**CROWN LIMITED** Annual Report 2009

CROWN

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## ANNUAL GENERAL MEETING

Wednesday 28 October, 11.00am
River Room, Level 1, Crown Towers
8 Whiteman Street, Southbank, Melbourne

## FINANCIAL CALENDAR

| | |
|---|---|
| Record date for dividend | 2 October 2009 |
| Payment of final dividend | 26 October 2009 |
| Annual General Meeting | 28 October 2009 |
| 2010 interim results | Second half of February 2010 |

**CROWN LIMITED** ABN 39 125 709 953

# Executive Chairman's Letter

'Crown has one of the strongest balance sheets of any gaming company in the world; a position underpinned by the superior performance of its Australian casinos.'

**James Packer**
Executive Chairman, Crown Limited

## Dear fellow shareholder,

During the last 12 months, Crown Melbourne and Burswood have delivered superior growth performance and Melco Crown has made significant progress in Macau. However, our other international investments have been severely impacted by the global financial crisis.

Crown announced a net loss of $1,197.9 million for the financial year ended 30 June 2009, after write-downs and other non-recurring items of $1,440.1 million. The write-downs were related primarily to the carrying value of Crown's investments in North America, where trading conditions for the entire casino industry have been extremely difficult.

Despite these significant write-downs, Crown has one of the strongest balance sheets of any gaming company in the world, with low net debt and gearing.

Crown's wholly-owned and operated Australian casino businesses continued to perform well, despite the challenging economic environment, achieving normalised EBITDA growth of 5.2 percent for the year. VIP gaming volumes at both Crown Melbourne and Burswood reached an all time record level.

Melco Crown opened its flagship integrated resort development, City of Dreams, in Macau on 1 June 2009. Together with the Asian VIP-focused Altira, Melco Crown now has two of the most spectacular properties in Macau.

The Directors have announced a final dividend of 19 cents per share, franked to 60 percent. This brings the total dividend for the year to 37 cents per share, which represents 100 percent of normalised net profit after tax (NPAT). Going forward it will be Crown's policy to distribute the higher of 37 cents per share or 65 percent of normalised NPAT, subject to the company's financial position.

In the year ahead, the primary focus of the company is to optimise the performance of Crown Melbourne and Burswood, and to continue to manage the substantial refurbishment and capital expenditure programs currently underway at both properties. We will continue to work with Melco Crown to further build the value of the business in Macau, and together with our joint venture partners will seek to optimise the value of our other international investments.

Crown's resilient Australian casino operations and balance sheet strength leave Crown well positioned for the future.

On behalf of the Board, I wish to thank the management and staff of Crown for their contribution in 2009. I would also like to thank shareholders for their continued support.

**James Packer**
Executive Chairman

# Crown's Premium Gaming Assets

CROWN

A WORLD OF ENTERTAINMENT™

## > MELBOURNE, 100% OWNED

- Crown Casino operates 2,500 gaming machines and 350 table games.
- Crown Towers comprises 480 guest rooms.
- Crown Promenade hotel comprises 465 guest rooms.
- Crown Metropol hotel to open in April 2010, with 658 guest rooms.
- Crown Conference Centre to open in December 2009.
- Banqueting facilities include the Palladium's 1,500 seat ballroom and the Palms' 900 seat cabaret venue.
- More than 50 restaurants and bars reside in the complex, including many of Melbourne's finest.
- Internationally recognised designer boutiques and retail outlets.
- Other entertainment options include a multi-screen cinema complex and one of Australia's largest interactive multimedia entertainment arcades.

# BURSWOOD
ENTERTAINMENT COMPLEX

## > PERTH, 100% OWNED

- Burswood casino operates 1,750 gaming machines and 170 table games.
- InterContinental Perth Burswood hotel comprises 405 guest rooms.
- Holiday Inn Burswood hotel comprises 291 guest rooms.
- A range of entertainment options including the 20,000 seat Burswood Dome and 2,300 seat Burswood Theatre.
- World class conventions and events facilities.
- 16 restaurants and bars and a night club.
- Luxury day spa and retail outlets.


Melco Crown Entertainment
新濠博亞娛樂

## > MACAU, 33.5% INTEREST

**City of Dreams**

- Melco Crown's flagship integrated resort, which opened in June 2009, incorporates:
  - A 420,000 square foot casino featuring 1,350 gaming machines and 520 table games;
  - More than 20 restaurants and bars;
  - An impressive array of some of the world's most sought after retail brands;
  - An iconic and spectacular audio visual experience (the Bubble);
  - Crown Towers and Hard Rock hotels, with approximately 300 guest rooms each;
  - Grand Hyatt hotel to be officially opened on 29 September 2009 with approximately 800 guest rooms; and
  - Purpose-built Theatre of Dreams to open in 2010.

**Altira**

- Formerly Crown Macau, Altira is targeted at the Asian rolling chip market.
- The casino and hotel feature 255 table games and 216 guest rooms.

**Mocha Clubs**

- A network of gaming lounges, operating approximately 1,500 gaming machines.

# Chief Executive Officer's Report

'Crown Melbourne and Burswood are among the best performing casinos in Australia and the world. Crown's capability and financial strength place it in a sound position for the future.'

**Rowen Craigie**
Chief Executive Officer, Crown Limited

## Overview

Crown reported a normalised net profit after tax (before discontinued operations and non-recurring items) of $280.7 million for the year ended 30 June 2009. Operating cash flows generated were $382.4 for the 12 months and net debt at 30 June 2009 was $541.7 million.

This result was underpinned by the continued strong performance of Crown's two wholly owned and operated Australian casinos, Crown Melbourne and Burswood. These businesses achieved normalised revenue growth of 6.8 percent to $2,163.7 million and normalised EBITDA growth of 5.2 percent to $619.6 million. Crown's Australian casinos are among the best performing casinos in Australia and the world. We are making good progress towards completing the refurbishment and expansion programs at each property, which will ensure that they continue to grow in the face of domestic and international competition.

Crown's joint venture business in Macau, Melco Crown Entertainment (Melco Crown) achieved a major milestone with the opening of the City of Dreams complex in June 2009. When the twin towers Grand Hyatt Macau opens on 29 September 2009, the total room capacity of City of Dreams will be substantially increased.

While Crown's Australian casinos again demonstrated their resilience, the impact of the global financial crisis on our other international investments has been substantial. Crown's reported result after discontinued operations and non-recurring items was a loss of $1,197.9 million for the year. This result includes non-recurring items of $1,440.1 million primarily relating to the write-down of the carrying values of Crown's North American investments due to extremely difficult and unprecedented trading conditions in those markets. In this context, Crown's investments into North America were ill timed.

Despite these major write-downs, Crown's balance sheet remains strong, with low gearing and net debt. On a global scale Crown has one of the strongest balance sheets of any gaming company and this positions us well for the future.

***Performance for the year ended 30 June 2009 ($m)***[1]

| | |
|---|---|
| Group revenue | 2,163.7 |
| Expenditure | 1,544.1 |
| EBITDA | 619.6 |
| EBIT | 471.6 |
| Normalised Net profit after tax | 280.7 |
| Reported net (loss) profit[2] | (1,197.9) |

1. Normalised, excluding non-recurring items
2. After non-recurring items

## Australian casinos

Both Crown Melbourne and Burswood delivered solid results, despite a challenging economic environment and significant refurbishment and construction works being undertaken at both properties.

Across the two properties, main floor gaming revenue achieved strong year-on-year growth of 6.9 percent whilst VIP program play turnover reached $34.8 billion, which was an all time record. Non-gaming revenue held steady.

Crown Melbourne's normalised revenue increased by 6.9 percent on the prior comparable period to $1,466.2 million and reported revenue increased by 8.3 percent to $1,498.3 million. Normalised EBITDA for Crown Melbourne increased by 3.9 percent on the prior comparable period to $450.3 million. Reported EBITDA for the period was $477.3 million, up 7.5 percent, reflecting an above theoretical win rate of 1.48 percent.

FIGURE 1
CROWN MELBOURNE NORMALISED REVENUE AND EBITDA PERFORMANCE

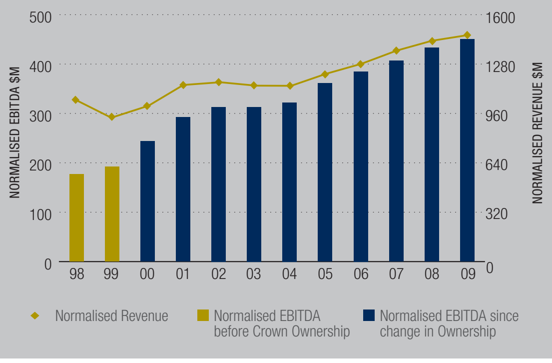


FIGURE 2
BURSWOOD NORMALISED REVENUE AND EBITDA PERFORMANCE

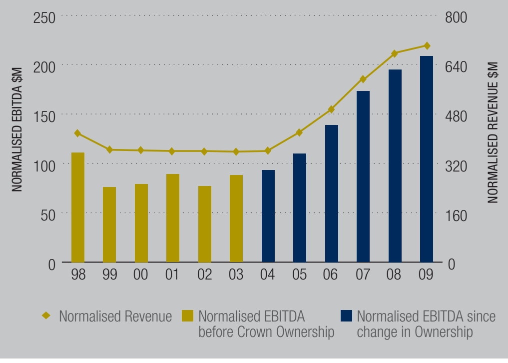


Figure 1 shows the pleasing trend of normalised revenue and EBITDA growth at Crown Melbourne.

Crown Melbourne is well advanced on its program of upgrading the existing gaming, hotel and restaurant facilities to ensure continued growth and to maintain the property at a world class standard. Crown Melbourne's third hotel, Crown Metropol, and the new Crown Conference Centre will both open during the 2010 financial year.

A more detailed report on Crown Melbourne is provided later in this Annual Report.

Burswood's normalised revenue increased by 6.5 percent on the prior comparable period to $697.6 million and reported revenue increased by 7.6 percent to $696.9 million. Normalised EBITDA from Burswood increased by 6.8 percent on the prior comparable period to $208.7 million. Reported EBITDA for the period was $208.1 million, up 10.2 percent, reflecting a higher win rate of 1.34 percent compared to the previous year.

Figure 2 shows the strong trend in normalised revenue and EBITDA growth at Burswood since it was acquired by Crown in 2004.

Burswood's result was also achieved despite the disruption from the extensive refurbishment and expansion works in its gaming areas, hotel and food and beverage outlets. These works are now over 70 percent complete.

A more detailed report on Burswood is provided later in this Annual Report.

Crown Melbourne and Burswood have each made a solid start to the 2010 financial year and the current outlook for both properties for the 2010 financial year is positive.

Crown Melbourne, gaming floor

City of Dreams, employees

City of Dreams, Crown Towers living room

Burswood, Pearl Room

## Melco Crown Entertainment

Melco Crown's results have been impacted by the global financial crisis, visa restrictions and economic conditions in the key feeder markets of China and Hong Kong. As a result, Crown's share of Melco Crown's normalised result for the financial year was a loss of $34.3 million.

City of Dreams is Melco Crown's flagship integrated casino and leisure resort. The quality of the property is exceptional. The initial phase of City of Dreams features approximately 520 gaming tables and 1,350 gaming machines. The opening of Grand Hyatt Macau signals the completion of Melco Crown's capital expenditure at City of Dreams.

Importantly, Melco Crown's other casino in Macau, the Asian VIP-focused Altira, has not seen any meaningful cannibalisation to date of its significant VIP volumes following the opening of City of Dreams.

Recent developments suggest that the business environment in Macau is improving. Gaming revenues were up year-on-year in July and August in 2009 – the first monthly increases since November 2008. Gross gaming revenue in August 2009 was an all-time monthly record for Macau. A regulated and enforceable junket commission cap of 1.25 percent will be introduced in the near future. It has also been reported that certain visa restrictions from mainland China to Macau will be relaxed shortly.

Additional information about Melco Crown and Crown's other international investments appears later in this Annual Report.

## Outlook

Our principal efforts over the next 12 months will be to further improve the performance of Crown Melbourne and Burswood, both of which have had solid starts to the new financial year. Both properties will continue with their expansion and refurbishment programs, which we expect will contribute further growth.

We will continue to work with the team at Melco Crown to build the value and enhance the performance of Melco Crown's businesses in Macau.

We will also be working with our joint venture partners during these challenging economic times to optimise the value of Crown's other international investments.

I would like to sincerely thank the Board, management and staff for their contribution in 2009.

Rowen Craigie

**Rowen Craigie**
Chief Executive Officer

# Crown Melbourne

'Award-winning hotels, leading hotel convention facilities and the southern hemisphere's pre-eminent casino and entertainment experience all make up the extraordinary world of Crown Melbourne.'

**David Courtney**
Chief Executive Officer, Crown Melbourne

## Overview

Crown Melbourne offers a distinctive combination of opulent luxury, exceptional service and non-stop spectacle that spans the Crown Entertainment Complex including the Crown Towers, Crown Promenade and soon-to-be completed Crown Metropol hotels.

Crown Melbourne is home to more than 50 restaurants and bars which include some of Melbourne's premier dining experiences. The Palladium, which is Melbourne's leading banqueting facility, the Palms cabaret venue, luxury retail boutiques, an extensive interactive multimedia entertainment arcade and a 13 screen cinema also reside in the complex, which attracts more than 16 million visitors each year.

Main gaming floor revenue for the year showed consistent growth throughout the 12 month period, increasing by 6.7 percent to $855.3 million. Normalised VIP program play revenue increased by 14.0 percent to $329.7 million on record turnover of $24.4 billion.

Non-gaming revenue grew 0.5 percent to $281.2 million for the year in a challenging environment. The result was impacted by the upgrade of Crown Towers and a softening in demand in the second half due to the economic climate, particularly from corporate and fundraising event bookings.

The overall operating margin decreased from 31.6 percent to 30.7 percent, with the margin on domestic business maintained. The decrease was due to a change in revenue mix resulting from the significant increase in VIP program play and an increase in VIP gaming provisions.

## Crown Melbourne property update

The staged upgrade of the Crown Melbourne complex continues, with the main gaming floor almost 50 percent complete. Patrons are enjoying new and refurbished gaming spaces and food and beverage offers, along with improved outdoor spaces, hotel rooms and entertainment venues.

The Maple Room was the first gaming area to undergo major refurbishment at the eastern end of the property. In the western end a new gaming precinct opened in December 2008, with a redeveloped food and beverage area opening progressively from May through to July 2009. Preliminary work has commenced on an upgrade of the Teak Room, the Mahogany Room and the VIP gaming salons to help ensure Crown Melbourne remains competitive with the world's best VIP gaming facilities. Remaining refurbishments have been planned over the next two to three years to ensure disruption to patrons is kept to a minimum.

The major upgrade of Crown Towers is complete and construction of a new five-star 658-room hotel, Crown Metropol, is on budget and is expected to open one month early in April 2010. This will bring the total rooms available at the complex to more than 1,600. These major developments will continue to underpin future revenue growth at Crown Melbourne.

In May 2009, the Victorian Government announced an agreement with Crown Melbourne to introduce a staged increase in casino gaming machine tax and an increase in the number of table games. Implementation of this agreement is subject to passage of legislation through the Victorian Parliament.

## Local gaming and Crown Club

New games reinvigorated the local table games business, with all 350 tables open on Friday and Saturday nights due to growing weekend demand. Poker continued its popularity with an increased profile for poker tournaments. The 2009 Aussie Millions Poker Championship attracted more than 2,000 entrants. Ranked fifth in the world, it is the largest and most prestigious gaming event in the Southern Hemisphere.

More than 650 gaming machines were upgraded during the year and customers enjoyed a new range of exclusive games, such as Wheel of Fortune. Ticket In / Ticket Out transaction technology was recently introduced in the Riverside Lounge.

Crown Melbourne operates Crown Club, the largest loyalty program of its type in Australia, which promotes patronage across all of Crown Melbourne's facilities.

## VIP program play

Crown Melbourne achieved an all time record of $24.4 billion in VIP program play turnover, despite strong competition from Macau, Las Vegas and other Australian casinos. This record result was assisted through innovative marketing and promotional programs and the maintenance of the highest service standards. It was also pleasing to see new business emerging from the key markets of China and Hong Kong.

## Responsible gaming

Crown Melbourne further strengthened its responsible gaming practices by implementing a new Responsible Gambling Code of Conduct in June 2009. The Responsible Gambling Code of Conduct details an ongoing commitment to responsible gaming. All gaming employees are trained in the responsible service of gaming and also undertake regular refresher training.

The Responsible Gaming Support Centre operates 24 hours a day/seven days a week to offer responsible gaming information and support, counselling and referral services and a chaplaincy support service.

Resources and programs available to patrons include the long-standing Self Exclusion and Play Safe programs. Crown Club members who use gaming machines are encouraged to participate in the Play Safe program, where they can nominate predetermined spending and time limits. Members who play gaming machines also receive player activity statements – a requirement for ongoing participation in the Club.

Crown Melbourne participates in Responsible Gambling Awareness Week, a partnership between industry, the community sector and the Victorian Government.

Crown Melbourne, including Crown Metropol

## Hotels and conferences

In July 2009, Crown Towers completed a comprehensive upgrade of its accommodation, resulting in an unrivalled level of luxury, comfort and technology in the five-star hotel segment. The new rooms and suites feature superior craftsmanship, contrasting textures and a refreshing colour palette. Each room also features the latest video on demand interactive system.

The accolades continued for Crown Towers this year, being awarded Victoria's 2009 Deluxe Accommodation Hotel of the Year by the Australian Hotels Association (AHA), Best Five Star Hotel and Highly Commended in the Business Hotel category at Hotel Management magazine's 2009 HM Awards. Additionally Crown Towers was voted one of the favourite hotels in Australia by Qantas Frequent Flyers and was also named one of the top three city hotels in Australia, New Zealand and the South Pacific in the prestigious Travel + Leisure magazine's 2009 World's Best Awards.

Hotel occupancy at Crown Towers was impacted by the refurbishment program during the year, which resulted in a significant number of rooms being unavailable. In total, occupancy was 75.7 percent, with an average room rate of $305. Hotel occupancy on available rooms at Crown Towers was 94.6 percent.

Crown Promenade achieved a 92.9 percent occupancy rate and a $211 average room rate. Recognised as Melbourne's leading conference and business hotel, Crown Promenade was awarded Best Superior Accommodation in the AHA State Awards for Excellence and was inducted into the Victorian Tourism Hall of Fame for winning the Deluxe Accommodation Award for three consecutive years.

Crown Melbourne's newest property, Crown Metropol, will commence trading in April 2010. Designed by a team of internationally renowned architects, the 658 contemporary loft-style rooms (including 33 suites) will focus on space, light and luxury. A technologically advanced business centre with four dedicated meeting rooms is situated in the hotel, which will also feature one of Melbourne's most anticipated dining ventures, Gordon Ramsay's Maze.

Crown Metropol is ideally located adjacent to the Melbourne Convention and Exhibition Centre. A direct undercover link from Crown Metropol's business centre to the Crown Conference Centre will contain an exciting new retail precinct with a range of well known brands. The Crown Conference Centre itself is undergoing an extension, which is on schedule for completion in December 2009. This caters for conferences of over 800 delegates with the option of utilising up to 19 rooms concurrently.

## Restaurants and bars

Crown Melbourne's restaurant and bar operations continued to grow with a variety of new venues now open. These include Lagerfield Bar and Beer Garden, Lumia Cocktail Lounge, Emporio della Pasta, Cantina dell'Emporio, Caffé dell'Emporio, Kitchen Workshop and Sho Noodle Bar, all conveniently located to the gaming floor and other entertainment. The popular Riverside Gaming Lounge also expanded with the opening of the Riverside Restaurant & Café. In addition, refurbishments were completed for Odeon nightclub, Number 8 Restaurant & Wine Bar and the Double Up Bar on the main gaming floor.

Crown Melbourne, Crown Towers upgraded standard room

Crown Melbourne, Lagerfield Beer Garden

Crown Melbourne, Sho Noodle Bar

Crown Melbourne



In the 2010 edition of The Age Good Food Guide restaurants at Crown Melbourne were recognised. Rockpool Bar & Grill received two coveted chef's hats and the brasserie by Philippe Mouchel, Bistro Guillaume and Giuseppe Arnaldo & Sons each received one hat.

At the 2009 Victorian Restaurant & Catering Awards for Excellence, Crown Food and Beverage again received multiple awards in various categories. Crown Events was awarded best Function Centre Caterer and the brasserie by Philippe Mouchel was awarded best European Restaurant. Koko was also awarded best Asian Restaurant and was inducted in the Victorian Restaurant & Catering Awards Hall of Fame – one of only four restaurants to be inducted since 1998. Number 8 Restaurant and Wine Bar, the brasserie by Philippe Mouchel and Rockpool Bar & Grill were recognised by the Wine Spectator Magazine in its 2009 Annual Restaurant Awards.

## Entertainment and events

The Palladium continued to host some of the country's highest profile fund-raising and sporting events during the year. These included the Million Dollar Lunch, the Ronald McDonald House Charity Ball, Starry Starry Night, the Diamond Dinner, the TV Week Logie Awards, the AFL Brownlow Medal, the Cricket Australia Allan Border Medal, the Formula 1 Australian Grand Prix Ball and Victoria Racing Club Spring Carnival events including the Oaks Club Ladies Lunch and the Call of the Card.

For the second year, Crown Melbourne hosted a "Live Site" at Southbank for the duration of the 2008 Melbourne Cup Carnival in conjunction with the Victoria Racing Club and its official partners. Over eight days an estimated 80,000 people enjoyed all the racing action on a super screen, live entertainment, fashion parades and giveaways. These activities centred around the Carnival Bar, a stylish marquee on the riverbank, with full bar and betting facilities and an open-air beer garden with uninterrupted views of the city.

Crown also provided strong support to the 2009 Melbourne Food & Wine Festival, which culminated in hosting the "Stars of Europe" featuring the most acclaimed line up of Michelin Star chefs from around the world. Once again Crown Events presented the World's Longest Lunch on the promenade and the Festival's celebrated 2009 Gala Dinner.

## Our people

Crown Melbourne is Australia's leading hospitality employer. Crown continues to foster a culture that engages our people, motivating them to deliver exceptional experiences for our customers. Crown's focus on talent development and succession planning continues, with a number of key appointments resulting from the assessment of leading talent.

Crown Melbourne is committed to protecting the health and safety of the people that work with us as well as those who visit and use our facilities. Indicators of management's dedication to health and safety were highlighted through two key achievements during the year. A 20 percent reduction in workplace injury was achieved and safety received the highest positive perception score of all criteria in the 2009 Employee Engagement survey. Integral to these results is a robust health and safety management system (CrownSAFE), a structured assurance program and 90 committed health and safety representatives, with a coverage rate of one to every 62 employees. A key initiative in 2010 will be the launch of the new online incident, hazard and risk reporting system.

# Burswood

'With one of the best performing casinos in the region, Burswood Entertainment Complex has established itself as the fastest growing earnings contributor in Crown's portfolio.'

**Barry Felstead**
Chief Executive Officer, Burswood

## Overview

Burswood is located on the banks of the Swan River in Perth and has grown to become a major Western Australian tourist attraction and revenue earner. The integrated property features a casino, InterContinental Perth Burswood and Holiday Inn Burswood hotels, eight restaurants, eight bars, a nightclub, a world-class convention centre, a 2,300 seat theatre, a 20,000 seat capacity indoor stadium, a day spa and retail outlets. Burswood is adjacent to an 18-hole golf course and Burswood Park.

In its fifth year since acquisition, Burswood continued to implement a number of earnings initiatives. This has resulted in strong financial performance, while at the same time supporting its growth strategy and platform for continued expansion.

Main floor gaming revenue grew 7.4 percent to $397.9 million and normalised VIP program play revenue increased by 11.5 percent to $140.0 million on record turnover of $10.4 billion.

Non-gaming revenue grew 0.3 percent to $159.7 million for the year in a challenging economic environment which resulted in a reduced number of entertainment events, shows and conferences, in addition to a softening in hotel demand from the corporate sector in the second half.

The overall operating margin at Burswood increased by 0.1 percent to 29.9 percent.

## Burswood property update

Burswood's commitment to improve its gaming and entertainment products focused on unlocking the potential of the property to deliver a world-class entertainment experience. The refurbishment of the main casino floor is approximately 70 percent complete, with major projects opening during the year including the Meridian Room, a mid-tier VIP gaming machine room which will complement the existing VIP high limit gaming room, a new casino entrance, a new poker room and a new main casino gaming floor bar, Mesh. Works are now completed on Carvers Buffet and Snax Café, which are located immediately adjacent to the gaming floor. Work is currently underway on a third VIP suite and the refurbishment of the InterContinental Club Rooms and River Suites.

The completed projects have contributed to Burswood's revenue growth and further growth is expected as the remaining refurbishments are completed.

## Local gaming and Club Burswood

Improved casino management systems and a resurgence in the popularity of table games, including growth in poker, all contributed to the solid year-on-year revenue growth. Also integral to the result were new promotions to increase brand awareness and profile.

Increases in high limit product offerings were also introduced with the opening of the Riviera Room Upper Level. This has contributed strongly to growth in table games revenue on the main gaming floor. A series of special promotions also saw a positive impact and increased mid-week patronage.

Electronic gaming benefited from the creation of tailored events and the development of new games. The recent opening of the Meridian Room mid-tier electronic gaming facility is expected to underpin continued growth.

A number of strategies were implemented in Burswood's loyalty program, Club Burswood, to create interest during the year. Food and beverage offers and entertainment offers were introduced along with increased frequency of member communications.

## VIP program play

Double digit growth in international gaming turnover was achieved by developing new business from Hong Kong and China and by joint initiatives with Crown Melbourne, which resulted in an increase in key players.

Significantly, the Pearl Room has secured Burswood's place in the international market, evidenced by the solid increased contribution of that business. The mix of six private salons along with a number of semi-private salons has provided a significant point of difference as one of the most customer-focused and luxurious international gaming facilities in the world.

## Responsible Gaming

Burswood is committed to providing responsible gaming services through the promotion of effective responsible gaming programs, information and assistance. A dedicated Responsible Gambling Information Centre at Burswood was officially opened by the Minister for Racing & Gaming during Responsible Gambling Awareness Week in June 2009. Staffed by qualified and experienced personnel, the Centre is readily accessible and will assist patrons or members of the community who are seeking help.

Burswood casino entry post refurbishment

A program of engagement with a wide range of community service organisations and responsible gaming groups was also embarked upon throughout the year. This was particularly beneficial in establishing cooperative arrangements amongst all interested parties leading up to and during Responsible Gambling Awareness Week.

An updated on-line training program for staff, development of the third party self-exclusion program and ongoing problem gambling indicator awareness training for gaming personnel continued to promote awareness among staff, patrons and the community.

## Hotels and conferences

InterContinental Perth Burswood maintained its position as the leading luxury hotel in Perth. It ranked number one in its competitive set, despite weaker conferencing business and the softening of the Perth hotel market, particularly in the second half of the year. Hotel occupancy at InterContinental Perth Burswood was 74.0 percent with an average room rate of $236 and at Holiday Inn Burswood it was 87.0 percent and $184 respectively.

The sharing of human and capital resources between the two hotels at Burswood created efficiencies and local support was strengthened through Club Burswood promotions. Concerts at the Dome, the hotel's global branding and guest loyalty programs all contributed to attracting customers. InterContinental Perth Burswood hosted players and sponsors for the Johnnie Walker Classic, which drove international awareness and provided a platform for celebrity events and functions. Innovative promotions with Burswood's sponsorship partners and entertainment packages built around long-running shows such as The Phantom of the Opera were introduced to drive hotel business.

The hotels' sales team was awarded Sales Team of the Year by the Australian Hotels Association (AHA) in 2008 and InterContinental Perth Burswood was successful in the Qantas Frequent Flyer Awards.

Burswood Entertainment Complex

## Restaurants and bars

Burswood's restaurants and bars portfolio maintained its significant contribution. A continued focus on the delivery of new and refreshed contemporary, innovative and diversified product offerings underpinned the result, highlighted by the opening of Mesh Bar in December 2008. Effective advertising, additional traffic generated from main gaming floor activity and a comprehensive communications and event program in all key outlets have contributed to the continued positive performance.

Established restaurants Yú, Victoria Station, Atrium and (A)LURE continued to focus on exemplary cuisine and service. Carbon Sports Bar was awarded Western Australia's Best Sporting Entertainment Venue by the Australian Hotels Association.

Responsible service of alcohol initiatives continued to be a key focus throughout the year. To enhance the quality of Burswood's nightclub experience, a re-brand of the Ruby Room to Eve took place in June 2009 together with the opening of a new balcony capable of holding an additional 400 patrons. Other business initiatives included an increased focus on electronic communication, a focused product website and new entertainment line-ups.

## Entertainment and events

Burswood is recognised as one of Australia's leading meetings and events venues and this year focused on implementing a dynamic pricing structure and incentive offers to drive business locally as well as from the eastern states. The conventions and entertainment business was impacted as a result of less touring acts and shows and a reduction in conferences from the corporate sector due to subdued economic conditions.

Signature events hosted at the complex included the Queensbury Charity Challenge, the Ronald McDonald Charity Ball and the Melbourne Cup Luncheon. Major conferences held included the Asia Pacific Oil and Gas, West Australia Primary Principals Association, CSIRO Greenhouse 2009 and CPA Week.

Although the number of international acts was down year-on-year, the Dome continued to stage various headline acts which were major sell-outs throughout the year. A broad selection of entertainment was also held in Burswood Theatre, with the season of The Phantom of the Opera attracting more than 89,000 patrons. For the third consecutive year, Burswood was awarded Western Australia's Best Live Entertainment Award for 2008 by the AHA.

## Our people

Burswood remains the largest single site private employer in Western Australia with more than 4,200 employees. The commitment and professionalism of this team underpinned the strong result.

