the impact the application of this standard will have on the Group.

## 1. Significant Accounting Policies *continued*

### 1.3 Standards issued but not yet effective *continued*

#### Standards and Interpretations not expected to be material

Certain other new Accounting Standards and Interpretations have been published that are not mandatory for the 30 June 2018 reporting period. The Group has assessed the impact of these new Accounting Standards and Interpretations that are relevant to the Group, and does not expect any material impact on net assets, net profit, presentation or disclosures when these standards become effective and are adopted.

#### 1.4 Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Crown Resorts Limited (the parent entity) and all entities that Crown Resorts Limited controlled from time to time during the year and at reporting date (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control. Change of ownership interest of a subsidiary without the loss of control is accounted for as an equity transaction.

Subsidiary acquisitions are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

The accounting policies adopted have been applied consistently throughout the two reporting periods.

#### 1.5 Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### **Impairment of non-financial assets**

The Group determines whether goodwill and 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 to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 13.

#### **Fair value of financial instruments**

In accordance with accounting standards the Group uses the Level Three method in estimating the fair value of certain financial assets. Accordingly, the fair value is estimated using inputs for the asset that are not based on observable market data.

Contingent consideration, resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. Refer note 15 for further details.

#### **Taxes**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Doubtful debts**

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised.

The allowance for doubtful debts is based on a provision matrix that reflects the Group's historical credit loss experience, adjusted for management's knowledge of specific customers' circumstances, as well as current collection trends and business conditions.

#### **Put option liability**

Crown entered into an agreement with the DGN minority shareholders, which contained put options and call options over the remaining non-controlling interest. Crown has recognised a financial liability to reflect the carrying amount of the put option. In arriving at the carrying value of the put option liability, management estimated the future expected cash outflow upon exercise of the put option by the counterparty, discounted to present value using an appropriate discount rate.



FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

1. Significant Accounting Policies *continued***1.5 Significant accounting judgements, estimates and assumptions** *continued***Significant items**

Significant items are transactions or events that fall outside the ordinary course of business. Significant items are disclosed separately to allow users of the financial report to see the performance of the Group in a comparable form to that of the comparative period.

**1.6 Summary of significant accounting policies****(a) Income tax**

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 tax is provided on most temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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 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 tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only 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 tax assets is reviewed at each reporting 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 tax asset to be utilised.

Deferred 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 reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not the Statement of Profit or Loss.

**(b) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where 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;
- gaming revenues, due to the GST being offset against casino taxes; 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 Cash Flow Statement 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.

**(c) Foreign currency translation**

Both the functional and presentation currency of Crown Resorts Limited and its Australian subsidiaries is Australian dollars.

Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency, which is translated to the presentation currency for Group reporting purposes.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies

*continued*

#### (c) Foreign currency translation *continued*

rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Resorts Limited at the rate of exchange ruling at the reporting date and the profit or loss is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are recognised through Other Comprehensive Income (OCI) and accumulated in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

#### (d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises of cash at bank and on 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 future value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised. Bad debts are written off when identified.

Receivables from associates and other related parties are carried at amortised cost less an allowance for impairment. Interest, when charged is taken up as income on an accrual basis.

#### (f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Inventories which include food, beverages and other consumables are costed on a weighted average basis; and

- 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.

#### (g) Investments in associates

The financial statements of the associates are used by the Group to apply the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

Investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The Statement of Profit or Loss reflects the Group's share of the results of operations of the associates.

Where there has been a change in the associates' OCI or equity, the Group recognises its share of any changes and discloses this, when applicable in the Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

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

Financial assets are classified based on:

- The objective of the entity's business model for managing the financial assets; and
- The characteristics of the contractual cash flow.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. An irrevocable election is made by instrument to determine if the instrument is measured at fair value either through OCI or in the Statement of Profit or Loss.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets at fair value through OCI, directly attributable transaction costs.

The best evidence of fair value is quoted prices in an active market. The fair value of the investments and other financial assets that do not have a price quoted in an active market have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The fair value is reassessed each reporting period.

If the fair value through Statement of Profit or Loss approach is adopted, increments and decrements on the fair value of the financial asset at each reporting date are recognised in the Statement of Profit or Loss.

If the fair value through OCI approach is adopted, increments and decrements on the fair value are recognised in OCI, without recycling of gains and losses between the Statement of Profit or Loss and OCI, even on disposal of the investment.

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

1. Significant Accounting Policies *continued*

## 1.6 Summary of significant accounting policies

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

Dividends in respect of these investments that are a return on investment are recognised in the Statement of Profit or Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**(i) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings - 40 to 75 years;
- Fixtures and Fitting in buildings - 4 to 20 years; and
- Plant and equipment - 2 to 20 years.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

**Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss in the period the item is derecognised.

**(j) Intangible assets****Licences**

Licences are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The directors regularly assess the carrying value of casino licences so as to ensure they are not carried at a value greater than their recoverable amount.

The casino licences are carried at cost of acquisition. The Crown Melbourne licence is being amortised on a straight-line basis over the remaining life of the licence to 2050. The Crown Perth licence is assessed as having an indefinite useful life and, as such, no amortisation is charged. The Crown Perth licence is subject to an annual impairment assessment. Amortisation will commence on the Crown Sydney licence once the property is operational.

**Goodwill**

Goodwill on acquisition is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

**Other intangible assets****Acquired both separately and from a business combination.**

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Profit or Loss.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies

*continued*

#### (j) Intangible assets *continued*

##### **Other intangible assets** *continued*

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

#### (k) Recoverable amount of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### (l) Trade and other payables

Trade and other payables are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

#### (m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **Borrowing costs**

Borrowing costs directly associated with qualifying assets are capitalised, including any other associated costs directly attributable to the borrowing. The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year, in this case 6.0% (2017: 6.2%).

All other borrowing costs are expensed in the period they are incurred.

#### (n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required 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, the reimbursement is recognised as a separate asset. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, or publicly recommended on or before the reporting date.

#### (o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the 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 bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

1. Significant Accounting Policies *continued*

## 1.6 Summary of significant accounting policies

*continued***(p) Leases****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.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

**Group as lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(q) Derecognition of financial instruments**

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

**(r) Derivative financial instruments and hedging**

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair value of forward exchange contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

**(i) Fair value hedges**

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss. For fair value

hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

**(ii) Cash flow hedges**

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Statement of Profit or Loss.

Amounts taken to through OCI are accumulated in the cash flow hedge reserve in equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if the hedging relationship is discontinued, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

**(s) Put options over non-controlling interests**

Put options granted to holders of non-controlling interests ('NCI puts') at the date of acquiring control of a subsidiary (or after gaining control) gives rise to a financial liability.

When the Group does not have a present ownership interest in the shares subject to the NCI put, the Group applies the partial recognition of NCI approach. Under this approach, the following accounting method is applied at the end of each reporting period:

- The Group determines the amount that would have been recognised for the NCI, including an update to reflect allocations of profit or loss, allocations of changes in other comprehensive income and dividends declared for the reporting period;
- The Group derecognises the NCI as if it was acquired at that date;
- The Group recognises a financial liability and continues to re-assess the liability at the present value of the amount payable on exercise of the NCI put; and
- The Group accounts for the difference between the NCI derecognised and the financial liability recognised as an equity transaction.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies

*continued*

#### (s) Put options over non-controlling interests *continued*

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

If the NCI put expires unexercised, the position is unwound so that the NCI is recognised at the amount it would have been, as if the NCI put had never been granted. The financial liability is derecognised as an equity transaction.

#### (t) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received, less transaction costs and share buy-backs.

#### (u) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that 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:

##### **Rendering of services**

Gaming revenue is the net difference between gaming wins and losses.

Revenue from exchange betting represents commission and other charges earned on betting activity.

Hotel, entertainment and other operating revenues are recognised as services are performed.

##### **Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer.

Food and beverage revenue is recognised as the goods are provided.

##### **Leases**

Lease revenue is recognised on a time proportion basis over the lease term. Contingent lease revenue is recognised in the period in which it is earned.

##### **Interest**

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### **Dividends**

Revenue is recognised when the shareholders' right to receive the payment is established.

#### (v) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (reserves), over the period in which the service is fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired.

If the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### (w) Earnings per share (EPS)

Basic EPS is calculated as net profit after tax, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit after tax, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

FINANCIAL REPORT 2018 CONTINUED

# Notes to the Financial Statements *continued*

For the year ended 30 June 2018

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies

*continued*

#### (x) Segment Information

The Group's operating segments have been determined based on geographic location, management reporting structure and the nature of the products and services offered by the Group. Crown has identified the Board of Directors as its chief operating decision maker that allocates resources and assesses the performance of the operating segments. The segment information presented below is consistent with internal management reporting.

The Group has four operating segments being Crown Melbourne, Crown Perth, Crown Aspinalls and Wagering & Online.

#### (y) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred.

For each business combination the group elects whether to measure the non-controlling interest in the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 in the Statement of Profit or Loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

## 2. Segment Information

30 June 2018

	Normalised Result <sup>(1)</sup>						Crown Group \$m	Adjustment <sup>(2)</sup> \$m	Significant Items <sup>(3)</sup> \$m	Actual Crown Group \$m
	Crown Melbourne \$m	Crown Perth \$m	Crown Aspinalls \$m	Wagering & Online \$m	Unallocated \$m	Crown Group \$m				
<b>Operating revenue</b>										
Main floor tables	767.1	198.8	-	-	-	965.9	-	-	965.9	
Main floor machines	449.9	265.1	-	-	-	715.0	-	-	715.0	
VIP program play <sup>(4)</sup>	591.8	103.0	63.4	-	-	758.2	(18.3)	-	739.9	
Wagering & Non gaming	470.2	277.6	1.0	293.0	4.5	1,046.3	-	-	1,046.3	
Intersegment						(2.0)	-	-	(2.0)	
Operating revenue	2,279.0	844.5	64.4	293.0	4.5	3,483.4	(18.3)	-	3,465.1	
Interest revenue						30.1	-	-	30.1	
<b>Total revenue</b>	<b>2,279.0</b>	<b>844.5</b>	<b>64.4</b>	<b>293.0</b>	<b>4.5</b>	<b>3,513.5</b>	<b>(18.3)</b>	<b>-</b>	<b>3,495.2</b> <sup>(2)</sup>	
<b>Segment result</b>										
Operating expenses <sup>(4)</sup>	(1,634.0)	(595.7)	(52.4)	(266.1)	(58.9)	(2,607.1)	(67.6)	-	(2,674.7)	
Intersegment						2.0	-	-	2.0	
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>645.0</b>	<b>248.8</b>	<b>12.0</b>	<b>26.9</b>	<b>(54.4)</b>	<b>878.3</b>	<b>(85.9)</b>	<b>-</b>	<b>792.4</b>	
Depreciation and amortisation	(177.5)	(87.0)	(1.9)	(14.8)	(4.7)	(285.9)	-	-	(285.9)	
<b>Earnings before interest and tax "EBIT"</b>	<b>467.5</b>	<b>161.8</b>	<b>10.1</b>	<b>12.1</b>	<b>(59.1)</b>	<b>592.4</b>	<b>(85.9)</b>	<b>-</b>	<b>506.5</b>	
Net asset (impairment)/reversal							-	122.3	122.3	
Net foreign currency gain on disposal of foreign operations							-	76.9	76.9	
Net gain on CrownBet disposal							-	87.5	87.5	
Net gain on Ellerston disposal							-	5.9	5.9	
Restructuring & other significant expenses							-	(15.5)	(15.5)	
Equity accounted share of associates' net profit/(loss)						9.3	-	(2.7)	6.6	
Net interest income/(expense)						(46.0)	-	-	(46.0)	
Income tax benefit/(expense)						(170.1)	25.8	(26.7)	(171.0)	
<b>Profit/(loss) after tax</b>						<b>385.6</b>	<b>(60.1)</b>	<b>247.7</b>	<b>573.2</b>	
Non-controlling interest						1.2	-	(15.5)	(14.3)	
<b>Profit/(loss) attributable to equity holders of the Parent</b>						<b>386.8</b>	<b>(60.1)</b>	<b>232.2</b>	<b>558.9</b>	

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinalls) and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commissions & other expenses and income tax expense. Normalised results are a non-IFRS measure.

(2) Total revenue of \$3,495.2 million includes \$2.2 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items of \$232.2 million consist of a net asset impairment reversal predominately relating to Alon, a net gain on CrownBet disposal, a net gain on Ellerston disposal and a net foreign currency gain on disposal of foreign operations (previously recorded in reserves), partially offset by restructuring & other significant expenses and significant items relating to Crown's equity accounted interests.

(4) Operating expenses of \$2,674.7 million includes VIP program play commission expense of \$409.9 million which will be reclassified out of operating expenses and will be a reduction to revenue from the reporting period commencing 1 July 2018 in accordance with AASB 15 Revenue from Contracts with Customers.



FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

## Notes to the Financial Statements

2. Segment Information *continued*

	Crown Melbourne				Crown Perth				Crown Aspinalls & Online				Wagering & Online		Unallocated		Crown Group		Adjustment <sup>(1)</sup>		Significant Items <sup>(2)</sup>		Actual			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m		
<b>Operating revenue</b>																										
Main floor tables	733.5	207.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	940.7	
Main floor machines	449.2	266.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	716.0	
VIP program play	340.3	109.4	98.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	605.3	
Wagering & Non gaming	471.8	246.7	1.0	303.3	3.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,074.7	
Intersegment																									(1.1)	
Operating revenue	1,994.8	830.1	99.8	303.3	3.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,335.6	
Interest revenue																										9.6
<b>Total revenue</b>	<b>1,994.8</b>	<b>830.1</b>	<b>99.8</b>	<b>303.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3,345.2<sup>(2)</sup></b>	
<b>Segment result</b>																										
Operating expenses	(1,406.0)	(585.3)	(73.2)	(288.5)	(50.3)	(2,403.3)																				(2,497.8)
Intersegment																										1.1
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>588.8</b>	<b>244.8</b>	<b>26.6</b>	<b>14.8</b>	<b>(47.0)</b>	<b>828.0</b>																				<b>790.3</b>
Depreciation and amortisation	(188.6)	(79.6)	(0.9)	(22.3)	(5.4)	(296.8)																				(296.8)
<b>Earnings before interest and tax "EBIT"</b>	<b>400.2</b>	<b>165.2</b>	<b>25.7</b>	<b>(7.5)</b>	<b>(52.4)</b>	<b>531.2</b>																				<b>493.5</b>
Net gain on sale of MRE																										1,745.5
Net foreign currency gain on disposal of foreign operations																										88.8
MRE special dividend																										48.6
Net asset (impairment)/reversal																										(260.2)
Restructuring & other significant expenses																										(89.6)
Equity accounted share of associates' net profit/(loss)																										39.2
Net interest income/(expense)																										(32.4)
Income tax benefit/(expense)																										8.0
<b>Profit/(loss) after tax</b>																										<b>1,521.0</b>
Non-controlling interest																										36.2
<b>Profit/(loss) attributable to equity holders of the Parent</b>																										<b>1,557.2</b>

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth, Crown Aspinalls and MRE) and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commissions & other expenses, income tax expense and equity accounted share of associates' results. Normalised results are a non-IFRS measure.

(2) Total revenue of \$3,345.2 million includes \$1.1 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items of \$1,557.2 million consist of a net gain on sale of MRE shares, a special dividend from MRE and a net foreign currency gain on disposal of foreign operations (previously recorded in reserves), partially offset by restructuring costs, early debt retirement costs and net asset impairments, predominately relating to Alton.

## 3. Revenue and Expenses

	2018 \$m	2017 \$m
Profit before income tax expense includes the following revenues and expenses:		
<b>(a) Revenue</b>		
Revenue from services	2,989.5	2,837.9
Revenue from sale of goods	435.5	415.0
Interest	30.1	9.6
Dividends	1.7	51.9
Other operating revenue	36.2	29.7
	<b>3,493.0</b>	<b>3,344.1</b>
<b>(b) Other income</b>		
Profit on disposal of non-current assets	2.2	1.1
Net gain on sale of MRE	-	1,745.5
Net gain on CrownBet disposal	87.5	-
Net gain on Ellerston disposal	5.9	-
Net foreign currency gain on disposal of foreign operations	76.9	88.8
	<b>172.5</b>	<b>1,835.4</b>
<b>(c) Expenses</b>		
Cost of sales	159.1	153.6
Operating activities	2,736.0	2,584.2
Net asset impairment/(reversal)	(122.3)	260.2
Restructuring & other expenses	15.5	89.6
Other expenses	63.5	55.7
	<b>2,851.8</b>	<b>3,143.3</b>
<b>Depreciation of non-current assets</b> <i>(included in expenses above)</i>		
Buildings	95.4	96.3
Plant and equipment	162.6	170.5
	258.0	266.8
<b>Amortisation of non-current assets</b> <i>(included in expenses above)</i>		
Casino licence fee and management agreement	20.3	20.3
Other assets	7.6	9.7
	27.9	30.0
<b>Total depreciation and amortisation expense</b>	<b>285.9</b>	<b>296.8</b>
<b>(d) Other income and expense disclosures</b>		
<b>Finance costs expensed:</b>		
Debt facilities	106.4	151.2
Capitalised interest	(30.3)	(40.0)
	76.1	111.2
Early debt retirement costs	-	32.4
	<b>76.1</b>	<b>143.6</b>
Operating leases	7.6	8.0
Superannuation expense	67.8	64.8
Other employee benefits expense	923.5	940.0
Net foreign currency (gains)/losses	(8.1)	(2.8)

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

3. Revenue and Expenses *continued*

	2018 \$m	2017 \$m
<b>(e) Significant items - income / (expense)</b>		
Net asset (impairment)/reversal	122.3	(260.2)
Net foreign currency gain on disposal of foreign operations	76.9	88.8
Net gain on CrownBet disposal	87.5	-
Net gain on Ellerston disposal	5.9	-
Restructuring & other significant expenses	(15.5)	(89.6)
Associates significant items	(2.7)	-
Net gain on sale of MRE	-	1,745.5
MRE special dividend	-	48.6
Early debt retirement costs	-	(32.4)
Tax amounts in significant items	(26.7)	20.3
	<b>247.7</b>	<b>1,521.0</b>

## 4. Dividends Paid and Declared

	2018 \$m	2017 \$m
<b>(a) Dividends declared and paid during the financial year</b>		
<b>Prior year final dividend (paid 6 October 2017)</b>		
Paid at 30.0 cents (2016: 39.5 cents) per share franked at 60% (2016: 70% franked) at the Australian tax rate of 30% (2016: 30%)	206.7	287.7
<b>Current year interim dividend (paid 4 April 2018)</b>		
Paid at 30.0 cents (2017: 113.0 cents) per share franked at 60% (2017: 60% franked) at the Australian tax rate of 30% (2017: 30%)	206.7	823.1
<b>Total dividends appropriated</b>	<b>413.4</b>	<b>1,110.8</b>
<b>(b) Dividends declared and not recognised as a liability</b>		
<b>Current year final dividend (expected to be paid 5 October 2018)</b>		
Declared at 30.0 cents (2017: 30.0 cents) per share and franked at 60% (2017: 60% franked) at the Australian tax rate of 30% (2017: 30%)	206.2 <sup>(1)</sup>	206.7
<b>(c) Franking credits</b>		
The tax rate at which the final dividend will be franked is 30% (2017: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2018. The amount of franking credits available for the subsequent financial year:		
Franking account balance as at the end of the financial year at 30% (2017: 30%)	34.7	91.2
Franking credits/(debits) that will arise from the payment/(receipt) of income taxes payable/(refundable) as at the end of the financial year	13.2	(18.2)
<b>Total franking credits</b>	<b>47.9</b>	<b>73.0</b>
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends announced before the financial report was authorised for issue but not recognised as a distribution to equity holders during the financial year	(53.0)	(53.1)
<b>Total franking credits available for future reporting periods</b>	<b>(5.1)</b>	<b>19.9</b>

(1) Dollar value based on the total number of shares on issue as at the date of declaration of the 2018 final dividend.

## 5. Income Tax

	2018 \$m	2017 \$m
<b>(a) Income tax expense</b>		
The prima facie tax expense, using the Australian tax rate multiplied by profit differs from income tax provided in the financial statements as follows:		
Profit before income tax	744.2	1,931.8
Prima facie income tax expense on profit at the Australian rate of 30% (2017: 30%)	223.2	579.5
Tax effect of:		
Non deductible depreciation and amortisation	1.7	1.7
Share of associates' net losses/(profits)	(2.0)	(11.7)
Differences in foreign tax rates	(1.6)	-
Deferred tax balances not previously brought to account	(3.8)	8.6
Income tax (over)/under provided in prior years	2.4	(11.5)
Non-deductible/(non-assessable) significant items	(56.4)	(470.5)
Revenue losses not brought to account	0.4	4.2
Other items - net	7.1	6.5
<b>Income tax expense</b>	<b>171.0</b>	<b>106.8</b>
Income tax expense comprises:		
Current expense	84.3	103.1
Deferred expense/(benefit)	57.6	35.5
Adjustments for current income tax of prior periods	2.4	(11.5)
Tax on significant items	26.7	(20.3)
	<b>171.0</b>	<b>106.8</b>
<b>(b) Deferred income taxes</b>		
Deferred income tax assets	266.9	354.7
Deferred income tax liabilities	(380.9)	(377.4)
<b>Net deferred income tax assets/(liabilities)</b>	<b>(114.0)</b>	<b>(22.7)</b>

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

5. Income Tax *continued*

	Statement of Financial Position		Statement of Profit or Loss	
	2018 \$m	2017 \$m	2018 \$m	2017 \$m
<b>(c) Deferred income tax assets and liabilities at the end of the financial year</b>				
<b>The balance comprises temporary differences attributable to:</b>				
Doubtful debt provision	113.3	99.1	(14.8)	(11.5)
Employee benefits provision	38.6	37.2	(2.9)	(1.4)
Losses available for offsetting against future taxable income	25.9	52.3	11.0	(6.1)
Other receivables	1.8	3.0	1.2	1.4
Other provisions	54.6	64.8	(1.1)	(10.9)
Prepaid casino tax	(14.5)	(14.9)	(0.4)	(0.4)
Licences and intangibles	(226.6)	(229.6)	(2.5)	(1.4)
Land and buildings	(139.7)	(120.5)	19.3	33.1
Property, plant & equipment	18.9	5.5	(10.7)	4.6
Revaluation of investment to fair value	18.4	88.6	70.2	19.8
Other	(4.7)	(8.2)	(4.7)	(7.8)
<b>Deferred income tax expense/(income)</b>			<b>64.6</b>	<b>19.4</b>
<b>Net deferred income tax assets/(liabilities)</b>	<b>(114.0)</b>	<b>(22.7)</b>		
			<b>2018 \$m</b>	<b>2017 \$m</b>
<b>(d) Movements in deferred income tax assets and liabilities during the financial year</b>				
Carrying amount at the beginning of the year			(22.7)	4.4
Tax income / (expense) during the period recognised in profit or loss			(57.6)	(35.5)
Tax income / (expense) during the period recognised in profit or loss - significant items			(6.9)	16.1
Exchange differences			(0.1)	-
Tax income / (expense) - derivatives			(0.6)	(7.7)
Disposal of subsidiaries			(26.1)	-
<b>Carrying amount at the end of the year</b>			<b>(114.0)</b>	<b>(22.7)</b>
<b>(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable</b>				
Tax losses arising in Australia for offset against future capital gains			489.8	515.5
Foreign income tax losses for offset against future foreign profits			637.7	608.2
<b>Total tax losses not brought to account</b>			<b>1,127.5</b>	<b>1,123.7</b>
<b>Potential tax benefit at respective tax rates</b>			<b>280.9</b>	<b>361.4</b>

5. Income Tax *continued***(f) Unrecognised temporary differences**

At 30 June 2018, there is no recognised or unrecognised deferred income tax liability (2017: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

**(g) Tax consolidation**

Crown Resorts Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Resorts Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Resorts Limited in order to allocate income tax expense between Crown Resorts Limited and the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

**(h) Tax effect accounting by members of the tax consolidated group**

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries inter-company accounts with the tax consolidated group head company, Crown Resorts Limited.

## 6. Trade and Other Receivables

	2018 \$m	2017 \$m
<b>Current</b>		
Trade receivables	580.8	581.9
Provision for doubtful debts (a)	(425.7)	(367.6)
	155.1	214.3
Other receivables	17.2	11.0
	<b>172.3</b>	<b>225.3</b>
<b>Non-current</b>		
Other receivables	143.0	145.7
	<b>143.0</b>	<b>145.7</b>

**(a) Allowance for Doubtful Debts**

Trade receivables are non-interest bearing and are generally 30 day terms.

An allowance for doubtful debts is recognised based on the expected credit loss model from the time the financial instrument is initially recognised.

	2018 \$m	2017 \$m
Allowance for doubtful debts at the beginning of the year	(367.6)	(319.6)
Net doubtful debt expense <sup>(1)</sup>	(67.2)	(57.3)
Disposal of subsidiaries	1.7	-
Net Amounts written off	12.8	5.0
Exchange differences	(5.4)	4.3
	<b>(425.7)</b>	<b>(367.6)</b>

(1) Amounts are included in other expenses.

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

Notes to the Financial Statements

6. Trade and Other Receivables *continued*(a) Allowance for Doubtful Debts *continued*

Ageing analysis of trade receivables	0-30 days \$m	>30 days \$m	Total \$m
<b>2018 - consolidated</b>			
Current	94.0	-	94.0
Past due not impaired	-	61.1	61.1
Considered impaired	-	425.7	425.7
	<b>94.0</b>	<b>486.8</b>	<b>580.8</b>
<b>2017 - consolidated</b>			
Current	92.7	-	92.7
Past due not impaired	-	121.6	121.6
Considered impaired	3.2	364.4	367.6
	<b>95.9</b>	<b>486.0</b>	<b>581.9</b>

## 7. Other Financial Assets

	2018 \$m	2017 \$m
<b>Current</b>		
Receivable on foreign exchange contracts	9.2	9.4
	<b>9.2</b>	<b>9.4</b>
<b>Non-current</b>		
Receivable on cross currency swaps	23.3	21.9
	<b>23.3</b>	<b>21.9</b>

Details of the Group's exposure to interest rate risk and foreign currency changes are provided in note 32.

## 8. Investments

	2018 \$m	2017 \$m
<b>At fair value</b>		
Shares - listed (USA)	-	64.8
	<b>-</b>	<b>64.8</b>

Crown disposed of its interest in Caesar's Entertainment Corporation during the period.

## 9. Investments in Associates

	2018 \$m	2017 \$m
<b>Investment details:</b>		
Associated entities - unlisted shares	187.8	235.5
<b>Total investments in associates</b>	<b>187.8</b>	<b>235.5</b>
<b>Share of profits of associates</b>		
Melco Resorts & Entertainment Ltd <sup>(1)</sup>	-	37.9
Nobu Group	7.2	6.4
Aggregate share of profit from non material associates	(0.6)	(5.1)
	<b>6.6</b>	<b>39.2</b>

(1) Crown's share of MRE's profits relates to the period from 1 July 2016 to 31 December 2016. From 1 January 2017, Crown ceased equity accounting MRE, which was fully divested during the year ended 30 June 2017.

9. Investments in Associates *continued*

Investments in Associates	Reporting Date	Principal Activity	Principal Place of Business	% Interest	
				30 June 2018	30 June 2017
Nobu Group	31 Dec <sup>(1)</sup>	Restaurants/Hotels	USA	20.0	20.0
Aspers Holdings (Jersey) Ltd	30 June	Casino and gaming machine operator	UK	50.0	50.0
Chill Gaming Pty Ltd	30 June	Gaming software developer	Australia	50.0	50.0
Zengaming Inc	31 Dec <sup>(1)</sup>	eSports	USA	36.9	30.0
Draftstars Pty Ltd	30 June	Daily fantasy sports	Australia	-	50.0
Ellerston Leisure Pty Ltd	30 June	Accommodation/Recreation	Australia	-	50.0

(1) The Group uses 30 June results to equity account for the investments.

The associates outlined above are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below.

	2018 \$m	2017 \$m
<b>Carrying amount of investment - Nobu Group:</b>		
Balance at the beginning of the financial year	130.4	135.5
Share of associates' net profit/(loss) for the year	7.2	6.4
Foreign exchange movements	5.0	(4.2)
Dividends received	(7.4)	(7.3)
<b>Carrying amount of investment in the Nobu Group at the end of the financial year</b>	<b>135.2</b>	<b>130.4</b>

## 10. Property, Plant and Equipment

	Freehold land & buildings \$m	Buildings on leasehold land \$m	Plant & equipment \$m	Construction work in progress \$m	Leased plant & equipment \$m	Total property, plant & equipment \$m
<b>Year ended 30 June 2018</b>						
At 1 July 2017, net of accumulated depreciation and impairment	1,964.8	872.2	646.5	345.7	130.0	3,959.2
Additions	0.9	13.9	95.9	321.2	-	431.9
Disposals	(265.0)	(6.7)	(31.5)	(4.6)	(30.0)	(337.8)
Depreciation expense	(44.6)	(50.8)	(158.4)	-	(4.2)	(258.0)
Impairment reversal	89.1	-	-	-	-	89.1
Exchange differences	(6.3)	0.7	1.9	-	-	(3.7)
Reclassification/ transfer	2.8	0.4	109.9	(17.3)	(95.8)	-
<b>At 30 June 2018, net of accumulated depreciation and impairment</b>	<b>1,741.7</b>	<b>829.7</b>	<b>664.3</b>	<b>645.0</b>	<b>-</b>	<b>3,880.7</b>
<b>At 30 June 2018</b>						
Cost (gross carrying amount)	2,182.7	1,598.1	2,437.8	645.0	-	6,863.6
Accumulated depreciation and impairment	(441.0)	(768.4)	(1,773.5)	-	-	(2,982.9)
<b>Net carrying amount</b>	<b>1,741.7</b>	<b>829.7</b>	<b>664.3</b>	<b>645.0</b>	<b>-</b>	<b>3,880.7</b>

During the period, a majority owned subsidiary of Crown, Alon Las Vegas Resort, LLC, entered into an agreement with a subsidiary of Wynn Resorts, Limited to sell its interest in a 34.6 acre vacant site on Las Vegas Boulevard for US\$300 million. The transaction was completed in January 2018. Crown's share of the proceeds (after taking into account minority interests) was approximately US\$264 million.



FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

10. Property, Plant and Equipment *continued*

As a result of the sale agreement, prior to disposal, Crown reassessed the recoverable amount of the Alon land and related intangibles, resulting in an \$89.1 million impairment reversal to land and a \$36.5 million impairment reversal to Other intangible assets (refer note 12). These amounts have been included as asset impairment reversals in the Statement of Profit or Loss.

	Freehold land & buildings \$m	Buildings on leasehold land \$m	Plant & equipment \$m	Construction work in progress \$m	Leased plant & equipment \$m	Total property, plant & equipment \$m
<b>Year ended 30 June 2017</b>						
At 1 July 2016, net of accumulated depreciation and impairment	1,578.4	914.7	613.1	839.2	123.6	4,069.0
Additions	36.5	17.7	89.1	304.5	25.3	473.1
Disposals	(0.1)	-	(57.9)	-	-	(58.0)
Depreciation expense	(37.9)	(58.3)	(156.6)	-	(13.9)	(266.7)
Impairment	(241.5)	-	(1.0)	-	(5.0)	(247.5)
Exchange differences	(9.4)	(0.9)	(0.4)	-	-	(10.7)
Reclassification/ transfer	638.8	(1.0)	160.2	(798.0)	-	-
<b>At 30 June 2017, net of accumulated depreciation and impairment</b>	<b>1,964.8</b>	<b>872.2</b>	<b>646.5</b>	<b>345.7</b>	<b>130.0</b>	<b>3,959.2</b>
<b>At 30 June 2017</b>						
Cost (gross carrying amount)	2,604.5	1,607.6	2,303.3	345.7	158.4	7,019.5
Accumulated depreciation and impairment	(639.7)	(735.4)	(1,656.8)	-	(28.4)	(3,060.3)
<b>Net carrying amount</b>	<b>1,964.8</b>	<b>872.2</b>	<b>646.5</b>	<b>345.7</b>	<b>130.0</b>	<b>3,959.2</b>

## 11. Intangible Assets - Licences

	2018 \$m	2017 \$m
Balance at the beginning of the financial year	1,097.3	1,114.0
Amortisation expense	(16.7)	(16.7)
<b>Balance at the end of the financial year</b>	<b>1,080.6</b>	<b>1,097.3</b>
Cost (gross carrying amount)	1,297.0	1,297.0
Accumulated amortisation and impairment	(216.4)	(199.7)
<b>Net carrying amount</b>	<b>1,080.6</b>	<b>1,097.3</b>

The casino licences are carried at cost and amortised on a straight line basis over their useful lives.

The Crown Melbourne licence is being amortised until 2050. The Crown Perth licence (\$440.4 million) is assessed as having an indefinite useful life, as it has no fixed term, and therefore no amortisation is charged. Amortisation will commence on the Crown Sydney licence once the property is operational.

## 12. Other Intangible Assets

	Goodwill <sup>(1)</sup>	Casino Management Agreement <sup>(1)</sup>	Other	Total
	\$m	\$m	\$m	\$m
<b>Year ended 30 June 2018</b>				
At 1 July 2017, net of accumulated amortisation and impairment	346.5	122.7	93.5	562.7
Additions	-	-	2.0	2.0
Impairment reversal <sup>(2)</sup>	-	-	36.5	36.5
Exchange differences	6.1	-	(2.6)	3.5
Amortisation expense	-	(3.7)	(6.0)	(9.7)
Disposals	(14.2)	-	(118.0)	(132.2)
<b>At 30 June 2018, net of accumulated amortisation and impairment</b>	<b>338.4</b>	<b>119.0</b>	<b>5.4</b>	<b>462.8</b>
<b>At 30 June 2018</b>				
Cost (gross carrying amount)	338.4	245.3	20.5	604.2
Accumulated amortisation and impairment	-	(126.3)	(15.1)	(141.4)
<b>Net carrying amount</b>	<b>338.4</b>	<b>119.0</b>	<b>5.4</b>	<b>462.8</b>
<b>Year ended 30 June 2017</b>				
At 1 July 2016, net of accumulated amortisation and impairment	459.5	126.3	154.8	740.6
Additions	-	-	1.6	1.6
Impairment	(110.3)	-	(49.4)	(159.7)
Exchange differences	(2.7)	-	(5.3)	(8.0)
Amortisation expense	-	(3.6)	(8.2)	(11.8)
<b>At 30 June 2017, net of accumulated amortisation and impairment</b>	<b>346.5</b>	<b>122.7</b>	<b>93.5</b>	<b>562.7</b>
<b>At 30 June 2017</b>				
Cost (gross carrying amount)	456.8	245.3	166.1	868.2
Accumulated amortisation and impairment	(110.3)	(122.6)	(72.6)	(305.5)
<b>Net carrying amount</b>	<b>346.5</b>	<b>122.7</b>	<b>93.5</b>	<b>562.7</b>

(1) Purchased as part of business combinations. Disposal of goodwill relates to Crown's disposal of its interest in CrownBet.

(2) Impairment reversal relates to intangible assets associated with the Alon land, which was subsequently disposed. Refer note 10 for further details.

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 13). The goodwill balance at 30 June 2018 is allocated to Crown Melbourne \$26.9 million (2017: \$26.9 million), Crown Perth \$144.0m (2017: \$144.0 million), Crown Aspinalls \$52.5 million (2017: \$49.7 million) and Wagering & Online \$115.0 million (2017: \$125.9 million).

The useful life of the Crown Melbourne casino management agreement is amortised on a straight line basis to 2050.

FINANCIAL REPORT 2018 CONTINUED

# Notes to the Financial Statements *continued*

For the year ended 30 June 2018

## 13. Impairment Testing of Intangible Assets

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGUs) identified according to the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets.

The allocation of goodwill and other intangible assets with indefinite useful lives to the Group's CGUs are outlined in Note 11 and Note 12.

The recoverable amount of a CGU is determined based on a value in use calculation using a discounted cash flow methodology covering a specified period, with an appropriate residual value at the end of that period, for each CGU. The methodology utilises cash flow forecasts that are based primarily on business plans presented to and approved by the Board.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets.

### (a) Cash flow forecasts

Cash flow forecasts are based on past performance and expectations for the future using a five year cash flow period, risk adjusted where applicable.

### (b) Residual value

Residual value is calculated using a perpetuity growth formula based on the cash flow forecast using a weighted average cost of capital (after tax) and forecast growth rate.

### (c) Forecast growth rates

Forecast growth rates are based on past performance and management's expectations for future performance in each CGU held at 30 June 2018, based on the nature of the products and industries in which each CGU operates. The implied terminal growth rates beyond the five year period do not exceed the forecasted long term Australian inflation rate of 2.25% (2017: 3.0%). The exception to this is DGN, which has an implied terminal growth rate of 2.9% based on the start-up nature of the business and the industry in which the CGU operates. This implied terminal growth rate does not exceed the long-term average forecast and historical growth rates for the products and industry in which DGN operates.

### (d) Discount rates

A weighted average cost of capital (after tax) of between 8% and 10% (2017: 8% and 11%) was used by the Group in impairment testing, risk adjusted where applicable.

### (e) Outcome of impairment tests for intangible assets

Based on the valuation techniques performed, no impairment loss has been recorded against the Group's intangible assets during the year.

In the prior period, an impairment loss of \$159.7 million was recorded against the Group's intangible assets, of which \$110.3 million related to DGN goodwill and \$49.4 million related to Alon finite life intangible assets. The balance of DGN goodwill at 30 June 2018 was \$95.1 million (2017: \$91.6 million)

### (f) Sensitivity analysis

The key estimates and assumptions used to determine the value in use of a CGU are based on management's current expectations based on past experience, future plans and external market information. They are considered to be reasonably achievable, however significant changes in any of the key estimates and assumptions may result in a CGU's carrying value exceeding its recoverable value, resulting in an impairment charge.

It is not considered that any reasonable possible change in any of the above assumptions would cause the carrying value of any CGU to materially exceed its recoverable amount.

In relation to Crown Perth and DGN, it is noted that a negative terminal growth rate for Crown Perth and a terminal growth rate less than 1% for DGN respectively could give rise to an impairment. An impairment charge for DGN could also impact on the carrying value of the contingent consideration on the acquisition of Winners Club Limited. The remaining contingent consideration as at 30 June 2018 is due in December 2020, based on the 2020 earnings of the DGN Group. A significant increase (decrease) in the future earnings of the DGN Group would result in a higher (lower) fair value of the contingent consideration liability.

The Group will continue to monitor the performance of all CGUs going forward, and consider the impact on the respective CGUs' impairment testing assumptions and carrying value.

## 14. Other Assets

	2018	2017
	\$m	\$m
<b>Non-current</b>		
Prepaid casino tax at cost	100.8	100.8
Accumulated amortisation	(52.5)	(51.0)
	<b>48.3</b>	<b>49.8</b>
Other prepayments	2.1	2.2
	<b>50.4</b>	<b>52.0</b>

## 15. Trade and Other Payables

	2018	2017 <sup>(1)</sup>
	\$m	\$m
<b>Current - unsecured</b>		
Trade and other payables	425.9	451.0
Other	1.6	2.0
	<b>427.5</b>	<b>453.0</b>
<b>Non-current - unsecured</b>		
Casino licence payable <sup>(2)</sup>	163.0	158.5
Contingent consideration	47.0	45.3
Other <sup>(3)</sup>	77.6	70.2
	<b>287.6</b>	<b>274.0</b>

(1) Certain amounts have been restated, refer note 20.

(2) Net present value of the \$250.0 million payment due in 2033 relating to the Crown Melbourne Casino licence.

(3) Includes put option relating to DGN, refer note 20.

## 16. Interest-Bearing Loans and Borrowings

	2018	2017
	\$m	\$m
<b>Current</b>		
Bank Loans - unsecured	25.7	38.4
Capital Markets Debt - unsecured	-	300.0
Finance Lease - secured <sup>(2)</sup>	-	11.7
	<b>25.7</b>	<b>350.1</b>
<b>Non-current</b>		
Bank Loans - unsecured	28.9	20.0
Capital Markets Debt - unsecured <sup>(1)</sup>	1,437.1	1,444.0
Other loans - unsecured	1.0	-
Finance Lease - secured <sup>(2)</sup>	-	130.9
	<b>1,467.0</b>	<b>1,594.9</b>

(1) On 19 July 2018, Crown announced its election to redeem all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" (the "Notes") on the first call date of 14 September 2018 in accordance with the terms of the Notes. This is expected to reduce Crown's gross debt by approximately \$400 million.

(2) During the period, Crown provided early termination notices in relation to its outstanding finance leases, which were terminated in September 2017.

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

Notes to the Financial Statements

16. Interest-Bearing Loans and Borrowings *continued***Fair Value Disclosures**

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 32.

**Financial Risk Management**

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 32.

**Financing and Credit Facilities**

Unsecured credit facilities are provided as part of the overall debt funding structure of the Crown Group as follows:

Facility Type	Facility Amount \$m	Drawn Amount \$m	Letters of Credit Issued \$m	Available \$m	Expiry Dates
<b>Bank Facilities</b>					
Bilateral Multi Option Facilities	170.0	45.7	28.5	95.8	Feb 19 / Nov 19
GBP Syndicated Facility	89.2	8.9	-	80.3	Aug 2020
Letter of Credit Facilities	312.5	-	312.5	-	Jan 20 - Jan 22
	<b>571.7</b>	<b>54.6</b>	<b>341.0</b>	<b>176.1</b>	
<b>Debt Capital Markets</b>					
Euro Medium Term Notes	174.6	174.6	-	-	Jul 2036
Australian Medium Term Notes	259.1	259.1	-	-	Nov 2019
AUD Subordinated Notes <sup>(1)</sup>	1,003.4	1,003.4	-	-	Sep 72 / Apr 75
	<b>1,437.1</b>	<b>1,437.1</b>	-	-	
<b>Other</b>					
Other Loans	1.0	1.0	-	-	Jun 2021
<b>Total at 30 June 2018</b>	<b>2,009.8</b>	<b>1,492.7</b>	<b>341.0</b>	<b>176.1</b>	
<b>Total at 30 June 2017</b>	<b>2,647.5</b>	<b>1,802.4</b>	<b>430.3</b>	<b>414.8</b>	

(1) On 19 July 2018, Crown announced its election to redeem all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" (the "Notes") on the first call date of 14 September 2018 in accordance with the terms of the Notes. This is expected to reduce Crown's gross debt by approximately \$400 million.

The bank facilities are provided on an unsecured basis by domestic and international banks. Refer note 32(a)(i) for further details regarding interest rates.

The debt capital markets drawn amounts represent unsecured notes issued to domestic and international debt investors.

Crown is able to make advances and issue letters of credit under the letter of credit facility, syndicated facilities and the bilateral facilities which are multi option in nature.

Each of the above mentioned facilities is issued by or supported by a Group guarantee from Crown and certain subsidiaries and impose various affirmative covenants on Crown, which may include compliance with certain financial ratios and negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

During the current and prior year, there were no defaults or breaches on any of the loans or borrowings.

Refer to note 22(c) for a summary of Crown's overdraft facilities.

## 17. Provisions

	<b>Employee Entitlements</b>	<b>Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
At 1 July 2017	198.0	64.6	262.6
Arising during the year	154.4	20.2	174.6
Utilised during the year	(143.8)	(28.6)	(172.4)
Disposal of subsidiaries	(6.9)	(0.2)	(7.1)
<b>At 30 June 2018</b>	<b>201.7</b>	<b>56.0</b>	<b>257.7</b>
Current 2018	186.3	38.8	225.1
Non-current 2018	15.4	17.2	32.6
<b>At 30 June 2018</b>	<b>201.7</b>	<b>56.0</b>	<b>257.7</b>
Current 2017	161.3	49.5	210.8
Non-current 2017	36.7	15.1	51.8
<b>At 30 June 2017</b>	<b>198.0</b>	<b>64.6</b>	<b>262.6</b>

## 18. Contributed Equity

	<b>2018</b>	<b>2017</b>
	<b>\$m</b>	<b>\$m</b>
<b>Issued share capital</b>		
Ordinary shares fully paid	(71.9)	(53.2)
<b>Movements in issued share capital</b>		
Carrying amount at the beginning of the financial year	(53.2)	446.8
Share buy-back, inclusive of costs	(18.7)	(500.0)
<b>Carrying amount at the end of the financial year</b>	<b>(71.9)</b>	<b>(53.2)</b>
<b>Shares held in Trust</b>		
Balance at beginning of the financial year	(19.4)	(8.9)
Shares transferred under the Crown Long Term Incentive Plan	3.7	(10.5)
<b>Balance at the end of the financial year</b>	<b>(15.7)</b>	<b>(19.4)</b>
	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
<b>Issued share capital</b>		
Ordinary shares fully paid	687,421,194	688,847,822
<b>Movements in issued share capital</b>		
Balance at the beginning of the financial year	688,847,822	728,394,185
Share buy-back	(1,426,628)	(39,546,363)
<b>Balance at the end of the financial year</b>	<b>687,421,194</b>	<b>688,847,822</b>

FINANCIAL REPORT 2018 CONTINUED

# Notes to the Financial Statements *continued*

For the year ended 30 June 2018

## 18. Contributed Equity *continued*

During the year, the Group carried out an on-market share buy-back as an element of its capital management program. For the year ended 30 June 2018, shares to a value of \$18.7 million (2017: \$500.0 million) have been purchased.

Subsequent to 30 June 2018, Crown announced its intention to undertake a new on-market share buy-back of approximately \$400 million of shares (the "New Share Buy-Back"). Crown may, at its discretion, vary, suspend or terminate the New Share Buy-Back at any time.

Due to share buy-backs being undertaken at higher prices than the original subscription prices, the balance of contributed equity is reflected as a negative balance, which shows the excess value of shares bought over the original amount of subscribed capital. Refer note 31 for details of the Parent Entity's share capital, which has significant paid up capital.

### **Terms and Conditions of Contributed Equity**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

### **Capital Management**

When managing capital, the Group's objective is to maintain optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

During 2018, the Group paid dividends of \$413.4 million (2017: \$1,110.8 million). The Group's dividend policy is to pay 60 cents per share on a full year basis, subject to Crown's financial position.

## 19. Reserves and Retained Earnings

	<b>2018</b>	<b>2017</b>
	<b>\$m</b>	<b>\$m</b>
Foreign currency translation reserve	(42.5)	26.1
Employee equity benefits reserve	15.6	13.8
Net unrealised gains reserve	(54.9)	(45.4)
Cash flow hedge reserve	21.3	19.9
	<b>(60.5)</b>	<b>14.4</b>
<b>Foreign Currency Translation Reserve</b>		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to recognise gains and losses on hedges of the net investment in foreign operations.		
Balance at the beginning of the financial year	26.1	147.5
Net foreign exchange translation	7.6	(33.5)
Net foreign exchange gain reclassified to profit or loss	(76.9)	(88.8)
Non-controlling interest	0.7	0.9
<b>Balance at the end of the financial year</b>	<b>(42.5)</b>	<b>26.1</b>
<b>Employee Equity Benefits Reserve</b>		
The employee equity benefits reserve is used to record share based remuneration obligations to executives in relation to ordinary shares.		
Balance at the beginning of the financial year	13.8	16.1
Movement for the period	1.8	(2.3)
<b>Balance at the end of the financial year</b>	<b>15.6</b>	<b>13.8</b>
<b>Net Unrealised Gains Reserve <sup>(1)</sup></b>		
The net unrealised gains reserve records the movement from changes in ownership interests in a subsidiary, investments and associates equity, which do not impact control.		
Balance at the beginning of the financial year	(45.4)	469.3
Transfer to retained earnings	(7.4)	(630.1)
Movement in non-controlling interest put option	(2.1)	115.4
<b>Balance at the end of the financial year</b>	<b>(54.9)</b>	<b>(45.4)</b>
(1) Certain amounts have been reinstated, refer to note 20		
<b>Cash Flow Hedge Reserve</b>		
The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.		
Balance at the beginning of the financial year	19.9	1.9
Movement in interest rate swaps	0.5	13.5
Movement in cross currency swaps	1.0	5.8
Movement in forward exchange contracts	(0.1)	(1.3)
<b>Balance at the end of the financial year</b>	<b>21.3</b>	<b>19.9</b>



FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

19. Reserves and Retained Earnings *continued*

	<b>2018</b>	<b>2017</b>
	<b>\$m</b>	<b>\$m</b>
<b>Retained Earnings</b>		
Balance at the beginning of the financial year	5,153.1	3,767.7
Transfer from unrealised gains reserve <sup>(1)</sup>	7.4	630.1
Net profit after tax attributable to equity holders of the parent	558.9	1,866.1
Total available for appropriation	5,719.4	6,263.9
Dividends provided for or paid	(413.4)	(1,110.8)
<b>Balance at the end of the financial year</b>	<b>5,306.0</b>	<b>5,153.1</b>

(1) On disposal of CrownBet, balances relating to CrownBet in the unrealised gains reserve were transferred to retained earnings. The prior period transfer from unrealised gains reserve relates to Crown's disposal of MRE.

## 20. Restatement of Prior Period Balances

	<b>As restated</b>	<b>As Previously</b>	<b>Impact of</b>
	<b>\$m</b>	<b>Reported</b>	<b>Restatement</b>
		<b>\$m</b>	<b>\$m</b>
<b>As of 1 July 2016</b>			
<b>Statement of Financial Position</b>			
Other payables - non-current	510.9	339.5	171.4
Reserves	634.8	796.6	(161.8) ^
Non-Controlling Interest	80.3	89.8	(9.5) ^
<b>As of 30 June 2017</b>			
<b>Statement of Financial Position</b>			
Trade and other payables - current	453.0	446.5	6.5
Other payables - non-current	274.0	224.8	49.2
Reserves	14.4	60.8	(46.4) ^
Non-Controlling Interest	24.8	34.1	(9.3) ^

^ Also reflected in the Statement of Changes in Equity.

As part of the purchase agreement of DGN in 2015, Crown entered into an agreement with the DGN minority shareholders, which contained two put options and two call options over the remaining non-controlling interest in two instalments of 15% each. As at the acquisition date, Crown did not recognise the put option liability in its financial statements. In its current year financial statements Crown has restated its comparative information to reflect the carrying value of the put option, resulting in adjustments as described in this note. This has impacted the Statement of Financial Position and the Statement of Changes in Equity. There has been no impact on the Statement of Profit or Loss, the Statement of Comprehensive Income or the Statement of Cash Flows.

Upon acquisition during the financial year ended 30 June 2016, Crown should have recognised a financial liability for the put option and a corresponding reduction in non-controlling interest and reserves. As at 1 July 2016, the carrying value of the put option liability amounted to \$171.4 million.

For the year ended 30 June 2017, the carrying value of the put option was re-measured to \$55.7 million, resulting in a reduction of \$115.7 million in Other payables with a corresponding decrease in Reserves and Non-Controlling Interest. In addition, given the first put option was exercisable within twelve months of balance date, \$6.5 million has been classified as current Trade and other payables.

## 21. Lease and Expenditure Commitments

## (a) Capital expenditure commitments

	2018	2017
	\$m	\$m
<b>Estimated capital expenditure contracted for at balance date, but not provided for:</b>		
Payable within one year	425.9	220.0
Payable after one year but not more than five years	420.8	813.9
	<b>846.7</b>	<b>1,033.9</b>

## (b) Non-cancellable operating lease commitments – Group as lessee

	2018	2017
	\$m	\$m
Payable within one year	7.3	15.0
Payable after one year but not more than five years	16.3	48.5
Payable more than five years	9.8	503.1
	<b>33.4</b>	<b>566.6</b>

The Group has entered into non-cancellable operating leases. The leases vary in contract period depending on the asset involved but generally have an average lease term of approximately 6 years (2017: 6 years) excluding the land lease detailed below. Operating leases include telecommunications rental agreements and leases on assets including motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

During the period, Crown, through its majority owned subsidiary, Alon, disposed of the leasehold portion of the land in Las Vegas. The prior period comparative included the lease commitment on this land which would have expired in 2097.

In addition, in 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which Crown Melbourne Entertainment Complex is located. For years one to forty inclusive the annual rent payable by the parent entity is one dollar per annum. For years forty-one to ninety-nine inclusive the annual rent payable will be the then current market rent for the site. The aggregate lease expenditure contracted for at balance date but not provided for which is disclosed in this report does not include an estimate for the rent payable for years forty-one to ninety-nine inclusive due to the uncertainty of these amounts.

## (c) Non-cancellable finance lease commitments – Group as lessee

	2018	2017
	\$m	\$m
Payable within one year	-	11.7
Payable after one year but not more than five years	-	75.1
Payable more than five years	-	55.8
	-	<b>142.6</b>

## (d) Non-cancellable operating lease commitments – Group as lessor

	2018	2017
	\$m	\$m
Payable within one year	22.4	21.5
Payable after one year but not more than five years	52.6	66.6
Payable more than five years	14.6	13.6
	<b>89.6</b>	<b>101.7</b>

The Group has entered into operating leases for retail tenancies within its Crown Melbourne and Crown Perth properties. The leases have terms between 3 and 25 years. The total contingent rent recognised as income during the year is \$5.7 million (2017: \$5.9 million).

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

## 22. Cash Flow Statement Reconciliation

	2018 \$m	2017 \$m
<b>(a) Cash balance represents:</b>		
Cash on hand and at bank	355.8	331.0
Deposits at call	1,488.8	1,440.2
	<b>1,844.6</b>	<b>1,771.2</b>

The above closing cash balances includes \$130.9 million (2017: \$134.7 million) of cash on the company's premises and cash held in bank accounts needed to run the day to day operations of the businesses and cash (including deposits on call) of \$1,713.7 million (2017: \$1,636.5 million) for other purposes. All deposits at call are with approved counterparties with investment grade ratings. Refer note 32(c) for further details.

