



**CROWN  
RESORTS**

**ANNUAL REPORT 2015**



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## Financial Calendar

Record date for dividend – 25 September 2015  
Payment of final dividend – 9 October 2015  
Annual General Meeting – 21 October 2015  
2016 interim results – February 2016

## Annual General Meeting

10.00am, Wednesday 21 October 2015  
River Room  
Level 1, Crown Towers  
8 Whiteman Street  
Southbank, Melbourne

**CROWN RESORTS LIMITED**  
ABN 39 125 709 953

# Chairman's Message

*Crown Resorts is one of Australia's leading luxury tourism and entertainment businesses, with a significant and growing global reach.*

It gives me great pleasure to present my first Annual Report as Chairman. Crown Resorts is a proud Australian tourism and entertainment company which makes a significant contribution to our country through our world-class employment, training, tourism infrastructure and social responsibility programs.

## Results

For the financial year ended 30 June 2015, Crown Resorts announced a net profit of \$446.3 million before significant items, which was down 36.5% from the previous year. Crown's portfolio of businesses achieved a mixed result. This year, our investment in Melco Crown Entertainment (Melco Crown) was impacted by a downturn in gaming revenue in Macau that was sharper than anticipated. Crown's wholly owned Australian resorts, Crown Perth and particularly Crown Melbourne, achieved good earnings growth in subdued domestic conditions.

A stand-out was the strong growth in International VIP Program Play turnover across Crown's Australian resorts. This followed greater investment in our VIP international marketing. A final dividend of 19 cents per share, franked to 50%, was declared, bringing the total dividend for the year to 37 cents per share.

## Building a global luxury brand will benefit shareholders

While Crown has built a strong and resilient business with significant cash flows and solid financial results for over two decades now, it is critical that we have a broader vision for the future, which will allow us to continue delivering strong results for our shareholders.

Our most important future priority is to ensure Crown Resorts is globally recognised as a first class luxury resorts brand, as this will help us attract an even greater share of international visitors from across Asia and globally.

High net worth individuals from Australia and around the world, especially China, place a very high premium on luxury brands. If Crown delivers on its brand promise of first class luxury properties and service, customers will be prepared to travel further and pay a premium to experience our international network of resorts.

Customer loyalty to the Crown brand is helping our hotels run at over 90% occupancy year-round and it is why our iconic plans for Melbourne, Perth, Sydney and Las Vegas are so important. It is also why luxury assets like our world-class restaurants, private jets, yacht, the Capital Golf Course in Melbourne and the proposed interest in Ellerston in regional NSW are so important. All these assets allow us to offer our VIP customers a network of globally connected luxury resorts and "money-can't-buy experiences", which build our brand loyalty and appeal. This global approach is absolutely necessary to compete in the increasingly important International VIP gaming market.

Customer loyalty to the Crown brand will also help reduce business volatility in an uncertain global economic environment.

The ongoing boom in outbound Chinese tourism is a major positive for our resorts and very encouraging given our ongoing pipeline of investment in high quality tourism assets.

Construction at the Crown Towers Perth hotel is well underway and it is scheduled for opening in late 2016. In Sydney, our architects and designers have been working diligently to ensure that Crown Sydney, when built, will be one of the world's great hotels. We are also working with globally recognised architects to ensure the proposed new luxury hotel in Melbourne is a landmark building Melbourne can be proud of. We are continuing detailed design work with our partners on our proposal to build a new luxury resort on the Las Vegas strip.

## Our commitment to community

During the year Crown continued its work as a good corporate citizen. Crown paid more than \$640 million in taxes to all levels of Australian Governments, which amounts to almost two thirds of Crown's Australian normalised profit before tax.

Crown has also continued to make a major contribution to our community through our Corporate Social Responsibility programs and our National Philanthropic Fund. This year we employed our 450th Indigenous employee and launched phase two of our Reconciliation Action Plan. We also launched 'CrownAbility', one of Australia's best disability employment programs. In FY15, the Crown Resorts Foundation also helped deliver significant funding and assistance to over 80 community organisations which assist the most disadvantaged in our society and provide young Australians with opportunities they need to learn, grow and be confident in themselves and their ability to succeed.

I would like to take this opportunity to thank the Board, management and staff at Crown for their invaluable commitment and contribution. Our former Chairman, James Packer, has done an outstanding job for shareholders over many years and I look forward to working with him as an Executive Board Member on a number of very significant global and Australian projects, including our online strategies.

Can I also sincerely thank you, as a valued shareholder of Crown Resorts Limited, for your continued support as we move into the next phase of our transition towards a global luxury brand.



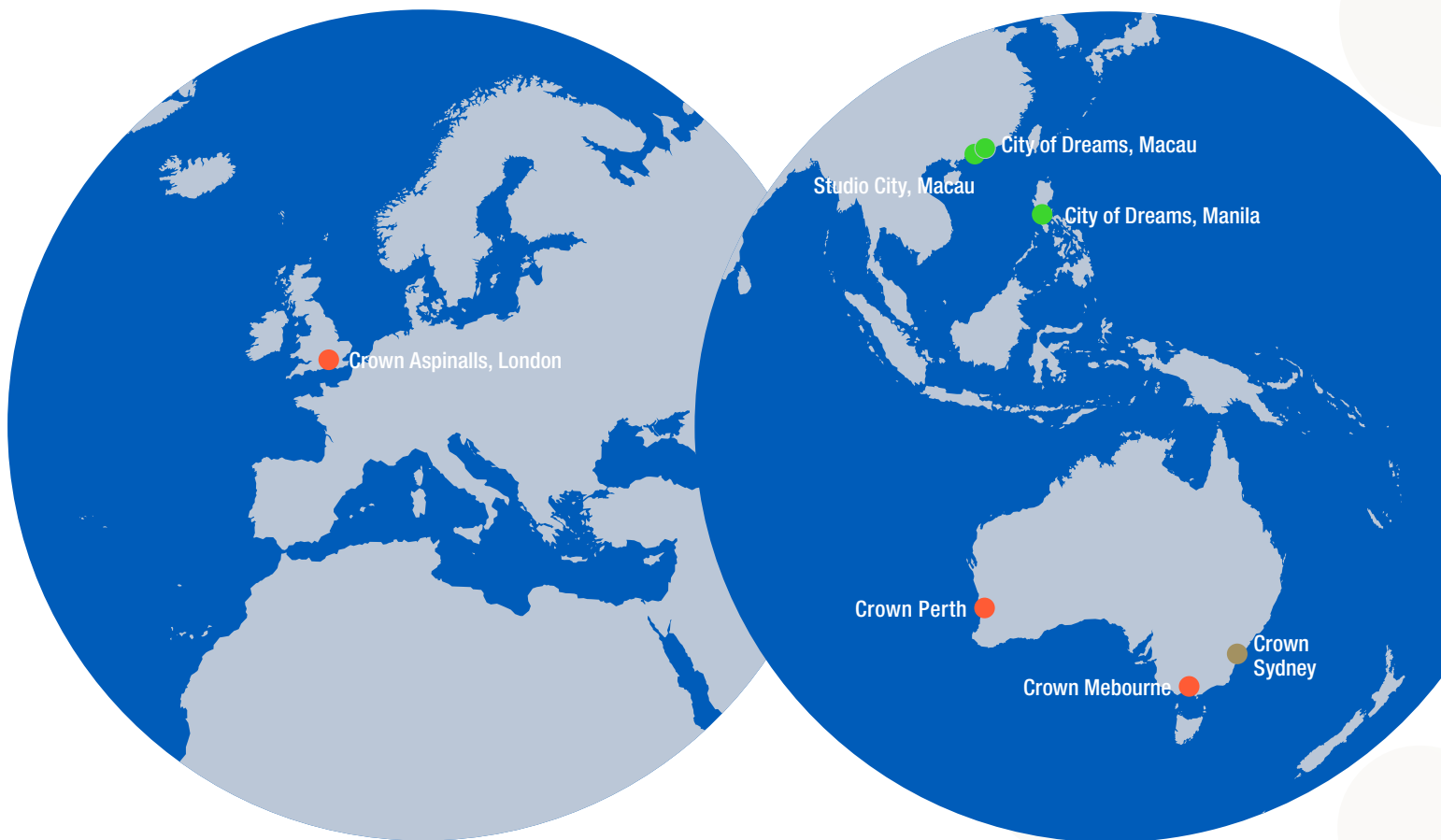
Robert Rankin  
Chairman, Crown Resorts Limited



# Crown Resorts at a Glance

Crown Resorts is one of Australia's largest entertainment and gaming groups with operations and investments in Australia, Asia, the United Kingdom and the United States.

## The World of *C*rown Resorts



- 100% owned operation
- 100% owned project
- 34.3% equity interest in Melco Crown Entertainment operations
- Majority interest in project



- Crown owns and operates two of Australia's leading integrated resorts, Crown Melbourne and Crown Perth, which together attract approximately 29 million visits each year.
- Crown is investing more than \$2.8 billion in upgrading and opening new features at these Australian resorts between FY11 and FY18.
- Crown owns and operates Crown Aspinalls in London, one of only five high-end licensed casinos in the West End entertainment district.
- Crown is investing \$2 billion to build Sydney's first six-star hotel resort at Barangaroo on Sydney Harbour. Crown Sydney is envisaged to be operational from late 2020 and is conditional on the granting of all necessary planning approvals.
- Crown is expanding its portfolio of resorts across Asia through a 34.3% equity interest in and partnership with Melco Crown Entertainment (Melco Crown), a developer, owner and operator of integrated resorts in Macau and the Philippines. Melco Crown is one of only six licenced casino operators in Macau.
- Alon Las Vegas, Crown's development project in Las Vegas, will expand Crown's presence as a leading global operator and complements Crown's expansion in Australia and Asia.
- Crown is investing in complementary assets, with interests in online wagering through CrownBet (62% interest) and Betfair Australia (100% owned) and online social gaming through DGN Games LLC (60% interest). It also holds equity interests in Aspers Group (50%) in the United Kingdom and Cannery (24.5%) in the United States.
- Crown's experienced management team has a proven track record of successfully delivering and operating large scale and complex projects.