During the year, Burswood significantly expanded its training activities. The focus was on developing and improving service capability, improving performance systems, launching new online learning courses and developing a new croupier training academy. Diversity in the workplace has also been a key focus throughout the year.

Burswood, gaming floor

# Melco Crown Entertainment

Melco Crown Entertainment
新濠博亞娛樂

## Overview

Crown holds a 33.5 percent equity interest in Melco Crown, a joint venture between Crown and Melco International Development Limited. Melco Crown was listed on the NASDAQ in December 2006.

Melco Crown's financial performance for the year has been impacted by weakness in the Macau gaming market due to the global financial crisis, visa restrictions and economic conditions in the key feeder markets of China and Hong Kong. As a result, Crown's share of Melco Crown's normalised result for the period was a loss of $34.3 million.

Recent data indicates that the overall gaming market in Macau is improving. In July and August 2009, gaming revenues increased year-on-year, the first monthly year-on-year increases since November 2008. Gross gaming revenues in August set an all time monthly record for Macau. It has been reported that a junket commission cap of 1.25 percent and an easing of visa restrictions from mainland China to Macau will soon be introduced.

Melco Crown conducted two successful capital raisings during the year to strengthen its balance sheet. Institutional equity placements of US$180 million in April 2009 and a further US$220 million in August 2009 have diluted Crown's equity interest to 33.5 percent.

## City of Dreams

City of Dreams, Melco Crown's flagship integrated resort development, opened in Cotai, Macau on 1 June 2009. Combining world-class entertainment attractions, a diverse array of accommodation, regional and international dining, prestige shopping and spacious, contemporary casinos. The resort brings together a collection of world-renowned brands such as Crown, Grand Hyatt, Hard Rock and Dragone, to create an exceptional and spectacular experience.

City of Dreams, Crown Towers hotel lobby

City of Dreams, gaming floor

City of Dreams, gaming floor

City of Dreams, opening night crowds

The initial opening of City of Dreams features a 420,000 square foot casino with approximately 520 gaming tables and 1,350 gaming machines, retail outlets and over 20 restaurants and bars. The Crown Towers and Hard Rock hotels offer approximately 300 guest rooms each. Grand Hyatt Macau, offering approximately 800 guest rooms, will open on 29 September 2009 and a Dragone theatre production is planned for the purpose-built Theatre of Dreams.

The Crown brand in Macau will be used solely at City of Dreams, targeting premium VIP customers sourced through the joint marketing networks of Melco Crown and Crown. City of Dreams is the only major casino resort to open in Cotai in 2009. It is located at the northern end of Cotai, and is one of the closest destination resorts in Cotai to the Macau International Airport and the newly developed Hong Kong to Macau Ferry Pier.

## Altira

Altira (formerly Crown Macau) is primarily focused to meet the cultural preferences and expectations of Asian rolling chip customers.

Altira features approximately 180,000 square feet of gaming space with 255 gaming tables. The property won the 'Best Casino Interior Design Award' in the first International Gaming Awards in 2008, which recognises outstanding design in the sector. The 38-storey hotel is recognised as one of the leading hotels in Macau and comprises 216 deluxe guest rooms, including 24 high-end suites and eight villas.

Highly experienced local management has recently been introduced to Altira. The team has an understanding of its customers and will continue to hone the operational effectiveness of this property through the development of a tailored experience. Mocha Clubs manages the gaming machines located at Altira.

## Mocha Clubs

Mocha Clubs first opened in September 2003 and has since expanded its operations to eight clubs with a total of approximately 1,500 gaming machines.

The clubs comprise the largest non-casino-based operations of electronic gaming machines in Macau and are conveniently located in areas with strong pedestrian traffic, typically within three-star hotels. Each club offers a relaxed ambience and electronic tables without dealers. The Mocha Club gaming facilities include the latest technology for gaming machines and offer both single player machines with a variety of games (including progressive jackpots) and multi-player games, where players on linked machines play against each other in electronic roulette, baccarat and sicbo, a traditional Chinese dice game.

# Other Investments

## International Investments

Crown holds a 50 percent interest in Aspinalls, a UK-based casino operator. Crown's share of Aspinalls' result was an equity accounted loss of $15.2 million. Trading was negatively impacted by a low win rate on VIP play at the Aspinalls Club, which had a $12.9 million impact on Crown's share of its equity accounted result.

Crown has written down the carrying value of its equity investment in Aspinalls to nil, with a non-recurring loss of $82.7 million taken to the Profit & Loss. The asset write-down is due to the deteriorating outlook for the UK casino industry and the failure by the UK Government to deregulate the casino industry as initially announced.

Crown holds a 50 percent interest in Gateway, a Canadian-based casino operator. Crown's share of Gateway's result was an equity accounted loss of $14.3 million. Crown has written down the carrying value of the equity and debt components of its investment in Gateway to nil. A non-recurring loss of $231.2 million was taken to the Profit & Loss at year-end.

Having already written down the carrying value of the equity component of its investment in Gateway, Crown considered it to be prudent, given the current local trading, competitive and regulatory environment, to likewise write down the loan component of its investment.

In March 2009, Crown announced it had agreed to terminate the transaction to acquire Cannery Casino Resorts (Cannery) for US$1.75 billion, which was announced in December 2007. Crown announced a new agreement whereby it has paid Cannery US$320 million to subscribe for a preferred instrument, which carries with it the right, subject to regulatory approval, to be converted to an equity entitlement of 24.5 percent.

The preferred instrument has no coupon and is non-participating. As such, Crown has not reflected any share of Cannery's profit in this year's results. The Pennsylvania Gaming Control Board is continuing to process Crown's licence application to allow Crown to convert the preferred instrument into equity.

Crown has written down the carrying value of its investment in Cannery to $49.6 million, with a non-recurring loss of $378.2 million taken to the Profit & Loss. The asset write-down has been precipitated by the effect that current economic conditions in the United States have had on Cannery's business. It is likely that Cannery's Las Vegas casinos will be affected by the US recession for some time. The recession has also adversely impacted the original projections for the new permanent Meadows Casino in Pittsburgh.

Crown has written down to nil the carrying value of its minority US investments in Fontainebleau, Stations and Harrahs, which are classified under Australian Accounting Standards as "Available for Sale Assets". Crown has also written off its $31.3 million loan to Fontainebleau.

Crown also reported charges for the year ended 30 June 2009 totalling $155.2 million which primarily comprise the termination fee of $76.5 million in respect of the original Cannery transaction, break costs of $40.1 million in respect of the termination of interest rate swaps on US dollar debt repaid during the year and a net interest expense of $38.4 million incurred in relation to the funding of the original Cannery transaction.

## Betfair Australasia

Crown holds a 50 percent interest in Betfair Australasia under a joint venture with The Sporting Exchange Limited, the world's largest betting exchange.

Betfair's customer base continues to grow strongly and, with the recent lifting of advertising restrictions on mainland Australia, the business is now investing heavily in customer acquisition marketing in order to secure a solid platform for growth. Crown's share of Betfair's result was an equity accounted loss of $5.1 million, primarily due to the increase in marketing costs.

# Community and Environment

## Community

Crown continues to proudly support the local communities in which its businesses operate. Burswood and Crown Melbourne signed the Australian Employment Covenant during the year and will provide many job opportunities for indigenous Australians. Crown also formed an alliance with a disability employment agency, pledging to provide more jobs for disabled job seekers. Both initiatives highlight Crown's commitment to create a diverse and inclusive workforce.

Crown's support of not-for-profit events, donations, employee volunteer contributions and sponsorship is extensive.

### *Crown Melbourne*

From large organisations such as the Royal Children's Hospital to individuals affected by tragedy, Crown Melbourne responds and provides assistance, donations and support to a broad spectrum of community needs. In 2009, this spanned medical research, aged care, schools and kindergartens, sporting groups, fire brigades and cultural organisations.

Crown Melbourne provided assistance to the Victorian community through its financial support of community and non-profit organisations including the Make-A-Wish Foundation, KOALA (Kids Oncology and Leukaemia Action) Foundation via the Million Dollar Lunch, Open Family Australia, the Alannah and Madeline Foundation, Challenge, Kids Under Cover, the Blue Ribbon Foundation and the Heartwell Foundation.

In response to the Victorian Black Saturday bushfires in February 2009, Crown promptly pledged $500,000 to the Victorian Bushfire Appeal, supporting many affected and displaced individuals and families. Crown Melbourne and Burswood joined forces with the Salvation Army in setting up collection tins at both complexes and supported a number of charities and organisations in their efforts to raise money. On a more personal level, Crown Melbourne also provided overnight accommodation for affected families and supporters during visits to the city or as a relaxing respite from their grim reality. Crown Melbourne's employees eagerly volunteered their time at the Australian Red Cross Call Centre and raised employee donations.

At Christmas, Crown Melbourne and its employees actively participated in Open Family Australia's Christmas hamper efforts. Crown chefs prepared wonderful festive food hampers for Open Family Australia, which were delivered to many Melbourne-based families by dedicated employees.

Additional community activities supported and celebrated by Crown Melbourne during the year included Harmony Day, an employee Australian Citizenship Ceremony and Community Safety Week.

### *Burswood*

Burswood recognises the pivotal role it plays within the community and contributes significant resources to a host of Western Australian organisations. Some of these are specific to the arts sector including the Australian Business Arts Foundation, Telethon Speech & Hearing's 'Young Artists with Artitude' competition and the youth arts initiative 'Storm the Stage'.

Burswood, employee involvement in Anglicare Winter Appeal


Crown donation to Country Fire Authority

Crown Melbourne, 2009 Million Dollar Lunch

Burswood, employee involvement in Anglicare Winter Appeal


Burswood partnered with many other non-profit organisations in their fundraising efforts during the year. These included Ronald McDonald House which was host to one of Australia's largest and most successful fundraising initiatives, Youth Focus, an organisation dedicated to helping young people with depression, The Amanda Young Foundation, StyleAid with the Western Australian AIDS Council, Strike a Chord for Cancer and the National Breast Cancer Research Foundation. Burswood has also forged strong long-term relationships with the Juvenile Diabetes Research Foundation, Crime Stoppers, Teen Challenge, Celebrate WA and United Way.

Burswood chefs annually prepare more than 9,000 litres of soup, which is donated to Foodbank Western Australia to support Perth's homeless. Other Community Activities include partnerships with the Seniors Recreation Council, Charity 'Movies by Burswood' and the Returned Services League.

In addition to these regular partnerships, in 2009 many Western Australian service agencies were in need of additional support. Burswood, through both employee and corporate donations, was able to assist the Salvation Army, Anglicare Western Australia, Foodbank Western Australia, Father Brian's Appeal and the St Vincent de Paul Society's 'Passages' program.

At the heart of Burswood's community program is its employee involvement. Burswood employees gave generously to the annual St Vincent de Paul Christmas Appeal and the Anglicare Winter Appeal. The Burswood team also participated in the annual Juvenile Diabetes Research Foundation 'Walk to Cure Diabetes' and partnered with the Salvation Army to raise more than $20,000 for its Victorian Bushfire appeal.

Burswood continues its commercial sponsorship program to support local businesses and sporting organisations. These included the West Coast Eagles and Fremantle Dockers AFL clubs and the Emirates Western Force Super 14 Rugby Union team.

## Environment

Crown's ongoing environmental sustainability commitment focuses on three key pillars: water conservation, waste reduction and energy efficiency. Crown's goal is to make meaningful contributions towards reducing its environmental impact by pursuing initiatives in these areas, consistent with our objectives to create memorable experiences and enhance shareholder value.

During the year, Crown Melbourne continued implementing a variety of initiatives. In March 2009, it launched a new web site, www.crownenvironment.com.au, to highlight and share information on its commitment to environmental impact reduction. The web site clearly articulates Crown Melbourne's approach, milestones and future plans to address environmental issues and concerns.

A dedicated Burswood Environment Committee was formed in October 2008. The Committee's main focus to date has been on identifying environmental initiatives to reduce energy and waste from the complex. Positive results with water and electricity consumption have also been achieved, despite the ongoing expansion of the property.

Crown Melbourne, Cogeneration plant rooftop equipment

Crown Melbourne, Cogeneration plant standby boilers



***Water conservation***

Throughout the year, Crown Melbourne continued water reduction initiatives through its approved waterMAP program. The upgrade of numerous facilities throughout the property has provided many opportunities to install water reduction devices such as dual flush toilets and tap aerators to reduce flow. Other initiatives included the replacement of grass (to eliminate the use of irrigation) with high quality artificial turf for the landscaping of Crown Towers hotel roof-top, Whiteman Street frontage and median strips.

Burswood continues to reduce its water consumption and is expected to meet its target reductions as approved in its water efficiency management plan. The complex is in the process of implementing an aerator replacement program throughout the property, which will result in further water conservation. In 2008, Burswood was recognised for its commitment to water conservation with the Waterwise Award for a large-scale business or government agency.

***Waste reduction***

More than 30 percent of Crown Melbourne's waste is currently recycled via composting, cardboard and plastics recycling. Waste reduction efforts continued to build momentum throughout the year with an education program on waste separation for kitchens and restaurants implemented throughout the complex. This has resulted in a record quantity of in excess of 600 tonnes of food waste being diverted to a natural recovery (or composting) facility instead of landfill – an increase of more than 40 percent over previous years.

Crown Melbourne's commitment to waste management was also demonstrated during the upgrade of the Crown Towers hotel. This was completed with an emphasis on recycling materials, where 80 percent of construction and demolition waste was recycled.

***Energy efficiency***

In March 2009, Crown Melbourne submitted its first Environment and Energy Resources Efficiency Plan (EREP) to the Environmental Protection Authority Victoria (EPA), which identified initiatives to improve resource efficiency.

An energy assessment of the retail and entertainment areas of the Crown Melbourne complex was conducted to identify future initiatives in accordance with the Commonwealth Government's Energy Efficiencies Opportunities Act.

During the year, Burswood replaced its chiller sets with energy efficient chillers, an initiative which is expected to substantially improve resource efficiency across the property.

In addition to the EREP, Crown Limited participated in the benchmarking Carbon Disclosure Survey conducted by an independent not-for-profit organisation which holds the largest database of corporate climate change information in the world (refer to www.cdproject.net).

Crown Melbourne and Burswood participated in Australia's "Earth Hour" on 28 March 2009.

# Corporate Governance Statement

The Crown Limited Board is committed to the implementation and maintenance of good corporate governance practices.

This Statement sets out the extent to which Crown Limited (**Crown**) has followed the best practice recommendations set by the ASX Corporate Governance Council during the twelve month period ending 30 June 2009.

Crown reports against the Corporate Governance Principles and Recommendations (**Revised Principles**) released by the Council on 2 August 2007.

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

***Functions reserved for the Board***

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

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

***Functions delegated to Senior Management***

Management has 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).

***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.

***Induction process for new executives***

Crown executives are required to undertake formal induction training through Crown's on-site accredited training facility – Crown College.

The program involves training about:

- the history and development of the Crown brand and business;
- the main legal and regulatory obligations affecting the Crown business;
- Crown's responsible gaming policies and procedures; and
- the rights and obligations of Crown employees.

As part of the induction program, executives are required to successfully complete a series of online training modules and to pass the associated assessment.

***More information***

*A full copy of the Crown Board Charter is available at:*
*www.crownlimited.com under the heading Corporate Governance – Charters.*

## Principle 2
## Structure the Board to add value

***Composition of the Board***

As at the date of this Statement, the Board comprises the following eleven Directors:

- James D Packer
  **Executive Chairman**
- John H Alexander BA
  **Executive Deputy Chairman**
- Benjamin A Brazil BCom LLB
  **Independent, Non-Executive Director**
- Christopher D Corrigan
  **Independent, Non-Executive Director**
- Rowen B Craigie BEc (Hons)
  **Chief Executive Officer and Managing Director**
- Rowena Danziger BA, TC, MACE
  **Independent, Non-Executive Director**
- Geoffrey J Dixon
  **Independent, Non-Executive Director**
- Ashok Jacob MBA
  **Non-independent, Non-Executive Director**
- Michael R Johnston BEc, CA
  **Non-independent, Non-Executive Director**
- David H Lowy AM, BCom
  **Independent, Non-Executive Director**
- Richard W Turner AM, BEc, FCA
  **Independent, Non-Executive Director**

Information about each Director's qualifications, experience and period in office is set out in the Directors' Statutory Report.

The roles of Chair and Chief Executive Officer are exercised by separate persons. James Packer acts as Executive Chairman and Rowen Craigie as Chief Executive Officer and Managing Director.

***Relationships affecting independence***

Of Crown's eleven Directors, six 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.

**Departure from Recommendation 2.2:** The Revised Principles recommend that the chair of the Board should be an independent Director. Crown's Chairman is not an independent Director. The Board believes that the interests of shareholders are best served by a Chairman who is sanctioned by shareholders and who will act in the best interests of shareholders as whole. As the Chairman has a significant relevant interest in Crown, he is well placed to act on behalf of shareholders and in their best interests.

***Procedure for selection and appointment of new Directors***

Where a new Director appointment is required, the Board adheres to procedures including the following:

- the experience and skills appropriate for an appointee, having regard to those of the existing Board members and likely changes to the Board are considered;
- upon identifying a potential appointee, specific consideration is given to that candidate's:
  - competencies and qualifications;
  - independence;
  - other directorships and time availability; and
  - the effect that their appointment would have on the overall balance and composition of the Board; and
- finally, all existing Board members must consent to the proposed appointment.

The re-appointment procedures for incumbent Directors are as outlined in Crown's Constitution. In summary, subject to the specific matters described in the Constitution, an election of Directors must take place each year at which one third of Directors must retire. Any Director who has been in office for three or more years and for three or more annual general meetings must also retire. Directors who retire are generally eligible for re-election.

**Departure from Recommendation 2.4:** The Revised Principles recommend that the Board should establish a Nomination Committee. The Board has not established a Nomination Committee as it does not consider that the process for determining potential Directors would be made more efficient by doing so. The appointment of new Directors is a matter specifically reserved to the Board. In appropriate circumstances, the Board may delegate some or all of this process to a relevant Committee.

***Process for evaluating performance of the Board, its Committees and its members***

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 Board and Committee member.

The questionnaire covers the role, composition, procedure and practices of the Board and its Committees. The individual responses to the questionnaire are confidential to each Board/Committee member, with questionnaire responses to be provided to the Chairman of the Audit & Corporate Governance Committee for his consideration and provision of a report to the Executive Chairman of the Board.

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

***Procedures for taking independent advice***

To enable Crown's Board to fulfil its role, each Director may obtain independent advice on relevant matters at Crown's expense. In these circumstances, the Director must notify the Executive Chairman of the nature of the advice sought prior to obtaining that advice, so that the Executive Chairman can take steps to ensure that the party from whom advice is sought has no material conflict of interest with Crown. The Executive Chairman is also responsible for approving payment of invoices in relation to the external advice.

In addition, each Board Committee has the full authority of the Board to:

- communicate and consult with external and internal persons and organisations concerning matters delegated to the Committee; and
- appoint independent experts to provide advice on matters delegated to the Committee.

*Crown Board Committees*

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

| Committees | Current Members | Meetings held during FY 2009 | Attended by |
|---|---|---|---|
| **Audit & Corporate Governance** | Richard Turner (Chair)<br>Rowena Danziger<br>Michael Johnston | 4 | All members |
| **Finance*** | Geoffrey Dixon (Chair)<br>Michael Johnston<br>Richard Turner | 0 | Not applicable |
| **Investment** | James Packer (Chair)<br>John Alexander<br>Rowen Craigie<br>Ashok Jacob | 1 | All members |
| **Occupational Health, Safety & Environment** | Rowena Danziger (Chair)<br>Rowen Craigie<br>Michael Johnston | 3 | All members |
| **Remuneration** | James Packer (Chair)<br>John Alexander<br>Geoffrey Dixon | 1 | All members |
| **Risk Management** | Geoffrey Dixon (Chair)<br>Rowen Craigie<br>Rowena Danziger | 2 | All members |

* The Finance Committee did not meet this financial year as all relevant financing matters were dealt with by the Board.

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

***More information***

*A full copy of each of Crown's Committee Charters is available at: www.crownlimited.com under the heading Corporate Governance – Charters.*

*A description of the procedure for selection, appointment and re-election of Directors is available on the Crown website at: www.crownlimited.com under the heading Corporate Governance – Policies.*

## Principle 3
## Promote ethical and responsible decision-making

***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.

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.

***Policy concerning trading in company securities***

Crown has adopted a formal Securities Trading Policy which details Crown's policy concerning trading in company securities by Directors, senior executives and employees.

The Securities Trading Policy:

- includes a requirement that employees do not buy and sell Crown shares and securities within a 12 month period (ie that they do not short trade);
- establishes formal "trading windows" during which Crown employees can and cannot trade in Crown shares and securities;
- sets out Crown's policy on entering into transactions in associated products which limit economic risk; and
- summarises the application of the insider trading provisions of the Corporations Act and the consequences of contravention thereof.

***More information***

*Full copies of Crown's Code of Conduct for Directors and Code of Conduct for Employees are available at: www.crownlimited.com under the heading Corporate Governance – Codes.*

*A full copy of Crown's Securities Trading Policy is available at: www.crownlimited.com under the heading Corporate Governance – Policies.*

## Principle 4
## Safeguard integrity in financial reporting

***Crown Audit & Corporate Governance Committee and Charter***

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

The members of the Audit & Corporate Governance Committee are Richard Turner (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 Chairman of the Audit & Corporate Governance Committee, Mr Richard Turner is an independent Director who has extensive financial qualifications and experience, having been an audit partner at Ernst & Young and having held the position of Chief Executive Officer of Ernst & Young prior to his retirement in 1994.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report.

The Audit & 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 Crown's Audit & Corporate Governance Committee Charter is available at: www.crownlimited.com under the heading Corporate Governance – Charters.*

## 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, its General Counsel and Company Secretary or a member of the Audit & 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.crownlimited.com under the heading Corporate Governance – Policies.*

## Principle 6
## Respect the rights of shareholders

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

Crown has designed 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 Full Financial Annual Report;
- disclosures made to ASX; and
- Notices of Meeting and other Explanatory Memoranda.

Crown has a dedicated corporate website which includes copies of all communications and other company information.

***More information***

*A full copy of Crown's Communication Policy is available at:*
*www.crownlimited.com under the heading Corporate Governance – Policies.*

## Principle 7
## Recognise and manage risk

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

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.

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

As required by the Board, Crown's management have devised and implemented risk management systems appropriate to Crown.

Management is charged with monitoring the effectiveness of 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 Australia & New Zealand Standard 4360: 2004. 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.

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.

***Chief Executive Officer and Chief Financial Officer assurances***

The Crown Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

***More information***

*A full copy of Crown's Risk Management Committee Charter is available at:*
*www.crownlimited.com under the heading Corporate Governance – Charters.*

*A full copy of Crown's Risk Management Policy is available at:*
*www.crownlimited.com under the heading Corporate Governance – Policies.*

## Principle 8
## Remunerate fairly and responsibly

***Remuneration of Board members and Senior Executives***

As indicated earlier, Crown has established a formal Remuneration Committee. The role of the Remuneration Committee is to review and recommend appropriate Directors' Fees to be paid to Non-Executive Directors. At the discretion of the Crown Board, the role of this Committee may be extended to the remuneration policies to be applied to executives, including any equity-based remuneration plan that may be considered, subject to shareholder approval (where required).

The current members of the Remuneration Committee are James Packer (Chair), John Alexander and Geoffrey Dixon.

Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report.

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

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 senior executives' performance and remuneration.

**Departure from Recommendation 8.1:** The Revised Principles recommend that the Remuneration Committee should be structured so that it consists of a majority of independent Directors, is chaired by an independent Director and has at least three members.

Whilst the composition and responsibilities of the Committee are not consistent with the recommendations in the Revised Principles, the Committee provides an effective and efficient mechanism for consideration of appropriate remuneration policy for Crown, responsibility for which ultimately lies with the Crown Board.

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

Crown's policy on Directors and employees entering into transactions in associated products which limit economic risk is referred to in its Securities Trading Policy.

The Policy provides that in accordance with the Rules of the Executive Share Plan (**ESP**) operated by Crown those "Directors and employees of the Crown Group" who hold Crown shares under the ESP 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.

***More information***

*A full copy of Crown's Remuneration Committee Charter is available at:*
*www.crownlimited.com under the heading Corporate Governance – Charters.*

*A full copy of Crown's Remuneration Policy is available at:*
*www.crownlimited.com under the heading Corporate Governance – Policies.*

# Nevada Information Statement

The gaming industry in Nevada is highly regulated and Crown must maintain relevant licences and pay gaming taxes to continue operations. 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. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers, and persons with financial interest in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

As part of the acquisition of Crown's interest in Cannery Casino Resorts, LLC, Crown was granted a Non-Restricted Gaming Licence in the state of Nevada on 22 January 2009. One of the conditions of that licence requires Crown to summarise relevant Nevada gaming law requirements in this Report. Crown Entertainment Complex in Melbourne and Burswood Entertainment Complex in Perth are regulated in a similar manner by the Victorian Commission for Gambling Regulation and the Western Australian Department of Racing Gaming and Liquor, respectively. We are not, however, required to summarise the regulations specific to Victoria and Western Australia in this Report.

## Nevada Government Regulation

The ownership and operation of casino gaming facilities in Nevada are subject to the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the **Nevada Act**) and various local regulations. Gaming operations are subject to the licensing and regulatory control of the Nevada Gaming Commission (the **Nevada Commission**), the Nevada State Gaming Control Board (the **Nevada Board**) and various county and city licensing agencies (the **local authorities**). The Nevada Commission, the Nevada Board and the local authorities are collectively referred to as the "Nevada Gaming Authorities".

The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy that are concerned with, among other things:

- the prevention of unsavoury or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity;
- the establishment and maintenance of responsible accounting practices;
- the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;
- the prevention of cheating and fraudulent practices; and
- providing a source of state and local revenues through taxation and licensing fees.

Each of the entities in which Crown holds an investment and which currently operate casinos in Nevada (the **casino licensees**) is required to be licensed by the Nevada Gaming Authorities. Certain of Crown's subsidiaries in the Cannery ownership chain have also been licensed or found suitable as shareholders, members or general partners, as relevant, of the casino licensees. The casino licensees and the foregoing subsidiaries are collectively referred to as the "licensed subsidiaries".

## Registration as a Publicly Traded corporation

Crown is required to be registered by the Nevada Commission as a publicly traded corporation and, as such, is required periodically to submit detailed financial and operating reports to the Nevada Commission and to furnish any other information that the Nevada Commission may require. No person may become a shareholder or member of, or receive any percentage of profits from the licensed subsidiaries without first obtaining licenses and approvals from the Nevada Gaming Authorities.

Additionally, local authorities have taken the position that they have the authority to approve all persons owning or controlling the shares of any corporation controlling a gaming licensee. Crown and the subsidiaries have obtained from the Nevada Gaming Authorities the various registrations, approvals, permits and licenses required in order to engage in gaming activities in Nevada.

## Suitability of individuals

***Power to investigate***

The Nevada Gaming Authorities may investigate any individual who has a material relationship to, or material involvement with, Crown or any of the licensed subsidiaries to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee.

Officers, Directors and certain key employees of the licensed subsidiaries must file applications with the Nevada Gaming Authorities and may be required to be licensed by the Nevada Gaming Authorities. Crown's officers, Directors and key employees who are actively and directly involved in the gaming activities of the licensed subsidiaries may be required to be licensed or found suitable by the Nevada Gaming Authorities.

The Nevada Gaming Authorities may deny an application for licensing or a finding of suitability for any cause they deem reasonable. A finding of suitability is comparable to licensing and both require submission of detailed personal and financial information followed by a thorough investigation. The applicant for licensing or a finding of suitability or the gaming licensee by which the applicant is employed or for whom the applicant serves must pay all the costs of the investigation.

Changes in licensed positions must be reported to the Nevada Gaming Authorities and, in addition to their authority to deny an application for a finding of suitability or licensure, the Nevada Gaming Authorities have jurisdiction to disapprove a change in a corporate position.

***Consequences of finding of unsuitability***

If the Nevada Gaming Authorities were to find an officer, Director or key employee unsuitable for licensing or to continue having a relationship with Crown or the licensed subsidiaries, such company or companies would have to sever all relationships with that person. In addition, the Nevada Commission may require Crown or the licensed subsidiaries to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or of questions pertaining to licensing are not subject to judicial review in Nevada.

***Reporting requirements***

Crown and the casino licensees are required to submit detailed financial and operating reports to the Nevada Commission. Substantially all of Crown and the licensed subsidiaries' material loans, leases, sales of securities and similar financing transactions must be reported to or approved by the Nevada Commission.

## Consequences of violation of the Nevada Act

If the Nevada Commission determined that Crown or a licensed subsidiary violated the Nevada Act, it could limit, condition, suspend or revoke, subject to compliance with certain statutory and regulatory procedures, Crown's Nevada gaming licenses and those of Crown's licensed subsidiaries. In addition, Crown and the licensed subsidiaries and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act at the discretion of the Nevada Commission.

## Certain beneficial holders of shares required to be licensed

***Generally***

Any beneficial holder of Crown's voting securities, regardless of the number of shares owned, may be required to file an application, be investigated and have his or her suitability as a beneficial holder of the voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

The Nevada Act requires any person who acquires more than 5% of any class of Crown's voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of any class of Crown's voting securities apply to the Nevada Commission for a finding of suitability within thirty days after the Chairman of the Nevada Board mails the written notice requiring such filing.

***Institutional investors***

Under certain circumstances, an "institutional investor" as defined in the Nevada Act, which acquires more than 10% but not more than 15% of any class of our voting securities, may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only.