	2018 \$m	2017 \$m
<b>(b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities</b>		
Profit after tax	573.2	1,825.0
Non cash items and items dealt with separately:		
- Depreciation and amortisation	285.9	296.8
- Asset impairment/(reversal)	(122.3)	260.2
- Share of associates' net (profit)/loss	(6.6)	(39.2)
- Net foreign exchange (gain)/loss	(8.1)	(2.8)
- Net foreign exchange gain on disposal of foreign operations	(76.9)	(88.8)
- Net mark-to-market (gain)/loss on investments	(4.7)	(16.2)
Cash items not included in profit after tax:		
- Dividends received from associates	7.4	18.7
Items classified as investing/financing activities:		
- (Profit)/loss on sale of property, plant and equipment	(2.2)	(1.1)
- Net gain on disposal of subsidiaries and associates	(93.4)	(1,745.5)
Working Capital changes:		
- (Increase) / decrease in trade receivables and other assets	60.4	(36.3)
- (Increase) / decrease in inventories	0.2	(1.2)
- (Decrease) / increase in tax provisions	138.4	6.6
- (Decrease) / increase in trade and other payables, accruals and provisions	(19.6)	(10.5)
<b>Net cash flows from operating activities</b>	<b>731.7</b>	<b>465.7</b>

**(c) Bank Overdraft Facilities**

The Group has bank overdraft facilities available as follows:

Bank	2018	2017
ANZ Banking Group Limited	A\$20 million	A\$20 million
Citibank NA	US\$10 million	US\$10 million
Royal Bank of Scotland PLC	£20 million	£20 million

As at 30 June 2018 there were no drawn down amounts on the overdraft facilities (2017: nil).

### 23. Events After the Reporting Period

On 19 July 2018, Crown announced its election to redeem all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" (the "Notes") on the first call date of 14 September 2018 in accordance with the terms of the Notes. This is expected to reduce Crown's gross debt by approximately \$400 million.

Subsequent to 30 June 2018, Crown announced its intention to undertake a new on-market share buy-back of approximately \$400 million of shares (the "New Share Buy-Back"). Crown may, at its discretion, vary, suspend or terminate the New Share Buy-Back at any time.

Subsequent to 30 June 2018, the directors of Crown declared a final dividend on ordinary shares in respect of the year ending 30 June 2018. The total amount of the dividend is expected to be \$206.2 million, which represents a dividend of 30.0 cents per share franked at 60%. The unfranked portion of the dividend has been declared to be conduit foreign income.

### 24. Contingent Liabilities and Related Matters

On 15 February 2016 Crown was issued with amended assessments and notices of penalty by the Australian Taxation Office ("ATO") for a total of approximately \$362 million which comprise primary tax, interest and penalties. The amended assessments are in respect of income tax paid for the financial years ended 30 June 2009 to 30 June 2014 (inclusive) and relate to the tax treatment of some of the financing for Crown's investment in Cannery Casino Resorts ("Cannery") in North America. Crown formally objected to the amended assessments and notices of penalty, but those objections were disallowed in full by the ATO. On 10 July 2018 Crown lodged applications for an appeal against the objection decisions relating to the amended assessments in the Federal Court. On 7 September 2018 Crown applied to the Administrative Appeals Tribunal for a review of the objection decisions relating to the notices of penalty.

Crown was issued with further amended assessments and notices of penalty dated 31 August 2018 in respect of the financial years ended 30 June 2014 to 30 June 2016 (inclusive). The further amended assessments and notices of penalty have been issued for a total of approximately \$34 million which comprise primary tax, interest and penalties, and similarly relate to some of the financing for Crown's investment in Cannery.

Crown considers that it has paid the correct amount of tax in respect of these matters and intends to continue to pursue all available avenues of objection.

As announced by Crown on 4 December 2017, Maurice Blackburn Lawyers have commenced a class action proceeding against Crown in the Federal Court of Australia. The proceeding has been filed on behalf of persons who acquired an interest in Crown shares between 6 February 2015 and 16 October 2016. Crown has announced that it intends to vigorously defend the proceeding.

In addition to the above matters, entities within the group are defendants from time to time in legal proceedings arising from the conduct of their business. The group does not consider that the outcome of any proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

The group has no other material contingent liabilities at 30 June 2018.

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

Notes to the Financial Statements

## 25. Auditors' Remuneration

	2018 \$	2017 \$
<b>Amounts received, or due and receivable, by Ernst &amp; Young (Australia) for:</b>		
Auditing the accounts	1,100,926	1,045,386
Taxation services	3,411,650	8,180,666
Consulting and assurance related services	256,097	1,440,858
<b>Amounts received, or due and receivable, by other member firms of Ernst &amp; Young International for:</b>		
Auditing the accounts	161,080	1,885,599
Taxation services	507,335	286,677
	<b>5,437,088</b>	<b>12,839,186</b>
<b>Amounts received, or due and receivable, by non Ernst &amp; Young audit firms for:</b>		
Auditing services	-	64,230

## 26. Earnings Per Share (EPS)

	2018	2017
<b>The following reflects the income and share data used in the calculations of basic and diluted EPS:</b>		
Net profit / (loss) after tax used in calculating basic and diluted EPS (\$m)	558.9	1,866.1
Weighted average number of ordinary shares used in calculating basic and diluted EPS (\$m)	688.7	726.0

During the year, Crown undertook an on-market share buy-back to a value of \$18.7 million (2017: \$500.0 million). Following the completion of the buy-back, Crown's shares on issue reduced by approximately 1.4 million to approximately 687.4 million.

## 27. Key Management Personnel Disclosures

## (a) Details of key management personnel

## (i) Directors

John H Alexander	Executive Chairman
The Hon. Helen A Coonan	Non-Executive Director
Rowena Danziger	Non-Executive Director (resigned 26 October 2017)
Andrew Demetriou	Non-Executive Director
Geoffrey J Dixon	Non-Executive Director
Jane Halton AO PSM	Non-Executive Director (appointed 23 May 2018)
Professor John S Horvath AO	Non-Executive Director
Guy Jalland	Non-Executive Director (appointed 16 April 2018)
Michael R Johnston	Non-Executive Director
Antonia Korsanos	Non-Executive Director (appointed 23 May 2018)
Harold C Mitchell AC	Non-Executive Director
James D Packer	Non-Executive Director (appointed 3 August 2017, resigned 21 March 2018)

## 27. Key Management Personnel Disclosures *continued*

Prior to 30 June 2018, the Board approved the appointment of Mr John Poynton AO as a director, subject to the receipt of all necessary consents and regulatory approvals. Mr Poynton's appointment will only become effective once the necessary approvals have been received.

### (ii) Executives

Kenneth M Barton	Chief Financial Officer & Chief Executive Officer – Crown Digital
Barry Felstead	Chief Executive Officer – Australian Resorts
W Todd Nisbet	Executive Vice President – Strategy and Development

### (b) Remuneration of key management personnel

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

	2018	2017
	\$m	\$m
<b>Remuneration by category</b>		
Short term benefits	15.4	14.1
Post employment benefits	0.2	0.2
Long term incentives	1.8	(3.8)
Termination benefits	-	6.3
	<b>17.4</b>	<b>16.8</b>

Further details regarding key management personnel and detailed disclosures of share based payment arrangements are contained in the Remuneration Report.

## 28. Related Party Disclosures

### (a) Parent entity

Crown Resorts Limited is the ultimate parent entity of the Group.

### (b) Controlled entities, associates and joint ventures

Interests in significant controlled entities are set out in note 29.

Investments in associates and joint ventures are set out in note 9.

### (c) Entity with significant influence over the Group

Based on a substantial shareholder notice dated 7 March 2018 lodged by Consolidated Press Holdings Group ("CPH"), comprising Consolidated Press Holdings Pty Limited and its related corporations, a group related to Mr James Packer, at the balance date, CPH had a relevant interest in 316,928,302 of the Company's fully paid ordinary shares. This equates to 46.10% of the Company's fully paid ordinary shares (2017: 49.72%) based on the total number of shares on issue at the balance date.

### (d) Key management personnel

Disclosures relating to key management personnel are set out in note 27, and in the Remuneration Report.

### (e) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms, unless otherwise stated.

FINANCIAL REPORT 2018 CONTINUED

# Notes to the Financial Statements *continued*

For the year ended 30 June 2018

## 28. Related Party Disclosures *continued*

### (f) Transactions with related parties

The Group had the following transactions with related parties:

#### (i) Director related entities and entities with significant influence over the Group

CPH provided management services in accordance with a Services Agreement, in addition to corporate secretarial and administrative services of \$4.0 million during the year (2017: \$4.0 million). CPH paid costs on behalf of Crown to third parties totalling \$1.0 million during the year (2017: \$2.2 million). At 30 June 2018 there was \$2.2 million owing to CPH (2017: \$4.2 million).

Crown and its controlled entities provided CPH with hotel and banqueting services of \$22,000 during the year (2017: \$0.1m). At 30 June 2018 there were no amounts owing from CPH (2017: \$nil).

On 14 December 2017, Crown agreed to sell its interest (through certain security holdings) in part of the property and operations at Ellerston in the Hunter Valley for \$62.5 million to Consolidated Press Holdings Pty Limited and an entity associated with Ms Gretel Packer. The sale was approved by Crown's independent directors and was completed in February 2018. Following completion of the sale, Crown continues to have ongoing access rights to the golf course and other facilities at Ellerston for an annual fee of \$1.0 million, in line with its commitment to the NSW Government.

Crown entered into an agreement with Mr James Packer to sell two floors of the Crown Sydney Residences at the Crown Sydney Hotel Resort to Mr Packer for \$60 million. The floors are located above the mid-levels of the Crown Sydney Hotel Resort. The sale documentation is on the same, or materially the same, terms as the documents entered into with other purchasers. The sale was approved by Crown's independent directors.

During the year, Crown entered into an agreement with a company controlled by Mr Harold Mitchell AC, a Director of Crown, in relation to the sale of its interest in an aircraft (a 16 year old Bombardier Global Express) for US\$4.35 million. The disposal of the aircraft was approved by Crown's independent directors. Prior to the sale, Mr Mitchell was provided with access to the aircraft for which he was charged \$0.2 million. These amounts were charged at normal market prices.

#### (ii) Associates

During the period, Crown paid the Nobu Group \$2.6 million (2017: \$2.5 million) in license and management fees relating to restaurants at Crown Melbourne and Crown Perth.

## 29. Investment in Controlled Entities

The consolidated financial statements include the financial statements of Crown Resorts Limited and its controlled entities. Significant controlled entities and those that are party to a Deed of Cross Guarantee with the parent entity are set out below:

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2018	2017		2018 %	2017 %
<b>Crown Resorts Limited</b>			<b>Australia</b>	<b>Parent Entity</b>	
ALON Las Vegas Financeco, LLC			USA	88	88
ALON Las Vegas Holdings, LLC			USA	88	88
ALON Las Vegas Resort, LLC			USA	88	88
Artra Pty Ltd			Australia	100	100
Aspinall's Club Limited			United Kingdom	100	100
Betfair Pty Ltd	A	A	Australia	100	100
Betfair Australasia Pty Ltd	A	A	Australia	100	100
Burswood Limited	A	A	Australia	100	100
Burswood Nominees Ltd	A	A	Australia	100	100
Burswood Resort (Management) Ltd	A	A	Australia	100	100
Capital Club Pty Ltd			Australia	100	100
Club Gaming Pty Ltd			Australia	100	100
Crown Asia Investments Limited	A	A	Australia	100	100
Crown Australia Pty Ltd	A	A	Australia	100	100
Crown Capital Golf Pty Ltd			Australia	100	100
Crown Cyprus Limited			Australia	100	100
Crown CCR Group Holdings One Pty Ltd	A	A	Australia	100	100
Crown CCR Group Holdings Two Pty Ltd			Australia	100	100
Crown CCR Group Holdings General Partnership			USA	100	100
Crown CCR Group Investments One LLC			USA	100	100
Crown CCR Group Investments Two LLC			USA	100	100
Crown CCR Holdings LLC			USA	100	100
Crown CPS Holdings Pty Ltd	A	A	Australia	100	100
Crown (Ellerston Leisure) Holdings Pty Ltd			Australia	-	100
Crown Entertainment Group Holdings Pty Ltd	A	A	Australia	100	100
Crown (Gaming Technology) Holdings Pty Ltd			Australia	100	100
Crown Gateway Luxembourg Pty Ltd			Australia	100	100
Crown Group Finance Limited	A	A	Australia	100	100
Crown Group Securities Ltd	A	A	Australia	100	100
Crown International Holdings Ltd			Bahamas	100	100
Crown Investment Holdings LLC			USA	100	100
Crown Management Holdings Pty Ltd	A	A	Australia	100	100
Crown Management Pty Ltd	A	A	Australia	100	100
Crown Melbourne Limited	A	A	Australia	100	100
Crown North America Holdings One Pty Ltd			Australia	100	100
Crown North America Investments LLC			USA	100	100
Crown Overseas Investments Pty Ltd	A	A	Australia	100	100
Crown Queensbridge Development Pty Ltd			Australia	100	100
Crown Queensbridge Holdings Pty Ltd			Australia	100	100



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Notes to the Financial Statements *continued*

For the year ended 30 June 2018

29. Investment in Controlled Entities *continued*

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2018	2017		2018 %	2017 %
Crown Queensbridge Property (Hotel) Pty Ltd			Australia	100	100
Crown Queensbridge Property (Residential) Pty Ltd			Australia	100	100
Crown Sydney Pty Ltd			Australia	100	100
Crown Sydney Gaming Pty Ltd			Australia	100	100
Crown Sydney Holdings Pty Ltd	A		Australia	100	100
Crown Sydney Property Pty Ltd	A		Australia	100	100
Crown Training Pty Ltd			Australia	100	100
Crown US Investments LLC			USA	100	100
Crown UK Investments Ltd			United Kingdom	100	100
Crown (Western Australia) Pty Ltd	A	A	Australia	100	100
Crown (Western Australia) Finance Holdings Pty Ltd	A	A	Australia	100	100
Crown (Western Australia) Finance Pty Ltd	A	A	Australia	100	100
CrownBet Pty Ltd			Australia	-	62
CrownBet Holdings Pty Ltd			Australia	-	62
DGN Games LLC			USA	85	70
Flienn Pty Ltd			Australia	100	100
Jade West Entertainment Pty Ltd			Australia	100	100
Jemtex Pty Ltd	A	A	Australia	100	100
Melbourne Golf Academy Pty Ltd			Australia	100	100
PBL Overseas (CI) Pty Ltd	A	A	Australia	100	100
PBL (CI) Finance Pty Ltd			Australia	100	100
Pennwin Pty Ltd			Australia	100	100
Publishing and Broadcasting (Finance) Ltd	A	A	Australia	100	100
Renga Pty Ltd			Australia	100	100
Royal Gaming Pty Ltd			Australia	100	-

(1) The proportion of ownership interest is equal to the proportion of voting power held.

A These controlled entities have entered into a deed of cross guarantee dated 21 June 2017 with the parent entity under ASIC Instrument 2016/785 - the "Closed Group" (refer note 30).

29. Investment in Controlled Entities *continued***CrownBet Sale**

On 28 February 2018, Crown announced that it had completed the sale of its 62% interest in CrownBet, together with loans advanced by it to CrownBet, for \$150 million. The purchaser was an entity associated with other shareholders in CrownBet, including the CrownBet management team led by Matthew Tripp, or its nominee. The net gain generated on the sale amounted to \$87.5 million.

Financial information related to the sale of CrownBet is set out in the table below.

<b>CrownBet Sale</b>	<b>\$m</b>
Total proceeds	150.0
Loans repaid	(71.8)
<b>Proceeds attributable to the sale of the business</b>	<b>78.2</b>
<b>The assets and liabilities at the date of disposal were:</b>	
	<b>\$m</b>
Cash and cash equivalents	8.2
Trade and other receivables	5.3
Prepayments	4.6
Property, plant and equipment	42.8
Other intangible assets	20.3
Deferred tax assets	29.3
Other non-current assets	7.1
	117.6
Trade and other payables	119.2
Provisions	7.1
Deferred tax liabilities	3.2
Other non-current liabilities	9.9
	139.4
Minority Interest	8.3
<b>Crown's Share of net asset / (liabilities)</b>	<b>(13.5)</b>
Profit on disposal	91.7
Transaction costs	(4.2)
<b>Net Gain on Sale of CrownBet</b>	<b>87.5</b>

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Notes to the Financial Statements *continued*

For the year ended 30 June 2018

## 30. Deed of Cross Guarantee

Crown Resorts Limited and certain controlled entities, as detailed in note 29, are parties to a Deed of Cross Guarantee dated 21 June 2017 under which each company in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

By entering into the Deed, pursuant to ASIC Instrument 2016/785, certain controlled entities of Crown have been granted relief from the Corporations Act 2001 requirements for preparation, audit and reporting of financial reports and directors' reports.

The consolidated Statement of Profit or Loss and Statement of Financial Position of the entities which are members of the Closed Group are detailed below.

	Closed Group	
	2018	2017
	\$m	\$m
<b>Consolidated Statement of Profit or Loss</b>		
Profit / (loss) before income tax	485.5	1,391.7
Income tax (expense) / benefit	(166.3)	(98.5)
Net profit / (loss) after income tax	319.2	1,293.2
Retained earnings / (accumulated losses) at the beginning of the financial year	5,186.1	4,116.2
Retained earnings / (accumulated losses) of entities entering Closed Group	(12.9)	34.5
(Retained earnings) / accumulated losses of entities removed from Closed Group	-	222.9
Transfer from reserves	-	630.1
Dividends provided for or paid	(413.4)	(1,110.8)
<b>Retained earnings / (accumulated losses) at the end of the financial year</b>	<b>5,079.0</b>	<b>5,186.1</b>

	Closed Group	
	2018	2017
	\$m	\$m
<b>Consolidated Statement of Financial Position</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,822.0	1,667.2
Trade and other receivables	86.9	170.8
Inventories	16.3	16.5
Prepayments	29.9	30.1
Other financial assets	9.2	5.6
<b>Total current assets</b>	<b>1,964.3</b>	<b>1,890.2</b>
<b>Non-current assets</b>		
Receivables	885.0	1,650.5
Other financial assets	1,839.9	1,933.7
Investment in associates	46.3	39.0
Property, plant and equipment	3,782.0	3,331.8
Intangible assets - licences	980.6	997.3
Other intangible assets	315.3	320.6
Deferred tax assets	243.8	233.8
Other assets	50.4	52.0
<b>Total non-current assets</b>	<b>8,143.3</b>	<b>8,558.7</b>
<b>Total assets</b>	<b>10,107.6</b>	<b>10,448.9</b>
<b>Current liabilities</b>		
Trade and other payables	391.7	351.1
Interest-bearing loans and borrowings	25.7	350.1
Income tax payable	164.8	113.3
Provisions	204.3	188.8
<b>Total current liabilities</b>	<b>786.5</b>	<b>1,003.3</b>

30. Deed of Cross Guarantee *continued*

	Closed Group	
	2018	2017
	\$m	\$m
<b>Consolidated Statement of Financial Position</b>		
<b>Non-current liabilities</b>		
Other payables	191.8	166.0
Interest-bearing loans and borrowings	1,989.1	2,038.5
Deferred tax liability	380.1	352.0
Provisions	48.3	62.3
Other financial liabilities	2.1	2.8
<b>Total non-current liabilities</b>	<b>2,611.4</b>	<b>2,621.6</b>
<b>Total liabilities</b>	<b>3,397.9</b>	<b>3,624.9</b>
<b>Net assets</b>	<b>6,709.7</b>	<b>6,824.0</b>
<b>Equity</b>		
Contributed equity	1,611.4	1,630.1
Treasury shares	(15.7)	(19.4)
Reserves	35.0	27.2
Retained earnings	5,079.0	5,186.1
<b>Total equity</b>	<b>6,709.7</b>	<b>6,824.0</b>

Notes to the Financial Statements

## 31. Parent Entity Disclosures

	Crown Resorts Limited	
	2018	2017
	\$m	\$m
<b>Results of the parent entity</b>		
Profit after tax for the period	428.8	1,166.8
Other comprehensive income/(loss)	-	-
<b>Total comprehensive income for the period</b>	<b>428.8</b>	<b>1,166.8</b>
<b>Financial position of the parent entity</b>		
Current assets	44.9	5.4
Non-current assets	14,700.3	14,597.4
<b>Total assets</b>	<b>14,745.2</b>	<b>14,602.8</b>
Current liabilities	241.9	178.5
Non-current liabilities	5,212.7	5,130.6
<b>Total liabilities</b>	<b>5,454.6</b>	<b>5,309.1</b>
<b>Total equity of the parent entity comprising of:</b>		
Issued capital	9,408.6	9,427.2
Employee equity benefits reserve	13.0	13.0
Accumulated losses	(131.0)	(146.5)
<b>Total equity</b>	<b>9,290.6</b>	<b>9,293.7</b>

FINANCIAL REPORT 2018 CONTINUED

# Notes to the Financial Statements *continued*

For the year ended 30 June 2018

## 31. Parent Entity Disclosures *continued*

### **Contingent liabilities**

There are no other contingent liabilities for the parent entity at 30 June 2018 (2017: \$nil), other than those disclosed in note 24.

### **Capital expenditure**

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2018 (2017: \$nil).

### **Parent entity guarantees in respect of debts of its subsidiaries**

The parent entity has entered into a deed of cross guarantee as well as bank and capital market debt facilities with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in notes 29 and 30 and further details on bank and capital market debt facilities are set out in note 16.

## 32. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans, capital market debt, cash and short term deposits and derivatives.

The Group's business activities expose it to the following risks; market risks (interest rate and foreign exchange), credit risk and liquidity risk. For each of these risks, the Group considers the counterparties, geographical area, currency and markets as applicable to determine whether there are concentrations of risk. Other than as described in this note, the Group is satisfied that there are no material concentrations of risk.

The Group has policies in place to manage different types of risks to which it is exposed. Policies include monitoring the level of interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates. Ageing analysis of and monitoring of exposures to counterparties is undertaken to manage credit risk. Liquidity risk is monitored through the employment of rolling cash flow forecasts.

Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks in accordance with approved policies. The Board are informed on a regular basis of risk management activities.

### **(a) Market Risk**

#### **(i) Interest rate risk – cash flow**

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and long term debt obligations as outlined in note 16.

32. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(i) Interest rate risk – cash flow** *continued*

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated as cash flow hedges.

	2018	2017
	\$m	\$m
<b>Financial assets</b>		
AUD cash on hand and at bank	128.6	122.4
AUD deposits at call	1,487.1	1,435.6
GBP cash on hand and at bank	8.8	20.7
EUR cash on hand and at bank	-	0.1
USD cash on hand and at bank	87.5	53.0
USD deposits at call	1.7	4.7
<b>Total financial assets</b>	<b>1,713.7</b>	<b>1,636.5</b>
<b>Financial liabilities</b>		
AUD bank loans	20.0	20.0
GBP bank loans	8.9	-
AUD capital market debt	803.4	810.3
Finance lease liability	-	142.6
HKD bank loans	25.7	38.4
<b>Total financial liabilities</b>	<b>858.0</b>	<b>1,011.3</b>
<b>Net exposure</b>	<b>855.7</b>	<b>625.2</b>

As at balance date, the Group maintained floating rate liabilities of \$858.0 million (2017: \$1,011.3 million) that were not hedged by interest rate swaps. The associated interest rate risk is mitigated by total financial assets of \$1,713.7 million (2017: \$1,636.5 million). Under the financial liabilities outstanding, for AUD facilities, the Group pays the Bank Bill Swap rate (BBSW) plus a margin of between 140 and 500 basis points, for GBP facilities the Group pays GBP LIBOR plus a margin of 70 basis points, and for HKD facilities, the Group pays HIBOR plus a margin of 55 basis points.

Of the AUD cash on hand and at bank \$128.6 million is interest bearing and is invested at approximately BBSW. Deposits at call of \$1,487.1 million are invested at approximately BBSW. The Group maintains cash and cash equivalents on hand of \$130.9 million for operational purposes and is non interest bearing (2017: \$134.7 million).

As at balance date, the Group maintained floating rate borrowings in GBP of \$8.9 million (2017: \$nil) and had cash and cash equivalents of \$8.8 million (2017: \$20.7 million) which is interest bearing and accrues at the UK daily cash rate.

As at balance date, the Group maintained floating rate borrowings in HKD of \$25.7 million (2017: \$38.4 million) and had minimal interest earning cash and cash equivalents (2017: minimal).

As at balance date, the Group had USD cash on hand and at bank of \$87.5 million which is interest bearing and is invested at approximately US LIBOR (2017: \$53.0 million). In addition, the Group had USD deposits at call of \$1.7 million, which is invested at approximately US LIBOR (2017: \$4.7 million). The Group maintained no floating rate borrowings in USD (2017: \$nil).

**Group Sensitivity**

As a result of an increase in interest rates of 50 basis points the Group's post-tax-profit for the year would have increased by \$3.0 million (2017: \$2.3 million). As a result of a decrease in interest rates of 50 basis points the Group's post-tax-profit for the year would have decreased by \$3.0 million (2017: \$2.2 million).

The Group, where appropriate, uses interest rate swaps to manage the risk of adverse movements in interest rates for its long term floating rate borrowings which are subject to variable rates.

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

32. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(i) Interest rate risk – cash flow** *continued***Group Sensitivity** *continued*

The Group uses cross-currency interest rate swaps to manage the risk of adverse movements in interest rates for its long term foreign currency denominated borrowings which are subject to variable rates.

As at balance date the notional principal amounts and period of expiry of the interest rate swap contracts were as follows:

	2018	2017
	\$m	\$m
<b>Cash flow hedge</b>		
Maturity under 1 year	-	-
Maturity 1 -5 years	200.0	200.0
Maturity over 5 years	174.6	174.6
<b>Closing Balance</b>	<b>374.6</b>	<b>374.6</b>

As at balance date the key terms of the interest rate swap contracts were as follows:

Hedge Type	Maturity Date	Interest Rate Received	Interest Rate Paid	Fair Value of
				Swap Contract
<b>Year Ended 30 June 2018</b>				
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(2.1)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	23.3
<b>Year Ended 30 June 2017</b>				
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(2.7)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	21.9

The terms of each of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective.

**(ii) Interest rate risk – fair value**

Where appropriate, the Group enters into fixed rate debt to mitigate exposure to interest rate risk. As the Group holds fixed rate debt there is a risk that the fair value of financial instruments will fluctuate because of market movements in interest rates. The level of fixed rate debt at balance date was \$634.7 million (2017: \$933.7 million). The Group pays between 4.5% and 8.5% (2017: 4.5% and 7.2%) on fixed rate debt. As at balance date, the carrying amounts of the Group's fixed rate debt were not materially different from the fair values (2017: not material).

As at balance date the Group had no interest rate swaps in place to hedge fixed rate debt issuances (2017: nil).

**(iii) Foreign exchange risk**

The Group has currency exposure as a result of capital expenditure and investments/sales in currencies other than the functional currency of the relevant entity.

The Group uses forward exchange contracts and cash flow hedges to minimise the currency exposure on any significant receivables or payables as is deemed appropriate.

All forward exchange contracts must be in the same currency as the firm commitment and the Group negotiates the terms of the hedges to exactly match the underlying commitment to maximise hedge effectiveness. As at balance date, the Group had hedged the majority of its foreign currency receivables and payables that are firm commitments.

32. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(iii) Foreign exchange risk** *continued*

As at balance date, the Group had the following material foreign exchange exposures that were not designated as cash flow hedges:

	2018	2017
	\$m	\$m
<b>USD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	6.0	7.7
<b>Total financial assets</b>	<b>6.0</b>	<b>7.7</b>
<b>Net exposure</b>	<b>6.0</b>	<b>7.7</b>
	2018	2017
	\$m	\$m
<b>GBP Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	7.9	7.4
<b>Total financial assets</b>	<b>7.9</b>	<b>7.4</b>
<b>Net exposure</b>	<b>7.9</b>	<b>7.4</b>
	2018	2017
	\$m	\$m
<b>HKD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	4.0	5.8
Trade and other receivables	27.1	43.8
<b>Total financial assets</b>	<b>31.1</b>	<b>49.6</b>
<b>Financial liabilities</b>		
Trade and other payables	9.6	7.6
HKD Debt Facilities	25.7	38.4
<b>Total financial liabilities</b>	<b>35.3</b>	<b>46.0</b>
<b>Net exposure</b>	<b>(4.2)</b>	<b>3.6</b>

**Group sensitivity – USD**

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 10c against the USD would not be material as at balance date (2017: not material).

The sensitivity to fair value movements through profit or loss as a result of the AUD strengthening or weakening by 10c against the USD would be \$0.9 million higher or \$0.7 million lower (2017: \$1.2 million higher or \$0.9 million lower).

**Group sensitivity – GBP**

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 5c against the GBP would not be material as at balance date (2017: not material).

The sensitivity to fair value movements through profit or loss as a result of the AUD strengthening or weakening by 5c against the GBP would be \$0.8 million higher or \$0.7 million lower (2017: \$0.7 million higher or \$0.6 million lower).

**Group sensitivity – HKD**

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 50c against the HKD would not be material as at balance date (2017: not material).

The sensitivity to fair value movements through profit or loss as a result of the AUD strengthening or weakening by 50c against the HKD would be \$0.3 million higher or \$0.4 million lower (2017: \$0.3 million higher or \$0.3 million lower).



FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

32. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(iii) Foreign exchange risk** *continued***Foreign Exchange Contracts**

The Group uses derivative instruments such as forward exchange contracts to manage the currency risks arising from the Group's operations and its sources of finance.

Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. These derivatives qualify for hedge accounting and are based on limits set by the Board.

**Cash flow hedges**

At balance date details of outstanding cash flow hedges denominated in AUD was:

	Notional Amounts		Average Rate	
	2018 \$m	2017 \$m	2018	2017
<b>Buy USD/Sell AUD</b>				
Maturity under 1 year	76.2	100.0	0.8294	0.8402
<b>Closing Balance</b>	<b>76.2</b>	<b>100.0</b>		

The cash flow hedges are considered to be highly effective hedges as they are matched against known and committed receivables and payments and any gain or loss on the hedged risk is recognised through OCI and accumulated in the cash flow hedge reserve in equity.

**(b) Price Risk****(i) Equity Securities Price Risk**

Neither the Group nor the parent entity is exposed to equity securities risk.

**(ii) Commodity Price Risk**

Neither the Group nor the parent entity is exposed to commodity price risk.

**(c) Credit Risk**

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is outlined under each applicable note.

The Group does not hold any credit derivatives or collateral to offset its credit exposure.

All investment and financial instruments activity is with approved counterparties with investment grade ratings and is in accordance with approved policies. There are no significant concentrations of credit risk within the Group and the aggregate value of transactions is spread amongst a number of financial institutions to minimise the risk of default of counterparties.

32. Financial Risk Management Objectives and Policies *continued***(c) Credit Risk** *continued*

Credit risk in trade receivables is managed in the following ways:

- (i) The provision of credit is covered by a risk assessment process for all customers.
- (ii) Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.
- (iii) The provision of cheque-cashing facilities for gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world.

In assessing the doubtful debts provisioning for trade receivables, the Group has measured credit risk using the 'Simplified Approach'. The simplified approach requires the recognition of lifetime expected credit losses at all times. The Group has elected to use a provision matrix utilising historical default rates, as well as taking into account current conditions and forecasts of future economic conditions. If the Group becomes aware of circumstances relevant to an individual or group of debtors that results in the matrix not being an appropriate basis for provisioning, then management discretion will be applied.

**(d) Liquidity Risk**

It is the Group's objective to maintain a balance between continuity of funding and flexibility through the use of cash reserves, committed bank lines and capital markets debt in order to meet its financial commitments in a timely manner.

At balance date 1.7% or \$25.7 million of the Group's interest bearing liabilities will mature in less than 12 months (2017: 18.0% or \$350.1 million).

As at balance date the Group had \$176.1 million in undrawn committed bank lines and \$1,844.6 million in cash and cash equivalents to mitigate the maturing liabilities (2017: \$414.8 million and \$1,771.2 million respectively).

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

32. Financial Risk Management Objectives and Policies *continued*(d) Liquidity Risk *continued***Maturity analysis of financial assets and liabilities**

The table below analyses the Group's contractual undiscounted cash flows of financial assets and financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	1 year or less		1 to 5 years		More than 5 years		Total	
	2018	2017 <sup>(1)</sup>	2018	2017 <sup>(1)</sup>	2018	2017 <sup>(1)</sup>	2018	2017 <sup>(1)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Financial assets</b>								
Cash and cash equivalents	1,844.6	1,771.2	-	-	-	-	1,844.6	1,771.2
Receivables - trade	172.3	225.3	17.6	20.3	-	-	189.9	245.6
Receivables - other	-	-	125.4	125.4	-	-	125.4	125.4
Forward exchange contracts receivable	-	78.1	-	-	-	-	-	78.1
Cross currency interest rate swaps receivable	8.4	8.1	33.5	32.3	117.3	112.9	159.2	153.3
<b>Total financial assets</b>	<b>2,025.3</b>	<b>2,082.7</b>	<b>176.5</b>	<b>178.0</b>	<b>117.3</b>	<b>112.9</b>	<b>2,319.1</b>	<b>2,373.6</b>
<b>Financial liabilities</b>								
Trade and other payables	427.5	453.0	124.6	115.5	163.0	158.5	715.1	727.0
Finance lease and other loan liabilities	-	11.7	1.0	130.9	-	-	1.0	142.6
Capital markets	-	300.0	259.1	259.1	1,178.0	1,184.9	1,437.1	1,744.0
Bank loans	25.7	38.4	28.9	20.0	-	-	54.6	58.4
Forward exchange contracts payable	-	72.6	-	-	-	-	-	72.6
Interest rate swaps payable	0.8	1.6	1.1	3.9	-	-	1.9	5.5
Cross currency interest rate swaps payable	12.3	12.3	49.2	49.2	160.1	172.4	221.6	233.9
<b>Total financial liabilities</b>	<b>466.3</b>	<b>889.6</b>	<b>463.9</b>	<b>578.6</b>	<b>1,501.1</b>	<b>1,515.8</b>	<b>2,431.3</b>	<b>2,984.0</b>
<b>Net maturity</b>	<b>1,559.0</b>	<b>1,193.1</b>	<b>(287.4)</b>	<b>(400.6)</b>	<b>(1,383.8)</b>	<b>(1,402.9)</b>	<b>(112.2)</b>	<b>(610.4)</b>

(1) Certain amounts have been restated, refer note 20.

32. Financial Risk Management Objectives and Policies *continued***(e) Fair Value of Financial Instruments**

The fair value of the Group's financial assets and financial liabilities approximates the carrying value as at balance date.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level One – the fair value is calculated using quoted prices in active markets;
- Level Two – the fair value is estimated using inputs other than quoted prices included in Level One that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level Three – the fair value is estimated using inputs for the asset or liability that are not based on observable market data, including cash flow forecasts, implied growth rates and implied discount rates.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Valuation Technique			Total \$m
	Quoted market price Level One \$m	Observable inputs Level Two \$m	Non market observable Level Three \$m	
<b>Year ended 30 June 2018</b>				
<b>Financial Assets</b>				
Foreign exchange contracts	-	9.2	-	9.2
Cross currency swap contracts	-	23.3	-	23.3
	-	<b>32.5</b>	-	<b>32.5</b>
<b>Financial Liabilities</b>				
Contingent consideration	-	-	47.0	47.0
Interest rate swap contracts	-	2.1	-	2.1
	-	<b>2.1</b>	<b>47.0</b>	<b>49.1</b>
<b>Year ended 30 June 2017</b>				
<b>Financial Assets</b>				
Foreign currency forward contracts	-	9.4	-	9.4
Cross currency swap contracts	-	21.9	-	21.9
Equity instruments	64.8	-	-	64.8
	<b>64.8</b>	<b>31.3</b>	-	<b>96.1</b>
<b>Financial Liabilities</b>				
Contingent consideration	-	-	45.3	45.3
Interest rate swap contracts	-	2.8	-	2.8
	-	<b>2.8</b>	<b>45.3</b>	<b>48.1</b>

There have been no transfers between fair value measurement levels during the financial year ended 30 June 2018.

FINANCIAL REPORT 2018 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2018

32. Financial Risk Management Objectives and Policies *continued*(e) Fair Value of Financial Instruments *continued*

## Reconciliation of Level Three fair value movements:

	2018 \$m	2017 \$m
<b>Financial Assets</b>		
Opening balance	-	2.0
Profit and Loss	-	38.1
Distributions received	-	(40.1)
<b>Closing Balance - Financial Assets</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>		
Opening balance	45.3	154.1
Profit and Loss	-	(104.1)
Other Comprehensive Income	1.7	(4.7)
<b>Closing Balance - Financial Liabilities</b>	<b>47.0</b>	<b>45.3</b>

## (f) Changes in liabilities arising from financing activities

	Bank Loans - Unsecured	Capital Markets Debt - Unsecured	Finance Leases - Secured	Other Loans - Unsecured	Derivatives	Total Liabilities from Financing Activities
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Year ended 30 June 2018</b>						
At 1 July 2017	58.4	1,744.0	142.6	-	2.7	1,947.7
Cash flows	(3.8)	(307.6)	(118.1)	1.0	-	(428.5)
Foreign exchange variations	-	-	0.5	-	-	0.5
Movement in fair value	-	-	-	-	(0.6)	(0.6)
Other	-	0.7	(25.0)	-	-	(24.3)
<b>At 30 June 2018</b>	<b>54.6</b>	<b>1,437.1</b>	<b>-</b>	<b>1.0</b>	<b>2.1</b>	<b>1,494.8</b>
<b>Year ended 30 June 2017</b>						
At 1 July 2016	75.5	2,058.0	127.8	-	22.1	2,283.4
Cash flows	(17.3)	(317.5)	(9.6)	-	-	(344.4)
Foreign exchange variations	0.2	-	(0.6)	-	-	(0.4)
Movement in fair value	-	-	-	-	(4.8)	(4.8)
Other	-	3.5	25.0	-	(14.6)	13.9
<b>At 30 June 2017</b>	<b>58.4</b>	<b>1,744.0</b>	<b>142.6</b>	<b>-</b>	<b>2.7</b>	<b>1,947.7</b>

## Directors' Declaration

1. In the opinion of the Directors:
  - a. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth), including:
    - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (Cth);
  - b. the financial statements and notes also comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1 of the Financial Report; 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 has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 30 June 2018.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 29 of the Financial Report will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of the Directors.



**John Alexander**  
Executive Chairman

Melbourne, 11 September 2018

## Shareholder Information

### Substantial shareholders as at 3 September 2018

The following information is extracted from substantial shareholder notices received by Crown.

Shareholder	Date Received	Number of ordinary Shares	% of Issued Capital*
Consolidated Press Holdings Pty Limited	7 March 2018	316,928,302	46.10%
Schroder Investment Management Australia Limited	20 November 2017	34,732,148	5.05%

\* Percentage of Issued Capital based on the total number of ordinary shares on issue at 3 September 2018.

### Holders of each class of securities as at 3 September 2018

Crown has 687,421,194 ordinary shares on issue held by 54,605 shareholders.

### Voting rights of ordinary shares

Crown's Constitution sets out the information in relation to the voting rights attached to shares. In summary, at a general meeting:

- (a) on a show of hands, every member present has one vote; and
- (b) on a poll, every member present has:
  - (i) one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and
  - (ii) a fraction of a vote for each partly paid share held by the member and in respect of which the member is entitled to vote, equivalent to the proportion which the amount paid on the share bears to the total amounts paid and payable on the share.

### Distribution of shareholders as at 3 September 2018

Size of Holdings	Number of Shareholders	% of Issued Capital
1 – 1,000	37,311	2.11
1,001 – 5,000	15,324	4.77
5,001 – 10,000	1,373	1.42
10,001 – 100,000	544	1.70
100,001 and over	53	90.00
<b>Total</b>	<b>54,605</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,376 (based on a closing market price of ordinary shares on 3 September 2018).

### On-market buy-back

Crown lodged an Appendix 3C with the Australian Securities Exchange on 9 August 2018.

The 20 largest shareholders as at 3 September 2018

Name	No. of Shares	% of Issued Capital
1. CPH CROWN HOLDINGS PTY LTD	304,700,000	44.33
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	137,637,069	20.02
3. J P MORGAN NOMINEES AUSTRALIA LIMITED	83,818,752	12.19
4. CITICORP NOMINEES PTY LIMITED	33,142,336	4.82
5. NATIONAL NOMINEES LIMITED	12,870,061	1.87
6. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	7,626,715	1.11
7. CONSOLIDATED PRESS HOLDINGS PTY LIMITED	6,000,000	0.87
8. BNP PARIBAS NOMS PTY LTD <DRP>	5,113,880	0.74
9. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,868,844	0.56
10. ARGO INVESTMENTS LIMITED	2,609,184	0.38
11. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,270,662	0.33
12. IOOF INVESTMENT MANAGEMENT LIMITED <IPS SUPER A/C>	2,035,082	0.30
13. UBS NOMINEES PTY LTD	1,401,416	0.20
14. AUST EXECUTOR TRUSTEES LTD <CROWN EMPLOYEE SHARE PLAN>	1,282,736	0.19
15. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	1,182,446	0.17
16. AMP LIFE LIMITED	1,157,134	0.17
17. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	959,106	0.14
18. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	795,564	0.12
19. BNP PARIBAS NOMS (NZ) LTD <DRP>	744,368	0.11
20. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	677,008	0.10
<b>Total</b>	<b>609,892,363</b>	<b>88.72</b>

Shareholder Information



## Additional Information

### Shareholder enquiries

Shareholders may access their details by visiting the website of the Company's Share Registry, Computershare, at [www.investorcentre.com](http://www.investorcentre.com). For security reasons, shareholders will be required to enter their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode to access personal information. Security holding information may be updated online at any time. Alternatively, shareholders can update their details by phone or by writing to the Share Registry. Shareholders with queries about their shareholdings should contact the Share Registry either online at [www.investorcentre.com](http://www.investorcentre.com), by phone on 1300 659 795 (within Australia) or on +61 3 9415 4000 (outside Australia) or by writing to: Computershare Investor Services, GPO Box 2975, Melbourne, Victoria 3001.

### Electronic shareholder communications

The Company encourages shareholders to elect to receive shareholder communications electronically instead of by post as it enables shareholders to:

- receive important shareholder and company information faster;
- reduce the impact on the environment;
- securely store important shareholder documents online, reducing clutter in your home or office; and
- access all documents conveniently 24/7.

Shareholders who wish to receive email alerts with copies of the Annual Report, Notice of Meeting, Issuer Holding Statements, Payment Advices and other company related information may update their communication preferences online at [www.investorcentre.com](http://www.investorcentre.com) or by contacting the Share Registry.

### Change of address

Issuer sponsored shareholders should immediately update their details online at [www.investorcentre.com](http://www.investorcentre.com) or by contacting the Share Registry. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate HIN.

### Direct payment to shareholders' accounts

Dividends may be paid directly to any bank, building society or credit union account in Australia. Payments are electronically credited on the dividend date with advisory confirmation containing payment details mailed to shareholders. Shareholders who wish to have their dividends paid directly to their account should update their payment instructions online at [www.investorcentre.com](http://www.investorcentre.com) or by contacting the Share Registry prior to the dividend record date.

### Tax File Numbers

Crown is obliged to deduct tax at the top marginal tax rate plus the Medicare levy from unfranked or partially franked dividends paid to Australian resident shareholders who have not supplied their Tax File Number (TFN) or exemption details. If you wish to provide your TFN or exemption details, please update your details online at [www.investorcentre.com](http://www.investorcentre.com) or by contacting the Share Registry.

### Consolidation of multiple holdings

If you have multiple holdings which you wish to consolidate, please advise the Share Registry. If your holdings are broker sponsored, please contact the sponsoring broker directly.

### Crown's website

Crown has a dedicated corporate website at [www.crownresorts.com.au](http://www.crownresorts.com.au) which includes Crown's Annual Reports, Notices of Meeting and other Explanatory Memoranda and disclosures made to the ASX.

### Investment warning

All information provided in the Annual Report is provided as at the date stated or otherwise as at the date of this Report. This Report has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Crown or to seek independent professional advice.

# Corporate Information

## Directors

- **John H Alexander**, BA, Executive Chairman
- **The Honourable Helen A Coonan**, BA, LLB
- **Andrew Demetriou**, BA, BEd
- **Geoffrey J Dixon**
- **Jane Halton**, AO, PSM, BA (Hons) Psychology, FIML, FIPAA, NAM, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt (UNSW)
- **Professor John S Horvath**, AO, MB, BS (Syd), FRACP
- **Guy Jalland**, LLB
- **Michael R Johnston**, BEc, CA
- **Antonia Korsanos**, BEc, CA
- **Harold C Mitchell**, AC

## Company Secretary

**Mary Manos**, LLB (Hons), BCom, GAICD

## Crown's registered office and principal corporate office

Level 3  
Crown Towers  
8 Whiteman Street  
Southbank VIC 3006  
Australia  
Phone: +61 3 9292 8824

## Share Registry

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Phone: 1300 659 795 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Fax: +61 3 9473 2500  
Website: [www.computershare.com.au](http://www.computershare.com.au)

## Securities Exchange Listing

Crown's ordinary shares are listed on the Australian Securities Exchange under the code "**CWN**".  
Crown's Subordinated Notes II are listed on the Australian Securities Exchange under the code "**CWNHB**".  
The home exchange is Melbourne.

## Website

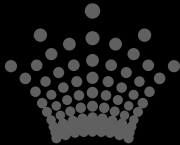
[www.crownresorts.com.au](http://www.crownresorts.com.au)

## Auditor

Ernst & Young

## Banker

Australia and New Zealand Banking Group Limited



CROWN  
RESORTS

[crownresorts.com.au](http://crownresorts.com.au)



ANNUAL REPORT 2019



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## Financial Calendar

Record date for final dividend:	20 September 2019
Payment of final dividend:	4 October 2019
Annual General Meeting:	24 October 2019
2020 half year results:	19 February 2020

## Annual General Meeting

10.00am (Melbourne time)  
 Thursday, 24 October 2019  
 River Room  
 Level 1, Crown Towers Melbourne  
 8 Whiteman Street  
 Southbank, Victoria

## Executive Chairman's Message

*Crown is proud to be the largest single-site private sector employer in both Victoria and Western Australia and makes a major contribution to the Australian economy*



As one of Australia's largest entertainment groups, Crown makes a major contribution to the Australian economy through its role in tourism, employment, training, and its corporate responsibility programs.

Crown's investments in its Australian resorts have ensured that its properties are iconic tourism destinations that continue to shape the cities they call home and are amongst Australia's most visited tourist attractions.

We are proud to be the largest single-site private sector employer in both Victoria and Western Australia with approximately 18,500 people working across our resorts in over 700 different roles. Crown is committed to providing its employees with meaningful learning and development opportunities, allowing staff to develop tangible career pathways. Crown also supports an ecosystem of indirect jobs, spending over \$900 million annually with approximately 4,000 local businesses in Victoria and Western Australia.

Crown continues to be a significant tax payer, incurring over \$650 million in taxes to all levels of government in Australia in the 2019 financial year representing approximately two-thirds of Crown's pre-tax profits.

Crown also recognises its responsibility to the communities in which it operates, and is proud to support a number of charities and employee-led community programs as well as providing financial support to many worthwhile community groups and charities through the Crown Resorts Foundation.

These contributions risk being overshadowed by recent media reporting which has unfairly sought to tarnish Crown's reputation. These allegations are understandably having an impact on Crown and our employees who proudly come to work every day.

Crown operates in one of the most highly regulated industries in Australia with our business subject to ongoing review and monitoring by State gaming regulators and Governmental agencies such as AUSTRAC. Crown runs a compliant business and has zero tolerance for criminal elements.

It comes as no surprise that various regulators and other agencies have launched inquiries given recent media reports and the sensationalist nature of the allegations raised.

We view these regulatory inquiries as a forum to provide our perspective and look forward to cooperating through the process, as we have always done.

### Results

For the financial year ended 30 June 2019, Crown recorded a normalised net profit after tax attributable to Crown of \$368.6 million, which was down 4.7% from the previous year. This result reflects subdued market conditions, with a reduction in VIP program play revenue and continued softness in Perth partly offset by modest revenue growth in Melbourne's local businesses.

We were pleased to have grown the level of visitation at both of Crown's Australian resorts during the year, demonstrating that Crown remains an attractive entertainment destination. Subdued revenue growth across Crown's main floor businesses was driven by lower average customer spend, which was symptomatic of the subdued consumer environment.

A final dividend of 30 cents per share was declared, bringing the total dividend for the year to 60 cents per share.

### Major Focus Areas

Crown remains focussed on maximising shareholder returns by identifying opportunities to deliver improved operating performance at Crown Melbourne, Crown Perth and Crown Aspinalls, delivering the Crown Sydney Hotel Resort on time and on budget and creating value from the Crown Digital portfolio and Crown's equity accounted investments.

Crown continues to deliver cash returns to shareholders. Crown declared a dividend of 60 cents per share for the 2019 financial year, in line with our dividend policy, and bought back approximately \$131 million worth of shares under an on-market share buy-back.

With a net debt position of \$87 million at 30 June 2019, Crown's balance sheet remains well placed to deliver on these major focus areas.

### Crown Melbourne

Normalised revenue at Crown Melbourne was \$2,155.4 million, down 5.4%, with VIP program play revenue down 25.4%, main floor gaming revenue up 1.5% and non-gaming revenue up 1.9%.

Normalised EBITDA from Crown Melbourne was \$589.5 million, down 8.6%, with a decline in overall normalised operating margin driven by an increase in labour and other costs in an environment of subdued revenue growth. Reported EBITDA was \$615.0 million, up 4.9%, which takes into account a favourable variance from the theoretical VIP program play result.

Crown continues to progress the implementation of the various recommendations from the Victorian Commission for Gambling and Liquor Regulation (VCGLR) which arose out of the Sixth Review of the Casino Operator and Licence. Crown remains on track to respond to all recommendations within the timeframes agreed with the VCGLR.

#### Crown Perth

Normalised revenue at Crown Perth was \$799.4 million, down 5.3%, with VIP program play down 30.1%, main floor gaming down 2.1% and non-gaming down 1.5%.

Normalised EBITDA from Crown Perth was \$221.8 million, down 10.8%, with a decline in overall normalised operating margin driven by the decline in revenues combined with modest growth in labour and fixed costs. Reported EBITDA for the period was \$244.6 million, up 10.4%. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result.

#### Crown Aspinalls

Crown Aspinalls' performance continued to reflect the difficult trading conditions across the London high-end casino market, with normalised EBITDA of \$6.4 million down 46.5%.

#### Crown Digital

EBITDA from Crown's wagering and online social gaming operations of \$26.1 million was down 2.7%. The prior year included the consolidated operating results of CrownBet until it was sold by Crown in February 2018.

Crown's current wagering and online social gaming operations — Betfair Australasia and DGN Games — both grew revenue and EBITDA during the year.

#### Australian Projects

Construction of the Crown Sydney Hotel Resort is well advanced. The tower has risen past the halfway mark and the fit out of the hotel guestrooms and suites is progressing through the lower floors of the structure. Pre-opening activities have commenced and will escalate through the course of the coming year in preparation for the opening in 2021.

We are also pleased to have settled the sight lines matter with Infrastructure New South Wales. Whilst the terms of the settlement remain confidential, we are satisfied with the outcome and the retention of the sight lines from the Crown Sydney Hotel Resort.

In Victoria, Crown has reached agreement to acquire our joint venture partner's interest in the One Queensbridge development site. Once completed this acquisition will give Crown 100% ownership of this strategically located site adjacent to the Crown Melbourne entertainment complex.

#### Our People

Crown acknowledges its responsibility to create a safe and rewarding workplace.

Crown's commitment to inclusive employment practices has continued to strengthen. Significant progress has been made on Crown's first Gender Action Plan, which will be published in 2019 and strengthens a longstanding commitment to gender equity. Crown also continues to support a number of leading employment programs, including the CROWNability and Indigenous Employment Programs.

During the 2019 financial year, Crown launched a purpose statement and set of values to guide Crown's culture. These values will be embedded into all employment practices to ensure employees and customers are at the heart of everything Crown does.

#### Our Commitment to Community

Crown recognises its responsibility to the communities in which it operates. Crown is proud to support a number of charities, employee-led community programs such as the Community Champions, as well as the work undertaken through the Crown Resorts Foundation.

The conclusion of the 2019 financial year marked the halfway point of the Crown Resorts Foundation and the Packer Family Foundation National Philanthropic Fund. To date, over \$83 million has been allocated to 300 grant recipients. The Crown Resorts Foundation Board remains dedicated to identifying worthy organisations to support through the 10-year funding commitment and, in particular, to those aligned to its core mission to provide opportunities for young Australians, primarily through education.

On behalf of the Board, I wish to sincerely thank all our employees for their continued hard work and dedication during the year in our efforts to deliver a world-class customer experience for our patrons. I would also like to thank our shareholders for their ongoing support.



**John Alexander**

Executive Chairman  
Crown Resorts Limited

11 September 2019



## Financial Performance

### *The 2019 full year result reflected subdued market conditions*

- Total normalised<sup>1</sup> revenue across Crown's Australian resorts, Crown Melbourne and Crown Perth, decreased by 5.4%. This decline was primarily due to the reduction in normalised VIP program play revenue across Crown's Australian resorts, which was down 26.1%, with modest revenue growth in Melbourne's main gaming floor offset by continued softness in Perth.
- Normalised EBITDA at Crown's Australian resorts of \$811.3 million was down 9.2%, while reported EBITDA of \$859.6 million was up 6.4%, with an above theoretical VIP win rate experienced at both Crown Melbourne and Crown Perth.
- Crown's normalised net profit after tax (NPAT) attributable to the parent of \$368.6 million was down 4.7%, whilst reported NPAT attributable to the parent of \$401.8 million was up 23.0% before significant items.
- A final dividend of 30 cents per share, franked to 25%, was declared, bringing the full year dividend to 60 cents per share.