Luxury Hotels



Events & Entertainment



High-end Retail



Luxury Resort Facilities



## Signature Restaurants



Internationally renowned chef Heston Blumenthal has opened a restaurant at Crown Melbourne

## Infinity Sky Gaming



## The Capital Golf Course, Melbourne



## Ellerston





# Crown Melbourne

## 100% owned

- Crown Melbourne is Australia's leading integrated resort and one of the most visited tourist destinations with its dynamic and diverse facilities.
- It operates 2,628 gaming machines and has approval to operate 540 table games.
- The resort currently features the Crown Towers Melbourne hotel, with 481 guest rooms, the Crown Metropol Melbourne hotel with 658 guest rooms and the Crown Promenade Melbourne hotel with 465 guest rooms.
- The Crown Conference Centre has 7,350 square metres of conference and meeting facilities, across three floors.
- Banqueting facilities include the Palladium's 1,500-seat ballroom and The Palms' 900-seat cabaret venue.
- A broad selection of restaurants and bars are located in the resort, including many of Melbourne's finest.
- Crown Melbourne's retail precinct features prestigious designer brands and high street retail outlets.
- Crown plans to develop a new 400-room luxury hotel on the site adjacent to Crown Melbourne, subject to planning and other approvals.





# Crown Perth

## 100% owned

- Crown Perth is one of Western Australia's largest tourist destinations, with an exceptional range of entertainment and tourism experiences.
- It has approval to operate 2,300 gaming machines and 295 table games.
- The resort currently features the Crown Metropol Perth hotel with 395 guest rooms and luxury day spa, resort pools and the Crown Promenade Perth hotel with 291 guest rooms.
- Large-scale entertainment facilities include the 2,300-seat Crown Theatre Perth, along with a world-class convention centre.
- A premium selection of restaurants and bars are located in the resort in addition to casual dining options.
- Crown Towers Perth, with approximately 500 luxury guest rooms, is targeted for completion in December 2016.



An artist's impression of the Crown Sydney skyscrapers at night. The image shows several tall, modern buildings with illuminated facades, set against a dark blue sky. The buildings are reflected in the water in the foreground. The Crown Sydney logo is visible in the top right corner.

# Crown Sydney

## 100% owned project

- Crown Sydney, located on Sydney Harbour at Barangaroo, will be the city's first six-star luxury resort.
- Crown's plan for an iconic Sydney landmark includes 350 guest rooms and suites, luxury apartments, signature restaurants, bars, retail outlets, pool and spa facilities, conference rooms and VIP gaming facilities.

# Melco *Crown* – City of Dreams Macau

- A premier leisure and entertainment destination designed to appeal to the rapidly evolving demands of high-end Asian consumers.
- City of Dreams Macau operates approximately 500 table games and 1,200 gaming machines.
- Resort accommodation features the Crown Towers hotel and the Hard Rock hotel, each with approximately 300 guest rooms, and the Grand Hyatt hotel across two towers with approximately 800 guest rooms.
- City of Dreams Macau offers a vast selection of high quality food, beverage and entertainment options including around 30 restaurants and bars and 70 retail outlets.



# Melco *Crown* – Studio City Macau

- Melco Crown holds a 60% interest in Macau Studio City (Studio City), a Hollywood-inspired resort located in Cotai that will transport visitors into a stunning cinematic world.
- Studio City will hold its official opening celebrations on 27 October 2015.
- Innovative attractions include an art deco façade with an iconic Golden Reel, the world's highest figure-8 ferris wheel, a Warner Bros.-themed family entertainment centre, the world's first Batman film franchise digital ride and 'The House of Magic' magic theatre.
- The resort features approximately 1,600 hotel guest rooms, a 5,000-seat performance arena and a vast array of food and beverage outlets.



# Melco Crown – City of Dreams Manila

- Melco Crown Entertainment holds a 68.8% interest in Melco Crown (Philippines) Resorts Corporation, the operator of City of Dreams Manila.
- City of Dreams Manila is Melco Crown's first integrated resort outside of Macau, and held its grand opening in February 2015.
- It has approval to operate up to approximately 1,700 gaming machines, 1,700 electronic table games and 380 table games.
- The resort offers 950 guest rooms across three international hotel brands: a six-star Crown Towers hotel, Asia's first luxury Nobu hotel and Hyatt City of Dreams Manila.
- City of Dreams Manila features three separate entertainment venues and a retail boulevard.



# Financial Performance

Earnings were affected by weak market conditions in Macau, which impacted Melco Crown's result. Australian Resorts performed well, particularly Crown Melbourne, with strong international VIP growth across both resorts.

- Crown reported a normalised net profit after tax (NPAT) of \$525.5 million for the full year ended 30 June 2015, down 17.9%.
- Overall, the results for Crown's portfolio of businesses were mixed.
- Crown's Australian resorts achieved normalised EBITDA growth of 14.1% and normalised revenue growth of 14.0%.
- Melco Crown's result was the major contributor to the decline in Crown's normalised NPAT.
- Crown's share of Melco Crown's normalised NPAT of \$161.3 million was down \$129.9 million or 44.6%.
- The decline in Melco Crown's result was attributable to weak market conditions in Macau.
- A final dividend of 19 cps, franked to 50%, was declared bringing the total full year dividend to 37 cps.

## Performance for the year ended 30 June 2015

	FY15 \$m	FY14 \$m	% change
Normalised <sup>1</sup> revenue	3,404.5	2,935.4	16.0%
Normalised expenditure	(2,579.6)	(2,152.7)	(19.8%)
Normalised EBITDA <sup>2</sup>	824.9	782.7	5.4%
Normalised EBIT <sup>3</sup>	562.0	537.8	4.5%
Normalised NPAT <sup>4</sup> attributable to Crown	525.5	640.0	(17.9%)
Reported NPAT before significant items <sup>5</sup> attributable to Crown	446.3	702.5	(36.5%)
Significant items	(61.3)	(46.7)	(31.3%)
Reported NPAT after significant items attributable to Crown	385.0	655.8	(41.3%)

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

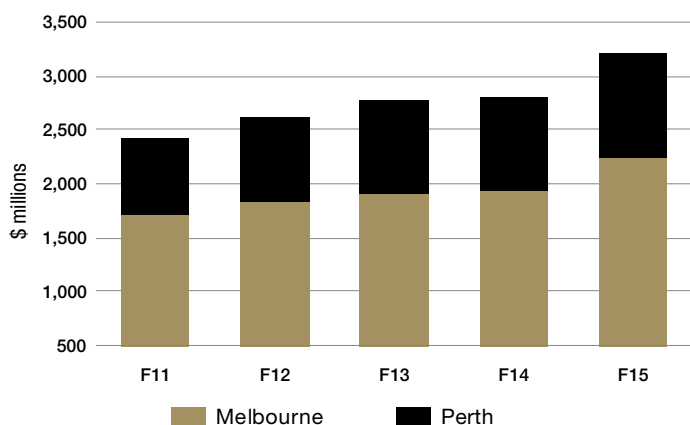
2. Normalised earnings before interest, tax, depreciation and amortisation.

3. Normalised earnings before interest and tax.

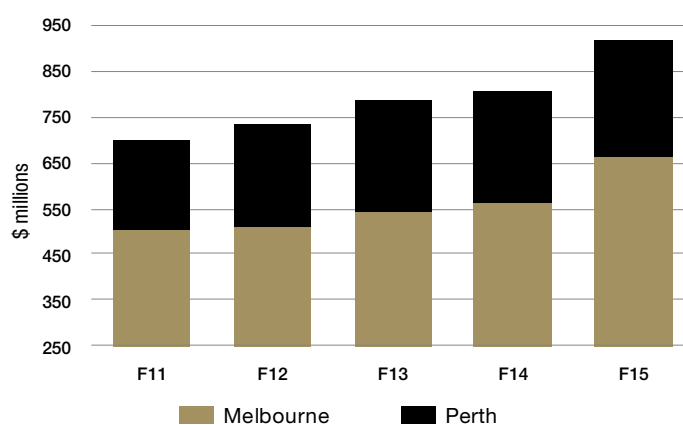
4. Net profit after tax.

5. Significant items of \$61.3 million (net of tax) in 2015 consist of asset impairments relating primarily to Crown's investment in Cannery.