An institutional investor will be deemed to hold voting securities for investment purposes if it acquires and holds the voting securities in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of Crown's Board of Directors, any change in Crown's constitution, management, policies or operations or any of Crown's gaming affiliates or any other action that the Nevada Commission finds to be inconsistent with holding Crown's voting securities for investment purposes only.

Activities that are not deemed to be inconsistent with holding voting securities for investment purposes only include:

- voting on all matters voted on by shareholders;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in its management, policies or operations; and
- such other activities as the Nevada Commission may determine to be consistent with such investment intent.

***Corporations and trusts***

If the beneficial holder of voting securities who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners. The applicant is required to pay all costs of investigation.

***Consequences of finding of unsuitability***

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Commission or the Chairman of the Nevada Board may be found unsuitable. The same restrictions apply to a nominee if the nominee, after request, fails to identify the beneficial owner. Any shareholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of Crown's shares beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offence in Nevada. Crown will be subject to disciplinary action if, after Crown receives notice that a person is unsuitable to be a shareholder or to have any other relationship with Crown or a licensed subsidiary, Crown or any of the licensed subsidiaries:

- pays that person any dividend or interest upon any of our voting securities;
- allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person,
- pays remuneration in any form to that person for services rendered or otherwise, or
- fails to pursue all lawful efforts to require such unsuitable person to relinquish his or her voting securities including if necessary, the immediate purchase of the voting securities for cash at fair market value.

## Certain debt holders required to be licensed

The Nevada Commission may, in its discretion, require the holder of any of Crown's debt securities to file an application, be investigated and be found suitable to hold the debt security. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, Crown can be sanctioned, including the loss of its approvals, if without the prior approval of the Nevada Commission, it:

- pays to the unsuitable person any dividend, interest or any distribution whatsoever;
- recognises any voting right by such unsuitable person in connection with such securities;
- pays the unsuitable person remuneration in any form; or
- makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction.

## Maintenance of Share Register

Crown is required to maintain a current share register in Nevada that may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. We are also required to render maximum assistance in determining the identity of the beneficial owner. The Nevada Commission has the power to require Crown's holding statements or share certificates bear a legend indicating that such securities are subject to the Nevada Act. To date, however, the Nevada Commission has not imposed such a requirement on us.

## Actions requiring prior approval of the Nevada Commission

***Public offerings to fund Nevada gambling activities***

Crown may not make a public offering of any securities without the prior approval of the Nevada Commission if the securities or the proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in Nevada or to retire or extend obligations incurred for those purposes or for similar purposes. An approval, if given, does not constitute a finding, recommendation or approval by the Nevada Commission or the Nevada Board as to the accuracy or adequacy of the prospectus or the investment merits of the securities. Any representation to the contrary is unlawful.

***Transactions effecting a change in control***

Changes in control of Crown through merger, consolidation, share or asset acquisitions, management or consulting agreements or any act or conduct by a person whereby he or she obtains control, may not occur without the prior approval of the Nevada Commission. Entities seeking to acquire control of a registered corporation must satisfy the Nevada Board and the Nevada Commission concerning a variety of stringent standards prior to assuming control of the registered corporation. The Nevada Commission may also require controlling shareholders, officers, Directors and other persons having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed as part of the approval process relating to the transaction.

***Share buy backs and other arrangements***

Approvals are, in certain circumstances, required from the Nevada Commission before Crown can make exceptional repurchases of voting securities above the current market price and before a corporate acquisition opposed by management can be consummated. The Nevada Act also requires prior approval of a plan of recapitalisation proposed by a registered corporation's Board of Directors in response to a tender offer made directly to the registered corporation's shareholders for the purpose of acquiring control of that corporation.

## Investigation and monitoring of "foreign gaming operations"

Because Crown is involved in gaming ventures outside of Nevada, Crown is required to deposit with the Nevada Board and thereafter maintain a revolving fund in the amount of US$10,000 to pay the expenses of investigation by the Nevada Board of our participation in such gaming.

The Nevada Board refers to any of Crown's operations outside of Nevada as "foreign gaming operations". The revolving fund is subject to increase or decrease at the discretion of the Nevada Commission. Crown is also required to comply with certain reporting requirements imposed by the Nevada Act. Crown would be subject to disciplinary action by the Nevada Commission if we:

- knowingly violate any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fail to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engage in any activity or enter into any association that is unsuitable because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect discredit or disrepute upon the State of Nevada or gaming in Nevada or is contrary to the gaming policies of Nevada;
- engage in any activity or enter into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or
- employ, contract with or associate with any person in the foreign gaming operation who has been denied a license or a finding of suitability in Nevada on the ground of personal unsuitability or who has been found guilty of cheating at gambling.

# Directors' Statutory Report

## Company Information

***Review of operations***

A review of operations of the Crown group for the financial year ended 30 June 2009 and the results of those operations is detailed on pages 5 to 21.

The principal activity of the entities within the Crown group is gaming and entertainment.

***Significant changes in state of affairs***

Some of the significant changes in the state of affairs of the consolidated group since 1 July 2008 include:

- in December 2008, Crown undertook an underwritten equity placement of shares to raise $300 million in new capital;
- in February 2009, Crown launched a Share Purchase Plan which gave eligible shareholders the opportunity to subscribe for up to $4,999.50 worth of new shares in Crown at $4.95 per share. The Share Purchase Plan raised approximately $40.2 million in additional capital; and
- in March 2009, Crown announced it had agreed to terminate the original transaction to acquire Cannery Casino Resorts, LLC and had agreed to pay Cannery US$320 million to subscribe for series B Preferred Units. The Series B Preferred Units may, subject to receipt of necessary regulatory approvals, be converted into Series A2 Preferred Units giving Crown an approximate 24.5% interest in Cannery Casino Resorts, LLC. Crown has also been granted (subject to the necessary further regulatory approvals) an option, exercisable at any time over the next two years, to acquire the balance of the equity interests in Cannery Casino Resorts, LLC on the same terms as the original transaction.

***Significant events after Balance Date***

Subsequent to 30 June 2009, the Directors of Crown announced a final dividend on ordinary shares in respect of the year ending 30 June 2009. The total amount of the dividend is $144.1 million, which represents 19 cents per share. The final dividend will be 60% franked. None of the unfranked component of the dividend will be conduit foreign income. The dividend has not been provided for in the 30 June 2009 financial statements.

***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.

***Environmental regulation***

The National Greenhouse and Energy Reporting Act 2007 (the **NGER Act**) was passed on 29 September 2007 establishing a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. Crown will be required to report emissions under the NGER Act. The first reporting period commenced on 1 July 2008 and relevant reports are due for submission in October 2009.

Key features of the NGER Act are:

- reporting of greenhouse gas emissions, energy consumption and production by large corporations;
- public disclosure of corporate level greenhouse gas emissions and energy information; and
- to provide consistent and comparable data for decision making, in particular, to assist the development of the Carbon Pollution Reduction Scheme.

Crown is also subject to the Energy Efficiency Opportunities Act 2006 which came into effect on 1 July 2006. The Energy Efficiency Opportunities program encourages large energy-using businesses to improve their energy efficiency. It does this by requiring businesses to identify, evaluate and report publicly on cost effective energy savings opportunities. Crown submits reports in line with the required reporting schedule.

The Crown group is otherwise not 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 Community and Environment section of this Report.

### *Dividends and distributions*

**Interim Dividend:** Crown paid an interim dividend of 18 cents per ordinary share on 30 April 2009. The dividend was 60% franked. None of the unfranked component was conduit foreign income.

**Final Dividend:** The Directors of Crown have announced a final dividend of 19 cents per ordinary share to holders registered as at 2 October 2009. The final divided will be 60% franked. None of the unfranked component of the dividend will be conduit foreign income.

| In summary: | Dividend per share | $'000 |
|---|---|---|
| Interim Dividend paid | 18 cents per share | $136,511 |
| Final Dividend payable | 19 cents per share | $144,095 |
| **Total** | **37 cents per share** | **$280,606** |

Crown paid shareholders a final dividend in respect of the 2008 financial year of $200 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 eleven current Directors.

| Name | Date Appointed | Date Ceased |
|---|---|---|
| James Douglas Packer | 6 July 2007 | – |
| John Henry Alexander | 6 July 2007 | – |
| Christopher John Anderson | 6 July 2007 | 2 April 2009 |
| Benjamin Alexander Brazil | 26 June 2009 | – |
| Christopher Darcy Corrigan | 6 July 2007 | – |
| Rowen Bruce Craigie | 31 May 2007 | – |
| Rowena Danziger | 6 July 2007 | – |
| Geoffrey James Dixon | 6 July 2007 | – |
| Ashok Jacob | 6 July 2007 | – |
| Michael Roy Johnston | 6 July 2007 | – |
| David Hillel Lowy | 6 July 2007 | – |
| Richard Wallace Turner | 6 July 2007 | – |

At Crown's 2008 Annual General Meeting, Mr John Alexander, Mrs Rowena Danziger and Mr Geoff Dixon stood for re-election as Directors. Each was re-elected as a Director at that time.

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 listed companies held in the three years before the end of the financial year have been included.

**James D Packer,** Executive Chairman

Mr Packer is also Executive Chairman of Consolidated Press Holdings Limited and Executive Deputy Chairman of Consolidated Media Holdings Limited. Mr Packer is also a Director of Crown Melbourne Limited (appointed 22 July 1999) and Ellerston Capital Limited (appointed 6 August 2004) and a Director of Melco Crown Entertainment Limited.

Mr Packer was previously a Director of Qantas Airways Limited until 31 August 2007.

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

- Challenger Financial Services Group Limited: from 6 November 2003 to 8 September 2009
- Consolidated Media Holdings Limited[1]: from 28 April 1992 to current
- Ellerston Capital Limited: from 6 August 2004 to current
- Qantas Airways Limited: from 1 August 2000 to 31 August 2007
- SEEK Limited: from 31 October 2003 to 26 August 2009
- Sunland Group Limited: from 20 July 2006 to 13 August 2009

**John Alexander BA,** Executive Deputy Chairman

Mr Alexander became Executive Chairman of Consolidated Media Holdings Limited in November 2007. Mr Alexander had previously been Chief Executive Officer and Managing Director of PBL since June 2004.

Mr Alexander joined ACP Magazines as Group Publisher in 1998 and was appointed Chief Executive Officer of that division in March 1999, a position he held until April 2006. In January 2002, he was appointed Chief Executive Officer of PBL's media businesses which included ACP Magazines and Nine Network – then owned by PBL. Prior to joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher & Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

Mr Alexander is a Director of various companies including Crown Melbourne Limited, Burswood Limited, Melco Crown Entertainment Limited, Aspinalls Holdings (Jersey) Limited, FOXTEL Management Pty Limited and Premier Media Group Pty Limited.

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

- Consolidated Media Holdings Limited[1]: from 16 December 1999 to current
- SEEK Limited: from 17 April 2009 to 26 August 2009

**Benjamin A Brazil BCom LLB,** Independent, Non-Executive Director

Mr Brazil is an Executive Director of Macquarie Group Limited, within its Corporate Asset Finance Division. He originally commenced employment at Macquarie in 1994 and has operated across a range of geographies and business lines during the course of his career.

He holds a Bachelor of Commerce and a Bachelor of Laws from the University of Queensland.

**Christopher D Corrigan,** Independent, Non-Executive Director

Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. Prior to that, he had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region.

Mr Corrigan sponsored the formation of a development capital business of $220 million known as Jamison Equity Limited in 1990, which became a wholly owned subsidiary, in December 1996, of the then publicly listed company Patrick Corporation Limited.

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

- Consolidated Media Holdings Limited[1]: from 8 March 2006 to current
- Webster Limited: from 30 November 2007 to current

**Rowen B Craigie BEc (Hons),** Chief Executive Officer and Managing Director

Mr Craigie is also a Director of Crown Melbourne Limited, Burswood Limited, Melco Crown Entertainment Limited, Aspinalls Holdings (Jersey) Limited and New World Gaming Partners Holdings British Columbia Limited.

Mr Craigie previously served from 2007 to 2008 as the Chief Executive Officer, PBL Gaming and from 2002 to 2007 as the Chief Executive Officer of Crown Melbourne Limited. Mr Craigie joined Crown Melbourne Limited in 1993 and was appointed as the Executive General Manager of its Gaming Machines department in 1996, and was promoted to Chief Operating Officer in 2000.

Prior to joining Crown Melbourne Limited, Mr Craigie was the Group General Manager for Gaming at the TAB in Victoria from 1990 to 1993, and held senior economic policy positions in Treasury and the Department of Industry in Victoria from 1984 to 1990.

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

- Consolidated Media Holdings Limited[1]: from 9 January 2002 to 8 April 2009

**Rowena Danziger BA, TC, MACE,** Independent, Non-Executive Director

Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. She was the Headmistress at Ascham School in Sydney from 1973 to 2003. She is currently a Board member of Sydney Writers' Festival and Chairperson of The Foundation of the Art Gallery of NSW.

Mrs Danziger is also a Director of Consolidated Media Holdings Limited and Crown Melbourne Limited.

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

- Consolidated Media Holdings Limited[1]: 17 September 1997 to current

**Geoffrey J Dixon,** Independent, Non-Executive Director

Geoff Dixon stepped down in November 2008 after eight years as Managing Director and Chief Executive of Qantas Airways Limited. Mr Dixon joined Qantas in 1994, and was appointed Deputy Chief Executive in November 1998, to the Board of Directors in August 2000, Chief Executive Designate in November 2000 and Managing Director and Chief Executive Officer in March 2001.

Before joining Qantas Mr Dixon was Director of Marketing and Industry Sales at Ansett Australia Airlines and General Manager Marketing and Corporate Affairs at Australian Airlines. In both positions he was responsible for a wide range of commercial and customer service activities.

Prior to his career in the airline industry, Mr Dixon worked for an arm of the Australian Government Overseas Service (The Australian Information Service) in Australia and on posting for eleven years to the Australian Missions in The Hague, New York and San Francisco. He has also worked in the mining and media industries. Mr Dixon is Chairman of the Garvan Medical Research Foundation, Chairman of Queensland Events, Deputy Chairman of Tourism Australia and on the Advisory Board of Seabury Aviation and Aerospace, New York.

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

- Qantas Airways Limited: from 1 August 2000 to 28 November 2008
- Consolidated Media Holdings Limited[1]: from 31 May 2006 to current

**Ashok Jacob MBA,** Non-independent, Non-Executive Director

Mr Jacob is Chief Executive Officer of Consolidated Press Holdings Limited (**CPH**). Prior to joining CPH in 1998, Mr Jacob was the Managing Director of the investment arm of the Pratt group of companies.

Mr Jacob is a Director of MRF Limited (appointed 26 October 1998) and a Director of Consolidated Media Holdings Limited (reappointed on 10 September 2009).

Mr Jacob holds a Master of Business Administration from the Wharton School, University of Pennsylvania and a Bachelor of Science from the University of Bangalore.

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

- Consolidated Media Holdings Limited[1]: from 9 November 1998 to 8 April 2009, reappointed on 10 September 2009
- Challenger Financial Services Group Limited: from 6 November 2003 to 8 September 2009
- Ellerston Capital Limited: from 6 August 2004 to current

**Michael R Johnston BEc, CA,** Non-independent, Non-Executive Director

Mr Johnston is the Finance Director of Consolidated Press Holdings Limited (**CPH**), having previously been an advisor to the CPH group for 17 years. As Finance Director, he oversees a large number of operational businesses within the CPH group and its controlled associates. Mr Johnston was also the Chief Financial Officer of Ellerston Capital (a subsidiary of CPH) until 30 June, 2008. He is an alternate Director of Consolidated Media Holdings Limited.

Prior to his appointment with the CPH group, he was a senior partner in the Australian member firm of Ernst & Young. Mr Johnston 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 in Australia.

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

- Challenger Financial Services Group Limited[2]: from 24 February 2006 to 8 September 2009
- Ellerston Capital Limited: from 6 August 2004 to current
- Consolidated Media Holdings Limited[1, 2]: from 16 December 2005 to 8 April 2009

**David H Lowy AM, BCom,** Independent, Non-Executive Director

David Lowy is a principal of LFG Holdings and Non-Executive Deputy Chairman of Westfield Holdings Limited. He is also the Founder and President of the Temora Aviation Museum and a Director of The Lowy Institute for International Policy. He holds a Bachelor of Commerce degree from the University of NSW.

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

- Westfield Group: from 5 July 2004 to current
- Westfield America Management Limited: from 13 July 2004 to current
- Consolidated Media Holdings Limited[1]: from 31 May 2006 to 8 April 2009

**Richard W Turner AM, BEc, FCA,** Independent, Non-Executive Director

Before his retirement in 1994, Mr Turner had been the Chief Executive Officer of Ernst & Young, having had a successful 36 year career as an audit partner. Mr Turner is a Fellow of the Institute of Chartered Accountants in Australia. He is Chairman of Lloyds International Pty Ltd. He was past President and Director of The Smith Family and past Chairman and a current Director of the Institute of Pain Management Research Institute Limited.

Mr Turner is also a Director of Crown Melbourne Limited and is Chairperson of Crown's Audit & Corporate Governance Committee.

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

- Consolidated Media Holdings Limited[1]: from 9 November 1998 to 8 April 2009
- The Mirvac Group: from 7 January 2005 to 25 August 2009
- Bank of Western Australia Limited from 15 December 2005 to 19 December 2008[3]

Notes:

1. Consolidated Media Holdings Limited (previously Publishing and Broadcasting Limited, ASX Code: PBL).
2. Alternate Director to Mr James Packer and Mr Ashok Jacob.
3. Removed from ASX's official list on 20 December 2008.

***Company secretary details***

**Michael J Neilson BA, LLB**

Mr Neilson is Crown's General Counsel and joint Company Secretary. Prior to his appointment with Crown, he was General Counsel for Crown Melbourne Limited, a position he held from 2004 to 2007.

Prior to 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 School Council of Camberwell Grammar School.

**Mary Manos BCom, LLB (Hons)**

Ms Manos was appointed joint Company Secretary in April 2008. She commenced employment with the Crown Group in October 2007 just prior to implementation of the PBL Scheme and the Demerger Scheme. Prior to joining Crown, Ms Manos was a Senior Associate in a Melbourne law firm, specialising in mergers and acquisitions and corporate law.

***Other officer details***

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

- Robert F Turner
  **Chief Financial Officer**
- David G Courtney
  **Chief Executive Officer, Crown Melbourne Limited**
- Barry J Felstead
  **Chief Executive Officer, Burswood Limited**

### *Relevant interests of Directors*

Details of relevant interests of current Directors in Crown shares as at 30 June 2009 are as follows:

| Director | Total number of ordinary Shares[1] |
|---|---|
| John Alexander | 607,680 |
| Rowen Craigie | 2,341,102 |
| Rowena Danziger | 30,896 |
| David Lowy | 137,250 |
| James Packer | 280,753,465 |
| Richard Turner | 29,373 |

Notes:

1. Mr Craigie's holding is entirely comprised of Crown ESP shares. For more information on relevant interests of current Directors, please see the Remuneration Report and the key management personnel disclosures set out in the Notes to the Financial Statements.

None of Crown's Directors are 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 2009 financial year together with each Director's attendance details.

| | Board | | Audit & Corporate Governance Committee | | Investment Committee | | Occupational Health, Safety & Environment Committee | | Remuneration Committee | | Risk Management Committee | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Meetings | | Meetings | | Meetings | | Meetings | | Meetings | | Meetings | |
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| J D Packer | 14 | 12 | – | – | 1 | 1 | – | – | 1 | 1 | – | – |
| J H Alexander | 14 | 14 | – | – | 1 | 1 | – | – | 1 | 1 | – | – |
| C J Anderson* | 11 | 10 | – | – | – | – | – | – | – | – | – | – |
| B A Brazil** | – | – | – | – | – | – | – | – | – | – | – | – |
| C D Corrigan | 14 | 10 | – | – | – | – | – | – | – | – | – | – |
| R B Craigie | 14 | 14 | – | – | 1 | 1 | 3 | 3 | – | – | 2 | 2 |
| R Danziger | 14 | 14 | 4 | 4 | – | – | 3 | 3 | – | – | 2 | 2 |
| G J Dixon | 14 | 13 | – | – | – | – | – | – | 1 | 1 | 2 | 2 |
| A P Jacob | 14 | 11 | – | – | 1 | 1 | – | – | – | – | – | – |
| M R Johnston | 14 | 11 | 4 | 4 | – | – | 3 | 3 | – | – | – | – |
| D H Lowy | 14 | 10 | – | – | – | – | – | – | – | – | – | – |
| R W Turner | 14 | 14 | 4 | 4 | – | – | – | – | – | – | – | – |

* Resigned 2 April 2009.

** Appointed 26 June 2009.

The Finance Committee did not meet this financial year as all relevant financing matters were dealt with by the Board.

The Corporate Governance Statement includes details on Board committee structure and membership during the year.

Under Crown's Constitution, documents containing written resolutions assented to by Directors are to be taken as a minute of a meeting of Directors. There was one written resolution assented to by the Board this financial year.

## Shares and Options

Crown has not granted any options over unissued shares. There are no unissued shares or interests under option. No shares or interests have been issued during 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.

On 8 October 2008 Crown Melbourne Limited entered into an agreement to indemnify Mr Rowen Craigie in relation to proceedings issued in the Supreme Court of Victoria against Crown Melbourne Limited. Mr Craigie was later joined as a defendant to those proceedings. To the full extent permitted by law, Crown Melbourne Limited has agreed to indemnify Mr Craigie in the event that he incurs liability in the proceeding, whether as a result of judgement, settlement or otherwise.

A mirror indemnity was provided by Crown Melbourne Limited to Mr John Williams (in his capacity as Chief Operating Officer, VIP Gaming of Crown Melbourne Limited) in March 2007 in relation to the same proceedings.

### *D&O 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 payable.

## Auditor Information

### *Auditor details*

Ernst & Young has been appointed Crown's auditor.

Mr Brett Kallio is the Ernst & Young partner responsible for the audit of Crown's accounts.

### *True and fair information*

There is no additional true and fair information included in the financial report.

### *Non-audit services*

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 28 of the Financial Report.

The Directors are satisfied that the non-audit services are compatible with the general standard of independence for auditors imposed by the Corporations Act. The Board considers that the nature and scope of the services provided do not affect auditor independence.

### *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 98/0100. Crown is an entity to which the Class Order applies.

# Remuneration Report

## Introduction

### *Content of the Report*

This Remuneration Report outlines the Director and executive remuneration arrangements of Crown in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (**KMP**) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company. For further details of KMP, refer to Note 30 of the Financial Report.

The disclosures in the Remuneration Report have been audited.

### *Structure of disclosures*

As shareholders are aware, Crown acquired the majority of its gaming assets via two schemes of arrangement between the then Publishing and Broadcasting Limited (**PBL**) (now Consolidated Media Holdings Limited (**CMH**)), Crown and their respective shareholders (**PBL Scheme**).

Last year, due to the application of Australian Accounting Standards, Crown was required to provide information in relation to both “gaming” Directors and executives as well as other ex PBL “media” executives who had not participated in the gaming business of Crown during the year, but had been part of the Crown consolidated group during the year. Crown is required again this year to include comparative data for 2008 in relation to ex PBL media executives in this Report. The comparative data has been provided separately to other data to avoid confusion.

### *Persons to whom Report applies*

The remuneration disclosures in this Report cover the following persons:

**Non-Executive Directors**

- Christopher J Anderson (resigned 2 April 2009)
- Benjamin A Brazil (appointed 26 June 2009)
- Christopher D Corrigan
- Rowena Danziger
- Geoffrey J Dixon
- Ashok Jacob
- Michael R Johnston
- David H Lowy
- Richard W Turner

**Executive Directors**

- James D Packer (Executive Chairman)
- John H Alexander (Executive Deputy Chairman)
- Rowen B Craigie (Managing Director and Chief Executive Officer)

**Other company executives and key management personnel**

- David G Courtney (Chief Executive Officer, Crown Melbourne Limited)
- Barry J Felstead (Chief Executive Officer, Burswood Limited)
- Geoffrey R Kleemann (Chief Financial Officer to 19 October 2008)
- Robert F Turner (Chief Financial Officer from 20 October 2008)

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”.

**Media company executives and key management personnel**

As mentioned above, due to the application of Australian Accounting Standards, this Report also sets out comparative remuneration disclosures for 2008 in relation to:

- Martin P Dalgleish
- Guy Jalland

Mr Dalgleish and Mr Jalland held executive roles within the PBL group prior to the PBL Scheme.

## Overview of remuneration policy

***Philosophy***

The performance of the Crown group is dependent upon the quality of its Directors, senior executives and employees. Crown seeks to attract, retain and motivate skilled Directors and senior executives 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 Remuneration Committee bears the responsibility of determining the appropriate remuneration for Non-Executive Directors. Non-Executive Directors' fees are reviewed periodically by the Remuneration Committee with reference taken to the fees paid to the Non-Executive Directors of comparable companies. The 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 Committee may also elect to receive advice from independent remuneration consultants, if necessary.

Details regarding the composition of the Committee and its main objectives are outlined in the Corporate Governance Statement. The Board deems it appropriate that Mr James Packer, who is not an Independent Director of Crown and does not receive remuneration from Crown, chair this Committee.

No performance based fees are paid to Non-Executive Directors. Non-Executive Directors are not entitled to participate in Crown's Executive Share Plan.

Non-Executive Directors are not provided with retirement benefits other than statutory superannuation at the rate prescribed under the Superannuation Guarantee legislation. Notwithstanding, the Executive Chairman and Executive Deputy Chairman may consider making a payment to a retiring Non-Executive Director having regard to the length of service and contribution of the retiring Non-Executive Director and will consider the appropriateness and reasonableness of such payments in light of payments made by comparable companies.

***Senior Executives***

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

## Details 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 standing 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. Crown seeks a range of specialist advice to establish the competitive remuneration for its Senior Executives.

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Guarantee legislation, mobile telephone costs and may include, at the election of the Senior Executive, other benefits such as a motor vehicle, additional contribution to superannuation, car parking and club 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 Chief Executive Officer and Managing Director) is reviewed annually by the Chief Executive Officer and Managing Director of Crown and is approved by the Executive Chairman and Executive Deputy Chairman.

The review process measures the achievement by the Senior Executives of their Key Performance Indicators (**KPIs**) 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 Chief Executive Officer and Managing Director is reviewed and set annually following consideration by the Executive Chairman of his or her performance against his or her annual KPIs.

No Senior Executive received an increase in fixed remuneration following the end of the 2009 financial year.

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 page 49.

***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 are as follows:

- Short Term Incentives (**STI**);
- Long Term Incentives (**Gaming LTI**); and
- an Executive Share Plan (**ESP**).

**Short Term Incentives (STI)**

The remuneration of the 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 KPIs. The employment contracts of some Senior Executives may specify an indicative STI subject to the Crown group's performance and, if applicable, this indicative STI is set out in the summary of their employment contract below.

The basis for payment of an STI is the achievement of the Senior Executive's KPIs established at the beginning of each financial year. A key focus is on the achievement of the Crown group's annual business plan and budget.

Financial performance objectives (including performance against budgeted normalised EBITDA[1]) have been chosen as Crown considers they are the best way to align performance outcomes with shareholder value.

Appropriate non-financial performance objectives (such as strategic goals, operational efficiencies and people development) are also included in a Senior Executive's KPIs 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 business plan.

1. 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 non-recurring items (where applicable).

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

The Chief Executive Officer and Managing Director reviews performance based remuneration entitlements and determines the STI payments in the context of any obligations under an individual's employment agreement, subject to final approval by the Executive Chairman.

The Chief Executive Officer and Managing Director's eligibility for an STI is determined by the Executive Chairman on behalf of the Board.

In last year's Report, it was noted that the approval process for STI payments for gaming Senior Executives for the 2008 financial year had not been completed. Accordingly, the remuneration disclosures set out in this Report include STI payments, if any, received by relevant Senior Executives referable to both the 2008 and 2009 financial years.

**Long Term Incentive Plan (Gaming LTI)**

This incentive was established in June 2005 whilst Crown's principal gaming businesses were owned by PBL. It was introduced following review of long term incentive plans operated by major competitors of the gaming business and as a means of retaining and motivating selected executives. The Gaming LTI was initially designed so that selected executives would be entitled to a cash bonus where the then "PBL Gaming Division", comprising Crown Melbourne and Burswood, achieved its internal normalised EBITDA targets in financial years 2008, 2009 and 2010.

Selected participating Senior Executives may earn the maximum EBITDA cash bonus apportioned over the financial years 2008, 2009 and 2010, subject to the achievement of relevant normalised EBITDA targets.

If the normalised EBITDA target is not reached in any financial year, the amount of the EBITDA cash bonus for that year may be held over to the following year or until financial year 2010 and will be payable if the total aggregate normalised EBITDA for Crown Melbourne and Burswood for all three financial years exceeds the aggregate sum of the normalised EBITDA internal targets for the three financial years 2008, 2009 and 2010.

The Chief Executive Officer and Managing Director determines if the normalised EBITDA target for the Australian casinos has been met by reference to the audited financial reports of the Crown group and provides the data to the Executive Chairman for his ratification.

Crown has achieved the aggregate normalised EBITDA internal targets for Crown Melbourne and Burswood for financial year 2009. A cash payment has therefore been made to participating executives referrable to the 2009 financial year.

Of the Senior Executives named in this Report, four participate in the Gaming LTI. Details of potential Gaming LTI cash bonuses are as follows:

| Senior Executive | Maximum Amount | 30 June 2008 (30%) | 30 June 2009 (20%) | 30 June 2010 (50%) |
|---|---|---|---|---|
| Rowen Craigie | $5,000,000 | $1,500,000 | $1,000,000 | $2,500,000 |
| David Courtney | $2,250,000 | $675,000 | $450,000 | $1,125,000 |
| Barry Felstead | $1,000,000 | $300,000 | $200,000 | $500,000 |
| Robert Turner | $1,250,000 | $375,000 | $250,000 | $625,000 |

**Executive Share Plan (ESP)**

Certain Crown executives participate in an ESP which was approved by the PBL Shareholders at the 1994 Annual General Meeting.