### Group performance for the year ended 30 June 2019

	F19 \$m	F18 \$m	% change
<b>Summary of performance</b>			
Normalised revenue	3,139.2	3,483.4	(9.9%)
Normalised EBITDA <sup>2</sup>	802.1	878.3	(8.7%)
Normalised EBIT <sup>3</sup>	528.5	592.4	(10.8%)
Normalised NPAT attributable to Crown	368.6	386.8	(4.7%)
Reported NPAT before significant items attributable to Crown	401.8	326.7	23.0%
Significant items (net of tax) attributable to Crown <sup>4</sup>	-	232.2	(100.0%)
Reported NPAT after significant items attributable to Crown	401.8	558.9	(28.1%)
<b>Normalised EBITDA by segment</b>			
Crown Melbourne	589.5	645.0	(8.6%)
Crown Perth	221.8	248.8	(10.8%)
Crown Aspinalls	6.4	12.0	(46.5%)
Wagering and online social gaming operations	26.1	26.9	(2.7%)
Corporate	(41.7)	(54.4)	23.3%

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinalls) and significant items.

2. Normalised earnings before interest, tax, depreciation and amortisation.

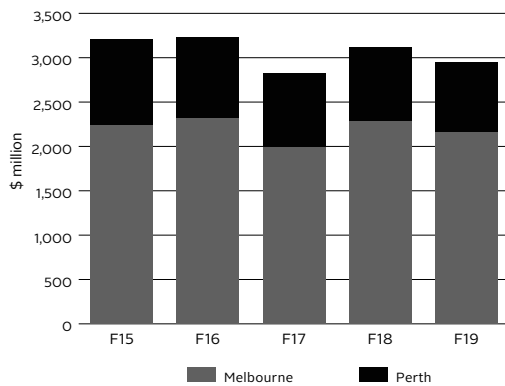
3. Normalised earnings before interest and tax.

4. Significant items with a net \$nil value were recorded during F19, with an impairment charge of \$48.9 million recorded against DGN's goodwill offset by a corresponding reduction to the contingent consideration associated with the acquisition of Winners Club Limited. F18 included a net gain from significant items attributable to the parent of \$232.2 million, which includes the reversal of an impairment of the Alon Las Vegas land and associated net foreign currency gain, as well as net gains from the sales of CrownBet and Ellerston.

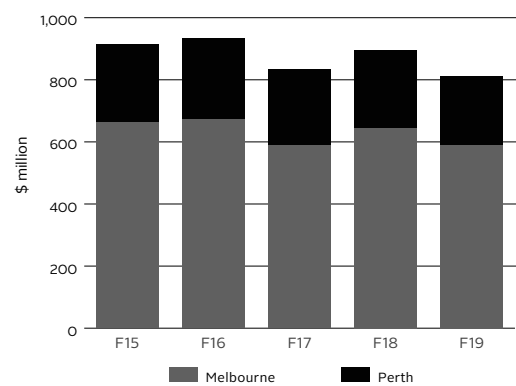
**Crown's Major Focus Areas**

- Improve the underlying performance of Crown Melbourne, Crown Perth and Crown Aspinalls
- Deliver the Crown Sydney project on time and on budget
- Grow, and create value from, Crown Digital
- Support the operations of Crown's equity accounted investments to enhance their performance
- Deliver returns to shareholders
- Proactively engage with relevant stakeholders, including regulators and the community
- Maintain an appropriate and efficient capital structure

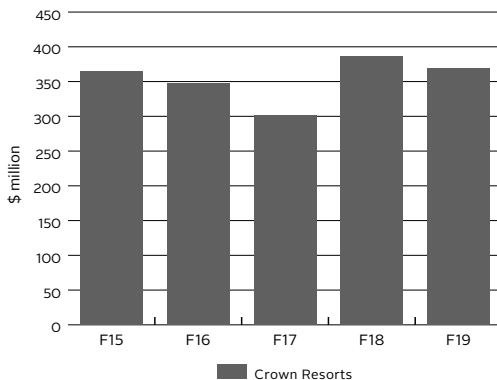
**Australian Resorts Normalised Revenue**



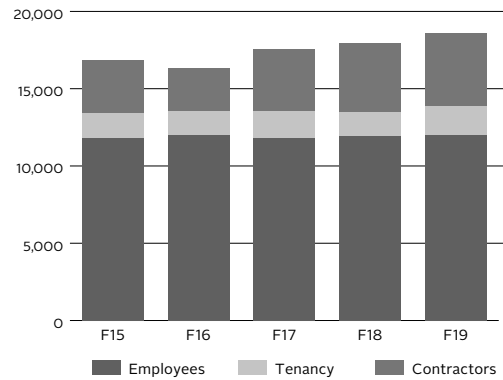
**Australian Resorts Normalised EBITDA**



**Crown Resorts Limited Normalised NPAT<sup>1</sup>**



**Australian Resorts Head Count<sup>2</sup>**



1. F15 to F17 excludes Crown's share of Melco Resorts & Entertainment Limited (MRE) normalised NPAT. Crown completed the sale of its interest in MRE in F17 and, as a result, no longer holds an interest in MRE.  
 2. F15 to F17 head count differs from previous Annual Reports mainly due to a change in the reporting of contractors.

## About Crown Resorts

*Crown is one of Australia's largest entertainment groups with its core businesses and investments in the integrated resorts sector*

### AUSTRALIAN RESORTS

Crown owns and operates two of Australia's leading integrated resorts, Crown Melbourne and Crown Perth, which together attracted over 32 million visits during the period.

Crown Melbourne is Australia's leading integrated resort, featuring luxury accommodation and award-winning dining, world-class gaming, conferencing, shopping and entertainment facilities.

Crown Perth is one of Western Australia's largest tourist destinations, featuring three hotels, world-class convention and gaming facilities, restaurants and bars, a 2,300-seat theatre, and shopping and entertainment facilities.

### AUSTRALIAN PROJECTS

Crown's development project pipeline includes the Crown Sydney Hotel Resort at Barangaroo in Sydney and the One Queensbridge development site in Melbourne.

The Crown Sydney Hotel Resort will be Sydney's first six-star hotel featuring 349 hotel rooms and suites, luxury residences, signature restaurants, bars, luxury retail outlets, pool and spa facilities, conference rooms and VIP gaming facilities.

Crown holds a 50% ownership interest in the One Queensbridge development site, strategically located adjacent to the Crown Melbourne entertainment complex, and has reached an agreement to purchase the Schiavello Group's 50% ownership interest.

### INTERNATIONAL INTERESTS

Overseas, Crown owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district.

Crown also holds a 50% equity interest in Aspers Group, the UK-based regional casino operator, and a 20% interest in Nobu, the lifestyle hotel and restaurant brand.

### CROWN DIGITAL

Crown's wagering and online social gaming operations comprises Betfair Australasia, a 100% owned online betting exchange, and DGN Games, an 85% owned online social gaming business.

In addition, Crown equity accounts its investment in Chill Gaming (50% owned).





INDULGENT SPAS



LUXURY RETAIL



SOPHISTICATED BARS



SIGNATURE RESTAURANTS



WORLD-CLASS GAMING



AWARD-WINNING HOTELS



ICONIC PROJECTS

## Australian Resorts



### Crown Melbourne

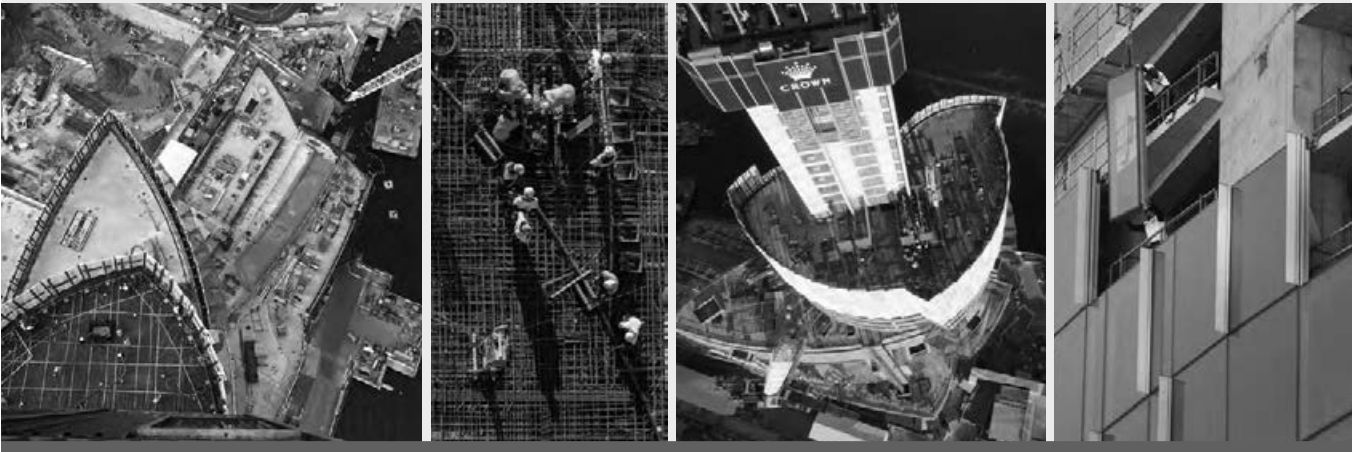
- Crown Melbourne is Australia's leading integrated resort and one of the most visited tourist destinations in Australia with its dynamic and diverse facilities.
- Crown Melbourne is licensed to operate 2,628 gaming machines and 540 gaming tables.
- The resort currently features three hotels:
  - Crown Towers Melbourne (481 guest rooms);
  - Crown Metropol Melbourne (658 guest rooms); and
  - Crown Promenade Melbourne (465 guest rooms).
- The Crown Conference Centre has 7,350 square metres of conference and meeting facilities across three floors.
- Banqueting facilities include the Palladium's 1,500-seat ballroom and The Palms' 900-seat cabaret venue.
- A broad selection of restaurants and bars are located in the resort, including many of Melbourne's finest.
- Crown Melbourne's retail precinct features prestigious designer brands and luxury retail outlets.
- Crown Melbourne attracted over 22 million visits to the casino during the period and remains Victoria's largest single-site private sector employer, with over 12,500 people working across the resort.



## Crown Perth

- Crown Perth is one of Western Australia's largest tourist destinations, with an exceptional range of entertainment and tourism experiences.
- Crown Perth has approval to operate 2,500 gaming machines and 350 gaming tables.
- The resort features three hotels:
  - Crown Towers Perth (500 guest rooms);
  - Crown Metropol Perth (397 guest rooms); and
  - Crown Promenade Perth (291 guest rooms).
- Large-scale entertainment facilities include the 1,500-seat Crown Ballroom and 2,300-seat Crown Theatre Perth, along with world-class convention facilities.
- A premium selection of restaurants and bars are located across the resort in addition to casual dining options.
- Crown Perth attracted over 10 million visits to the casino during the period and remains Western Australia's largest single-site private sector employer, with over 6,000 people working on site.

## Australian Projects



### Crown Sydney

- Crown Sydney, located at Barangaroo on the foreshore of Sydney Harbour, will be the city's first six-star hotel and a landmark building with views of some of Australia's most celebrated icons, the Sydney Harbour Bridge and Sydney Opera House.
- The Crown Sydney Hotel Resort will include 349 hotel rooms and suites, luxury residences, signature restaurants, bars, luxury retail outlets, pool and spa facilities, conference rooms and VIP gaming facilities.
- Construction of the project is well advanced with the tower past the halfway mark and the fit out of the hotel guestrooms and suites progressing through the lower floors of the structure. The podium structure is complete with exterior glazing and façade work well advanced, enabling interior fit out activities to be progressed in all areas of the podium.
- Sales are well advanced for the residential component of the project, "One Barangaroo", with the first residents expected to be settling and moving into the building in the first half of 2021.



- The majority of the construction work is being undertaken by Australian businesses, creating hundreds of construction jobs and benefitting the New South Wales economy.
- Crown Sydney remains on schedule for completion in the first half of calendar year 2021. The total gross project cost is expected to be approximately \$2.2 billion, with approximately \$1.1 billion invested to date, whilst the net project cost is expected to be approximately \$1.4 billion.

## One Queensbridge

- Crown holds a 50% ownership interest in the One Queensbridge development site which is strategically located adjacent to the Crown Melbourne entertainment complex, with the remaining 50% interest held by the Schiavello Group.
- Crown has reached an agreement to purchase the Schiavello Group's 50% ownership interest in the site as well as all pre-development assets, including all intellectual property and designs for the project, for approximately \$80 million. The transaction remains subject to long-form agreements between Crown and the Schiavello Group.
- The purchase represents Crown's continued investment in Victoria and the Southbank arts and entertainment precinct. The One Queensbridge site is conveniently located adjacent to the Forbes Five-Star rated Crown Towers hotel and is capable of supporting a fourth Crown hotel which would deliver significant economic and tourism benefits to Victoria, including additional employment and training opportunities.



## International Interests

### Crown Aspinalls

- Crown Aspinalls is one of the licensed high-end casinos in London's prime West End entertainment district. Nestled in the heart of Mayfair, Crown Aspinalls offers members and guests an exciting and opulent world of international VIP gaming, in an environment that only London can provide.
- Normalised EBITDA from Crown Aspinalls was \$6.4 million, down 46.5% on the prior period. This reflects continued difficult trading conditions across the London high-end casino market.
- Reported EBITDA for the period was \$5.7 million, down 54.3% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$0.7 million. This compares to a positive EBITDA impact of \$0.4 million in the prior period.

### Aspers Group

- Crown holds a 50% interest in the Aspers Group, which operates four regional casinos in the United Kingdom, in Newcastle, Stratford (London), Milton Keynes and Northampton (the latter in a joint venture with Kerzner UK Limited).
- Crown equity accounts its investment in Aspers Group.

### Nobu

- Crown holds a 20% interest in Nobu, one of the world's most recognised lifestyle hotel and restaurant brands. The other investors in Nobu are Nobu Matsuhisa, Robert De Niro and Meir Teper.
- Nobu operates 15 owned restaurants, 25 international licenced restaurants and manages nine Nobu hotels. The restaurant business has a pipeline of three new owned restaurants and nine new licensed restaurants. The managed hotels business has a pipeline of eight new hotel openings.
- Crown equity accounts its investment in Nobu.



## Crown Digital

Crown Digital includes EBITDA from Crown's wagering and online social gaming operations comprising Betfair Australasia and DGN Games and its equity accounted investment in Chill Gaming.

EBITDA from Crown's wagering and online social gaming operations was \$26.1 million, down 2.7% on the prior period. The prior period included the consolidated operating results of CrownBet, which was sold by Crown in February 2018.

### Betfair Australasia

- Betfair Australasia is 100% owned by Crown and provides access for Australian and New Zealand customers to the world's leading betting exchange.
- During the 2019 financial year, Betfair Australasia showed solid revenue and EBITDA growth, despite the introduction of the Point of Consumption Tax across a number of States during the period.

### DGN Games

- DGN Games is 85% owned by Crown and is a developer of online social games. DGN's online social game titles include "Old Vegas Slots", a classic 3-reel game, and "Lucky Time Slots", a 5-reel game.
- Despite growing revenue and EBITDA year-on-year, DGN is facing a more challenging operating environment with greater competition and growing user acquisition costs.
- Following a re-forecast of future earnings of the DGN Group, Crown has reduced the contingent consideration payable to the former owners of the Winners Club by \$48.9 million and has also reduced goodwill relating to the acquisition of DGN by a corresponding \$48.9 million, resulting in a \$nil profit and loss impact.

### Chill Gaming

- Chill Gaming is a 50/50 joint venture between Crown and New Gaming Pty Ltd, which is owned by the founders of Wymac Gaming Solutions. Chill Gaming will focus on innovation and developing new entertaining products.
- Crown equity accounts its investment in Chill Gaming.



## Australian Resorts Business Update



**Barry Felstead**  
CEO, Australian Resorts

Crown's Australian resorts' full-year result reflected subdued market conditions, with total normalised revenue declining by 5.4% on the prior comparable period.

This decline was primarily due to the reduction in VIP program play revenue. VIP program play turnover at Crown's Australian resorts of \$38.0 billion was down 26.1%, reflecting the challenging trading conditions in the international VIP market.

Crown's Australian resorts are some of the finest resorts in the world and visitation numbers to both Crown Melbourne and Crown Perth increased on the prior year. However, a lower average spend per patron contributed to a decline in revenue, reflecting the subdued economic conditions in both markets.

Main floor gaming revenue increased 0.5% with modest growth in Melbourne offset by continued softness in Perth, particularly for the table games business.

Normalised EBITDA declined 9.2% for Crown's Australian resorts, primarily due to the soft result in VIP program play and lower margins in the local business. The decline in margin was largely due to the subdued revenue results, increased labour costs in both properties and fixed cost increases.

### Our People

Crown Melbourne and Crown Perth are significant employers and are the largest single-site private sector employers in both Victoria and Western Australia respectively, with approximately 18,500 people working across the resorts.

Crown's employees are instrumental in ensuring that Crown consistently delivers world-class customer experiences. Crown is committed to providing its employees with meaningful learning and development opportunities, allowing staff to develop tangible career pathways.

With an impressive 23-year award-winning history in the training sector, specialising in hospitality, patisserie, commercial cookery and management, Crown's dedicated training facility, Crown College, delivers on this commitment. Crown College is a Registered Training Organisation operating under the Australian Qualifications Framework across four levels. In the 2019 financial year, over 870 employees were enrolled in Certificates III and IV, and Diploma level qualifications, with over 8,500 apprentices and trainees graduating since the inception of Crown College.

Crown's commitment to inclusive employment practices has continued to strengthen throughout the 2019 financial year. Crown has in place a range of programs, plans and employee networks which support Crown's people.

Crown's first Gender Action Plan (GAP) will be published in 2019, which strengthens a longstanding commitment to gender equity. The GAP complements the work being done through the Male Champions of Change program nationally and CEOs for Gender Equity in Western Australia.

Crown has also become a key sponsor of Women in Gaming and Hospitality (WGH), which is the gaming industry's not-for-profit organisation for the advancement of women in gaming and hospitality. Crown is represented on the WGH Board.



Crown is currently progressing the implementation of a Crown Pride Action Plan, which will detail formal commitments to LGBTIQ+ inclusion.

These plans are in addition to the well-established Reconciliation Action Plan (RAP) and the CROWNability Action Plan (CAP).

Crown's award-winning Indigenous Employment Program (IEP) continues to impact positively on the lives of hundreds of Aboriginal and Torres Strait Islander people in Australia. Currently, Crown is on track to deliver on its parity agreement with the Department of Prime Minister and Cabinet of a 3.1% Indigenous workforce. Crown's IEP has provided more than 850 Indigenous employment opportunities with a consistent focus on hiring, developing and retaining employees.

### Health, Safety & Employee Wellbeing

Crown has continued to improve its health and safety practices, with a number of key achievements and developments throughout the year.

Having acknowledged Crown's consistent health and safety practices, WorkSafe Victoria granted Crown Resorts a further six-year approval to act as a self-insurer in Victoria. The strength of Crown's Health & Safety Management System, CrownSAFE, also resulted in Crown Perth achieving a significant reduction in its premium rates for workers compensation.

The Mental Health Awareness Program for managers and supervisors continues to be implemented in Melbourne and Perth. To further support the program, Mental Health Risk Management guidelines have been developed and implemented. In addition, Mental Health First Aid training has been provided to key internal personnel to increase the capability and confidence of Crown managers when dealing with general mental health situations.

### Industrial Relations

Crown is committed to managing industrial relations through open and effective relationships with employee associations and acts in good faith in all dealings with these associations.

Crown has five collective bargaining enterprise agreements which cover the majority of frontline staff and some management level employees.

### Commitment to Responsible Gaming

The responsible service of gaming and engagement with harm minimisation practice is at the core of Crown's delivery of its gaming product. A comprehensive responsible gaming framework has been developed around three core principles:

- Awareness – supporting harm minimisation by building awareness of responsible gaming programs and services for staff and customers;
- Assistance – contributing to harm minimisation by providing assistance to customers in managing their gaming behaviours; and
- Support – delivering a supportive environment where the potential for harm is minimised and a culture of responsible gaming support is embedded in the organisation.

Crown's responsible gaming framework balances responsible practices, harm minimisation, regulatory and policy requirements along with an internal perspective based on regular review and incorporation of relevant global benchmarks. Crown seeks to employ a variety of methods including training and technology to assist customers and deliver products in a way that balances customer enjoyment and harm minimisation.

The responsible gaming effort is led by the Crown Responsible Gaming Committee, chaired by Independent Director Professor John Horvath AO. The Committee monitors Crown's responsible gaming initiatives and recommends policies and procedures to enhance the effectiveness of those programs and services, as well as promoting continuous improvement and responsible gaming awareness across the business.

Crown ensures it remains at the forefront of national and international progress via participation in working groups, committees and conferences. Locally, both Crown Melbourne's and Crown Perth's responsible gaming departments liaise closely with Gambler's Help, Gambling Help services and a variety of community groups.

In Victoria, Crown Melbourne is a member of the Responsible Gambling Ministerial Advisory Council and participates in the Victorian Responsible Gambling Foundation Industry Forum and the Gambling Harm Awareness Week Reference Group. In Western Australia, Crown Perth is a member of the Problem Gambling



## Australian Resorts Business Update *continued*

Support Services Committee and the Gaming Community Trust Committee, as well as the Responsible Gambling Awareness Week Planning Committee.

Responsible Gaming Centres are a Crown initiative and have been a feature for many years at each of Crown's Australian resorts. Each Centre operates 24 hours a day, seven days a week, and are the focal points for the provision of responsible gaming services and programs, which are provided on a free and confidential basis.

Employee training and ongoing education in relation to responsible gaming at each Australian resort provides appropriate skill sets and guidelines for interaction with employees and customers. The training is delivered using a blended model of facilitator led and online programs. Employee and customer communication is regularly reviewed and delivered using a variety of communication channels.

Each year, Crown's Australian resorts participate in, and generate activities for, each of the respective States' responsible gambling awareness weeks. At Crown Melbourne, Gambling Harm Awareness Week, and at Crown Perth, Responsible Gambling Awareness Week, are promoted for customers and employees with information and activities provided throughout the week, culminating in special events recognising Crown's commitment to responsible gaming.

Over the past 12 months, Crown has worked extensively to invest in technology and resources to advance new, and refine existing, harm minimisation measures. Crown will continue to develop and maintain engagement with relevant stakeholders to ensure Crown has the appropriate systems in place to assist with harm minimisation.

## Crown Melbourne

### Overview

Crown Melbourne is one of the region's leading integrated resorts and a key driver of international and interstate visitation to Victoria.

Its reputation for award-winning luxury experiences and exceptional hotel, gaming and entertainment facilities has attracted over 22 million visits to the casino during the 2019 financial year period.

Crown Melbourne remains Victoria's largest single-site private sector employer with over 12,500 people working across the resort.

### Property Update

Crown Melbourne saw a number of new capital initiatives implemented during the 2019 financial year.

Crown Towers' ongoing room upgrade program continued with a number of its premium suites and villas refurbished during the year. The Teak Room received an expansion to accommodate patrons in a new environment. In Events and Conferencing, Crown launched Crown Aviary, an all-weather event space located on the rooftop of Crown Towers, which proved to be very popular for events and weddings. In retail, Crown welcomed the Fun Lab Group to the Crown Metropolis Precinct, with the launch of three new entertainment brands: Holey Moley, Red Herring and Juke's.

### Local Gaming

Crown Melbourne's increased investment in new gaming machine products and ancillary equipment continued this year, with the property being first to the Victorian market with a number of new titles, whilst continuing to expand Crown's installation of proven successful games, such as Aristocrat's Dragon Link. The business also upgraded its Teak private gaming room and introduced new features through its gaming systems, including machine reserve functionality in the premium gaming rooms, to enhance customer experience.



Crown Melbourne has also continued to invest in the latest electronic table game products and supporting amenities. The business is utilising technology to better match the availability of live table games with customer demand, which fluctuates depending on the time of day and the day of the week. An enhanced presence in key domestic markets also saw a greater number of premium interstate guests visit Crown Melbourne in this financial year.

A highlight of the casino calendar is the Aussie Millions Poker Championship. This year's event was no exception with attendees from 45 countries participating in 27 events and a total prize pool in excess of \$30 million. Entries to the Main Event exceeded last year's, setting a new record and creating a prize pool of \$8.2 million and a first prize of \$1.8 million. The event is firmly established as a mainstay of the international poker circuit, evidenced not only through the number of physical attendees, but also via the more than 140,000 poker enthusiasts from around the globe who viewed the live stream of the event.

### VIP Program Play

Normalised VIP program play revenue at Crown Melbourne was \$441.4 million, down 25.4% with turnover of \$32.7 billion.

### Hotels

Crown Melbourne features more than 1,600 guest rooms across three luxury hotel brands – Crown Towers, Crown Metropal and Crown Promenade. Together, the three hotels hosted over 866,000 guests during the year and again achieved an impressive combined occupancy of approximately 94%.

The hotel digital strategy saw further personalisation of Crown Direct, an online portal that allows hotel customers to receive exclusive benefits when they book directly with Crown. Social media content was focussed on conveying the breadth of experience only Crown can deliver to drive increased leisure visitation to the hotels and build brand engagement.

Crown Towers retained the prestigious Forbes Travel Guide: Global Five-Star Award in 2019 and is still the only hotel in Melbourne to achieve this status.

Additional accolades include:

- Crown Spa Melbourne being awarded the Four-Star Award at the Forbes Travel Guide Star Awards;
- Crown Towers winning the Deluxe Accommodation Hotel of the Year category at the 2019 Tourism Accommodation Australia (Victoria) Awards for Excellence. A Crown Towers staff member also won the Hotel Industry Rising Star Award at the same event; and
- all three hotel brands being acknowledged with a Certificate of Excellence and Hall of Fame awards at the 2019 TripAdvisor Travellers' Choice Awards.

### Food and Beverage

Crown Melbourne continues to dazzle Melbourne's culinary scene with an unrivalled mix of award-winning restaurants and bars including leading global culinary brands such as Nobu.

The reputation of Crown's signature restaurants has been further enhanced by media coverage from food, travel and lifestyle media globally. As well as restaurant reviews, bespoke events included Nobu's collaboration with renowned Tokyo-based Chef Umi, Chef Guillaume Brahimi hosting the Moët Imperial 150th Anniversary celebrations and the new format 2019 Wine Dinner Series of Events including the RunRig signature dinner at Silks; and bespoke menus featuring Leeuwin Estate and Coonawarra Estate at Bistro Guillaume.

Crown also proudly partnered with the Australian Open and Caulfield Cup Carnival to take Crown dining brands directly to event consumers who enjoyed pop-up Nobu, Bistro Guillaume and San Antone dining experiences at these major sporting events.

Crown's 2019 Melbourne Food & Wine Festival activation delivered eight innovative food experiences across the dining portfolio, including a lauded joint event with Ruinart and Bistro Guillaume and a modern Nobu Sake event. These events were executed both within Crown venues and along the riverside, delivering strong crowds.

The casual dining portfolio saw new menus and the seasonally released meal campaign drive strong foot traffic, offering customers new experiences and dishes delivered by Crown chefs using fresh seasonal ingredients.



## Australian Resorts Business Update *continued*

Crown's bar offering continued the journey of elevating the in-venue experience for patrons, with the launch of The Pub and by delivering market-first and collaborative customer activations with Crown's beverage partners. This included the Heineken Melbourne Grand Prix and Carlton Draught AFL Season campaigns, activation of the Johnny Walker Game of Thrones Limited Edition product launch, as well as Budweiser, Moët and Piper-Heidsieck promotions during major events including the Super Bowl, Australian Open, State of Origin, Spring Racing Carnival and the Christmas period.

Additionally, Crown saw the Rockpool Group expand its offering, launching R Bar in the lobby of Crown Towers. A Gatsby-inspired cocktail bar with Golden Age Art Deco influences, R Bar showcases a curated list of classic and contemporary drinks inspired by the world's best hotel lobby bars.

### Events, Conferencing and Entertainment

This year's major live performances at The Palms offered both diversity and a shift towards longer running shows. Sell-out performers included Kitty Flanagan, Giannis Ploutarhos and James Reyne (who took up a permanent residency for the first Saturday of every month for 2019). The highlight of the calendar was the return of the much anticipated Legends in Concert, the longest running tribute show in Las Vegas. The cast performed an impressive 20-day season with over 12,000 tickets sold. Crown's nightclubs continued to secure top global artists and DJs including Bow Wow, Tigerlily, Havana Brown, Jay Sean, Will Sparks and many more.

Events and Conferencing had a strong year due to the launch of Crown Aviary, a new contemporary event space nestled on the rooftop of Crown Towers with spectacular city skyline views. Crown Melbourne again continued to be at the forefront of events in Australia with over 1,500 events and conferences booked for the year. The largest events included the Visy 70<sup>th</sup> Anniversary Celebration, the Mortgage Choice National Conference, the CPA Congress Melbourne, the Countrywide National Meeting and the AIOH Conference. Key charitable events hosted at Crown Melbourne included the Million Dollar Lunch and the Sony Foundation charity event River4ward.

Our retail portfolio continues to see the outputs of a concerted strategy to deliver diversification and new entertainment experiences for Crown consumers. Fun Lab Group, a global innovator in out-of-home entertainment, launched three new brands in the Crown Metropolis Precinct with Holey Moley, mini golf with a twist of pop culture; Red Herring, four unique escape rooms; and Juke's, ten 1970's themed karaoke rooms.

## Crown Perth

### Overview

Crown Perth is the only fully integrated entertainment resort in Western Australia and has established a new standard for integrated entertainment experiences with a range of high quality assets. As a premium tourist destination, Crown Perth attracted over 10 million visits to the casino in the 2019 financial year.

Crown Perth remains Western Australia's largest single-site private sector employer with over 6,000 people delivering its awarded five-star service experience across the resort.

### Property Update

Having achieved the status of one of Australia's leading tourist destinations, Crown has focussed over the last 12 months on enhancing the customer experience through the introduction of a series of innovative training and leadership initiatives. In 2019, more visitors than ever before have come to experience Crown Perth's range of hotels, bars, restaurants and theatre shows. During the year Crown Perth also hosted a range of visiting global names such as Manchester United FC, Roger Federer, Chelsea FC and the *Aladdin* cast.

### Local Gaming

The 2019 financial year saw a continuation of subdued trading conditions, with key economic indicators receding further. Consistent with this environment, main floor gaming revenue declined 2% against the prior year, driven by the table games business which declined 6%. Encouragingly, Crown Perth experienced growth in visitors, which reinforced the success and resonance of the cross-property Value Campaign in a challenged market. Crown also invested in new games across both gaming machines and electronic table games.



### VIP Program Play

Normalised VIP program play revenue at Crown Perth was \$72.0 million, down 30.1% with turnover of \$5.3 billion.

### Hotels

Crown Perth features approximately 1,200 guest rooms across three luxury hotel brands – Crown Towers, Crown Metropal and Crown Promenade. Crown maintained its position as the market leader within the Perth market, accommodating 572,000 guests throughout the year at a combined occupancy of approximately 81%.

Overall market conditions for hotel accommodation remained subdued in Perth during the 2019 financial year. Increased room inventory from new hotel openings placed downward pressure on average rates and occupancies. Contrary to this, Crown Perth's average rates grew and continue to significantly exceed the wider market.

Crown Towers was a host property for the 2019 Australian Tourism Exchange which welcomed international industry buyers and sellers to Perth. It also hosted the opening event for over 2,000 people around the Crown Towers poolside.

Crown Perth Hotels were recognised across a number of award categories throughout the year including:

- Crown Towers being awarded the Australian Hotels Association's Best Deluxe Hotel for Western Australia and the Best Luxury Accommodation by the Tourism Council WA. Crown Perth was also awarded the Best Business Event Venue award by the Tourism Council WA; and
- Crown Spa being recognised as the Resort Spa of the Year, Asia and Australasia at the World Spa & Wellness Awards in London.

### Food and Beverage

Despite subdued trading conditions, premium restaurants and bars including Epicurean, Nobu, The Waiting Room and the Crown Towers Poolside Bar proved resilient. Main gaming floor restaurants Carvers, 88 Noodle Bar, Junction Grill and Cotta also experienced increased patronage, primarily as a result of the Value Campaign and a number of popular sporting events being held throughout the year such as the FIFA World

Cup, 2018 AFL finals series, EPL, 2019 AFL season and the State of Origin Game II, which was held at Optus Stadium. From mid-July to October 2018, there was also increased traffic pre and post shows during the season of Disney's *Aladdin*, which played in Crown Theatre.

Crown continues to be recognised for the quality of its restaurants and bars. The premium restaurants received two Gold Plate Awards at the Catering Institute of Australia's 2018 Gala Ball: Epicurean received the Best New Restaurant Award; whilst Silks Restaurant was officially inducted into the Hall of Fame. At the 2018 AHA Aon Hospitality Awards of Excellence, Crown Perth won three categories including the Sporting Entertainment Venue Award for Crown Sports Bar, Merrywell won WA's Best Steak Sandwich, whilst The Waiting Room won the Bar Team Award. Nobu picked up the Best Restaurant – Metropolitan Award at the 2018 AHA National Awards for Excellence, and during the year a number of Crown employees won individual accolades for their professionalism and skills.

### Events, Conferencing and Entertainment

Despite a highly competitive market, Crown attracted over 1,100 events and 182,000 delegates to Crown Perth's convention facilities this year.

The sales team held two Styling Showcases which focussed on showcasing the glorious Crown Ballroom and the Crown Towers Great Lawn. Another first for the team was holding the Australian Tourism Exchange (ATE) Welcome Event by the Crown Towers Poolside for over 2,000 guests. Crown Perth's premier event venues also secured a number of large events during the year including the APPA National Conference, WIN CONNECT, TEMC 2018 Conference, HIA 2019 National Conference, FoodWorks Conference and hosting Chelsea FC.

Crown Theatre held 117 performances of Disney's *Aladdin* which attracted in excess of 206,000 patrons. The Theatre also held many short season and one-night performances, such as *Madiba The Musical* and *Tim Minchin: Back 2019*.





## Corporate Responsibility

### Our People

#### Crown's Purpose and Values

Over the course of the 2019 financial year, teams from Crown Melbourne and Crown Perth embarked on a journey to focus even more on ensuring employees and customers are at the heart of everything Crown does. This included developing Crown's 'Purpose' and 'Values'.

Crown's purpose statement – *'Together we create memorable experiences'* – captures the belief that, as a team, Crown has the ability to create experiences that are worth remembering and that Crown is able to develop an emotional connection with customers and colleagues.

In delivering those experiences, Crown adheres to its four key values:

- We act respectfully;
- We are passionate;
- We work together; and
- We do the right thing.



Moving forward, these values will be embedded into all employment practices including Crown's Reward & Recognition programs, leadership courses and associated professional behaviours across Crown Melbourne, Crown Perth and, soon, Crown Sydney.

#### Crown College

Crown is committed to creating genuine opportunities through employment. Crown's dedicated training facility, Crown College, is a Registered Training Organisation which specialises in hospitality, tourism, commercial cookery and management. Crown College enables employees to receive on-site access to world-class training and development

programs. The training that employees undertake at Crown College is relevant to their roles and is nationally recognised through its alignment with the Australian Qualification Framework.

Crown is a leader in the tourism industry with Crown College Perth being named by the Tourism Council of WA as the Gold winner for Tourism Education and Training for the third year in a row. This is the sixth consecutive year that Crown has won this category across the combined state tourism awards, with Crown College Melbourne winning in 2013, 2014 and 2015 and receiving Hall of Fame status in 2015. Crown Perth also won the Training Initiative Award at the 2017 AHA Awards for Excellence. Crown's aim is to create career pathways for its employees and, in the 2019 financial year, over 870 employees were enrolled in Certificates III and IV, and Diploma level qualifications. Since its inception, over 8,500 apprentices and trainees have graduated from Crown College.

In 2015, Crown established a program to provide 500 training places in Certificates II and III through Crown College for retrenched Victorian workers affected by industry restructuring, in partnership with the Victorian Department of Education. The program has since been expanded to Indigenous Australians, people who have been affected by family violence and those who are disadvantaged in the workforce. The initiative continues to progress and has received over 1,000 enquiries since its inception. To date, there are 263 active enrolments in the program and 101 program graduates have gained employment within the hospitality and security industries.

#### Crown College International

In July 2017, Crown significantly expanded the training programs offered with the opening of Crown College International.

Crown College International provides vocational education and training for international students, specialising in qualifications in hospitality, tourism and management. The high quality and innovative programs at the college are expected to create pathways for students from all over the world who graduate job-ready to meet industry needs.

As of 30 June 2019, Crown College International has had over 400 applications, a student mix of 21 countries and is showing signs of continued growth.



## Crown Community

### Overview of Crown Community

Crown's approach to diversity and inclusion ensures that Crown's workplace remains a dynamic, positive environment where all employees feel valued in their role and comfortable and confident in bringing their whole self to work every day.

Our diversity and inclusion strategy focusses on Crown's people and encompasses several programs including the Indigenous Employment Program, CROWNability, Gender Equity, Crown Pride, as well as the Family Support Network and the Cultural and Linguistic Diversity Employee Network. Crown also has an active environmental sustainability program.

Crown also recognises its responsibility to the communities in which it operates, and is proud to support a number of charities, employee-led community programs such as the Community Champions, as well as the work undertaken through the Crown Resorts Foundation.

These are just some of the official programs to support Crown's diversity and inclusion strategy but they do not exist in isolation. Crown recognises that diversity and inclusion is about acknowledging intersectionality. The individual groups employees identify with cannot be compartmentalised and Crown recognises that people can simultaneously belong to multiple groups.

### Indigenous Employment Program

Crown's award-winning Indigenous Employment Program (IEP) is designed to make a positive impact on the lives of Aboriginal and Torres Strait Islander people in Australia. Currently, Crown is on track to deliver on its parity agreement with the Department of the Prime Minister and Cabinet of a 3.1% Indigenous workforce. Crown's IEP has provided over 850 Indigenous employment opportunities with a consistent focus on hiring, developing and retaining employees.

Crown's sponsorship of the iTradies program is central to Crown Sydney's Indigenous employment efforts. Fourteen Indigenous men and women have graduated from the program with a Certificate I in construction, which allows them to pursue further opportunities in the building industry. Crown remains a member of the select

'Elevate' group with Reconciliation Australia. 'Elevate' status is the highest level of endorsement granted by Reconciliation Australia and affirms that Crown is a leader in advancing national reconciliation. The dedicated Reconciliation Action Plan (RAP) steering committees across Melbourne and Perth have determined that the third RAP will focus on identifying the strengths of Indigenous employment and championing these within the wider industry.

The 2019 financial year has seen more employee engagement and awareness initiatives as well as success stories from Crown's Indigenous employees in relation to career development and personal achievements. Crown will continue to work collaboratively with other businesses and external stakeholders to ensure that Crown achieves targets beyond direct employment, including procurement, community and cultural awareness outcomes.

### CROWNability

Crown is one of Australia's most significant private sector employers and is dedicated to creating an accessible and inclusive environment for all employees and patrons. Launched in 2014, CROWNability is an employment program that provides people with disability an opportunity to build an employment pathway within Crown. The vision for CROWNability is to create an experience of access and inclusion for all. The goals of the program are to:

- increase the participation of people with disability in Crown through employment opportunities;
- build meaningful careers; and
- build a disability confident organisation.

Working proactively with industry partners and stakeholders, CROWNability has provided job opportunities for more than 420 people with disability, whilst maintaining a 68% retention rate.

CROWNability recognises that there is more that the program can do to transform perceptions of disability and provide meaningful employment both within Crown and beyond. The 2018-2021 CROWNability Action Plan is strategically focussed to go beyond employment to impact Crown's broader organisation and the wider community. Crown's access and inclusion strategy also addresses associated premises, suppliers and partners, information communication technology, learning and development,



## Corporate Responsibility *continued*

communication and marketing, and recruitment and selection functions.

Crown recognises and celebrates the International Day of People with Disability through employee activations and, on occasion, external activations.

Crown is proud that Kurt Fearnley AO, an Australian Paralympic gold medallist, continues to represent Crown as the CROWNability ambassador. A finalist in Australian of the Year 2018, Kurt is tireless in his promotion of positive attitudes towards disability and opportunities for people with disability and Crown is honoured that he is associated with this important program.

### Gender Equity

Crown has worked diligently to progress Gender Equity, including through its membership of both the national Male Champions of Change program and Western Australia's CEOs for Gender Equity.

Crown's first Gender Action Plan (GAP) will be published in 2019, which strengthens its longstanding commitment to gender equity. Crown's GAP focusses on five key themes of Attraction & Retention, Promotion, Development, Flexibility and Cultural Change & Communication. These focus areas were developed through consultation with the business and by assessing what changes will make a positive impact on employees. The actions outlined in Crown's GAP for the next three years will continue Crown's push towards gender equity.

The Gender Fitness digital initiative was launched in December 2017 to deliver an improved gender balance across Crown. It is an in-house IT solution that contributes to Crown's diversity and inclusion strategy by capturing real-time data from meeting interactions. It is designed to increase awareness of diversity and inclusion, asking meeting attendees to anonymously and securely answer two questions after each meeting to monitor how inclusive, balanced and relevant the meeting was.

In November 2018, Crown extended its domestic violence support to employees through uncapped paid leave for full-time and part-time employees experiencing domestic violence and uncapped unpaid leave for casual employees.

In the 2019 financial year, Crown became a corporate sponsor of Women in Gaming and Hospitality Australasia (WGH), an industry driven not-for-profit organisation for advancing women in gaming and hospitality. Through this sponsorship, Crown has hosted several networking and professional development sessions, participated in the Women Ahead mentoring program and actively participates in monthly communications designed to bring awareness to matters of Gender Equity. To enhance Crown's commitment and support, a member of Crown's Executive Team holds a position on the WGH Board.

Crown's work in Gender Equity also presented an opportunity to expand its program to support employees in their personal lives. As such, in February 2018, the Family Support Network launched at Crown Melbourne and further network events were held during the 2019 financial year to increase awareness of the support services offered throughout the business. Crown Melbourne's Cultural and Linguistic Diversity Employee Network is also currently developing a strong framework to further support Crown employees from varying backgrounds. The network will also expand into Crown Perth in the future.

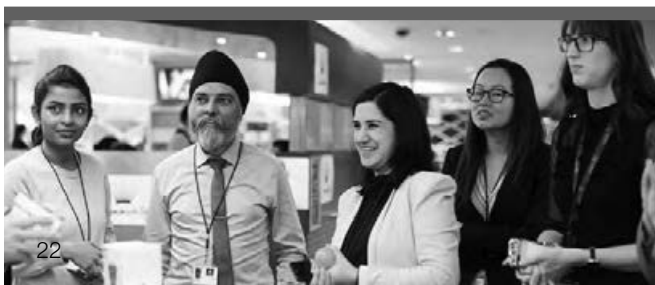
### Crown Pride

Crown's commitment to an inclusive community continues to progress through the development of the Crown Pride Action Plan. Supported by an established LGBTIQ+ Steering Committee framework and built on a foundation of positive Australian Workplace Equality Index results and a symbiotic relationship with Pride in Diversity, the development of the Crown Pride Network represents the next significant step in delivering a workplace where Crown employees can confidently and comfortably bring their whole selves to work.

### Crown Staff Club

The Crown Staff Club in Melbourne is a membership-based independent not-for-profit organisation established in 1995. Crown employees manage and operate the Crown Staff Club on behalf of the members.

The Crown Staff Club has experienced substantial growth over the past few years with the 2019 financial year the biggest year to date with a membership base of almost 4,000 members.



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All funds generated throughout the year by the Crown Staff Club are given back to members in the form of member benefits and discounts such as retail and cinema vouchers, functions, theatre and concert tickets, leisure activities, sporting events, free WiFi, phone charging facilities and private coach day tours.

### Environmental

Crown takes a group-wide approach to environmental sustainability, aligning strategies and programs that further reduce the environmental impact and contribute to developing more sustainable practices, focussing on three key areas: energy, waste and water management.

Crown's environmental sustainability program, CROWNEARTH, was introduced with a clear aim to deliver strategy, plans, actions and outcomes in environmental sustainability. The CROWNEARTH brand is instantly recognisable by managers and employees alike and signifies Crown's commitment to the three pillars of sustainability: people, planet and prosperity.

Crown's well-established, employee-led CROWNEARTH Committees remain very active, focussing on numerous energy, water and waste management initiatives, as well as community focussed projects to improve the overall sustainability performance of the business.

During the 2019 financial year, Crown achieved a reduction in overall energy consumption (GJ) by 4% across Perth and Melbourne and a reduction of 4% energy consumption per area (GJ/m<sup>2</sup>).

Crown's Recycle90 Program continues to be integral to Crown's overall waste management strategy with approximately 70% of Crown's waste diverted from landfill.

Crown Hotels recycle approximately 40 tonnes of soft linen per year; linen that is typically still in very good condition but no longer up to Crown hotel standards. CROWNEARTH volunteers, in partnership with housekeeping staff, coordinate the distribution of blankets, pillows and dressing gowns to various charitable organisations for reuse. Some of these organisations include The Lost Dogs Home, The Lort Smith Animal Shelter, Safe Steps and The Salvation Army.

Crown was pleased to recently commence a unique and innovative program to upcycle laundered hotel bed linen into reusable tote bags for employee giveaways – the bags are made by employees, for employees. Crown's upholstery team cuts out the patterns; volunteers attend sewing bees to stitch the bags, with assistance and guidance provided by Crown's Seamstress team – a true collaborative effort with the tote bags being very popular items amongst employees.

Crown Hotels' efforts in environmental sustainability were recognised by the Victorian Tourism Accommodation Association, being awarded the 2018 Excellence in Environmental and Energy Efficiency award.

Crown understands that there is an expectation from the community and Crown's guests that the use of environmentally harmful single use plastics be minimised. Crown's single use plastic phase out program began in 2018 and over the past 12 months Crown is pleased with the progress made. Crown Melbourne's owned and operated outlets have removed plastic straws altogether, offering paper straws on request only. Crown Perth's staff dining room replaced plastic items with reusable stainless steel cutlery and reusable crockery, saving millions of single use plastic items from landfill each year. This approach is in line with Crown's Sustainable Supply Chain Policy, whereby preference is given toward environmentally friendly, socially preferred products, services and materials.

Crown's efforts in waste management for its Recycle90 program were recognised as Highly Commended by the Western Australian Government's 2018 Infinity Waste Awards Program.

Crown recognises that employees need to understand and be aligned to the environmental sustainability objectives, otherwise change is difficult to achieve and short-lived. The 2019 financial year saw a continued focus on staff engagement with regular events, training and communications to ensure staff and contractors are kept informed of Crown's environmental performance and progress, and to continue to embed sustainability as part of Crown's culture.

Crown also continues to participate in a number of externally organised programs, including Sustainability Victoria's TAKE2 program, Clean-up Australia Day, Earth Hour, Soap Aid, National Recycling Week and Plastic Free July.



## Corporate Responsibility *continued*

### Supporting the Community

Crown believes in supporting the communities in which it operates. Crown takes its responsibility to its community seriously with an ongoing, proactive effort to make a genuine difference in the lives of people Crown works with through charity partnerships and community-focussed collaborations.

Crown's charitable and community-driven work is supported by a cast of important people, including Crown employees. By working together, Crown supports many community causes and organisations through employee volunteering opportunities, a variety of resort-specific community partnerships and, of course, the Crown Resorts Foundation.

The diverse range of ways Crown offers practical community support includes the support of charities, through promoting, hosting and subsidising key fundraising events, as well as providing goods and services for use as raffle prizes for community fundraisers. Crown is very proud of its employees who donate their own precious time as volunteers with enthusiasm and generosity to support a variety of worthwhile causes.

The ongoing success of the Children's Cancer Foundation's Million Dollar Lunch is always a highlight in the community support calendar and, in the 2019 financial year, Crown was thrilled to play a significant part in raising more than \$2 million. Crown's support of Maddie Riewoldt's Vision also helped with the incredible success of the inaugural National Symposium on Bone Marrow Failure Syndromes.

The community partnership fundraising events that are organised by employees throughout Crown are another success story. Past fundraising events have helped many different organisations, including SIDS and Kids, the Cancer Council, Oxfam and Jeans for Genes, to name just a few. More formal fundraising activities are organised by the Crown Resorts Foundation – Community Champions, in partnership with the Crown Resorts Foundation.

Crown's Australian Resorts CEO, Barry Felstead, is a regular participant in the St Vincent de Paul CEO Sleepout in Perth, and this year he enjoyed his tenth year of helping this important charity – an impressive effort that has seen him be the first person to raise over \$1 million for St Vincent de Paul Society's homeless and emergency housing services in Perth.

For 25 years, Christmas Day has been a day where Crown volunteers truly show their support for the community. On Christmas Day 2018, Crown volunteers packaged up 500 hampers for families in need across Melbourne and delivered them to guests of the Les Twentyman Foundation, who were celebrating Christmas at the Westend Market Hotel in Sunshine. After a hot breakfast, entertainment and presents for all the children from Santa's helpers, guests went home with Crown Christmas lunch hampers to ensure a special day for families in need.



## Crown Resorts Foundation

### \$200 million National Philanthropic Fund

The conclusion of the 2019 financial year marks the halfway point of the Crown Resorts Foundation and the Packer Family Foundation (the Foundations) National Philanthropic Fund.

When the National Philanthropic Fund was established five years ago, the Foundations established a 10-year commitment to allocate \$200 million to not-for-profit organisations focussing on Indigenous education, arts, culture, community welfare and medical research programs.

In the first five years, the Foundations have allocated over \$83 million to 300 grant recipients, ranging from 10-year multi-million-dollar commitments to one-off employee nominated grants.

In Western Australia, the Foundations again committed \$2.5 million in support of the Channel 7 Telethon Trust whose major beneficiaries are the Perth Children's Hospital and the Telethon Kids Institute, taking the total amount donated over the last five years to \$12.5 million.

The National Philanthropic Fund is on track to meet the Foundations' 10-year funding commitment and goals.

### Opportunities for Young Australians Through Education

If children are given the skills of literacy and numeracy and are taught the whole learning process they are well on the way to becoming self-reliant and motivated adults capable of achieving happy and satisfying lives.

The Crown Resorts Foundation Board's approach to educating Australian youth focusses on supporting programs which start early in a child's life, provide hundreds of contact hours each year, and offer sustained support over multiple years, especially through periods of transitions.

All of the educational programs supported by the Foundations, whether they're delivered by arts, sporting or Indigenous education organisations, are presented with respect, understanding and appreciation of the cultures and communities which Crown has the privilege of working with.

### Indigenous Education Opportunities

The Foundations are striving to ensure Indigenous students have the same access to quality education as non-Indigenous students. This year, the programs supported will deliver almost 3.3 million program hours to over 8,200 Indigenous students across Australia. In addition, 330 teachers and community members will receive over 11,700 hours of specialised training to support these children.

There is enormous diversity across Indigenous communities, but all research emphasises the importance of staying engaged with one's education to achieve satisfying employment opportunities, improved health and reduced interaction with the justice system.

### Arts Education and Culture

All children need and deserve arts education to be woven into their daily lives. Not only does it demonstrably improve academic achievement, but it is essential to the development of their emotional lives. It is standard procedure now for the arts to be used in treating trauma and almost all the children the Foundations work with have experienced and perhaps are still experiencing trauma of some kind.

For some students, classrooms can be hostile environments and arts programs are effective at breaking down these barriers by promoting empathy, and encouraging creativity and openness. At the same time, quality arts programs can also offer new pathways to learning and teaching.

In the 2019 financial year, \$9.2 million was allocated through 81 grants to arts organisations across Australia. Through the Arts Education Initiative open grants program, the Foundations' Boards were pleased to announce a further allocation of \$19.2 million worth of grants over three years (2020-2022 financial years) to over 60 recipient programs – this is in addition to the support already being provided for arts and cultural institutions across Australia.



## Corporate Responsibility *continued*

### Crown's Community Champions

The Foundations provide funds to a number of community welfare organisations which support the inner city communities of Melbourne and Perth. These partnerships are strongly supported by the Crown Community Champions (formally the Employee Advisory Committee) in both Melbourne and Perth.

Founded in Melbourne in 2014 and recently launched in Perth, the Crown Community Champions was established to deliver a creative employee-focussed program aimed at recognising the work employees undertake in the community, whilst providing opportunities to engage with the Foundations' partners and other charities with which employees are involved.

Managed entirely by employees across both properties who volunteer their time, the Community Champions considers employee engagement with their communities to be exceptionally important, as it provides an opportunity to better understand some of the challenges affecting the community.

The Community Champions programs include CROWNversations – a monthly series of presentations where employees have the rare opportunity to meet some extraordinary Australians who are making a difference in the community, CROWNverteering – a service open to all Crown employees interested in volunteering enabling employees to be linked to charities in their area of interest, and a Community Grants Program – focussing on providing monetary support to charities and not-for-profit organisations nominated by employees.

This group has led a number of exceptionally popular Crown employee activations including a book drive in support of the Australian Literacy and Numeracy Foundation where over 3,000 books were donated for distribution to Indigenous and newly-arrived migrant communities across Australia.

To date over \$250,000 has been donated to organisations across Melbourne and Perth under the Community Grants Program.

### The Next Five Years

The Crown Resorts Foundation Board remains dedicated to identifying worthy organisations to support through the 10-year funding commitment and, in particular, to those aligned to its core mission to provide opportunities for young Australians, primarily through education.

As the Crown Resorts Foundation continues to learn from the communities it is working with, a disparity between the type and number of programs available to young boys and young girls has been identified.