### Australian Resorts Normalised Revenue



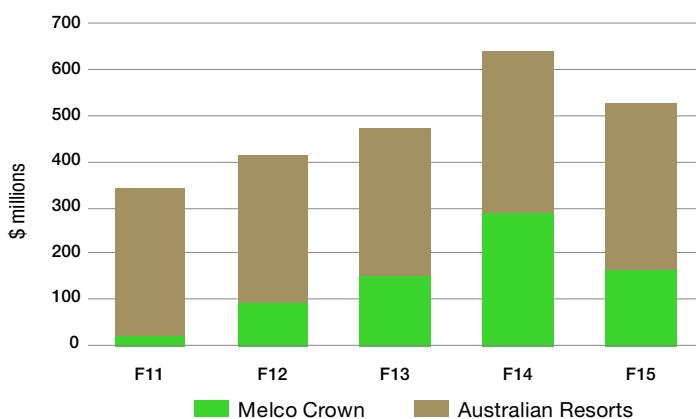
### Australian Resorts Normalised EBITDA



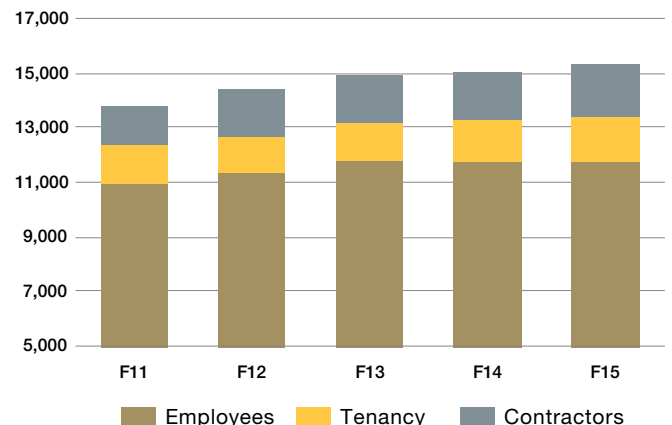
## Crown's Business Strategy

<b>Crown Group</b>	<ul style="list-style-type: none"> <li>• Continue to improve and grow Crown's portfolio of well-recognised, premium branded assets.</li> <li>• Leverage Crown's international operations, network, contacts and joint ventures to promote Crown's integrated resorts and operations.</li> <li>• Optimise the value of Crown's international investments.</li> <li>• Optimise the operation of Crown Wagering and on-line social gaming operations and explore further growth options.</li> </ul>
<b>Australia</b>	<ul style="list-style-type: none"> <li>• Continue to maximise the performance of Crown Melbourne and Crown Perth.</li> <li>• Manage the Australian properties to achieve earnings growth targets by stimulating visitation and tightly managing costs to improve margins.</li> <li>• Progress the Crown Towers Perth project, Crown Sydney Hotel Resort project and the proposed new hotel adjacent to Crown Melbourne to deliver value for shareholders.</li> <li>• Explore further growth options in the Australian market.</li> </ul>
<b>International</b>	<ul style="list-style-type: none"> <li>• Progress the Alon Las Vegas project to deliver value for shareholders.</li> <li>• Continue to maximise the performance of Crown Aspinalls.</li> <li>• Continue to work with Crown's joint venture partner in Aspers Group's casinos to optimise performance and drive growth.</li> <li>• Develop comprehensive marketing programs.</li> <li>• Explore further growth options in the international gaming market.</li> </ul>
<b>Melco Crown</b>	<ul style="list-style-type: none"> <li>• Work with Melco Crown to execute Melco Crown's business strategy of:             <ul style="list-style-type: none"> <li>– continuing to develop junket and non-junket relationships;</li> <li>– maintaining the leadership position at the premium end of the market in Macau;</li> <li>– building and operating VIP and mass market facilities; and</li> <li>– completing the development and the successful launch of Macau Studio City.</li> </ul> </li> </ul>

Crown Resorts Limited Normalised NPAT



Head Count Australian Resorts





# Chief Executive Officer's Report

*Crown has put additional resources into VIP international marketing over the last year and that has helped deliver strong growth in VIP program play turnover of 41.8%.*

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

## Overview

Crown reported a normalised net profit after tax (NPAT) of \$525.5 million for the full year ended 30 June 2015, down 17.9%. Overall, the results for Crown's portfolio of businesses were mixed. Crown's Australian resorts achieved normalised EBITDA growth of 14.1% and normalised revenue growth of 14.0%.

Melco Crown's result was the major contributor to the decline in Crown's normalised NPAT. Crown's share of Melco Crown's normalised NPAT of \$161.3 million was down \$129.9 million or 44.6%. The decline in Melco Crown's result was attributable to weak market conditions in Macau. Overall gross gaming revenue across the Macau market in the year to 30 June 2015 declined 26.8%, however the rate of decline increased in the second half, with gross gaming revenue declining 37.0% in the six months to 30 June 2015.

Crown's net operating cash flow for the period was \$634.6 million and the Group's net debt position (excluding working capital cash) was \$2,465.3 million.

## Australian Resorts

Crown Melbourne's results were pleasing with normalised EBITDA up 17.8% compared to the prior comparable period, while Crown Perth's results were more subdued, with normalised EBITDA up 5.3%, assisted by cost reductions. Main floor gaming revenue increased by 6.9% at Crown Melbourne, but only 2.6% at Crown Perth.

Crown's August 2014 agreement with the Victorian Government on reforms to the Melbourne Casino Licence and associated taxation arrangements came into effect in November 2014. The amendments included the removal of the super tax on VIP program play at Crown Melbourne from 1 July 2014, an increase in the number of games permitted and an extension of the Melbourne Casino Licence from 2033 to 2050.

We have put additional resources into VIP international marketing over the last year and that has helped deliver strong growth in VIP program play turnover of 41.8%. The removal of the super tax on VIP program play at Crown Melbourne and the reduction in the tax rate applicable to VIP program play from 12% to 9% at Crown Perth, have also allowed Crown's Australian resorts to be more competitive against other international destinations which target VIP gaming players.

Normalised EBITDA from Crown Melbourne was \$662.1 million, up 17.8%. Reported EBITDA for the period was

\$644.6 million, up 8.6% on the previous corresponding period. This reported EBITDA result takes into account an adverse variance from the theoretical VIP program play result, which had a negative EBITDA impact of \$17.5 million. This compares to a positive EBITDA impact of \$31.5 million in the previous corresponding period.

Normalised EBITDA from Crown Perth was \$254.4 million, up 5.3% on the previous corresponding period. Reported EBITDA for the period was \$302.1 million, down 4.3% on the previous corresponding period. This reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result, which had a positive EBITDA impact of \$47.7 million. This compares to a positive EBITDA impact of \$74.1 million in the previous corresponding period.

## Melco Crown Entertainment

Crown's share of Melco Crown's normalised NPAT for the year to 30 June 2015 was an equity accounted profit of \$161.3 million, down \$129.9 million or 44.6% on the previous year. After adjusting for a below theoretical win rate and pre-opening costs, Crown's share of Melco Crown's reported NPAT result for the year was an equity accounted profit of \$122.0 million, down \$165.6 million or 57.6%.

Macau is currently experiencing a difficult period, which has adversely affected all casino operators. However, Melco Crown believes that through the strong leadership from the Macau and Chinese governments, the ongoing build-out of significant local and regional infrastructure, together with an expanding and increasingly affluent Chinese middle class, Macau remains the world's most important and exciting gaming market over the longer term.

Studio City (in which Melco Crown has a 60% interest), Melco Crown's second large-scale resort in Cotai, Macau officially opens on 27 October 2015 and is on track to meet its design and construction budget of US\$2.3 billion. The operational and financial performance of Studio City will depend to a large extent on the number of gaming tables allocated by the Macau Government. Studio City International Holdings Limited announced in August 2015 that due to the possibility of the table allocation for Studio City's gaming area being lower than anticipated, it has engaged independent experts to assist it with contingency planning.

Notwithstanding this concern, Melco Crown believes that Studio City's unique and diversified offerings are consistent with the Macau Government's objective of delivering world-class entertainment.





In the Philippines, Melco Crown has an interest in City of Dreams Manila, through a 68.8% owned subsidiary. The new resort conducted a successful opening in February 2015 and continues to grow revenues across all business segments. The diverse attractions at City of Dreams Manila position it for long-term success as Manila develops into a leading tourist destination in Asia.

## Investing for the future

### Crown Towers Perth

Crown Towers Perth is proceeding on schedule, with targeted completion by December 2016. Crown Towers will feature 500 luxury hotel rooms and suites, villas, private gaming salons, restaurants, bars, a grand ballroom, convention centre, luxury retail outlets, resort pool and spa facilities. Approximately \$291m of the \$645m total budget has been spent through to the end of June 2015.

### Crown Sydney

Crown's plan to develop Crown Sydney, a six-star luxury hotel resort on Sydney Harbour at Barangaroo South, has progressed with an expected total project cost of \$2.0 billion. Crown was granted a restricted gaming licence for Crown Sydney by the NSW Independent Liquor and Gaming Authority in July 2014. In May 2015, Crown finalised agreements with the Barangaroo Delivery Authority and Lend Lease, which gives the company the opportunity to develop the Crown Sydney site at Barangaroo South. The Crown Sydney project remains conditional on the granting of planning approvals. It is envisaged that Crown Sydney will be operational from late 2020.

### Alon Las Vegas Project

Crown announced in August 2014 that a majority-owned subsidiary had acquired a 34.6-acre vacant site on the Las Vegas strip to develop the Alon Las Vegas project. Crown and its partners are continuing design work on the project as well as developing a number of funding options. We believe we have the ideal opportunity, with the right partners, investors and property, to progress this development and deliver value for shareholders.

### New Luxury Hotel at Crown Melbourne

To meet tourism demand at Crown Melbourne, designs are being finalised for a new iconic luxury hotel and apartment complex adjacent to the Crown Melbourne property. In December 2014, Crown made an initial investment of \$50 million to acquire a 50% interest in land as part of a joint venture with the Schiavello Group. Crown Melbourne remains our flagship resort and this project will ensure it remains the best integrated resort in Australia and one of the best in the world.