As explained in last year's Annual Report, the ESP was varied as part of Crown's acquisition of the gaming assets of PBL. This was to enable executives participating in the ESP (**ESP participants**) to participate in the PBL Scheme. Variations which were made to the ESP were set out in detail in last year's Report.

The resultant key features of the ESP are as follows:

- Crown Directors determine the number of Crown shares to be issued under the Plan;
- the total number of shares which can be issued under the ESP is limited to 2% of the issued capital of Crown;
- the price payable for each Crown share issued under the ESP is the weighted average share market price over the five business days up to and including the date that the offer of Crown shares is accepted;
- on completion of each year of service after the issue date, and subject to the performance hurdle summarised below, 25% of a participating executive's Crown shares are released from restrictions on transfer, with the loan repayable in year five (**Expiry Date**);
- subscription moneys for shares are funded by a loan from Crown that is fully repayable after five years, or earlier, upon cessation of employment of the executive;
- if a participating executive sells Crown shares which are no longer subject to transfer restrictions before the expiry of the five-year period, the executive must pay the issue price for each Crown share towards repayment of the relevant portion of the loan;
- loan funds provided by Crown to acquire shares are provided on a limited recourse basis; and
- interest payable on the loan funds is equal to dividends received on the relevant Crown shares from time to time.

Crown ESP shares are subject to a performance condition, requiring a 7% compound annual growth in the Crown share price in order that the relevant portion of shares vest and be released from restrictions under the ESP.

If a share price hurdle is not exceeded, that 25% share parcel remains restricted until the hurdle is exceeded in a subsequent anniversary (if the hurdle is ultimately not exceeded, the shares will be transferred back to Crown).

Determination that hurdles have been achieved will be provided to the Chief Executive Officer and Managing Director by the Company Secretary.

Only executives of Crown can participate in the ESP. Mr James Packer has requested that he not participate.

As disclosed in the PBL Scheme Booklet (at page 133), the rules governing the operation of the ESP were varied to enable ESP Participants to participate in the PBL Scheme (and continue to participate in the ESP). Subject to the consideration election made by the ESP Participants under the PBL Scheme, ESP Participants were issued with Crown shares under the PBL Scheme and they had CMH shares transferred to them under the Demerger Scheme. Accordingly, following the PBL Scheme, persons not employed in day to day operations of Crown held Crown ESP Shares. This included employees who were past or present employees of PBL Media.

On 25 May 2009, Crown announced that it had resolved to partially wind up the ESP as it related to Crown shares held by persons who had not been employed in day to day operations of Crown or one of its gaming subsidiaries or joint ventures. The decision was made having regard to the underlying objectives of the ESP.

The Directors required that affected ESP Participants repay their loans by 1 June 2009. As the relevant Crown loans were limited recourse to the Crown ESP Shares, where the participant could not (or elected not) to repay the loan, Crown was authorised to procure the sale of the relevant ESP Shares on the ESP Participant's behalf in full and final satisfaction of the relevant ESP loan.

Prior to the partial wind up, there were 11,029,826 Crown ESP shares on issue held by 63 participants. As a result of the partial closure, the number of Crown ESP shares was reduced to 6,073,815 which are held by 31 Crown employees. No new issues of Crown ESP shares were made in the 2009 financial year.

Accordingly, as at the date of this Report a total of 6,073,815 ESP shares are on issue, representing 0.8% of Crown's capital.

The Senior Executives who have ESP shares for which loans are still outstanding, or have repaid loans during the year, are as follows:

| Senior Executive | Issue Date | Issue Price (per share) | Number of Crown ESP Shares Issued[1] | Crown ESP Loan | Released for Limitations during the year %[2] | Loan Outstanding | Number of ESP Shares for which Loan still outstanding | Shares Sold during Year | Loan Expiry Date |
|---|---|---|---|---|---|---|---|---|---|
| **Gaming Senior Executives** | | | | | | | | | |
| John Alexander[3] | 30-Oct-06 | $9.87 | 300,000 | $2,961,000 | NIL | NIL | NIL | 300,000 | N/A |
| | 30-Oct-06 | $11.12 | 1,000,000 | $11,115,000 | NIL | NIL | NIL | 1,000,000 | N/A |
| Chris Anderson[4] | 30-Oct-06 | $9.87 | 300,000 | $2,961,000 | NIL | NIL | NIL | 300,000 | N/A |
| Rowen Craigie | 30-Oct-06 | $10.35 | 409,694 | $4,242,000 | NIL | $4,242,000 | 409,694 | NIL | 30-Oct-11 |
| | 30-Oct-06 | $11.42 | 585,276 | $6,682,500 | NIL | $6,682,500 | 585,276 | NIL | 30-Oct-11 |
| | 23-Nov-07 | $12.15 | 292,638 | $3,556,875 | NIL | $3,556,875 | 292,638 | NIL | 23-Nov-12 |
| | 23-Nov-07 | $12.29 | 1,053,494 | $12,946,500 | NIL | $12,946,500 | 1,053,494 | NIL | 23-Nov-12 |
| David Courtney | 23-Feb-06 | $10.35 | 204,847 | $2,121,000 | NIL | $2,121,000 | 204,847 | NIL | 23-Feb-11 |
| | 30-Aug-06 | $11.42 | 263,374 | $3,007,125 | NIL | $3,007,125 | 263,374 | NIL | 30-Aug-11 |
| | 6-Mar-07 | $12.15 | 175,581 | $2,134,125 | NIL | $2,134,125 | 175,581 | NIL | 6-Mar-11 |
| Geoff Kleemann[4] | 23-Feb-06 | $9.87 | 240,000 | $2,368,800 | NIL | NIL | NIL | 240,000 | N/A |
| Barry Felstead | 30-Aug-06 | $11.42 | 117,055 | $1,336,500 | NIL | $1,336,500 | 117,055 | NIL | 30-Aug-11 |
| | 6-Mar-07 | $12.15 | 117,055 | $1,422,750 | NIL | $1,422,750 | 117,055 | NIL | 6-Mar-12 |
| Robert Turner | 30-Aug-06 | $11.42 | 146,319 | $1,670,625 | NIL | $1,670,625 | 146,319 | NIL | 30-Aug-11 |
| | 6-Mar-07 | $12.15 | 117,054 | $1,422,750 | NIL | $1,422,750 | 117,054 | NIL | 6-Mar-12 |
| **Media Senior Executives** | | | | | | | | | |
| Martin Dalgleish[3] | 23-Feb-06 | $9.87 | 240,000 | $2,368,800 | NIL | NIL | NIL | 240,000 | N/A |
| Guy Jalland[3] | 23-Feb-06 | $9.87 | 240,000 | $2,368,800 | NIL | NIL | NIL | 240,000 | N/A |

Notes:

1. The fair value per Crown ESP share for each allotment date under the ESP is as follows: 23 February 2006: $1.92; 30 August 2006: $2.51; 6 March 2007: $3.72; 21 June 2007: $3.77. The relevant allotment dates for the shares subject to shareholder approval in 2006: Mr Alexander's 300,000 ESP Shares, Mr Anderson's 300,000 ESP Shares and Mr Craigie's 350,000 ESP Shares is 23 February 2006; Mr Alexander's 1,000,000 ESP Shares and Mr Craigie's 500,000 ESP Shares, 30 August 2006. The relevant allotment dates for the shares subject to shareholder approval in 2007: Mr Craigie's 250,000 ESP Shares, 6 March 2007; Mr Craigie's 900,000 ESP Shares, 21 June 2007.
2. None of the executives met their share price performance hurdles during FY09. The consequence of this is that no issued ESP Shares were released from limitations under the Plan Rules. These ESP Shares shall remain subject to the limitations under the Plan Rules unless or until the share price performance condition is satisfied on a subsequent anniversary and the executive remains an employee of the Crown Group.
3. Mr Alexander's ESP Shares, Mr Dalgleish's ESP Shares and Mr Jalland's ESP Shares were included in the partial wind up announced on 25 May 2009 and referred to above. Participants elected not to repay relevant loans and therefore Crown was authorised to procure the sale of these shares.
4. ESP Shares held by Mr Anderson and Mr Kleemann were sold by Crown upon the cessation of employment of the relevant participant and in accordance with the terms of the ESP.

As described above, all securities received by selected Senior Executives under the ESP are subject to performance hurdles. There have been no issues of securities as part of remuneration that are not subject to performance conditions.

***Relationship between policy and performance***

As detailed above, various elements of Crown's remuneration policy are linked to company performance, either by requiring the achievement of a predetermined share price or level of normalised EBITDA. In summary:

- An STI may be payable if Crown achieves its budgeted financial objectives and where an individual achieves his or her annual KPIs, assessed using a combination of financial and non-financial measures;
- The Gaming LTI may be payable where Crown Melbourne and Burswood achieve predetermined normalised EBITDA targets in financial years 2008, 2009 and 2010; and
- The terms of the ESP include share price performance hurdles.

This year, normalised EBITDA generated by Crown Melbourne and Burswood, Crown's wholly owned Australian casinos, grew by 4.8%. The compound average normalised EBITDA growth for Crown's wholly owned Australian casinos for the five year period commencing from financial year 2004 through to financial year 2009 was 16.2%. Please note that during the 2004 financial year Crown Melbourne was the only gaming asset of PBL. Burswood was acquired by PBL in September 2004 and the impact of the Burswood acquisition on normalised EBITDA growth is included within the five year number above.

Prior to the PBL Scheme, PBL operated a mix of gaming and media businesses. Crown is now a stand alone gaming and entertainment business. A five year earnings per share comparison of the two different companies would not produce a meaningful result.

Crown was admitted to the official list of the ASX on 3 December 2007. Accordingly, the table below sets out information about movements in shareholder wealth for the years ended 30 June 2008 and 30 June 2009.

| | Year ended 30 June 2008 | Year ended 30 June 2009 |
|---|---|---|
| Share price at start of period | –[1] | $9.29 |
| Share price at end of period | $9.29 | $7.27 |
| Full year dividend | 54 cents[2] | 37 cents[3] |
| Basic/diluted earnings per share[4] | 54.58 cps | 33.74 cps |

Notes:
1. As Crown was admitted to the official list of the ASX on 3 December 2007, there is no trading data for 1 July 2007.
2. Franked to 40% with unfranked component made up of conduit foreign income.
3. Franked to 60% with none of the unfranked component comprising conduit foreign income.
4. Excluding the effect of discontinued operations and specific items.

As each financial year passes, the additional data will provide a more meaningful comparison.

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

Crown's policy on Directors and Senior Executives entering into transactions in associated products which limit economic risk is described earlier in the Corporate Governance Statement.

## Remuneration details for Non-Executive Directors and Senior Executives

***Non-Executive Directors***

Non-Executive Directors are entitled to a base fee of $100,000 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 of $60,000 per annum.

Non-Executive Directors of Crown are entitled additional fees if they act as either chair or member of an active Board Committee (the Audit & Corporate Governance Committee, the Occupational Health, Safety & Environment Committee or the Risk Management Committee):

- $20,000 per annum for acting as Chair of an active Board Committee; or
- $10,000 per annum for acting as a member of an active Board Committee.

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

In accordance with Crown's constitution, Non-Executive Directors' fees are determined within an aggregate Non-Executive Directors' fee cap of $1,000,000 per annum.

***Senior Executives***

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

- an annual review of the executive's fixed remuneration, with any increases at the discretion of the Chief Executive Officer and Managing Director or Executive Chairman and dependent on Crown's financial performance, the individual's KPI 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 KPIs;
- Crown may ask the 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 three months following termination and a requirement that the executive maintains licences required and issued by relevant regulatory authorities (such as the Victorian Commission for Gambling 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, notice may be given in writing or payment may be made (wholly or partly) in lieu of notice;
- 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 Burswood facilities.

Specific details of each Senior Executive's contract of employment are summarised below. Where a Senior Executive has had more than one contract of employment during the year the most recent contract is listed and changes from the previous contract are noted. Where a key clause in a Senior Executive's contract has been updated the change is noted. The summaries should be read in conjunction with the Remuneration Policy above.

| **James D Packer** | |
|---|---|
| ***Position*** | Executive Chairman |
| ***Remuneration*** | |
| – base salary | The Executive Chairman, Mr Packer does not receive any remuneration for his services to Crown. Mr Packer acts as a Director of Melco Crown Entertainment Ltd, a company in which Crown has a significant investment. Mr Packer does not receive a fee from Crown for these services. |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities. |

| John H Alexander | | | |
|---|---|---|---|
| ***Current Position*** | **Executive Deputy Chairman (commenced 1 December 2007):** Mr Alexander currently has a five year employment agreement with Crown Limited which is due to expire in December 2012. | | |
| ***Fixed Remuneration*** | | | |
| – base salary | $1,486,255 per annum, from 1 December 2007. | | |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,745 per annum. | | |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities and mobile telephone. | | |
| ***Performance based remuneration*** | Not applicable. | | |
| ***2009 Percentage breakdown of remuneration*** | **Fixed remuneration[1]** | **STI** | **LTI** |
| | 79% | 0% | 21% |
| ***Post employment benefits*** | Nil | | |
| ***Post-employment restraint*** | Crown may impose a restraint for the five year term of Mr Alexander's employment agreement up to 30 November 2012. | | |
| ***Termination*** | | | |
| – by the Senior Executive | 12 months' notice. | | |
| – by Crown | 12 months' notice without cause; one months' notice for performance issues; three months' notice due to incapacity. | | |
| ***Termination benefits*** | Nil | | |
| ***Payments made prior to commencement*** | Nil | | |
| ***Directors' Fees*** | Nil | | |
| ***Other*** | Mr Alexander was a member of the Executive Share Plan summarised on page 45. Mr Alexander's ESP Shares were included in the partial wind up announced on 25 May 2009 and referred to earlier in this Report. Mr Alexander elected not to repay relevant loans and therefore Crown was authorised to procure the sale of his ESP shares. | | |

1. Includes voluntary and compulsory superannuation.

| **Rowen B Craigie** | | | |
|---|---|---|---|
| ***Current Position*** | **Chief Executive Officer and Managing Director (commenced 1 December 2007):** Mr Craigie has a five year employment agreement with Crown Limited which is due to expire in December 2012. | | |
| ***Fixed Remuneration*** | | | |
| – base salary | $2,986,255 per annum, from 1 December 2007. | | |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,745 per annum. | | |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone, salary sacrifice arrangements for motor vehicle and superannuation. | | |
| ***Performance based remuneration***<br>– STI | Discretionary up to a maximum of $2,000,000 of which up to a maximum of $1,000,000 is assessed by the Executive Chairman based on the achievement of personal KPIs. A further $1,000,000 may be paid at the discretion of the Crown Board if Crown's performance substantially exceeds that set out in Crown's business plan and represents an exemplary outcome. | | |
| – LTI | Subject to achieving internal normalised EBITDA targets in FY08, FY09 and FY10, Mr Craigie is eligible to receive up to $5,000,000 (30% for FY08, 20% for FY09 and 50% for FY10). See further page 45. | | |
| ***2009 Percentage breakdown of remuneration*** | **Fixed remuneration[1]** | **STI** | **LTI** |
| | 48% | 0% | 52% |
| ***Post employment benefits*** | Nil | | |
| ***Post-employment restraint*** | Crown may impose a restraint for various periods up to 36 months. Depending on the circumstances, Mr Craigie may be entitled to an additional payment in consideration for the restraint. Mr Craigie may also be paid an amount equivalent to his monthly fixed remuneration for any period during which a restraint applies. | | |
| ***Termination*** | | | |
| – by the Senior Executive | 12 months' notice. | | |
| – by Crown | 12 month's notice without cause; one month's notice for performance issues (following least three months' notice to improve); three months' notice for incapacity. | | |
| ***Termination benefits*** | Provided that Mr Craigie complies with any restraints imposed on him, if Mr Craigie terminates his employment with Crown or Crown terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid Gaming LTI. Thereafter, Mr Craigie will cease to be involved in the Gaming LTI. If Crown terminates Mr Craigie's employment without cause, Mr Craigie will be entitled to any unpaid Gaming LTI. Mr Craigie may also elect either to end his participation in the Gaming LTI and receive a payment of 24 months' fixed remuneration at the date of termination or continue a pro-rated participation (calculated by reference to the number of completed months in the five year term) in the Gaming LTI. | | |
| ***Payments made prior to commencement*** | Nil | | |
| ***Directors' Fees*** | Nil | | |
| ***Other*** | A summary of the terms of the Executive Share Plan to which Mr Craigie is a member is set out on page 45. | | |

1. Includes voluntary and compulsory superannuation.

| **David G Courtney** | | | |
|---|---|---|---|
| ***Current Position*** | **Chief Executive Officer, Crown Melbourne Limited (from 6 March 2007):** Mr Courtney's current employment contract with Crown Melbourne commenced on 6 March 2007 and expires on 5 March 2012. | | |
| ***Fixed Remuneration*** | | | |
| – base salary | $1,301,255 per annum, from 1 July 2008. | | |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,745 per annum. | | |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. | | |
| ***Performance based remuneration*** – STI | Discretionary STI based on the performance of Crown Limited and the achievement of personal KPIs. | | |
| – LTI | Subject to achieving internal normalised EBITDA targets in FY08, FY09 and FY10, Mr Courtney is eligible to receive up to $2,250,000 (30% for FY08, 20% for FY09 and 50% for FY10). See further page 45. | | |
| ***2009 Percentage breakdown of remuneration*** | **Fixed remuneration[1]** | **STI** | **LTI** |
| | 47% | 13% | 40% |
| ***Post employment benefits*** | Nil | | |
| ***Post-employment restraint*** | Crown may impose various restraint periods up to a period of 36 months post employment. Depending on the circumstances, Mr Courtney may be entitled to an additional payment in consideration for the restraint. Mr Courtney may also be paid an amount equivalent to his monthly total employment cost for any period during which a restraint applies. | | |
| ***Termination*** | | | |
| – by the Senior Executive | 12 months' notice. | | |
| – by Crown | 12 months' notice without cause; one months' notice for performance issues; three months' notice due to incapacity. | | |
| ***Termination benefits*** | Provided that Mr Courtney complies with any restraints imposed on him, if Mr Courtney terminates his employment with Crown Melbourne or Crown Melbourne terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid Gaming LTI. Thereafter, Mr Courtney will cease to be involved in the Gaming LTI. If Crown Melbourne terminates Mr Courtney's employment without cause, Mr Courtney will be entitled to any unpaid Gaming LTI. Mr Courtney may also elect either to end his participation in the Gaming LTI and receive a payment of 24 months' total employment cost or continue a pro-rated participation (calculated by reference to the number of completed months in the five year term) in the Gaming LTI. | | |
| ***Payments made prior to commencement*** | Nil | | |
| ***Directors' Fees*** | Nil | | |
| ***Other*** | A summary of the terms of the Executive Share Plan to which Mr Courtney is a member is set out on page 45. | | |

1. Includes voluntary and compulsory superannuation.

| Barry J Felstead | |
|---|---|
| ***Current Position*** | **Chief Executive Officer, Burswood Limited (from 6 March 2007):** Mr Felstead's current employment contract with Burswood commenced on 6 March 2007 and expires on 5 March 2012. |
| ***Fixed Remuneration*** | |
| – base salary | $721,255 per annum, from 1 July 2008. |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,745 per annum. |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation.<br>Mr Felstead is entitled to one annual economy airfare between Perth and Melbourne for himself and his family. |
| ***Performance based remuneration*** | |
| – STI | Discretionary STI based on the performance of Crown and the achievement of personal KPIs. |
| – LTI | Subject to achieving internal normalised EBITDA targets in FY08, FY09 and FY10 Mr Felstead is eligible to receive up to $1,000,000 (30% for FY08, 20% for FY09 and 50% for FY10). See further page 45. |
| ***2009 Percentage breakdown of remuneration*** | **Fixed remuneration[1]** 52% / **STI** 14% / **LTI** 34% |
| ***Post employment benefits*** | Nil |
| ***Post-employment restraint*** | Crown may impose various restraint periods up to a period of 36 months post employment. Depending on the circumstances, Mr Felstead may be entitled to an additional payment in consideration for the restraint. Mr Felstead may also be paid an amount equivalent to his monthly Fixed Remuneration for any period during which a restraint applies. |
| ***Termination*** | |
| – by the Senior Executive | 12 months' notice. |
| – by Crown | 12 months' notice without cause; one months' notice for performance issues; three months' notice due to incapacity. |
| ***Termination benefits*** | Provided that Mr Felstead complies with any restraints imposed on him, if Mr Felstead terminates his employment with Burswood or Burswood terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid Gaming LTI. Thereafter, Mr Felstead will cease to be involved in the Gaming LTI. If Burswood terminates Mr Felstead's employment without cause, Mr Felstead will be entitled to any unpaid Gaming LTI. Mr Felstead may also elect either to end his participation in the Gaming LTI and receive a payment of 24 months' fixed remuneration or continue a pro-rated participation (calculated by reference to the number of completed months in the five year term) in the Gaming LTI. |
| ***Payments made prior to commencement*** | Nil |
| ***Directors' Fees*** | Nil |
| ***Other*** | A summary of the terms of the Executive Share Plan to which Mr Felstead is a member is set out on page 45. |

1. Includes voluntary and compulsory superannuation.

| **Robert F Turner** | | | |
|---|---|---|---|
| ***Current Position*** | **Chief Financial Officer (from 20 October 2008):** Mr Turner commenced employment with Crown Limited on 12 December 2007. His previous position was Executive Vice President, International Business. His current employment contract commenced on 6 March 2007 and expires on 5 March 2012. | | |
| ***Fixed Remuneration*** | | | |
| – base salary | $806,255 per annum, from 1 February 2008. | | |
| – superannuation | Compulsory superannuation guarantee contributions up to a maximum contribution base, equating to $13,745 per annum. | | |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. | | |
| ***Performance based remuneration*** – STI | Discretionary STI based on the performance of Crown and the achievement of his KPIs. | | |
| – LTI | Subject to achieving internal normalised EBITDA targets in FY 08, FY 09 and FY 10, Mr Turner is eligible to receive up to $1,250,000 (30% for FY 08, 20% for FY 09 and 50% for FY 10). See further page 45. | | |
| ***2009 Percentage breakdown of remuneration*** | **Fixed remuneration[1]** | **STI** | **LTI** |
| | 59% | 0% | 41% |
| ***Post employment benefits*** | Nil | | |
| ***Post-employment restraint*** | Crown may impose various restraint periods up to a period of 36 months post employment. Depending on the circumstances, Mr Turner may be entitled to an additional payment in consideration for the restraint. Mr Turner may also be paid an amount equivalent to his monthly Fixed Remuneration for any period during which a restraint applies. | | |
| ***Termination*** | | | |
| – by the Senior Executive | 12 months' notice. | | |
| – by Crown | 12 months notice without cause; one month's notice for performance issues (following three months notice to improve); three months notice due to incapacity. | | |
| ***Termination benefits*** | Provided that Mr Turner complies with any restraints imposed on him, if Mr Turner terminates his employment with Crown or Crown terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid Gaming LTI. Thereafter, Mr Turner will cease to be involved in the Gaming LTI. If Crown terminates Mr Turner's employment without cause, Mr Turner will be entitled to any unpaid Gaming LTI. Mr Turner may also elect either to end his participation in the Gaming LTI and receive a payment of 24 months fixed remuneration or continue a pro rata participation (calculated by reference to the number of completed months in the five-year term) in the Gaming LTI. | | |
| ***Payments made prior to commencement*** | Nil | | |
| ***Directors' Fees*** | Nil | | |
| ***Other*** | A summary of the terms of Executive Share Plan to which Mr Turner is a member is set out on page 45. | | |

1. Includes voluntary and compulsory superannuation.

## Remuneration tables

As explained in the 2008 Annual Report in relation to the 2008 financial year, Crown was required under Australian Accounting Standards to report a full 12 month period of remuneration of each relevant Senior Executive, notwithstanding that Crown had only traded since December 2007. To assist shareholders, disclosures were split between remuneration earned whilst a member of the PBL consolidated group (now CMH) and remuneration earned from Crown. We have maintained this treatment for the comparative figures included in this year's remuneration tables.

***Non-Executive Directors***

| | | | Short Term Benefits | | Post Employment Benefits | | | Long Term Incentives | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Financial Year | | Salary & Fees | Non-Monetary | Super | Termination Benefits | Other | Cash Based | Equity Based | Total |
| **Christopher Anderson[1] Non-Executive Director** | **2009** | | **44,250** | **–** | **37,500** | **–** | **30,306[5]** | **–** | **–** | **112,056** |
| | **2008** | Fees from CMH (until 30 November 2007) | 572,200 | 8,784 | 45,000 | 5,000,000 | – | – | 60,362 | 5,686,346 |
| | | Fees from Crown (from 1 December 2007) | 33,334 | – | 30,250 | – | – | – | 62,729 | 126,313 |
| | | **Annual Total** | **605,534** | **8,784** | **75,250** | **5,000,000** | **–** | **–** | **123,091** | **5,812,659** |
| **Ben Brazil[2] Non-Executive Director** | **2009** | **Annual Total** | **1,195** | **–** | **–** | **–** | **–** | **–** | **–** | **1,195** |
| | **2008** | | – | – | – | – | – | – | – | – |
| **Christopher Corrigan Non-Executive Director** | **2009** | | **100,000** | **–** | **9,000** | **–** | **–** | **–** | **–** | **109,000** |
| | **2008** | Fees from CMH (until 30 November 2007) | 46,110 | – | 4,150 | – | – | – | – | 50,260 |
| | | Fees from Crown (from 1 December 2007) | 58,333 | – | 4,500 | – | – | – | – | 62,833 |
| | | **Annual Total** | **104,443** | **–** | **8,650** | **–** | **–** | **–** | **–** | **113,093** |
| **Rowena Danziger[4] Non-Executive Director** | **2009** | | **200,000** | **–** | **–** | **–** | **–** | **–** | **–** | **200,000** |
| | **2008** | Fees from CMH (until 30 November 2007) | 83,836 | | 3,521 | | | | | 87,357 |
| | | Fees from Crown (from 1 December 2007) | 105,000 | – | 2,700 | – | – | – | – | 107,700 |
| | | **Annual Total** | 188,836 | – | 6,221 | – | – | – | – | 195,057 |
| **Geoffrey Dixon Non-Executive Director** | **2009** | | **120,000** | **–** | **10,800** | **–** | **–** | **–** | **–** | **130,800** |
| | **2008** | Fees from CMH (until 30 November 2007) | 50,301 | – | 4,806 | – | – | – | – | 55,107 |
| | | Fees from Crown (from 1 December 2007) | 74,311 | – | 5,733 | – | – | – | – | 80,044 |
| | | **Annual Total** | **124,612** | **–** | **10,539** | **–** | **–** | **–** | **–** | **135,151** |
| **Ashok Jacob Non-Executive Director** | **2009** | | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | **2008** | | – | – | – | – | – | – | – | – |
| **Michael Johnston Non-Executive Director** | **2009** | | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | **2008** | | – | – | – | – | – | – | – | – |
| **David Lowy Non-Executive Director** | **2009** | | **100,000** | **–** | **9,000** | **–** | **–** | **–** | **–** | **109,000** |
| | **2008** | Fees from CMH (until 30 November 2007) | 46,110 | – | 8,579 | – | – | – | – | 54,689 |
| | | Fees from Crown (from 1 December 2007) | 68,478 | – | 6,163 | – | – | – | – | 74,641 |
| | | **Annual Total** | **114,588** | **–** | **14,742** | **–** | **–** | **–** | **–** | **129,330** |
| **Chris Mackay[3] Non-Executive Director** | **2009** | | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | **2008** | Fees from CMH (until 30 November 2007) | 50,301 | – | 4,527 | – | – | – | – | 54,828 |
| | | Fees from Crown (from 1 December 2007 to 7 March 2008) | 29,831 | – | 2,685 | – | – | – | – | 32,516 |
| | | **Annual Total** | 80,132 | – | 7,212 | – | – | – | – | 87,344 |

| | | | Short Term Benefits | | Post Employment Benefits | | Long Term Incentives | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Financial Year | | Salary & Fees | Non-Monetary | Super | Termination Benefits | Other | Cash Based | Equity Based | Total |
| **Richard Turner[4]** **Non-Executive Director** | **2009** | | **180,000** | **–** | **–** | **–** | **–** | **–** | **–** | **180,000** |
| | **2008** | Fees from CMH (until 30 November 2007) | 79,644 | – | – | – | – | – | – | 79,644 |
| | | Fees from Crown (from 1 December 2007) | 105,000 | – | 1,350 | – | – | – | – | 106,350 |
| | | **Annual Total** | **184,644** | **–** | **1,350** | **–** | **–** | **–** | **–** | **185,994** |

Notes:

1. Mr Anderson resigned as a Non-Executive Director of Crown 2 April 2009. Remuneration disclosures made up to 30 November 2007 for the financial year ended 30 June 2008 represent amounts earned in an executive capacity as until that time, Mr Anderson was an Executive Director of PBL. As a PBL executive, Mr Anderson was entitled to participate in the Executive Share Plan. AASB 2 “Share-Based Payment” requires an entity to recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. As the modification to the ESP post Demerger reduced the total fair value of the share-based payment arrangement, Crown continued to account for the services rendered as consideration for the equity instruments granted as if the modification had not occurred. The allocation of the expenses for Equity Based payments was 100 percent of the ESP expense to 30 November 2007, 75 percent from 30 November 2007 (from 30 November 2007, 25 percent of the expense recorded by CMH). Mr Anderson’s ESP shares were sold as part of the partial wind up of the Executive Share Plan announced 25 May 2009.
2. Mr Brazil was appointed as a Director of Crown on 26 June 2009. The remuneration stated represents an accrued entitlement to Directors’ fees for the four day period ending 30 June 2009.
3. Mr Mackay resigned as a Director of Crown on 7 March 2008.
4. Mrs Danziger and Mr Turner each receive Directors’ fees of $60,000 per annum for their participation on the Crown Melbourne Limited Board.
5. Executives that elected to receive the PBL Scheme standard consideration were provided with a loan (at an interest rate of 9 per cent) to compensate the relevant executive for the net capital gain incurred on the cash component of the consideration. The loan was provided to executives on similar repayment terms to the ESP loan and secured by their ESP shares.