Although the Crown Resorts Foundation did not begin with a clear gender lens, some of the most marginalised people the Board has seen are young girls and newly-arrived migrant women – many are isolated and are not aware of available pathways to change. This will continue to inform the Crown Resorts Foundation's decision-making as it seeks partnerships which support these young girls and women – this is not instead of the support provided to young boys and men; it is in addition to that support.



# Corporate Governance Statement

The Board of Crown Resorts Limited (Crown or the Company) is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which Crown has followed the ASX Corporate Governance Council's Third Edition of the Corporate Governance Principles and Recommendations (the Principles and Recommendations). This Statement is current as at 11 September 2019 and has been approved by the Board.

## Principle 1: Lay Solid Foundations for Management and Oversight

### Functions Reserved for the Board and Senior Management

#### Functions Reserved for the Board

The Board is responsible for guiding and monitoring Crown on behalf of its shareholders. In addition, the Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board has adopted a formal Board Charter which sets out a list of specific functions that are reserved for the Board.

Board appointments are made pursuant to formal terms of appointment.



#### More information

A full copy of the Crown Board Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

#### Functions Delegated to Senior Executives

Crown's senior executives have responsibility for matters which are not specifically reserved for the Board (such as the day-to-day management of the operations and administration of Crown).

### Crown Board Committees

To assist in carrying out its responsibilities, the Crown Board has established the following Committees:

Committees	Current Members
Audit and Corporate Governance Committee	Helen Coonan (Chair) Michael Johnston Antonia Korsanos
Corporate Responsibility Committee	Helen Coonan (Chair) John Horvath AO Harold Mitchell AC
Finance Committee	Helen Coonan (Chair) Michael Johnston Antonia Korsanos
Investment Committee	Guy Jalland (Chair) John Alexander Michael Johnston
Nomination and Remuneration Committee	Geoff Dixon (Chair) John Horvath AO Michael Johnston Harold Mitchell AC
Occupational Health and Safety Committee	John Horvath AO (Chair) Jane Halton AO PSM Michael Johnston
Responsible Gaming Committee	John Horvath AO (Chair) John Alexander Antonia Korsanos
Risk Management Committee	Geoff Dixon (Chair) Andrew Demetriou Jane Halton AO PSM

Each Committee has adopted a formal Charter that outlines its duties and responsibilities.



#### More information

A full copy of each of the Crown Committee Charters is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.



### Director Probity Reviews and Elections

Every appointment of a Crown Director is subject to the receipt of necessary gaming regulatory approvals.

The gaming industry is highly regulated and each of the casinos in which Crown has an interest is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located.

Officers, Directors and certain key employees of Crown and its licensed subsidiaries must file applications with relevant gaming authorities and may be required to be licensed in certain jurisdictions. These probity reviews generally concern the responsibility, financial stability and character of the owners, managers and persons with financial interests in gaming operations and generally include requirements to obtain police checks and credit checks.

A Director will only be formally appointed once all necessary gaming regulatory approvals have been obtained. As a separate exercise, Crown undertakes its own internal investigations on the suitability of nominated Directors as a pre-condition to a recommendation to the Board to appoint a Director.

The Company's Constitution requires that an election of Directors must take place each year. In addition, Directors appointed to fill casual vacancies during the year must retire from office at the next annual general meeting following his or her appointment but are eligible for re-election by shareholders at that time. The Notice of Meeting for an annual general meeting sets out the background for the election and re-election of Directors, information on the skills and experience of the relevant Director and provides a recommendation of the Board in relation to the proposed election or re-election.

Accordingly, shareholders are provided with all material information relevant to a decision on whether or not to elect or re-elect a Director.



#### **More information**

Copies of Crown's past and present Notices of Meeting are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors & Media – Annual Reports.

### Director and Senior Executive Agreements

Crown Directors are provided with an induction pack upon appointment which, among other things, includes a letter agreement setting out the terms of that Director's appointment. The letter agreement, which each Director must countersign, describes when the appointment commences and when it ends, sets out the Director's powers and duties and the agreed remuneration arrangements and obliges the Director to comply with all Crown Policies, Procedures and the Code of Conduct for Directors. In addition, the letter agreement requires the Director to enter into a separate undertaking to inform Crown of any interests that Director may have in Crown securities (and contracts relevant to Crown securities) so that Crown is able to comply with its disclosure requirements under Listing Rule 3.19A to provide the ASX with completed Appendices 3X, 3Y and 3Z within the time period allowed by the ASX Listing Rules.

Each senior executive of Crown has an employment contract setting out the terms of that senior executive's appointment.

### Company Secretary Accountability

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The decision to appoint or remove a Company Secretary must be made or approved by the Board.

The role of the Company Secretary is set out in the Crown Board Charter and includes:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.



#### **More information**

A full copy of the Crown Board Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### Diversity Policy

Crown has established a policy concerning diversity and disclosed its policy on its website. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and the progress in achieving them.

In accordance with the policy, Crown has established the measurable objectives for achieving gender diversity as set out below:

Objective	Crown's Progress
1. To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.	<p>Crown has adopted this recruitment objective as part of its commitment to diversity and in line with the Crown Diversity Policy.</p> <p>In order to meet this objective, all positions in the group must be supported through a consistent, unbiased and thorough recruitment process, managed by the relevant recruitment team, including for positions identified through succession planning or otherwise. This process is overseen by the Executive team at each property.</p> <p>During the financial year, female candidates were shortlisted for 80% of Senior Management and Senior Executive positions within the group for which a recruitment process was undertaken during the financial year. For the positions that did not have a female candidate shortlisted, there were no female applicants.</p> <p>Additional efforts around attracting and sourcing female candidates have been undertaken. These include:</p> <ul style="list-style-type: none"> <li>• reviewing the language used in job advertisements; and</li> <li>• undertaking targeted database searches of predominant job boards.</li> </ul> <p>A female from Senior Management was involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process was undertaken.</p>
2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.	<p>During the financial year, Crown's wholly-owned properties achieved a 54% female participation rate in leadership and development programs which represents a 9% increase on financial year 2018.</p>
3. To conduct an internal review on an annual basis of the remuneration for key roles within the group, with an external validation review to be undertaken every second year, to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.	<p>As noted in the 2018 Corporate Governance Statement, for the 2018 financial year, Crown engaged Mercer, a workforce consultancy firm, to undertake an independent external gender pay gap analysis for all salaried roles below the Business Operations Teams at Crown Melbourne and Crown Perth which found that no meaningful gender pay gap existed for any of the salaried roles within the scope of the review.</p> <p>As an external review was undertaken in respect of the 2018 financial year, for the 2019 financial year, Crown conducted an internal review.</p> <p>Crown continued to apply a variety of internal and external equity testing processes in relation to remuneration decisions at various points throughout the financial year, of which gender equity has been a key feature.</p>

CORPORATE GOVERNANCE STATEMENT CONTINUED

Objective	Crown's Progress
<p>3. To conduct an internal review on an annual basis of the remuneration for key roles within the group, with an external validation review to be undertaken every second year, to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps. <i>continued</i></p>	<p>The internal testing and analysis applied has included:</p> <ul style="list-style-type: none"> <li>• validation of salaries at the start of the recruitment process, whereby salaries of non-Enterprise Agreement roles are validated prior to approval to hire in order to remove any unintended bias;</li> <li>• Workplace Gender Equity Agency (WGEA) reporting requirements, where gender demographics as well as the gender pay gap is assessed; and</li> <li>• annual performance and remuneration review processes, whereby a detailed analysis of all salaried roles is undertaken to understand and identify 'like for like' roles and to ensure there is no gender based inequity.</li> </ul> <p>The internal pay gap review confirmed that there has not been any change from last year's review in which there was no statistically significant pay gap identified for like for like roles.</p> <p>An external review will be undertaken again following the conclusion of the 2020 financial year.</p>
<p>4. To participate in local and national programs which promote gender equity and to implement relevant actions arising out of those programs.</p>	<p>Crown participated in the following local and national programs during the 2019 financial year:</p> <ul style="list-style-type: none"> <li>• Male Champions of Change (MCC) program – Ken Barton, Crown's Chief Financial Officer and CEO Crown Digital, continued to represent Crown in the MCC program.</li> <li>• CEOs for Gender Equity in Western Australia – Barry Felstead, CEO – Australian Resorts, continued to represent Crown in the CEOs for Gender Equity program.</li> <li>• Women in Gaming and Hospitality Australasia (WGH) – during the financial year, a member of Crown's Executive team was appointed to the WGH Board and Crown became a corporate sponsor of WGH. Through this sponsorship Crown has hosted several networking and professional development sessions, participated in the Women Ahead mentoring program and actively participates in monthly communications designed to bring awareness to matters of Gender Equity.</li> </ul> <p>Crown's participation in these programs assists with increasing Crown's knowledge and understanding of best practice diversity and inclusion programs.</p> <p>Throughout the financial year, the following initiatives were achieved at Crown, in alignment with the MCC Action Group meetings:</p> <p><b>Flexible Work Arrangements</b></p> <p>A review was undertaken to provide "flex for all roles" across the Melbourne property, which accommodates varied shift start and finish times, remote working and job sharing to name a few. This review is currently underway for the Perth property.</p> <p>This review focussed on salaried roles, however rostered employees are still utilising flex, mostly through our custom built shift swap app, with over 10,000 swaps occurring each month, which represents a success rate of swap requests that are actioned of 85%.</p> <p><b>Family and Domestic Violence Support</b></p> <p>Crown's Family and Domestic Violence Support Policy was updated to provide uncapped paid leave entitlements (an increase from five days) to employees experiencing, or supporting someone experiencing, family violence.</p> <p><b>Financial Education</b></p> <p>Financial and superannuation seminars were provided to employees with a specific focus for women.</p>

Objective	Crown's Progress
5. To progress the objectives of the Gender Action Plan for FY18 to FY21 (the Plan) and to annually assess the progress of the Plan's objectives.	<p>The Crown Resorts Gender Action Plan (GAP), which is being prepared by the Gender Equity Advisory Groups, will be published in 2019.</p> <p>The GAP strengthens Crown's longstanding commitment to gender equity and complements the work Crown has been involved with through its participation in local and national programs which promote gender equity.</p> <p>Our GAP focusses on the following five key themes:</p> <ul style="list-style-type: none"> <li>• Attraction &amp; Retention;</li> <li>• Promotion;</li> <li>• Development;</li> <li>• Flexibility; and</li> <li>• Cultural Change &amp; Communication.</li> </ul> <p>These focus areas were developed through consultation with the business and assessing what changes will make a positive impact on our employees. Over the last two years, policy and leave changes have occurred that have brought equity further to the forefront at Crown and the actions outlined in our GAP for the next three years will continue our push towards gender equity.</p> <p>Meanwhile, a number of initiatives from the GAP have progressed including those listed in Objective 4 under the sub-headings <i>Family and Domestic Violence Support</i> and <i>Financial Education</i>.</p>

The proportion of women employees in the group, women in senior executive positions and women on the Board as at 30 June 2019 is as follows:

Measure	Result
Proportion of women employees in the group.	There were 5,213 women in the group. This represents 42.7% of the total workforce of 12,220 employees.
Proportion of women in senior executive positions in the group.	There were 25 women in senior executive positions in the group. This represents 29.8% of senior executive positions in the group. This is a 5.5% increase on FY18.
Proportion of women on the Board.	There were three female Directors out of a total of 11 Directors, or 27.27%.

For the purpose of these statistics, the term "senior executive position" refers to Executive Team and Business Operations Team members of Crown Resorts Limited, Crown Melbourne and Crown Perth as well as the most senior leaders from each operational unit therein. The Executive Team is comprised of persons with titles in the nature of, or similar to, Executive General Manager, General Manager, Chief Information Officer, Chief Marketing Officer and General Counsel together with the Chief Executive Officers, Chief Operating Officers, Chief Financial Officers and Chief Legal Officers within the group.

Crown's Audit and Corporate Governance Committee has been delegated responsibility for developing and monitoring the application of Crown's Diversity Policy.

As noted above, Crown's Diversity Policy requires that Crown reviews its Gender Objectives annually to ensure that they remain relevant and appropriate for Crown. The Audit and Corporate Governance Committee formally reviewed the Gender Objectives and resolved to amend Objective 2 and Objective 5. In summary:

#### **Objective 2**

Objective 2 has been strengthened to reference the purpose of the objective which is to promote leadership opportunities for female employees. This has resulted in the existing objective being improved to read as follows:

*To promote leadership opportunities for female employees by maintaining the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.*

CORPORATE GOVERNANCE STATEMENT CONTINUED

**Objective 5**

Objective 5 has been updated to reflect that the final Gender Action Plan, which is to be released in 2019, will be for the period FY20 to FY23. This has resulted in the existing objective being amended to read as follows:

*To progress the objectives of the Gender Action Plan for FY20 to FY23 (the Plan) and to annually assess the progress of the Plan's objectives.*

Accordingly, the Audit and Corporate Governance Committee adopted the following revised Gender Objectives with effect from 1 July 2019:

1. To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.
2. To promote leadership opportunities for female employees by maintaining the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants. *(Modified Objective)*
3. To conduct an internal review on an annual basis of the remuneration for key roles within the group, with an external validation review to be undertaken every second year, to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.
4. To participate in local and national programs which promote gender equity and to implement relevant actions arising out of those programs.
5. To progress the objectives of the Gender Action Plan for FY20 to FY23 (the Plan) and to annually assess the progress of the Plan's objectives. *(Modified Objective)*

A report on the progress against the revised objectives will be provided in the 2020 Corporate Governance Statement.

**More information**

A full copy of Crown's Diversity Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

Crown is a "relevant employer" under the *Workplace Gender Equality Act 2012* (Cth) and, in accordance with the requirements of the Act, Crown lodged its annual Public Report with the Workplace Gender Equality Agency for the 2018-2019 period which reports on the most recent "Gender Equality Indicators".

**More information**

A full copy of Crown's Workplace Gender Equality Report is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Gender Equality.

**Process for Evaluating Performance of the Board, its Committees and its Directors**

A performance evaluation of the Board and of its Committees is undertaken annually, following completion of each financial year, by way of a questionnaire sent to each Director.

The questionnaire covers the role, composition, procedures and practices of the Board and of its Committees. The individual responses to the questionnaire are confidential to each Director, with questionnaire responses provided to the Chair of the Nomination and Remuneration Committee for consideration and provision of a report to the Board.

Crown's Nomination and Remuneration Committee is also responsible for reviewing Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors.

An evaluation of the Board and its Committees took place following the end of the 2019 financial year in accordance with the processes described above.

**Process for Evaluating Performance of Senior Executives**

Crown has established processes for evaluating the performance of its senior executives. In summary, each senior executive is evaluated against the achievement of pre-agreed performance objectives. The evaluation process is conducted annually and is followed by the determination of appropriate remuneration of the relevant senior executive.

Detailed information regarding Crown's remuneration practices is provided in the Remuneration Report. An evaluation of senior executives took place following the end of the 2019 financial year and in accordance with the processes described in the Remuneration Report.

## Principle 2: Structure the Board to Add Value

### Nomination and Remuneration Committee

Crown has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Nomination and Remuneration Committee are Geoff Dixon (Chair), Professor John Horvath AO, Michael Johnston and Harold Mitchell AC, a majority of whom are independent, Non-executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The role of the Committee is to assist the Board to develop, maintain and implement policies in relation to:

1. the selection and appointment practices for Directors; and
2. the remuneration of Directors and relevant executives.

### Selection, Appointment and Development of Directors

The Nomination and Remuneration Committee is required to:

- review Crown's procedure for the selection and appointment of new Directors (Selection Procedure) and make appropriate recommendations to the Board in relation to the Selection Procedure;
- implement the Selection Procedure and make nomination recommendations to the Board;
- develop succession plans in order for the Board to maintain appropriate experience, expertise and diversity;
- review Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors and be primarily responsible for the implementation of the evaluation process; and
- oversee the induction process in place for new Directors.

The Selection Procedure requires that, in the event that a new Director appointment is required, the Nomination and Remuneration Committee (on behalf of the Board) must adhere to procedures including the following:

- the experience and skills appropriate for an appointee, the skills of the existing Board and any likely changes to the Board will be considered;
- upon identifying a potential appointee, specific consideration will be given to that candidate's:
  - competencies and qualifications;
  - independence;
  - other directorships and time availability; and
  - the effect that the appointment would have on the overall balance and composition of the Board, including by reference to the Crown Board Skills Matrix adopted from time to time; and
- finally, all existing Board members must consent to the proposed appointment.

The Nomination and Remuneration Committee also has responsibility for reviewing the Board Skills Matrix on an annual basis to ensure it remains consistent with the objectives of Crown and existing regulatory requirements and recommendations.

### Remuneration of Directors and Relevant Executives

The role of the Nomination and Remuneration Committee also includes:

1. the review and recommendation of appropriate fees to be paid to Non-executive Directors; and
2. consideration of remuneration policies to be applied to executives, including any equity-based remuneration plan that may be considered, subject to shareholder approval (where required).

Following the end of the financial year, the Committee reviewed and approved:

- the remuneration for senior executives which will apply during the financial year ending 30 June 2020; and
- the short term incentive arrangements applicable to senior executives referable to the financial year ended 30 June 2019.

A summary of the current remuneration arrangements is set out in more detail in the Remuneration Report. The objective of Crown's remuneration policy is to ensure that:

- senior executives are motivated to pursue the long-term growth and success of Crown; and
- there is a clear relationship between the performance of senior executives and their remuneration.

### Board Skills Matrix

As noted above, the Selection Procedure for a Director nomination requires that the Nomination and Remuneration Committee (on behalf of the Board) considers the effect that any proposed Director candidate

CORPORATE GOVERNANCE STATEMENT CONTINUED

would have on the overall balance and composition of the Board including by reference to the Crown Board Skills Matrix adopted from time to time.

The Crown Board has adopted the following Board Skills Matrix which sets out the mix of skills and diversity that the Board is looking to achieve in its membership. The Board Skills Matrix highlights the key skills and experience of the Board and the extent to which those skills are currently represented on the Board and on each of its Committees as at 11 September 2019.

Skill / Competency	Board	Audit and Corporate Governance	Corporate Responsibility	Finance	Investment	Nomination and Remuneration	Occupational Health and Safety	Responsible Gaming	Risk Management
<b>Total Number of Directors</b>	<b>11</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Executive Experience</b> Experience in senior positions at executive levels.	11	3	3	3	3	4	3	3	3
<b>Strategic Planning and Execution</b> Ability to develop and implement successful strategy and deliver agreed strategic planning goals.	11	3	3	3	3	4	3	3	3
<b>Risk Management</b> Experience in the oversight and management of material business risk including Board Risk Management Committee membership.	11	3	3	3	3	4	3	3	3
<b>Financial Acumen</b> Senior executive or equivalent experience in financial accounting and reporting, capital management, industry taxation, internal financial controls and corporate financing arrangements.	10	3	2	3	3	3	2	2	3
<b>Governance</b> Experience with listed and other organisations subject to robust governance frameworks with an ability to assess the effectiveness of relevant governance processes.	11	3	3	3	3	4	3	3	3
<b>Occupational Health and Safety</b> Experience in relation to workplace health and safety.	9	3	2	3	2	3	3	3	3
<b>Environment and Sustainability</b> Experience in relation to environmental and social responsibility and community.	9	2	3	2	2	4	3	2	3
<b>Legal and Regulatory</b> Experience in legal and regulatory matters including regulatory and contractual frameworks governing gaming matters.	11	3	3	3	3	4	3	3	3
<b>Information Technology</b> Senior executive experience in information technology including gaming systems and data security.	6	1	1	1	1	2	1	2	2
<b>Human Resources / Remuneration</b> Experience in relation to remuneration practices, development of incentive plans, succession planning and director appointment processes including Board Remuneration Committee membership.	11	3	3	3	3	4	3	3	3
<b>Capital Projects</b> Senior executive experience in executing large scale projects with long-term investment horizons and substantial capital outlays.	9	2	1	2	3	3	2	2	3
<b>Sales and Marketing</b> Senior executive experience in marketing coupled with a detailed understanding of Crown's strategic direction and competitive environment.	4	0	1	0	1	2	0	1	2
<b>Industry Experience - Gaming and Entertainment</b> Senior executive experience in the gaming and entertainment industry.	4	1	0	1	1	1	0	2	2
<b>Industry Experience - Hospitality and Management</b> Senior executive experience in the hospitality, food and beverage industries.	4	1	0	1	2	2	1	1	2
<b>Industry Experience - Tourism</b> Senior executive experience in the tourism industry.	4	1	0	1	2	2	1	1	2
<b>Industry Experience - Public Policy</b> Experience in public and regulatory policy, including in relation to gaming related policy.	8	2	2	2	2	3	3	2	3

The Board Skills Matrix, albeit important, is only part of the Selection Procedure that the Board is required to follow. As noted above, the Nomination and Remuneration Committee has responsibility for reviewing the appropriateness of the Board Skills Matrix on an annual basis.

Succession planning is an important part of the responsibilities of the Nomination and Remuneration Committee as it ensures that the Board maintains appropriate experience, expertise and diversity.

#### Relationships Affecting Independence

The table below sets out the Crown Directors as at 11 September 2019, indicates which of those Directors are considered to be independent Directors and notes the length of service of each Director from the date of their appointment to 11 September 2019:

<b>Name of Director</b>	<b>Independence Status</b>	<b>Length of Tenure (By years and complete months)</b>
<b>John H Alexander</b> , BA Executive Chairman	Non-independent	12 Years, 2 Months
<b>The Hon. Helen A Coonan</b> , BA, LLB Non-Executive Director	Independent	7 Years, 9 Months
<b>Andrew Demetriou</b> , BA, BEd Non-Executive Director	Independent	4 Years, 8 Months
<b>Geoffrey J Dixon</b> Non-Executive Director	Independent	12 Years, 2 Months
<b>Jane Halton AO PSM</b> , BA (Hons) Psychology, FIML, FIPAA, NAM, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt (UNSW) Non-Executive Director	Independent	1 Year, 4 Months
<b>Professor John S Horvath AO</b> , MB, BS (Syd), FRACP Non-Executive Director	Independent	9 Years
<b>Guy Jalland</b> , LLB Non-Executive Director	Non-independent	1 Year, 5 Months
<b>Michael R Johnston</b> , BEc, CA Non-Executive Director	Non-independent	12 Years, 2 Months
<b>Antonia Korsanos</b> , BEc, CA Non-Executive Director	Independent	1 Year, 4 Months
<b>Harold C Mitchell AC</b> Non-Executive Director	Independent	8 Years, 7 Months
<b>John H Poynton AO</b> , BCom, Hon DCom, FAICD, SF Fin (Life), FAIM Non-Executive Director	Non-independent	9 Months



### Independent Board Directors

The Crown Board is currently comprised of eleven Directors, seven of whom are independent Directors. A majority of Directors are therefore independent. The independence of Directors is assessed against a list of criteria and materiality thresholds. Those criteria have been formally enshrined in the Crown Board Charter. Each Director who is listed as an independent Director complies with the relevant criteria for independence set out in the Crown Board Charter.

### Board Chair Independence

John Alexander is the Executive Chairman of Crown.

**Departure from Recommendation 2.5:** The Principles and Recommendations recommend that the chair of the Board should be an independent Director and should not be the same person as the CEO. Crown's Executive Chairman is not an independent Director. Crown's Executive Chairman is a senior executive of Crown who has assumed the responsibilities of the former Chief Executive Officer. The Board believes that Crown's Executive Chairman is well placed to act on behalf of shareholders and in their best interests as a whole.

### Director Professional Development

The induction process for new Directors involves both formal and informal elements. As noted above, new Directors are provided with a formal induction pack which includes important information that a Director must know about the Company and their appointment terms and includes copies of relevant constitutions, Board Charters and Policies. In addition, new Directors are provided with tours of Crown's main businesses and the opportunity to spend time with various members of senior management.

The professional development program for Directors has largely consisted of presentations from time to time to the Board regarding issues including developments in accounting standards, updates on legal issues and governance processes.

In an attempt to provide more structure to Director professional development, the Nomination and Remuneration Committee has been formally delegated with responsibility for implementing a plan for enhancing Director competencies and ensuring that an effective induction process is in place for new Directors. This process involves, amongst other things, a review of the Crown Board Skills Matrix and consideration of the extent to which those skills are currently represented on the Board and on each of its Committees. Where skills are not currently adequately represented, appropriate professional development in this area will be considered.

## Principle 3: Act Ethically and Responsibly

### Codes of Conduct

Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and of its employees at all times.

### Code of Conduct for Directors

The purpose of the Code of Conduct for Directors is to ensure that they have a clear understanding of Crown's expectations of their conduct and to reinforce the statutory duties of Directors to, among other things:

- act with proper purpose and honesty, in good faith and in the best interests of Crown as a whole;
- use due care and diligence in fulfilling the functions of office; and
- avoid improper use of information acquired as a Director, improper advantage of the position of Director and conflicts of interest.

Crown Directors have an obligation to be independent in judgement and action and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the course of the exercise of their duties and are prohibited from engaging in conduct likely to bring discredit upon Crown.

Finally, Directors are obliged to, at all times, comply with the spirit as well as the letter of the law and with the principles of the Code of Conduct and must encourage the reporting and investigating of unlawful and unethical behaviour.

### Code of Conduct for Employees

The Code of Conduct for Employees is a detailed statement of the:

- practices required by employees to maintain confidence in Crown's integrity;
- legal obligations of employees and the reasonable expectations of their stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.



### More information

Full copies of Crown's Code of Conduct for Directors and Code of Conduct for Employees are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Codes.

## Principle 4: Safeguard Integrity in Corporate Reporting

### Audit and Corporate Governance Committee

Crown has established a formal Audit and Corporate Governance Committee to review the integrity of Crown's financial reporting and to oversee the independence of Crown's external auditors.

The current members of the Audit and Corporate Governance Committee are Helen Coonan (Chair), Michael Johnston and Antonia Korsanos. All members of the Committee are Non-executive Directors and a majority of those Committee members are independent Directors.

The Chair of the Audit and Corporate Governance Committee, Ms Coonan is an independent Director who has extensive financial experience. Ms Coonan has served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The Audit and Corporate Governance Committee has adopted a formal Charter that outlines its duties and responsibilities. The Charter includes information on the procedures for the selection and appointment of the external auditor of Crown and for the rotation of external audit engagement partners.



#### More information

A full copy of the Audit and Corporate Governance Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### CEO & CFO Declarations

Before approving the financial statements for each financial period, the Board receives from the Executive Chairman and the Chief Financial Officer a declaration that, in their opinion:

- the financial records of Crown have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Crown; and
- the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### Auditor's Attendance at AGMs

Crown shareholders are provided with an opportunity at the AGM to ask questions and make comments on Crown's Annual Report and on the business and operations of the Company. Crown's Auditor is required to attend the AGM and shareholders are therefore also provided a reasonable opportunity to ask the Auditor questions about the Auditor's Report and the conduct of the audit of the Financial Report. Shareholders are informed of their opportunity to address the Auditor in the Notice of Meeting for the AGM.

## Principle 5: Make Timely and Balanced Disclosure

### Policy to Ensure Compliance with ASX Listing Rule Disclosure Requirements

Crown has a formal Continuous Disclosure Policy in place which is designed to ensure compliance with ASX Listing Rule requirements. The policy details processes for:

- ensuring that any information that could be market sensitive or could involve reputational or material regulatory issues or risks are communicated to the Disclosure Officer;
- the assessment of information by the Disclosure Committee and, where appropriate, the Board, and for the disclosure of material information to the market; and
- the broader publication of material information to the media, analysts and investors.



#### More information

A full copy of Crown's Continuous Disclosure Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

## Principle 6: Respect the Rights of Shareholders

### Providing Online Information to Investors

Crown has a dedicated corporate website which provides information about itself and its governance to investors. The website has a dedicated Corporate Governance tab which sets out Crown's Charters, Constitution, Policies and Codes, describes Crown's Board Committees and includes copies of current and historical Corporate Governance Statements and Remuneration Reports.



#### More information

For more information, visit: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance.

### Promotion of Effective Communication with Shareholders

The Board aims to ensure that shareholders and prospective investors are kept informed of all major developments affecting Crown.

Crown's investor relations program is designed to facilitate effective communication between shareholders, prospective investors and Crown.

Crown actively engages with shareholders and prospective investors through a program of scheduled interactions with institutional investors, sell-side and buy-side analysts and the financial media. In addition, meetings are held with shareholders and prospective investors on request and responses are provided to enquiries made from time to time.

Crown's investor relations program works in tandem with its obligations under its Continuous Disclosure Policy, a copy of which is available on Crown's website.

Crown's Chief Financial Officer regularly reports to the Board on investor relations matters.

In addition, Crown has a Communications Policy which seeks to promote effective communication with its shareholders. The policy explains how information concerning Crown will be communicated to shareholders.

The communication channels include:

- Crown's Annual Report;
- disclosures made to the ASX; and
- Notices of Meeting and other Explanatory Memoranda.

Advance notification of results announcements is made via Crown's website.



#### More information

A full copy of Crown's Continuous Disclosure Policy and Communications Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

### Shareholder Participation at Meetings

Shareholders are encouraged to both attend and participate in all meetings of shareholders. The date of Crown's AGM is advertised well in advance on its website and is separately communicated to investors via its investor relations channels.

Shareholders are informed in the formal Notice of Meeting for the AGM of their opportunity to participate in the meeting by asking questions of either Crown Directors or its Auditor. The AGM is also audio webcast live on Crown's website and an archive of the AGM audio webcast is subsequently available on the website.

At the AGM itself, as an introduction to the formal business of the meeting, the Chairman encourages shareholders to ask questions on each item of business and offers a further opportunity to ask general questions at the conclusion of the formal business of the meeting.



#### More information

Copies of Crown's Notices of Meeting are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors and Media – Annual Reports.

The webcast is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors and Media – Annual General Meetings.

### Shareholder Communications

Crown shareholders have the option to receive communications from Crown and to send communications to Crown electronically. Crown's share registry (on behalf of Crown) actively encourages shareholders to receive their shareholder communications electronically and provides online access to shareholder information.

Separately, the Crown website includes a "Contact Us" feature which can be used by both shareholders and others to ask questions of the Company.

### Principle 7: Recognise and Manage Risk

#### Policy for Oversight and Management of Material Business Risks

Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board.

The current members of the Risk Management Committee are Geoff Dixon (Chair), Andrew Demetriou and Jane Halton AO PSM. The current Committee members are each independent, Non-executive Directors.

The Chairman of the Risk Management Committee, Mr Geoff Dixon, is an independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The Risk Management Committee has adopted a formal Charter that outlines its duties and responsibilities.



#### More information

A full copy of the Risk Management Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### Design and Implementation of Risk Management and Internal Control Systems

Crown has established a framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy and articulated its Risk Appetite. Risk management is an integral part of the industry in which Crown operates.

Management is charged with monitoring the effectiveness of Crown's risk management systems and is required to report to the Board via the Risk Management Committee.

The Board convened Risk Management Committee administers Crown's Risk Management Policy and monitors management's performance against the risk management framework, including whether it is operating within the Risk Appetite set by the Board.

The Risk Management Policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and requires that the results of those procedures are reported in a Risk Profile to the Crown Board. The framework has been developed using the model outlined in AS/NZS ISO 31000:2018 Risk Management – Guidelines.

Crown's Risk Profile identifies specific head office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group on an ongoing basis.

Management is required to conduct an annual review of its Risk Profile to ensure that risk ratings and definitions remain appropriate for Crown, and that adequate controls are in place to manage them.

A review has been conducted during the reporting period and presented to the Risk Management Committee for approval. In the course of that review, the current Risk Profiles of Crown's major operating businesses were taken into account and the risk environment of its investments were also considered.

In addition, the Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown.

### Disclosure of Internal Audit Functions

Crown's major operating businesses (namely Crown Melbourne and Crown Perth) had an internal audit function in place for the full year that meets the definition of "internal audit" under the Institute of Internal Auditor's International Professional Practices Framework.

The function is internally led and resourced, with supplemental resourcing provided by specialist third parties as required.

Internal audit delivers a comprehensive audit program to provide additional comfort around significant risks, processes, systems and regulatory requirements where assurance is determined to be a priority for that period.

Internal audit coverage is determined using a structured approach. The Boards of each major operating business and management receive regular reports from internal audit on the control environment, areas for improvement and progress in addressing those areas for improvement.

To ensure independence of the function, the head of the Internal Audit department reports to the CEO – Australian Resorts. Further, the head of the department periodically meets with members of the relevant operating subsidiary's Board throughout the year.

As a holding company, Crown does not have a separate internal audit function, however its accounts are subject to third party independent audit.

### Disclosure of Sustainability Risks

The Crown group is exposed to a number of economic, environmental and social sustainability risks.

Crown's goal is to be a leader in the entertainment and tourism industry by creating long-term value for its stakeholders across economic and environmental dimensions. Crown aspires to be a model corporate citizen and recognises that a company is assessed not only on its financial performance, but also by its commitment to corporate responsibility, which includes consideration of, among others, the following factors:

- the quality of its workplace;
- its environmental footprint;
- its level of community engagement;
- the creation of a safe environment for its customers, employees and contractors; and
- the provision of employment opportunities.

Crown has established a Corporate Responsibility Committee to assist the Board in setting Crown's corporate responsibility policies and programs and assessing Crown's corporate responsibility performance. The Corporate Responsibility Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Corporate Responsibility Committee are Helen Coonan (Chair), Professor John Horvath AO and Harold Mitchell AC. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The responsibilities of the Committee extend to:

- establishing appropriate corporate responsibility policies and programs for Crown;
- monitoring and reviewing the operation and effectiveness of Crown's corporate responsibility policies and programs;
- promoting and supporting continuous improvement in Crown's corporate responsibility performance;
- encouraging and monitoring the establishment and maintenance of relationships with key stakeholders including non-government organisations, sporting and cultural organisations and other community groups; and
- encouraging and promoting awareness of corporate responsibility related issues at Crown among Crown's staff and other stakeholders.

The Committee oversees the development and publication of Crown's Corporate Responsibility Report. The Corporate Responsibility Report brings together the elements of Crown's corporate responsibility activities and programs and identifies and addresses all material economic, environmental and social sustainability risks and Crown's processes for managing them.



#### **More information**

A full copy of the Corporate Responsibility Report is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Our Contribution – Corporate Responsibility Reports.

## Principle 8: Remunerate Fairly and Responsibly

### **Nomination and Remuneration Committee**

As noted in response to Recommendation 2.1, Crown has established a formal Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Nomination and Remuneration Committee are Non-executive Directors, a majority of whom are independent. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

### **Policy for Director Remuneration**

A summary of current remuneration arrangements is set out in more detail in the Remuneration Report. Crown separately discloses the policies and practices regarding the remuneration of Key Management Personnel in the Remuneration Report.

### **Restrictions on Dealing in Equity Based Remuneration**

The rules of the Senior Executive Incentive Plan and the Crown Digital Senior Executive Incentive Plan specifically provide that a participant must not assign, transfer, encumber, dispose of or have a Security Interest issued over Plan Shares, or any beneficial interest in Plan Shares, unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met or waived by the Board or the Board has provided prior written consent. A Security Interest is defined to include any mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature. The rules of the Senior Executive Incentive Plan and the Crown Digital Senior Executive Incentive Plan also require participants to comply with Crown's Securities Trading Policy at all times.

# Directors' Statutory Report

## Operating and Financial Review

The commentary included in this report omits some information which might be considered relevant to Crown's business strategies, prospects for future financial years and material risks on the basis that the Directors have reasonable grounds to believe that disclosure would likely result in unreasonable prejudice to Crown.

### Principal Activities

Crown is one of Australia's largest entertainment groups with its core businesses and investments in the integrated resorts sector.

In Australia, Crown owns and operates two of Australia's leading integrated resorts – Crown Melbourne and Crown Perth. Overseas, Crown owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district.

Crown's development project pipeline includes the Crown Sydney Hotel Resort at Barangaroo in Sydney and the One Queensbridge development site in Melbourne.

Crown has interests in various digital businesses, including Betfair Australasia (100%), DGN Games (85%) and Chill Gaming (50%), and holds equity interests in Aspers Group (50%) and Nobu (20%).

### Review of Operations

Crown reported a consolidated net profit after tax (NPAT) attributable to the parent of \$401.8 million and a normalised<sup>1</sup> NPAT of \$368.6 million for the 12 months ended 30 June 2019. Crown Melbourne and Crown Perth normalised EBITDA decreased by 9.2%, and normalised revenue decreased by 5.4%.

Performance for the year ended 30 June 2019	\$m
Normalised revenue	3,139.2
Normalised expenditure	(2,337.1)
Normalised EBITDA <sup>2</sup>	802.1
Normalised EBIT <sup>3</sup>	528.5
Normalised NPAT attributable to Crown	368.6
Reported NPAT attributable to Crown	401.8

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items. Normalised results are a non-IFRS measure, which have not been subject to audit or review.

2. Normalised earnings before interest, tax, depreciation and amortisation.

3. Normalised earnings before interest and tax.

Crown's Australian operations' full year result reflected subdued market conditions. Total normalised revenue across Crown's Australian resorts decreased by 5.4% on the prior comparable period (pcp). This decline was primarily due to the reduction in VIP program play revenue in Australia, which was down 26.1%. Main floor gaming revenue increased by 0.5%, with modest revenue growth in Melbourne offset by continued softness in Perth, particularly for the table games business.

The activities and results of Crown's operations are discussed in further detail below.

### Crown Melbourne

Normalised EBITDA from Crown Melbourne was \$589.5 million, down 8.6% on the pcp. Reported EBITDA for the period was \$615.0 million, up 4.9% on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$25.5 million. This compares to a negative EBITDA impact of \$59.0 million in the pcp.

Normalised revenue of \$2,155.4 million was down 5.4% on the pcp.

Main floor gaming revenue was \$1,235.1 million, up 1.5% on the pcp, which comprises table games (non-program play) revenue of \$772.4 million (up 0.7% on the pcp) and gaming machine revenue of \$462.7 million (up 2.8% on the pcp).

Normalised VIP program play revenue was \$441.4 million, down 25.4% on the pcp, with turnover of \$32.7 billion.

Non-gaming revenue was \$478.9 million, up 1.9% on the pcp.

Overall hotel occupancy across Crown Melbourne's three hotels was approximately 94%, with Crown Towers hotel occupancy 95.4%, Crown Metropolis hotel occupancy 93.4% and Crown Promenade hotel occupancy 93.6%.

The overall normalised operating margin decreased from 28.3% to 27.3%. The decline in margin is largely due to an increase in labour and other costs in an environment of subdued revenue growth.

### Crown Perth

Normalised EBITDA from Crown Perth was \$221.8 million, down 10.8% on the pcp. Reported EBITDA for the period was \$244.6 million, up 10.4% on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$22.8 million. This compares to a negative EBITDA impact of \$27.3 million in the pcp.

Normalised revenue of \$799.4 million was down 5.3% on the pcp.

DIRECTORS' STATUTORY REPORT CONTINUED

Main floor gaming revenue was \$454.2 million, down 2.1% on the pcp, which comprises table games (non-program play) revenue of \$186.8 million (down 6.0% on the pcp) and gaming machine revenue of \$267.4 million (up 0.8% on the pcp).

Normalised VIP program play revenue was \$72.0 million, down 30.1% on the pcp, with turnover of \$5.3 billion.

Non-gaming revenue was \$273.2 million, down 1.5% on the pcp.

Overall hotel occupancy across Crown Perth's three hotels was approximately 81%, with Crown Towers hotel occupancy 76.3%, Crown Metropole hotel occupancy 83.6% and Crown Promenade hotel occupancy 86.9%.

The overall normalised operating margin decreased from 29.5% to 27.7%. This decline in margin is largely due to the decline in revenues combined with modest growth in labour and fixed costs.

#### **Crown Aspinalls**

Normalised EBITDA from Crown Aspinalls was \$6.4 million, down 46.5% on the pcp. This reflects continued difficult trading conditions across the London high-end casino market. Reported EBITDA for the period was \$5.7 million, down 54.3% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$0.7 million. This compares to a positive EBITDA impact of \$0.4 million in the pcp.

#### **Crown Digital**

Crown's wagering and online social gaming operations comprise Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (an 85% owned, online social gaming business).

EBITDA from Crown's wagering and online social gaming operations was \$26.1 million, down 2.7% on the pcp. The pcp included the consolidated operating results of CrownBet, which was sold by Crown in February 2018.

At 30 June 2019, indicators of impairment were identified for DGN. These indicators were considered in the re-forecast of cash flows of the DGN Group, which were developed as part of the Annual Business Plan presented to and approved by the Board. Based on the impairment testing using the re-forecast earnings of the DGN Group, the recoverable amount of the DGN cash generating unit was \$81.8 million as at 30 June 2019. As a result of the carrying amounts exceeding the recoverable amount, Crown has reduced goodwill relating to the acquisition of DGN by \$48.9 million. This goodwill was initially recorded as part of the acquisition of Winners Club Limited, with a significant part of the initial goodwill relating to contingent consideration. Crown has also reassessed the amount of contingent consideration on the acquisition of Winners Club Limited and reduced the amount due by \$48.9 million.

#### **Cash Flow, Debt and Capital Management**

Net operating cash flow for the period of \$778.1 million compared to net operating cash flow of \$731.7 million in the pcp. Other material cash flow items incurred during the period included net capital expenditure of \$538.5 million, dividend payments of \$409.0 million and share buy-back payments of \$131.4 million.

At 30 June 2019, Crown's net debt position was \$86.5 million (excluding working capital cash of \$133.9 million). This consisted of total debt of \$1,078.6 million and cash (excluding working capital cash) of \$992.1 million.

At 30 June 2019, total liquidity, excluding working capital cash, was \$1,192.5 million, represented by \$992.1 million in available cash and \$200.4 million in committed undrawn facilities.

During the year, Crown redeemed all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" on the first call date of 14 September 2018. This reduced Crown's gross debt by approximately \$400 million.

During the year, Crown bought back approximately \$131.4 million of shares (or approximately 10.3 million shares) under the on-market share buy-back announced on 9 August 2018. The on-market share buy-back expired on 29 August 2019.

Net interest expense for the year was \$10.1 million, \$35.9 million below the pcp, which reflects the repayment of the Subordinated Notes in September 2018, lower market interest rates and increased capitalised interest associated with the construction of the Crown Sydney project.

#### **Business Strategies**

Crown's strategic plan is to focus on the following key objectives:

- improving the underlying performance of Crown Melbourne, Crown Perth and Crown Aspinalls, including through investments to stimulate visitation and spend as well as through the management of costs;
- delivering the Crown Sydney project on time and on budget and escalating pre-opening activities in preparation for the opening in 2021;
- continuing to grow, and create value from, Crown Digital;
- supporting the operations of Crown's other equity accounted investments to enhance their performance;
- continuing to deliver returns to shareholders;
- continuing to proactively engage with relevant stakeholders, including regulators and the community; and
- maintaining an appropriate and efficient capital structure.

### Business Risks

Crown has established a risk management framework, using the model outlined in AS/NZS ISO 31000:2018 Risk Management – Guidelines, for the oversight and management of material business risks. It has adopted a formal Risk Management Policy and articulated its Risk Appetite. Risk management is an integral part of the industry in which Crown operates.

Management is charged with monitoring the effectiveness of Crown's risk management systems and is required to report to the Board via the Risk Management Committee.

The Risk Management Committee administers the Risk Management Policy and monitors management's performance against the risk management framework, including whether it is operating within the Risk Appetite set by the Board.

Various risks, some of which are beyond Crown's reasonable control, could have a material impact on the achievement of Crown's business strategies and future prospects. These risks, together with the mitigating strategies, are summarised below. The risks presented below are not intended as an exhaustive list of all the risks and uncertainties associated with Crown's businesses.

Additional risks and uncertainties not presently known to management and the Board, or that management and the Board currently believe to be immaterial or manageable, may adversely impact Crown.

Material Business Risks	Mitigation Strategies
<p><i>Legal and Regulatory Compliance</i></p> <p>Crown operates in a highly regulated industry and is subject to regulatory approvals in the jurisdictions in which it conducts gaming operations.</p> <p>Systematic and/or serious breaches of legal or regulatory requirements may result in enforcement action in jurisdictions in which Crown has activities. This may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place legal, governance and compliance frameworks at each of its operations and continuously monitors its legislative and regulatory requirements in the jurisdictions in which it operates.</p> <p>In addition, Crown's internal control framework is designed to ensure effectiveness of, and compliance with, relevant legislative and regulatory requirements.</p> <p>Crown provides relevant employees and contractors with training on Crown's compliance obligations, policies and procedures (where applicable).</p> <p>Crown obtains legal advice in appropriate circumstances and jurisdictions as required.</p> <p>Internal audit periodically reviews the effectiveness of the controls and processes in place to manage Crown's compliance frameworks and the overall internal control framework.</p>
<p><i>Legal and Regulatory Changes</i></p> <p>Crown operates in a highly regulated industry and is subject to regulatory approvals in the jurisdictions in which it conducts gaming operations. Crown's operations, financial performance and future prospects are dependent on the legal and regulatory frameworks in which it operates.</p> <p>Legislative and regulatory changes may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown proactively engages with relevant stakeholders and has in place legal, governance and compliance frameworks at each of its operations.</p> <p>Crown monitors for legislative and regulatory changes on an ongoing basis.</p> <p>From time to time, Crown makes submissions relating to proposed legislative and regulatory changes which may impact the Crown group.</p> <p>Crown provides relevant employees and contractors with training on legislative and regulatory changes (where applicable).</p>



DIRECTORS' STATUTORY REPORT CONTINUED

Material Business Risks	Mitigation Strategies
<p><b>Reputation</b></p> <p>Negative publicity of Crown may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place legal, governance and compliance frameworks at each of its operations and provides relevant employees and contractors with training on Crown's compliance obligations, policies and procedures (where applicable).</p> <p>Crown's Australian resorts have in place the following set of values which apply across the properties:</p> <ul style="list-style-type: none"> <li>• we act respectfully;</li> <li>• we are passionate;</li> <li>• we work together; and</li> <li>• we do the right thing.</li> </ul> <p>In addition, Crown proactively engages with key stakeholders, including relevant regulators and governments.</p>
<p><b>Relationships with Key Stakeholders</b></p> <p>A breakdown in Crown's relationships with key stakeholders, including regulators and governments, may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown professionally and proactively engages with relevant stakeholders and has in place legal, governance and compliance frameworks at each of its operations.</p>
<p><b>Terrorism</b></p> <p>As Crown's properties are places where large crowds may congregate, they may be the target of a terrorist attack or the calculated use or threat of violence.</p> <p>Any such event may have an adverse impact on Crown's customers, employees and operational and financial performance.</p>	<p>Crown has in place security and surveillance technology and procedures at each of its properties which monitor for suspicious behaviours.</p> <p>In addition, Crown has a framework in place for responding to major incidents and works with key law enforcement agencies for coordinated and rapid responses.</p>
<p><b>Litigation</b></p> <p>Any potential material litigation brought against Crown by third parties may have an impact on Crown's financial performance.</p>	<p>Crown proactively monitors and responds to legal issues and engages legal advisors as required.</p> <p>In addition, Crown has in place legal, governance and compliance frameworks at each of its operations which are supported by insurance programs as appropriate.</p>
<p><b>Data Security</b></p> <p>Crown maintains confidential customer and commercially sensitive data.</p> <p>The leak or unauthorised use of confidential customer and commercially sensitive data may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place IT policies, procedures and training programs which are further supported by a cyber security program.</p> <p>Crown also has in place legal and compliance frameworks at each of its operations and confidentiality arrangements in place with its employees and contractors.</p> <p>In addition, Crown has adopted a management framework for responding to data breach incidents, should they occur.</p>

Material Business Risks	Mitigation Strategies
<p><b>Volatility of Gaming Revenue</b></p> <p>Crown's gaming operations may experience variations from theoretical win rates due to the element of chance in gaming activities.</p> <p>Sustained unfavourable variations in the actual win rate compared to the theoretical win rate would be likely to have an adverse impact on Crown's financial performance.</p>	<p>Crown monitors and reviews its gaming businesses and reports on the basis of its actual and long-term theoretical win rates in its results.</p>
<p><b>Third Party Default</b></p> <p>The potential material default by those with whom Crown has a business relationship may have an adverse impact on Crown's financial performance.</p>	<p>Crown has in place credit approval and recovery processes and procedures.</p> <p>Crown maintains a provision for doubtful debts which is monitored on an ongoing basis and is audited by its external auditors.</p>

#### Significant Changes in State of Affairs

Some of the significant changes in the state of affairs of the consolidated group since 1 July 2018 include:

##### Significant Transactions/Matters

- On 31 May 2019, Crown announced that it had been informed that CPH Crown Holdings Pty Limited, a wholly-owned subsidiary of Consolidated Press Holdings Pty Limited, had entered into an agreement (Share Sale Agreement) in relation to the sale of 19.99% of the issued capital of Crown to Melco Resorts & Entertainment Limited. On 29 August 2019, Crown subsequently announced that it had been informed that CPH Crown Holdings Pty Limited and Melco Resorts & Entertainment Limited had agreed to amend the Share Sale Agreement.
- On 9 April 2019, Crown announced that it was in confidential discussions with Wynn Resorts, Limited (Wynn) regarding a potential change of control transaction following approaches by Wynn to Crown. On 10 April 2019, Crown subsequently announced that Wynn had announced that it had terminated all discussions with Crown concerning any transaction.
- On 3 August 2018, the Victorian Commission for Gambling and Liquor Regulation released its final report concerning the Sixth Review of the Casino Operator and Licence held by Crown Melbourne Limited (Crown Melbourne), a subsidiary of Crown which concluded that:
  - Crown Melbourne remains a suitable person to continue to hold its licence to operate the Melbourne Casino;
  - Crown Melbourne is complying with relevant legislation and agreements; and
  - it is in the public interest that the licence should continue in force.

The report made 20 recommendations in relation to the operations of Crown Melbourne which Crown Melbourne has accepted, subject to the matters set out in Crown Melbourne's response to the report. Management has proactively engaged with the regulator in progressing these recommendations.

##### Board Changes

On 20 November 2018, Crown announced that the appointment of John Poynton AO as a Director of Crown had become effective following the receipt of all necessary regulatory approvals.

##### Significant Events After Balance Date

- On 9 August 2018, Crown announced that it had commenced proceedings against the Barangaroo Delivery Authority (BDA) in the Commercial List of the Supreme Court of New South Wales in connection with the Crown Sydney Hotel Resort (Proceedings). The Proceedings sought injunctive relief and declarations against the BDA that, in substance, require the BDA to comply with a number of its contractual obligations under the Crown Development Agreement. On 14 December 2018, Crown announced that judgment in relation to the Proceedings against the BDA was delivered in favour of Crown, with costs. On 15 February 2019, the BDA filed its summons seeking leave to appeal the judgment. On 19 August 2019, Crown announced that it had settled its dispute with Infrastructure New South Wales (INSW) (formerly the BDA). The terms of the settlement are confidential. Crown is satisfied with the outcome of the settlement.

DIRECTORS' STATUTORY REPORT CONTINUED

and the retention of the sight lines across Central Barangaroo from the Harbour Bridge to the Sydney Opera House.

- On 8 August 2019, Crown was informed by the New South Wales Independent Liquor and Gaming Authority that it would be conducting an inquiry under s143 of the *Casino Control Act 1992* (NSW) (Inquiry). The Terms of Reference in relation to the Inquiry were subsequently released on 29 August 2019. The Victorian Commission for Gambling and Liquor Regulation also announced it will re-examine issues relating to Crown Melbourne that have been reported in the media recently. Crown will fully co-operate in relation to these investigations.
- Subsequent to year end, the Directors of Crown declared a final dividend on ordinary shares of 30 cents per share in respect of the year ended 30 June 2019. The final dividend will be 25% franked with the unfranked component of the dividend declared to be conduit foreign income. The final dividend has not been provided for in the 30 June 2019 financial statements.

### Environmental Regulation

The *National Greenhouse and Energy Reporting Act 2007* (NGER Act) established a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. Crown is required to report emissions under the NGER Act. Relevant reports have been submitted during the year.

Key features of the NGER Act include:

- reporting of greenhouse gas emissions, energy consumption and production by large corporations;
- corporate level public disclosure of greenhouse gas emissions and energy information; and
- providing consistent and comparable data for decision making.

Under the Western Australian Water By-laws legislation, Crown Perth is required to complete annual water management assessments and submit water efficiency management plans. Relevant reports have been submitted during the year.

The Crown group is not otherwise subject to any particular or significant environmental regulation under Australian law. Environmental issues are, however, important to Crown and it has taken a number of initiatives in this regard. A description of those initiatives is set out in the Corporate Responsibility section of this Annual Report.

### Likely Developments

Crown's balance sheet shows a net debt position of \$86.5 million at 30 June 2019. With available liquidity of \$1,192.5 million, Crown is well placed to fund its Australian development project pipeline.

#### *Crown Sydney Project*

Construction of the Crown Sydney Hotel Resort is progressing on schedule for completion in the first half of calendar year 2021. The project cost remains unchanged, with the gross project cost expected to be approximately \$2.2 billion and net project cost expected to be approximately \$1.4 billion.

#### *One Queensbridge Development Site*

Crown holds a 50% ownership interest in the One Queensbridge development site which is strategically located adjacent to the Crown Melbourne entertainment complex, with the remaining 50% interest held by the Schiavello Group.

Subsequent to year end, Crown reached an agreement to purchase the Schiavello Group's 50% ownership interest in the site as well as all pre-development assets, including all intellectual property and designs for the project, for approximately \$80 million. The transaction remains subject to long-form agreements between Crown and the Schiavello Group.

The purchase represents Crown's continued investment in Victoria and the Southbank arts and entertainment precinct. The One Queensbridge site could accommodate a fourth Crown hotel which would deliver significant economic and tourism benefits to Victoria, including additional employment and training opportunities.

Other than the developments described in this Report, the Directors are of the opinion that no other matter or circumstance will significantly affect the operations and expected results for the Crown group.