### Crown Wagering and Online Social Gaming Operations

Crown has invested in its wagering operations, forming CrownBet, the only major Australian-owned corporate bookmaker operating in this country. This new investment followed the acquisition of the remaining 50% of Betfair from Betfair Group PLC in August 2014. In December 2014, Crown announced a joint venture with BetEasy, combining both the Betfair and BetEasy sports books and subsequently rebranding the joint venture business as CrownBet. Currently Australia's fastest growing bookmaker, CrownBet will be the exclusive wagering partner of the AFL for the next five years.

Crown has also invested in online social gaming operations through the acquisition of a 60% interest in DGN Games LLC (DGN) in July 2015 for consideration of US\$27.5 million. DGN is a leading developer of online social games based in Austin, Texas.

## The year ahead

Crown will continue to maximise the performance of Crown Melbourne and Crown Perth. Crown will also progress plans to develop Crown Sydney, the Alon luxury resort in Las Vegas and a new luxury hotel on the site adjacent to Crown Melbourne. We will continue to optimise the value of Crown's international investments and to work with Melco Crown to execute its business strategy and deliver value to our shareholders.

I would like to sincerely thank the Board, management and all our employees for their efforts and collaboration this year.



# Australian Resorts

*Crown continued to strengthen its offer during the period with property enhancements and initiatives across gaming, restaurants and retail. The resorts remain the largest single-site private sector employers in their states.*

**Barry Felstead**  
CEO, Australian Resorts

## Investing for the long-term

Crown is investing \$2.8 billion in its Melbourne and Perth resorts from FY11 to FY18. Our capital expenditure program includes maintenance, refurbishments and new construction activity to ensure these resorts remain internationally competitive and at the forefront of luxury tourism.

To meet growing tourism demand, Crown is investing in new hotels at both its flagship properties. These are the luxurious Crown Towers Perth and the new luxury hotel which is being planned as part of a joint venture with the Schiavello Group, on a site adjacent to Crown Melbourne.

## Employment Best Practice

In conjunction with the Victorian Government, Crown has developed a bold new employment training program for retrenched workers from industries undergoing upheaval. Crown will provide 500 places at its award-winning training facility Crown College offering retrenched workers, particularly from the automotive supply chain industry, the opportunity to reinvent their working lives.

In July 2015, James Packer, Crown Resorts CEO Rowen Craigie, CEO of Reconciliation Australia Justin Mohamed and Victorian Premier Daniel Andrews launched Crown Resorts' Elevate Reconciliation Action Plan (RAP) in support of our goal for Indigenous employment. Crown Resorts is only the thirteenth company to be awarded the Elevate status by Reconciliation Australia from 600 companies which have RAPs in place.

Testament to our commitment to all our employees, Crown continues to receive awards for employment best practice. In August 2015, the Crown Resorts Indigenous Employment program was awarded the Community Contribution Award and Crown Melbourne received the Employer of Choice Award at the Australian Business Awards, both for the second year running.

## Digital and Social Media

Crown continues to invest in its digital marketing capabilities and launched its first consumer app in August 2014. The app is available in four languages, and downloads are in excess of 110,000 to date. Our online presence was also refreshed with new consumer websites going live in April 2015. In addition, Crown increased its presence on social media, including Facebook and Instagram.

## Crown Melbourne

### Overview

Crown Melbourne is one of the region's leading integrated resorts, featuring luxury accommodation, quality dining and shopping experiences together with world-class gaming and entertainment facilities. It is a significant driver of tourism within Australia, particularly in Victoria.

In the year to 30 June 2015, normalised EBITDA grew by 17.8% and normalised revenue grew by 15.7% on the previous corresponding period. Main gaming floor revenue grew by 6.9% for the year to \$1,090.6 million while normalised VIP program play revenue increased by 41.0% to \$706.6 million on turnover of \$52.3 billion. Non-gaming revenue grew 6.6% to \$436.7 million.

Crown Melbourne continued to strengthen its offer during the period with property enhancements and initiatives across gaming, restaurants and retail. The resort remains Victoria's largest single-site private sector employer, with more than 9,400 people working on site.

Crown's agreement with the Victorian Government on reforms to the Melbourne Casino Licence and associated taxation arrangements came into effect in November 2014. The amendments included the removal of the super tax on VIP program play at Crown Melbourne from 1 July 2014, an increase in the number of games permitted and an extension of the Melbourne Casino Licence from 2033 to 2050.

The reforms will help boost Victorian tourism and create new jobs as they will allow Crown Melbourne to compete more effectively in interstate and international markets.

For 18 years, Crown Melbourne has offered its millions of visitors a prestigious destination at which to stay, explore and be entertained. This year, Crown Melbourne attracted approximately 20 million visits.

### Property Update

Crown Melbourne's success in attracting international and interstate tourists is highlighted by the occupancy levels at our three hotels, which are consistently over 90%. This demonstrates a need for more hotel capacity at Crown Melbourne to meet both current and future demand.

In December 2014, Crown announced an initial investment of \$50 million to acquire a 50% interest in land adjacent to



Crown Melbourne as part of a joint venture with the Schiavello Group. Designs are being finalised for a new luxury hotel and apartment complex on the site and the parties are in the process of negotiating final joint venture arrangements.

The new luxury hotel managed by Crown will create hundreds of jobs and assist Melbourne to attract more high net worth tourists, reinforcing the city's appeal as a destination for important international conferences, sporting and cultural events.

At Crown Melbourne this year, Crown commenced a refurbishment project to the main gaming floor to create almost 1,000 square meters of space to accommodate additional gaming product following the Melbourne Casino Licence reforms. This will provide a more open gaming environment in the central and western areas, with a strategically defined gaming floor that is better oriented to customer flow patterns.

In other gaming area updates, the Maple Room on the main gaming floor was expanded and three salons were added to the Mahogany Room for VIP players, with an additional VIP gaming salon also added to level 29 of Crown Towers.

In restaurants, we welcomed Heston Blumenthal's famed The Fat Duck for six months, and Gradi, by award winning Chef Johnny Di Francesco, was added.

Crown Melbourne's signature main atrium is undergoing major works for the first time since opening in 1997, in line with our vision to enhance the experience for our Australian and international guests in a vibrant and captivating space.

The Level 1 Casino benefited from the introduction of Groove, a live music venue that was completed in October 2014.

Crown Melbourne has also upgraded a number of its support facilities to improve consistency in customer experience across the resort. These include a new surveillance monitoring room, production kitchen improvements, a lift connection for the Riverside Room restaurant and car park flow improvements.

## Local Gaming and Crown Signature Club

Crown Melbourne hosted its fourteenth Aussie Millions Poker Tournament in January 2015, which is a major event on the international poker circuit. The response from both Australian and international customers was extremely positive.

Crown Melbourne began operating 40 additional table games and 128 additional gaming machines during Lunar New Year celebrations in February 2015, which have proven to be a welcome addition to the gaming portfolio.

The Crown Signature Club continues to reward members for patronage across the resort's facilities with offers such as access to VIP rooms, invitations to special events and golf at Crown's Capital Golf Course. The membership base has continued to show strong growth this year.

## VIP Program Play

The removal of the super tax on VIP program play at Crown Melbourne has improved the international tax competitiveness of Crown's VIP business in Australia. VIP program play turnover for the year was \$52.3 billion, up 41.0% on the previous year. This is a pleasing result given the weakened global VIP sector during the year, which saw volume declines in many of the key gaming markets, including Macau and Singapore.

Crown Melbourne has focused on significantly enhancing the overall experience for VIP customers from its service offering to unique event opportunities and the addition of four new private gaming salons. Deepening relationships with trusted international marketing agents has also allowed Crown Melbourne to build volumes from this important market segment.



## Hotels, Conferences and Retail

Crown Melbourne accommodation features more than 1,600 guest rooms across its three hotels. Together, they provided more than 850,000 guest nights during the year and again occupancy levels consistently exceeded 90%.

Crown Towers was awarded Best Australian Hotel in the 2015 Luxury Travel magazine Gold List Awards for the second consecutive year. It was also the recipient of the 2015 Tripadvisor Hall of Fame Award, recognising those hotels that achieve a Certificate of Excellence for five successive years. In addition, Crown Towers was awarded Deluxe Hotel Accommodation of the Year at the 2015 Tourism Accommodation Awards and Best Large Luxury Hotel in the 2015 Australian Gourmet Traveller Hotel Guide. Crown Spa was awarded Best Luxury Hotel Spa in the Continent at the 2015 World Luxury Spa Awards.

Crown Metropal was a finalist for Australia's Best Convention Centre in the 2015 Spice magazine Awards.

The events and conferencing division achieved a record revenue result in 2015 by driving occupancy in key venues during high season to over 90% and maximising shoulder date opportunities. This year, Asian banquet menus were introduced, which were well received by both corporate and private customers.

Crown Melbourne's retail precinct continues to grow in popularity as the home of luxury shopping in Melbourne, featuring premium brands in fashion, accessories and fine jewellery. The resort enhanced its luxury retail offer during the period with store openings for watch retailer Monards, Bensimon Diamonds and Italian designer Salvatore Ferragamo. Once complete, the refreshed atrium will also feature new luxury retail spaces for two premium brands to take up residence from the end of 2015.

## Restaurants and Bars

Crown Melbourne's award winning restaurants and bars offer patrons a wealth of choice that is unrivalled in Australia.

Famed UK chef, Heston Blumenthal, temporarily relocated his three-Michelin-star restaurant, The Fat Duck, to Crown Towers in February 2015 attracting much positive publicity and overwhelming customer demand. Following its six-month visit, the restaurant will transform into Dinner by Heston Blumenthal, securing ongoing ties with Crown Melbourne.