***Senior Executives***

| | Financial Year | | Short Term Benefits | | | | Post Employment Benefits[4] | | | Long Term Incentives | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Salary & Fees | Non – Mon-etary | STI[3] | % of max STI | Super | Term-ination Benefits | Other | Cash Based[5] | Equity Based[6] | Total |
| **James Packer Executive Chairman** | **2009** | | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | 2008 | | – | – | – | – | – | – | – | – | – | – |
| **John Alexander Executive Deputy Chairman** | **2009** | | **1,486,255** | **–** | **–** | **–** | **13,745** | **–** | **102,126[7]** | **–** | **399,271** | **2,001,397** |
| | 2008 | Salary from CMH (until 30 Nov 2007) | 2,488,764 | 33,414 | – | – | 120,000 | 15,000,000 | – | – | 323,396 | 17,965,574 |
| | | Salary from Crown (from 1 Dec 2007) | 870,904 | – | – | – | 9,847 | – | – | – | 336,078 | 1,216,829 |
| | | **Annual Total** | **3,359,668** | **33,414** | **–** | **–** | **129,847** | **15,000,000** | **–** | **–** | **659,474** | **19,182,403** |
| **Rowen Craigie Chief Executive Officer & Managing Director** | **2009** | | **2,900,000** | **–** | **–** | **–** | **100,000** | **–** | **–** | **1,666,667** | **1,562,500** | **6,229,167** |
| | 2008 | Salary from CMH (until 30 Nov 2007) | 867,047 | 9,380 | – | – | 41,667 | – | – | – | 654,966 | 1,573,060 |
| | | Salary from Crown (from 1 Dec 2007) | 1,666,639 | 24,580 | 1,200,000 | 60% | 55,998 | – | – | 1,666,667 | 680,651 | 5,294,535 |
| | | **Annual Total** | **2,533,686** | **33,960** | **1,200,000** | **60%** | **97,665** | **–** | **–** | **1,666,667** | **1,335,617** | **6,867,595** |
| **David Courtney Chief Executive Officer Crown Melbourne Limited** | **2009** | | **1,265,528** | **–** | **368,000** | **70%** | **49,472** | **–** | **–** | **750,000** | **352,688** | **2,785,688** |
| | 2008 | Salary from CMH (until 11 Dec 2007) | 497,953 | 141 | – | – | 5,471 | – | – | – | 157,502 | 661,067 |
| | | Salary from Crown (from 12 Dec 2007) | 664,329 | 188 | 500,000 | 100% | 28,176 | – | – | 750,000 | 195,186 | 2,137,879 |
| | | **Annual Total** | **1,162,282** | **329** | **500,000** | **100%** | **33,646** | **–** | **–** | **750,000** | **352,688** | **2,798,946** |
| **Barry Felstead Chief Executive Officer Burswood Limited** | **2009** | | **721,255** | **7,061** | **205,800** | **70%** | **13,745** | **–** | **–** | **333,333** | **147,750** | **1,428,944** |
| | 2008 | Salary from CMH (until 11 Dec 2007) | 347,812 | 10,731 | – | – | 7,049 | – | – | – | 65,982 | 431,574 |
| | | Salary from Crown (from 12 Dec 2007) | 331,868 | 10,223 | 280,000 | 100% | 6,564 | – | – | 333,333 | 81,768 | 1,043,756 |
| | | **Annual Total** | **679,680** | **20,954** | **280,000** | **100%** | **13,613** | **–** | **–** | **333,333** | **147,750** | **1,475,330** |
| **Geoff Kleemann[1] Chief Financial Officer** | **2009** | | **505,959** | **–** | **–** | **–** | **33,682** | **175,000** | **27,014[7]** | **–** | **88,373** | **830,028** |
| | 2008 | Salary from CMH (until 21 Dec 2007) | 888,384 | – | – | – | 82,986 | 3,975,000 | 176,796 | – | 54,917 | 5,178,083 |
| | | Salary from Crown (from 21 Jan 2008) | 292,336 | – | 200,000 | 73% | 24,440 | – | – | – | 60,283 | 577,059 |
| | | **Annual Total** | **1,180,720** | **–** | **200,000** | **73%** | **107,426** | **3,975,000** | **176,796** | **–** | **115,200** | **5,755,142** |
| **Robert Turner[2] Chief Financial Officer** | **2009** | | **806,255** | **–** | **–** | **–** | **13,745** | **–** | **–** | **416,667** | **163,438** | **1,400,105** |
| **2009 TOTALS** | | | **7,685,252** | **7,061** | **573,800** | | **224,389** | **175,000** | **129,140** | **3,166,667** | **2,714,020** | **14,675,329** |

Notes:

1. Mr Kleemann ceased in the role as Chief Financial officer on 19 October 2008. Remuneration disclosures are made for the period to 7 April 2009 when Mr Kleemann ceased employment with Crown.
2. Mr Turner commenced in his role as Chief Financial Officer from 20 October 2008. Notwithstanding, remuneration disclosures are made in respect of the full year ending 30 June 2009. No comparative disclosures are made for the financial year ended 30 June 2008 on the basis that Mr Turner was not a member of Crown's key management personnel at that time.
3. As at the date of the 2008 Annual Report, STI payments for gaming Senior Executives for the 2008 financial year had not been made. STI payments attributable to the 2008 financial year were subsequently paid and have been added to the 2008 disclosures above.
4. Long service leave accrued balances have increased during the financial year ended 30 June 2009 for the following Senior Executives: Mr Alexander $24,984, Mr Craigie, $49,967, Mr Courtney $21,905, Mr Felstead $11,668, Mr Turner $13,657.
5. Representing average Gaming LTI cash bonus payments for FY08, FY09 and FY10.

6. AASB 2 "Share-Based Payment" requires an entity to recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. As the modification to the ESP post Demerger reduced the total fair value of the share-based payment arrangement, Crown continues to account for the services rendered as consideration for the equity instruments granted as if the modification had not occurred. The allocation of the expenses for Equity Based payments to the Senior Executives made following the PBL Scheme and the Demerger Scheme was consistent with the split of the PBL ESP Loan as between CMH and Crown Limited (25 percent/75 percent).
7. Executives that elected to receive the PBL Scheme standard consideration were provided with a loan (at an interest rate of 9 per cent) to compensate the relevant executive for the net capital gain incurred on the cash component of the consideration. The loan was provided to executives on similar repayment terms to the ESP loan and secured by their ESP shares.

***Media senior executives***

Mr Dalgleish and Mr Jalland were not part of the Crown group during the financial year ended 30 June 2009. Accordingly, only comparative data is provided.

| | | Short Term Benefits | | | | Post Employment Benefits | | | Long Term Incentives | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Financial Year | Salary & Fees | Non – Monetary | STI | % of max STI | Super | Termination Benefits | Other Long Term Benefits | Cash Based | Equity Based[1] | Total |
| **Martin Dalgleish Chief Executive Officer New Media, PBL** | **2009** | – | – | – | – | – | – | – | – | – | – |
| | **2008** | 264,890 | 8,733 | 41,918 | 100 | 10,217 | 2,848,000 | – | – | 48,289 | 3,222,048 |
| **Guy Jalland PBL Group General Counsel and Company Secretary** | **2009** | – | – | – | – | – | – | – | – | – | – |
| | **2008 (until 21 Dec 07)** | 903,346 | – | 1,000,000 | 100 | 12,868 | 4,275,000 | 211,471 | – | 115,200 | 6,517,885 |

Notes:

1. AASB 2 "Share-Based Payment" requires an entity to recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. As the modification to the ESP post Demerger reduced the total fair value of the share-based payment arrangement, CMH continues to account for the services rendered as consideration for the equity instruments granted as if the modification had not occurred. The allocation of the expenses for Equity Based payments to the Senior Executives made following the PBL Scheme and the Demerger Scheme was consistent with the split of the PBL ESP Loan as between CMH and Crown Limited (25 percent/75 percent).

Signed in accordance with a resolution of the Directors.

J D Packer
Director

R B Craigie
Director

Melbourne, 16th day of September, 2009

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

## Auditor's Independence Declaration to the Directors of Crown Limited

In relation to our review of the financial report of Crown Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
16 September 2009

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

# Independent auditor's report to the members of Crown Limited

## Report on the Financial Report

We have audited the accompanying financial report of Crown Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Ernst & Young



### *Auditor's Opinion*

In our opinion:

1. the financial report of Crown Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Crown Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## Report on the Remuneration Report

We have audited the Remuneration Report included on pages 42 to 58 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's Opinion*

In our opinion the Remuneration Report of Crown Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
16 September 2009

# Directors' Declaration

In accordance with a resolution of the Directors, we declare as follows:

1. In the Directors' opinion:

   a) there are reasonable grounds to believe that Crown will be able to pay its debts as and when they become due and payable; and

   b) the financial statements and notes are in accordance with the Corporations Act, including:

      (i) Section 296 (compliance with accounting standards); and

      (ii) Section 297 (true and fair view); and

2. The Directors have received declarations in relation to Crown's financial statements for the financial year ended 30 June 2009, by its Chief Executive Officer and its Chief Financial Officer in accordance with section 295A of the Corporations Act.

In the opinion of Directors, at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 33 of the Financial Report will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

J D Packer
Director

R B Craigie
Director

Melbourne, 16th day of September, 2009

# Financial Report

**CONTENTS**

Income Statement

# Income Statement

For the year ended 30 June 2009

| | | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|---|
| | | 2009 | 2008 | 2009 | 2008 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| **Continuing Operations** | | | | | |
| Revenues | 3 | 2,299,624 | 2,215,930 | 337,000 | 175,000 |
| Other income | 3 | 152 | 701 | – | – |
| Expenses | 3 | (3,112,178) | (1,807,029) | – | (3,168,144) |
| Share of profits of associate and joint venture entities | 2,10 | (125,959) | (21,999) | – | – |
| **Profit/(loss) from continuing operations before income tax and finance costs** | | **(938,361)** | **387,603** | **337,000** | **(2,993,144)** |
| Finance costs | 3 | (187,412) | (132,989) | – | – |
| **Profit/(loss) from continuing operations before income tax** | | **(1,125,773)** | **254,614** | **337,000** | **(2,993,144)** |
| Income tax (expense)/benefit | 2, 5 | (72,131) | (117,608) | 7,631 | 462 |
| **Profit/(loss) from continuing operations after income tax** | | **(1,197,904)** | **137,006** | **344,631** | **(2,992,682)** |
| **Discontinued operations** | | | | | |
| Profit/(loss) from discontinued operations after income tax | 2 | – | 3,409,426 | – | – |
| **Net profit/(loss) for the period attributable to members of the parent** | | **(1,197,904)** | **3,546,432** | **344,631** | **(2,992,682)** |

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

| | | 2009 | 2008 |
|---|---|---|---|
| | | Cents per share | Cents per share |
| **Earnings per share (EPS)** | 29 | | |
| Basic EPS(i) | | (166.89) | 514.57 |
| Diluted EPS(i) | | (166.89) | 514.57 |
| **Dividends per share** | 4 | | |
| Final dividend proposed | | 19.0 | 29.0 |
| Current year interim dividend paid | | 18.0 | 25.0 |

(i) Basic/diluted EPS excluding the effect of discontinued operations is (166.89) cps (2008: 19.88).
Basic/diluted EPS excluding the effect of discontinued operations and significant items is 33.74 cps (2008: 54.58).

# Balance Sheet

At 30 June 2009

| | | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|---|
| | | 2009 | 2008 | 2009 | 2008 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 24 | 515,498 | 2,362,964 | 928 | – |
| Trade and other receivables | 7 | 144,657 | 146,524 | – | – |
| Inventories | 8 | 15,293 | 11,835 | – | – |
| Prepayments | | 12,335 | 11,253 | – | – |
| Other assets | 9 | – | 70 | – | – |
| **Total current assets** | | **687,783** | **2,532,646** | **928** | **–** |
| **Non-current assets** | | | | | |
| Receivables | 7 | 236,837 | 443,202 | 558,268 | 178,160 |
| Available-for-sale financial assets | 11 | 36,728 | 507,489 | – | – |
| Other financial assets | 12 | – | – | 8,645,201 | 8,645,201 |
| Investments in associates accounted for using the equity method | 10 | 1,144,735 | 1,130,164 | – | – |
| Property, plant and equipment | 13 | 2,134,630 | 1,854,977 | – | – |
| Licences | 14 | 659,397 | 666,868 | – | – |
| Other intangible assets | 15 | 182,336 | 189,301 | – | – |
| Deferred tax assets | 5 | 140,138 | 136,573 | 21,648 | 13,870 |
| Prepaid casino tax | 9 | 68,371 | 71,106 | – | – |
| **Total non-current assets** | | **4,603,172** | **4,999,680** | **9,225,117** | **8,837,231** |
| **Total assets** | | **5,290,955** | **7,532,326** | **9,226,045** | **8,837,231** |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | 292,769 | 255,108 | – | 13,408 |
| Interest-bearing loans and borrowings | 18 | 20,000 | 20,000 | – | – |
| Current income tax liabilities | | 37,141 | 53,965 | 40,397 | – |
| Provisions | 19 | 120,884 | 105,750 | – | – |
| Other financial liabilities | 20 | 3,400 | – | – | – |
| **Total current liabilities** | | **474,194** | **434,823** | **40,397** | **13,408** |
| **Non-current liabilities** | | | | | |
| Other payables | 17 | 4,097 | 24,059 | – | – |
| Interest-bearing loans and borrowings | 18 | 1,037,158 | 2,359,234 | 2,210,103 | 2,241,724 |
| Deferred tax liabilities | 5 | 235,167 | 394,709 | – | – |
| Provisions | 19 | 43,509 | 38,157 | – | – |
| Other financial liabilities | 20 | 60,500 | – | – | – |
| **Total non-current liabilities** | | **1,380,431** | **2,816,159** | **2,210,103** | **2,241,724** |
| **Total liabilities** | | **1,854,625** | **3,250,982** | **2,250,500** | **2,255,132** |
| **Net assets** | | **3,436,330** | **4,281,344** | **6,975,545** | **6,582,099** |
| **Equity** | | | | | |
| Equity attributable to equity holders of the parent | | | | | |
| Contributed equity | 21 | 634,364 | 258,149 | 10,114,805 | 9,738,590 |
| Reserves | 22 | 483,978 | 176,223 | 9,392 | 5,712 |
| Retained earnings/(accumulated losses) | 22 | 2,317,988 | 3,846,972 | (3,148,652) | (3,162,203) |
| **Total equity** | | **3,436,330** | **4,281,344** | **6,975,545** | **6,582,099** |

The above balance sheet should be read in conjunction with the accompanying notes.

# Cash Flow Statement

For the year ended 30 June 2009

| | Note | CONSOLIDATED 2009 $'000 | CONSOLIDATED 2008 $'000 | PARENT ENTITY 2009 $'000 | PARENT ENTITY 2008 $'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Receipts from customers | | 2,209,937 | 2,072,949 | – | – |
| Payments to suppliers and employees | | (1,581,916) | (1,564,942) | – | – |
| Dividends received | | 15 | 66,659 | – | – |
| Interest received | | 88,335 | 191,725 | – | – |
| Borrowing costs | | (251,325) | (127,625) | – | – |
| Income tax paid | | (82,610) | (68,745) | – | – |
| **Net cash flows from/(used in) operating activities** | 24 | **382,436** | **570,021** | **–** | **–** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | | (389,026) | (203,142) | – | – |
| Proceeds from sale of property, plant and equipment | | 128 | 3,486 | – | – |
| Payment for purchases of equity investments | | (587,457) | (233,072) | – | – |
| Purchase of available for sale financial assets | | – | (434,023) | – | – |
| Net proceeds from sale of equity investments | | 76,266 | 828,972 | – | – |
| Net proceeds from sale of held for sale investments | | – | 35,832 | – | – |
| Loans to associated entities | | (84,076) | (12,322) | – | – |
| Other (net) | | (3,712) | (2,652) | – | – |
| **Net cash flows from/(used in) investing activities** | | **(987,877)** | **(16,921)** | **–** | **–** |
| **Cash flows from financing activities** | | | | | |
| Proceeds from borrowings | | 3,442,768 | 2,070,000 | – | 2,238,576 |
| Repayment of borrowings | | (5,285,054) | (10,000) | (44,096) | – |
| Dividends paid | | (331,191) | (338,694) | (331,191) | (169,544) |
| Proceeds from equity raising (net of underwriting fees) | | 337,150 | – | 337,150 | – |
| Proceeds from partial closure of executive share plan | | 39,065 | – | 39,065 | – |
| Payment of capital reduction | | – | (2,053,852) | – | (2,069,032) |
| Cash disposed from sale of group entities | | – | (85,770) | – | – |
| **Net cash flows from/(used in) financing activities** | | **(1,797,262)** | **(418,316)** | **928** | **–** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(2,402,703)** | **134,784** | **–** | **–** |
| Cash and cash equivalents at the beginning of the financial year | | 2,362,964 | 2,227,657 | – | – |
| Effect of exchange rate changes on cash | | 555,237 | 523 | – | – |
| **Cash and cash equivalents at the end of the financial year** | 24 | **515,498** | **2,362,964** | **928** | **–** |

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

# Statement of Recognised Income and Expense

For the year ended 30 June 2009

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009<br>$'000 | 2008<br>$'000 | 2009<br>$'000 | 2008<br>$'000 |
| Movement in foreign currency translation reserve | 186,469 | (279,548) | – | – |
| Movement from change in associates equity | 181,506 | 110,624 | – | – |
| Fair value movement on cash flow hedges | (63,900) | – | – | – |
| **Net income recognised directly in equity** | **304,075** | **(168,924)** | **–** | **–** |
| Profit/(loss) for the period | (1,197,904) | 3,546,432 | 344,631 | (2,992,682) |
| **Total recognised income and expense for the period** | **(893,829)** | **3,377,508** | **344,631** | **(2,992,682)** |

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 30 June 2009

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) 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 and available-for-sale financial assets 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 98/100. The Company is an entity to which the class order applies.

The financial report of Crown Limited and its controlled entities for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 24 August 2009 subject to final approval by a sub committee, which was received on 16 September 2009.

### (b) 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.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the reporting period ending 30 June 2009. These are outlined in the table below.

| Reference | Title | Application date of standard(i) | Impact on Group financial report | Application date for Group(i) |
|---|---|---|---|---|
| AASB 8 and AASB 2007-3 | Operating Segments and consequential amendments to other Australian Accounting Standards | 1 January 2009 | AASB 8 will impact disclosures in the financial statements. Crown will implement the new disclosure requirements during the next financial year. | 1 July 2009 |
| AASB 123 (Revised) and AASB 2007-6 | Borrowing Costs and consequential amendments to other Australian Accounting Standards | 1 January 2009 | These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group already capitalises borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report. | 1 July 2009 |
| AASB 101 (Revised) and AASB 2007-8 | Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards | 1 January 2009 | These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. | 1 July 2009 |
| AASB 2008-1 | Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations | 1 January 2009 | The Group has share-based payment arrangements that have been or may be cancelled by an employee. The standard is not expected to have any material impact on the Group. | 1 July 2009 |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (b) Statement of compliance *continued*

| Reference | Title | Application date of standard(i) | Impact on Group financial report | Application date for Group(i) |
|---|---|---|---|---|
| AASB 2008-2 | Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation | 1 January 2009 | These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments. | 1 July 2009 |
| AASB 3 (Revised) | Business Combinations | 1 July 2009 | The Group is unlikely to enter a business combination during the next financial year at reporting date and therefore the revised standard is not expected to have an impact on the group. | 1 July 2009 |
| AASB 127 (Revised) | Consolidated and Separate Financial Statements | 1 July 2009 | The group has not undertaken a reorganisation during the year and is not expected to during the next financial year at reporting date. If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement. | 1 July 2009 |
| IFRIC 16 | Hedges of a Net Investment in a Foreign Operation | 1 January 2009 | The Interpretation will not have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held. | 1 July 2009 |
| AASB 138 (AIP 2007) | Advertising and Promotional Activities | 1 January 2009 | The Group recognises costs of advertising and promotional activities as an expense when these activities are delivered to the customers. The Group will be required in the next financial year to adopt the recognition of advertising and promotional expenses as an expense when the Group has the right to access those goods. This will not have a material impact on the Group. | 1 July 2009 |

(i) Designates the beginning of the applicable annual reporting period unless otherwise stated.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (c) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Crown Limited (the parent entity) and all entities that Crown Limited controlled from time to time during the year and at reporting date.

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.

Subsidiary acquisitions are accounted for using the purchase 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.

Investments in subsidiaries, as recorded in the parent entity (Crown Limited) accounts, are carried at cost less any impairment charges.

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

The accounting policies adopted have been applied consistently throughout the two reporting periods.

### (d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key 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 goodwill and casino licences with indefinite useful lives***

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 16.

***Share-based payment transactions***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer, using the assumptions detailed in note 26.

***Doubtful debts***

An allowance for doubtful debts is recognised when there is objective evidence that an individual trade debt is impaired.

***Significant Items***

Management determines significant items based on the nature, size and generally accepted accounting principles.

### (e) 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 balance sheet date.

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

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

- except where the deferred income 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, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit not taxable profit or loss; or

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (e) Income tax *continued*

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

### (f) 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 balance sheet.

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.

### (g) Foreign currency translation

Both the functional and presentation currency of Crown 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 balance sheet 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 Limited at the rate of exchange ruling at the balance sheet date and the income statements are 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 income statement.

### (h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise 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.

### (i) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when there is objective evidence that the full amount may not be collected. 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.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (j) 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:

- Gaming 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.

### (k) Investments in associates

The Group's investment in its associates are accounted for under the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence and which are not subsidiaries.

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 the associates, as recorded in the parent entity (Crown Limited) accounts, are carried at cost.

The investment in the associates is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement 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 consolidated statement of recognised income and expense.

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.

### (l) Investments and other financial assets

All investments and other financial assets are initially recognised at cost, being the fair value of the consideration given and including acquisition costs.

After initial recognition, investments, which are classified as available-for-sale, are re-measured at each reporting date at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. Gains or losses are recognised in the income statement and the related assets are classified as current in the balance sheet.

### (m) 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 assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (m) Property, plant and equipment *continued*

***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 income statement in the period the item is derecognised.

### (n) 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 licence premiums 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 from the time PBL acquired Crown Melbourne, being 34 years. The Burswood licence is perpetual and, as such, no amortisation is charged. The Burswood licence is subject to an annual impairment assessment.

***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.

***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 income statement.

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 income statement when the net asset is derecognised.

### (o) 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.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (o) Recoverable amount of assets *continued*

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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### (p) Trade and other payables

Liabilities 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.

### (q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

***Borrowing costs***

Borrowing costs are capitalised on qualifying assets. Other borrowing costs are recognised as an expense when incurred.

### (r) Provisions

Provisions are recognised when the economic entity has a legal or constructive obligation 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.

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 borrowing 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.

### (s) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to balance 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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### (t) Share-based payment transactions

***Equity settled transactions***

The Group provides benefits to senior executives in the form of share-based payments, whereby executives render services in exchange for shares or rights over shares (equity-settled transactions).

The plan in place to provide these benefits is the Executive Share Plan (ESP).

The cost of these equity-settled transactions with executives is measured by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by an external valuer using the Monte Carlo model, further details of which are given in note 26.

In valuing equity-settled transactions, only conditions linked to the price of the shares of Crown Limited are taken into account, further details of which are given in note 26.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant executives become fully entitled to the award (the vesting period).

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (t) Share-based payment transactions *continued*

***Equity settled transactions*** *continued*

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting dates reflects:

(i) the extent to which the vesting period has expired; and

(ii) the Groups best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

### (u) 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 leased 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 income statement on a straight-line basis over the lease term.

### (v) 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.

### (w) Derivative financial instruments and hedging

The Group uses derivative financial instruments (including Forward Exchange Contracts and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value at inception and are subsequently marked-to-market.

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 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.

### (x) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

***(i) Financial assets carried at amortised cost***

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

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (x) Impairment of financial assets *continued*

#### *(i) Financial assets carried at amortised cost continued*

between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets 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 Income Statement.

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.

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 Income Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### *(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the current market rate of return for a similar financial asset.

#### *(iii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the Income Statement, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in the Income Statement. Instead they are recognised through a separate component of equity.

### (y) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Company, less transaction costs.

### (z) Revenue

Revenue is recognised 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 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.

Casino 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.

### (aa) Earnings per share

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

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share 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.

## 2. SEGMENT INFORMATION

Crown operated one distinct segment, being:

- Gaming – operation of fully integrated gaming and entertainment facilities.

Intersegment trading, where appropriate, is eliminated on consolidation. Any such transactions are based on market values.

### (a) Industry segment

**30 June 2009**

| | Note | Gaming $'000 | Unallocated $'000 | Crown Group $'000 | Significant Items $'000 | Continuing Operations $'000 |
|---|---|---|---|---|---|---|
| **Operating revenue** | | | | | | |
| Total | | 2,195,020 | 16 | 2,195,036 | – | 2,195,036 |
| Intersegment | | (120) | – | (120) | – | (120) |
| External customers | 3 | 2,194,900 | 16 | 2,194,916 | – | 2,194,916 |
| Other income | 3 | 152 | – | 152 | – | 152 |
| Interest revenue | 3 | | | 64,265 | 40,443 | 104,708 |
| **Total revenue** | | **2,195,052** | **16** | **2,259,333** | **40,443** | **2,299,776** |
| **Segment result** | | | | | | |
| Earnings before interest, tax, depreciation and amortisation "EBITDA" | | 685,394 | (39,332) | 646,062 | – | 646,062 |
| Depreciation and amortisation | 3 | (145,354) | (2,630) | (147,984) | – | (147,984) |
| Earnings before interest and tax "EBIT" | | 540,040 | (41,962) | 498,078 | – | 498,078 |
| Significant items | | – | – | – | (1,415,188) | (1,415,188) |
| Equity accounted share of associates' net profit/(loss) | 10 | (125,959) | – | (125,959) | – | (125,959) |
| Net interest income/(expense) | 3 | | | (27,877) | (54,827) | (82,704) |
| Profit/(loss) from operating activities before income tax | | 414,081 | (41,962) | 344,242 | (1,470,015) | (1,125,773) |
| Less: tax benefit/(expense) | 5 | | | (102,046) | 29,915 | (72,131) |
| **Profit/(loss) after tax** | | **414,081** | **(41,962)** | **242,196** | **(1,440,100)** | **(1,197,904)** |
| **Total assets employed(i)** | | **4,945,280** | **345,675** | **5,290,955** | **–** | **5,290,955** |
| **Total liabilities** | | **1,072,524** | **782,101** | **1,854,625** | **–** | **1,854,625** |
| **Acquisition of non-current assets** | | **409,254** | **–** | **409,254** | **–** | **409,254** |
| **Investments in associates** | 10 | **1,144,735** | **–** | **1,144,735** | **–** | **1,144,735** |
| **Non-cash (income)/expenses** (other than depn & amort) | | **–** | **–** | **–** | **1,293,751** | **1,293,751** |

(i) Unallocated assets include unallocated cash on deposit of $65.3 million (2008: $2,215.2 million).

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009

## 2. SEGMENT INFORMATION *continued*

### (a) Industry segment *continued*

**30 June 2008**

| | Note | Gaming $'000 | Unallocated $'000 | Crown Group $'000 | Less: Discontinued Operations $'000 | Continuing Operations $'000 |
|---|---|---|---|---|---|---|
| **Operating revenue** | | | | | | |
| Total | | 2,028,924 | 9,480 | 2,038,404 | 8,731 | 2,029,673 |
| Intersegment | | (2,233) | – | (2,233) | – | (2,233) |
| External customers | 3 | 2,026,691 | 9,480 | 2,036,171 | 8,731 | 2,027,440 |
| Other income | 3 | 701 | 273,933 | 274,634 | 273,933 | 701 |
| Interest revenue | 3 | | | 188,490 | – | 188,490 |
| **Total revenue** | | **2,027,392** | **283,413** | **2,499,295** | **282,664** | **2,216,631** |
| **Segment result** | | | | | | |
| Earnings before interest, tax, depreciation and amortisation "EBITDA" | | 632,924 | (50,907) | 582,017 | (11,068) | 593,085 |
| Depreciation and amortisation | 3 | (130,287) | (3,866) | (134,153) | (1,343) | (132,810) |
| Earnings before interest and tax "EBIT" | | 502,637 | (54,773) | 447,864 | (12,411) | 460,275 |
| Significant items | | – | 3,095,613 | 3,095,613 | 3,334,776 | (239,163) |
| Equity accounted share of associates' net profit/(loss) | 10 | (21,999) | 57,470 | 35,471 | 57,470 | (21,999) |
| Net interest income/(expense) | 3 | | | 55,501 | – | 55,501 |
| Profit from operating activities before income tax | | 480,638 | 3,098,310 | 3,634,449 | 3,379,835 | 254,614 |
| Less: tax benefit/(expense) | 5 | | | (88,017) | 29,591 | (117,608) |
| **Profit after tax** | | **480,638** | **3,098,310** | **3,546,432** | **3,409,426** | **137,006** |
| | | | | | | |
| **Total assets employed**[(i)] | | **4,991,457** | **2,540,869** | **7,532,326** | **–** | **7,532,326** |
| **Total liabilities** | | **752,833** | **2,498,149** | **3,250,982** | **–** | **3,250,982** |
| **Acquisition of non-current assets** | | **199,086** | **–** | **199,086** | **–** | **199,086** |
| **Investments in associates** | 10 | **1,130,164** | **–** | **1,130,164** | **–** | **1,130,164** |
| **Non-cash (income)/expenses** (other than depn & amort) | | **–** | **239,163** | **239,163** | **–** | **239,163** |

(i) Unallocated assets include unallocated cash on deposit of $65.3 million (2008: $2,215.2 million).