## Dividends and Distributions

**Interim Dividend:** Crown paid an interim dividend of 30 cents per ordinary share on 4 April 2019. The dividend was 60% franked with the unfranked portion of the dividend declared to be conduit foreign income.

**Final Dividend:** The Directors of Crown have declared a final dividend of 30 cents per ordinary share to shareholders registered as at 20 September 2019.

The final dividend will be 25% franked with the unfranked portion of the dividend declared to be conduit foreign income.

<b>In summary:</b>	<b>Dividend per share</b>	<b>\$</b>
Interim Dividend paid	30.0 cents per share	203,147,481.30
Final Dividend declared	30.0 cents per share	203,147,481.30
<b>Total</b>	<b>60.0 cents per share</b>	<b>406,294,962.60</b>

Crown paid shareholders a final dividend in respect of the 2018 financial year of \$205.9 million.

## Directors and Officers

### Director Details

Set out below are the names of each person who has been a Director of Crown during or since year end and the period for which they have been a Director. There are currently eleven Directors.

<b>Name</b>	<b>Date Appointed</b>	<b>Date Ceased</b>
John Henry Alexander	6 July 2007	
The Honourable Helen Anne Coonan	2 December 2011	
Andrew Demetriou	29 January 2015	
Geoffrey James Dixon	6 July 2007	
Jane Halton AO PSM	23 May 2018	
Professor John Stephen Horvath AO	9 September 2010	
Guy Jalland	16 April 2018	
Michael Roy Johnston	6 July 2007	
Antonia Korsanos	23 May 2018	
Harold Charles Mitchell AC	10 February 2011	
John Hartley Poynton AO	20 November 2018	

At Crown's 2018 Annual General Meeting, Jane Halton AO PSM, John Horvath AO, Guy Jalland, Michael Johnston and Antonia Korsanos stood for election/re-election as Directors. Each Director was elected/re-elected at that meeting.

On 20 November 2018, the appointment of John Poynton AO as a Director of Crown became effective following the receipt of all necessary regulatory approvals.

The details of each Director's qualifications and experience as at the date of this Report are set out below.

Details of all directorships of other Australian listed companies held in the three years before the end of the financial year have been included.

DIRECTORS' STATUTORY REPORT CONTINUED



**John H Alexander, BA**  
Executive Chairman

John Alexander is the Executive Chairman of Crown and is also a Director of a number of companies, including Seven West Media Limited. Mr Alexander is also Chairman of the Crown Melbourne Limited and Burswood Limited Boards.

Mr Alexander was the Executive Chairman of Consolidated Media Holdings Limited (CMH) from 2007 to November 2012, when CMH was acquired by News Corporation. Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (PBL) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002.

Before joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher and Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

**Board Committee memberships:**

- Member of the Investment Committee
- Member of the Responsible Gaming Committee

**Directorships of other Australian listed companies held during last three years:**

- Seven West Media Limited from May 2013 to current



**The Honourable Helen A Coonan, BA, LLB**  
Non-executive Director

The Honourable Helen Coonan is a former Senator for New South Wales serving in the Australian Parliament from 1996 to 2011.

Ms Coonan holds Bachelor of Arts and Bachelor of Laws degrees from the University of Sydney. Prior to entering Parliament, she worked as a lawyer, including as principal of her own legal firm, as a partner in law firm Gadens, as a commercial Barrister in Australia and as an Attorney in New York.

In Parliament, Ms Coonan served as the Deputy Leader of the Government in the Senate. She was appointed to Cabinet as the Minister for Communications, Information Technology and the Arts and was shareholder Minister for Telstra Corporation and Australia Post. She also served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority. She is the recipient of a Centenary Medal for service to the Australian Parliament.

Ms Coonan is the inaugural Chair of the Australian Financial Complaints Authority (AFCA), Chair of the Minerals Council of Australia (MCA), HGL Limited, Place Management NSW (formerly the Sydney Harbour Foreshore Authority) and Supervised Investments Australia Limited. She is also Non-executive Director of Snowy Hydro Limited, a member of the J.P Morgan Advisory Council and Co-Chair of GRACosway (a subsidiary of the Clemenger Group).

Ms Coonan is a Non-executive Director of Obesity Australia Limited and of the Australian Children's Television Foundation and Chairs the Advisory Board of Allegis Partners.

Ms Coonan serves on the Corporate Council of the European Australian Business Council and the Australia-Israel Chamber of Commerce Advisory Council. She is also a member of Chief Executive Women.

Ms Coonan is an Ambassador for the Menzies School of Health Research and of the GUT Foundation. She serves on the Advisory Council of the National Breast Cancer Foundation and is also a mentor at start up fintech hub Stone and Chalk.

Ms Coonan is Chair of the Crown Resorts Foundation.

**Board Committee memberships:**

- Chair of the Audit and Corporate Governance Committee
- Chair of the Corporate Responsibility Committee
- Chair of the Finance Committee

**Directorships of other Australian listed companies held during last three years:**

- HGL Limited from July 2019 to current



**Andrew Demetriou**, BA, BEd  
Non-executive Director

Andrew Demetriou was Chief Executive Officer of the Australian Football League (AFL) from 2003 until June 2014.

Prior to becoming Chief Executive Officer, Mr Demetriou served as AFL General Manager – Football Operations for three years, overseeing all aspects of the AFL competition. This followed a stint as head of the AFL Players Association when he was instrumental in establishing programs to look after players both during and after their playing careers.

Following an AFL playing career of 106 games, Mr Demetriou was the Managing Director of the Ruthinium Group, a business importing acrylic teeth, growing the business significantly by expanding manufacturing and exports to 70 countries worldwide and he currently remains a Board member.

Mr Demetriou is a Director of the Melbourne Sports Marketing firm, Bastion Group, Co-Chair of the National Basketball League (NBL) Advisory Board, Chairman and Non-executive Director of Capitol Health Limited and Chairman of Board of Management, Cox Architecture.

Mr Demetriou also served as Non-executive Chairman of the Baxter Group, a waste management group listed on ASX in 2003 with a market capitalisation of \$40 million – the company was later sold to Transpacific for \$260 million – and is a former Chairman of the Australian Multicultural Advisory Council. He recently completed a two year term on the Australian Referendum Council for Indigenous recognition in the Constitution.

**Board Committee memberships:**

- Member of the Risk Management Committee

**Directorships of other Australian listed companies held during last three years:**

- Capitol Health Limited from November 2014 to current



**Geoffrey J Dixon**  
Non-executive Director

Geoff Dixon is an experienced and successful corporate executive with a background in the media, mining, aviation and tourism industries.

Mr Dixon was Managing Director and Chief Executive Officer of Qantas Airways for eight years until 2008 - joining Qantas in 1994, he also served as Chief Commercial Officer and, for two years, as Deputy Managing Director.

Mr Dixon was Chairman of the Australian Government's principal tourism authority, Tourism Australia, for six years until 2014 and Chairman of the Garvan Medical Research Foundation for 10 years until 2018.

He has served on a number of public companies and Not-for-Profit boards including Leighton Holdings, Adslot Limited, the Business Council of Australia, the Museum of Contemporary Art Australia and is a long time Ambassador for the Australian Indigenous Education Foundation.

**Board Committee memberships:**

- Chair of the Nomination and Remuneration Committee
- Chair of the Risk Management Committee

**Directorships of other Australian listed companies held during last three years:**

- Adslot Limited from December 2013 to December 2016

DIRECTORS' STATUTORY REPORT CONTINUED



**Jane Halton AO PSM**, BA (Hons) Psychology, FIML, FIPAA, NAM, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt (UNSW)  
*Non-executive Director*

Jane Halton's 33 year career in the public service includes the positions of Secretary of the Australian Department of Finance, Secretary of the Australian Department of Health, Secretary for the Department of Health and Ageing and Executive Co-ordinator (Deputy Secretary) of the Department of the Prime Minister and Cabinet.

Ms Halton is a current Director of Australia and New Zealand Banking Group Limited and Clayton Utz, is the current Chair of Vault Systems and Council on the Ageing Australia and is the Chair and a Director of Coalition of Epidemic Preparedness Innovations (Norway).

Ms Halton's other roles include Member of the Executive Board of the Institute of Health Metrics and Evaluation at the University of Washington, Adjunct Professor of the University of Sydney and the University of Canberra and Council Member of Australian Strategic Policy Institute.

Ms Halton brings to the Board extensive experience in finance, risk management, information technology, human resources and public policy.

**Board Committee memberships:**

- Member of the Occupational Health and Safety Committee
- Member of the Risk Management Committee

**Directorships of other Australian listed companies held during last three years:**

- Australia and New Zealand Banking Group Limited from October 2016 to current



**Professor John S Horvath AO**, MB, BS (Syd), FRACP, FAAHMS, FRCPA (Hons)  
*Non-executive Director*

Professor John Horvath was the Australian Government Chief Medical Officer from 2003 to 2009 and principal Medical Consultant to the Commonwealth Department until January 2016. He continued to advise the Department of Health and the School of Medicine, University of Sydney until 2014 and holds the position of Honorary Professor of Medicine.

Professor Horvath is a Fellow of the Royal Australasian College of Physicians and is a distinguished practitioner, researcher and teacher. Professor Horvath previously sat on the Board of the Garvan Research Foundation and was a Governor of the Centenary Institute of Medical Research until January 2016. He was a member of the Advisory Council to the Australian Organ and Tissue Donation Agency. He was a member of the Finance and Administration Committee of the School of Medicine at the University of Sydney. Professor Horvath was a member of the Ministerial Advisory Council to the Minister of Health.

Professor Horvath was previously Clinical Professor of Medicine at the University of Sydney. He is also known as a leader in a range of medical training and workforce organisations and is a former President of the Australian Medical Council and the New South Wales Medical Board.

Professor Horvath is currently the Global Strategic Medical Advisor to the Chief Executive Officer of Ramsay Health Care, Group Chief Medical Officer of Ramsay Health Care and a Director of the Ramsay Hospital Medical Research Institute and the Gallipoli Medical Research Foundation.

Professor Horvath is a member of the International Advisory Board of the Australian Genetic Consortium.

Professor Horvath sits on the Crown Melbourne Limited and the Crown Resorts Foundation Boards.

**Board Committee memberships:**

- Chair of the Occupational Health and Safety Committee
- Chair of the Responsible Gaming Committee
- Member of the Corporate Responsibility Committee
- Member of the Nomination and Remuneration Committee



**Guy Jalland, LLB**  
Non-executive Director

Guy Jalland is the Chief Executive Officer of Consolidated Press Holdings Pty Limited (CPH), having worked in the Consolidated Press Holdings and Publishing & Broadcasting Limited (PBL) groups since 1998.

In the past, Mr Jalland has held the role of Group General Counsel and Joint Company Secretary of CPH and PBL.

He has represented CPH as a Director on the boards of Consolidated Media Holdings Limited, Foxtel and Fox Sports.

**Board Committee memberships:**

- Chair of the Investment Committee



**Michael R Johnston, BEc, CA**  
Non-executive Director

Michael Johnston is the Finance Director of Consolidated Press Holdings Pty Limited (CPH), having previously been an adviser to the Consolidated Press Holdings Group (CPH Group) for seventeen years. As Finance Director, Mr Johnston oversees a number of operational businesses within the CPH Group and its controlled associates. He was also the Chief Financial Officer of Ellerston Capital (a subsidiary of CPH) until 30 June 2008.

Prior to his appointment with the CPH Group, Mr Johnston was a senior partner in the Australian member firm of Ernst & Young. He was also on the Board of Partners of Ernst & Young, Australia.

Mr Johnston holds a Bachelor of Economics degree from Sydney University and is an Associate of the Institute of Chartered Accountants of Australia.

**Board Committee memberships:**

- Member of the Audit and Corporate Governance Committee
- Member of the Finance Committee
- Member of the Investment Committee
- Member of the Nomination and Remuneration Committee
- Member of the Occupational Health and Safety Committee



**Antonia Korsanos, BEc, CA, GAICD**  
Non-executive Director

Antonia Korsanos was the Chief Financial Officer (2009 to 2018) and Company Secretary (2011 to 2018) of Aristocrat Leisure Limited. She has over 20 years' experience in financial and general management at companies including Kellogg's Australia and New Zealand, Goodman Fielder Limited and Coopers & Lybrand in Sydney.

Mrs Korsanos brings to the Board extensive experience in the gaming industry and experience in the areas of technology, finance, strategy, mergers and acquisitions, risk management and financial and regulatory compliance.

Mrs Korsanos has a Bachelor of Economics (Accounting & Finance) from Macquarie University, is a Member of the Institute of Chartered Accountants and is a Graduate of the Australian Institute of Company Directors (GAICD).

Mrs Korsanos is also a Member of Chief Executive Women and a Non-executive Director of Webjet Limited and Ardent Leisure Group Limited.

Mrs Korsanos is a Director of Crown Melbourne Limited.

**Board Committee memberships:**

- Member of the Audit and Corporate Governance Committee
- Member of the Finance Committee
- Member of the Responsible Gaming Committee

**Directorships of other Australian listed companies held during last three years:**

- Webjet Limited from June 2018 to current
- Ardent Leisure Group Limited from July 2018 to current



DIRECTORS' STATUTORY REPORT CONTINUED



**Harold C Mitchell AC**  
Non-executive Director

Harold Mitchell is the founder of Mitchell & Partners, and until August 2013, was Executive Chairman of Aegis Media, Australia and New Zealand. Since he started Mitchell & Partners in 1976, the company has evolved to become the largest media and communications group in Australia today.

In December 2000, Mr Mitchell launched the Harold Mitchell Foundation which distributes funds between health and the arts.

Mr Mitchell holds a large number of community roles including, Chairman of The Florey Institute of Neuroscience and Mental Health, Board member of New York Philharmonic and Chairman of Australia-Indonesia Centre.

Previously Mr Mitchell was a Board Member and Vice President of Tennis Australia, Chairman of FreeTV Australia, the Melbourne Symphony Orchestra, TVS and University of Western Sydney's television service for Greater Sydney. Mr Mitchell was also the Chairman of the Victorian Premier's Job and Investment Panel.

In 2003, Mr Mitchell delivered the Andrew Olle Memorial Lecture on Media. In January 2004, he was awarded the Officer of the Order of Australia for his services as a benefactor and fundraiser in support of artistic and cultural endeavour.

Mr Mitchell was appointed Companion of the Order of Australia in 2010 for eminent service to the community through leadership and philanthropic endeavours in the fields of art, health and education and as a supporter of humanitarian aid in Timor-Leste and Indigenous communities.

In December 2011, Mr Mitchell was awarded an Honorary Doctorate – Doctor of Business Honoris Causa, by RMIT University.

Mr Mitchell was awarded the Victorian Australian of the Year for 2013.

In August 2013, Mr Mitchell was appointed Adjunct Professor, School of Humanities and Communications Arts, University of Western Sydney.

In December 2014, Melbourne University conferred on him an honorary degree of Doctor of Laws.

Mr Mitchell sits on the Crown Resorts Foundation Board.

**Board Committee memberships:**

- Member of the Corporate Responsibility Committee
- Member of the Nomination and Remuneration Committee



**John Poynton AO, BCom, Hon DCom, FAICD, SF FIN (LIFE), FAIM**  
Non-executive Director

John Poynton is a Director of the Future Fund Board of Guardians (Australia's sovereign wealth fund). He is also the Chair of Strike Energy Limited, Sapien Cyber Limited and Jindalee Partners.

Mr Poynton has previously served as Chairman, Deputy Chairman or Non-executive Director of a number of ASX Listed companies, Federal Government boards and education institutions. These include the Export Finance and Insurance Corporation, the Payments System Board of the Reserve Bank of Australia and the Business School at the University of Western Australia.

Mr Poynton was the Chair of the Council of Christ Church Grammar School between 2014 and 2018 and a member of the Advisory Board of the Security Research Institute at Edith Cowan University.

Mr Poynton is a past recipient of a Western Australian Citizen of the Year award in the Industry and Commerce category.

Mr Poynton also sits on the Burswood Limited Board.

**Directorships of other Australian listed companies held during last three years:**

- Strike Energy Limited from April 2017 to current

### Company secretary details



**Mary Manos**, LLB (Hons), BCom, GAICD  
General Counsel and Company Secretary

Mary Manos is Crown's General Counsel and Company Secretary. Ms Manos is also Secretary of Crown Melbourne Limited, Burswood Limited and Crown Resorts Foundation.

Ms Manos was formerly Senior Legal Counsel for Crown and joint Company Secretary. Ms Manos was appointed joint Company Secretary in April 2008.

Prior to joining Crown, Ms Manos was a Senior Associate in a Melbourne law firm, specialising in mergers and acquisitions and corporate law.

Ms Manos holds Bachelor of Laws (Hons) and Bachelor of Commerce degrees from the University of Melbourne.

She is also a Graduate of the Australian Institute of Company Directors.

### Other officer details



**Kenneth M Barton**, BEc, CA, F FIN  
Chief Financial Officer and CEO Crown Digital

Ken Barton has been Chief Financial Officer of Crown Resorts Limited since March 2010 and CEO Crown Digital since February 2017. Mr Barton also sits on the Crown Melbourne Limited, Burswood Limited and Crown Resorts Foundation Boards.

He was previously Chief Financial Officer of Boral Limited for seven years having also held roles at Pioneer International and Arthur Andersen.

Mr Barton holds a Bachelor of Economics degree from the University of Sydney, is an Associate of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia. He also joined the Male Champions of Change program in 2017.



**Barry Felstead**  
Chief Executive Officer - Australian Resorts

Barry Felstead has been Chief Executive Officer - Australian Resorts since August 2013. Mr Felstead sits on the Crown Melbourne Limited and Burswood Limited Boards.

Prior to August 2013, Mr Felstead was Chief Executive Officer of Crown Perth (formerly Burswood) since March 2007, after holding the position of Chief Operating Officer - Gaming of Crown Perth from 2005. Mr Felstead has held multiple management positions at Crown Melbourne.

Mr Felstead is Chairman of FutureNow, a Board member of Burswood Park Board, Alumni of Celebrate WA and a Board Member of Australasian Gaming Council (AGC).

Mr Felstead is a founding member of CEO's for Gender Equity.



**W Todd Nisbet**, BSc  
Executive Vice President - Strategy and Development

Todd Nisbet joined the Crown Resorts team in October 2007. In his role as Executive Vice President - Strategy and Development, Mr Nisbet is responsible for all project development and construction operations of Crown.

From August 2000 through to July 2007, Mr Nisbet held the position of Executive Vice President - Project Director for Wynn Design and Development, a development subsidiary of Wynn Resorts Limited. Serving this role with Wynn Resorts, he was responsible for all project development and construction operations undertaken by Wynn Resorts. Prior to joining Wynn Resorts, Mr Nisbet was the Vice President of Operations for Marnell Corrao Associates. During his 14 years at Marnell Corrao (1986 to 2000), he was responsible for managing various aspects of the construction of some of Las Vegas' most elaborate and industry-defining properties.

Mr Nisbet holds a Bachelor of Science degree in Finance from the University of Nevada, Las Vegas.

DIRECTORS' STATUTORY REPORT CONTINUED

## Relevant Interests of Directors

Details of relevant interests of current Directors in Crown shares as at 30 June 2019<sup>1</sup> were as follows:

Director	Total number of ordinary shares	Total number of options
John Alexander	399,557	5,000,000
The Hon. Helen Coonan	-	-
Andrew Demetriou	-	-
Geoff Dixon	-	-
Jane Halton AO PSM	948	-
Professor John Horvath AO	-	-
Guy Jalland	-	-
Michael Johnston	-	-
Antonia Korsanos	10,000	-
Harold Mitchell AC	114,887	-
John Poynton AO	1,000	-

1. For more information on relevant interests of current Directors, please see the Remuneration Report.

Other than in connection with Crown's 2017 Senior Executive Incentive Plan which is described in the Remuneration Report, no Crown Director is party to any contract which would give that Director the right to call for the delivery of shares in Crown.

## Board and Committee Meetings

Set out below are details of the number of Board meetings and Committee meetings held by Crown during the 2019 financial year together with each Director's attendance details.

	Board Meetings		Audit and Corporate Governance Committee Meetings		Corporate Responsibility Committee Meetings		Nomination and Remuneration Committee Meetings		Occupational Health and Safety Committee Meetings		Responsible Gaming Committee Meetings		Risk Management Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
	J H Alexander	11	11									7	7	
H A Coonan	11	11	3	3	2	2								
A Demetriou	11	10											6	5
G J Dixon	11	11					7	7					6	6
S J Halton AO PSM	11	11							4	4			6	6
J S Horvath AO	11	10			2	2	7	7	4	4	7	7		
G Jalland	11	11												
M R Johnston <sup>1</sup>	11	11	3	3			1	1	4	4				
A Korsanos	11	11	3	3							7	7		
H C Mitchell AC	11	11			2	2	7	7						
J Poynton AO <sup>2</sup>	8	8												

1. Mr Johnston was appointed as a member of the Nomination and Remuneration Committee on 17 April 2019.

2. Mr Poynton was appointed as a director of Crown on 20 November 2018.

Under Crown's Constitution and its Board and Committee Charters, documents containing written resolutions assented to by Directors are to be taken as a minute of a meeting of Directors or of a Committee (as the case may be). The Board assented to five written resolutions and the Nomination and Remuneration Committee assented to one written resolution in the 2019 financial year. The Finance and Investment Committees did not formally meet in the 2019 financial year.

## Shares and Options

As at the date of this Report, Crown has 21.175 million unquoted options on issue (as set out below). Each option is granted over one fully paid ordinary share in Crown. In addition, Crown Digital Holdings Pty Ltd (Crown Digital Holdings) (a wholly owned subsidiary of Crown) has 8,513,980 unquoted options on issue, each of which has been granted over one fully paid ordinary share in Crown Digital Holdings (as set out below).

In April 2017, Crown issued 14 million options under the 2017 Senior Executive Incentive Plan to John Alexander and a small number of senior executives. The options, with an expiry date of 22 February 2021, were granted with an initial exercise price of \$11.43. The exercise price of \$11.43 per option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

In August 2018, Crown issued an additional 7.175 million options under the 2017 Senior Executive Incentive Plan to a small number of senior executives, none of whom were members of Crown's key management personnel. 540,000 of the options were issued to Mr Karl Bitar – the Executive Vice President – Group Marketing & Brand Strategy. The options, with an expiry date of 8 August 2022, were granted with an initial exercise price of \$13.35. The exercise price of \$13.35 per option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

In respect of the 2017 Senior Executive Incentive Plan, if Crown undertakes a bonus issue of Crown shares during the term of the options, holders are entitled, upon exercise of an option, and without payment of any further consideration, to the number of Crown shares the holder would have received under that bonus issue. If Crown undertakes a pro rata issue of Crown shares during the term of the options, then the exercise price of each option will be reduced in accordance with the 2017 Senior Executive Incentive Plan Rules.

For all holders of options under the 2017 Senior Executive Incentive Plan, other than a Director of Crown, at Crown's election, the options can be settled by the issue of new Crown fully paid ordinary shares, the transfer of shares acquired by Crown from the market or by paying cash, equivalent to the difference between the exercise price of the options and the market price of the shares at the time of exercise. For John Alexander, a Director of Crown, any shares to be acquired on the vesting and exercise of the options must be purchased on-market and cannot be settled by the issue of new Crown shares.

In December 2018, Crown Digital Holdings issued 8,513,980 options to Mr Ken Barton under the Crown Digital Senior Executive Option Plan. Each option has been granted over one fully paid ordinary share in Crown Digital Holdings. The options, with an expiry date of 19 December 2022, were granted with an exercise price of \$1.45.

In respect of the Crown Digital Senior Executive Incentive Plan, if Crown Digital Holdings undertakes a bonus issue of shares during the term of the options, holders are entitled, upon exercise of an option, and without payment of any further consideration, to the number of Crown Digital Holdings shares the holder would have received under that bonus issue. If Crown Digital undertakes a pro rata issue of shares during the term of the options, then the exercise price of each option will be reduced in accordance with the Crown Digital Senior Executive Incentive Plan Rules.

No shares or interests have been issued during the year or since year end as a result of option exercise.

## Indemnity and Insurance of Officers and Auditors

### Director and Officer Indemnities

Crown indemnifies certain persons as detailed in its Constitution in accordance with the terms of the Crown Constitution.

### Directors' and Officers' Insurance

During the year Crown has paid insurance premiums to insure officers of the Crown group against certain liabilities.

The insurance contract prohibits disclosure of the nature of the insurance cover and the amount of the insurance premiums payable.

### Indemnification of Auditors

To the extent permitted by law, Crown has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

DIRECTORS' STATUTORY REPORT CONTINUED

## Auditor Information

### Auditor Details

Ernst & Young has been appointed Crown's auditor. Mr Michael Collins was the Ernst & Young partner responsible for the audit of Crown's accounts for the year ended 30 June 2019.

### Non-audit Services

Details of the amounts paid or payable to Ernst & Young for non-audit services provided during the year by the auditor are outlined in note 23 of the Financial Report. Crown acquired non-audit services from Ernst & Young, largely in respect of taxation matters relating to the Cannery tax litigation matter as well as employment and compliance related taxation matters.

The ratio of non-audit to audit services provided by Ernst & Young to Crown at the conclusion of the 2019 financial year is set out below:

Ratio including the Cannery tax litigation matter	Ratio excluding the Cannery tax litigation matter
2.5:1	1.6:1

Based on advice received from the Audit and Corporate Governance Committee, the Directors are satisfied that the provision of non-audit services during the 2019 financial year by Ernst & Young is compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services have been reviewed by the Audit and Corporate Governance Committee to ensure that they did not impact the impartiality and objectivity of the auditor; and
- none of the services involved reviewing or auditing the auditor's own work or acting in a management decision-making capacity for the Company.

## Rounding

The amounts contained in this Report and in the Financial Report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*. Crown is an entity to which this Instrument applies.

# Remuneration Report

This Remuneration Report for the year ended 30 June 2019 outlines the Director and executive remuneration arrangements of Crown in accordance with the requirements of the *Corporations Act 2001* (Cth) (Corporations Act) and the *Corporations Regulations 2001* (Cth). For the purposes of this Report, key management personnel (KMP) of the Crown group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Crown group, directly or indirectly, including any Director (whether executive or otherwise) of Crown Resorts Limited.

The disclosures in this Report have been audited. This Report is presented under the following sections:

1. Introduction
2. Overview of Remuneration Policy
3. Summary of Senior Executive Remuneration Structure
  - Fixed Remuneration
  - Performance Based Remuneration
4. Details of Performance Based Remuneration Elements
  - Short Term Incentives
  - Long Term Incentives: 2017 Senior Executive Incentive Plan and Crown Digital Senior Executive Incentive Plan
5. Relationship between Remuneration Policy and Company Performance
  - Remuneration linked to performance
  - Policy on entering into transactions in associated products which limit economic risk
6. Remuneration details for Non-executive Directors
7. Remuneration details for Senior Executives
8. Key Management Personnel Disclosures

## Introduction

### Persons to whom report applies

The remuneration disclosures in this Report cover the following persons:

#### Non-executive Directors

- The Hon. Helen A Coonan
- Andrew Demetriou
- Geoffrey J Dixon
- Jane Halton AO PSM
- Professor John S Horvath AO
- Guy Jalland
- Michael R Johnston
- Antonia Korsanos
- Harold C Mitchell AC
- John H Poynton AO (from 20 November 2018)

#### Executive Directors

- John H Alexander (Executive Chairman)

#### Other Company Executives and Key Management Personnel

- Kenneth M Barton (Chief Financial Officer and CEO Crown Digital)
- Barry Felstead (Chief Executive Officer – Australian Resorts)
- W Todd Nisbet (Executive Vice President – Strategy and Development)

In this Report, the group of persons comprised in the categories of Executive Directors and Other Company Executives (listed above) are collectively referred to as “Senior Executives”.

This Report contains a similar level of disclosure to the 2018 Remuneration Report.

There has been no material change to the Company’s Remuneration Policy during the period and much of the description of the Company’s Remuneration Policy in this Report is therefore unchanged from last year other than in relation to the following:

- the introduction of a new Crown Digital Senior Executive Incentive Plan (described below); and
- as the 2014 Crown Long Term Incentive Plan expired on 30 June 2018 and no Plan Year Bonus was paid in respect of the financial year ended 30 June 2018, a description of the 2014 Crown Long Term Incentive Plan has not been included in this Report.

## Overview of Remuneration Policy

### Philosophy

Crown is a company that provides outstanding customer service and, to remain competitive, Crown must continue to enhance the experience of all customers who visit Crown’s land-based properties and digital assets. As a result, the performance of the Crown group is highly dependent upon the quality of its Directors, senior executives and employees. Crown seeks to attract, retain and motivate skilled Directors and senior executives in leadership positions of the highest calibre. Crown’s remuneration philosophy is to ensure that remuneration packages properly reflect a person’s duties and responsibilities, that remuneration is appropriate and competitive both internally and as against comparable companies and that there is a direct link between remuneration and performance. Crown has differing remuneration structures in place for Non-executive Directors and Senior Executives.

### Non-executive Directors

The process for determining remuneration of the Non-executive Directors has the objective of ensuring maximum benefit for Crown by the retention of a high quality Board.

REMUNERATION REPORT CONTINUED

The Nomination and Remuneration Committee bears the responsibility of determining the appropriate remuneration for Non-executive Directors. Non-executive Directors' fees are reviewed periodically by the Nomination and Remuneration Committee with reference to the fees paid to the Non-executive Directors of comparable companies. The Nomination and Remuneration Committee is subject to the direction and control of the Board.

In forming a view of the appropriate level of Board fees to be paid to Non-executive Directors, the Nomination and Remuneration Committee may also elect to receive advice from independent remuneration consultants, if necessary. Details regarding the composition of the Nomination and Remuneration Committee and its main objectives are outlined in the 2019 Corporate Governance Statement. The Nomination and Remuneration Committee is comprised of a majority of independent Non-executive Directors.

No performance based fees are paid to Non-executive Directors. Non-executive Directors are not entitled to participate in Crown's incentive plans (described more fully below). Non-executive Directors are not provided with retirement benefits other than statutory superannuation at the rate prescribed under the *Superannuation Guarantee (Administration) Act 1992* (Cth) (Superannuation Legislation).

### Senior Executives

The remuneration structure for Senior Executives incorporates a mix of fixed and performance based remuneration. The following section provides an overview of the fixed and performance based elements of executive remuneration. The summary tables provided later in this Report indicate which elements apply to each Senior Executive.

Crown's key business strategies which are taken into consideration as part of performance based remuneration, are set out in the Operating and Financial Review section of the 2019 Directors' Statutory Report.

## Summary of Senior Executive Remuneration Structure

### Fixed remuneration

The objective of fixed remuneration is to provide a base level of remuneration which is appropriate to the Senior Executive's responsibilities, the geographic location of the Senior Executive and competitive conditions in the appropriate market.

Fixed remuneration is therefore determined with reference to available market data, the scope and any unique aspects of an individual's role and having regard to the qualifications and experience of the individual. From time to time, Crown seeks a range of specialist advice to help establish the competitive remuneration for its Senior Executives.

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Legislation, mobile telephone costs, complimentary privileges at Crown Melbourne and Crown Perth and may include, at the election of the Senior Executive, other benefits such as a motor vehicle, additional contributions to superannuation, car parking and staff gym membership, aggregated with associated fringe benefits tax to represent the total employment cost (TEC) of the relevant Senior Executive to Crown.

Fixed remuneration for the Senior Executives (except the Executive Chairman) is reviewed annually by the Executive Chairman and is approved by the Nomination and Remuneration Committee.

The review process measures the achievement by the Senior Executives of their Key Performance Objectives (KPOs) established at the beginning of the financial year (see further below), the performance of Crown and the business in which the Senior Executive is employed, relevant comparative remuneration in the market and relevant external advice.

Fixed remuneration for the Executive Chairman is reviewed by the Nomination and Remuneration Committee following their consideration of his performance against his annual KPOs.

The KPOs for Senior Executives, including the Executive Chairman, are closely aligned with the objectives set out in Crown's Annual Business Plan and Budget.

Any payments relating to redundancy or retirement are as specified in each relevant Senior Executive's contract of employment.

For summaries of Senior Executive contracts of employment, see pages 69 to 72 of this Report.

### Performance based remuneration

The performance based components of remuneration for Senior Executives seek to align the rewards attainable by Senior Executives with the achievement of particular annual and long term objectives of Crown and the creation of shareholder value over the short and long term. The performance based components which applied to the Senior Executives during the year were as follows:

- Short Term Incentives; and
- Long Term Incentives (the 2017 Senior Executive Incentive Plan and the Crown Digital Senior Executive Incentive Plan).

A key focus of the Crown Board is the achievement of the Crown group's Annual Business Plan and Budget and the long term financial plan. In order to provide incentives to senior executives, the Short Term Incentives link back to key elements of the Annual Business Plan and Budget. The 2017 Senior Executive Incentive Plan and the Crown Digital Senior Executive Incentive Plan are based on an alignment of the relevant Senior Executive's reward to the appreciation of Crown's share price (in respect of the 2017

Senior Executive Incentive Plan) and the appreciation of Crown's Digital business (in respect of the Crown Digital Senior Executive Incentive Plan) and are contingent on continued employment with the Crown group.

## Details of Performance Based Remuneration Elements

### Short Term Incentives (STI)

The remuneration of Senior Executives is linked to Crown's short term annual performance through a cash-based STI. Senior Executives have a potential or target STI, which is subject to the Crown group's performance and the achievement of the Senior Executive's KPOs established at the beginning of each financial year.

Financial performance objectives are derived from Crown's Annual Business Plan and Budget as the Crown Board considers that this is the best way to ensure that Crown meets the Annual Business Plan and Budget, aligning performance outcomes with shareholder value.

A failure to achieve relevant financial performance objectives will result in Senior Executives receiving either no STI bonus or, where relevant financial performance objectives are only partially met, a reduced STI bonus. The Crown Board retains discretion, however, to pay STI

bonuses where financial performance objectives have not been met, but other objectives have been achieved.

The performance of each Senior Executive against financial and non-financial KPOs is reviewed on an annual basis. Whether KPOs have been achieved is determined by the Executive Chairman, having regard to the operational performance of the business or function in which the Senior Executive is involved and the Executive Chairman's assessment of the attainment of the individual's KPOs.

The Executive Chairman reviews performance based remuneration entitlements and recommends the STI bonuses, subject to final approval by the Nomination and Remuneration Committee and the Board.

The Executive Chairman's eligibility for an STI bonus is determined by the Nomination and Remuneration Committee on behalf of the Board.

The following table sets out the STI performance scorecard measures and weightings that applied to the Senior Executives for the 2019 financial year.

Where rating ranges have been provided, this indicates that different targets applied to individual Senior Executives based on their level of influence or responsibility with regard to the relevant KPO.

Category	Performance Objective	Performance Outcome	Weighting
<b>Financial</b>	Achieve relevant financial targets, as determined by the Board for the performance period taking into consideration any events/occurrences not contemplated or flagged at the time of the setting of the relevant financial targets.	The EBITDA and NPAT targets determined by the Board for the 2019 financial year were not met, with the full year result reflecting subdued market conditions.	40-50%
<b>Capital Structure and Investments</b>	Maintain an appropriate capital structure to support Crown's strategy including capital management initiatives and major project investments. Ongoing capital investment to support growth in shareholder value. Ensure each of Crown's properties are maintained in keeping with brand positioning and standards.	At 30 June 2019, Crown's net debt position was \$86.5 million, with available liquidity of \$1,192.5 million. Crown's balance sheet is well placed to support its business strategies, including its capital structure initiatives and major project investments. Construction of the Crown Sydney Hotel Resort is proceeding on time and on budget. Maintenance capital expenditure for Crown Melbourne and Crown Perth was delivered within budget while at the same time, ensuring brand standards were maintained with a focus on key customer facing elements of the properties.	5-25%
<b>Customer Service / Experience</b>	Achieve relevant property customer service benchmarks. Building on existing relationships with local communities.	Customer experience metrics at Crown Melbourne and Crown Perth improved on the prior year. Crown Melbourne and Crown Perth received a number of prestigious awards reflecting the quality of their service offering and standards. Refer to pages 17 and 19 for a further description of these awards.	0-15%



REMUNERATION REPORT CONTINUED

Category	Performance Objective	Performance Outcome	Weighting
<b>Governance, Risk &amp; Compliance</b>	<p>Implement appropriate corporate governance processes and procedures.</p> <p>Pursue and maintain effective relationships with stakeholders including Government, Regulators and the Community through regular formal and informal contact.</p> <p>Manage the organisation's corporate responsibility initiatives.</p> <p>Manage risk management decisions in accordance with Crown's Board approved Risk &amp; Compliance framework.</p>	<p>Crown proactively engaged with relevant stakeholders, including regulators. During the period, Crown made good progress on the implementation of the 20 recommendations made by the VCGLR in its final report on the Sixth Review of the Casino Operator and Licence held by Crown Melbourne Limited.</p> <p>Crown continued to enhance its governance, risk and compliance frameworks during the period.</p>	15%
<b>Occupational Health and Safety</b>	Achieve compliance with all relevant Health and Safety Policies and Procedures to support a safe environment for staff and patrons alike.	<p>The Total Recordable Injury Frequency Rate was better than the targets at Crown Melbourne and Crown Perth with other occupational health and safety key performance indicators showing improvement on the prior year.</p> <p>WorkSafe Victoria granted Crown a further six-year approval to act as a self-insurer in Victoria.</p> <p>Crown Perth achieved a significant reduction in its premium for workers compensation.</p>	5-10%
<b>Our People and Culture</b>	<p>Drive improved workforce and leadership through:</p> <ul style="list-style-type: none"> <li>Enhanced engagement</li> <li>Promotion of talent</li> <li>Career progression</li> <li>Promotion of diversity</li> <li>Promote a culture of compliance</li> <li>Develop the company's indigenous workforce &amp; relationships</li> </ul>	<p>During the 2019 financial year, a number of key objectives were achieved, including:</p> <ul style="list-style-type: none"> <li>the adoption of a purpose statement and values with a focus on employees and customers;</li> <li>the achievement of its Gender Objectives as detailed on pages 29 to 31 of the Annual Report; and</li> <li>the CROWNability employment target was exceeded.</li> </ul> <p>Refer to pages 20 to 23 of the Annual Report for additional information.</p>	10%
<b>Role Specific<sup>1</sup></b>	Role specific metrics which are aligned to the achievement of Crown Resorts group objectives.	The Executive Chairman assessed the performance of each Senior Executive against their role specific objectives.	15%

1. Role specific performance objectives applied for each Senior Executive other than the Executive Chairman.

Following year end, the Executive Chairman conducted formal reviews with each of the Senior Executives, and the Nomination and Remuneration Committee conducted a review of the Executive Chairman, to assess their performance for the financial year and the achievement of their KPOs.

While a number of the non-financial KPOs were met, on account of the fact that Crown did not achieve its financial objectives, the Executive Chairman recommended to the Nomination and Remuneration Committee that no STI bonuses be awarded in respect of the 2019 financial year.

The Board, upon receipt of a recommendation from the Nomination and Remuneration Committee, determined that no STI bonus would be paid to Senior Executives as the financial performance measure was not met for the year ended 30 June 2019. Disclosures in line with the above have been included in the Senior Executive Remuneration Table set out later in this Report.

### Long Term Incentives

During the year, Crown had the following two long term incentive plans in place:

- the 2017 Senior Executive Incentive Plan; and
- the Crown Digital Senior Executive Incentive Plan.

This section of the Report describes these two Plans.

### 2017 Senior Executive Incentive Plan (2017 Incentive Plan) and Crown Digital Senior Executive Incentive Plan (Crown Digital Incentive Plan)

As the features of the 2017 Incentive Plan and the Crown Digital Incentive Plan (together, the Plans) are similar, the plans are described together below with the differences between the Plans and the offers made under the Plans distinguished where required.

#### Plan Participants

Options have been granted under the Plans to the following Senior Executives:

Senior Executive	Number of 2017 Incentive Plan Options	Number of Crown Digital Incentive Plan Options*
John Alexander	5,000,000	-
Ken Barton	3,000,000	8,513,980
Barry Felstead	3,000,000	-
Todd Nisbet	3,000,000	-

\* Options under the Crown Digital Incentive Plan have only been granted to Mr Barton as CEO – Crown Digital.

#### Key Features of the Plans

The Plans seek to assist in the reward, retention and motivation of relevant Senior Executives, to link the reward to shareholder value creation and to align the interests of relevant Senior Executives with shareholders.

The key features of the Plans are set out below.

Feature	2017 Incentive Plan	Crown Digital Incentive Plan
Options Description	<p>The 2017 Incentive Plan accommodates the offer and issue of 'Awards' which may be in the form of Options, Performance Rights or Share Appreciation Rights. All Awards may be settled with Crown shares or cash.</p> <p>Options were issued to participants with a four year term from their agreed date of issue and are styled as 'European Options', meaning that they are only exercisable on a single day starting at midnight and ending at 11.59pm Melbourne time on the expiry date.</p> <p>The Options expire on 22 February 2021.</p> <p>The Options are not quoted on the ASX or on any other financial market.</p> <p>For all participants, other than a Director of Crown, at Crown's election, the Options can be settled by the issue of new Crown shares, the transfer of shares acquired by Crown from the market or by paying cash, equivalent to the difference between the Exercise Price of the Options and the market price of the shares at the time of exercise. For John Alexander, a Director of Crown, any Crown shares to be acquired on the vesting and exercise of the Options must be purchased on-market and cannot be settled by the issue of new Crown shares.</p>	<p>The Crown Digital Incentive Plan accommodates the offer and issue of Options. All Options may be settled with Crown Digital Holdings Pty Ltd (Crown Digital Holdings) shares.</p> <p>Options were issued under this Plan with a four year term from their agreed date of issue and are styled as 'European Options', meaning that they are only exercisable on a single day starting at midnight and ending at 11.59pm Melbourne time on the expiry date.</p> <p>The Options expire on 19 December 2022.</p> <p>The Options are not quoted on the ASX or on any other financial market.</p>
Exercise Price	<p>The Options have an initial Exercise Price of \$11.43 per Option.</p> <p>The initial Exercise Price of \$11.43 per Option was determined by reference to the volume weighted average price (VWAP) of Crown shares at the time that the Crown Board approved the offer of Options at its February 2017 meeting.</p> <p>The Exercise Price of each Option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.</p>	<p>The Options have an Exercise Price of \$1.45 per Option.</p> <p>The Exercise Price of \$1.45 per Option was determined by reference to the market value of one Crown Digital Holdings share at the grant date.</p>

REMUNERATION REPORT CONTINUED

Feature	2017 Incentive Plan	Crown Digital Incentive Plan
Adjustments to the Exercise Price	Any special dividends (but not ordinary dividends) or capital returns are reflected as adjustments to the Exercise Price of the Options.  Certain adjustments may be made in accordance with the Plan rules and the ASX Listing Rules (where applicable) in relation to bonus and pro rata issues and reorganisations.	Certain adjustments may be made in accordance with the Plan rules and the ASX Listing Rules (where applicable) in relation to bonus and pro rata issues and reorganisations.

In addition, the following features are common to both of the Plans.

Feature	
Options Issued for Value	Participants were required to pay value for their Options. The Options issued were not free.
Consideration for the Payment of Options	Each participant was required to pay a Fee equal to the market value of the Options through an Acquisition Loan advanced by the Crown group.
Vesting Condition	The Options are subject to a single Vesting Condition, being the continued employment of the relevant participant for four years after the grant date, or the classification of the Senior Executive as a good leaver at the expiry date.
Malus and Board Discretion	The Board may deem all unvested Options to have lapsed where a participant acts fraudulently or dishonestly, or wilfully breaches their duties.  All unvested Options will automatically be forfeited where a participant is considered a 'bad leaver'. Circumstances in which a participant would be considered a 'bad leaver' include where a participant's employment is terminated or a participant is dismissed due to serious and wilful misconduct, material breach of the terms of the employment contract, gross negligence or other conduct justifying termination without notice.  A participant will also be considered a 'bad leaver' if the participant resigns from his or her employment or office.
Board discretion to buy back at any time	The Board may cause the relevant company to buy back Options held by a participant at any time, for the Market Value of the Options without the agreement of a participant.
Dividend and Voting Rights	No ordinary dividend or voting rights attach to the Options unless and until shares are delivered on exercise.
Bonus Issues and Reconstructions	Certain adjustments may be made in accordance with the Plan rules and the ASX Listing Rules (where applicable) in relation to bonus and pro rata issues and reorganisations.
Shareholder Approval	Shareholder approval was not required for the issue of Options.

### **Value Creation and Alignment**

As noted earlier, the Plans seek to link the reward to shareholder value creation and to align the interests of relevant Senior Executives with shareholders.

Further discussed below are how a selection of these features seek to achieve the Plans' objectives and accordingly why Crown considers these features to be appropriate.

#### **Options are Issued for Value – Senior Executives Pay for Options**

The Plans differ from many similar option-based incentive plans in that they require participants to pay value for their Options. The Options are not free.

Senior Executives participating in the plans were invited to acquire Options for a Fee equal to the market value of those Options.

The market value was based on the option valuation methodology under the *Income Tax Assessment Regulations 1997* (Cth) (Regulations).

Under the Regulations, having regard to the market price of a share at the grant date and the Exercise Price of the Option, a four year Option is valued at 6.2% of the market value of the underlying share.

The Fee determined with reference to the above for each plan is set out below.

2017 Incentive Plan	Crown Digital Incentive Plan
Options were issued to participants for a fee equal to the market value at the date they were agreed to be issued, being 22 February 2017, of \$0.71 per Option (Fee) (i.e. 6.2% of the initial exercise price of \$11.43).	Options were issued to participants for a fee equal to the market value at the date they were agreed to be issued, being 19 December 2018, of \$0.09 per Option (Fee) (i.e. 6.2% of the initial exercise price of \$1.45).

On the day the Options were issued, the value to the participants was therefore nil. The value of the incentives to the participants will arise only where the relevant share price exceeds the Exercise Price of the Options plus the Fee (i.e. \$12.14 for the 2017 Incentive Plan and \$1.54 for the Crown Digital Incentive Plan), the vesting condition is met and the Options are exercisable.

#### *Consideration for the Payment of Options – Acquisition Loan*

Each participant paid the Fee for the issue of the Options through an Acquisition Loan advanced by Crown.

The Acquisition Loan is repayable on the exercise, lapse, cancellation or forfeiture of the Options financed by the Acquisition Loan. No interest is payable on the Loan.

The repayment amount of the Acquisition Loan is the lesser of the outstanding amount of the Acquisition Loan and:

- the market value of the shares to be delivered on exercise; or
- in the case of a buy-back, the market value of the Options; or
- in the case of lapse, cancellation or forfeiture, nil.

#### *Single Vesting Condition of Continued Employment*

The Options are subject to a single Vesting Condition being the continued employment of the relevant Senior Executive for four years after the grant date, or the classification of the Senior Executive as a good leaver at the Expiry Date.

The 2017 Incentive Plan seeks to reward and retain those Senior Executives who have primary responsibility for delivering Crown's key strategic priorities over the Plan period.

In relation to the Crown Digital Incentive Plan, the Board considered that the CEO of Crown Digital should be given the opportunity to benefit from the increase in the value of the Crown Digital portfolio over the Plan period. Further, the Crown Digital Incentive Plan seeks to reward and retain the CEO of Crown Digital who has primary responsibility for creating value in the Crown Digital portfolio.

The Options have an implicit performance hurdle in that the Options have no value upon vesting unless the relevant share price exceeds the Exercise Price of the Options plus the Fee (i.e. the Crown share price exceeding \$12.14 for the 2017 Incentive Plan and the Crown Digital share price exceeding \$1.54 for the Crown Digital Incentive Plan). This creates alignment with shareholders through value and share price appreciation and motivates the performance and retention of Senior Executives.

#### *Shareholder Approval Not Required – Plans not Dilutive to Existing Shareholders*

The terms of the 2017 Incentive Plan specifically provide that, upon vesting and exercise of the Options, Directors of Crown may only receive Crown shares that have been purchased on-market. The issue of such Options to Directors of Crown will therefore not be dilutive of existing shareholders and the shares delivered to Option holders will reflect the market value of the shares at the time. As a result, shareholder approval was not required under the ASX Listing Rules for the 2017 Incentive Plan or any Options issued under the 2017 Incentive Plan. Neither the letter nor the spirit of the ASX Listing Rules requires such approval, which would therefore not serve any purpose. As a condition of the fact that the 2017 Incentive Plan was not approved by shareholders, new Crown shares must not be issued to a Director of Crown under the terms of the 2017 Incentive Plan.

In relation to the Crown Digital Incentive Plan, as the Options are issued over shares in Crown Digital Holdings, shareholder approval considerations do not apply.

REMUNERATION REPORT CONTINUED

**Accounting Valuation of Options and Reporting**

The Options constitute remuneration for the purposes of this Report.

For the purposes of reporting, a determination of the "fair value" (for accounting purposes) of each Option was undertaken. As there is a limited recourse Acquisition Loan associated with the Options with an obligation to repay Crown (in the event the Options are exercised) the Fee per Option, from an accounting perspective, the Acquisition Loan has been treated as an addition to the Exercise Price of the Option and the Option has been re-valued accordingly, without having further regard to the amount outstanding under the Acquisition Loan.

Based on this approach, from an accounting perspective, the Options have been valued using an assumed "exercise price" of the Exercise Price plus the Fee and assumes that there is no Acquisition Loan.

The fair value of the Options was determined at the commencement of each Plan as set out below.

The outcome of this valuation approach (using the Black Scholes valuation model) and the accounting implications are shown below:

	2017 Incentive Plan	Crown Digital Incentive Plan
Number of Options	14,000,000	8,513,980
Exercise Price \$	11.43 <sup>1</sup>	1.45 <sup>2</sup>
Total Face value \$	160,020,000	12,345,271
Valuation %	4.6% <sup>1</sup>	7.15% <sup>2</sup>
Valuation \$	7,360,920	882,687
Value per Option \$	0.53	0.10
<b>Annual impact on Crown reported results (over four years) \$</b>	<b>1,840,230</b>	<b>220,672</b>

1 While the contracted Exercise Price of each Option is as set out, from an accounting perspective, the valuation of each Option is determined assuming the Exercise Price plus the Fee. For the purposes of the Black Scholes Valuation model, a volatility measure of 18% has been used representing the historical volatility of Crown shares.

2 While the contracted Exercise Price of each Option is as set out, from an accounting perspective, the valuation of each Option is determined assuming the Exercise Price plus the Fee. For the purposes of the Black Scholes Valuation model, a volatility measure of 25% has been used representing the historical volatility of shares in listed companies comparable to the Crown Digital business portfolio.

Based on the above, the annual value of the Plans which has been attributed to each Senior Executive participant is as follows:

	Number of 2017 Incentive Plan Options	Accounting Value per 2017 Incentive Plan Option	Number of Crown Digital Incentive Plan Options	Accounting Value per Crown Digital Incentive Plan Option	Annual Impact \$
John Alexander	5,000,000	53 cents	-	-	657,225
Ken Barton	3,000,000	53 cents	8,513,980	10 cents	615,007 <sup>1</sup>
Barry Felstead	3,000,000	53 cents	-	-	394,335
Todd Nisbet	3,000,000	53 cents	-	-	394,335
<b>Total</b>	<b>14,000,000</b>		<b>8,513,980</b>		<b>2,060,902</b>

1 The annual impact for Mr Barton includes the annual impact of the 2017 Incentive Plan, being \$394,335, and the annual impact of the Crown Digital Incentive Plan, being \$220,672. The F19 impact of the Crown Digital Incentive Plan was \$117,289 as the Options were issued part way through the year (i.e. in December 2018).

Disclosures in line with the above have been included in the Senior Executive Remuneration Table set out later in this Report.

## Relationship between Remuneration Policy and Company Performance

### Remuneration linked to performance

As detailed above in the sections on Fixed Remuneration and Performance Based Remuneration, various elements of Crown's Remuneration Policy are linked to company performance, in particular, the achievement of Crown's Board approved Annual Budget and Business Plan (in the case of STI), an increase in the value of Crown shares (in the case of the 2017 Incentive Plan) and an increase in the value of the Crown Digital portfolio (in the case of the Crown Digital Incentive Plan).

The Crown Board has sought to achieve this link by requiring the achievement of an annual level of normalised EBITDA and net profit after tax (in the case of STI), an increase in the value of Crown shares over the following four years (in the case of the 2017 Incentive Plan) or an increase in the value of Crown Digital portfolio over the following four years (in the case of the Crown Digital Incentive Plan).

Full details of how these links have been achieved are set out in the above sections of this Report, but, in summary:

- an STI bonus may be payable if Crown achieves its budgeted financial objectives and where an individual achieves his or her annual KPOs, assessed using a combination of financial and non-financial measures;
- an increase in the value of Crown shares over the four years of the 2017 Incentive Plan may result in a benefit to participants; and
- an increase in the value of the Crown Digital portfolio over the four years of the Crown Digital Incentive Plan may result in a benefit to participants.

This year, normalised EBITDA generated by Crown Melbourne and Crown Perth, Crown's wholly owned Australian casinos, was down by 9.2%. The compound annual normalised EBITDA growth for Crown Melbourne and Crown Perth for the five year period to 30 June 2019 was 0.2% per annum. Normalised Crown group NPAT was down by 4.7% in financial year 2019. The compound annual normalised NPAT growth (including NPAT from Melco Resorts and Entertainment Limited (MRE) until the 2017 financial year) for the Crown group for the five year period to 30 June 2019 was negative 10.4% per annum. Excluding NPAT from MRE (in which Crown ceased to hold an interest in the 2017 financial year), the compound annual normalised NPAT growth for the five year period to 30 June 2019 was positive 1.1% per annum.