Crown's signature restaurants continue to feature strongly in The Age Good Food Guide 2016, with Rockpool Bar & Grill, Rosetta, Spice Temple, Bistro Guillaume and No. 8 by John Lawson all featuring.

Overall, restaurant and bar operations continued to strengthen, with Level 1 bars The Merrywell, Lumia, Groove and Sports Bar, exceeding expectations. Dining options were enhanced with the opening of Gradi in October 2014. It has been well received, welcoming over 5,500 customers per week. Conservatory, Nobu and Koko were Crown Melbourne's most successful premium restaurants, driving a strong performance for the year.

Crown Melbourne takes its responsibilities in the provision of Responsible Service of Alcohol (RSA) very seriously to help ensure a safe and pleasant environment for all customers and employees. We continue to be a leader in RSA best practice within our industry, with a dedicated team of RSA officers working closely with Security and relevant training programs delivered to all employees.

## Entertainment and Events

Crown Melbourne continued to provide the venues of choice for some of Australia's most memorable events. More than 1,800 events were booked during the year, along with over 4,000 entertainment bookings in 20 venues across the resort.

At the Palladium ballroom, the largest events included the *TV Week Logie Awards* and the *AFL Brownlow Medal*. Key charitable events hosted at Crown Melbourne included *The Million Dollar Lunch*, *Diamonds*, *Starry Starry Night* and the *Epworth Medical Foundation Dinner*. The Palladium again hosted a number of Victoria Racing Club's official events during the annual Spring Racing Carnival, including the *Crown Oaks Club Ladies Luncheon* and the *VRC Young Members' End of Season Ball*.

This year's major live performances at The Palms on Level 3 included sold out seasons with Wayne Brady, Brad Garrett, Human Nature, Cosentino, Paul Hogan and Icehouse. Also on Level 3, Crown's two nightclubs, Co and Therapy, continued to feature top Australian artists every week including Havana Brown, Joel Fletcher, Savage, the Stafford Brothers, Ja Rule and many more.



Crown Melbourne also hosted *Absinthe*, which was performed in a Spiegeltent on the roof top of the complex, following several summer seasons in New York City and a four-year residency in Las Vegas.

In 2015, Crown partnered with the Sony Foundation's River4Ward inaugural event, in addition to the Melbourne Food and Wine Festival, Good Food Month and The Financial Review's Top 100 Restaurants for which a perspex stage was built across the Crown Towers pool for their award event.

## Crown Perth

### Overview

First opened in 1985, Crown Perth has undergone a transformation in recent years to cement its position under the luxurious Crown brand. It is Western Australia's premier integrated resort with world-class convention and gaming facilities, two award-winning hotels, spa, resort pools, restaurants and bars, nightclub and 2,300-seat theatre.

In the year to 30 June 2015, normalised EBITDA grew by 5.3% and normalised revenue grew by 10.4% on the previous corresponding period. Crown Perth's domestic business performance was impacted by the slowdown in the Western Australian economy throughout the year. Main gaming floor revenue grew by 2.6% for the year to \$498.0 million and non-gaming revenue grew 1.3% to \$228.0 million. Cost control across the business helped to offset the more difficult trading conditions.

VIP program play turnover experienced strong growth following a reduction in the tax rate applicable to VIP program play from 12% to 9%, which has improved the international tax competitiveness of the resort. Normalised VIP Program Play revenue increased by 44.1% to \$249.3 million on turnover of \$18.5 billion.

The international operations of our business bring a large amount of direct and indirect tourism and economic benefits to the State, from accommodation, retail spend, travel and taxes and we acknowledge the support of the WA Government on this important element of our business.

In return for a reduction in the tax rate, Crown accepted that it would need to ensure that the Government was in a no worse off position.

Crown Perth remains the State's largest single-site private sector employer, with more than 5,800 people working on site. The resort is also a major tourist destination, this year attracting approximately nine million visits.

Crown Towers Perth, the new \$645 million six-star hotel currently under development, will add a further dimension to Crown Perth's extensive offering. The project is proceeding on schedule, with completion targeted by December 2016.

### Property Update

In addition to the construction of Crown Towers Perth, Crown Perth's capital works program this year included the complete refurbishment of Crown Promenade Perth's 291 guest rooms, lobby and business centre. The refurbishment is an integral step in Crown Perth's development and journey as a leading accommodation provider in Western Australia.

The new multi-level car park opened in May 2015, significantly improving parking availability with an additional 1,500 bays. The multi-level car park provides convenient and direct access to the Casino for patrons and provides a stylish entrance to the front of the resort.

This year has also seen the successful re-launch of the Crown Sports Bar, following refurbishment of the former Carbon Bar space. The project featured the installation of one of the largest high-resolution indoor sports screens in Australia, in addition to a new bar area and corporate box with primary viewing access.

### Local Gaming and Crown Club

Slow growth in revenue from Crown Perth's main gaming floor reflected weak consumer sentiment in the local economy. Growth in local gaming revenue is attributed to the continued investment in and popularity of automated table games, despite challenging market conditions overall.



## VIP Program Play

VIP program play turnover for the year was \$18.5 billion, up 44.1%, following improved international competitiveness after the reduction in the applicable tax rate from 12% to 9%. The ongoing upgrade of Crown Perth also continues to capture the attention of the region's high-end players. Much of this growth was driven by the North Asian market.

Significant enhancements to VIP assets in recent years, including luxury villas, the 140-foot yacht, Infinity, and an expanded private jet service has allowed Crown's international marketing team to present Crown Perth as an attractive and compelling resort and entertainment alternative.

## Hotels and Conferences

Hotel business faced difficult trading conditions in a slowing Western Australian economy, which experienced a decline in corporate and group travel. Crown Metropal Perth and Crown Promenade Perth together provided 327,000 guest nights during the year, up 2% on the previous year in difficult market conditions. Guest nights were also impacted by Crown Promenade Perth's refurbishment project, which is now complete.

On completion, Crown Towers Perth will increase hotel room capacity at Crown Perth to nearly 1,200 guest rooms and will offer a true six-star experience – the first of its kind in Western Australia. It will be the largest hotel in Perth, featuring 500 luxurious guest rooms and suites, villas, private gaming salons, restaurants and bars, a grand ballroom, convention centre, luxury retail outlets, a large-scale resort pool and spa.

The state-of-the-art convention facilities to feature at Crown Towers Perth have already gained much interest from the meetings industry, with several major conventions confirmed for 2017.

Recognising Crown Perth's high service standards and dedicated professionals, the Australian Hotels Association announced in August that Crown Perth had won five major awards in its WA Accommodation Industry Awards. These included WA's Best Overall Accommodation Hotel Award for Crown Metropal Perth and WA's Best Superior Accommodation Award for Crown Promenade Perth. The luxury Crown Metropal Perth was also awarded Luxury City Hotel and Spa of the Year in the 2015 Luxury Travel Guide Awards and its Isika Spa was awarded Best Luxury Hotel Spa in Australia in the 2015 World Luxury Spa Awards.

This year's refurbishment of Crown Promenade Perth provides corporate and leisure travellers with a stylish and modern offer that is both luxurious and affordable. Featuring vibrant colours, luxury furnishings and contemporary finishes, the hotel's 4.5 star AAA rating reflects the new high standard of accommodation.

The events and conferencing division met expectations this year and was able to limit disruption from the Crown Towers development. Crown Perth's convention facilities attracted approximately 174,500 delegates during the year, with major conferences and functions including those from Landmark, AMP, the Department of Foreign Affairs and Trade and Enjo.

## Restaurants and Bars

The launch of Crown Sports Bar in March 2015 has quickly seen it become Perth's favourite 'Home of Sport', with its huge cinematic screens and 24/7 opening hours. A number of celebrity guests and sports stars attended the launch event, including Dawn Fraser, Adam Gilchrist and Steven Bradbury, along with local sporting legends.

Crown Perth restaurants were recipients of five Gold Plate Awards at the Catering Institute of Australia's 2014 Gala Awards Dinner, with the honours going to Modo Mio for Mediterranean Casual Dining, Atrium Buffet for the Excellence in Health and Buffet Dining Awards, in addition to Rockpool Bar & Grill for Wine List of the Year and the Steakhouse Award.

At the Australian Hotels Association 2015 Hotel & Hospitality Awards for Excellence, Crown Perth was awarded WA's Best Premium Restaurant for Silks, WA's Best Casual Pub Dining for The Merrywell and WA's Best Bar Presentation and Service for Rockpool Bar & Grill. The Merrywell was also the recipient of the award for WA's Best Steak Sandwich by the Australian Hotels Association in May 2015. In its second year of operation, The Merrywell Food Truck continues to be popular for both private functions and public events and festivals, operating at the 2014 Good Food & Wine Show and the inaugural Perth Royal Show.

Responsible Service of Alcohol (RSA) initiatives continued to be a focus throughout the year. As a responsible industry participant, Crown Perth has developed comprehensive RSA policies and practices to help ensure that all guests and employees enjoy a safe environment.



## Entertainment and Events

Crown Perth provided venues of choice for approximately 1,400 events throughout the year, up from 1,275 events in the previous year.

The resort hosted a number of important events including the official dinner between Australian Prime Minister Mr Tony Abbott and Japanese Prime Minister Mr Shinzo Abe in July 2014. It also hosted a successful Kings of the Kitchen Duke of Edinburgh Awards event in November 2014, which was attended by HRH Prince Edward, Earl of Wessex.

The second annual Taste of Perth food festival in May featured returning Crown Perth restaurants Nobu, Bistro Guillaume and Silks along with first time contender Modo Mio. Almost 9,000 dishes were served across the weekend from these kitchens.