### (b) Geographical segment

The consolidated entity operates principally within Australia.

## 3. Revenue and Expenses

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| Profit before income tax expense includes the following revenues and expenses: | | | | |
| **(i) Revenue from continuing operations** | | | | |
| Revenue from services | 1,903,113 | 1,744,585 | – | – |
| Revenue from sale of goods | 272,188 | 263,737 | – | – |
| Interest – significant item | 40,443 | – | – | – |
| Interest – non significant item | 64,265 | 188,490 | – | – |
| Dividends | 16 | 40 | 337,000 | 175,000 |
| Other operating revenue | 19,599 | 19,078 | – | – |
| | **2,299,624** | **2,215,930** | **337,000** | **175,000** |
| **(ii) Other income from continuing operations** | | | | |
| Profit on disposal of non-current assets | 152 | 701 | – | – |
| **(iii) Expenses from continuing operations** | | | | |
| Cost of sales | 105,386 | 101,829 | – | – |
| Gaming activities | 1,549,626 | 1,423,675 | – | – |
| Significant items (excl. interest and tax) | 1,415,188 | 239,163 | – | 3,168,144 |
| Other activities | 41,978 | 42,362 | – | – |
| | **3,112,178** | **1,807,029** | **–** | **3,168,144** |
| ***Depreciation of non-current assets*** | | | | |
| (included in expenses above) | | | | |
| Buildings | 43,870 | 42,941 | – | – |
| Plant and equipment | 85,681 | 72,019 | – | – |
| | 129,551 | 114,960 | – | – |
| ***Amortisation of non-current assets*** | | | | |
| (included in expenses above) | | | | |
| Casino licence fee and management agreement | 14,417 | 14,436 | – | – |
| Other assets | 4,016 | 3,414 | – | – |
| | 18,433 | 17,850 | – | – |
| **Total depreciation and amortisation expense** | **147,984** | **132,810** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 3. Revenue and Expenses *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **(iv) Significant items** | | | | |
| **Continuing operations** | | | | |
| Write down of available for sale assets | 561,552 | 181,330 | – | – |
| Write down of investments in associates | 509,855 | – | – | – |
| Write down of Gateway shareholder loan | 182,279 | – | – | – |
| Write down of deferred debt securities | 31,265 | 13,134 | – | – |
| Termination fee for original Cannery transaction | 76,546 | – | – | – |
| Termination of US dollar interest rate swaps | 57,341 | – | – | – |
| Net interest attributable to the termination of original Cannery transaction | 54,827 | – | – | – |
| Write down of LVTI | – | 44,699 | – | – |
| Other net significant items | (3,650) | – | – | – |
| Impairment write down of non current assets | – | – | – | 3,168,144 |
| | 1,470,015 | 239,163 | – | 3,168,144 |
| **Discontinued operations** | | | | |
| Gain on demerger of CMH | – | (2,403,458) | – | – |
| Net profit on disposal of investments | – | (948,318) | – | – |
| Impairment and write down of non-current assets | – | 17,000 | – | – |
| | – | (3,334,776) | – | – |
| **Total significant items** | **1,470,015** | **(3,095,613)** | **–** | **3,168,144** |
| **(v) Other income and expense disclosures** | | | | |
| Finance costs expensed: | | | | |
| Debt facilities | 92,142 | 132,989 | – | – |
| Debt facilities – significant item | 95,270 | – | – | – |
| | **187,412** | **132,989** | **–** | **–** |
| Bad and doubtful debts – trade debtors | 13,678 | (11,185) | – | – |
| Rentals – operating leases | 9,225 | 8,652 | – | – |
| Superannuation expense | 36,676 | 33,930 | – | – |
| Other employee benefits expense | 557,986 | 530,545 | – | – |
| Executive share plan expenses | 3,680 | 3,672 | – | – |
| Net foreign currency gains/(losses) | 12,909 | 781 | – | – |

### (vi) Restatement of Comparative Financial Information

Subsequent to the finalisation of the prior period financial statements, the Company identified a pre demerger liability which was not previously recognised in the demerger adjustments. This adjustment had the effect of reducing the prior period's net gain from discontinued operations by $16.8 million (from $3,426.2 million to $3,409.4 million) and increasing current liabilities by $16.8 million (from $418.0 million to $434.8 million). Each of the effected financial statement line items for the prior period have been adjusted to reflect this.

Basic and diluted earnings per share for the prior year have been restated. The restatement for both basic and diluted earnings per share was a reduction of $2.43 (from 517.0 cps to 514.57 cps).

## 4. Dividends Paid and Announced

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **(a) Dividends declared and paid during the financial year** | | | | |
| ***Current year interim dividend (paid 30 April 2009)*** | | | | |
| Paid at 18 cents (2008: 25 cents) per share franked at 60% (2008: 40% franked) at the Australian tax rate of 30% (2008: 30%) | 136,511 | 172,419 | 136,511 | 172,419 |
| ***Prior year final dividend (paid 17 October 2008)*** | | | | |
| Paid at 29 cents (2007: 25 cents) per share franked at 40% (2007: fully franked) at the Australian tax rate of 30% (2007: 30%) | 200,006 | 172,122 | 200,006 | – |
| Total dividends appropriated | **336,517** | **344,541** | **336,517** | **172,419** |
| **(b) Dividends announced and not recognised as a liability** | | | | |
| ***Current year final dividend on ordinary shares (expected to be paid 26 October 2009)*** | | | | |
| Announced at 19 cents (2008: 29 cents) per share and franked at 60% (2008: 40% franked) at the Australian tax rate of 30% (2008: 30%) | **144,095** | **200,006** | **144,095** | **200,006** |
| **(c) Franking credits** | | | | |
| The tax rate at which the final dividend will be franked is 30% (2008: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2009. | | | | |
| The amount of franking credits available for the subsequent financial year: | | | | |
| Franking account balance as at the end of the financial year at 30% (2008: 30%) | 29,458 | 9,445 | 29,458 | 9,445 |
| Franking credits that will arise from the payment of income taxes payable as at the end of the financial year | 15,994 | 22,554 | 15,994 | 22,554 |
| Total franking credits | **45,452** | **31,999** | **45,452** | **31,999** |
| 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 | (37,054) | (34,287) | (37,054) | (34,287) |
| | **8,398** | **(2,288)** | **8,398** | **(2,288)** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 5. Income Tax

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **(a) Income tax expense** | | | | |
| The prima facie tax expense, using tax rates applicable in the country of operation, on profit differs from income tax provided in the financial statements as follows: | | | | |
| Profit/(loss) before income tax | (1,125,773) | 3,634,449 | 337,000 | (2,993,144) |
| Prima facie income tax expense/(benefit) on profit/(loss) at the Australian rate of 30% (2008: 30%) | (337,732) | 1,090,335 | 101,100 | (897,943) |
| Tax effect of: | | | | |
| Dividends | – | – | (101,100) | (52,500) |
| Non deductible depreciation and amortisation | 2,247 | 1,506 | – | – |
| Non taxable net capital loss/(gain) | – | (1,026,301) | – | 950,443 |
| Share of associates' net losses/(profits) | 37,788 | (10,641) | – | – |
| Tax losses previously not recognised now brought to account | (6,000) | – | – | – |
| Other items – net | (1,017) | (7,263) | (3,370) | – |
| Impairment and write down of investments and loans | 385,485 | 71,739 | – | – |
| Deferred income tax on temporary differences | (1,358) | (6,966) | (804) | (462) |
| Income tax (over)/under provided in prior years | (7,282) | 675 | (3,457) | – |
| Deferred tax adjustment | – | (25,067) | – | – |
| **Income tax expense/(benefit)** | **72,131** | **88,017** | **(7,631)** | **(462)** |
| Income tax expense/(benefit) comprises – | | | | |
| Current expense/(benefit) | 80,771 | 94,308 | (3,370) | – |
| Deferred expense/(benefit) | (1,358) | (6,966) | (804) | (462) |
| Adjustments for current income tax of prior periods | (7,282) | 675 | (3,457) | – |
| | **72,131** | **88,017** | **(7,631)** | **(462)** |
| **(b) Deferred income taxes** | | | | |
| Deferred income tax assets | 140,138 | 136,573 | 21,648 | 13,870 |
| Deferred income tax liabilities | 235,167 | 394,709 | – | – |
| **Net deferred income tax assets/(liabilities)** | **(95,029)** | **(258,136)** | **21,648** | **13,870** |

## 5. Income Tax *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **(c) Deferred income tax assets and liabilities at the end of the financial year** | | | | |
| Doubtful debt provision | 8,082 | 7,803 | – | – |
| Employee benefits provision | 21,274 | 18,222 | – | – |
| Revenue losses carried forward | 20,475 | 13,500 | 20,475 | 13,500 |
| Other receivables | 44,013 | 49,353 | – | – |
| Other provisions | 27,932 | 47,695 | – | – |
| ***Revaluation to fair value of:*** | | | | |
| Investments | – | (155,490) | – | – |
| Prepaid casino tax | (20,511) | (563) | – | – |
| Licences and intangibles | (125,137) | (149,797) | – | – |
| Land and buildings | (51,658) | (86,960) | – | – |
| Accelerated depreciation for tax purposes | (35,048) | (3,764) | – | – |
| Other | 15,549 | 1,865 | 1,173 | 370 |
| **Net deferred income tax assets/(liabilities)** | **(95,029)** | **(258,136)** | **21,648** | **13,870** |
| **(d) Movements in deferred income tax assets and liabilities during the financial year, reflected in deferred income tax expense/(benefit) –** | | | | |
| Prepaid casino tax | (820) | (820) | – | – |
| Adjustment to the carrying value of assets | (538) | (6,146) | (804) | (462) |
| **Net deferred income tax expense/(benefit)** | **(1,358)** | **(6,966)** | **(804)** | **(462)** |
| **(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable –** | | | | |
| The Group has tax losses arising in Australia that are available indefinitely for offset against future capital gains of the companies in which the losses arose. | | | | |
| Capital gains tax – no expiry date | 922,128 | 922,128 | 922,128 | 922,128 |
| **Total tax losses not brought to account** | **922,128** | **922,128** | **922,128** | **922,128** |
| **Potential tax benefit at respective tax rates** | **276,638** | **276,638** | **276,638** | **276,638** |

### (f) Unrecognised temporary differences

At 30 June 2009, there is no recognised or unrecognised deferred income tax liability (2008: $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.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 5. Income Tax *continued*

### (g) Tax consolidation

Crown Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Limited in order to allocate income tax expense between Crown 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 Limited.

## 6. Discontinued Operations

No components of the entity have been disposed of, or classified as held for sale in the current reporting period. The commentary below relates to the prior period comparatives only.

### (a) Details of discontinued operations

***Demerger of CMH***

On 12 December 2007, Crown disposed of its Media businesses by way of a demerger of Consolidated Media Holdings Limited. The demerger was effected by returning 1 CMH share to shareholders for each Crown share held.

The net assets of CMH at the time of demerger were $131.6 million. The value of CMH at the demerger date was $2,535.1 million. A gain of $2,403.5 million was therefore recorded on demerger. The $131.6 million was recorded as a reduction of capital and the $2,403.5 million was accounted for as an internal distribution in the December 2007 consolidated accounts.

As part of the demerger the following material entities were disposed:

- Consolidated Media Holdings Ltd (formally PBL);
- Windfyr Pty Ltd (and controlled entities);
- PBL Media Holdings Shareholder Pty Ltd (and controlled entities); and
- PBL Pay TV Pty Ltd (and controlled entities).

***PBL Media***

On 10 September 2007 PBL disposed half of its 50% investment (25%) in PBL Media for proceeds of $526.4 million. The cost base disposed by Crown relating to the share disposed was negative $347.3 million resulting in a profit on disposal of $873.7 million.

***Ticketing and Events***

On 17 July 2007, PBL sold its Ticketing and Events business to PBL Media for $210.0 million in cash. PBL's cost base in the Ticketing and Events business at the time of the sale was $50.5 million. At the time of the transaction PBL owned 50% of PBL Media, therefore 50% of these net assets and 50% of the debt funding that PBL Media used for the acquisition were transferred to PBL's investment in PBL Media ($79.7 million). The residual 50% was disposed, resulting in a gain on disposal of $79.7 million.

The material entities disposed as part of this transaction were:

- Ticketek Pty Limited;
- Sydney Superdome Pty Limited; and
- Events Management Catering Pty Limited.

## 6. Discontinued Operations *continued*

***Hoyts***

On 5 December 2007 PBL sold its investment in Hoyts for $145.4 million. Costs of $3.2 million were incurred in relation to the sale. At the time the carrying value of Hoyts was $147.3 million resulting in a loss on disposal of Hoyts of $5.1 million.

***Other Discontinued Operations***

Other discontinued operations consisted of equity accounted results of entities no longer part of the Crown Group, tax adjustments, and corporate costs of businesses residing in CMH. The net profit from these other discontinued operations was $74.7 million.

***Summary of Discontinued Operations***

In summary, Crown's gain for the year ended 30 June 2008 from discontinued operations of $3,409.4 million consisted of the following:

| | $'000 |
|---|---|
| Gain on demerger of CMH | 2,403,458 |
| Gain on disposal of PBL Media | 873,721 |
| Gain on disposal of Ticketing & Events | 79,743 |
| Loss on disposal of Hoyts | (5,146) |
| New Regency write down | (17,000) |
| Other discontinued operations | 74,650 |
| | **3,409,426** |

### (b) Cash flow information – discontinued operations

The net cash flows of discontinued operations for the period until disposal were as follows:

| | CONSOLIDATED | |
|---|---|---|
| | 2009 $'000 | 2008 $'000 |
| Operating activities | – | (3,641) |
| Investing activities | – | 671,872 |
| Financing activities | – | (2,139,622) |
| | **–** | **(1,471,391)** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 7. Trade and Other Receivables

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Current** | | | | |
| Trade receivables | 127,194 | 114,844 | – | – |
| Provision for doubtful debts (a) | (28,206) | (13,983) | – | – |
| | 98,988 | 100,861 | – | – |
| Loans to associated entities | 34 | 314 | – | – |
| Other receivables | 45,635 | 45,349 | – | – |
| | 45,669 | 45,663 | – | – |
| | **144,657** | **146,524** | **–** | **–** |

### (a) Allowance for Doubtful Debts

Trade debtors are non-interest bearing and are generally 30 day terms.

An allowance for doubtful debts is recognised when there is objective evidence that an individual trade debt is impaired.

**Movements in the allowance for doubtful debts:**

| | CONSOLIDATED | |
|---|---|---|
| | 2009 $'000 | 2008 $'000 |
| Allowance for doubtful debts at the beginning of the year | (13,983) | (44,242) |
| Discontinued Operations (Transferred out) | – | 369 |
| Net doubtful debt (expense)/reversal for the year (i) | (13,678) | 11,185 |
| Transfers in | (800) | – |
| Amounts written off | 255 | 18,705 |
| | **(28,206)** | **(13,983)** |

(i) Amounts are included in other expenses.

**Ageing analysis of trade debtors**

| | 0-30 days $'000 | >30 days $'000 | Total $'000 |
|---|---|---|---|
| **2009 – consolidated** | | | |
| Current | 48,405 | – | 48,405 |
| Past due not impaired | – | 50,583 | 50,583 |
| Considered impaired | 3,249 | 24,957 | 28,206 |
| | **51,654** | **75,540** | **127,194** |
| **2008 – consolidated** | | | |
| Current | 62,049 | – | 62,049 |
| Past due not impaired | – | 38,812 | 38,812 |
| Considered impaired | 1,184 | 12,799 | 13,983 |
| | **63,233** | **51,611** | **114,844** |

## 7. Trade and Other Receivables *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Non Current** | | | | |
| Loans to associated entities[(i)] | 165,160 | 248,079 | – | – |
| Derivatives | – | 11,200 | – | – |
| Loans to controlled entities | – | – | 558,268 | 178,160 |
| Other receivables | 71,677 | 188,923 | – | – |
| Provision for doubtful debts | – | (5,000) | – | – |
| | **236,837** | **443,202** | **558,268** | **178,160** |

(i) Loan terms are outlined in note 31.

## 8. Inventories

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Current** | | | | |
| Finished goods (at cost) | **15,293** | **11,835** | **–** | **–** |

## 9. Other Assets

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Current** | | | | |
| Deposits | **–** | **70** | **–** | **–** |
| **Non Current** | | | | |
| Prepaid casino tax at cost | 100,800 | 100,800 | – | – |
| Accumulated amortisation | (32,429) | (29,694) | – | – |
| | **68,371** | **71,106** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 10. Investments Accounted for using the Equity Method

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Non Current** | | | | |
| ***Investments at equity accounted amount:*** | | | | |
| Associated entities – unlisted shares | 61,414 | 151,876 | – | – |
| Associated entities – listed shares | 1,083,321 | 978,288 | – | – |
| **Total investments in associates** | **1,144,735** | **1,130,164** | **–** | **–** |
| ***Fair value of listed investments:*** | | | | |
| Melco Crown Entertainment Ltd (i) | 929,714 | 1,613,685 | – | – |
| | **929,714** | **1,613,685** | **–** | **–** |

(i) Reflects Melco Crown share price at balance date, converted to Australian dollars. In accordance with Crown's accounting policies, recoverable amount is the greater of fair value less costs to sell and value in use. The Melco Crown carrying amount does not exceed its recoverable amount.

| Investments in Associates | Reporting Date | Principal Activity | Country of Incorporation or Residence | % Interest 30 June 2009 | % Interest 30 June 2008 |
|---|---|---|---|---|---|
| Melco Crown Entertainment Ltd | 31 Dec(ii) | Resort/Casino and gaming machine operator | Macau | 36.4 | 37.9 |
| Aspinalls Holdings (Jersey) Ltd | 30 June | Casino and gaming machine operator | U.K. | 50.0 | 50.0 |
| Betfair Australasia Pty Ltd | 30 April(ii) | Betting exchange | Australia | 50.0 | 50.0 |
| Gateway Casinos | 31 Dec(ii) | Casino and gaming machine operator | Canada | 50.0 | 50.0 |
| Cannery Casino Resorts LLC | 31 Dec(ii) | Casino and gaming machine operator | USA | – (iii) | – |

(ii) The Group uses 30 June results to equity account for the investments.

(iii) Crown has subscribed for a preferred instrument in Cannery. Subject to regulatory approval, the preferred instrument carries with it the right to be converted to an equity entitlement of 24.5%. The preferred instrument has no coupon and is non-participating and as such Crown has not reflected any share of Cannery's profit in its 2009 results.

## 10. Investments Accounted for using the Equity Method *continued*

| | Note | CONSOLIDATED 2009 $'000 | CONSOLIDATED 2008 $'000 | PARENT ENTITY 2009 $'000 | PARENT ENTITY 2008 $'000 |
|---|---|---|---|---|---|
| **Share of associates' revenue and profits/(losses)** | | | | | |
| Share of associates': | | | | | |
| Revenue | | 661,130 | 654,845 | – | – |
| Operating profit/(loss) before income tax | | (133,030) | 37,964 | – | – |
| Income tax benefit/(expense) | | 7,071 | (2,493) | – | – |
| **Share of associates' net profit/(loss) after income tax** | 2 | **(125,959)** | **35,471** | **–** | **–** |
| **Carrying amount of investments in associates** | | | | | |
| Balance at the beginning of the financial year | | 1,130,164 | 915,211 | – | – |
| Carrying amount of investments in associates acquired during the year | | 533,148 | 79,586 | – | – |
| Share of associates' net profit/(loss) for the year | | (125,959) | 35,471 | – | – |
| Dividends received or receivable | | – | (66,659) | – | – |
| Gain/(loss) on issue of shares by associate | | (12,063) | 158,035 | – | – |
| Impairment of investments | | (509,855) | – | – | – |
| Foreign exchange movements | | 129,300 | (266,453) | – | – |
| Carrying amount of investments in associates disposed of during the year | | – | 274,973 | – | – |
| **Carrying amount of investment in associates at the end of the financial year** | | **1,144,735** | **1,130,164** | **–** | **–** |
| Represented by: | | | | | |
| Investments at equity accounted amount: | | | | | |
| • Melco Crown | | 1,083,321 | 978,287 | – | – |
| • Aspinalls | | – | 85,489 | – | – |
| • Betfair | | 11,829 | 16,948 | – | – |
| • Gateway | | – | 49,440 | – | – |
| • Cannery | | 49,585 | – | – | – |
| | | **1,144,735** | **1,130,164** | **–** | **–** |
| **The consolidated entity's share of the assets and liabilities of associates in aggregate** | | | | | |
| Current assets | | 419,658 | 377,684 | – | – |
| Non-current assets | | 2,694,416 | 2,102,728 | – | – |
| Current liabilities | | (343,794) | (255,979) | – | – |
| Non-current liabilities | | (1,807,980) | (1,138,693) | – | – |
| **Net assets** | | **962,300** | **1,085,740** | **–** | **–** |
| **Retained profits/(accumulated losses) of the consolidated entity attributable to associates** | | | | | |
| Balance at the beginning of the financial year | | (75,324) | 79,641 | – | – |
| Share of associates' net profits/(losses) | | (125,959) | 35,471 | – | – |
| Disposal of associated entities | | – | (190,436) | – | – |
| **Balance at the end of the financial year** | | **(201,283)** | **(75,324)** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 10. Investments Accounted for using the Equity Method *continued*

The investment in Gateway Casinos is no longer equity accounted as the investment was written down to $nil at 31 December 2008. The Group's share of unrecognised losses from 1 January 2009 to 30 June 2009 was $101.6 million.

***Impairment Charge***

Based on detailed impairment testing performed, an impairment loss of $509.9 million has been recorded against the Group's investment in equity accounted associates for the year ended 30 June 2009 (2008: $nil).

The Group's investments in Aspinalls and Gateway have both been written down to $nil, resulting in an impairment loss of $131.7 million. The Group's investment in Cannery was written down to $49.6 million, resulting in a $378.2 million impairment loss.

As at 30 June 2009, the carrying value of the Group's equity accounted investment in Cannery was determined using the value in use basis. For the purposes of impairment testing the investment, management estimated the present value of the future cash flows expected to be generated from Cannery from its operations and the proceeds from ultimate disposal of the investment. These calculations use cash flow projections based on past performance and expectations for the future using a five year cash flow period. The implied terminal growth rate beyond the five year period does not exceed the long-term growth rates for the business unit in which Cannery operates. A post-tax discount rate of 9% was used in the impairment review calculations.

Any reasonable possible change in key assumptions used would not cause the carrying amount of the investment in Cannery to exceed its recoverable amount.

## 11. Available-for-sale Financial Assets

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **At fair value** | | | | |
| Shares – unlisted (Australia) | 36,728 | 37,014 | – | – |
| Shares – unlisted (US) | – | 470,475 | – | – |
| | **36,728** | **507,489** | **–** | **–** |

Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of the unlisted available-for-sale financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques are recorded in the balance sheet and the related changes in fair values recorded in the income statement are reasonable and the most appropriate at the balance sheet date.

Based on the valuation techniques performed, an impairment loss of $470.5 million has been recorded against the value of US unlisted shares held by the Group at 30 June 2009.

## 12. Other Financial Assets

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Non current** | | | | |
| Unlisted shares in controlled entities | – | – | 8,645,201 | 8,645,201 |
| | **–** | **–** | **8,645,201** | **8,645,201** |

## 13. Property, Plant and Equipment

| | CONSOLIDATED | | | | | | PARENT ENTITY |
|---|---|---|---|---|---|---|---|
| | 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 | Total $'000 |
| **Year ended 30 June 2009** | | | | | | | |
| At 1 July 2008, net of accumulated depreciation and impairment | 674,551 | 670,558 | 444,827 | 65,041 | – | 1,854,977 | – |
| Additions | 883 | 34,395 | 65,502 | 308,474 | – | 409,254 | – |
| Disposals | (9) | – | (41) | – | – | (50) | – |
| Depreciation expense | (16,420) | (27,450) | (85,681) | – | – | (129,551) | – |
| Reclassification/ transfer | 26,358 | – | 74,861 | (101,219) | – | – | – |
| **At 30 June 2009, net of accumulated depreciation and impairment** | **685,363** | **677,503** | **499,468** | **272,296** | **–** | **2,134,630** | **–** |
| **At 1 July 2008** | | | | | | | |
| Cost (gross carrying amount) | 812,165 | 987,441 | 1,184,250 | 65,041 | 10,679 | 3,059,576 | – |
| Accumulated depreciation and impairment | (137,614) | (316,883) | (739,423) | – | (10,679) | (1,204,599) | – |
| **Net carrying amount** | **674,551** | **670,558** | **444,827** | **65,041** | **–** | **1,854,977** | **–** |
| **At 30 June 2009** | | | | | | | |
| Cost (gross carrying amount) | 839,644 | 1,018,705 | 1,290,588 | 272,296 | 10,679 | 3,431,912 | – |
| Accumulated depreciation and impairment | (154,281) | (341,202) | (791,120) | – | (10,679) | (1,297,282) | – |
| **Net carrying amount** | **685,363** | **677,503** | **499,468** | **272,296** | **–** | **2,134,630** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009

## 13. Property, Plant and Equipment *continued*

| | CONSOLIDATED | | | | | | | PARENT ENTITY |
|---|---|---|---|---|---|---|---|---|
| | Freehold land and buildings $'000 | Buildings on leasehold land $'000 | Leasehold improvements $'000 | Plant & equipment $'000 | Construction work in progress $'000 | Leased plant & equipment $'000 | Total property, plant and equipment $'000 | Total $'000 |
| **Year ended 30 June 2008** | | | | | | | | |
| At 1 July 2007, net of accumulated depreciation and impairment | 694,185 | 654,001 | 5,374 | 451,806 | 25,485 | 209 | 1,831,060 | – |
| Additions | 7,187 | 43,103 | – | 46,274 | 102,522 | – | 199,086 | – |
| Disposals | (2,933) | – | – | (1,191) | – | – | (4,124) | – |
| Disposal of entities | (40,828) | – | (5,374) | (5,152) | (3,600) | (209) | (55,163) | – |
| Depreciation expense | (16,776) | (26,662) | – | (72,444) | – | – | (115,882) | – |
| Reclassification/transfer | 33,716 | 116 | – | 25,534 | (59,366) | – | – | – |
| **At 30 June 2008, net of accumulated depreciation and impairment** | **674,551** | **670,558** | **–** | **444,827** | **65,041** | **–** | **1,854,977** | **–** |
| **At 1 July 2007** | | | | | | | | |
| Cost (gross carrying amount) | 820,225 | 947,206 | 5,838 | 1,146,271 | 25,485 | 10,981 | 2,956,006 | – |
| Accumulated depreciation and impairment | (126,040) | (293,205) | (464) | (694,465) | – | (10,772) | (1,124,946) | – |
| **Net carrying amount** | **694,185** | **654,001** | **5,374** | **451,806** | **25,485** | **209** | **1,831,060** | **–** |

## 14. Licences

| | CONSOLIDATED | PARENT ENTITY |
|---|---|---|
| | Casino licence[(i)] $'000 | Total $'000 |
| **Year ended 30 June 2009** | | |
| At 1 July 2008, net of accumulated depreciation and impairment | 666,868 | – |
| Amortisation expense | (7,471) | – |
| **At 30 June 2009, net of accumulated amortisation and impairment** | **659,397** | **–** |
| **At 1 July 2008** | | |
| Cost (gross carrying amount) | 774,899 | – |
| Accumulated depreciation and impairment | (108,031) | – |
| **Net carrying amount** | **666,868** | **–** |
| **At 30 June 2009** | | |
| Cost (gross carrying amount) | 774,899 | – |
| Accumulated depreciation and impairment | (115,502) | – |
| **Net carrying amount** | **659,397** | **–** |
| | | |
| **Year ended 30 June 2008** | | |
| At 1 July 2007, net of accumulated depreciation and impairment | 674,339 | – |
| Amortisation expense | (7,471) | – |
| **At 30 June 2008, net of accumulated amortisation and impairment** | **666,868** | **–** |
| **At 1 July 2007** | | |
| Cost (gross carrying amount) | 774,899 | – |
| Accumulated depreciation and impairment | (100,560) | – |
| **Net carrying amount** | **674,339** | **–** |

(i) Purchased as part of a business combination

The casino licence premiums are carried at cost and amortised on a straight line basis over their useful lives.
The Crown licence is being amortised over 34 years. The Burswood licence is perpetual and no amortisation is charged.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 15. Other Intangible Assets

| | CONSOLIDATED | | | | PARENT ENTITY |
|---|---|---|---|---|---|
| | Goodwill(i) $'000 | Casino Management agreement(i) $'000 | Other $'000 | Total $'000 | Total $'000 |
| **Year ended 30 June 2009** | | | | | |
| At 1 July 2008, net of accumulated depreciation and impairment | 11,892 | 176,461 | 948 | 189,301 | – |
| Amortisation expense | – | (6,945) | (20) | (6,965) | – |
| **At 30 June 2009, net of accumulated amortisation and impairment** | **11,892** | **169,516** | **928** | **182,336** | **–** |
| **At 1 July 2008** | | | | | |
| Cost (gross carrying amount) | 11,892 | 245,279 | 1,025 | 258,196 | – |
| Accumulated depreciation and impairment | – | (68,818) | (77) | (68,895) | – |
| **Net carrying amount** | **11,892** | **176,461** | **948** | **189,301** | **–** |
| **At 30 June 2009** | | | | | |
| Cost (gross carrying amount) | 11,892 | 245,279 | 1,025 | 258,196 | – |
| Accumulated depreciation and impairment | – | (75,763) | (97) | (75,860) | – |
| **Net carrying amount** | **11,892** | **169,516** | **928** | **182,336** | **–** |
| | | | | | |
| **Year ended 30 June 2008** | | | | | |
| At 1 July 2007, net of accumulated depreciation and impairment | 26,095 | 183,426 | 968 | 210,489 | – |
| Disposal of entities | (14,203) | – | – | (14,203) | – |
| Amortisation expense | – | (6,965) | (20) | (6,985) | – |
| **At 30 June 2008, net of accumulated amortisation and impairment** | **11,892** | **176,461** | **948** | **189,301** | **–** |
| **At 1 July 2007** | | | | | |
| Cost (gross carrying amount) | 26,095 | 245,279 | 1,025 | 272,399 | – |
| Accumulated depreciation and impairment | – | (61,853) | (57) | (61,910) | – |
| **Net carrying amount** | **26,095** | **183,426** | **968** | **210,489** | **–** |

(i) Purchased as part of a business combination

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 16).