The average dividend (including special dividends) declared over the five year period to 30 June 2019 was 74.5 cents per annum. This implies a dividend yield of 6.2% based on the volume weighted average share price over the five year period to 30 June 2019.

The table and graph below set out information about movements in shareholder wealth for the financial years ended 30 June 2015 to 30 June 2019.

	Year Ended 30 June 2015	Year Ended 30 June 2016	Year Ended 30 June 2017	Year Ended 30 June 2018	Year Ended 30 June 2019
Share price at start of period	\$15.12	\$12.20	\$12.61	\$12.28	\$13.50
Share price at end of period	\$12.20	\$12.61	\$12.28	\$13.50	\$12.45
Full year dividend	37.0 cents <sup>1</sup>	72.5 cents <sup>2</sup>	143.0 cents <sup>3</sup>	60.0 cents <sup>4</sup>	60.0 cents <sup>5</sup>
Basic earnings per share <sup>6</sup>	61.28 cps	54.04 cps	42.55 cps	47.44 cps	59.07cps

1 Franked to 50% with none of the unfranked component comprising conduit foreign income.

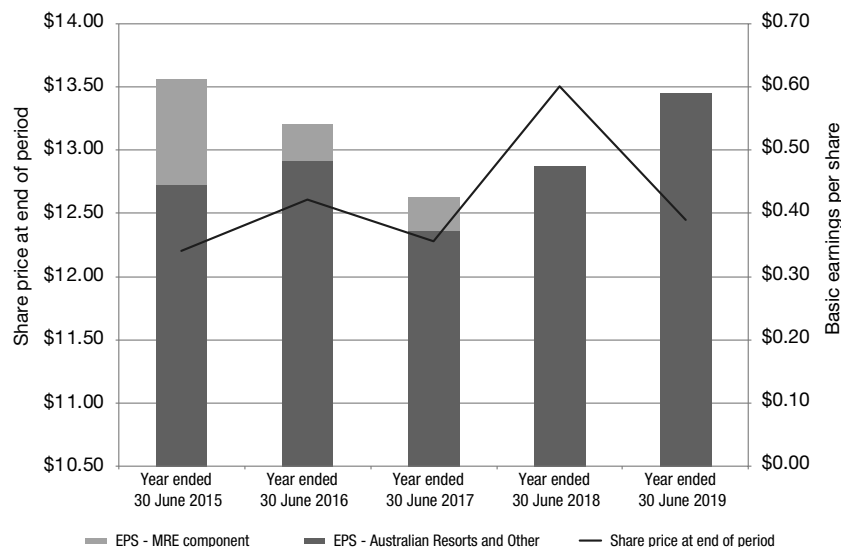
2 Interim dividend franked to 50% and final dividend franked to 70% with all of the unfranked components comprising conduit foreign income.

3 Franked to 60% with none of the unfranked component comprising conduit foreign income. This amount includes a special dividend paid to shareholders in March 2017 of 83 cents per share.

4 Franked to 60% with none of the unfranked component of the interim dividend comprising conduit foreign income and all of the unfranked component of the final dividend comprising conduit foreign income.

5 Interim dividend franked to 60% and final dividend franked to 25% with all of the unfranked components comprising conduit foreign income.

6 Excluding the effect of significant items.



REMUNERATION REPORT CONTINUED

**Policy on entering into transactions in associated products which limit economic risk**

The rules of the 2017 Incentive Plan and the Crown Digital Incentive Plan specifically provide that a participant must not transfer, encumber, dispose of or have a Security Interest issued over Plan Shares, or any beneficial interest in Plan Shares, unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met or waived by the Board or the Board has provided prior written consent. A Security Interest is defined to include a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

In addition, Crown's Securities Trading Policy provides that restricted persons who hold Crown shares (defined as Crown shares or other securities which may be issued from time to time by Crown) under an incentive plan offered by Crown from time to time, must not, without the prior consent in writing of Crown, sell, create a security interest in, or otherwise dispose or deal with their Crown shares or any of their interests in any of those Crown shares.

The rules of the 2017 Incentive Plan and the Crown Digital Incentive Plan also require participants to comply with Crown's Securities Trading Policy at all times.

## Remuneration Details for Non-executive Directors

**Non-executive Directors**

Non-executive Directors are entitled to a base fee per annum for acting as a Director of Crown.

Non-executive Directors acting on the Board of Crown Melbourne Limited and Burswood Limited (i.e. Crown Perth) are entitled to receive a further fee in respect of that service.

Non-executive Directors of Crown are entitled to additional fees if they act as either chair or a member of an active Committee (the Audit and Corporate Governance Committee, the Corporate Responsibility Committee, the Occupational Health and Safety Committee, the Nomination and Remuneration Committee, the Responsible Gaming Committee or the Risk Management Committee).

All Directors are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Non-executive Directors' fees which applied during the financial year ended 30 June 2019 were as follows:

Base Board Fees:	\$150,000
Active Board Committees:	
- Chair	\$25,000
- Member	\$15,000
Crown Melbourne Board:	\$60,000
Crown Perth Board:	\$80,000

In accordance with Crown's constitution, Non-executive Directors' fees were within the aggregate Non-executive Directors' Fee cap of \$2,500,000 per annum.

Set out below is a table showing Non-executive Director remuneration for financial years 2019 and 2018.

**Remuneration Table - Non-executive Directors**

	Financial Year	Short Term Benefits			Post-employment Benefit - Superannuation	Long Term Incentives			Total
		Salary & Fees	Non Monetary	Other		Cash Based	Equity Based	Termination Benefits	
<b>Helen Coonan</b>	2019	200,000	-	-	19,000	-	-	-	219,000
Non-executive Director	2018	200,000	-	-	19,000	-	-	-	219,000
<b>Andrew Demetriou</b>	2019	165,000	-	-	15,675	-	-	-	180,675
Non-executive Director	2018	218,620	-	-	20,769	-	-	-	239,389
<b>Geoffrey Dixon</b>	2019	200,000	-	-	19,000	-	-	-	219,000
Non-executive Director	2018	200,000	-	-	19,000	-	-	-	219,000
<b>Jane Halton AO PSM</b>	2019	180,000	-	-	17,100	-	-	-	197,100
Non-executive Director	2018	16,304	-	-	1,549	-	-	-	17,853
<b>John Horvath AO<sup>1</sup></b>	2019	290,000	-	-	20,531	-	-	-	310,531
Non-executive Director	2018	285,516	-	-	20,049	-	-	-	305,565
<b>Guy Jalland<sup>2</sup></b>	2019	-	-	-	-	-	-	-	-
Non-executive Director	2018	-	-	-	-	-	-	-	-
<b>Michael Johnston<sup>2</sup></b>	2019	-	-	-	-	-	-	-	-
Non-executive Director	2018	-	-	-	-	-	-	-	-
<b>Antonia Korsanos<sup>1</sup></b>	2019	230,000	-	-	20,531	-	-	-	250,531
Non-executive Director	2018	16,304	-	-	1,549	-	-	-	17,853
<b>Harold Mitchell AC</b>	2019	180,000	-	-	17,100	-	-	-	197,100
Non-executive Director	2018	180,000	-	-	17,100	-	-	-	197,100
<b>John Poynton AO<sup>3</sup></b>	2019	172,391	-	-	8,777	-	-	-	181,168
Non-executive Director	2018	-	-	-	-	-	-	-	-
<b>2019 TOTALS</b>		<b>1,617,391</b>	<b>-</b>	<b>-</b>	<b>137,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,755,105</b>
<b>2018 TOTALS<sup>4</sup></b>		<b>1,116,744</b>	<b>-</b>	<b>-</b>	<b>99,016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,215,760</b>

1 Professor Horvath and Mrs Korsanos received Directors' fees at a rate of \$60,000 per annum for their participation on the Crown Melbourne Limited Board. Mrs Korsanos was appointed as a Director of Crown Melbourne Limited on 5 September 2018.

2 Messrs Jalland and Johnston did not receive remuneration from Crown from their services to Crown.

3 Mr Poynton was appointed as a Director of Crown on 20 November 2018. Mr Poynton also received Directors' fees at a rate of \$80,000 per annum for his participation on the Burswood Limited Board for which no superannuation was applicable.

4 Total Non-executive Director remuneration for the 2018 financial year excludes remuneration of \$130,833 and related superannuation of \$10,079 for the Non-executive Director who ceased in the 2018 financial year.

The apparent increase in total Non-executive Director Remuneration in the 2019 financial year as compared to the 2018 financial year is largely due to the full year remuneration impact of those Non-executive Directors who were appointed in May 2018 (i.e. Jane Halton AO PSM and Antonia Korsanos) and the appointment of John Poynton AO in November 2018.



REMUNERATION REPORT CONTINUED

## Remuneration details for Senior Executives

Senior Executives are employed under service agreements with Crown or a subsidiary of Crown. Common features to these service agreements include (unless noted otherwise):

- an annual review of the Senior Executive's fixed remuneration, with any increases requiring approval of the Executive Chairman (except in relation to the Executive Chairman) and the Nomination and Remuneration Committee and, dependent on Crown's financial performance, the individual's KPO performance and market changes;
- competitive performance based incentive payments annually and in the long term, dependent upon Crown achieving its objectives and the Senior Executive achieving his or her KPOs;
- a provision that Crown may ask the Senior Executive to act as a Director of a member or associate of the Crown group for no additional remuneration;
- a prohibition from gambling at any property within the Crown group during the term of employment and for a period following termination and a requirement that the Senior Executive maintains licences required and issued by relevant regulatory authorities (such as the Victorian Commission for Gambling and Liquor Regulation, Western Australian Gaming and Wagering Commission and the New South Wales Independent Liquor and Gaming Authority);
- where post-employment restraints apply, a restraint covering, amongst other things, competitive activities to those of the Crown group. Restraint periods vary and have been noted in each instance;
- where an employment agreement is terminated by Crown, a provision that notice may be given in writing or payment may be made (wholly or partly) in lieu of notice;
- a provision that all contracts may be terminated without notice by Crown for serious misconduct; and
- all Senior Executives are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Specific details of each Senior Executive's contract of employment which applied at the end of the 2019 financial year are summarised in the tables on the following pages.

## Summary of Contracts of Employment Applicable at 30 June 2019

John H Alexander				
<b>Current Position</b>	Executive Chairman (commenced 1 February 2017) (previously Executive Deputy Chairman): Mr Alexander's current employment agreement with Crown Resorts Limited has no fixed term.			
<b>Fixed Remuneration</b>				
Base salary:	\$3,589,391 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$20,531 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephones and salary sacrifice arrangements for motor vehicle and superannuation.			
<b>Performance Based Remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Alexander may receive an STI payment of up to \$500,000.			
LTI:	Mr Alexander participated in the 2017 Incentive Plan. Refer to pages 60 to 64.			
<b>2019 Percentage Breakdown of Remuneration</b>	<b>Fixed Remuneration</b> (includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	<b>Crown Digital Incentive Plan</b>
	82%	0%	18%	N/A
<b>Post-Employment Benefits</b>	Nil			
<b>Post-Employment Restraint</b>	Crown may impose a restraint for various periods up to 12 months.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; without notice for breach or misconduct.			
<b>Termination Benefits</b>	Nil			
<b>Payments Made Prior to Commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

REMUNERATION REPORT CONTINUED

<b>Kenneth M Barton</b>				
<b>Current Position</b>	Chief Financial Officer (commenced 9 March 2010) and CEO Crown Digital (from 1 February 2017); Mr Barton's previous employment agreement expired on 30 September 2018. Mr Barton entered into a new employment agreement with Crown Resorts Limited with effect from 1 November 2018 which has no fixed term.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,329,026 per annum with effect from 1 November 2018.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$20,531 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Mr Barton is entitled to weekly travel costs for commuting between Sydney and Melbourne and hotel accommodation while in Melbourne.			
<b>Performance Based Remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Barton's annual target STI is 40% of his TEC.			
LTI:	Mr Barton participated in the 2017 Incentive Plan and the Crown Digital Incentive Plan. Refer to pages 60 to 64.			
<b>2019 Percentage Breakdown of Remuneration</b>	<b>Fixed Remuneration</b> (includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	<b>Crown Digital Incentive Plan</b>
	79%	0%	17%	4%
<b>Post-Employment Benefits</b>	Nil			
<b>Post-Employment Restraint</b>	Crown may impose a restraint for various periods up to 12 months.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; without notice for breach or misconduct.			
<b>Termination Benefits</b>	Nil			
<b>Payments Made Prior to Commencement</b>	No sign-on payments were made in connection with Mr Barton's new employment agreement.			
<b>Directors' Fees</b>	Nil			

Barry Felstead				
<b>Current Position</b>	Chief Executive Officer – Australian Resorts (from 1 August 2013): Mr Felstead's current employment agreement with Crown Resorts Limited has no fixed term.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,329,026 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$20,531 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Mr Felstead is entitled to a travel allowance of \$50,000 per annum.			
<b>Performance Based Remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Felstead's annual target STI is 40% of his TEC.			
LTI:	Mr Felstead participated in the 2017 Incentive Plan. Refer to pages 60 to 64.			
<b>2019 Percentage Breakdown of Remuneration</b>	<b>Fixed Remuneration</b> (includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	<b>Crown Digital Incentive Plan</b>
	84%	0%	16%	N/A
<b>Post-Employment Benefits</b>	Nil			
<b>Post-Employment Restraint</b>	Crown may impose a restraint for various periods up to 12 months.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments Made Prior to Commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

REMUNERATION REPORT CONTINUED

W Todd Nisbet				
<b>Current Position</b>	Executive Vice President – Strategy and Development (from 9 August 2010): Mr Nisbet's fixed term employment agreement with Crown Resorts Limited expired on 31 December 2015 and is continuing on the same terms and conditions except as to term, which is now no longer fixed.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,329,026 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$20,531 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. During Mr Nisbet's employment with Crown, he is also entitled to additional customary expatriate benefits for himself and his family. Upon cessation of employment, Mr Nisbet will be entitled to relocation benefits for him and his family to Las Vegas.			
<b>Performance Based Remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Nisbet's annual target STI is 50% of his base salary.			
LTI:	Mr Nisbet participated in the 2017 Incentive Plan. Refer to pages 60 to 64.			
<b>2019 Percentage Breakdown of Remuneration</b>	<b>Fixed Remuneration</b> (includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	<b>Crown Digital Incentive Plan</b>
	86%	0%	14%	N/A
<b>Post-Employment Benefits</b>	Nil			
<b>Post-Employment Restraint</b>	Crown may impose a restraint for various periods up to 12 months.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.			
<b>Termination Benefits</b>	Nil			
<b>Payments Made Prior to Commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

## Remuneration Table for Senior Executives

### *Commentary*

The structure of Senior Executive remuneration has been described in detail in this Report, both generically and specifically in relation to each named Senior Executive. In addition, a table summarising all remuneration to be attributed to each Senior Executive for the financial years ended 30 June 2019 and 30 June 2018 is set out on the following pages.

The Accounting Standards are prescriptive in relation to the required presentation of remuneration tables. Accordingly, as an aid to understanding, the following additional information should be read in conjunction with the tables set out on the following pages.

In addition, a separate table has been provided which details the remuneration that was received, or vested by each Senior Executive during the year.

### *Fixed Remuneration*

Messrs Alexander, Barton, Felstead and Nisbet received an increase to their fixed remuneration for the 2019 financial year of 2.5%. In addition, Mr Barton entered into a new contract of employment during the 2019 financial year which resulted in an adjustment to his fixed remuneration with effect from 1 November 2018.

### *Short Term Incentives (STI)*

Senior Executives have a potential or target STI bonus, which is subject to Crown group's performance and the achievement of the Senior Executive's KPOs established at the beginning of each financial year. In the 2019 financial year, the Group's financial performance objectives were not met.

The performance of each Senior Executive against the non-financial KPOs (described earlier) was reviewed by the Executive Chairman, having regard to the operational performance of the business and the function in which the Senior Executive is involved.

The Executive Chairman's non-financial KPOs were reviewed by the Nomination and Remuneration Committee.

As the financial targets were not achieved in the 2019 financial year, STI bonuses at Crown Melbourne, Crown Perth and Crown Resorts were generally not paid. Messrs Alexander, Barton, Felstead and Nisbet did not receive an STI bonus entitlement for the 2019 financial year.

### *Long Term Incentives (LTI)*

As summarised earlier, the Senior Executives also participated in the 2017 Incentive Plan and Mr Barton also participated in the Crown Digital Incentive Plan.

In accordance with relevant Accounting Standards, the 2017 Incentive Plan and the Crown Digital Incentive Plan are included in the remuneration for each Senior Executive to the extent that it is considered more likely than not at the date of this Report that the performance condition and service condition will eventuate over the life of the Plans.

An amount has been attributed to each participant in the 2017 Incentive Plan and the Crown Digital Incentive Plan based on the methodology noted earlier in this Report.

REMUNERATION REPORT CONTINUED

## Remuneration Report

Remuneration Table - Statutory

Financial Year	Short Term Benefits				Long Term Incentives				Total			
	Salary & Fees	Non-Monetary <sup>2</sup>	Other <sup>2</sup>	STI	% of target STI	Post-employment Benefits - Superannuation <sup>3</sup>	Cash Based	Senior Executive Incentive Plan - 2017 <sup>4</sup>		Senior Executive Incentive Plan - Crown Digital <sup>5</sup>	Fringe Benefits Tax Applicable to the Senior Executive Incentive Plans <sup>6</sup>	
<b>John Alexander</b>												
2019	3,589,391	12,939	24,335	-	0%	20,531	-	657,225	-	163,394	-	4,467,815
2018	3,501,826	14,240	2,728	500,000	100%	20,049	-	657,225	-	164,965	-	4,861,033
<b>Ken Barton<sup>1</sup></b>												
2019	2,167,920	82,945	-	-	0%	25,000	-	394,335	117,289	108,012	-	2,895,501
Chief Financial Officer & CEO Digital												
2018	1,808,801	62,081	-	750,000	150%	25,000	-	394,335	-	98,979	-	3,139,196
<b>Barry Felstead</b>												
2019	2,329,026	145,334	-	-	0%	20,531	-	394,335	-	98,036	-	2,987,262
Chief Executive Officer - Australian Resorts												
2018	2,272,202	132,727	-	916,900	100%	20,049	-	394,335	-	98,979	-	3,835,192
<b>Todd Nisbet</b>												
2019	2,329,026	350,507	351,406	-	0%	20,531	-	394,335	-	98,036	-	3,543,841
Executive Vice President - Strategy & Development												
2018	2,272,202	348,597	366,212	1,146,126	100%	20,049	-	394,335	-	98,979	-	4,646,500
<b>2019 TOTALS</b>	<b>10,415,363</b>	<b>591,725</b>	<b>375,741</b>	<b>-</b>	<b>-</b>	<b>86,593</b>	<b>-</b>	<b>1,840,230</b>	<b>117,289</b>	<b>467,478</b>	<b>-</b>	<b>13,894,419</b>
<b>2018 TOTALS<sup>6</sup></b>	<b>9,855,031</b>	<b>557,645</b>	<b>368,940</b>	<b>3,313,026</b>	<b>-</b>	<b>85,147</b>	<b>-</b>	<b>1,840,230</b>	<b>-</b>	<b>461,902</b>	<b>-</b>	<b>16,481,921</b>

1 Ken Barton's employment contract was updated with effect from 1 November 2018. Refer to page 70 of this report for further information.

2 Refer to the summaries of contracts of employment for each Senior Executive for a description of the short term benefits to which each individual is entitled to receive. The Non-Monetary short term benefits include fringe benefits tax (other than in relation to the Senior Executive Incentive Plans) paid in relation to benefits received by the Senior Executives.

3 Long service leave accrued balances have increased during the financial year ended 30 June 2019 for the following Senior Executives: Mr Alexander \$59,973, Mr Barton \$36,432, Mr Felstead \$39,034 and Mr Nisbet \$39,034.

4 The 2017 Senior Executive Incentive Plan has been included in total remuneration on the basis that it is considered more likely than not that, at the date of this Report, the vesting condition will occur.

5 The Crown Digital Senior Executive Incentive Plan has been included in total remuneration on the basis that it is considered more likely than not that, at the date of this Report, the vesting condition will occur.

6 Contrary to an initial position taken in respect of the 2017 Senior Executive Incentive Plan, the 2018 disclosure has been updated to include the fringe benefits tax paid in relation to the 2017 Senior Executive Incentive Plan.

**Remuneration Table – Remuneration Received / Vested**

The statutory table above is prepared in accordance with the requirements of the Corporations Act and the Australian Accounting Standards and does not reflect amounts actually received by the Senior Executives during the financial year. The following table sets out the remuneration which was received by, or vested during, the relevant financial year for each Senior Executive. This is comprised of salary and fees and the STI referable to the previous financial year, but which was received after the end of the financial year. The value of the 2017 Incentive Plan and the Crown Digital Incentive Plan has not been included in the following table. This information is provided as it is considered to be of interest to the users of this Report.

	Financial Year	Salary & Fees	Non Monetary <sup>1</sup>	Other <sup>1</sup>	STI	Superannuation	Termination Benefits	Total
<b>John Alexander</b> Executive Chairman	2019	3,589,391	12,939	24,335	500,000	20,531	-	4,147,196
	2018	3,501,826	14,240	2,728	125,000	20,049	-	3,663,843
<b>Ken Barton</b> Chief Financial Officer & CEO Digital	2019	2,167,920	82,945	-	750,000	25,000	-	3,025,865
	2018	1,808,801	62,081	-	335,000	25,000	-	2,230,882
<b>Barry Feilstead</b> Chief Executive Officer - Australian Resorts	2019	2,329,026	145,334	-	916,900	20,531	-	3,411,791
	2018	2,272,202	132,727	-	270,000	20,049	-	2,694,978
<b>Todd Nisbet</b> Executive Vice President - Strategy & Development	2019	2,329,026	350,507	351,406	1,146,126	20,531	-	4,197,596
	2018	2,272,202	348,597	366,212	335,000	20,049	-	3,342,060
<b>2019 TOTALS</b>		<b>10,415,363</b>	<b>591,725</b>	<b>375,741</b>	<b>3,313,026</b>	<b>86,593</b>	<b>-</b>	<b>14,782,448</b>
<b>2018 TOTALS</b>		<b>9,855,031</b>	<b>557,645</b>	<b>368,940</b>	<b>1,065,000</b>	<b>85,147</b>	<b>-</b>	<b>11,931,763</b>

1 Refer to the summaries of contracts of employment for each Senior Executive for a description of the short term benefits to which each individual is entitled to receive.



REMUNERATION REPORT CONTINUED

## Key Management Personnel Disclosures

## Shareholdings of Key Management Personnel

Set out below is a summary of equity instruments held directly, indirectly or beneficially by KMPs, close family or controlled entities.

## 30 June 2019

## Crown Directors

Directors (including Directors who left the Board during the year)	Balance 1 July 2018	Other net change	Balance 30 June 2019
John Alexander	399,557	-	399,557
Jane Halton AO PSM	948	-	948
Antonia Korsanos	-	10,000 <sup>1</sup>	10,000
Harold Mitchell AC	114,887	-	114,887
John Poynton AO	-	1,000 <sup>2</sup>	1,000

1 As required by the ASX Listing Rules, Mrs Korsanos provided Crown with an Appendix 3Y detailing her change in interests in Crown shares on 8 November 2018.

2 Mr Poynton was appointed as a director on 20 November 2018. As required by the ASX Listing Rules, Mr Poynton provided Crown with an Appendix 3X detailing his interests in Crown shares on the date of his appointment. The interests in respect of Mr Poynton are therefore as at 20 November 2018.

## Crown Executives

Executives	Balance 1 July 2018	Other net change	Balance 30 June 2019
Ken Barton	143,128	-	143,128
Barry Felstead	178,374	-	178,374
Todd Nisbet	229,531	-	229,531

## 30 June 2018

## Crown Directors

Directors (including Directors who left the Board during the year)	Balance 1 July 2017	Other net change	Balance 30 June 2018
John Alexander	399,557	-	399,557
Rowena Danziger	30,896	-	30,896 <sup>1</sup>
Jane Halton AO PSM	948 <sup>2</sup>	-	948
Harold Mitchell AC	114,887	-	114,887
James Packer	342,527,795 <sup>3</sup>	(25,599,493)	316,928,302 <sup>4</sup>

1 Mrs Danziger ceased as a director on 26 October 2017. As required by the ASX Listing Rules, Mrs Danziger provided Crown with an Appendix 3Z detailing her interests in Crown shares on the date of her resignation. The interests in respect of Mrs Danziger are therefore as at 26 October 2017.

2 Ms Halton was appointed as a director on 23 May 2018. As required by the ASX Listing Rules, Ms Halton provided Crown with an Appendix 3X detailing her interests in Crown shares on the date of her appointment. The interests in respect of Ms Halton are therefore as at 23 May 2018.

3 Mr Packer was appointed as a director on 3 August 2017. As required by the ASX Listing Rules, Mr Packer provided Crown with an Appendix 3X detailing his interests in Crown shares on the date of his appointment. The interests in respect of Mr Packer are therefore as at 3 August 2017.

4 Mr Packer ceased as a director on 21 March 2018. As required by the ASX Listing Rules, Mr Packer provided Crown with an Appendix 3Z detailing his interests in Crown shares on the date of his resignation. The interests in respect of Mr Packer are therefore as at 21 March 2018.

**Crown Executives**

Executives	Balance 1 July 2017	Other net change	Balance 30 June 2018
Ken Barton	143,128	-	143,128
Barry Felstead	178,374	-	178,374
Todd Nisbet	229,531	-	229,531

**Senior Executive Option Holdings**

Set out below is a summary of Options held directly, indirectly or beneficially by KMPs, close family or controlled entities.

Senior Executives	Balance 1 July 2018	Options granted	Options exercised	Other net change	Balance 30 June 2019	Options vested during year
John Alexander	5,000,000	-	-	-	5,000,000	-
Ken Barton	3,000,000	8,513,980 <sup>1</sup>	-	-	11,513,980	-
Barry Felstead	3,000,000	-	-	-	3,000,000	-
Todd Nisbet	3,000,000	-	-	-	3,000,000	-

<sup>1</sup> Options over Crown Digital shares issued to Mr Barton on 19 December 2018 under the Crown Digital Incentive Plan.

**Loans to Key Management Personnel**

As noted above, Options under the 2017 Incentive Plan and the Crown Digital Incentive Plan were issued to the Senior Executives for a Fee equal to the market value at the date they were originally agreed to be issued (i.e. 22 February 2017 (\$0.71 per Option (Fee)) in relation to the 2017 Incentive Plan and 19 December 2018 (\$0.09 per Option (Fee)) in relation to the Crown Digital Incentive Plan). Each relevant Senior Executive paid the Fee for the issue of the Options through an Acquisition Loan advanced by Crown.

The Acquisition Loan is repayable on the exercise, lapse, cancellation or forfeiture of the Options financed by the Acquisition Loan. No interest is payable on the Loan.

The repayment amount of the Acquisition Loan is the lesser of the outstanding amount of the loan and:

- the market value of the Crown shares to be delivered on exercise; or
- in the case of a buy-back, the market value of the Options; or
- in the case of lapse, cancellation or forfeiture, nil.

The Senior Executives who have been granted an Acquisition Loan and the value of that Acquisition Loan are as follows:

Senior Executives	2017 Incentive Plan Acquisition Loan Value	Crown Digital Incentive Plan Acquisition Loan Value
John Alexander	\$3,543,300	-
Barry Felstead	\$2,125,980	-
Todd Nisbet	\$2,125,980	-
Ken Barton	\$2,125,980	\$765,407

There have been no other loans made, guaranteed or secured, directly or indirectly by the Company or any of its subsidiaries in the reporting period in relation to KMPs, close family or controlled entities.

REMUNERATION REPORT CONTINUED

**Transactions entered into with Key Management Personnel**

Other than as has been disclosed in Note 26 of the Financial Report, there have been no transactions entered into during the reporting period between the Company or any of its subsidiaries and KMPs, close family and controlled entities.

Signed in accordance with a resolution of the Directors.



**J H Alexander**  
Executive Chairman  
Melbourne, 11 September 2019

# Auditor's Independence Declaration



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Auditor's Independence Declaration to the Directors of Crown Resorts Limited

As lead auditor for the audit of the financial report of Crown Resorts Limited for the financial 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Crown Resorts Limited and the entities it controlled during the financial year.

Ernst & Young

Michael Collins  
Partner  
11 September 2019

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# Independent Auditor's Report



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Independent Auditor's Report to the Members of Crown Resorts Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Crown Resorts Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

**1. Carrying value of trade receivables**

Why significant	How our audit addressed the key audit matter
<p>The Group is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers.</p> <p>The Group applies Australian Accounting Standard - AASB 9 <i>Financial Instruments</i> in calculating the provision for doubtful debts, applying a forward-looking expected loss impairment model. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.</p> <p>The Group's disclosures are included in Note 1.5 and Note 6 of the financial report, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables.</p>	<p>In assessing the carrying value of trade receivables, we:</p> <ul style="list-style-type: none"> <li>▶ tested the ageing of trade receivables for a sample of customer transactions;</li> <li>▶ assessed receipts after year-end to determine any remaining exposure at the date of the financial report;</li> <li>▶ considered the Group's assessment of individual customers debtor circumstances along with other information available relating to customers;</li> <li>▶ assessed whether the expected credit loss impairment model was calculated in accordance with AASB 9 and tested the mathematical accuracy of the calculations;</li> <li>▶ compared the Group's provisioning rates against historical collection data;</li> <li>▶ assessed whether the time value of money was considered in the impairment model;</li> <li>▶ assessed the effectiveness of relevant controls in relation to the granting of credit facilities, including credit checks; and</li> <li>▶ assessed the adequacy of the Group's disclosures in relation to trade receivables included in the financial report, including the accounting policy in respect of trade receivable balances written off during the year.</li> </ul>

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INDEPENDENT AUDITOR'S REPORT CONTINUED



## 2. Impairment testing of indefinite lived intangibles assets

### Why significant

The Group has goodwill of \$295.4 million and licence intangible assets of \$1,064.0 million held on the consolidated statement of financial position at 30 June 2019. The Group performs an impairment assessment on an annual basis to support the carrying value of goodwill and other indefinite life intangible assets. In addition, an impairment assessment is performed when there is an impairment indicator present.

The impairment assessment is complex and judgemental, as it includes modelling a range of assumptions and estimates that are affected by expected future performance and market conditions. This includes cash flow forecasts, growth rates, discount rates, terminal value assumptions as well as market multiples. Accordingly, the Group's impairment assessment was considered to be a key audit matter. The DGN cash generating unit was impaired during the year.

Key assumptions, judgements and estimates used in the Group's assessment of impairment of intangibles assets are set out in Note 1.5 of the financial report. In addition, licenses are disclosed in Note 10, goodwill in Note 11 and impairment testing of intangible assets in Note 12 of the financial report.

### How our audit addressed the key audit matter

We assessed the cash flow forecasts, which supported the value-in-use impairment models and fair value less costs of disposal calculations for goodwill and other indefinite lived intangible assets. We compared the forecasts to the Board approved budgets and long term financial plan. We also considered the historical reliability of the Group's cash flow forecasting process.

We involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and to assess the key assumptions applied in the impairment models. These included the discount rates, terminal value assumptions and market multiples.

We tested whether the models used were mathematically accurate.

We performed sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that would either individually or collectively result in an impairment charge. In addition, we assessed the sensitivity analysis performed by the Group.

We assessed the adequacy of the disclosures included in the financial report.

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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INDEPENDENT AUDITOR'S REPORT CONTINUED



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 57 to 78 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Crown Resorts Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Michael Collins  
Partner  
Melbourne  
11 September 2019

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FINANCIAL REPORT 2019



# Financial Report

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<b>88</b> Statement of Comprehensive Income	<b>90</b> Cash Flow Statement	<b>92</b> Notes to the Financial Statements

# Statement of Profit or Loss

For the year ended 30 June 2019

	Note	2019 \$m	2018 \$m
Revenues	3	2,929.2	3,083.1
Other income	3	0.2	172.5
Expenses	3	(2,326.8)	(2,441.9)
Share of profits of associates and joint venture entities	2,8	13.3	6.6
<b>Profit before income tax and finance costs</b>		<b>615.9</b>	<b>820.3</b>
Finance costs	3	(36.6)	(76.1)
<b>Profit before income tax</b>		<b>579.3</b>	<b>744.2</b>
Income tax expense	2,5	(176.4)	(171.0)
<b>Net profit after tax</b>		<b>402.9</b>	<b>573.2</b>
<b>Attributable to:</b>			
Equity holders of the Parent		401.8	558.9
Non-controlling interests		1.1	14.3
		<b>402.9</b>	<b>573.2</b>

The above Statement of Profit or Loss should be read in conjunction with the accompanying notes.

	Note	2019 Cents per share	2018 Cents per share
<b>Earnings per share (EPS)</b>			
Basic EPS	24	59.07	81.16
Diluted EPS	24	59.00	81.16
EPS calculation is based on the weighted average number of shares on issue throughout the period			
<b>Dividends per share</b>			
Current year final dividend declared	4	30.00	30.00
Current year interim dividend paid	4	30.00	30.00

FINANCIAL REPORT 2019 CONTINUED

# Statement of Comprehensive Income

For the year ended 30 June 2019

Statement of Comprehensive Income

	2019 \$m	2018 \$m
<b>Net profit after tax</b>	<b>402.9</b>	<b>573.2</b>
<b>Other Comprehensive Income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	14.0	7.6
Movement in cash flow hedge reserve	4.1	1.4
<i>Items reclassified to profit or loss:</i>		
Foreign currency translation	-	(76.9)
<b>Other comprehensive income / (loss) for the period, net of income tax</b>	<b>18.1</b>	<b>(67.9)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>421.0</b>	<b>505.3</b>
<b>Attributable to:</b>		
Equity holders of the Parent	419.6	491.7
Non-controlling interests	1.4	13.6
	<b>421.0</b>	<b>505.3</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

As at 30 June 2019

	Note	2019 \$m	2018 \$m
<b>Current assets</b>			
Cash and cash equivalents	20	1,126.0	1,844.6
Trade and other receivables	6	98.7	172.3
Inventories		16.7	17.3
Prepayments		38.1	32.8
Other financial assets	7	5.5	9.2
<b>Total current assets</b>		<b>1,285.0</b>	<b>2,076.2</b>
<b>Non-current assets</b>			
Receivables	6	157.8	143.0
Other financial assets	7	37.5	23.3
Investments in associates	8	206.9	187.8
Property, plant and equipment	9	4,259.0	3,880.7
Intangible assets - licences	10	1,064.0	1,080.6
Other intangible assets	11	415.3	462.8
Deferred tax assets	5	159.5	266.9
Other assets	13	48.8	50.4
<b>Total non-current assets</b>		<b>6,348.8</b>	<b>6,095.5</b>
<b>Total assets</b>		<b>7,633.8</b>	<b>8,171.7</b>
<b>Current liabilities</b>			
Trade and other payables	14	433.1	427.5
Interest-bearing loans and borrowings	15	287.6	25.7
Income tax payable		153.9	165.3
Provisions	16	186.0	225.1
<b>Total current liabilities</b>		<b>1,060.6</b>	<b>843.6</b>
<b>Non-current liabilities</b>			
Other payables	14	255.1	287.6
Interest-bearing loans and borrowings	15	791.0	1,467.0
Deferred tax liabilities	5	401.5	380.9
Provisions	16	24.2	32.6
Other financial liabilities		4.5	2.1
<b>Total non-current liabilities</b>		<b>1,476.3</b>	<b>2,170.2</b>
<b>Total liabilities</b>		<b>2,536.9</b>	<b>3,013.8</b>
<b>Net assets</b>		<b>5,096.9</b>	<b>5,157.9</b>
<b>Equity</b>			
Contributed equity	17	(203.3)	(71.9)
Treasury shares	17	-	(15.7)
Reserves	18	1.4	(60.5)
Retained earnings	18	5,298.8	5,306.0
<b>Total equity</b>		<b>5,096.9</b>	<b>5,157.9</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

FINANCIAL REPORT 2019 CONTINUED

# Cash Flow Statement

For the year ended 30 June 2019

Cash Flow Statement

	Note	2019 \$m	2018 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		3,070.1	3,266.9
Payments to suppliers and employees		(2,177.4)	(2,405.1)
Dividends received		8.9	9.1
Interest received		28.6	28.8
Borrowing costs paid		(76.6)	(108.7)
Income tax paid		(75.5)	(59.3)
<b>Net cash flows from/(used in) operating activities</b>	20b	<b>778.1</b>	<b>731.7</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(538.7)	(393.7)
Proceeds from sale of property, plant and equipment		0.2	338.6
Investment in equity accounted associates		(5.5)	(6.9)
Proceeds from disposal of investments		7.6	70.7
Net proceeds from sale of equity investments		-	62.5
Net payment for the acquisition of subsidiaries		-	(10.6)
Net proceeds from the disposal of subsidiaries		-	141.8
Loans to associated entities		-	(1.5)
Other (net)		4.4	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(532.0)</b>	<b>200.9</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		56.1	79.7
Repayment of borrowings		(481.1)	(508.2)
Dividends paid		(409.0)	(413.4)
Payments for share buy-back		(131.4)	(18.8)
<b>Net cash flows from/(used in) financing activities</b>		<b>(965.4)</b>	<b>(860.7)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial year		1,844.6	1,771.2
Effect of exchange rate changes on cash		0.7	1.5
<b>Cash and cash equivalents at the end of the financial year</b>	20a	<b>1,126.0</b>	<b>1,844.6</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the year ended 30 June 2019

	Ordinary Shares \$m	Shares Held in Trust \$m	Retained Earnings \$m	Reserves \$m	Total \$m	Non- Controlling Interest \$m	Total Equity \$m
<b>Year ended 30 June 2019</b>							
Balance at 1 July 2018	(71.9)	(15.7)	5,306.0	(60.5)	5,157.9	-	5,157.9
Profit for the period	-	-	401.8	-	401.8	1.1	402.9
Other comprehensive income	-	-	-	17.8	17.8	0.3	18.1
Total comprehensive income for the period	-	-	401.8	17.8	419.6	1.4	421.0
Dividends paid	-	-	(409.0)	-	(409.0)	-	(409.0)
Transactions with non-controlling interests	-	-	-	-	-	(0.6)	(0.6)
Share buy-back	(131.4)	-	-	-	(131.4)	-	(131.4)
Movement in non-controlling interest put option	-	-	-	40.8	40.8	(0.8)	40.0
Share based payments	-	15.7	-	3.3	19.0	-	19.0
<b>Balance at 30 June 2019</b>	<b>(203.3)</b>	<b>-</b>	<b>5,298.8</b>	<b>1.4</b>	<b>5,096.9</b>	<b>-</b>	<b>5,096.9</b>
<b>Year ended 30 June 2018</b>							
Balance at 1 July 2017	(53.2)	(19.4)	5,153.1	14.4	5,094.9	24.8	5,119.7
Profit for the period	-	-	558.9	-	558.9	14.3	573.2
Other comprehensive income/(loss)	-	-	-	(67.2)	(67.2)	(0.7)	(67.9)
Total comprehensive income for the period	-	-	558.9	(67.2)	491.7	13.6	505.3
Dividends paid	-	-	(413.4)	-	(413.4)	-	(413.4)
Transactions with non-controlling interests	-	-	-	-	-	(37.0)	(37.0)
Share buy-back	(18.7)	-	-	-	(18.7)	-	(18.7)
Transfers	-	-	7.4	(7.4)	-	-	-
Movement in non-controlling interest put option	-	-	-	(2.1)	(2.1)	(1.4)	(3.5)
Share based payments	-	3.7	-	1.8	5.5	-	5.5
<b>Balance at 30 June 2018</b>	<b>(71.9)</b>	<b>(15.7)</b>	<b>5,306.0</b>	<b>(60.5)</b>	<b>5,157.9</b>	<b>-</b>	<b>5,157.9</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



FINANCIAL REPORT 2019 CONTINUED

# Notes to the Financial Statements

For the year ended 30 June 2019

## 1. Significant Accounting Policies

### 1.1 Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration and investments that have been measured at fair value and investments in associates accounted for using the equity method.

The amounts contained in this report and in the financial report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Crown is an entity to which this Instrument applies.

The financial report of Crown Resorts Limited and its controlled entities (the Group) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 11 September 2019 subject to final approval by a subcommittee. Crown is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

#### Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### 1.2 Changes in accounting policies

The Group has adopted *AASB 15 Revenue from Contracts with Customers*, which became applicable from 1 July 2018.

Several other amendments and interpretations apply for the first time from July 2018, but do not have a material impact on the financial position or performance of the Group during the period.

#### AASB 15 Revenue from Contracts with Customers

This standard specifies the accounting treatment for revenue arising from contracts with customers providing a framework for determining whether, when and how much revenue should be recognised. The standard requires an entity to recognise revenue when it transfers promised goods or services to customers at the transaction price, at an amount that reflects what it expects to be entitled to receive in exchange for the goods or services.

The Group adopted AASB 15 using the full retrospective method of adoption. Certain prior period amounts have been adjusted to reflect the full retrospective adoption of

the standard. For the year ended 30 June 2018, the Statement of Profit or Loss was restated, resulting in a decrease in 'revenue' and 'expenses' of \$409.9 million. Also the Cash Flow Statement was restated resulting in a decrease in 'receipts from customers' and 'payments to suppliers and employees' of \$409.9 million. There was no impact on the net profit or net cash flows of the Group in the current or comparative reporting period.

### 1.3 Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ended 30 June 2019 which may impact the entity in the period of initial application are outlined below:

#### AASB 16 Leases (applicable to the Group from 1 July 2019)

This standard has a number of key features included requiring the recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease liabilities arising from a lease are initially measured on a present value basis. For Lessor accounting, AASB 16 substantially carries forward the accounting requirements in AASB 117, other than in respect of subleases.

The Group has chosen to apply the modified retrospective approach on adoption of the new standard. Therefore, there is no restatement of comparative information.

On adoption of this standard, the Group is expecting to recognise a right-of-use asset of approximately \$32 million, a related lease liability of approximately \$55 million, with an adjustment to the opening balance of retained earnings at 1 July 2019.

Based on the current lease portfolio, the Group is not expecting a material impact to financial performance, however there will be a change of classification between expenses.

On adoption of the new standard, there will be an increase in depreciation and interest expense, partially offset by an increase in EBITDA.

#### Standards and Interpretations not expected to be material

Certain other new Accounting Standards and Interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The Group has assessed the impact of these new Accounting Standards and Interpretations that are relevant to the Group, and does not expect any material impact on net assets, net profit, presentation or disclosures when these standards become effective and are adopted.

### 1.4 Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Crown Resorts Limited (the parent entity) and all entities that Crown Resorts Limited

## 1. Significant Accounting Policies *continued*

### 1.4 Basis of consolidation *continued*

controlled from time to time during the year and at reporting date (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control. Change of ownership interest of a subsidiary without the loss of control is accounted for as an equity transaction.

Subsidiary acquisitions are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

The accounting policies adopted have been applied consistently throughout the two reporting periods.

### 1.5 Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### **Impairment of non-financial assets**

The Group determines whether goodwill and 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 to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 12.

#### **Fair value of financial instruments**

In accordance with accounting standards the Group uses the Level Three method in estimating the fair value of certain financial assets. Accordingly, the fair value is estimated

using inputs for the asset that are not based on observable market data.

Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. Refer note 14 for further details.

#### **Taxes**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Doubtful debts**

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised.

The allowance for doubtful debts is based on a provision matrix that reflects the Group's historical credit loss experience, adjusted for management's knowledge of specific customers' circumstances, as well as current collection trends and business conditions.

Trade receivables are written off when there is no reasonable expectation of recovery.

#### **Put option liability**

Crown entered into an agreement with the DGN minority shareholders, which contained put options and call options over the remaining non-controlling interest. Crown has recognised a financial liability to reflect the carrying amount of the put option. In arriving at the carrying value of the put option liability, management estimated the future expected cash outflow upon exercise of the put option by the counterparty, discounted to present value using an appropriate discount rate.

#### **Significant items**

Significant items are transactions or events that fall outside the ordinary course of business. Significant items are disclosed separately to allow users of the financial report to see the performance of the Group in a comparable form to that of the comparative period.

### 1.6 Summary of significant accounting policies

#### **(a) Income tax**

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

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

1. Significant Accounting Policies *continued***1.6 Summary of significant accounting policies***continued***(a) Income tax** *continued*

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 tax is provided on most temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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 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 tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only 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 tax assets is reviewed at each reporting 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 tax asset to be utilised.

Deferred 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 reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not the Statement of Profit or Loss.

**(b) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where 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;
- gaming revenues; 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 Cash Flow Statement 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.

**(c) Foreign currency translation**

Both the functional and presentation currency of Crown Resorts Limited and its Australian subsidiaries is Australian dollars.

Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency, which is translated to the presentation currency for Group reporting purposes.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Resorts Limited at the rate of exchange ruling at the reporting date and the profit or loss is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are recognised through Other Comprehensive Income (OCI) and accumulated in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies

*continued*

#### (d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises of cash at bank and on 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 future value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised. Trade receivables are written off when there is no reasonable expectation of recovery.

Receivables from associates and other related parties are carried at amortised cost less an allowance for impairment. Interest, when charged is taken up as income on an accrual basis.

#### (f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Inventories which include food, beverages and other consumables are costed on a weighted average basis; and
- 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.

#### (g) Investments in associates

The financial statements of the associates are used by the Group to apply the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

Investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The Statement of Profit or Loss reflects the Group's share of the results of operations of the associates.

Where there has been a change in the associates' OCI or equity, the Group recognises its share of any changes and discloses this, when applicable in the Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

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

Financial assets are classified based on:

- The objective of the entity's business model for managing the financial assets; and
- The characteristics of the contractual cash flow.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. An irrevocable election is made by instrument to determine if the instrument is measured at fair value either through OCI or in the Statement of Profit or Loss.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets at fair value through OCI, directly attributable transaction costs.

The best evidence of fair value is quoted prices in an active market. The fair value of the investments and other financial assets that do not have a price quoted in an active market have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The fair value is reassessed each reporting period.

If the fair value through Statement of Profit or Loss approach is adopted, increments and decrements on the fair value of the financial asset at each reporting date are recognised in the Statement of Profit or Loss.

If the fair value through OCI approach is adopted, increments and decrements on the fair value are recognised in OCI, without recycling of gains and losses between the Statement of Profit or Loss and OCI, even on disposal of the investment. Dividends in respect of these investments that are a return on investment are recognised in the Statement of Profit or Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### (i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings - 40 to 75 years;
- Fixtures and Fitting in buildings - 4 to 20 years; and
- Plant and equipment - 2 to 20 years.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

1. Significant Accounting Policies *continued*

## 1.6 Summary of significant accounting policies

*continued*(i) Property, plant and equipment *continued*

Cost for construction work in progress includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss in the period the item is derecognised.

## (j) Intangible assets

**Licences**

Licences are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The directors regularly assess the carrying value of casino licences so as to ensure they are not carried at a value greater than their recoverable amount.

The casino licences are carried at cost of acquisition. The Crown Melbourne licence is being amortised on a straight-line basis over the remaining life of the licence to 2050. The Crown Perth licence is assessed as having an indefinite useful life and, as such, no amortisation is charged. The Crown Perth licence is subject to an annual impairment assessment. Amortisation will commence on the Crown Sydney licence once the property is operational.

**Goodwill**

Goodwill on acquisition is initially measured at cost, being

the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

**Other intangible assets – Acquired both separately and from a business combination**

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Profit or Loss.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

## (k) Recoverable amount of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies

*continued*

#### (k) Recoverable amount of non-financial assets

*continued*

estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### (l) Trade and other payables

Trade and other payables are recognised for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

#### (m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **Borrowing costs**

Borrowing costs directly associated with qualifying assets are capitalised, including any other associated costs directly attributable to the borrowing. The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year, in this case 5.8% (2018: 6.0%).

All other borrowing costs are expensed in the period they are incurred.

#### (n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required 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, the reimbursement is recognised as a separate asset. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, or publicly recommended on or before the reporting date.

#### (o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the 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 bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### (p) Leases

##### **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.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

1. Significant Accounting Policies *continued*

## 1.6 Summary of significant accounting policies

*continued***(p) Leases** *continued***Group as lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(q) Derecognition of financial instruments**

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial asset, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

**(r) Derivative financial instruments and hedging**

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair value of forward exchange contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

**(i) Fair value hedges**

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial

instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

**(ii) Cash flow hedges**

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Statement of Profit or Loss.

Amounts taken to OCI are accumulated in the cash flow hedge reserve in equity and are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if the hedging relationship is discontinued, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

**(s) Put options over non-controlling interests**

Put options granted to holders of non-controlling interests ('NCI puts') at the date of acquiring control of a subsidiary (or after gaining control) gives rise to a financial liability.

When the Group does not have a present ownership interest in the shares subject to the NCI put, the Group applies the partial recognition of NCI approach. Under this approach, the following accounting method is applied at the end of each reporting period:

- The Group determines the amount that would have been recognised for the NCI, including an update to reflect allocations of profit or loss, allocations of changes in other comprehensive income and dividends declared for the reporting period;
- The Group derecognises the NCI as if it was acquired at that date;
- The Group recognises a financial liability and continues to re-assess the liability at the present value of the amount payable on exercise of the NCI put; and
- The Group accounts for the difference between the NCI derecognised and the financial liability recognised as an equity transaction.

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

If the NCI put expires unexercised, the position is unwound so that the NCI is recognised at the amount it would have been, as if the NCI put had never been granted. The financial liability is derecognised as an equity transaction.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies

*continued*

#### (t) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received, less transaction costs and share buy-backs.

#### (u) Revenue from contracts with customers

The Group's accounting policy for Revenue from Contracts with Customers and impact on adoption of AASB 15 is as follows:

##### **Crown Melbourne, Crown Perth and Crown Aspinalls**

###### ***Gaming Revenue***

Gaming revenue is the net difference between gaming wins and losses, and is recognised upon the outcome of the game. Commissions rebated to customers or promoters are recorded as a reduction of revenue. Prior to adoption of AASB 15, commissions rebated to customers or promoters were recorded within operating expenses.

The Statement of Profit or Loss for the year ended 30 June 2018 was restated, resulting in a decrease in 'revenue' of \$409.9 million and a decrease in 'expenses' of \$409.9 million.

###### ***Food and beverage revenue***

Food and beverage revenue is recognised as the goods are provided.

Other than described in the Complimentary goods or services section below, no changes to revenue recognition were identified upon adoption of AASB 15.

###### ***Hotel, entertainment and other operating revenues***

Hotel, entertainment and other operating revenues are recognised as services are performed, which for hotels is over the term of the customer's stay and for entertainment is when the event is held. Advance deposits for hotels and advance ticket sales for entertainment are recorded as customer deposits (i.e. contract liability) until services are provided to the customer.

Other than described in the Complimentary goods or services section below, no changes to revenue recognition were identified upon adoption of AASB 15.

###### ***Complimentary goods or services***

For gaming transactions that include complimentary goods or services being provided to customers, the Group allocates revenue from the gaming transaction to the good or service provided based on the standalone selling price which is the arm's length price for that good or service available to the public.

Prior to the adoption of AASB 15, revenue from gaming transactions that included complimentary goods or services being provided to customers was not allocated from gaming revenue to the good or service provided.

As the gaming revenue and revenue from complimentary goods or services are contained within revenue for Crown Melbourne, Crown Perth and Crown Aspinalls as disclosed in note 3, no restatement of the statement of profit or loss for the year ended 30 June 2018 was required.

###### ***Contract and contract-related liabilities***

In providing goods and services to its customers, there may be a timing difference between cash receipts from customers and recognition of revenues, resulting in a contract or contract-related liability.

The Group primarily has liabilities related to contracts with customers as follows:

- Unredeemed casino chips, which represent the amounts owed to customers for chips in their possession.
- Loyalty program liabilities, which represent the deferral of revenue until loyalty points are redeemed.
- Advance customer deposits, which represent casino front money deposits that are funds deposited by customers before gaming play occurs, gift vouchers and advance payments on goods and services yet to be provided such as deposits on hotel rooms and convention space.

These liabilities are generally expected to be recognised as revenues within one year of being purchased, earned, or deposited and are recorded within current trade and other payables on the Statement of Financial Position. Decreases in these balances generally represent the recognition of revenues and increases in the balances represent additional chips held by customers, increases in customer loyalty program balances and additional deposits made by customers.

###### ***Wagering and Online***

###### ***Revenue from exchange betting***

Revenue from exchange betting represents commission and other charges earned on betting activity. Revenue is recognised as the performance obligations are satisfied, which is considered to be upon the outcome of the bet being determined.

No changes to revenue recognition were identified upon adoption of AASB 15.

###### ***Social gaming revenue***

Social gaming revenue is derived from the purchase of credits. Revenue is recognised in the accounting periods in which the transactions occur on a gross basis and commission costs are expensed as incurred.

No changes to revenue recognition were identified upon adoption of AASB 15.

#### (v) Other revenue

##### ***Leases***

Lease revenue is recognised on a time proportion basis over the lease term. Contingent lease revenue is recognised in the period in which it is earned.



FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

1. Significant Accounting Policies *continued*

## 1.6 Summary of significant accounting policies

*continued*(v) Other revenue *continued***Interest**

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

**Dividends**

Revenue is recognised when the shareholders' right to receive the payment is established.

## (w) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (reserves), over the period in which the service is fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired.

If the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## (x) Earnings per share (EPS)

Basic EPS is calculated as net profit after tax, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit after tax, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## (y) Segment Information

The Group's operating segments have been determined based on geographic location, management reporting structure and the nature of the products and services offered by the Group. Crown has identified the Board of Directors as its chief operating decision maker that allocates resources and assesses the performance of the operating segments. The segment information presented below is consistent with internal management reporting.

The Group has four operating segments being Crown Melbourne, Crown Perth, Crown Aspinalls and Wagering & Online.