Crown Theatre held several long running shows throughout the year, including seasons of *Grease*, *Les Miserables* and *Wicked*. Short run shows included *Le Noir*, *Thriller* and *The Illusionists 2.0* in addition to live performances from Tina Arena, Missy Higgins, The Madden Brothers, Elmo's World Tour, Octonauts and Jim Jefferies Live.

Crown Perth sponsored many local events, cultural activities and other community-based programs throughout the year, including providing the venue for the *Ronald McDonald House Charities Ball*, Styleaid for the WA AIDS Council, *the Royal Queensbury Boxing Challenge*, *WA Council Tourism Awards*, *the West Coast Eagle's Club Championship Awards* and *the Fremantle Football Club Doig Medal Awards*.



# Melco Crown Entertainment

*Melco Crown believes that Macau remains the world's most important and exciting gaming market.*

## Overview

Melco Crown is a developer, owner and operator of integrated resorts in Macau and the Philippines. It is a joint venture between Crown and Melco International Development Limited, which each hold a 34.3% equity interest. Melco Crown is listed on the NASDAQ with a market capitalisation of approximately US\$10.7 billion as at 30 June 2015.

Weak market conditions affecting all casino operators in Macau have adversely impacted Melco Crown's operating and financial results. Crown's share of Melco Crown's normalised NPAT was an equity accounted profit of \$161.3 million, down 44.6% on the previous year. After adjusting for an above theoretical win rate and pre-opening costs, Crown's share of Melco Crown's reported result for the year was an equity accounted profit of \$122.0 million, down 57.6%.

In Macau, Melco Crown owns and operates two premium properties, City of Dreams and Altira Macau, in addition to a network of niche gaming facilities in the Mocha Clubs business. It also holds a 60% equity interest in Studio City, an integrated resort project in Cotai that is scheduled to open on 27 October 2015. In the Philippines, Melco Crown holds a 68.8% equity interest in the operator of City of Dreams Manila, an integrated resort which opened in February 2015.

## Macau Market Update

The Macau gaming market has been through a challenging period. Overall gross gaming revenue across the Macau market in the year to 30 June 2015 declined 26.8%. The rate of decline increased in the second half with gross gaming revenue declining 37.0% in the six months to 30 June 2015. The decline in net revenue was primarily attributable to lower rolling chip revenues and mass market table games revenues in Macau.

However, tourism will remain a major driver of Macau's economy and Macau continues to benefit from the People's Republic of China central and Macau governments' development plans for the region, including improved infrastructure, immigration policies and development of Hengqin Island. This wide-reaching development plan is expected to strengthen the appeal of Macau as a multi-faceted leisure and tourist destination, offering an increasingly expanded array of entertainment attractions and amenities to drive long-term growth and a more diversified tourism experience.

Melco Crown believes that over the long term, through strong leadership from the Macau and Chinese governments, the ongoing build-out of significant local and regional infrastructure, together with an expanding and increasingly affluent Chinese middle class, Macau remains the world's most important and exciting gaming market.

## City of Dreams Macau

City of Dreams is an integrated casino resort in Cotai, Macau. It is a premium focused property targeting high-end customers and rolling chip players from regional markets across Asia. As at 30 June 2015, City of Dreams operated approximately 500 gaming tables and 1,200 gaming machines.

Three exceptional hotels, Crown Towers (a Forbes Five-Star Hotel), the Hard Rock hotel and across two towers the Grand Hyatt Macau, together provide 1,400 guest rooms. City of Dreams also features around 30 restaurants and bars, approximately 70 retail outlets, banquet and meeting facilities and recreation and leisure facilities that include health and fitness clubs, three swimming pools, spas and salons. Other key attractions include an audio-visual multimedia experience and the Club Cubic nightclub.

SOHO, a new lifestyle entertainment and dining precinct located on the second floor of City of Dreams, is attracting customers with its wide selection of food and beverage options and other non-gaming offerings. The House of Dancing Water Theatre, a wet stage performance theatre with approximately 2,000 seats, features the internationally-acclaimed and award-winning The House of Dancing Water show.

Melco Crown is expanding the retail precinct at City of Dreams, which is anticipated to open in the first half of 2016. It is also in the early stages of developing a fifth hotel tower.





## Studio City Macau

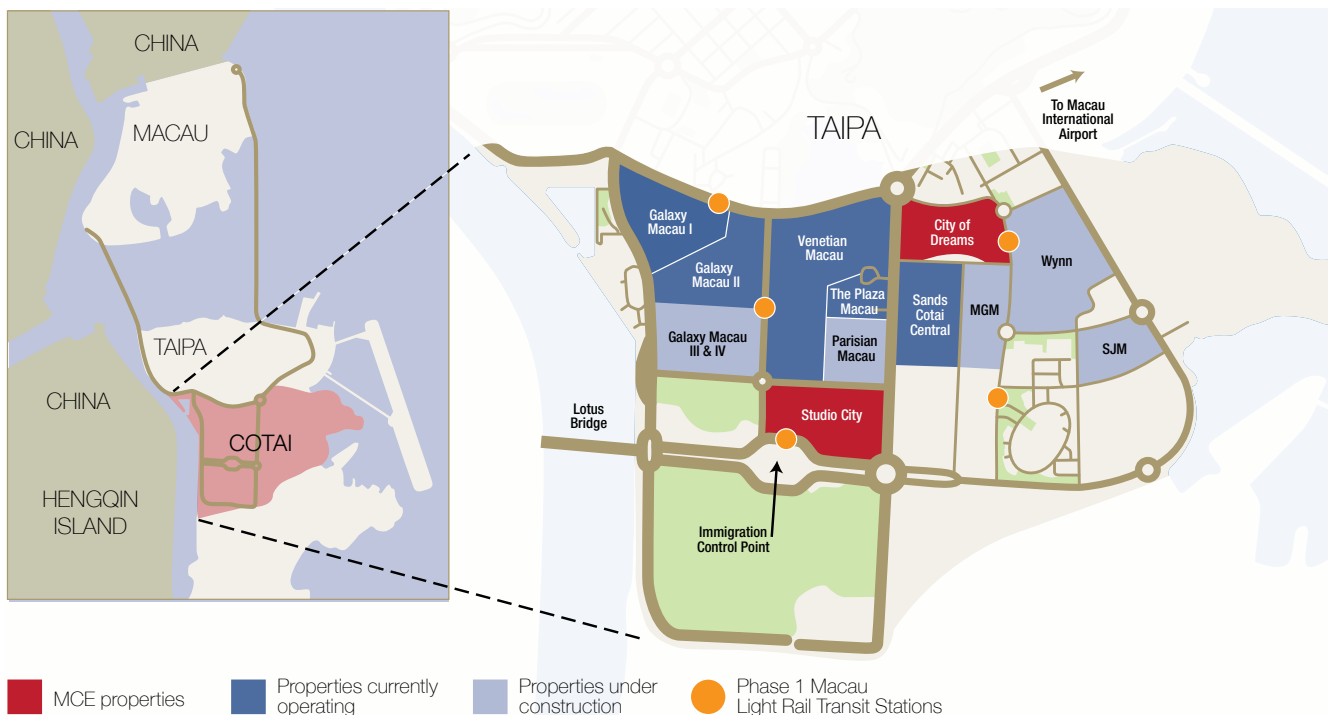
Melco Crown holds a 60% interest in Macau Studio City (Studio City), a large-scale Hollywood-inspired resort project that is designed to deliver an unparalleled leisure entertainment and hospitality experience. Studio City will feature 1,600 hotel guest rooms and is on track for its grand opening on 27 October 2015 and will meet its design and construction budget of US\$2.3 billion.

The Hollywood-themed studio-concept resort is a thrilling new cinematic experience that is designed to be the most diversified entertainment offering in Macau. The Art Deco façade, complete with its iconic Golden Reel, the world's highest figure-8 Ferris wheel, features non-gaming entertainment offerings such as a 4D flight simulation ride, Batman Dark Flight; a 5,000-seat entertainment centre for live shows and sporting events; a Warner Bros. Fun Zone family entertainment centre; DC Comics, Hanna-Barbera Productions and Looney Tunes entertainment franchises; 'The House of Magic' magic theatre; and Macau's first Ibiza-style nightclub Pacha Macau.

Ideally located in Cotai, close to the Lotus Bridge immigration point connecting Hengqin Island and a future station-point for the Macau Light Rapid Transit, Studio City will strengthen Macau's leisure, business and tourism proposition as a leading visitor destination in Asia.

The Studio City project is funded through a combination of equity contributions from shareholders, proceeds from the Studio City US\$825 million senior notes and a US\$1.4 billion Studio City senior secured project loan. Both of these loans do not involve a corporate guarantee from Melco Crown.

Melco Crown is monitoring news reports and Macau Government policies relating to gaming table allocation in Macau. Melco Crown is mindful that the operational and financial performance of Studio City will depend to a large extent on the number of gaming tables allocated by the Macau Government and Melco Crown remains concerned about receiving materially fewer tables than it requested for Studio City. Notwithstanding this concern, Melco Crown believes Studio City's unique and diversified offerings will make it a unique asset built consistent with the Macau Government's objective of delivering world-class entertainment.





## Altira Macau

Altira Macau is designed to cater to Asian rolling chip customers and players sourced primarily through gaming promoters and features approximately 120 gaming tables. Altira Macau offers a luxurious hotel experience with its internationally acclaimed accommodation and guest services. In February 2015, it was awarded the Forbes Five-Star rating in both Lodging and Spa categories by the Forbes Travel Guide for the sixth year running.