The useful life of the casino management agreement is 34 years, and is amortised on a straight line basis.

## 16. Impairment Testing of Intangible Assets

***Impairment tests for 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 fair value less costs to sell. Fair value less costs to sell is calculated 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 goodwill and casino licences.

***(i) Cash flow forecasts***

Cash flow forecasts are based on five year financial forecasts presented to and approved by the board.

***(ii) 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.

***(iii) Forecast growth rates***

Forecast growth rates are based on past performance and management's expectations for future performance in each segment.

***(iv) Discount rates***

Discount rates used are the weighted average cost of capital (after tax) for the Group, risk adjusted where applicable.

## 17. Trade and Other Payables

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Current – unsecured** | | | | |
| Trade and other payables | 284,499 | 249,296 | – | 13,408 |
| Deferred income | 8,270 | 5,812 | – | – |
| | **292,769** | **255,108** | **–** | **13,408** |
| **Non Current – unsecured** | | | | |
| Other | 67 | 59 | – | – |
| Deferred Income | 4,030 | 24,000 | – | – |
| | **4,097** | **24,059** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 18. Interest-Bearing Loans and Borrowings

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Current – unsecured** | | | | |
| Bank Loans – unsecured | 20,000 | 20,000 | – | – |
| | **20,000** | **20,000** | **–** | **–** |
| **Non Current – unsecured** | | | | |
| Bank Loans – unsecured | 500,000 | 2,070,000 | – | – |
| Capital Markets Debt – unsecured | 534,058 | 281,634 | – | – |
| Derivatives | 3,100 | 7,600 | – | – |
| Loans from controlled entities | – | – | 2,210,103 | 2,241,724 |
| | **1,037,158** | **2,359,234** | **2,210,103** | **2,241,724** |

***Fair Value Disclosures***

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 34.

***Financial Risk Management***

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 34.

***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 $'000 | Drawn Amount $'000 | Letters of Credit Issued $'000 | Available $'000 | Expiry Dates |
|---|---|---|---|---|---|
| **Bank Facilities** | | | | | |
| Bilateral Multi Option Facility | 120,000 | 20,000 | 38,373 | 61,627 | October 2010 |
| Syndicated Multi Option Facility | 450,000 | – | 232,105 | 217,895 | August 2010 |
| Syndicated Revolving and Term Loan Facility | 600,000 | 300,000 | – | 300,000 | June 2013 |
| Australian Dollar Bilateral Facilities | 1,187,650 | 200,000 | – | 987,650 | 2009 – 2013 |
| US Dollar Bilateral Facilities(i) | 440,007 | – | – | 440,007 | 2010 – 2013 |
| | **2,797,657** | **520,000** | **270,478** | **2,007,179** | |
| **Debt Capital Markets** | | | | | |
| Medium Term Note | 114,600 | 114,600 | – | – | March 2011 |
| Euro Medium Term Note | 174,634 | 174,634 | – | – | July 2036 |
| US Private Placement(i) | 247,924 | 247,924 | – | – | 2015 – 2020 |
| | **537,158** | **537,158** | **–** | **–** | |
| **Total** | **3,334,815** | **1,057,158** | **270,478** | **2,007,179** | |

(i) Converted at an exchange rate of AUD $1.00 = USD $0.8067.

## 18. Interest-Bearing Loans and Borrowings *continued*

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 syndicated facilities and the bilateral facilities which are multi option in nature. For details relating to letters of credit issued, refer to note 27.

Each of the above mentioned facilities is supported by a Group guarantee from Crown and certain of its subsidiaries and impose various affirmative covenants on Crown, including 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.

## 19. Provisions

| | CONSOLIDATED | | | PARENT ENTITY |
|---|---|---|---|---|
| | Employee entitlements $'000 | Other $'000 | Total $'000 | Total $'000 |
| At 1 July 2008 | 108,948 | 34,960 | 143,908 | – |
| Arising during the year | 75,963 | 18,621 | 94,584 | – |
| Utilised during the year | (62,384) | (2,968) | (65,352) | – |
| Amount reversed during the year | (236) | (5,387) | (5,623) | – |
| Reclassification to payables during the year | – | (3,124) | (3,124) | – |
| **At 30 June 2009** | **122,291** | **42,102** | **164,393** | **–** |
| Current 2009 | 94,782 | 26,102 | 120,884 | – |
| Non-current 2009 | 27,509 | 16,000 | 43,509 | – |
| | **122,291** | **42,102** | **164,393** | **–** |
| Current 2008 | 70,790 | 34,960 | 105,750 | – |
| Non-current 2008 | 38,157 | – | 38,157 | – |
| | **108,947** | **34,960** | **143,907** | **–** |

## 20. Other Financial Liabilities

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Current** | | | | |
| Payables on forward exchange contracts | 3,400 | – | – | – |
| | **3,400** | **–** | **–** | **–** |
| **Non Current** | | | | |
| Payables on interest rate swaps | 18,300 | – | – | – |
| Payables on cross currency swaps | 38,300 | – | – | – |
| Payables on forward exchange contracts | 3,900 | – | – | – |
| | **60,500** | **–** | **–** | **–** |

Other financial liabilities are outlined in note 34.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 21. Contributed Equity

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Issued share capital** | | | | |
| Ordinary shares fully paid | 634,364 | 258,149 | 10,114,805 | 9,738,590 |
| **Movements in issued share capital** | | | | |
| Carrying amount at the beginning of the financial year | 258,149 | 2,454,986 | 9,738,590 | – |
| Issue of shares in acquisition of PBL | – | – | – | 14,345,281 |
| Issue of shares through Executive Share Plan(i) | – | 3,250 | – | – |
| Capital Reduction | – | (2,069,032) | – | (2,069,032) |
| Return of capital by way of CMH Demerger | – | (131,560) | – | (2,551,805) |
| Other | – | 505 | – | 14,146 |
| Partial closure of Executive Share Plan | 39,065 | – | 39,065 | – |
| Shares issued | 337,150 | – | 337,150 | – |
| **Carrying amount at the end of the financial year** | **634,364** | **258,149** | **10,114,805** | **9,738,590** |

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 No. | 2008 No. | 2009 No. | 2008 No. |
| **Issued share capital** | | | | |
| Ordinary shares fully paid | 758,394,185 | 689,676,925 | 758,394,185 | 689,676,925 |
| **Movements in issued share capital** | | | | |
| Balance at the beginning of the financial year | 689,676,925 | 688,486,925 | 689,676,925 | 8 |
| Issue of shares through Executive Share Plan(i) | – | 1,190,000 | – | – |
| Share buyback | – | – | – | (8) |
| Shares issued | 68,717,260 | – | 68,717,260 | – |
| Transfer on demerger | – | – | – | 689,676,925 |
| **Balance at the end of the financial year** | **758,394,185** | **689,676,925** | **758,394,185** | **689,676,925** |

(i) Shares issued through the Executive Share Plan are accounted for as share based payments. Refer to note 26.

In December 2008, Crown undertook an underwritten equity placement of shares to raise $300 million in new capital.

In February 2009, Crown launched a Share Purchase Plan which gave eligible shareholders the opportunity to subscribe for up to $4,999.50 worth of new shares in Crown at $4.95 per share. The Share Purchase Plan raised approximately $40.2 million in additional 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.

Effective 1 July 1998, the Corporations Legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent entity does not have authorised capital nor par value in respect of its issued shares.

***Capital Management***

When managing capital, management's objective is to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

During 2009, management paid dividends of $336.5 million. Management's target dividends going forward is to pay the higher of 37 cents per share or 65% of normalised full year NPAT, subject to the Group's financial position.

## 22. Reserves and Retained Earnings

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| Foreign currency translation reserve | (94,107) | (280,576) | – | – |
| Employee equity benefits reserve | 9,392 | 5,712 | 9,392 | 5,712 |
| Net unrealised gains reserve | 632,593 | 451,087 | – | – |
| Cash flow hedge reserve | (63,900) | – | – | – |
| | **483,978** | **176,223** | **9,392** | **5,712** |
| **Foreign Currency Translation Reserve** | | | | |
| The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. | | | | |
| Balance at the beginning of the financial year | (280,576) | (388) | – | – |
| Net exchange difference on translation of foreign operations | 186,469 | (279,548) | – | – |
| Disposal of entities | – | (640) | – | – |
| **Balance at the end of the financial year** | **(94,107)** | **(280,576)** | **–** | **–** |
| **Employee Equity Benefits Reserve** | | | | |
| 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 | 5,712 | 10,340 | 5,712 | – |
| Disposal of entities | – | (8,300) | – | – |
| Charged to the income statement | 3,680 | 3,672 | – | – |
| Transfer on demerger | – | – | – | 3,081 |
| Transfer to controlled entities | – | – | 3,680 | 2,631 |
| **Balance at the end of the financial year** | **9,392** | **5,712** | **9,392** | **5,712** |
| **Net Unrealised Gains Reserve** | | | | |
| The net unrealised gains reserve records the movement from changes in associates equity | | | | |
| Balance at the beginning of the financial year | 451,087 | 340,304 | – | – |
| Disposal of entities | – | 159 | – | – |
| Change in equity accounted investments due to change in associates equity | 181,506 | 110,624 | – | – |
| **Balance at the end of the financial year** | **632,593** | **451,087** | **–** | **–** |
| **Cash Flow Hedge Reserve** | | | | |
| 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 | – | – | – | – |
| Movement in interest rate swaps | (18,300) | – | – | – |
| Movement in cross currency swaps | (38,300) | | | |
| Movement in forward exchange contracts | (7,300) | | | |
| **Balance at the end of the financial year** | **(63,900)** | **–** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 22. Reserves and Retained Earnings *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Retained Earnings** | | | | |
| Balance at the beginning of the financial year | 3,846,972 | 3,060,042 | (3,162,203) | – |
| Net profit/(loss) attributable to members of Crown | (1,197,904) | 3,546,432 | 344,631 | (2,992,682) |
| Total available for appropriation | 2,649,068 | 6,606,474 | (2,817,572) | (2,992,682) |
| Dividends provided for or paid | (331,080) | (339,257) | (331,080) | (169,521) |
| Internal Demerger distribution | – | (2,420,245) | – | – |
| **Balance at the end of the financial year** | **2,317,988** | **3,846,972** | **(3,148,652)** | **(3,162,203)** |

## 23. Expenditure Commitments

### (a) Capital expenditure commitments

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| ***Estimated capital expenditure contracted for at balance date, but not provided for, payable:*** | | | | |
| • within one year | 265,081 | 321,821 | – | – |
| • after one year but not more than five years | 96,641 | 118,632 | – | – |
| | **361,722** | **440,453** | **–** | **–** |

At 30 June 2009, the Group has capital expenditure commitments principally relating to funding various projects at Burswood and Crown Melbourne casinos.

### (b) Non cancellable operating lease commitments

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| Payable within one year | 993 | 2,479 | – | – |
| Payable after one year but not more than five years | 2,762 | 10,351 | – | – |
| Payable more than five years | 1,485 | 1,918 | – | – |
| | **5,240** | **14,748** | **–** | **–** |

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 (2008: 6 years). 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-one 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.

## 24. Cash Flow Statement Reconciliation

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **(a) Cash balance represents:** | | | | |
| • cash on hand and at bank | 236,774 | 134,419 | 928 | – |
| • deposits at call | 278,724 | 2,228,545 | – | – |
| | **515,498** | **2,362,964** | **928** | **–** |
| **(b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities** | | | | |
| Profit/(loss) after tax | (1,197,904) | 3,546,432 | 344,631 | (2,992,682) |
| Depreciation and amortisation: | | | | |
| • property, plant and equipment | 129,551 | 115,882 | – | – |
| • intangibles | 18,433 | 18,271 | – | – |
| (Profit)/loss on sale of property, plant and equipment | (102) | 2,229 | – | – |
| Unrealised foreign exchange (gain)/loss | (10,426) | (523) | – | – |
| (Profit)/loss on disposal of investments | – | (3,381,154) | – | – |
| Share of associates' net (profit)/loss | 125,959 | (35,471) | – | – |
| Impairment and write down of investments | 1,357,848 | 239,163 | – | – |
| Dividends received from associates | – | 66,659 | – | 3,168,144 |
| Executive Share Plan expense | 3,680 | 2,692 | – | – |
| *Changes in assets and liabilities* | | | | |
| (Increase)/decrease in trade and other receivables | (12,631) | (28,246) | (337,000) | (175,462) |
| (Increase)/decrease in doubtful debts | 14,223 | (3,359) | – | – |
| (Increase)/decrease in inventories | (4,719) | (2,773) | – | – |
| (Increase)/decrease in prepayments | (1,023) | 1,504 | – | – |
| (Increase)/decrease in deferred income tax asset | (3,565) | 302 | (7,779) | – |
| (Increase)/decrease in other assets | (7,074) | (3,517) | – | – |
| (Decrease)/increase in payables | 6,614 | 117,495 | (40,342) | – |
| (Decrease)/increase in current income tax liability | (16,824) | (20,404) | 40,490 | – |
| (Decrease)/increase in provisions for employee entitlements | 4,925 | 3,196 | – | – |
| (Decrease)/increase in other provisions | (14,478) | (69,287) | – | – |
| (Decrease)/increase in deferred income tax liability | (10,051) | 930 | – | – |
| **Net cash flows from operating activities** | **382,436** | **570,021** | **–** | **–** |

### Bank Overdraft Facilities

The consolidated entity has bank overdraft facilities available as follows:

| Bank | 2009 | 2008 |
|---|---|---|
| ANZ Banking Group Limited | A$10 million | A$10 million |
| Citibank NA | US$10 million | US$10 million |

There were no drawn down amounts at 30 June 2009.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 25. Events After the Balance Sheet Date

Subsequent to 30 June 2009, the directors of Crown announced a final dividend on ordinary shares in respect of the year ended 30 June 2009. The total amount of the dividends is $144.1 million, which represents a 60% franked dividend of 19 cents per share. The dividend has not been provided for in the 30 June 2009 financial statements.

## 26. Executive Share Plan

Crown operates an Executive Share Plan (ESP) which was approved at the 1994 PBL Annual General Meeting. No ESP shares were issued to executives in the current financial year.

On 25 May 2009, Crown announced that it had resolved to partially wind up the ESP as it related to Crown shares held by persons who have not been employed in the day to day operations of Crown or one of its gaming subsidiaries or joint ventures. The decision was made having regard to the underlying objectives of the ESP.

Prior to the partial wind up, there were 11,029,826 Crown ESP shares on issue held by 63 participants. As a result of the partial closure, the number of Crown ESP shares was reduced to 6,073,815 which are held by 31 Crown employees.

Crown ESP shares are subject to a performance condition, requiring a 7% compound annual growth in the Crown share price in order that the relevant portion of shares to vest and be released from restrictions under the ESP.

At the date of this Report, a total of 31 ESP participants hold, in total, 6,073,815 Crown ESP shares or 0.8% percent of Crown's issued capital.

| ESP share movement | 2009 No. | 2008 No. |
|---|---|---|
| Shares at the beginning of the financial year | 11,449,826 | 9,655,000 |
| Granted (i.e. issued) during the year | – | 1,190,000 |
| Granted (i.e. issued) during the year as a consequence of PBL Scheme election | – | 958,469 |
| Forfeited | (5,376,011) | (308,643) |
| Vested (and sold) during the year | – | (45,000) |
| **Shares on issue at the end of the financial year** | **6,073,815** | **11,449,826** |
| Loans to executives at the beginning of the financial year | $125,751,938 | $165,839,800 |
| ESP loans issued during the year | – | $22,717,300 |
| Cash consideration paid under PBL scheme | – | ($15,180,000) |
| Loan balance transferred to CMH | – | ($42,615,575) |
| Loans repaid and satisfied during the year | ($55,493,625) | ($5,009,587) |
| **Loans to executives at year end** | **$70,258,313** | **$125,751,938** |

***Methodology***

External valuers have used a Monte Carlo simulation model combined with a Black Scholes option pricing model to value the ESP this year. The value per share granted for each allotment incorporates the share price growth performance conditions.

The Monte Carlo simulation is a technique used to simulate future TSRs. The assumptions that underpin Black Scholes are used in a Monte Carlo simulation. The key assumptions are:

- Share price movement conforms to a lognormal distribution;
- Market efficiency; and
- Risk neutral valuation.

Using an estimate of the future standard deviation (volatility) of returns and the risk neutral valuation assumption (allowing the use of the risk free interest rate), the share price return distribution of a company at a future date is estimated. The Monte Carlo simulation technique simulates possible share price returns conforming to that distribution. At each simulation, the share price is also simulated, meaning an equity instrument can be valued at that date.

The share price simulated at one vesting date is used to simulate the share price at the next vesting date. If the target was not met at the earlier date, the unvested portion is carried to the next vesting date in the simulation.

## 26. Executive Share Plan *continued*

***Non transferability of the plans***

During the period from grant date to vesting, executives cannot sell their plan rights. However, no adjustment is made to the fair values for this, as non-transferability is due to the executive having not yet earned the right to the plan (through the provision of their services), rather than a restriction on the underlying value of the plan rights.

After vesting, the holders have until expiry to "exercise" the plan. Since the plan rights are not transferable, liquidity can only be obtained by exercising the plan rights and selling the underlying shares. In the case of the ESP, given the seniority of the holders and the benefit of the limited recourse feature, it is assumed the ESP will be held until expiry.

***Dilution***

When an investor exercises an exchange traded option, there is no change in either the company's assets or the number of shares outstanding. However, when a company issued option is exercised, the number of shares outstanding will increase and the underlying assets of the company will be increased by the amount of the exercise proceeds. Any dilution of the share price of Crown which might arise on the issue of new shares following exercise of the ESP would be immaterial, given the number of existing shares on issue. Accordingly, no adjustment to the value of the ESP has been made for potential dilution.

***Other assumptions applied by external valuer***

- PBL's share price was the loan amount per share as advised by Crown to the external valuer at the grant date for the ESP;
- The risk free rate is the yield on an Australian Government Bond with a life similar to the expected life at the valuation date;
- Expected volatility was based on PBL's historical share price movement preceding the valuation date and the implied volatility on exchanged traded options; and
- The dividend yield was calculated based on the consensus broker EPS forecast divided by PBL's share price.

## 27. Contingent Liabilities and Related Matters

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Unsecured** | **270,478** | **354,187** | **270,478** | **354,187** |
| Contingent liabilities related primarily to the following: | | | | |
| ***Controlled Entities*** | | | | |
| (i) Under the terms of a deed entered into in accordance with the ASIC Class Order 98/1418, the parent entity has undertaken to meet any shortfall which might arise on the liquidation of controlled entities which are party to the deed | – | – | – | – |
| (ii) The consolidated entity and parent entity have issued letters of credit to the State of Victoria in respect of obligations of Crown Melbourne Limited | 185,000 | 185,000 | 185,000 | 185,000 |
| (iii) The consolidated entity and parent entity have made guarantees in relation to commitments of certain of its associated entities | 68,429 | 150,961 | 68,429 | 150,961 |
| (iv) The consolidated entity and parent entity have made certain guarantees regarding contractual, performance and other commitments | 17,049 | 18,226 | 17,049 | 18,226 |

The probability of having to meet these contingent liabilities is unlikely, and therefore it is not practicable to disclose an indication of the uncertainties relating to each amount or the timing of any outflows.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 28. Auditors' Remuneration

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Amounts received, or due and receivable, by Ernst & Young (Australia) for:** | | | | |
| Auditing the accounts | 887 | 764 | – | – |
| Taxation services | 3,626 | 2,061 | – | – |
| Other services | | | | |
| • Assurance related | 6 | 2 | – | – |
| • Assurance services relating to restructuring | 372 | 642 | – | – |
| • Due diligence | – | 334 | – | – |
| **Amounts received, or due and receivable, by other member firms of Ernst & Young International for:** | | | | |
| Auditing the accounts of controlled entities | 28 | 24 | – | – |
| Other services | | | | |
| • Taxation services | 463 | 383 | – | – |
| • Assurance Related | – | 25 | – | – |
| • Due diligence | 80 | 354 | – | – |
| | **5,462** | **4,589** | **–** | **–** |
| **Amounts received, or due and receivable, by non Ernst & Young audit firms for:** | | | | |
| Auditing services | 298 | – | – | – |

## 29. Earnings Per Share (EPS)

| | CONSOLIDATED | |
|---|---|---|
| | 2009 $'000 | 2008 $'000 |
| **The following reflects the income and share data used in the calculations of basic and diluted EPS:** | | |
| Net profit/(loss) used in calculating basic and diluted EPS | (1,197,904) | 3,546,432 |
| Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000) | 717,779 | 689,206 |
| **The following reflects the income and share data used in the calculations of basic and diluted EPS:** | | |
| **Excluding the effect of discontinued operations:** | | |
| Net profit/(loss) attributable to members of the parent | (1,197,904) | 3,546,423 |
| Discontinued operations | – | 3,409,426 |
| Net profit/(loss) excluding discontinued operations | (1,197,904) | 137,006 |
| Net profit/(loss) used in calculating basic and diluted EPS | (1,197,904) | 137,006 |
| Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000) | 717,779 | 689,206 |

## 29. Earnings Per Share (EPS) *continued*

| | CONSOLIDATED | |
|---|---|---|
| | 2009 $'000 | 2008 $'000 |
| **Excluding the effect of discontinued operations and significant items:** | | |
| Net profit/(loss) attributable to members of the parent | (1,197,904) | 3,546,432 |
| Discontinued operations | – | 3,409,426 |
| Significant items after tax | (1,440,100) | (239,163) |
| Net profit/(loss) excluding discontinued operations and significant items | 242,196 | 376,169 |
| Net profit/(loss) used in calculating basic and diluted EPS | 242,196 | 376,169 |
| Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000) | 717,779 | 689,206 |

There are no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

## 30. Key Management Personnel Disclosures

The Company has applied the exemption under Corporations Amendments Regulation 2006 which exempts listed companies from providing remuneration in their annual report as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures*. These remuneration disclosures have been transferred to the remuneration report in pages 42 to 58 and have been audited.

### (a) Details of key management personnel

***(i) Directors***

| | |
|---|---|
| James D Packer | Executive Chairman |
| John H Alexander | Executive Deputy Chairman |
| Christopher J Anderson | Non-Executive Director (resigned 2 April 2009) |
| Benjamin A Brazil | Non-Executive Director (appointed 26 June 2009) |
| Rowen B Craigie | Chief Executive Officer and Managing Director |
| Christopher D Corrigan | Non-Executive Director |
| Rowena Danziger | Non-Executive Director |
| Geoffrey J Dixon | Non-Executive Director |
| Ashok Jacob | Non-Executive Director |
| Michael R Johnston | Non-Executive Director |
| David H Lowy | Non-Executive Director |
| Richard W Turner | Non-Executive Director |

***(ii) Executives***

| | |
|---|---|
| Robert Turner | Chief Financial Officer – Crown Limited |
| David Courtney | Chief Executive Officer – Crown Melbourne Limited |
| Barry Felstead | Chief Executive Officer – Burswood Limited |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009

## 30. Key Management Personnel Disclosures *continued*

### (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 | 2009 $ | 2008 $ |
|---|---|---|
| Short term | 8,266,113 | 13,403,580 |
| Post employment | 224,389 | 405,282 |
| Other | 129,140 | 388,267 |
| Termination | 175,000 | 26,098,000 |
| Long Term Incentives | 5,880,687 | 5,524,218 |
| | **14,675,329** | **45,819,347** |

Further details are contained in the Remuneration Report.

### (c) Shareholdings of key management personnel

**2009**

**Ordinary shares held in Crown (directly and indirectly)**

| Directors (Including directors who left the Board during the year) | Balance 1 July 2008 | Issued under Executive Share Plan | Net Change | Balance 30 June 2009 |
|---|---|---|---|---|
| James D Packer(iii) | 261,500,000 | – | 19,253,465 | 280,753,465 |
| Christopher J Anderson(i) & (iv) | 315,194 | – | (298,990) | 16,204 |
| John H Alexander(i), (ii) & (iv) | 1,827,133 | – | (1,219,453) | 607,680 |
| Rowen B Craigie(v) | 2,341,102 | – | – | 2,341,102 |
| Rowena Danziger(ii) | 28,876 | – | 2,020 | 30,896 |
| David H Lowy | 137,250 | – | – | 137,250 |
| Richard W Turner(i) & (ii) | 27,000 | – | 2,373 | 29,373 |

Directors not listed did not hold any Crown shares during the financial year.

| Executives | Balance 1 July 2008 | Issued under Executive Share Plan | Net Change | Balance 30 June 2009 |
|---|---|---|---|---|
| Robert Turner(i) | 263,373 | – | 1,010 | 264,383 |
| David Courtney(i) & (ii) | 643,802 | – | 56,575 | 700,377 |
| Barry Felstead | 234,110 | – | – | 234,110 |

(i) Change is as a result of an election to take up an entitlement to shares under Crown's Share Purchase Plan which closed on 20 March 2009.

(ii) Change is a result of an election to take up an entitlement to an offer by Consolidated Press Holdings Limited (the CPH Offer) to sell shares to shareholders who, as result of Crown's private placement announced 17 December 2008, would have had their interest diluted below their pre-placement interest. The CPH Offer was a condition of the ASX waiver allowing Consolidated Press Holdings Limited to participate in the placement.

(iii) Change is as a result of a private placement of 20,202,020 shares made to Consolidated Press Holdings Limited on 27 March 2009 and the sale of 948,555 shares made pursuant to the CPH Offer.

(iv) Change is the result of the partial closure of the Executive Share Plan as it related to Crown shares held by persons who had not been employed in day to day operations of Crown or one of its gaming subsidiaries or joint ventures. 300,000 of Mr Chris Anderson's shares were ESP shares and 1,300,000 of Mr John Alexander's shares were ESP shares.

(v) All of Mr Rowen Craigie's shares are ESP shares.

The Company does not have any options on issue.

## 30. Key Management Personnel Disclosures *continued*

### (c) Shareholdings of key management personnel *continued*

**2008**

**Ordinary shares held in Crown (directly and indirectly)**

| Directors (Including directors who left the Board during the year) | Balance 1 July 2007 (PBL Shares) | Issued under Executive Share Plan | Net Change | Balance 30 June 2008 |
|---|---|---|---|---|
| James D Packer | 261,500,000 | – | – | 261,500,000 |
| Christopher J Anderson | 315,194(iii) | – | – | 315,194(iii) |
| John H Alexander | 1,812,500(iii) | – | 14,633(ii) | 1,827,133 |
| Rowen B Craigie | 850,000(iii) | 1,150,000 | 341,102(ii) | 2,341,102 |
| Rowena Danziger | 22,876 | – | 6,000(i) | 28,876 |
| David H Lowy | 117,253 | – | 19,997(ii) | 137,250 |
| Christopher J Mackay (resigned 7 March 2008) | 100 | – | – | 100 |
| Richard W Turner | 27,000 | – | – | 27,000 |

Directors not listed did not hold any Crown shares during the financial year.

| Executives | Balance 1 July 2007 (PBL Shares)(iv) | Issued under Executive Share Plan | Net Change | Balance 30 June 2008 |
|---|---|---|---|---|
| Geoffrey R Kleemann | 350,000 | – | – | 350,000 |
| Guy Jalland | 240,000 | – | – | 240,000 |
| Martin P Dalgleish | 240,000 | – | – | 240,000 |
| David G Courtney | 550,000 | – | 93,802(ii) | 643,802 |
| Barry J Felstead | 200,000 | – | 34,110(ii) | 234,110 |

(i) Change is as a result of an on-market transaction.

(ii) Additional shares issued as a result of the shareholder electing the PBL Scheme Maximum Share consideration under the PBL Scheme. Mr John Alexander elected the PBL Scheme Maximum Share Consideration, in relation to only one parcel of shares (87,000).

(iii) 300,000 of Mr Chris Anderson's shares are ESP shares, 1,300,000 if Mr John Alexander's shares are ESP shares and all of Mr Rowen Craigie's shares are ESP shares.

(iv) All of the Executives' shares are ESP shares except for Mr Geoff Kleemann. 240,000 of Mr Kleemann's shares are ESP shares.

The Company does not have any options on issue.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 30. Key Management Personnel Disclosures *continued*

### (d) Other transactions with director, key management personnel and their personally related entities

Consolidated Press Holdings Limited ("CPH"), an entity related to Mr James Packer provided corporate secretarial and administrative services to Crown and its controlled entities of $198,933 during the year (2008: $27,000). In addition CPH paid costs on behalf of Crown to third parties totalling $2,805,000 during the year (2008: $4,987,184); Crown has subsequently reimbursed CPH for all these payments at balance date.