## (z) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred.

For each business combination the group elects whether to measure the non-controlling interest in the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 in the Statement of Profit or Loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

## 2. Segment Information

	Normalised Result <sup>(1)</sup>						Crown Group \$m	Adjustment <sup>(1)(2)</sup> \$m	Actual Crown Group \$m
	Crown Melbourne \$m	Crown Perth \$m	Crown Aspinallis \$m	Wagering & Online \$m	Unallocated \$m	Crown Group \$m			
<b>Operating revenue</b>									
Main floor tables	772.4	186.8	-	-	-	959.2			
Main floor machines	462.7	267.4	-	-	-	730.1			
VIP program play	441.4	72.0	54.9	-	-	568.3			
Wagering & Non gaming	478.9	273.2	1.1	130.1	1.5	884.8			
Intersegment						(3.2)			
<b>Operating revenue</b>	<b>2,155.4</b>	<b>799.4</b>	<b>56.0</b>	<b>130.1</b>	<b>1.5</b>	<b>3,139.2</b>	<b>(236.3)</b>	<b>2,902.9</b>	
Interest revenue						26.5		26.5	
<b>Total revenue</b>	<b>2,155.4</b>	<b>799.4</b>	<b>56.0</b>	<b>130.1</b>	<b>1.5</b>	<b>3,165.7</b>	<b>(236.3)</b>	<b>2,929.4</b> <sup>(3)</sup>	
Operating expenses	(1,565.9)	(577.6)	(49.6)	(104.0)	(43.2)	(2,340.3)	283.9	(2,056.4)	
Intersegment						3.2		3.2	
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>589.5</b>	<b>221.8</b>	<b>6.4</b>	<b>26.1</b>	<b>(41.7)</b>	<b>802.1</b>	<b>47.6</b>	<b>849.7</b>	
Depreciation and amortisation	(175.2)	(85.3)	(2.7)	(6.8)	(3.6)	(273.6)		(273.6)	
<b>Earnings before interest and tax "EBIT"</b>	<b>414.3</b>	<b>136.5</b>	<b>3.7</b>	<b>19.3</b>	<b>(45.3)</b>	<b>528.5</b>	<b>47.6</b>	<b>576.1</b>	
Equity accounted share of associates' net profit/(loss)						13.3		13.3	
Net interest income/(expense)						(10.1)		(10.1)	
Income tax benefit/(expense)						(162.0)	(14.4)	(176.4)	
<b>Profit/(loss) after tax</b>						<b>369.7</b>	<b>33.2</b>	<b>402.9</b>	
Non-controlling interest						(1.1)		(1.1)	
<b>Profit/(loss) attributable to equity holders of the Parent</b>						<b>368.6</b>	<b>33.2</b>	<b>401.8</b>	

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinallis) and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Revenue from gaming transactions that include complimentary goods or services being provided to customers is not allocated from gaming revenue to the good or service provided. The Group believes that normalised results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue. Normalised results are a non-IFRS measure.

(2) During the year Crown incurred \$261.3 million of actual VIP program play commission expenses. Commission expenses are included in the total normalised Operating Expenses for the period of \$2,340.3 million. In the actual results, the commission expenses have been allocated out of Operating Expenses and recognised as a reduction to revenue. This difference between the normalised and actual result is included in the Adjustment column above.

(3) Total revenue of \$2,929.4 million includes \$0.2 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

## Notes to the Financial Statements

2. Segment Information *continued*

## 30 June 2018

	Normalised Result <sup>(1)</sup>						Actual Crown Group \$m
	Crown Melbourne \$m	Crown Perth \$m	Crown Aspinalls \$m	Wagering & Online \$m	Unallocated \$m	Crown Group \$m	
<b>Operating revenue</b>							
Main floor tables	767.1	198.8	-	-	-	965.9	
Main floor machines	449.9	265.1	-	-	-	715.0	
VIP program play	591.8	103.0	63.4	-	-	758.2	
Wagering & Non gaming	470.2	277.6	1.0	293.0	4.5	1,046.3	
Intersegment						(2.0)	
<b>Operating revenue</b>	<b>2,279.0</b>	<b>844.5</b>	<b>64.4</b>	<b>293.0</b>	<b>4.5</b>	<b>3,483.4</b>	<b>3,055.2</b>
Interest revenue						30.1	30.1
<b>Total revenue</b>	<b>2,279.0</b>	<b>844.5</b>	<b>64.4</b>	<b>293.0</b>	<b>4.5</b>	<b>3,513.5</b>	<b>3,085.3</b> <sup>(3)</sup>
Operating expenses	(1,634.0)	(595.7)	(52.4)	(266.1)	(58.9)	(2,607.1)	(2,264.8)
Intersegment						2.0	2.0
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>645.0</b>	<b>248.8</b>	<b>12.0</b>	<b>26.9</b>	<b>(54.4)</b>	<b>878.3</b>	<b>792.4</b>
Depreciation and amortisation	(177.5)	(87.0)	(1.9)	(14.8)	(4.7)	(285.9)	(285.9)
<b>Earnings before interest and tax "EBIT"</b>	<b>467.5</b>	<b>161.8</b>	<b>10.1</b>	<b>12.1</b>	<b>(59.1)</b>	<b>592.4</b>	<b>506.5</b>
Net asset (impairment)/reversal						-	122.3
Net foreign currency gain on disposal of foreign operations						-	76.9
Net gain on CrownBet disposal						-	87.5
Net gain on Ellerston disposal						-	5.9
Restructuring & other significant expenses						-	(15.5)
Equity accounted share of associates' net profit/(loss)						9.3	6.6
Net interest income/(expense)						(46.0)	(46.0)
Income tax benefit/(expense)						(170.1)	(171.0)
<b>Profit/(loss) after tax</b>						<b>385.6</b>	<b>573.2</b>
Non-controlling interest						1.2	(14.3)
<b>Profit/(loss) attributable to equity holders of the Parent</b>						<b>386.8</b>	<b>558.9</b>

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinalls) and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Revenue from gaming transactions that include complimentary goods or services being provided to customers is not allocated from gaming revenue to the good or service provided. The Group believes that normalised results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue. Normalised results are a non-IFRS measure.

(2) During the year Crown incurred \$409.9 million of actual VIP program play commission expenses. Commission expenses are included in the total normalised Operating Expenses for the period of \$2,607.1 million. In the actual results, the commission expenses have been allocated out of Operating Expenses and recognised as a reduction to revenue. This difference between the normalised and actual result is included in the Adjustment column above.

(3) Total revenue of \$3,085.3 million includes \$2.2 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(4) Significant items of \$232.2 million consist of a net asset impairment reversal predominately relating to Alton, a net gain on CrownBet disposal, a net gain on Ellerston disposal and a net foreign currency gain on disposal of foreign operations (previously recorded in reserves), partially offset by restructuring & other significant expenses and significant items relating to Crown's equity accounted interests.

## 3. Revenue and Expenses

	2019 \$m	2018 \$m
Profit before income tax expense includes the following revenues and expenses:		
<b>(a) Revenue</b>		
Crown Melbourne	2,133.7	2,217.5
Crown Perth	808.8	839.0
Crown Aspinalls	56.3	75.6
Wagering & Online	129.1	292.9
Other	-	1.3
Less Commissions	(261.3)	(409.9)
Total Revenue from Contracts with Customers	2,866.6	3,016.4
Tenancy revenue	34.6	34.9
Interest	26.5	30.1
Dividends	1.5	1.7
<b>Total Revenue</b>	<b>2,929.2</b>	<b>3,083.1</b>
<b>(b) Other income</b>		
Profit on disposal of non-current assets	0.2	2.2
Net gain on CrownBet disposal	-	87.5
Net gain on Ellerston disposal	-	5.9
Net foreign currency gain on disposal of foreign operations	-	76.9
	<b>0.2</b>	<b>172.5</b>
<b>(c) Expenses</b>		
Cost of sales	157.6	159.1
Operating activities	2,122.4	2,326.1
Goodwill impairment - DGN <sup>(1)</sup>	48.9	-
Reassessment of contingent consideration - DGN <sup>(2)</sup>	(48.9)	-
Asset impairment reversal	-	(122.3)
Restructuring & other expenses	-	15.5
Other expenses	46.8	63.5
	<b>2,326.8</b>	<b>2,441.9</b>
<b>Depreciation of non-current assets</b>		
<i>(included in expenses above)</i>		
Buildings	94.9	95.4
Plant and equipment	154.0	162.6
	248.9	258.0
<b>Amortisation of non-current assets</b>		
<i>(included in expenses above)</i>		
Casino licence fee and management agreement	20.4	20.3
Other assets	4.3	7.6
	24.7	27.9
<b>Total depreciation and amortisation expense</b>	<b>273.6</b>	<b>285.9</b>

(1) Refer note 12 for further information.

(2) Refer note 14 for further information.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

3. Revenue and Expenses *continued*

	2019 \$m	2018 \$m
<b>(d) Other income and expense disclosures</b>		
<b>Finance costs expensed:</b>		
Debt facilities	81.5	106.4
Capitalised interest	(44.9)	(30.3)
	<b>36.6</b>	<b>76.1</b>
Operating leases	5.6	7.6
Superannuation expense	65.8	67.8
Other employee benefits expense	925.1	923.5
Net foreign currency (gains)/losses	(1.3)	(8.1)
<b>(e) Significant items - income / (expense)</b>		
Goodwill impairment - DGN <sup>(1)</sup>	(48.9)	-
Reassessment of contingent consideration - DGN <sup>(2)</sup>	48.9	-
Asset impairment reversal	-	122.3
Net foreign currency gain on disposal of foreign operations	-	76.9
Net gain on CrownBet disposal	-	87.5
Net gain on Ellerston disposal	-	5.9
Restructuring & other significant expenses	-	(15.5)
Associates significant items	-	(2.7)
Tax amounts in significant items	-	(26.7)
	<b>-</b>	<b>247.7</b>

(1) Refer note 12 for further information.

(2) Refer note 14 for further information.

## 4. Dividends Paid and Declared

	2019 \$m	2018 \$m
<b>(a) Dividends declared and paid during the financial year</b>		
<b>Prior year final dividend (paid 5 October 2018)</b>		
Paid at 30.0 cents (2017: 30.0 cents) per share franked at 60% (2017: 60% franked) at the Australian tax rate of 30% (2017: 30%)	205.9	206.7
<b>Current year interim dividend (paid 4 April 2019)</b>		
Paid at 30.0 cents (2018: 30.0 cents) per share franked at 60% (2018: 60% franked) at the Australian tax rate of 30% (2018: 30%)	203.1	206.7
<b>Total dividends appropriated</b>	<b>409.0</b>	<b>413.4</b>
<b>(b) Dividends declared and not recognised as a liability</b>		
<b>Current year final dividend (expected to be paid 4 October 2019)</b>		
Declared at 30.0 cents (2018: 30.0 cents) per share franked at 25% (2018: 60% franked) at the Australian tax rate of 30% (2018: 30%)	203.1	206.2 <sup>(1)</sup>
<b>(c) Franking credits</b>		
The tax rate at which the final dividend will be franked is 30% (2018: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2019. The amount of franking credits available for the subsequent financial year:		
Franking account balance as at the end of the financial year at 30% (2018: 30%)	2.9	34.7
Franking credits/(debits) that will arise from the payment/(receipt) of income taxes payable/(refundable) as at the end of the financial year	(4.4)	13.2
<b>Total franking credits</b>	<b>(1.5)</b>	<b>47.9</b>
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends announced before the financial report was authorised for issue but not recognised as a distribution to equity holders during the financial year	(21.8)	(53.0)
<b>Total franking credits available for future reporting periods</b>	<b>(23.3)</b>	<b>(5.1)</b>

(1) Dollar value based on the total number of shares on issue as at the date of declaration of the 2018 final dividend.

## 5. Income Tax

	2019 \$m	2018 \$m
<b>(a) Income tax expense</b>		
The prima facie tax expense, using the Australian tax rate multiplied by profit differs from income tax provided in the financial statements as follows:		
Profit before income tax	579.3	744.2
Prima facie income tax expense on profit at the Australian rate of 30% (2018: 30%)	173.8	223.2
Tax effect of:		
Non deductible depreciation and amortisation	1.7	1.7
Share of associates' net losses/(profits)	(4.0)	(2.0)
Differences in foreign tax rates	(0.9)	(1.6)
Deferred tax balances not previously brought to account	1.5	(3.8)
Income tax (over)/under provided in prior years	(0.6)	2.4
Non-deductible/(non-assessable) significant items	-	(56.4)
Revenue losses not brought to account	(2.1)	0.4
Other items - net	7.0	7.1
<b>Income tax expense</b>	<b>176.4</b>	<b>171.0</b>
Income tax expense comprises:		
Current expense	50.9	84.3
Deferred expense	126.1	57.6
Adjustments for current income tax of prior periods	(0.6)	2.4
Tax on significant items	-	26.7
	<b>176.4</b>	<b>171.0</b>
<b>(b) Deferred income taxes</b>		
Deferred income tax assets	159.5	266.9
Deferred income tax liabilities	(401.5)	(380.9)
<b>Net deferred income tax assets/(liabilities)</b>	<b>(242.0)</b>	<b>(114.0)</b>

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

5. Income Tax *continued*

	Statement of Financial Position		Statement of Profit or Loss	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
<b>(c) Deferred income tax assets and liabilities at the end of the financial year</b>				
<b>The balance comprises temporary differences attributable to:</b>				
Doubtful debt provision	18.2	113.3	95.1	(14.8)
Employee benefits provision	41.0	38.6	(2.3)	(2.9)
Losses available for offsetting against future taxable income	25.6	25.9	0.4	11.0
Other receivables	0.5	1.8	1.2	1.2
Other provisions	40.9	54.6	13.6	(1.1)
Prepaid casino tax	(14.0)	(14.5)	(0.4)	(0.4)
Licences and intangibles	(225.6)	(226.6)	(1.0)	(2.5)
Land and buildings	(166.1)	(139.7)	26.3	19.3
Property, plant & equipment	25.6	18.9	(6.7)	(10.7)
Revaluation of investment to fair value	-	18.4	18.4	70.2
Other	11.9	(4.7)	(18.5)	(4.7)
<b>Deferred income tax expense/(income)</b>			<b>126.1</b>	<b>64.6</b>
<b>Net deferred income tax assets/(liabilities)</b>	<b>(242.0)</b>	<b>(114.0)</b>		
			<b>2019 \$m</b>	<b>2018 \$m</b>
<b>(d) Movements in deferred income tax assets and liabilities during the financial year</b>				
Carrying amount at the beginning of the year			(114.0)	(22.7)
Tax income / (expense) during the period recognised in profit or loss			(126.1)	(57.6)
Tax income / (expense) during the period recognised in profit or loss - significant items			-	(6.9)
Exchange differences			(0.1)	(0.1)
Tax income / (expense) - derivatives			(1.8)	(0.6)
Disposal of subsidiaries			-	(26.1)
<b>Carrying amount at the end of the year</b>			<b>(242.0)</b>	<b>(114.0)</b>
<b>(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable</b>				
Tax losses arising in Australia for offset against future capital gains			86.8	489.8
Foreign income tax losses for offset against future foreign profits			753.0	637.7
<b>Total tax losses not brought to account</b>			<b>839.8</b>	<b>1,127.5</b>
<b>Potential tax benefit at respective tax rates</b>			<b>184.2</b>	<b>280.9</b>

5. Income Tax *continued***(f) Unrecognised temporary differences**

At 30 June 2019, there is no recognised or unrecognised deferred income tax liability (2018: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

**(g) Tax consolidation**

Crown Resorts Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Resorts Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Resorts Limited in order to allocate income tax expense between Crown Resorts Limited and the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

**(h) Tax effect accounting by members of the tax consolidated group**

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries inter-company accounts with the tax consolidated group head company, Crown Resorts Limited.

## 6. Trade and Other Receivables

	2019 \$m	2018 \$m
<b>Current</b>		
Trade receivables	189.7	580.8
Provision for doubtful debts (a)	(108.0)	(425.7)
	81.7	155.1
Other receivables	17.0	17.2
	<b>98.7</b>	<b>172.3</b>
<b>Non-current</b>		
Other receivables	157.8	143.0
	<b>157.8</b>	<b>143.0</b>

**(a) Allowance for Doubtful Debts**

Trade receivables are non-interest bearing and are generally 30 day terms. An allowance for doubtful debts is recognised based on the expected credit loss model from the time the financial instrument is initially recognised.

**Movements in the allowance for doubtful debts**

	2019 \$m	2018 \$m
Allowance for doubtful debts at the beginning of the year	(425.7)	(367.6)
Net doubtful debt expense <sup>(1)</sup>	(12.7)	(67.2)
Disposal of subsidiaries	-	1.7
Net Amounts written off	339.1	12.8
Exchange differences	(8.7)	(5.4)
	<b>(108.0)</b>	<b>(425.7)</b>

(1) Amounts are included in other expenses.

During the year, a number of longstanding debts that were previously fully provided in doubtful debt provisions, being deemed to have no reasonable expectation of recovery were written off. As those amounts were fully provided for, this has had no impact on net debtors.



FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

6. Trade and Other Receivables *continued*(a) Allowance for Doubtful Debts *continued*

## Ageing analysis of trade receivables

	0-30 days \$m	>30 days \$m	Total \$m
<b>2019 - consolidated</b>			
Current	45.5	-	45.5
Past due not impaired	-	36.2	36.2
Considered impaired	1.8	106.2	108.0
	<b>47.3</b>	<b>142.4</b>	<b>189.7</b>
<b>2018 - consolidated</b>			
Current	94.0	-	94.0
Past due not impaired	-	61.1	61.1
Considered impaired	-	425.7	425.7
	<b>94.0</b>	<b>486.8</b>	<b>580.8</b>

## 7. Other Financial Assets

	2019 \$m	2018 \$m
<b>Current</b>		
Receivable on foreign exchange contracts	5.5	9.2
	<b>5.5</b>	<b>9.2</b>
<b>Non-current</b>		
Receivable on cross currency swaps	35.2	23.3
Other	2.3	-
	<b>37.5</b>	<b>23.3</b>

Details of the Group's exposure to interest rate risk and foreign currency changes are provided in note 30.

## 8. Investments in Associates

	2019 \$m	2018 \$m
<b>Investment details:</b>		
Associated entities - unlisted shares	206.9	187.8
<b>Total investments in associates</b>	<b>206.9</b>	<b>187.8</b>
<b>Share of profits of associates</b>		
Nobu Group	7.3	7.2
Aggregate share of profit from non material associates	6.0	(0.6)
	<b>13.3</b>	<b>6.6</b>

8. Investments in Associates *continued*

Investments in Associates	Reporting Date	Principal Activity	Principal Place of Business	% Interest	
				30 June 2019	30 June 2018
Nobu Group	31 Dec <sup>(1)</sup>	Restaurants/Hotels	USA	20.0	20.0
Aspers Holdings (Jersey) Ltd	30 June	Casino and gaming machine operator	UK	50.0	50.0
Chill Gaming Pty Ltd	30 June	Gaming software developer	Australia	50.0	50.0
Zengaming Inc	31 Dec <sup>(1)</sup>	eSports	USA	28.9	36.9

(1) The Group uses 30 June results to equity account the investments.

The associates outlined above are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below.

	2019 \$m	2018 \$m
<b>Carrying amount of investment - Nobu Group:</b>		
Balance at the beginning of the financial year	135.2	130.4
Share of associates' net profit/(loss) for the year	7.3	7.2
Foreign exchange movements	7.4	5.0
Dividends received	(7.4)	(7.4)
<b>Carrying amount of investment in the Nobu Group at the end of the financial year</b>	<b>142.5</b>	<b>135.2</b>

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

## 9. Property, Plant and Equipment

	Freehold land & buildings \$m	Buildings on leasehold land \$m	Plant & equipment \$m	Construction work in progress \$m	Total property, plant & equipment \$m
<b>Year ended 30 June 2019</b>					
At 1 July 2018, net of accumulated depreciation and impairment	1,741.7	829.7	664.3	645.0	3,880.7
Additions	1.3	16.0	92.2	517.0	626.5
Disposals	-	-	(0.9)	-	(0.9)
Depreciation expense	(45.5)	(49.4)	(154.0)	-	(248.9)
Exchange differences	-	0.3	1.3	-	1.6
Reclassification/ transfer	8.4	(0.8)	8.4	(16.0)	-
<b>At 30 June 2019, net of accumulated depreciation and impairment</b>	<b>1,705.9</b>	<b>795.8</b>	<b>611.3</b>	<b>1,146.0</b>	<b>4,259.0</b>
<b>At 30 June 2019</b>					
Cost (gross carrying amount)	2,189.0	1,602.5	2,517.3	1,146.0	7,454.8
Accumulated depreciation and impairment	(483.1)	(806.7)	(1,906.0)	-	(3,195.8)
<b>Net carrying amount</b>	<b>1,705.9</b>	<b>795.8</b>	<b>611.3</b>	<b>1,146.0</b>	<b>4,259.0</b>

	Freehold land & buildings \$m	Buildings on leasehold land \$m	Plant & equipment \$m	Construction work in progress \$m	Leased plant & equipment \$m	Total property, plant & equipment \$m
<b>Year ended 30 June 2018</b>						
At 1 July 2017, net of accumulated depreciation and impairment	1,964.8	872.2	646.5	345.7	130.0	3,959.2
Additions	0.9	13.9	95.9	321.2	-	431.9
Disposals	(265.0)	(6.7)	(31.5)	(4.6)	(30.0)	(337.8)
Depreciation expense	(44.6)	(50.8)	(158.4)	-	(4.2)	(258.0)
Impairment reversal	89.1	-	-	-	-	89.1
Exchange differences	(6.3)	0.7	1.9	-	-	(3.7)
Reclassification/ transfer	2.8	0.4	109.9	(17.3)	(95.8)	-
<b>At 30 June 2018, net of accumulated depreciation and impairment</b>	<b>1,741.7</b>	<b>829.7</b>	<b>664.3</b>	<b>645.0</b>	<b>-</b>	<b>3,880.7</b>
<b>At 30 June 2018</b>						
Cost (gross carrying amount)	2,182.7	1,598.1	2,437.8	645.0	-	6,863.6
Accumulated depreciation and impairment	(441.0)	(768.4)	(1,773.5)	-	-	(2,982.9)
<b>Net carrying amount</b>	<b>1,741.7</b>	<b>829.7</b>	<b>664.3</b>	<b>645.0</b>	<b>-</b>	<b>3,880.7</b>

## 10. Intangible Assets - Licences

	2019 \$m	2018 \$m
Balance at the beginning of the financial year	1,080.6	1,097.3
Amortisation expense	(16.6)	(16.7)
<b>Balance at the end of the financial year</b>	<b>1,064.0</b>	<b>1,080.6</b>
Cost (gross carrying amount)	1,297.0	1,297.0
Accumulated amortisation and impairment	(233.0)	(216.4)
<b>Net carrying amount</b>	<b>1,064.0</b>	<b>1,080.6</b>

The casino licences are carried at cost and amortised on a straight line basis over their useful lives.

The Crown Melbourne licence is being amortised until 2050. The Crown Perth licence (\$440.4 million) is assessed as having an indefinite useful life, as it does not expire, and therefore no amortisation is charged. Amortisation will commence on the Crown Sydney licence once the property is operational.

## 11. Other Intangible Assets

	Goodwill <sup>(1)</sup> \$m	Casino Management Agreement <sup>(1)</sup> \$m	Other \$m	Total \$m
<b>Year ended 30 June 2019</b>				
At 1 July 2018, net of accumulated amortisation and impairment	338.4	119.0	5.4	462.8
Additions	-	-	2.0	2.0
Impairment <sup>(2)</sup>	(48.9)	-	-	(48.9)
Exchange differences	5.9	-	-	5.9
Amortisation expense	-	(3.7)	(2.8)	(6.5)
<b>At 30 June 2019, net of accumulated amortisation and impairment</b>	<b>295.4</b>	<b>115.3</b>	<b>4.6</b>	<b>415.3</b>
<b>At 30 June 2019</b>				
Cost (gross carrying amount)	344.3	245.3	22.5	612.1
Accumulated amortisation and impairment	(48.9)	(130.0)	(17.9)	(196.8)
<b>Net carrying amount</b>	<b>295.4</b>	<b>115.3</b>	<b>4.6</b>	<b>415.3</b>

(1) Purchased as part of business combinations.

(2) Impairment relates to the goodwill in DGN. Refer note 12 for further details.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

11. Other Intangible Assets *continued*

	Goodwill <sup>(1)</sup>	Casino Management Agreement <sup>(1)</sup>	Other	Total
	\$m	\$m	\$m	\$m
<b>Year ended 30 June 2018</b>				
At 1 July 2017, net of accumulated amortisation and impairment	346.5	122.7	93.5	562.7
Additions	-	-	2.0	2.0
Impairment reversal	-	-	36.5	36.5
Exchange differences	6.1	-	(2.6)	3.5
Amortisation expense	-	(3.7)	(6.0)	(9.7)
Disposals	(14.2)	-	(118.0)	(132.2)
<b>At 30 June 2018, net of accumulated amortisation and impairment</b>	<b>338.4</b>	<b>119.0</b>	<b>5.4</b>	<b>462.8</b>
<b>At 30 June 2018</b>				
Cost (gross carrying amount)	338.4	245.3	20.5	604.2
Accumulated amortisation and impairment	-	(126.3)	(15.1)	(141.4)
<b>Net carrying amount</b>	<b>338.4</b>	<b>119.0</b>	<b>5.4</b>	<b>462.8</b>

(1) Purchased as part of business combinations.

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 12). The goodwill balance at 30 June 2019 is allocated to Crown Melbourne \$26.9 million (2018: \$26.9 million), Crown Perth \$144.0m (2018: \$144.0 million), Crown Aspinalls \$53.1 million (2018: \$52.5 million), DGN \$51.5 million (2018: \$95.1 million) and Betfair \$19.9 million (2018: \$19.9 million).

The useful life of the Crown Melbourne casino management agreement is amortised on a straight line basis to 2050.

## 12. Impairment Testing of Intangible Assets

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGUs) identified according to the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets.

The allocation of goodwill and other intangible assets with indefinite useful lives to the Group's CGUs are outlined in Note 10 and Note 11.

The recoverable amount of a CGU is defined as the higher of the value in use and the fair value less cost of disposal. This implied value is then compared with the carrying value of the CGU to determine any impairment required. The recoverable amount of the Crown Melbourne, Crown Perth and Betfair CGUs has been determined based on a value in use calculation using a discounted cash flow methodology covering a four year period, with an appropriate residual value at the end of that period. The methodology utilises cash flow forecasts that are based primarily on business plans presented to and approved by the Board.

The recoverable amount of the DGN and Crown Aspinalls CGUs has been determined based on fair value less costs of disposal, calculated using a discounted cash flow methodology and using historical and forecast earnings for the CGU as well as market acquisition prices and current trading multiples of entities of a similar nature to each CGU.

**Value in use assessment**

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets for CGUs under the value in use method.

- Cash flow forecasts are based on past performance and expectations for the future using a four year cash flow period, risk adjusted where applicable.

## 12. Impairment Testing of Intangible Assets *continued*

- Residual value is calculated using a perpetuity growth formula based on cash flow forecasts using a weighted average cost of capital (after tax) and forecast growth rate.
- Forecast growth rates are based on past performance and management's expectations of future performance in each CGU as at 30 June 2019, based on the nature of the products and industries in which each CGU operates. The terminal growth rates beyond the four year period do not exceed the forecasted long term Australian inflation rate of 2.50% (2018: 2.25%).
- A weighted average cost of capital (after tax) of between 8% and 12% (2018: 8% and 10%) was used by the Group in impairment testing, risk adjusted where applicable.

### Fair value less costs of disposal assessment

The following describes each key assumption on which management has based its recoverable amount calculations of intangible assets for CGUs under the fair value less costs of disposal method. The adopted recoverable amount has been determined based on a range of values calculated using the methods described below.

For calculations using a discounted cash flow methodology the key assumptions are:

- Earnings forecasts are based on the business plan as presented to and approved by the Board, which are based on past performance and expectations for the future using a four year cash flow period, risk adjusted where applicable.
- Residual value is calculated using a perpetuity growth formula based on cash flow forecasts using a discount rate and earnings multiples.
- A discount rate (after tax) of between 8% and 12% was used, risk adjusted where applicable.
- Costs of disposal of 2.0% have been utilised to discount the implied fair value.

For calculations using market acquisition prices and current trading multiples of entities of a similar nature to each CGU the key assumptions are:

- Acquisition multiples between 8.5x and 11.0x prior year EBITDA have been utilised, reflecting market acquisition prices for entities of a similar nature to each CGU.
- Trading multiples of publicly listed companies and entities of a similar nature to the CGU of between 7.5x and 8.0x last twelve month EBITDA and between 8.0x and 9.0x next twelve month EBITDA have been utilised.
- Costs of disposal of 2.0% have been utilised to discount the implied fair value.

The fair value measurement for the Crown Aspinalls and DGN CGUs is considered to be level 3 in the fair value hierarchy, as it is based on using inputs that are not based on observable market data. Where available, applicable level 2 information has been taken into account (refer to note 30 for explanation of the valuation hierarchy).

### Outcome of impairment tests for intangible assets

Based on the valuation techniques performed, an impairment loss of \$48.9 million has been recorded against the Group's intangible assets during the year (2018: nil). As at 30 June 2018, goodwill relating to the acquisition of DGN was \$95.1 million. At 30 June 2019, indicators of impairment were identified for the DGN CGU. These indicators were considered in the re-forecast of cash flows of the DGN Group, which were developed as part of the annual four-year business plan presented to and approved by the Board. Based on the impairment testing using the re-forecast earnings of the DGN Group, the recoverable amount of the DGN CGU is \$81.8 million as at 30 June 2019. As a result of carrying amounts exceeding recoverable amount, Crown has reduced goodwill relating to the acquisition of DGN by \$48.9 million. This goodwill was initially recorded as part of the acquisition of Winners Club Limited, with a significant part of the initial goodwill relating to contingent consideration. Crown has also reassessed the amount of contingent consideration on the acquisition of Winners Club Limited and reduced the amount due (Refer to note 14 for details of the contingent consideration). DGN forms part of the Wagering & Online segment and the impairment loss of \$48.9 million has been included in the results for the Wagering & Online segment. This impairment loss has been included in the Statement of Profit or Loss.

### Sensitivity analysis

For CGUs where the recoverable amount was determined based on the value in use calculation, the key estimates and assumptions used to determine the value in use of the CGU are based on management's current expectations based on past experience, future plans and external market information. They are considered to be reasonably achievable, however significant changes in any of the key estimates and assumptions may result in a CGUs carrying value exceeding its recoverable value, resulting in an impairment charge.

It is not considered that any reasonable possible change in any of the above assumptions would cause the carrying value of any CGU to materially exceed its recoverable amount.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

12. Impairment Testing of Intangible Assets *continued*

For Crown Aspinalls and DGN where the recoverable amount was determined based on fair value less costs of disposal, an adverse change in either the acquisition or trading multiples of entities of a similar nature to the CGU, or an adverse change in the earnings of the CGU may, or in the case of DGN would, result in the carrying amount of the CGU to exceed its recoverable amount, resulting in an impairment charge against goodwill of the CGU. In relation to Crown Perth, it is noted that a terminal growth rate of less than 0.25% could give rise to an impairment.

The Group will continue to monitor the performance of all CGUs going forward, and consider the impact on the respective CGUs' impairment testing assumptions and carrying value.

## 13. Other Assets

	2019 \$m	2018 \$m
<b>Non-current</b>		
Prepaid casino tax at cost	100.8	100.8
Accumulated amortisation	(53.9)	(52.5)
	<b>46.9</b>	<b>48.3</b>
Other prepayments	1.9	2.1
	<b>48.8</b>	<b>50.4</b>

## 14. Trade and Other Payables

	2019 \$m	2018 \$m
<b>Current - unsecured</b>		
Trade and other payables	280.6	250.5
Contract and contract-related liabilities <sup>(1)</sup>	152.5	177.0
	<b>433.1</b>	<b>427.5</b>
<b>Non-current - unsecured</b>		
Casino licence payable <sup>(2)</sup>	167.6	163.0
Contingent consideration	0.7	47.0
Other	86.8	77.6
	<b>255.1</b>	<b>287.6</b>

(1) Contract and contract related liabilities include unredeemed casino chips, loyalty program liabilities and advance customer deposits which decreased by \$24.5 million during the year (2018: increased by \$12.9 million).

(2) Net present value of the \$250.0 million payment due in 2033 relating to the Crown Melbourne Casino licence.

**Contingent Consideration**

As part of the purchase agreement with the previous owners of Winners Club, there may be an additional contingent consideration payment due based on the 2020 earnings of the DGN Group. During the current period, following a re-forecast of earnings of the DGN Group, Crown has reduced the contingent consideration by \$48.9 million, which has been included in the Statement of Profit or Loss. The net change in value of \$46.3 million constitutes the re-measurement of \$48.9 million and unfavourable FX movement of \$2.6 million. The fair value measurement for contingent consideration is considered to be level 3 in the fair value hierarchy, based on using inputs that are not based on observable market data (refer to note 30 for explanation of the valuation hierarchy). A significant increase (decrease) in the future earnings of the DGN Group would result in a higher (lower) fair value of the contingent consideration liability. As part of the reassessment of future earnings, Crown also impaired the goodwill relating to DGN, as outlined in note 12.

## 15. Interest-Bearing Loans and Borrowings

	2019 \$m	2018 \$m
<b>Current</b>		
Bank Loans - unsecured	28.5	25.7
Capital Markets Debt - unsecured	259.1	-
	<b>287.6</b>	<b>25.7</b>
<b>Non-current</b>		
Bank Loans - unsecured	-	28.9
Capital Markets Debt - unsecured <sup>(1)</sup>	790.0	1,437.1
Other loans - unsecured	1.0	1.0
	<b>791.0</b>	<b>1,467.0</b>

(1) On 14 September 2018, Crown redeemed all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" (the "Notes") in accordance with the terms of the Notes. This reduced Crown's gross debt by approximately \$400 million.

**Fair Value Disclosures**

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 30.

**Financial Risk Management**

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 30.

**Financing and Credit Facilities**

Unsecured credit facilities are provided as part of the overall debt funding structure of the Crown Group as follows:

Facility Type	Facility Amount \$m	Drawn Amount \$m	Letters of Credit Issued \$m	Available \$m	Expiry Dates
<b>Bank Facilities</b>					
Bilateral Multi Option Facilities	170.0	28.5	31.5	110.0	Nov 19 / Mar 20
GBP Syndicated Facility	90.4	-	-	90.4	Aug 2020
Letter of Credit Facilities	250.5	-	250.5	-	Jun 21 - Jan 22
	<b>510.9</b>	<b>28.5</b>	<b>282.0</b>	<b>200.4</b>	
<b>Debt Capital Markets</b>					
Euro Medium Term Notes	174.6	174.6	-	-	Jul 2036
Australian Medium Term Notes	259.1	259.1	-	-	Nov 2019
AUD Subordinated Notes	615.4	615.4	-	-	Apr 2075
	<b>1,049.1</b>	<b>1,049.1</b>	<b>-</b>	<b>-</b>	
<b>Other</b>					
Other Loans	1.0	1.0	-	-	Jun 2021
<b>Total at 30 June 2019</b>	<b>1,561.0</b>	<b>1,078.6</b>	<b>282.0</b>	<b>200.4</b>	
<b>Total at 30 June 2018</b>	<b>2,009.8</b>	<b>1,492.7</b>	<b>341.0</b>	<b>176.1</b>	

The bank facilities are provided on an unsecured basis by domestic and international banks. Refer note 30(a)(i) for further details regarding interest rates.

The debt capital markets drawn amounts represent unsecured notes issued to domestic and international debt investors. Crown is able to make advances and issue letters of credit under the letter of credit facility, syndicated facilities and the bilateral facilities which are multi option in nature.



FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

15. Interest-Bearing Loans and Borrowings *continued*

Each of the above mentioned facilities is issued by or supported by a Group guarantee from Crown and certain subsidiaries and impose various affirmative covenants on Crown, which may include compliance with certain financial ratios and negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

During the current and prior year, there were no defaults or breaches on any of the loans or borrowings.

Refer to note 20(c) for a summary of Crown's overdraft facilities.

## 16. Provisions

	Employee Entitlements \$m	Other \$m	Total \$m
At 1 July 2018	201.7	56.0	257.7
Arising during the year	93.4	2.6	96.0
Utilised during the year	(122.2)	(21.3)	(143.5)
<b>At 30 June 2019</b>	<b>172.9</b>	<b>37.3</b>	<b>210.2</b>
Current 2019	158.4	27.6	186.0
Non-current 2019	14.5	9.7	24.2
<b>At 30 June 2019</b>	<b>172.9</b>	<b>37.3</b>	<b>210.2</b>
Current 2018	186.3	38.8	225.1
Non-current 2018	15.4	17.2	32.6
<b>At 30 June 2018</b>	<b>201.7</b>	<b>56.0</b>	<b>257.7</b>

## 17. Contributed Equity

	2019 \$m	2018 \$m
<b>Issued share capital</b>		
Ordinary shares fully paid	(203.3)	(71.9)
<b>Movements in issued share capital</b>		
Carrying amount at the beginning of the financial year	(71.9)	(53.2)
Share buy-back, inclusive of costs	(131.4)	(18.7)
<b>Carrying amount at the end of the financial year</b>	<b>(203.3)</b>	<b>(71.9)</b>
<b>Shares held in Trust</b>		
Balance at beginning of the financial year	(15.7)	(19.4)
Shares transferred under the Crown Long Term Incentive Plan	15.7	3.7
<b>Balance at the end of the financial year</b>	<b>-</b>	<b>(15.7)</b>
	2019 No.	2018 No.
<b>Issued share capital</b>		
Ordinary shares fully paid	677,158,271	687,421,194
<b>Movements in issued share capital</b>		
Balance at the beginning of the financial year	687,421,194	688,847,822
Share buy-back	(10,262,923)	(1,426,628)
<b>Balance at the end of the financial year</b>	<b>677,158,271</b>	<b>687,421,194</b>

### 17. Contributed Equity *continued*

During the year, the Group carried out an on-market share buy-back as an element of its capital management program. For the year ended 30 June 2019, shares to a value of \$131.4 million (2018: \$18.7 million) have been purchased.

Due to share buy-backs being undertaken at higher prices than the original subscription prices, the balance of contributed equity is reflected as a negative balance, which shows the excess value of shares bought over the original amount of subscribed capital. Refer note 29 for details of the Parent Entity's share capital, which has significant paid up capital.

#### Terms and Conditions of Contributed Equity

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

#### Capital Management

When managing capital, the Group's objective is to maintain optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

During 2019, the Group paid dividends of \$409.0 million (2018: \$413.4 million). The Group's dividend policy is to pay 60 cents per share on a full year basis, subject to Crown's financial position.

### 18. Reserves and Retained Earnings

	2019 \$m	2018 \$m
Foreign currency translation reserve	(28.8)	(42.5)
Employee equity benefits reserve	18.9	15.6
Net unrealised gains reserve	(14.1)	(54.9)
Cash flow hedge reserve	25.4	21.3
	<b>1.4</b>	<b>(60.5)</b>
<b>Foreign Currency Translation Reserve</b>		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to recognise gains and losses on hedges of the net investment in foreign operations.		
Balance at the beginning of the financial year	(42.5)	26.1
Net foreign exchange translation	14.0	7.6
Net foreign exchange gain reclassified to profit or loss	-	(76.9)
Non-controlling interest	(0.3)	0.7
<b>Balance at the end of the financial year</b>	<b>(28.8)</b>	<b>(42.5)</b>
<b>Employee Equity Benefits Reserve</b>		
The employee equity benefits reserve is used to record share based remuneration obligations to executives in relation to ordinary shares.		
Balance at the beginning of the financial year	15.6	13.8
Movement for the period	3.3	1.8
<b>Balance at the end of the financial year</b>	<b>18.9</b>	<b>15.6</b>

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

18. Reserves and Retained Earnings *continued*

	2019 \$m	2018 \$m
<b>Net Unrealised Gains Reserve</b>		
The net unrealised gains reserve records the movement from changes in ownership interests in a subsidiary, investments and associates equity, which do not impact control.		
Balance at the beginning of the financial year	(54.9)	(45.4)
Transfer to retained earnings	-	(7.4)
Movement in non-controlling interest put option	40.8	(2.1)
<b>Balance at the end of the financial year</b>	<b>(14.1)</b>	<b>(54.9)</b>
<b>Cash Flow Hedge Reserve</b>		
The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.		
Balance at the beginning of the financial year	21.3	19.9
Movement in interest rate swaps	(1.6)	0.5
Movement in cross currency swaps	8.3	1.0
Movement in forward exchange contracts	(2.6)	(0.1)
<b>Balance at the end of the financial year</b>	<b>25.4</b>	<b>21.3</b>
<b>Retained Earnings</b>		
Balance at the beginning of the financial year	5,306.0	5,153.1
Transfer from unrealised gains reserve	-	7.4
Net profit after tax attributable to equity holders of the parent	401.8	558.9
Total available for appropriation	5,707.8	5,719.4
Dividends provided for or paid	(409.0)	(413.4)
<b>Balance at the end of the financial year</b>	<b>5,298.8</b>	<b>5,306.0</b>

## 19. Lease and Expenditure Commitments

## (a) Capital expenditure commitments

	2019 \$m	2018 \$m
<b>Estimated capital expenditure contracted for at balance date, but not provided for:</b>		
Payable within one year	623.9	425.9
Payable after one year but not more than five years	82.8	420.8
	<b>706.7</b>	<b>846.7</b>

## (b) Non-cancellable operating lease commitments – Group as lessee

	2019 \$m	2018 \$m
Payable within one year	7.0	7.3
Payable after one year but not more than five years	14.1	16.3
Payable more than five years	11.4	9.8
	<b>32.5</b>	<b>33.4</b>

### 19. Lease and Expenditure Commitments *continued*

The Group has entered into non-cancellable operating leases. The leases vary in contract period depending on the asset involved but generally have an average lease term of approximately 4 years (2018: 6 years) excluding the land lease detailed below. Operating leases include motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases. The operating lease commitments exclude optional renewal periods.

In addition, in 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which Crown Melbourne Entertainment Complex is located. For years one to forty inclusive the annual rent payable by the parent entity is one dollar per annum. For years forty-one to ninety-nine inclusive the annual rent payable will be the then current market rent for the site. The aggregate lease expenditure contracted for at balance date but not provided for which is disclosed in this report does not include an estimate for the rent payable for years forty-one to ninety-nine inclusive due to the uncertainty of these amounts.

#### (c) Non-cancellable operating lease receivables – Group as lessor

The Group has entered into operating leases for retail tenancies within its Crown Melbourne and Crown Perth properties. Future minimum rental revenue receivables for the non-cancellable period of the operating leases are shown in the table below. The leases have terms between 3 and 25 years.

	2019 \$m	2018 \$m
Payable within one year	24.5	22.4
Payable after one year but not more than five years	57.7	52.6
Payable more than five years	15.2	14.6
	<b>97.4</b>	<b>89.6</b>

The total contingent rent recognised as income during the year is \$5.7 million (2018: \$5.7 million). Contingent rentals which may become receivable in the future and separately invoiced amounts for recovery of property outgoings are excluded from the table above.

### 20. Cash Flow Statement Reconciliation

	2019 \$m	2018 \$m
<b>(a) Cash balance represents:</b>		
Cash on hand and at bank	412.5	355.8
Deposits at call	713.5	1,488.8
	<b>1,126.0</b>	<b>1,844.6</b>

The above closing cash balances includes \$133.9 million (2018: \$130.9 million) of cash on the company's premises and cash held in bank accounts needed to run the day to day operations of the businesses and cash (including deposits on call) of \$992.1 million (2018: \$1,713.7 million) for other purposes. All deposits at call are with approved counterparties with investment grade ratings. Refer note 30(c) for further details.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

20. Cash Flow Statement Reconciliation *continued*

	2019 \$m	2018 \$m
<b>(b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities</b>		
Profit after tax	402.9	573.2
Non cash items and items dealt with separately:		
- Depreciation and amortisation	273.6	285.9
- Asset impairment/(reversal)	-	(122.3)
- Share of associates' net (profit)/loss	(13.3)	(6.6)
- Net foreign exchange (gain)/loss	(1.3)	(8.1)
- Net foreign exchange gain on disposal of foreign operations	-	(76.9)
- Net mark-to-market (gain)/loss on investments	-	(4.7)
- Fair value movement of derivatives not in hedging relationships	(2.3)	-
Cash items not included in profit after tax:		
- Dividends received from associates	7.4	7.4
Items classified as investing/financing activities:		
- (Profit)/loss on sale of property, plant and equipment	(0.2)	(2.2)
- Net gain on disposal of subsidiaries and associates	(12.0)	(93.4)
Working Capital changes:		
- (Increase) / decrease in trade receivables and other assets	53.6	60.4
- (Increase) / decrease in inventories	0.6	0.2
- (Decrease) / increase in tax provisions	116.6	138.4
- (Decrease) / increase in trade and other payables, accruals and provisions	(47.5)	(19.6)
<b>Net cash flows from operating activities</b>	<b>778.1</b>	<b>731.7</b>

**(c) Bank Overdraft Facilities**

The Group has bank overdraft facilities available as follows:

Bank	2019	2018
ANZ Banking Group Limited	A\$20 million	A\$20 million
Citibank NA	US\$10 million	US\$10 million
Royal Bank of Scotland PLC	£18 million	£20 million

As at 30 June 2019 there were no drawn down amounts on the overdraft facilities (2018: nil).

## 21. Events After the Reporting Period

Crown holds a 50% ownership interest in the One Queensbridge development site which is strategically located adjacent to the Crown Melbourne entertainment complex, with the remaining 50% interest held by the Schiavello Group. Subsequent to 30 June 2019, Crown reached an agreement to purchase the Schiavello Group's 50% ownership interest in the site as well as all pre-development assets, including all intellectual property and designs for the project, for approximately \$80 million. The transaction remains subject to long-form agreements between Crown and the Schiavello Group.

Subsequent to 30 June 2019, the directors of Crown declared a final dividend on ordinary shares in respect of the year ending 30 June 2019. The total amount of the dividend is expected to be \$203.1 million, which represents a dividend of 30.0 cents per share franked at 25%. The unfranked portion of the dividend has been declared to be conduit foreign income.

## 22. Contingent Liabilities and Related Matters

On 15 February 2016 Crown was issued with amended assessments and notices of penalty by the Australian Taxation Office ("ATO") for a total of approximately \$362 million which comprise primary tax, interest and penalties. The amended assessments are in respect of income tax paid for the financial years ended 30 June 2009 to 30 June 2014 (inclusive) and relate to the tax treatment of some of the financing for Crown's investment in Cannery Casino Resorts ("Cannery") in North America. Crown formally objected to the amended assessments and notices of penalty, but those objections were disallowed in full by the ATO. On 10 July 2018 Crown lodged applications for an appeal against the objection decisions relating to the amended assessments in the Federal Court. On 7 September 2018 Crown applied to the Administrative Appeals Tribunal ("AAT") for a review of the objection decisions relating to the notices of penalty.

Crown was issued with further amended assessments and notices of penalty dated 31 August 2018 in respect of the financial years ended 30 June 2014 to 30 June 2016 (inclusive). The further amended assessments and notices of penalty have been issued for a total of approximately \$34 million which comprise primary tax, interest and penalties, and similarly relate to some of the financing for Crown's investment in Cannery. Crown formally objected to the amended assessments and notices of penalty, but those objections were disallowed in full by the ATO. On 21 December 2018 Crown lodged applications for an appeal against the objection decisions relating to the further amended assessments in the Federal Court, and applied to the AAT for a review of the objection decisions relating to the notices of penalty. Pursuant to orders made by the Federal Court and the AAT, the appeals and applications for review relating to the further amended assessments and notices of penalty were joined to the existing Federal Court and AAT proceedings commenced in respect of the original amended assessments and notices of penalty issued to Crown on 15 February 2016.

The Federal Court and the AAT (simultaneously) heard all of the proceedings between 11 and 21 June 2019. Judgement is yet to be handed down.

Crown considers that it has paid the correct amount of tax in respect of these matters.

As announced by Crown on 4 December 2017, Maurice Blackburn Lawyers have commenced a class action proceeding against Crown in the Federal Court of Australia. The proceeding has been filed on behalf of persons who acquired an interest in Crown shares between 6 February 2015 and 16 October 2016. Crown has announced that it intends to vigorously defend the proceeding.

In addition to the above matters, entities within the group are defendants from time to time in legal proceedings arising from the conduct of their business. The group does not consider that the outcome of any proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

The group has no other material contingent liabilities at 30 June 2019.

## 23. Auditors' Remuneration

	2019 \$	2018 \$
<b>Amounts received, or due and receivable, by Ernst &amp; Young (Australia) for:</b>		
Auditing the accounts	1,575,277	1,100,926
Taxation services	3,567,326	3,411,650
Consulting and assurance related services	138,103	256,097
<b>Amounts received, or due and receivable, by other member firms of Ernst &amp; Young International for:</b>		
Auditing the accounts	127,509	161,080
Taxation services	545,204	507,335
	<b>5,953,419</b>	<b>5,437,088</b>

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

## 24. Earnings Per Share (EPS)

	2019	2018
<b>The following reflects the income and share data used in the calculations of basic and diluted EPS:</b>		
Net profit / (loss) after tax used in calculating basic and diluted EPS (\$m)	401.8	558.9
Weighted average number of ordinary shares used in calculating basic EPS ('m)	680.2	688.7
Weighted average number of ordinary shares used in calculating diluted EPS ('m)	681.0	688.7

During the year, Crown undertook an on-market share buy-back to a value of \$131.4 million (2018: \$18.7 million). Following the completion of the buy-back, Crown's shares on issue reduced by approximately 10.3 million to approximately 677.2 million.

## 25. Key Management Personnel Disclosures

## (a) Details of key management personnel

## (i) Directors

John H Alexander	Executive Chairman
The Hon. Helen A Coonan	Non-Executive Director
Andrew Demetriou	Non-Executive Director
Geoffrey J Dixon	Non-Executive Director
Jane Halton AO PSM	Non-Executive Director
Professor John S Horvath AO	Non-Executive Director
Guy Jalland	Non-Executive Director
Michael R Johnston	Non-Executive Director
Antonia Korsanos	Non-Executive Director
Harold C Mitchell AC	Non-Executive Director
John Poynton AO	Non-Executive Director (appointed 20 November 2018)

## (ii) Executives

Kenneth M Barton	Chief Financial Officer & Chief Executive Officer – Crown Digital
Barry Felstead	Chief Executive Officer – Australian Resorts
W Todd Nisbet	Executive Vice President – Strategy and Development

## (b) Remuneration of key management personnel

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

Remuneration by category	2019 \$m	2018 \$m
Short term benefits	13.0	15.4
Post employment benefits	0.2	0.2
Long term incentives	2.4	2.3
	<b>15.6</b>	<b>17.9</b>

Further details regarding key management personnel and detailed disclosures of share based payment arrangements are contained in the Remuneration Report.

## 26. Related Party Disclosures

### (a) Parent entity

Crown Resorts Limited is the ultimate parent entity of the Group.

### (b) Controlled entities, associates and joint ventures

Interests in significant controlled entities are set out in note 27.  
Investments in associates and joint ventures are set out in note 8.

### (c) Entity with significant influence over the Group

Based on a substantial shareholder notice dated 11 June 2019 lodged by the Consolidated Press Holdings Group ("CPH"), comprising Consolidated Press Holdings Pty Limited and its related corporations, a group related to Mr James Packer, CPH had a relevant interest in 249,253,302 of the Company's fully paid ordinary shares at balance date. This equates to 36.81% of the Company's fully paid ordinary shares (2018: 46.10%) based on the total number of shares on issue at the relevant balance date.

### (d) Key management personnel

Disclosures relating to key management personnel are set out in note 25, and in the Remuneration Report.

### (e) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms, unless otherwise stated.

### (f) Transactions with related parties

The Group had the following transactions with related parties:

#### (i) Director related entities and entities with significant influence over the Group

CPH provided management services in accordance with a Services Agreement, in addition to corporate secretarial and administrative services of \$3.5 million during the year (2018: \$4.0 million). CPH paid costs on behalf of Crown to third parties totalling \$1.0 million during the year (2018: \$1.0 million). At 30 June 2019 there was \$0.4 million owing to CPH (2018: \$2.2 million).

Crown and its controlled entities provided CPH with hotel and banqueting services of \$12,000 during the year (2018: \$22,000). At 30 June 2019 there were no amounts owing from CPH (2018: \$nil).

In line with its commitment to the NSW Government, Crown has ongoing access rights to the golf course and other facilities at Ellerston (a property in the Hunter Valley owned by CPH and an entity associated with Ms Gretel Packer). During the period Crown paid \$1.0 million for the access rights (2018: \$1.0 million).

#### (ii) Associates

During the period, Crown paid the Nobu Group \$2.7 million (2018: \$2.6 million) in license and management fees relating to restaurants at Crown Melbourne and Crown Perth.



FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

## 27. Investment in Controlled Entities

The consolidated financial statements include the financial statements of Crown Resorts Limited and its controlled entities. Significant controlled entities and those that are party to a Deed of Cross Guarantee with the parent entity are set out below:

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2019	2018		2019	2018
				%	%
<b>Crown Resorts Limited</b>			<b>Australia</b>	<b>Parent Entity</b>	
ALON Las Vegas Financeco, LLC <sup>(2)</sup>			USA	-	88
ALON Las Vegas Holdings, LLC <sup>(2)</sup>			USA	-	88
ALON Las Vegas Resort, LLC <sup>(2)</sup>			USA	-	88
Artra Pty Ltd			Australia	100	100
Aspinall's Club Limited			United Kingdom	100	100
Betfair Pty Ltd	A	A	Australia	100	100
Betfair Australasia Pty Ltd	A	A	Australia	100	100
Burswood Limited	A	A	Australia	100	100
Burswood Nominees Ltd	A	A	Australia	100	100
Burswood Resort (Management) Ltd	A	A	Australia	100	100
Capital Club Pty Ltd			Australia	100	100
Club Gaming Pty Ltd			Australia	100	100
Crown Asia Investments Pty Ltd	A	A	Australia	100	100
Crown Australia Pty Ltd	A	A	Australia	100	100
Crown Capital Golf Pty Ltd			Australia	100	100
Crown Cyprus Pty Ltd			Australia	100	100
Crown CCR Group Holdings One Pty Ltd	A	A	Australia	100	100
Crown CCR Group Holdings Two Pty Ltd			Australia	100	100
Crown CCR Group Holdings General Partnership			USA	100	100
Crown CCR Group Investments One LLC			USA	100	100
Crown CCR Group Investments Two LLC			USA	100	100
Crown CCR Holdings LLC			USA	100	100
Crown CPS Holdings Pty Ltd	A	A	Australia	100	100
Crown Digital Holdings Pty Ltd	A		Australia	100	100
Crown Entertainment Group Holdings Pty Ltd	A	A	Australia	100	100
Crown (Gaming Technology) Holdings Pty Ltd			Australia	100	100
Crown Gateway Luxembourg Pty Ltd			Australia	100	100
Crown Group Finance Limited	A	A	Australia	100	100
Crown Group Securities Ltd	A	A	Australia	100	100
Crown Resorts International Holdings Ltd			Bahamas	100	100
Crown Investment Holdings LLC			USA	100	100
Crown Management Holdings Pty Ltd	A	A	Australia	100	100
Crown Management Pty Ltd	A	A	Australia	100	100
Crown Melbourne Limited	A	A	Australia	100	100
Crown North America Holdings One Pty Ltd			Australia	100	100
Crown North America Investments LLC			USA	100	100
Crown Overseas Investments Pty Ltd	A	A	Australia	100	100
Crown Queensbridge Development Pty Ltd			Australia	100	100
Crown Queensbridge Holdings Pty Ltd			Australia	100	100
Crown Queensbridge Property (Hotel) Pty Ltd			Australia	100	100
Crown Queensbridge Property (Residential) Pty Ltd			Australia	100	100
Crown Sydney Pty Ltd			Australia	100	100
Crown Sydney Gaming Pty Ltd			Australia	100	100

27. Investment in Controlled Entities *continued*

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2019	2018		2019	2018
				%	%
Crown Sydney Holdings Pty Ltd	A	A	Australia	100	100
Crown Sydney Property Pty Ltd	A	A	Australia	100	100
Crown Training Pty Ltd			Australia	100	100
Crown US Investments LLC			USA	100	100
Crown UK Investments Ltd			United Kingdom	100	100
Crown (Western Australia) Pty Ltd	A	A	Australia	100	100
Crown (Western Australia) Finance Holdings Pty Ltd	A	A	Australia	100	100
Crown (Western Australia) Finance Pty Ltd	A	A	Australia	100	100
DGN Games LLC			USA	85	85
Flienn Pty Ltd			Australia	100	100
Gender Fitness Pty Ltd			Australia	100	100
Jade West Entertainment Pty Ltd			Australia	100	100
Jemtex Pty Ltd	A	A	Australia	100	100
Melbourne Golf Academy Pty Ltd			Australia	100	100
PBL Overseas (CI) Pty Ltd	A	A	Australia	100	100
PBL (CI) Finance Pty Ltd			Australia	100	100
Pennwin Pty Ltd			Australia	100	100
Publishing and Broadcasting (Finance) Ltd	A	A	Australia	100	100
Renga Pty Ltd			Australia	100	100
Royal Gaming Pty Ltd			Australia	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) Entities were deregistered during the period.

A These controlled entities have entered into a deed of cross guarantee dated 21 June 2017 with the parent entity under ASIC Instrument 2016/785 - the "Closed Group" (refer note 28). Crown Digital Holdings Pty Ltd was added to the deed of cross guarantee during the 2019 financial year.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

## 28. Deed of Cross Guarantee

Crown Resorts Limited and certain controlled entities, as detailed in note 27, are parties to a Deed of Cross Guarantee dated 21 June 2017 under which each company in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

By entering into the Deed, pursuant to ASIC Instrument 2016/785, certain controlled entities of Crown have been granted relief from the Corporations Act 2001 requirements for preparation, audit and reporting of financial reports and directors' reports.

The consolidated Statement of Profit or Loss and Statement of Financial Position of the entities which are members of the Closed Group are detailed below.

	<b>Closed Group</b>	
	<b>2019</b>	<b>2018</b>
<b>Consolidated Statement of Profit or Loss</b>	<b>\$m</b>	<b>\$m</b>
Profit / (loss) before income tax	544.0	485.5
Income tax (expense) / benefit	(174.0)	(166.3)
Net profit / (loss) after income tax	370.0	319.2
Retained earnings / (accumulated losses) at the beginning of the financial year	5,079.0	5,186.1
Retained earnings / (accumulated losses) of entities entering Closed Group	-	(12.9)
Dividends provided for or paid	(409.0)	(413.4)
<b>Retained earnings / (accumulated losses) at the end of the financial year</b>	<b>5,040.0</b>	<b>5,079.0</b>

28. Deed of Cross Guarantee *continued*

	Closed Group	
	2019 \$m	2018 \$m
<b>Consolidated Statement of Financial Position</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,073.2	1,822.0
Trade and other receivables	53.0	86.9
Inventories	15.8	16.3
Prepayments	34.8	29.9
Other financial assets	5.5	9.2
<b>Total current assets</b>	<b>1,182.3</b>	<b>1,964.3</b>
<b>Non-current assets</b>		
Receivables	896.3	885.0
Other financial assets	1,835.0	1,839.9
Investment in associates	54.5	46.3
Property, plant and equipment	4,154.8	3,782.0
Intangible assets - licences	964.0	980.6
Other intangible assets	310.9	315.3
Deferred tax assets	155.4	243.8
Other assets	48.8	50.4
<b>Total non-current assets</b>	<b>8,419.7</b>	<b>8,143.3</b>
<b>Total assets</b>	<b>9,602.0</b>	<b>10,107.6</b>
<b>Current liabilities</b>		
Trade and other payables	402.6	391.7
Interest-bearing loans and borrowings	287.6	25.7
Income tax payable	153.6	164.8
Provisions	172.3	204.3
<b>Total current liabilities</b>	<b>1,016.1</b>	<b>786.5</b>
<b>Non-current liabilities</b>		
Other payables	245.6	191.8
Interest-bearing loans and borrowings	1,348.7	1,989.1
Deferred tax liability	399.8	380.1
Provisions	24.3	48.3
Other financial liabilities	4.5	2.1
<b>Total non-current liabilities</b>	<b>2,022.9</b>	<b>2,611.4</b>
<b>Total liabilities</b>	<b>3,039.0</b>	<b>3,397.9</b>
<b>Net assets</b>	<b>6,563.0</b>	<b>6,709.7</b>
<b>Equity</b>		
Contributed equity	1,480.0	1,611.4
Treasury shares	-	(15.7)
Reserves	43.0	35.0
Retained earnings	5,040.0	5,079.0
<b>Total equity</b>	<b>6,563.0</b>	<b>6,709.7</b>

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

## 29. Parent Entity Disclosures

	Crown Resorts Limited	
	2019 \$m	2018 \$m
<b>Results of the parent entity</b>		
Profit after tax for the period	410.7	428.8
Other comprehensive income/(loss)	-	-
<b>Total comprehensive income for the period</b>	<b>410.7</b>	<b>428.8</b>
<b>Financial position of the parent entity</b>		
Current assets	35.7	44.9
Non-current assets	14,253.6	14,700.3
<b>Total assets</b>	<b>14,289.3</b>	<b>14,745.2</b>
Current liabilities	236.8	241.9
Non-current liabilities	4,891.7	5,212.7
<b>Total liabilities</b>	<b>5,128.5</b>	<b>5,454.6</b>
<b>Total equity of the parent entity comprising of:</b>		
Issued capital	9,277.1	9,408.6
Employee equity benefits reserve	13.0	13.0
Accumulated losses	(129.3)	(131.0)
<b>Total equity</b>	<b>9,160.8</b>	<b>9,290.6</b>

**Contingent liabilities**

There are no other contingent liabilities for the parent entity at 30 June 2019 (2018: \$nil), other than those disclosed in note 22.

**Capital expenditure**

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2019 (2018: \$nil).

**Parent entity guarantees in respect of debts of its subsidiaries**

The parent entity has entered into a deed of cross guarantee as well as bank and capital market debt facilities with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in notes 27 and 28 and further details on bank and capital market debt facilities are set out in note 15.

## 30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans, capital market debt, cash and short term deposits and derivatives.

The Group's business activities expose it to the following risks: market risks (interest rate, share price and foreign exchange), credit risk and liquidity risk. For each of these risks, the Group considers the counterparties, geographical area, currency and markets as applicable to determine whether there are concentrations of risk. Other than as described in this note, the Group is satisfied that there are no material concentrations of risk.

The Group has policies in place to manage different types of risks to which it is exposed. Policies include monitoring the level of interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates. Ageing analysis of and monitoring of exposures to counterparties is undertaken to manage credit risk. Liquidity risk is monitored through the employment of rolling cash flow forecasts.

Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks in accordance with approved policies. The Board is informed on a regular basis of risk management activities.

30. Financial Risk Management Objectives and Policies *continued***(a) Market Risk****(i) Interest rate risk – cash flow**

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and long term debt obligations as outlined in note 15.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated as cash flow hedges.

	<b>2019</b>	<b>2018</b>
	<b>\$m</b>	<b>\$m</b>
<b>Financial assets</b>		
AUD cash on hand and at bank	206.6	128.6
AUD deposits at call	711.6	1,487.1
GBP cash on hand and at bank	33.5	8.8
USD cash on hand and at bank	38.5	87.5
USD deposits at call	1.9	1.7
<b>Total financial assets</b>	<b>992.1</b>	<b>1,713.7</b>
<b>Financial liabilities</b>		
AUD bank loans	20.0	20.0
GBP bank loans	-	8.9
AUD capital market debt	415.4	803.4
HKD bank loans	8.5	25.7
<b>Total financial liabilities</b>	<b>443.9</b>	<b>858.0</b>
<b>Net exposure</b>	<b>548.2</b>	<b>855.7</b>

As at balance date, the Group maintained floating rate liabilities of \$443.9 million (2018: \$858.0 million) that were not hedged by interest rate swaps. The associated interest rate risk is mitigated by total financial assets of \$992.1 million (2018: \$1,713.7 million). Under the financial liabilities outstanding, for AUD facilities, the Group pays the Bank Bill Swap rate (BBSW) plus a margin of between 140 and 400 basis points, and for HKD facilities, the Group pays HIBOR plus a margin of 65 basis points.

Of the AUD cash on hand and at bank \$206.6 million is interest bearing and is invested at approximately BBSW. Deposits at call of \$711.6 million are invested at approximately BBSW. The Group maintains cash and cash equivalents on hand of \$133.9 million for operational purposes and is non interest bearing (2018: \$130.9 million).

As at balance date, the Group had GBP cash on hand and at bank of \$33.5 million which is interest bearing and accrues at the UK daily cash rate (2018: \$8.8 million). The Group had no floating rate borrowings in GBP (2018: \$8.9 million).

As at balance date, the Group had floating rate borrowings in HKD of \$8.5 million (2018: \$25.7 million) and had minimal interest earning cash and cash equivalents (2018: minimal).

As at balance date, the Group had USD cash on hand and at bank of \$38.5 million which is interest bearing and is invested at approximately US LIBOR (2018: \$87.5 million). In addition, the Group had USD deposits at call of \$1.9 million, which is invested at approximately US LIBOR (2018: \$1.7 million). The Group maintained no floating rate borrowings in USD (2018: \$nil).

**Group Sensitivity**

As a result of an increase in interest rates of 50 basis points the Group's post-tax-profit for the year would have increased by \$1.9 million (2018: \$3.0 million). As a result of a decrease in interest rates of 50 basis points the Group's post-tax-profit for the year would have decreased by \$1.9 million (2018: \$3.0 million).

The Group, where appropriate, uses interest rate swaps to manage the risk of adverse movements in interest rates for its long term floating rate borrowings which are subject to variable rates.

The Group uses cross-currency interest rate swaps to manage the risk of adverse movements in interest rates for its long term foreign currency denominated borrowings which are subject to variable rates.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

30. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(i) Interest rate risk – cash flow** *continued***Group Sensitivity** *continued*

As at balance date the notional principal amounts and period of expiry of the interest rate swap contracts were as follows:

	2019 \$m	2018 \$m
<b>Cash flow hedge</b>		
Maturity under 1 year	-	-
Maturity 1 - 5 years	200.0	200.0
Maturity over 5 years	174.6	174.6
<b>Closing Balance</b>	<b>374.6</b>	<b>374.6</b>

As at balance date the key terms of the interest rate swap contracts were as follows:

Hedge Type	Maturity Date	Interest Rate Received	Interest Rate Paid	Fair Value of Swap Contract \$m
<b>Year Ended 30 June 2019</b>				
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(4.5)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	35.3
<b>Year Ended 30 June 2018</b>				
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(2.1)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	23.3

The terms of each of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective.

**(ii) Interest rate risk – fair value**

Where appropriate, the Group enters into fixed rate debt to mitigate exposure to interest rate risk. As the Group holds fixed rate debt there is a risk that the fair value of financial instruments will fluctuate because of market movements in interest rates. The level of fixed rate debt at balance date was \$634.8 million (2018: \$634.7 million). The Group pays between 4.5% and 8.5% (2018: 4.5% and 8.5%) on fixed rate debt. As at balance date, the carrying amounts of the Group's fixed rate debt were not materially different from the fair values (2018: not material).

As at balance date the Group had no interest rate swaps in place to hedge fixed rate debt issuances (2018: nil).

**(iii) Foreign exchange risk**

The Group has currency exposure as a result of capital expenditure and investments/sales in currencies other than the functional currency of the relevant entity.

The Group uses forward exchange contracts and cash flow hedges to minimise the currency exposure on any significant receivables or payables as is deemed appropriate.

All forward exchange contracts must be in the same currency as the firm commitment and the Group negotiates the terms of the hedges to exactly match the underlying commitment to maximise hedge effectiveness. As at balance date, the Group had hedged the majority of its foreign currency receivables and payables that are firm commitments.

30. Financial Risk Management Objectives and Policies *continued*(a) Market Risk *continued*(iii) Foreign exchange risk *continued*

As at balance date, the Group had the following material foreign exchange exposures that were not designated as cash flow hedges:

	2019 \$m	2018 \$m
<b>USD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	13.4	6.0
<b>Total financial assets</b>	<b>13.4</b>	<b>6.0</b>
<b>Net exposure</b>	<b>13.4</b>	<b>6.0</b>
<b>GBP Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	9.4	7.9
<b>Total financial assets</b>	<b>9.4</b>	<b>7.9</b>
<b>Net exposure</b>	<b>9.4</b>	<b>7.9</b>
<b>HKD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	14.3	4.0
Trade and other receivables	27.6	27.1
<b>Total financial assets</b>	<b>41.9</b>	<b>31.1</b>
<b>Financial liabilities</b>		
Trade and other payables	23.0	9.6
HKD Debt Facilities	8.5	25.7
<b>Total financial liabilities</b>	<b>31.5</b>	<b>35.3</b>
<b>Net exposure</b>	<b>10.4</b>	<b>(4.2)</b>

**Group sensitivity**

Based on the financial instruments held at balance date, the sensitivity to fair value movements through profit and loss and other comprehensive income as a result of reasonably possible changes in exchange rates are as follows:

	Net Profit after tax higher/(lower)		Other comprehensive income higher/(lower)	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
AUD/USD +10 cents (2018: +10 cents)	(1.7)	(0.7)	-	-
AUD/USD -10 cents (2018: -10 cents)	2.2	0.9	-	-
AUD/GBP +5 cents (2018: +5 cents)	(0.8)	(0.7)	-	-
AUD/GBP -5 cents (2018: -5 cents)	0.9	0.8	-	-
AUD/HKD +50 cents (2018: +50 cents)	(0.9)	0.3	-	-
AUD/HKD -50 cents (2018: -50 cents)	1.0	(0.4)	-	-



FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

30. Financial Risk Management Objectives and Policies *continued*(a) Market Risk *continued*(iii) Foreign exchange risk *continued***Foreign Exchange Contracts**

The Group uses derivative instruments such as forward exchange contracts to manage the currency risks arising from the Group's operations and its sources of finance.

Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. These derivatives qualify for hedge accounting and are based on limits set by the Board.

**Cash flow hedges**

At balance date details of outstanding cash flow hedges denominated in AUD were:

	Notional Amounts		Average Rate	
	2019 \$m	2018 \$m	2019	2018
<b>Buy USD/Sell AUD</b>				
Maturity under 1 year	30.4	76.2	0.8290	0.8294
<b>Closing Balance</b>	<b>30.4</b>	<b>76.2</b>		

The cash flow hedges are considered to be highly effective hedges as they are matched against known and committed receivables and payments and any gain or loss on the hedged risk is recognised through OCI and accumulated in the cash flow hedge reserve in equity.

**(b) Price Risk****(i) Equity Securities Price Risk**

In December 2018, Crown entered into a derivative instrument to hedge its exposure under the 2017 Senior Executive Incentive Plan. This hedge does not qualify for hedge accounting and therefore has not been designated in a hedge accounting relationship. At inception the derivative asset was valued at \$4.0 million, with the value of the instrument reduced to \$2.3 million at 30 June 2019. This unrealised loss in relation to the derivative instrument was included in the Statement of Profit or Loss.

The fair value of the instrument is sensitive to movements in the current and forecast share price for Crown Resorts with any further movements in fair value to be included in the Statement of Profit or Loss in future periods.

**(ii) Commodity Price Risk**

Neither the Group nor the parent entity is exposed to commodity price risk.

**(c) Credit Risk**

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is outlined under each applicable note.

The Group does not hold any credit derivatives or collateral to offset its credit exposure.

All investment and financial instruments activity is with approved counterparties with investment grade ratings and is in accordance with approved policies. There are no significant concentrations of credit risk within the Group and the aggregate value of transactions is spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk in trade receivables is managed in the following ways:

- (i) The provision of credit is covered by a risk assessment process for all customers.
- (ii) Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.
- (iii) The provision of cheque-cashing facilities for gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world.

30. Financial Risk Management Objectives and Policies *continued***(c) Credit Risk** *continued*

In assessing the doubtful debts provisioning for trade receivables, the Group has measured credit risk using the 'Simplified Approach'. The Simplified Approach requires the recognition of lifetime expected credit losses at all times. The Group has elected to use a provision matrix utilising historical default rates, as well as taking into account current conditions and forecasts of future economic conditions. If the Group becomes aware of circumstances relevant to an individual or group of debtors that results in the matrix not being an appropriate basis for provisioning, then management discretion will be applied.

**(d) Liquidity Risk**

It is the Group's objective to maintain a balance between continuity of funding and flexibility through the use of cash reserves, committed bank lines and capital markets debt in order to meet its financial commitments in a timely manner. At balance date 26.7% or \$287.6 million of the Group's interest bearing liabilities will mature in less than 12 months (2018: 1.7% or \$25.7 million).

As at balance date the Group had \$200.4 million in undrawn committed bank lines and \$1,126.0 million in cash and cash equivalents to mitigate the maturing liabilities (2018: \$176.1 million and \$1,844.6 million respectively).

**Maturity analysis of financial assets and liabilities**

The table below analyses the Group's contractual undiscounted cash flows of financial assets and financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	1 year or less		1 to 5 years		More than 5 years		Total	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m	2019 \$m	2018 \$m	2019 \$m	2018 \$m
<b>Financial assets</b>								
Cash and cash equivalents	1,126.0	1,844.6	-	-	-	-	1,126.0	1,844.6
Receivables - trade	98.7	172.3	18.4	17.6	-	-	117.1	189.9
Receivables - other	-	-	139.4	125.4	-	-	139.4	125.4
Cross currency interest rate swaps receivable	8.8	8.4	35.3	33.5	106.0	117.3	150.1	159.2
<b>Total financial assets</b>	<b>1,233.5</b>	<b>2,025.3</b>	<b>193.1</b>	<b>176.5</b>	<b>106.0</b>	<b>117.3</b>	<b>1,532.6</b>	<b>2,319.1</b>
<b>Financial liabilities</b>								
Trade and other payables	433.1	427.5	87.5	124.6	167.6	163.0	688.2	715.1
Finance lease and other loan liabilities	-	-	1.0	1.0	-	-	1.0	1.0
Capital markets	259.1	-	-	259.1	790.0	1,178.0	1,049.1	1,437.1
Bank loans	28.5	25.7	-	28.9	-	-	28.5	54.6
Interest rate swaps payable	2.7	0.8	1.2	1.1	-	-	3.9	1.9
Cross currency interest rate swaps payable	12.3	12.3	49.2	49.2	147.7	160.1	209.2	221.6
<b>Total financial liabilities</b>	<b>735.7</b>	<b>466.3</b>	<b>138.9</b>	<b>463.9</b>	<b>1,105.3</b>	<b>1,501.1</b>	<b>1,979.9</b>	<b>2,431.3</b>
<b>Net maturity</b>	<b>497.8</b>	<b>1,559.0</b>	<b>54.2</b>	<b>(287.4)</b>	<b>(999.3)</b>	<b>(1,383.8)</b>	<b>(447.3)</b>	<b>(112.2)</b>

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

30. Financial Risk Management Objectives and Policies *continued***(e) Fair Value of Financial Instruments**

The fair value of the Group's financial assets and financial liabilities approximates the carrying value as at balance date.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level One – the fair value is calculated using quoted prices in active markets;
- Level Two – the fair value is estimated using inputs other than quoted prices included in Level One that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level Three – the fair value is estimated using inputs for the asset or liability that are not based on observable market data, including cash flow forecasts, implied growth rates and implied discount rates.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Valuation Technique			Total \$m
	Quoted market price Level One \$m	Observable inputs Level Two \$m	Non market observable Level Three \$m	
<b>Year ended 30 June 2019</b>				
<b>Financial Assets</b>				
Foreign exchange contracts	-	5.5	-	5.5
2017 Senior Executive Incentive Plan Hedge	-	2.3	-	2.3
Cross currency swap contracts	-	35.2	-	35.2
	-	<b>43.0</b>	-	<b>43.0</b>
<b>Financial Liabilities</b>				
Contingent consideration	-	-	0.7	0.7
Interest rate swap contracts	-	4.5	-	4.5
	-	<b>4.5</b>	<b>0.7</b>	<b>5.2</b>
<b>Year ended 30 June 2018</b>				
<b>Financial Assets</b>				
Foreign exchange contracts	-	9.2	-	9.2
Cross currency swap contracts	-	23.3	-	23.3
	-	<b>32.5</b>	-	<b>32.5</b>
<b>Financial Liabilities</b>				
Contingent consideration	-	-	47.0	47.0
Interest rate swap contracts	-	2.1	-	2.1
	-	<b>2.1</b>	<b>47.0</b>	<b>49.1</b>

There have been no transfers between fair value measurement levels during the financial year ended 30 June 2019.

**Reconciliation of Level Three fair value movements**

	2019 \$m	2018 \$m
<b>Financial Liabilities</b>		
Opening balance	47.0	45.3
Profit and Loss	(48.9)	-
Other Comprehensive Income	2.6	1.7
<b>Closing Balance - Financial Liabilities</b>	<b>0.7</b>	<b>47.0</b>

30. Financial Risk Management Objectives and Policies *continued*

## (f) Changes in liabilities arising from financing activities

	Bank Loans - Unsecured	Capital Markets Debt - Unsecured	Finance Leases - Secured	Other Loans - Unsecured	Derivatives	Total Liabilities from Financing Activities
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Year ended 30 June 2019</b>						
At 1 July 2018	54.6	1,437.1	-	1.0	2.1	1,494.8
Cash flows	(27.3)	(397.7)	-	-	-	(425.0)
Foreign exchange variations	1.2	-	-	-	-	1.2
Movement in fair value	-	-	-	-	2.4	2.4
Other	-	9.7	-	-	-	9.7
<b>At 30 June 2019</b>	<b>28.5</b>	<b>1,049.1</b>	<b>-</b>	<b>1.0</b>	<b>4.5</b>	<b>1,083.1</b>
<b>Year ended 30 June 2018</b>						
At 1 July 2017	58.4	1,744.0	142.6	-	2.7	1,947.7
Cash flows	(3.8)	(307.6)	(118.1)	1.0	-	(428.5)
Foreign exchange variations	-	-	0.5	-	-	0.5
Movement in fair value	-	-	-	-	(0.6)	(0.6)
Other	-	0.7	(25.0)	-	-	(24.3)
<b>At 30 June 2018</b>	<b>54.6</b>	<b>1,437.1</b>	<b>-</b>	<b>1.0</b>	<b>2.1</b>	<b>1,494.8</b>

## Directors' Declaration

1. In the opinion of the Directors:
  - a. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth), including:
    - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (Cth);
  - b. the financial statements and notes also comply with the International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1 of the Financial Report; 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 has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 30 June 2019.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 27 of the Financial Report will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of the Directors.



**John Alexander**  
Executive Chairman

Melbourne, 11 September 2019

## Shareholder Information

### Substantial shareholders as at 31 August 2019

The following information is extracted from substantial shareholder notices received by Crown.

Shareholder	Date Received	Number of Ordinary Shares	% of Issued Capital
Consolidated Press Holdings Pty Limited	11 June 2019	249,253,302	36.81%
MCO (KittyHawk) Investments Limited	3 June 2019	135,350,000	19.99%
Schroder Investment Management Australia Limited	5 August 2019	41,545,792	6.14%
Perpetual Limited	26 August 2019	34,289,008	5.06%

### Holders of each class of securities as at 31 August 2019

Crown has 677,158,271 ordinary shares on issue held by 49,354 shareholders.

### Voting rights of ordinary shares

Crown's Constitution sets out the information in relation to the voting rights attached to shares. In summary, at a general meeting:

- (a) on a show of hands, every member present has one vote; and
- (b) on a poll, every member present has:
  - (i) one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and
  - (ii) a fraction of a vote for each partly paid share held by the member and in respect of which the member is entitled to vote, equivalent to the proportion which the amount paid on the share bears to the total amounts paid and payable on the share.

### Distribution of shareholders as at 31 August 2019

Size of Holdings	Number of Shareholders	% of Issued Capital
1 – 1,000	33,779	1.90
1,001 – 5,000	13,711	4.36
5,001 – 10,000	1,284	1.34
10,001 – 100,000	531	1.64
100,001 and over	49	90.76
<b>Total</b>	<b>49,354</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,821 (based on a closing market price of ordinary shares on 30 August 2019).

## SHAREHOLDER INFORMATION CONTINUED

The 20 largest shareholders as at 31 August 2019

Name	No. of Shares	% of Issued Capital
1. CPH CROWN HOLDINGS PTY LTD	237,025,000	35.00
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	130,258,619	19.24
3. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	88,531,266	13.07
4. MCO (KITTYHAWK) INVESTMENTS LIMITED	67,675,000	9.99
5. CITICORP NOMINEES PTY LIMITED	32,599,544	4.81
6. NATIONAL NOMINEES LIMITED	10,138,924	1.50
7. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	8,856,291	1.31
8. BNP PARIBAS NOMS PTY LTD <DRP>	6,392,238	0.94
9. CONSOLIDATED PRESS HOLDINGS PTY LIMITED	6,000,000	0.89
10. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,674,320	0.39
11. ARGO INVESTMENTS LIMITED	2,609,184	0.39
12. UBS NOMINEES PTY LTD	2,496,597	0.37
13. AUSTRALIAN EXECUTOR TRUSTEES LIMITED <IPS SUPER A/C>	2,007,817	0.30
14. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,810,513	0.27
15. UBS NOMINEES PTY LTD	1,587,426	0.23
16. NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,403,677	0.21
17. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,244,536	0.18
18. AMP LIFE LIMITED	1,008,043	0.15
19. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	927,842	0.14
20. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	747,645	0.11
<b>Total</b>	<b>605,994,482</b>	<b>89.49</b>

## Additional Information

### Shareholder enquiries

Shareholders may access their details by visiting the website of Crown's Share Registry, Computershare, at [www.investorcentre.com](http://www.investorcentre.com). For security reasons, shareholders will be required to enter their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode to access personal information. Security holding information may be updated online at any time. Alternatively, shareholders can update their details by phone or by writing to the Share Registry. Shareholders with queries about their shareholdings should contact the Share Registry either online at [www.investorcentre.com](http://www.investorcentre.com), by phone on 1300 659 795 (within Australia) or on +61 3 9415 4000 (outside Australia) or alternatively by writing to: Computershare Investor Services, GPO Box 2975, Melbourne, Victoria 3001.

### Electronic shareholder communications

Crown encourages shareholders to elect to receive shareholder communications electronically instead of by post as it enables shareholders to:

- receive important shareholder and company information faster;
- reduce the impact on the environment;
- securely store important shareholder documents online; and
- access all documents conveniently 24/7.

Shareholders who wish to receive email alerts with copies of Crown's Annual Reports, Notices of Meeting, Issuer Holding Statements, Payment Advices and other company related information may update their communication preference online at [www.investorcentre.com](http://www.investorcentre.com) or by contacting the Share Registry.

### Change of address

Issuer sponsored shareholders should immediately update their details online at [www.investorcentre.com](http://www.investorcentre.com) or by contacting the Share Registry. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate HIN.

### Direct payment to shareholders' accounts

Dividends may be paid directly to any bank, building society or credit union account in Australia. Payments are electronically credited on the dividend date with advisory confirmation containing payment details either mailed or sent electronically to shareholders. Shareholders who wish to have their dividends paid directly to their account should update their payment instructions online at [www.investorcentre.com](http://www.investorcentre.com) or by contacting the Share Registry prior to the dividend record date.

### Tax File Numbers

Crown is obliged to deduct tax at the top marginal tax rate plus the Medicare levy from unfranked or partially franked dividends paid to Australian resident shareholders who have not supplied their Tax File Number (TFN) or exemption details. If you wish to provide your TFN or exemption details, please update your details online at [www.investorcentre.com](http://www.investorcentre.com) or by contacting the Share Registry.

### Consolidation of multiple holdings

If you have multiple holdings that you wish to consolidate, please advise the Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

### Crown's website

Crown has a dedicated corporate website at [www.crownresorts.com.au](http://www.crownresorts.com.au) which includes Crown's Annual Reports, Notices of Meeting and other Explanatory Memoranda and disclosures made to the ASX.

### Investment warning

All information provided in the Annual Report is provided as at the date stated or otherwise as at the date of this Report.

This Report has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Crown or to seek independent professional advice.



## Corporate Information

### Directors

- **John H Alexander**, BA
- **The Honourable Helen A Coonan**, BA, LLB
- **Andrew Demetriou**, BA, BEd
- **Geoffrey J Dixon**
- **Jane Halton AO PSM**, BA (Hons) Psychology, FIML, FIPAA, NAM, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt (UNSW)
- **Professor John S Horvath AO**, MB, BS (Syd), FRACP, FAAHMS, FRCPA (Hons)
- **Guy Jalland**, LLB
- **Michael R Johnston**, BEc, CA
- **Antonia Korsanos**, BEc, CA
- **Harold C Mitchell AC**
- **John H Poynton AO**, BCom, Hon DCom, FAICF, SF FIN (Life), FAIM

### Company Secretary

**Mary Manos**, LLB (Hons), BCom, GAICD

### Crown's registered office and principal corporate office

Level 3  
Crown Towers  
8 Whiteman Street  
Southbank VIC 3006  
Australia  
Phone: +61 3 9292 8824

### Share Registry

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Phone: 1300 659 795 (within Australia)  
+61 3 9415 4000 (outside Australia)  
FAX: +61 3 9473 2500  
Website: [www.computershare.com.au](http://www.computershare.com.au)

### Securities Exchange Listing

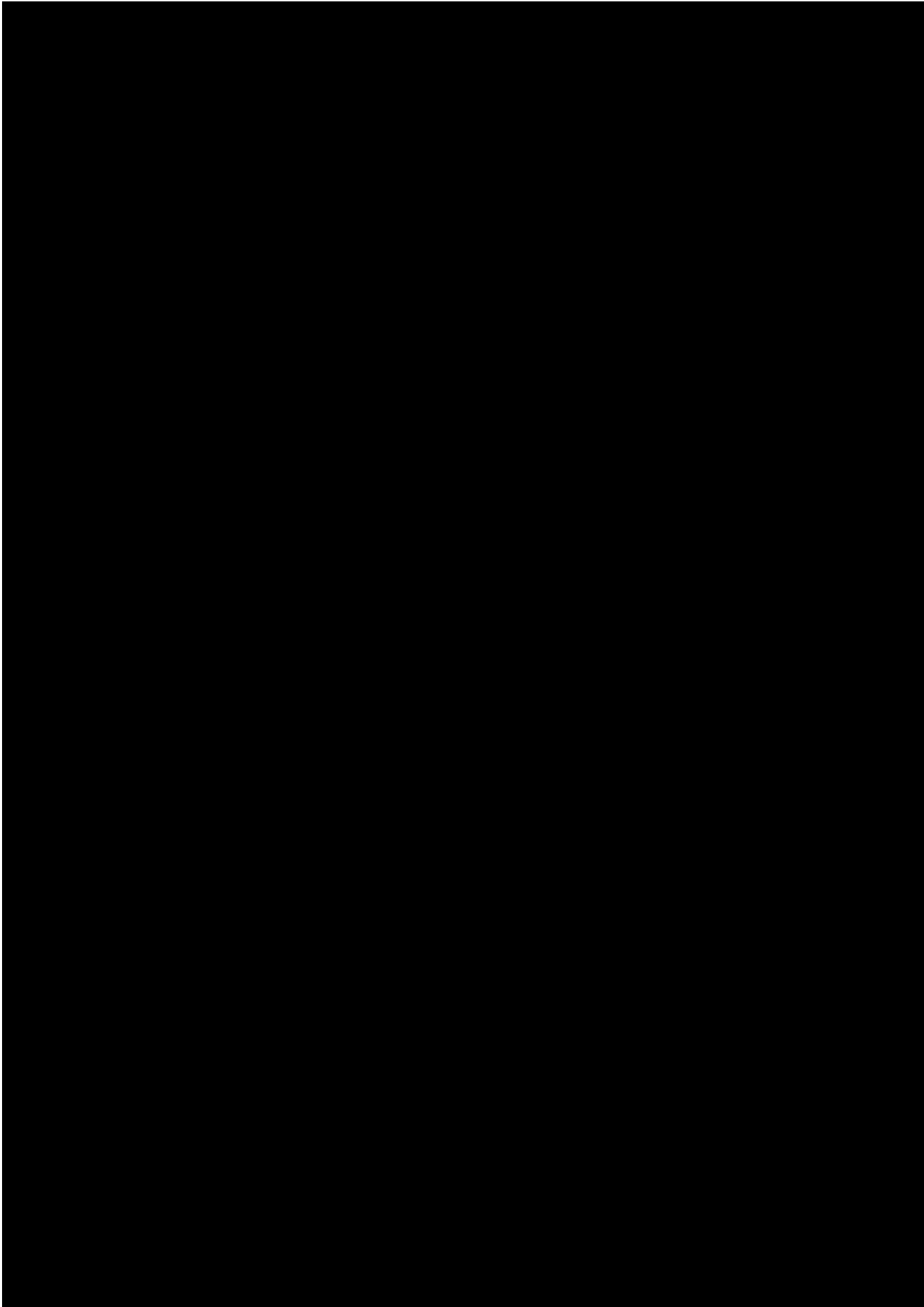
Crown's ordinary shares are listed on the Australian Securities Exchange under the code "CWN".  
Crown's Subordinated Notes II are listed on the Australian Securities Exchange under the code "CWNHB".  
The home exchange is Melbourne.

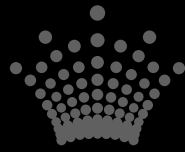
### Website

[www.crownresorts.com.au](http://www.crownresorts.com.au)

### Auditor

Ernst & Young





CROWN  
RESORTS

[crownresorts.com.au](http://crownresorts.com.au)

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

The following unaudited pro forma consolidated statement of financial position of the Group (the “Statement”) had been prepared to illustrate the effect of the Second Tranche Completion, assuming it had been completed on 30 June 2019, might have affected the financial information of the Group.

The Statement had been prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2019 as extracted from the interim report of the Company for the six months ended 30 June 2019 after making pro forma adjustments resulting from the Second Tranche Completion.

The Statement had been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and was provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Group that would have been attained had the Second Tranche Completion occurred on 30 June 2019 or any future dates. Furthermore, the Statement did not purport to predict the Group’s future financial position.

The Statement should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular and other financial information included elsewhere in the circular.

## UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Condensed consolidated statement of financial position of the Group as at 30 June 2019 HK\$'000 (Unaudited) Note (a)</b>	<b>Pro forma adjustments HK\$'000 Note (b)</b>	<b>Pro forma consolidated statement of financial position of the Group as at 30 June 2019 HK\$'000 (Unaudited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	46,388,857	–	46,388,857
Right-of-use assets	8,144,930	–	8,144,930
Investment properties	310,000	–	310,000
Gaming license and subconcession	3,269,384	–	3,269,384
Goodwill	5,299,451	–	5,299,451
Trademarks	16,992,458	–	16,992,458
Other intangible assets	234,244	–	234,244
Trade receivables	47	–	47
Prepayments, deposits and other receivables	1,420,175	–	1,420,175
Other financial assets	4,792,793	4,549,790	9,342,583
Deferred tax assets	24,758	–	24,758
<b>Total non-current assets</b>	<u>86,877,097</u>	<u>4,549,790</u>	<u>91,426,887</u>
<b>CURRENT ASSETS</b>			
Inventories	334,337	–	334,337
Trade receivables	2,220,533	–	2,220,533
Prepayments, deposits and other receivables	841,948	–	841,948
Tax recoverable	79	–	79
Other financial assets	918,011	–	918,011
Bank deposits with original maturities over three months	533,241	–	533,241
Cash and bank balances	12,257,779	–	12,257,779
<b>Total current assets</b>	<u>17,105,928</u>	<u>–</u>	<u>17,105,928</u>

	Condensed consolidated statement of financial position of the Group as at 30 June 2019 <i>HK\$'000</i> (Unaudited) <i>Note (a)</i>	Pro forma adjustments <i>HK\$'000</i>  <i>Note (b)</i>	Pro forma condensed consolidated statement of financial position of the Group as at 30 June 2019 <i>HK\$'000</i> (Unaudited)
<b>CURRENT LIABILITIES</b>			
Trade payables	162,276	–	162,276
Other payables, accruals and deposits received	12,131,947	–	12,131,947
Tax payable	55,331	–	55,331
Interest-bearing borrowings	11,981,900	–	11,981,900
Lease liabilities	592,801	–	592,801
<b>Total current liabilities</b>	<b>24,924,255</b>	<b>–</b>	<b>24,924,255</b>
<b>NET CURRENT LIABILITIES</b>	<b>(7,818,327)</b>	<b>–</b>	<b>(7,818,327)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>79,058,770</b>	<b>4,549,790</b>	<b>83,608,560</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables, accruals and deposits received	127,644	–	127,644
Interest-bearing borrowings	32,123,273	4,787,330	36,910,603
Lease liabilities	3,035,418	–	3,035,418
Deferred tax liabilities	2,439,025	–	2,439,025
<b>Total non-current liabilities</b>	<b>37,725,360</b>	<b>4,787,330</b>	<b>42,512,690</b>
<b>Net assets</b>	<b>41,333,410</b>	<b>(237,540)</b>	<b>41,095,870</b>
<b>EQUITY</b>			
Share capital	5,663,659	–	5,663,659
Reserves	10,976,003	(130,224)	10,845,779
Equity attributable to owners of the Company	16,639,662	(130,224)	16,509,438
Non-controlling interests	24,693,748	(107,316)	24,586,432
<b>Total equity</b>	<b>41,333,410</b>	<b>(237,540)</b>	<b>41,095,870</b>

*Note a:*

The amounts were extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2019 as set out in the interim report of the Company for the six months ended 30 June 2019.

*Note b:*

The key assumptions of the pro forma adjustments were as follows:

- (i) pursuant to the Share Sale Agreement (as amended by the Amendment Deed), if the Second Tranche Completion occurs after 30 September 2019, the Second Tranche Purchase Price shall be reduced by an amount equal to any dividends received by CPH on the Second Tranche Shares during the period between 6 June 2019 and the Second Tranche Completion, but increased by AU\$0.05 per Second Tranche Share per calendar month (as pro-rated daily) following 30 September 2019 until the Second Tranche Completion. For the purpose of the unaudited pro forma financial information of the Group, the Second Tranche Purchase Price (as adjusted) was assumed to be AU\$886,542,500 (approximately HK\$4,787,330,000), after taking into account adjustments for (a) a reduction of AU\$20,302,500 (approximately HK\$109,634,000) related to the dividends in respect of the Second Tranche Shares, being the Second Tranche Shares times a final dividend of AU\$0.30 per Crown Resorts Share declared by Crown Resorts as disclosed in the annual report of Crown Resorts for the year ended 30 June 2019 as set out in Appendix II to this circular, and (b) an increase of AU\$27,070,000 (approximately HK\$146,178,000), being the AU\$0.05 per Second Tranche Share per calendar month from 30 September 2019 to the Sunset Date.
- (ii) the Second Tranche Purchase Price (as adjusted) will be funded by non-current interest-bearing borrowings;
- (iii) no material transaction costs or debt financing costs are considered to be incurred for the Second Tranche Completion; and
- (iv) the Group has no significant influence over Crown Resorts and accordingly the investment of 19.99% interest in Crown Resorts was accounted for as financial assets at fair value through profit and loss in the unaudited pro forma consolidated statement of financial position as at 30 June 2019. The fair value of the Crown Resorts Share as at 30 June 2019 was AU\$12.45, being the closing market price of Crown Resorts Share on 28 June 2019. The net changes in fair value of the Second Tranche Shares of approximately HK\$237,540,000 was recognized in profit or loss.

As a result of the Second Tranche Completion, the total assets and liabilities of the Group as at 30 June 2019 would be increased by approximately HK\$4,549,790,000 and HK\$4,787,330,000 respectively. In addition, the Group's reserves and non-controlling interests as at 30 June 2019 would be decreased by approximately HK\$130,224,000 and HK\$107,316,000 respectively.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, for inclusion in this circular, in respect of the unaudited pro forma financial information of the Group.*

**To the Directors of Melco International Development Limited**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Melco International Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position of the Group as at 30 June 2019 and related notes as set out in section A of Appendix III to the circular dated 25 October 2019 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in section A of Appendix III to the circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the effect of Second Tranche Completion on the Group's financial position as at 30 June 2019 as if the transaction had taken place on 30 June 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited financial statements for the six months ended 30 June 2019, on which an interim report has been published.

**Directors' responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on *Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



**Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the circular is solely to illustrate the effect of Second Tranche Completion on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong  
25 October 2019

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short position of each Director and Chief Executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which the Director and Chief Executive of the Company are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register(s) maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

### (I) Long positions in the shares and underlying shares of the Company

#### (a) Ordinary shares of the Company

Name of Director	Number of ordinary shares held			Total	Approximate % of total issued shares <sup>(1)</sup>
	Personal interests <sup>(2)</sup>	Corporate interests <sup>(3)</sup>	Other interests <sup>(4)</sup>		
Mr. Ho	46,739,132	484,748,077 <sup>(5)</sup>	309,476,187 <sup>(6)</sup>	840,963,396	55.55%
Mr. Evan Andrew Winkler	5,431,000	-	-	5,431,000	0.36%
Mr. Chung Yuk Man, Clarence	3,534,440	-	-	3,534,440	0.23%
Mr. Tsui Che Yin, Frank	7,163,660	-	-	7,163,660	0.47%
Mr. Ng Ching Wo	259,000	-	-	259,000	0.02%
Mr. Chow Kwong Fai, Edward	24,000	-	-	24,000	0.00%
Ms. Karuna Evelyne Shinsho	2,000	-	-	2,000	0.00%

## (b) Share options and awarded shares granted by the Company

Name of Director	Number of underlying shares held pursuant to share options <sup>(2)</sup>	Number of awarded shares held <sup>(2)</sup>	Total	Approximate % of total issued shares <sup>(1)</sup>
Mr. Ho	3,000,000	2,200,000	5,200,000	0.34%
Mr. Evan Andrew Winkler	20,921,000	5,091,000	26,012,000	1.72%
Mr. Chung Yuk Man, Clarence	3,253,000	85,000	3,338,000	0.22%
Mr. Tsui Che Yin, Frank	1,074,000	6,000	1,080,000	0.07%
Mr. Ng Ching Wo	1,135,000	19,000	1,154,000	0.08%
Mr. Chow Kwong Fai, Edward	104,000	15,000	119,000	0.01%
Ms. Karuna Evelyne Shinsho	22,000	6,000	28,000	0.00%

*Notes:*

- As at the Latest Practicable Date, the total number of issued shares of the Company was 1,513,929,755.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- This represents interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.
- The 484,748,077 shares relate to the 297,851,606 shares, 120,333,024 shares, 50,830,447 shares, 7,294,000 shares, 6,873,000 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, The L3G Capital Trust, LH Family Investment Inc. and Maple Peak Investments Inc. respectively, representing approximately 19.67%, 7.95%, 3.36%, 0.48%, 0.45% and 0.10% of the total issued shares of the Company. All of such companies/trust are owned by Mr. Ho, and/or persons and/or trusts associated with Mr. Ho. By virtue of the SFO, Mr. Ho was deemed to be interested in the shares held by the aforesaid companies and trust.
- In addition to the deemed interests as stated in note 5 above, Mr. Ho is also taken to have interests in the 309,476,187 shares held by Great Respect Limited, representing approximately 20.44% of the total issued shares of the Company, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho and his immediate family members.

**(II) Long positions in the shares, underlying shares and debentures of associated corporations of the Company****(A) Melco Resorts**

## (a) Ordinary shares of Melco Resorts

Name of Director	Number of ordinary shares held			Approximate % of total issued shares <sup>(1)</sup>
	Personal interests <sup>(2)</sup>	Corporate interests <sup>(3)</sup>	Total	
Mr. Ho	8,789,192	812,729,781	821,518,973	56.40%
Mr. Evan Andrew Winkler	21,357	-	21,357	0.00%
Mr. Chung Yuk Man, Clarence	277,633	-	277,633	0.02%
Mr. John William Crawford	21,357	-	21,357	0.00%

## (b) Stock options and restricted shares granted by Melco Resorts

Name of Director	Number of underlying shares held pursuant to stock options <sup>(2)</sup>	Number of restricted shares held <sup>(2)</sup>	Total	Approximate % of total issued shares <sup>(1)</sup>
Mr. Ho	7,536,981	2,390,079	9,927,060	0.68%
Mr. Evan Andrew Winkler	-	50,682	50,682	0.00%
Mr. Chung Yuk Man, Clarence	-	94,830	94,830	0.01%
Mr. John William Crawford	-	50,682	50,682	0.00%

*Notes:*

- As at the Latest Practicable Date, the total number of issued shares of Melco Resorts was 1,456,547,942.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- By virtue of the SFO, Mr. Ho is taken to be interested in 812,729,781 shares of Melco Resorts which are being held by Melco Leisure and Entertainment Group Limited (“Melco Leisure”), a wholly-owned subsidiary of the Company, as a result of his interest in approximately 55.55% of the total issued shares of the Company.

**(B) Melco Resorts and Entertainment (Philippines) Corporation (“Melco Resorts Philippines”)**  
(a subsidiary of the Company)

*Common shares of Melco Resorts Philippines*

Name of Director	Number of commons shares held <sup>(2)</sup>	Approximate % of total issued shares <sup>(1)</sup>
Mr. John William Crawford	500,000	0.00%

*Notes:*

- As at the Latest Practicable Date, the total number of issued shares of Melco Resorts Philippines was 5,688,764,700.
- This represents interests held by the relevant Director as beneficial owner.

**(C) Studio City International Holdings Limited (“SCIHL”)** (a listed subsidiary of the Company)

*Class A ordinary shares of SCIHL*

Name of Director	Number of Class A ordinary shares held <sup>(2)</sup>	Approximate % of total issued shares <sup>(1)</sup>
Mr. Chung Yuk Man, Clarence	3,360	0.00%

*Notes:*

- As at the Latest Practicable Date, the total number of issued shares of SCIHL was 314,329,776 (including 241,818,016 Class A ordinary shares and 72,511,760 Class B ordinary shares).
- This represents interests held by the relevant Director as beneficial owner.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the Chief Executives of the Company and their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register(s) required to be kept under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, save as disclosed below, none of the Directors was a director or an employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Names of companies which had such discloseable interest or short position	Position within such companies
Mr. Ho	Better Joy Overseas Ltd. Lasting Legend Ltd. Great Respect Limited	Director Director Director

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into, with any member of the Group, a service contract which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

**4. LITIGATION**

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business, which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

**6. MATERIAL INTERESTS IN CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date, which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

## 7. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the Company or its Subsidiaries within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the subscription agreement dated 18 December 2017 between the Company, The Cyprus Phassouri (Zakaki) Limited (“CPZ”) and ICR Cyprus Holdings Limited (“ICR Holdings”), relating to the subscription for shares of the ICR Holdings respectively by the Company at the consideration of contributing €160 million (equivalent to approximately HK\$1,459,200,000) in cash and by CPZ at the consideration of contributing in kind of the project land;
- (b) the shareholders’ agreement dated 18 December 2017 between the Company, CPZ and ICR Holdings, relating to the operation and management of ICR Holdings and its subsidiaries;
- (c) the implementation agreement dated 6 September 2018 entered into among Melco Resorts, MCE Cotai Investments Limited (“MCE Cotai”), New Cotai, LLC, MSC Cotai Limited (“MSC Cotai”) and SCIHL to govern the arrangements with respect to a series of organizational transactions in connection with the initial public offering (the “Studio City IPO”) of the American depository shares and the listing of such American depository shares on the New York Stock Exchange by SCIHL, being a subsidiary of the Company;
- (d) the participation agreement dated 12 October 2018 entered into among SCIHL, MSC Cotai and New Cotai, whereby New Cotai was granted a non-voting, non-shareholding economic participation interest in MSC Cotai, in connection with the Studio City IPO;
- (e) the transfer agreement dated 12 October 2018 between SCIHL and MSC Cotai to provide for the transfer by SCIHL and the assumption by MSC Cotai of substantially all of the assets and liabilities by SCIHL, in exchange for newly-issued ordinary shares in MSC Cotai, in connection with the Studio City IPO;
- (f) the amended and restated shareholders’ agreement dated 16 October 2018 among Melco Resorts, MCE Cotai, New Cotai and SCIHL governing certain relations between MCE Cotai and New Cotai as shareholders of SCIHL;
- (g) the subscription agreement dated 17 October 2018 entered into between SCIHL and the Company, pursuant to which the Company purchased from SCIHL 800,376 Class A ordinary shares, equivalent to 200,094 American depository shares, of SCIHL, at approximately US\$2.5 million (equivalent to approximately HK\$19.5 million) for the purpose of providing the Shareholders with an assured entitlement by way of a distribution in specie;



- (h) the indenture dated 11 February 2019, among Studio City Finance Limited, as issuer, the subsidiary guarantors parties thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the US\$600 million aggregate principal amount of 7.250% senior secured notes due 2024;
- (i) the indenture dated 26 April 2019, among Melco Resorts Finance Limited, as issuer, and Deutsche Bank Trust Company Americas, as trustee, paying agent, registrar and transfer agent relating to the US\$500 million aggregate principal amount of 5.250% senior notes due 2026;
- (j) the Share Sale Agreement;
- (k) the share purchase agreement dated 24 June 2019 amongst the Company and Melco Resorts, relating to the sale by the Company and purchase by Melco Resorts of the 750,000 ordinary shares in ICR Holdings;
- (l) the indenture dated 17 July 2019, among Melco Resorts Finance Limited, as issuer, and Deutsche Bank Trust Company Americas, as trustee, paying agent, registrar and transfer agent relating to the US\$600 million aggregate principal amount of 5.625% senior notes due 2027; and
- (m) the Amendment Deed.

## 8. EXPERT QUALIFICATION AND CONSENT

The following are the qualifications of the experts who have given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Ernst & Young did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2018, being the date on which the latest published audited financial statements of the Group were made up.

Ernst & Young has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letters and references to its name in the form and context in which it appears.

**9. MISCELLANEOUS**

- (a) The registered office of the Company is at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.
- (b) The company secretary of the Company is Mr. Leung Hoi Wai, Vincent. Mr. Leung is a qualified solicitor in Hong Kong and England and Wales with 20 years of experience in the legal profession specializing in corporate finance, infrastructure projects, listing and compliance matters, as well as cross-border mergers and acquisitions. He holds a postgraduate certificate in laws and a bachelor of laws degree, both from The University of Hong Kong.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at 37th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, on any weekday (except public holidays) up to and including 8 November 2019:

- (a) the articles of association of the Company;
- (b) the letter from the Board, the text of which is set out in "*Letter from the Board*" in this circular;
- (c) the annual reports of the Company for each of the three financial years ended 31 December 2016, 2017 and 2018;
- (d) the annual reports of Crown Resorts for each of the three financial years ended 30 June 2017, 2018 and 2019;
- (e) the report from Ernst & Young in relation to the unaudited pro forma financial information of the Group, as set out in Appendix III to this circular;
- (f) the written consent of Ernst & Young referred to in the section headed "Expert Qualification and Consent" in this Appendix;
- (g) the material contracts referred to in the section headed "Material Contracts" in this Appendix; and
- (h) this circular.

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