## Mocha Clubs

Mocha Clubs comprise the largest non-casino based operations of gaming machines in Macau. The number of gaming machines in operation averaged approximately 1,200 during the year ended 30 June 2015.

## City of Dreams Manila

Melco Crown, through its 68.8% owned subsidiary, Melco Crown (Philippines) Resorts Corporation (MCP), has an interest in a consortium that owns and operates City of Dreams Manila, an integrated resort in Manila.

City of Dreams Manila has three hotels comprising Crown Towers hotel, Nobu hotel and Hyatt City of Dreams Manila, with approximately 950 guest rooms in total. It is located on approximately 6.2-hectares at the gateway of Entertainment City, Manila, close to metro Manila's international airport and central business district.

City of Dreams Manila conducted a successful opening in February 2015 and continues to grow revenues across all business segments. As at June 2015, City of Dreams Manila operated more than 250 gaming tables and more than 1,700 gaming machines. Melco Crown reported that the rolling chip segment (VIP Program Play) gained meaningful traction in July 2015.

City of Dreams Manila is expected to become one of the Philippines' leading integrated tourist resorts. The property's world-class array of gaming and non-gaming attractions enables it to enjoy market-leading visitation, positioning the resort for long-term success as Manila develops into a leading regional tourist destination. City of Dreams Manila will diversify Melco Crown's exposure to the rapidly developing Asian gaming and entertainment industry, enabling it to further participate in the growth of the Asian middle class and the increasing consumerism of this key market.

## Capital Management

Melco Crown implemented a stock repurchase program during the year, in which Crown and Melco International Development Limited did not participate. As a result, Crown's interest in Melco Crown increased from 33.6% to 34.3% as at 30 June 2015. Melco Crown believes this capital management strategy provides it with the mechanism to return surplus capital efficiently, while maintaining flexibility to fund its current operations and future development pipeline.



# Crown Aspinalls and other investments

## Crown Aspinalls

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

Normalised EBITDA from Crown Aspinalls was \$31.7 million, down 9.9% on the previous period. Reported EBITDA for the period was negative \$45.3 million. This reported EBITDA result takes into account an adverse variance from the theoretical VIP program play result, which had a negative EBITDA impact of \$77.0 million. This compares to a negative EBITDA impact of \$10.1 million in the previous period.

## Crown Wagering

CrownBet is an exciting new venture which launched this year, with Crown building an Australian-owned business that can compete strongly with the largely foreign-owned competitors in our wagering industry.

Crown acquired the remaining 50% of Betfair from Betfair Group PLC in August 2014 for consideration of \$10 million, giving it 100% ownership. In December 2014, Crown and Australian corporate bookmaker, BetEasy, announced a joint venture to combine the sports book business of BetEasy and Betfair to form CrownBet.

Crown holds a 62% interest in CrownBet. By leveraging the Integrated Resort assets of the group, we expect CrownBet to grow into a business that is able to compete strongly with the foreign-owned participants in the wagering industry.

CrownBet is currently Australia's fastest growing corporate bookmaker. CrownBet's offering features market leading innovative customer interfaces with the ability to watch AFL matches and Victorian thoroughbred racing live on your mobile device, a new pre-paid debit card product enabling customers to instantly access their winnings, and the recently launched CrownBet Rewards loyalty program integrated with the loyalty programs for Crown Melbourne and Crown Perth.

CrownBet is also the exclusive wagering partner of the AFL until the completion of the 2019 season and is the Premium Partner of the new Seven West Media and Racing Victoria joint venture television network, 'Racing.com'.

The CrownBet team is led by Chief Executive Officer, Matthew Tripp, who is backed by an experienced management team with a proven track record of building highly successful businesses in the wagering industry.

EBITDA from Crown's wagering businesses, Betfair and CrownBet, was a loss of \$16.0 million. Turnover from CrownBet continues to track in line with expectations, given the start-up nature of the business. Significant product enhancements are being rolled out together with rebranding and promotional initiatives. Betfair's results were in line with expectations.

## Online Social Gaming

Crown acquired a 60% interest in online social gaming operation DGN Games LLC (DGN) in July 2015 for consideration of US\$27.5 million. In addition, Crown has contributed US\$5 million to DGN to fund growth. DGN is based in Austin, Texas and is a leading developer of online social games.

## Aspers Group

Crown holds a 50% equity interest in the Aspers Group, which operates four regional casinos in the United Kingdom, in Newcastle, Stratford, Milton Keynes and Northampton (the latter in a joint venture with Kerzner UK Limited). Crown did not receive a distribution of any profits or recognise any earnings from Aspers Group during the period.

## Cannery

Crown holds a 24.5% equity interest in Cannery, which is based in the United States and has operations at the Meadows Racetrack & Casino in Pittsburgh, Pennsylvania, and Cannery Casino and East Side Cannery in Las Vegas, Nevada.

Due to the financial position of Cannery and the uncertainty surrounding the proposed sale of The Meadows, the carrying value of Crown's investment in Cannery was written down to nil during the first half, resulting in a US\$45.6 million (A\$55.9 million) impairment charge which has been reported as a significant item. During the year, Crown did not receive a distribution of any profits or recognise any earnings from Cannery.



# Development Projects - Crown Sydney

*Sydney's first luxury six-star hotel resort will be a landmark on the Sydney Harbour skyline*

## Crown Sydney

Crown Resorts is progressing its plans to develop and operate an iconic six-star hotel resort, including VIP gaming facilities, at Barangaroo South in Sydney. Crown Sydney, located on the harbour, will be the city's first six-star hotel resort. Crown's plan includes 350 hotel guest rooms and suites, luxury apartments, signature restaurants and bars, retail outlets, pool and spa facilities, conference rooms and VIP gaming facilities. The resort is proposed to open in late 2020.

The "iconic" status of the hotel resort is assured through the engagement of Wilkinson Eyre, one of the world's best architect practices. They have designed a landmark building that will be instantly recognisable around the world and will complement Sydney icons like the Sydney Harbour Bridge and the Sydney Opera House.

Following the passing of legislation by the NSW Parliament in November 2013 to enable the issue of a restricted gaming licence at the Crown Sydney site at Barangaroo South, the Independent Liquor and Gaming Authority issued a restricted gaming licence to Crown for Crown Sydney in July 2014. In May 2015, Crown finalised agreements with the Barangaroo Delivery Authority and Lend Lease, which give Crown the

opportunity to develop the Crown Sydney site at Barangaroo South. The Crown Sydney project remains conditional upon receipt of planning approvals.

To give effect to our commitment to the New South Wales (NSW) Government on providing luxury facilities to VIP gaming customers at Crown Sydney, Crown will acquire an interest in the luxury amenities at Ellerston in the Hunter Valley, NSW. Crown announced in August 2015 that it has reached agreement in principle with the Consolidated Press Holdings Group to acquire a 50% interest in part of the property and operations at Ellerston for \$60 million. Our interest will include luxury accommodation, one of Australia's best golf courses, a go-cart track, cinema and several swimming pools but remains subject to the completion of long form sale and subdivision documentation.

Crown Sydney will deliver significant and unique benefits for the people of NSW, boosting employment, business investment, export income and state revenue. It will also assist Sydney attract a larger share of the booming outbound Asian tourism market.

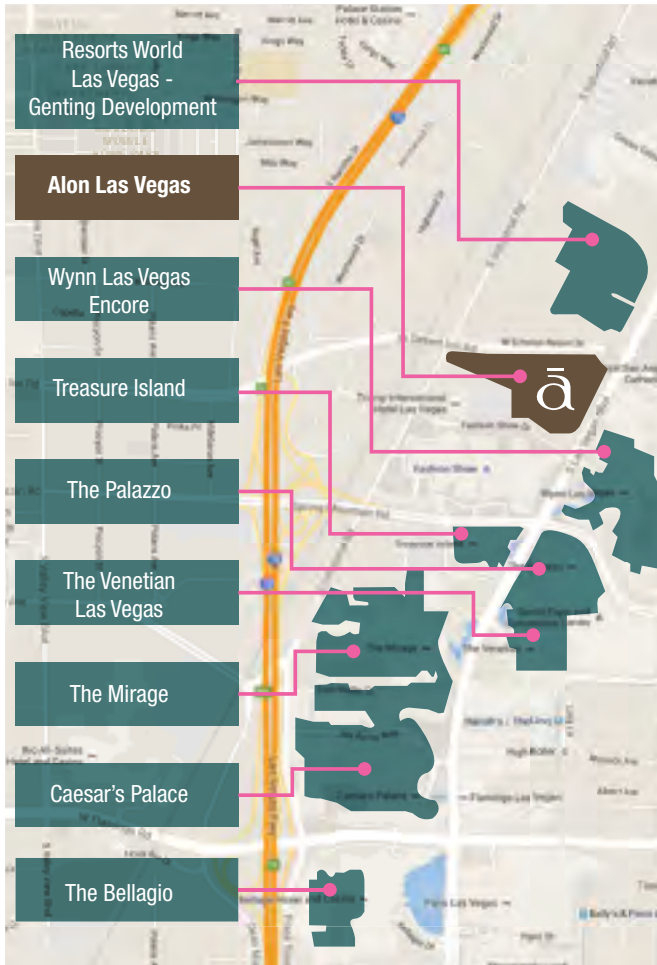


Artist's impressions of Crown Sydney. The development of Crown Sydney remains conditional on the granting of all necessary planning approvals



# Development Projects - Alon Las Vegas

*Our investment in Las Vegas will expand Crown's presence as a leading global operator and complements our expansion in Australia and Asia.*



## Alon Las Vegas

Crown announced in August 2014 that a majority-owned subsidiary had acquired a 34.6-acre vacant site on the Las Vegas strip to develop the Alon Las Vegas project. Crown and its partners are continuing design work on the project as well as developing a number of funding options.