Crown and its controlled entities provided CPH with accommodation for $105,000 (2008: $426,000) and banqueting and other services of $14,000 (2008: $240,000).

Consolidated Media Holdings ("CMH") is an entity which is classified as a related party of Crown due to Crown and CMH having a majority of common directors.

Crown and CMH jointly engaged certain legal and other advisers in relation to certain matters arising prior to the PBL demerger. Costs of these advisers are shared in a manner consistent with Section 14 of the PBL Scheme Booklet, generally Crown – 75% and CMH – 25%. In addition Crown provided CMH with Hotel services of $64,000 and banqueting services of $20,000 during the year.

All transactions between the consolidated entity and its director related entities are conducted under normal commercial terms and conditions unless otherwise noted.

## 31. Related Party Disclosures

***Parent entity***

Crown Limited is the ultimate parent entity of the Group at 30 June 2009. During the comparative 2008 financial year Publishing and Broadcasting Limited was the ultimate parent up until the separation of PBL and Crown into two separate listed companies in December 2007. The related party transactions include transactions entered into with PBL related parties up until 11 December 2007 and Crown Limited related parties transactions from 12 December 2007 to 30 June 2008.

***Controlled entities, associates and joint ventures***

Interests in significant controlled entities are set out in note 32.

Investments in associates and joint ventures are set out in note 10.

***Entity with significant influence over the Group***

CPH, an entity related to Mr James Packer, holds 37.02% (2008: 37.92%) of the Company's fully paid ordinary shares.

***Key management personnel***

Disclosures relating to key management personnel are set out in note 30, and in the Remuneration Report.

## 31. Related Party Disclosures *continued*

***Transactions with related parties***

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

| | CONSOLIDATED | |
|---|---|---|
| | 2009 $'000 | 2008 $'000 |
| **Rendering of services, other revenue or payments made by Crown on behalf of related parties –** | | |
| ***Entities with significant influence over the Group*** | | |
| CPH | 119 | 1,089 |
| ***Associates*** | | |
| SEEK Ltd | – | 38 |
| Hoyts Cinemas Group | – | 350 |
| Foxtel | – | 77 |
| PBL Media (Inc. ninemsn) | – | 5,061 |
| Melco Crown | 4,260 | 1,599 |
| Betfair | 240 | 331 |
| Aspers | 1,259 | 1,500 |
| Gateway | 10,235 | 9,170 |
| ***Other Related Parties*** | | |
| CMH | 84 | 7 |
| **Receiving of services or payments made by related parties on behalf of Crown –** | | |
| ***Entities with significant influence over the Group*** | | |
| CPH | 3,004 | 5,214 |
| ***Associates*** | | |
| SEEK Ltd | – | 47 |
| Hoyts Cinemas Group | – | 233 |
| Foxtel | – | 333 |
| PBL Media (Inc. ninemsn) | – | 1,732 |
| Melco Crown | 459 | 86 |
| Aspers | 1,490 | 191 |
| Gateway | 76 | 26 |
| ***Other Related Parties*** | | |
| CMH | 1,634 | 1,082 |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 31. Related Party Disclosures *continued*

***Terms and conditions of transactions with related parties***

All of the following transactions were conducted under normal commercial terms and conditions unless otherwise noted.

Crown made a further equity contribution of $63.6 million into Melco Crown during the year as part of the Melco Crown capital raising. Interest charged on loans previously advanced to Melco Crown was $0.9 million for the year (2008: $1.6 million). Crown provided Melco Crown accommodation for $7,000 and the use of IT systems for $1,120,581. In addition Crown provided IT and related services of $2,187,738 at cost to Melco Crown during the year. Amounts receivable from Melco Crown at 30 June 2009 in relation to all charges made during the year were $1,579,759.

Melco Crown provided $241,000 in Hotel and Other services to Crown during the year. In addition Melco Crown paid costs of $217,729 on behalf of Crown during the year which were subsequently reimbursed in full.

Crown made further equity contributions of $3.8 million into Aspinalls during the year. Crown also provided additional loans to Aspinalls of $3.7 million during the year. Interest of $1.5 million (2008: $1.5 million) was charged on the loan for the year. In addition Aspinalls has paid costs of $1.5 million on behalf of Crown during the year. Crown has subsequently reimbursed all amounts paid on its behalf during the year.

Crown made further equity contributions of $8.4 million into Gateway during the year. Crown also provided additional loans to Gateway of $16.7 million. Interest of $10.1 million was charged on the loan for the year (2008: $9.2 million). In addition Gateway has paid costs of $76,000 on behalf of Crown during the year. Crown has subsequently reimbursed Gateway all amounts owing at 30 June 2009. Crown also paid costs of $36,000 on behalf of Gateway during the year which has subsequently been reimbursed in full as at 30 June 2009.

The loan balance with Betfair at 30 June 2009 was $7.7 million (2008: $7.7 million). No interest is payable on the loan. In addition Crown provided Betfair management services of $160,000 (2008: $331,000) and Hotel and Banqueting services of $80,000 during the year.

For the year ended 30 June 2009, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties as there have been no default of payment terms and conditions (2008: $nil).

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss. During the financial year Crown has assessed Gateway's outstanding loan to be impaired, this has resulted in a write down to the Gateway shareholder loan of $182.3 million, the outstanding balance being $nil at 30 June 2009.

## 32. Investment In Controlled Entities

The consolidated financial statements include the financial statements of Crown Limited and its controlled entities. Significant controlled entities and those included in a class order with the parent entity are:

| | Footnote | | Place of Incorporation /Residence | Beneficial Interest Held by the Consolidated Entity[i] | |
|---|---|---|---|---|---|
| | 2009 | 2008 | | 2009 % | 2008 % |
| **Crown Limited** | | | **Australia** | **Parent Entity** | |
| Artra Pty Ltd | | | 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 |
| Crown Capital Golf Pty Ltd | | | Australia | 100 | 100 |
| Crown Cyprus Limited | | | Cyprus | 100 | 100 |
| Crown CCR Group Holdings One Pty Ltd | A | B | Australia | 100 | 100 |
| Crown CCR Group Holdings Two Pty Ltd | | B | Australia | 100 | 100 |
| Crown CCR Group Holdings General Partnership | | | USA | 100 | 100 |
| Crown CCR Group Investments One LLC | | B | USA | 100 | 100 |
| Crown CCR Group Investments Two LLC | | B | USA | 100 | 100 |
| Crown CCR Holdings LLC | | B | USA | 100 | 100 |
| Crown Entertainment Group Holdings Pty Ltd | A | A | Australia | 100 | 100 |
| Crown Gateway Luxembourg Sarl | | B | Luxembourg | 100 | 100 |
| Crown Group Finance Limited | A | A | Australia | 100 | 100 |
| Crown Group Securities Ltd | A | A | Australia | 100 | 100 |
| Crown Melbourne Limited | | | Australia | 100 | 100 |
| Crown North America Holdings One Pty Ltd | | B | Australia | 100 | 100 |
| Crown North America Investments LLC | | | USA | 100 | 100 |
| Crown Overseas Investments Pty Ltd | | | Australia | 100 | 100 |
| Crown Services (US) LLC | | B | USA | 100 | 100 |
| Crown (Western Australia) Pty Ltd | A | A | Australia | 100 | 100 |
| Flienn Pty Ltd | A | A | Australia | 100 | 100 |
| Jade West Entertainment Pty Ltd | A | A | Australia | 100 | 100 |
| Jemtex Pty Ltd | A | A | Australia | 100 | 100 |
| Nine Television (Netherlands Antilles) Pty Ltd | | | Australia | 100 | 100 |
| PBL Asia Investments Limited | | | Cayman Islands | 100 | 100 |
| PBL (CI) Finance Limited | | | Cayman Islands | 100 | 100 |
| PBL Cinema Holdings Pty Ltd | | | Australia | 100 | 100 |
| PBL International Partnership | | | United Kingdom | 100 | 100 |
| Publishing and Broadcasting (Finance) Ltd | A | A | Australia | 100 | 100 |
| Publishing and Broadcasting International Holdings Ltd | | | Bahamas | 100 | 100 |
| Renga Pty Ltd | A | A | Australia | 100 | 100 |

(i) 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 with the parent entity under ASIC Class Order 98/1418 – the "Closed Group" (refer note 33).

B Entity acquired or incorporated during the financial year.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 33. Deed of Cross Guarantee

Certain controlled entities of Crown Limited, as detailed in note 32, are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.

By entering into the deed, pursuant to ASIC Class Order 98/1418, certain controlled entities of Crown have been granted relief from the *Corporations Act 2001* requirements for preparation, audit and publication of accounts.

The consolidated profit and loss statement and balance sheet of the entities which are members of the "Closed Group" for the year ended 30 June 2009 are detailed below.

| | CLOSED GROUP | |
|---|---|---|
| Consolidated income statement | 2009 $'000 | 2008 $'000 |
| Profit/(loss) before income tax | 154,751 | (1,510,339) |
| Income tax (expense)/benefit | 2,573 | (52,602) |
| Net profit/(loss) after income tax | 157,324 | (1,562,941) |
| Retained earnings/(accumulated losses) at the beginning of the financial year | (1,578,235) | 2,039,793 |
| Retained earnings of entities entering Closed Group | – | 96,936 |
| Retained earnings of entities removed from Closed Group | – | (1,982,502) |
| Dividends provided for or paid | (331,080) | (169,521) |
| **Retained earnings/(accumulated losses) at the end of the financial year** | **(1,751,991)** | **(1,578,235)** |

## 33. Deed of Cross Guarantee *Continued*

| | CLOSED GROUP | |
|---|---|---|
| | 2009 | 2008 |
| Consolidated balance sheet | $'000 | $'000 |
| **Current Assets** | | |
| Cash and cash equivalents | 232,052 | 2,282,780 |
| Trade and other receivables | 24,468 | 33,480 |
| Inventories | 3,344 | 4,138 |
| Other | 6,426 | 7,446 |
| **Total Current Assets** | **266,290** | **2,327,844** |
| **Non Current Assets** | | |
| Receivables | 1,953,321 | 1,670,748 |
| Investment in associates | 11,829 | 102,437 |
| Available for sale assets | – | 8,100 |
| Other financial assets | 10,244,203 | 9,553,562 |
| Property, plant and equipment | 582,260 | 559,789 |
| Licences | 420,426 | 420,426 |
| Other intangible assets | 11,892 | 11,892 |
| Deferred tax assets | 84,062 | 82,793 |
| **Total Non Current Assets** | **13,307,993** | **12,409,747** |
| **Total Assets** | **13,574,283** | **14,737,591** |
| **Current Liabilities** | | |
| Payables | 86,335 | 105,428 |
| Interest-bearing loans and borrowings | 20,000 | 20,000 |
| Income tax payable | 40,397 | 13,618 |
| Provisions | 59,604 | 42,828 |
| **Total Current Liabilities** | **206,336** | **181,874** |
| **Non Current Liabilities** | | |
| Interest-bearing loans and borrowings | 4,940,296 | 6,330,865 |
| Deferred tax liability | 41,396 | 42,327 |
| Provisions | 13,505 | 23,059 |
| Other financial liabilities | 56,600 | – |
| **Total Non Current Liabilities** | **5,051,797** | **6,396,251** |
| **Total Liabilities** | **5,258,133** | **6,578,125** |
| **Net Assets** | **8,316,150** | **8,159,466** |
| **Equity** | | |
| Contributed equity | 10,114,805 | 9,738,590 |
| Reserves | (46,664) | (889) |
| Retained earnings | (1,751,991) | (1,578,235) |
| **Total Equity** | **8,316,150** | **8,159,466** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 34. Financial Risk Management Objectives and Policies

The Group's principle financial instruments comprise receivables, payables, bank loans and capital market debt, available for sale 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), price risk, 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 Treasury 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.

Financial risk management is carried out by the Treasury Group under policies approved by the Board of Directors. The Treasury Group identifies, evaluates and hedges financial risks in accordance with approved polices. The Board are informed on a regular basis of Treasury's 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 18.

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.

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009<br>$'000 | 2008<br>$'000 | 2009<br>$'000 | 2008<br>$'000 |
| **Financial Assets** | | | | |
| AUD Cash and cash equivalents | 266,651 | 1,860,262 | – | – |
| USD Cash and cash equivalents | 248,847 | 502,702 | – | – |
| **Total Financial Assets** | **515,498** | **2,362,964** | **–** | **–** |
| **Financial Liabilities** | | | | |
| AUD Bank loans | 220,000 | 1,590,000 | – | – |
| USD Bank loans | – | 500,000 | – | – |
| **Total Financial Liabilities** | **220,000** | **2,090,000** | **–** | **–** |
| **Net Exposure** | **295,498** | **272,964** | **–** | **–** |

As at balance date, the Group maintained floating rate borrowings of $220.0 million (2008: $1,590.0 million) that were not designated as cash flow hedges. The associated interest rate risk is mitigated by cash and cash equivalents of $266.6 million (2008: $1,860.3 million). Under the bank loans, the Group pays the Bank Bill Swap rate (BBSW) plus a margin of 145 basis points. The cash and cash equivalents are invested at approximately BBSW.

As at balance date, the Group maintained no floating rate borrowings in US dollars (2008: $500.0 million) and had cash and cash equivalents of $248.8 million (2008: $502.7 million) invested at approximately LIBOR.

***Group Sensitivity***

As a result of Australian dollar interest rates increasing by 150 basis points and US dollar interest rates increasing by 50 basis points the Group's post-tax-profit for the year would have been $1.9 million higher. The impact on post-tax-profit for a 50 basis points reduction in Australian dollar interest rates and a 25 basis point reduction in US dollar interest rates would be negative $0.9 million.

The sensitivity to fair value movements through equity as a result of interest rates increasing by 150 basis points or decreasing by 50 basis point is not material as at balance date.

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

### (a) Market Risk *continued*

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:

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $'000 | $'000 | $'000 | $'000 |
| **Cash flow hedge** | | | | |
| Maturity 1-5 years | 300,000 | – | – | – |
| Maturity over 5 years | 174,634 | 174,634 | – | – |
| **Closing Balance** | **474,634** | **174,634** | **–** | **–** |

Under the interest swap contracts maturing June 2013, the Group has the right to receive floating rate (i.e. BBSW) quarterly and pay fixed rate of 6.99% quarterly. The terms of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective. The fair value of the swap at balance date was negative $18.3 million.

Under the cross currency swap contract (maturing July 2036), the Group has the right to receive US dollar interest at a fixed rate of 4.76% (2008: 4.76%) semi-annually and pay Australian dollar interest at fixed rate of 7.05% (2008: 7.05%) quarterly. The terms of the cross currency swap contract are matched directly against the appropriate loan and interest expense and as such is highly effective. The fair value of the swap at balance date was negative $38.3 million US dollars (2008: negative $22.2 million US dollars).

***(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 $362.5 million (2008: $114.6 million).

As at balance date the Group had the following interest rate swap in place to hedge the medium term note issuance.

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $'000 | $'000 | $'000 | $'000 |
| **Fair value hedge** | | | | |
| Maturity 1-5 years | 114,600 | 124,600 | – | – |
| Maturity over 5 years | – | – | – | – |
| **Closing Balance** | **114,600** | **124,600** | **–** | **–** |

Under the terms of the swap contract (maturing March 2011) the Group has the right to receive a fixed rate of interest of 6% semi-annually and pay floating rate of interest (i.e. BBSW) plus a margin of 39.5 basis points. The fair value of the swap at balance date was positive $3.1 million Australian dollars (2008: negative $7.6 million Australian dollars).

***Group Sensitivity***

The sensitivity to fair value movements through equity or profit and loss as a result of interest rates increasing by 150 basis points or decreasing by 50 basis points was not material as at balance date.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 34. 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.

Treasury, on behalf of the operating units, 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 100% of its foreign currency receivables and payables that are firm commitments.

As at balance date, the Group had the following foreign exchange exposures that were not designated as cash flow hedges:

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| US Dollars Exposure | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 248,847 | 502,702 | – | – |
| Trade and other receivables | – | 22,162 | – | – |
| Available-for-sale financial assets | – | 138,828 | – | – |
| **Total Financial Assets** | **248,847** | **663,692** | **–** | **–** |
| **Financial Liabilities** | | | | |
| US Private Placement | 247,924 | 500,000 | – | – |
| **Total Financial Liabilities** | **247,924** | **500,000** | **–** | **–** |
| **Net exposure** | **923** | **163,692** | **–** | **–** |

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| GBP Exposure | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Financial Assets** | | | | |
| Loans to associates | 27,894 | 22,658 | – | – |
| **Total Financial Assets** | **27,894** | **22,658** | **–** | **–** |
| **Financial Liabilities** | **–** | **–** | **–** | **–** |
| **Net exposure** | **27,894** | **22,658** | **–** | **–** |

***Group sensitivity – US dollar***

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity or profit and loss as a result of the Australian dollar strengthening or weakening by 10c against the US dollar would not be material (2008: $9.0 million lower or $21.0 million higher) as at balance date.

***Group sensitivity – GBP***

As a result of the Australian dollar strengthening or weakening by 5c against the GBP with all other variables held constant, the Group's post-tax-profit for the year would have been $1.6 million lower or $2.0 million higher (2008: $1.5 million lower or $1.9 million higher) as at balance date.

The sensitivity to fair value movements through equity as a result of the Australian dollar strengthening or weakening by 5c against the GBP would not be material as at balance date.

## 34. 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 contracts denominated in Australian dollars was:

| | CONSOLIDATED | | | | PARENT ENTITY | | | |
|---|---|---|---|---|---|---|---|---|
| | Notional Amounts | | Average Rate | | Notional Amounts | | Average Rate | |
| | 2009 $'000 | 2008 $'000 | 2009 | 2008 | 2009 $'000 | 2008 $'000 | 2009 | 2008 |
| **Buy USD/Sell AUD** | | | | | | | | |
| Maturity under 1 year | 14,185 | 2,728 | 0.7051 | 0.7330 | – | – | – | – |
| Maturity 1-5 years | – | 2,063 | – | 0.7271 | – | – | – | – |
| **Buy AUD/Sell USD** | | | | | | | | |
| Maturity under 1 year | 38,615 | 37,635 | 0.8462 | 0.8822 | – | – | – | – |
| Maturity 1-5 years | 59,931 | 151,236 | 0.8076 | 0.8133 | – | – | – | – |

The change in fair value of cash flow hedges as at balance date was negative $7.3 million Australian dollars (2008: negative $2.3 million)

***Fair value hedges***

At balance date details of outstanding contracts denominated in Australian dollars was:

| | CONSOLIDATED | | | | PARENT ENTITY | | | |
|---|---|---|---|---|---|---|---|---|
| | Notional Amounts | | Average Rate | | Notional Amounts | | Average Rate | |
| | 2009 $'000 | 2008 $'000 | 2009 | 2008 | 2009 $'000 | 2008 $'000 | 2009 | 2008 |
| **Buy AUD/Sell USD** | | | | | | | | |
| Maturity 1-5 years | 82,913 | 82,689 | 0.7737 | 0.7758 | – | – | – | – |
| **Buy AUD/Sell CAD** | | | | | | | | |
| Maturity 1-5 years | – | 161,671 | – | 0.8041 | – | – | – | – |

The change in fair value of fair value hedges as at balance date was positive $0.3 million Australian dollars (2008: negative $11.2 million).

The forward exchange contracts 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.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2009



## 34. Financial Risk Management Objectives and Policies *Continued*

### (b) 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 available-for-sale financial assets.

Neither the Group nor the parent entity is exposed to commodity price risk.

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| Shares – unlisted | 36,728 | 507,489 | – | – |
| **Net exposure** | **36,728** | **507,489** | **–** | **–** |

***Group sensitivity***

The Group's sensitivity to price risk has been estimated using valuation techniques based on the fair value of securities held. The sensitivity to fair value movements through equity or profit and loss as a result of movement in value of the securities was not material as at balance date.

### (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.

### (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.

The Group's policy is that no more than 30% or $500 million of borrowings should mature in any 12 month period. At balance date 3.09% or $103 million of the Group's debt will mature in less than 12 months (2008: 0.55%).

As at balance date the Group had $2,007 million in undrawn committed bank lines.

***Maturity analysis of financial assets and liabilities***

The table below analyses the Group's contractual undiscounted cash flows of 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.

## 34. Financial Risk Management Objectives and Policies *Continued*

### (d) Liquidity Risk *continued*

| | 1 year or less | | 1 to 5 years | | more than 5 years | | Total carrying amount as per the Balance Sheet | |
|---|---|---|---|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Consolidated Group** | | | | | | | | |
| ***Financial Liabilities*** | | | | | | | | |
| Trade and other payables | 292,769 | 255,108 | 4,097 | 24,059 | – | – | 296,866 | 279,167 |
| Capital markets | – | – | 114,600 | 114,600 | 422,558 | 174,634 | 537,158 | 289,234 |
| Bank loans | 20,000 | 20,000 | 500,000 | 2,070,000 | – | – | 520,000 | 2,090,000 |
| Forward exchange contracts | 52,800 | 34,906 | 142,844 | 393,533 | – | – | – | – |
| Interest rate swaps | – | – | 414,600 | 124,600 | – | – | – | – |
| Cross currency interest rate swaps | – | – | – | – | 174,634 | 174,634 | – | – |
| **Total Financial Liabilities** | **365,569** | **310,014** | **1,176,141** | **2,726,792** | **597,192** | **349,268** | **1,354,024** | **2,658,401** |
| ***Financial Assets*** | | | | | | | | |
| Cash and cash equivalents | 515,498 | 2,362,964 | – | – | – | – | 515,498 | 2,362,964 |
| Receivables – trade | 144,623 | 146,210 | 71,677 | 183,923 | – | – | 216,300 | 330,133 |
| Receivables – associates | 34 | 314 | 129,566 | 228,921 | 35,594 | 30,358 | 165,194 | 259,593 |
| Assets held for sale | – | – | – | – | – | – | – | – |
| Available for sale assets | – | – | – | – | 36,728 | 507,489 | 36,728 | 507,489 |
| Forward exchange contracts | 52,800 | 34,906 | 142,844 | 393,533 | – | – | – | – |
| Interest rate swaps | – | – | 414,600 | 124,600 | – | – | – | – |
| Cross currency interest rate swaps | – | – | – | – | 174,634 | 174,634 | – | – |
| **Total Financial Assets** | **712,955** | **2,544,394** | **758,687** | **930,977** | **246,956** | **712,481** | **933,720** | **3,460,179** |
| **Net Maturity** | **347,386** | **2,234,380** | **(417,454)** | **(1,795,815)** | **(350,236)** | **363,213** | **(420,304)** | **801,778** |
| **Parent** | | | | | | | | |
| ***Financial Liabilities*** | | | | | | | | |
| Loans from controlled entities | – | – | – | – | 2,210,103 | 2,241,724 | 2,210,103 | 2,241,724 |
| Trade and other payables | – | 13,408 | – | – | – | – | – | 13,408 |
| **Total Financial Liabilities** | **–** | **13,408** | **–** | **–** | **2,210,103** | **2,241,724** | **2,210,103** | **2,255,132** |
| ***Financial Assets*** | | | | | | | | |
| Cash and cash equivalents | 928 | – | – | – | – | – | 928 | – |
| Loans to controlled entities | – | – | – | – | 558,268 | 178,160 | 558,268 | 178,160 |
| **Total Financial Assets** | **928** | **–** | **–** | **–** | **558,268** | **178,160** | **559,196** | **178,160** |
| **Net Maturity** | **928** | **(13,408)** | **–** | **–** | **(1,651,835)** | **(2,063,564)** | **(1,650,907)** | **(2,076,972)** |

### (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.

# Shareholder Information

## Substantial shareholders as at 14 September 2009:

The following information is extracted from substantial shareholder notices received by Crown Limited.

| Shareholder | Number of Ordinary Shares | % of Issued Capital |
|---|---|---|
| Consolidated Press Holdings Limited | 280,753,465 | 37.02 |
| Janus Capital Management LLC | 45,800,167 | 6.04 |

## Holders of each class of securities

Crown only has ordinary shares on issue. The total number of ordinary shares on issue is 758,394,185 held by 57,283 shareholders.

## Voting rights of ordinary shares

Crown Limited's Constitution sets out the information in relation to the voting rights attached to shares. In summary, at a general meeting on a show of hands, every member present has one vote; and on a poll, every member present has:

(a) one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and

(b) 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 14 September 2009:

| Size of Holdings | Number of Shareholders | % of Issued Capital |
|---|---|---|
| 1 – 1,000 | 37,119 | 2.03 |
| 1,001 – 5000 | 17,917 | 4.93 |
| 5,001 – 10,000 | 1,501 | 1.35 |
| 10,001 – 100,000 | 635 | 1.92 |
| 100,001+ | 111 | 89.77 |
| Total | 57,283 | 100.00 |
| Holding less than a marketable parcel | 3,677 | |

## The 20 largest shareholders as at 14 September 2009:

| Name | No. of Shares | % of Issued Capital |
|---|---|---|
| 1. Bareage Pty Limited | 158,486,104 | 20.90 |
| 2. HSBC Custody Nominees (Australia) Limited | 118,367,547 | 15.61 |
| 3. Consolidated Press Holdings Limited | 108,488,156 | 14.30 |
| 4. J P Morgan Nominees Australia Limited | 70,035,629 | 9.23 |
| 5. National Nominees Limited | 61,653,465 | 8.13 |
| 6. RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C> | 18,968,872 | 2.50 |
| 7. Citicorp Nominees Pty Limited | 18,211,054 | 2.40 |
| 8. ANZ Nominees Limited <Cash Income A/C> | 13,738,100 | 1.81 |
| 9. Cogent Nominees Pty Limited | 13,048,665 | 1.72 |
| 10. RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C> | 11,564,658 | 1.52 |
| 11. Samenic Limited | 10,188,370 | 1.34 |
| 12. Queensland Investment Corporation | 6,145,494 | 0.81 |
| 13. AMP Life Limited | 6,008,387 | 0.79 |
| 14. WIN Television NSW Pty Limited | 5,528,845 | 0.73 |
| 15. Citicorp Nominees Pty Limited <CFS WSLE Imputation FND A/C> | 3,474,590 | 0.46 |
| 16. UBS Nominees Pty Ltd | 3,117,478 | 0.41 |
| 17. Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 4 A/C> | 2,901,785 | 0.38 |
| 18. Citicorp Nominees Pty Limited <CFS Imputation Fund A/C> | 2,459,193 | 0.32 |
| 19. RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C> | 2,444,052 | 0.32 |
| 20. UBS Wealth Management Australia Nominees Pty Ltd | 2,417,352 | 0.32 |
| **Total** | **637,247,796** | **84.03** |
| **Others** | **121,146,389** | **15.97** |

## Details of unquoted equity securities

Crown Limited has 5,107,645 shares on issue which are currently unquoted. These shares are held by participants in the Executive Share Plan (as described more fully in the Remuneration Report) and represent shares which are yet to be released from restriction in accordance with the terms of the Plan.

## Use of cash and assets

Crown was admitted to the official list of the ASX on 3 December 2007. The company used (and continues to use) the cash and assets in a form readily convertible to cash that it had at the time of admission in a manner consistent with its business objectives.

# Additional Information

## Shareholder enquiries

Shareholders may access their details by visiting the Share Registry's website at www.computershare.com. For security reasons, shareholders need to enter their Security holder Reference Number (SRN) or Holding Identification Number (HIN) and postcode to access personal information. Security holding information may be updated online. Alternatively, download the relevant forms and have the completed forms mailed to the Share Registry.

Shareholders with queries about their shareholdings should contact the Share Registry, Computershare Investor Services, on telephone number 1300 659 795 or if calling from outside Australia, (61 3) 9415 4000 or by fax (61 3) 9473 2500.

## Electronic shareholder communications

Receiving shareholder communications electronically, instead of by post enables you to:

- Receive important shareholder and company information faster
- Reduce your impact on the environment
- Securely store important shareholder documents online, reducing clutter in your home or office
- Access all documents conveniently 24/7

Shareholders who wish to receive email alerts informing them of Annual Report, Notice of Meeting, Issuer Holding Statements, Payment Advices and other company related information on Crown Limited's website, www.crownlimited.com, may either contact the Share Registry or lodge such instructions online at the Share Registry's website at www.computershare.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.au prior to the dividend record date.

## Tax File Numbers

Crown is obliged to deduct tax at the top marginal rate plus 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.

## 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 website

Crown has a dedicated corporate website, www.crownlimited.com which includes Crown's Full Financial Annual Report, disclosures made to the ASX and Notices of Meeting and other Explanatory Memoranda.

## Investment Warning

All information provided in the Annual Report is provided as of the date stated or otherwise as at the date of the Report.

The Annual 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 seek independent professional advice.

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# Corporate Information

## Directors

- James D Packer *Executive Chairman*
- John H Alexander BA *Executive Deputy Chairman*
- Rowen B Craigie BEc (Hons) *Chief Executive Officer and Managing Director*
- Ben Brazil BCom, LLB
- Christopher D Corrigan
- Rowena Danziger BA, TC, MACE
- Geoffrey J Dixon
- Ashok Jacob MBA
- Michael R Johnston BEc, CA
- David H Lowy AM, BCom
- Richard W Turner AM, BEc, FCA

## Company Secretaries

Michael J Neilson BA, LLB

Mary Manos BCom, LLB (Hons)

## Crown Limited's registered office and principal corporate office

Level 3
Crown Towers
8 Whiteman Street
Southbank VIC 3006
Australia

## Share Registry

Computershare Investor Services Pty Ltd
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

## Stock Exchange Listing

Crown Limited's ordinary shares are listed on the Australian Stock Exchange under the code "CWN".
The home exchange is Melbourne.

## Website

Visit our website www.crownlimited.com for media releases and financial information

## Auditor

Ernst & Young

## Banker

Australia and New Zealand Banking Group Limited

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