The Las Vegas market is undergoing a resurgence and Crown believes it has the ideal opportunity, with the right local partner in Co-Chairman and CEO of Alon, Andrew Pascal, financial support from Oaktree Capital Management and what is considered to be the best piece of undeveloped land on the Las Vegas strip.

Former President and COO of Wynn Las Vegas, Andrew Pascal is an accomplished entrepreneur and business leader with more than 20-years' experience in the luxury hospitality and leisure entertainment industries. During that time, he founded and built businesses that delivered innovative solutions to the land-based and digital casino industries. Andrew has worked extensively in both Las Vegas and the San Francisco Bay Area and he brings to this new resort venture a unique blend of entrepreneurial passion, creative insight, and operating discipline.



# Corporate Social Responsibility

*Crown has a long-standing commitment to the communities in which it operates. Crown's community partnerships, employee volunteering and support for not-for-profit organisations all underpin Crown's commitment to building a stronger community.*

## Our People

Crown is recognised as one of Australia's leading employers. Our learning and development programs at Crown College, our Indigenous Employment Program and our disability employment program are all considered best practice, leading the way for other Australian workplaces.

Crown's Australian resorts remain the largest single-site private sector employers in their states, with more than 15,000 people working at Crown Melbourne and Crown Perth in over 700 different roles.

In 2015, Crown College provided approximately 385,000 hours of training to employees in Melbourne and Perth. Significantly, since inception, Crown has graduated over 7,300 apprentices and trainees.

To make learning and development more accessible to employees, Crown invested in a new Learning Management System and a new Contractor Management System.

Crown is active in its responsibility to provide employment opportunities for Aboriginals and Torres Strait Islanders through its best practice Indigenous Employment Program and we were proud to employ our 450th Indigenous employee in August 2015. In recognition of our Indigenous Employment Program, Crown was awarded the Community Contribution Award at the 2015 Australian Business Awards for the second consecutive year.

In July 2015, Crown launched its second Reconciliation Action Plan (RAP) in support of its goal for Indigenous employment. Crown is one of only thirteen companies out of 600 to be awarded Elevate status for its RAP by Reconciliation Australia, recognising our work towards real change.

CROWNability was launched across Crown's Australian properties to support Crown's strategy to provide an

employment pathway for people with disability and builds on Crown's commitment to building and maintaining a diverse workforce. The launch of CROWNability coincided with the International Day of People with Disability where Crown also proudly announced that Kurt Fearnley, the acclaimed Para-Olympian and marathon champion, would be the official CROWNability Ambassador.

Working closely with Disability Employment Service providers, job opportunities have been created across a range of occupations, with 76 people being employed under the program by the end of the financial year.

Crown's commitment to diversity and inclusion has been solidified by Crown Resorts CEO Rowen Craigie joining the Victorian chapter of the Male Champions of Change. The Male Champions of Change is a high-profile group of Chief Executive Officers of local, national and global organisations, who are committed to advancing gender equality across Australian organisations and in the community. Through this new membership, Crown will continue to explore strategies to reduce gender inequality in Australian workplaces.

## Responsible Gaming

Crown Resorts is proud of its long-standing commitment to the Responsible Service of Gaming and has led the way with many responsible gaming initiatives. These include the establishment of the Responsible Gaming Support Centre in 2002 at Crown Melbourne, followed by the Responsible Gambling Information Centre in 2009 at Crown Perth, and the introduction of the Play Safe Limits Program, Crown's voluntary time and loss limit setting program.

The Responsible Gaming Centres at both Australian resorts provide the focal point for customers seeking assistance with their gambling behaviours. Both centres provide information about responsible gaming programs and





services, which are free, confidential and available 24 hours a day, seven days a week. Both centres offer a Self-Exclusion program (where customers can ban themselves from the casino gaming floor) and information about and assistance with the Crown Play Safe Limits Program.

Fundamental to achieving its responsible gaming commitment is staff training. This commences for all employees on their first day as part of the Induction Program. The Induction session is facilitator led, and is followed by further Responsible Service of Gaming training delivered online. Relevant staff will complete this training as a refresher every two years. Training focuses on legislative compliance and Crown policies, the identification of observable signs that a customer may be experiencing difficulty with their gambling and how to direct the customer to appropriate support services.

Information about responsible gaming is widely available at both Australian resorts. This includes responsible gaming brochures at Loyalty Program information desks and other locations throughout the casino gaming floor, at Responsible Gaming Centres, as well as information on Kiosks and plasma screens located throughout the casino gaming floor. Each Crown resort also operates a Responsible Gambling Code of Conduct, which is advertised and easily available.

Crown Melbourne and Crown Perth engage with external gambling help service providers in their respective states, as well as continuing regular contact with other community welfare organisations.

The Crown Resorts Board Responsible Gaming Committee, chaired by independent Director, Professor John Horvath, AO, continues to meet regularly to review and monitor responsible gaming programs and promote awareness of responsible gaming issues.

## Community

Crown continues to be proactive in supporting the communities in which it operates. Crown's community partnerships, employee volunteering opportunities and support of not-for-profit community organisations have the potential to inspire positive change.

A feature of Crown's community commitment is its partnerships with a broad range of leading charities and community services organisations. Crown's support comes in many different forms. At a resort level, Crown Melbourne and Crown Perth host and support many events that promote and fundraise for charitable organisations. Crown employees also enthusiastically volunteer their time to support a wide range of causes.

Crown also looks across its business for opportunities to broaden the scope of support to its community partners. This year, in partnership with the Crown Resorts Foundation, the South Sydney Rabbitohs and the Melbourne Storm, the Crown Resorts Charity Cup was again held with all funds raised going to Ovarian Cancer Australia.

Employees supported and donated personally to various charity appeals: blankets and warm clothing for the Anglicare Winter Appeal; gifts and food items to the St Vincent de Paul Christmas Appeal; and chocolates, eggs and sweet treats for families in need over Easter through The Salvation Army. Significantly, more than 30,000 meals were donated to Foodbank Western Australia.





Various internal departments also organise their own fundraising events for charities such as the Cancer Council, the Nepal earthquake victims, the Father Bob Maguire Foundation, Foodbank Western Australia, Melbourne City Mission, Oxfam, the Ovarian Cancer Research Foundation and the Ballarat Wildlife Park.

Crown's Australian Resorts CEO, Barry Felstead, for the 6th year running, participated in the St Vincent de Paul CEO Sleepout in Perth, and raised over \$148,000 towards their homeless services.

The annual Crown Autumn Ladies Lunch was held in Sydney to raise awareness and funds for organisations which support victims of domestic violence. Australian of the Year 2014, Rosie Batty, spoke and almost \$150,000 was raised for DV Connect, Catherine House, the Luke Batty Foundation and Safe Space.

## Environment

This year saw a further increase in environmental action across Crown's Australian resorts, as we continue to work towards being a leader in sustainable business practice in the gaming and entertainment industry. Focusing on three major areas - energy efficiency, water conservation and waste reduction - we have implemented several programs to reduce our environmental impact.

Crown Melbourne and Crown Perth work together to develop and implement strategies for both properties that will reduce the environmental impact and contribute to developing more sustainable practices. Our Environment Committees have representatives from each major business unit from both properties focusing on numerous energy, water and waste management initiatives.

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

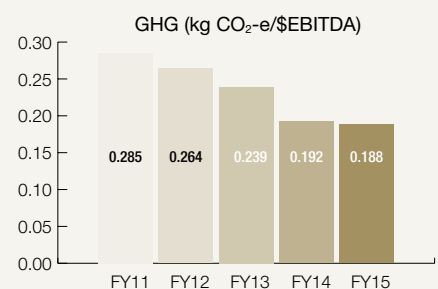
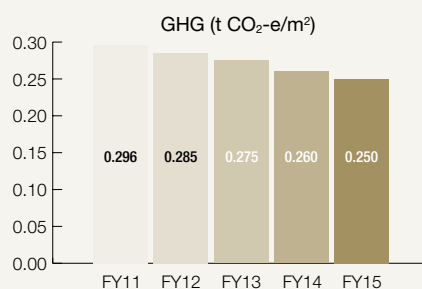
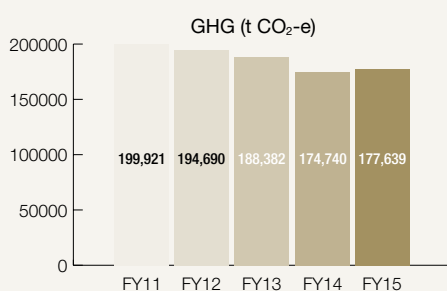
Crown's environmental sustainability online training module continues to work to reduce the environmental footprint of all staff and contractors working at both properties. Incorporating the latest in interactivity and behavioural change concepts to ensure optimal uptake from participants, the training module won the Gold Award for Best eLearning Design at the annual LearnX Awards in June 2015.

In addition to our internal programs, Crown participated in a number of externally organised programs, including the global Earth Hour when we turned off all non-essential lighting, Clean-up Australia Day and the Carbon Disclosure Project (for the sixth year running).

Despite an increase in business activity, this year Crown achieved reductions in greenhouse gas emissions intensity of 3.9% per area and 2.4% per \$EBITDA, a decrease in water consumption of 0.6% and an increase in recycling rates of 64%.

## CSR Report

Crown's 2015 Corporate Social Responsibility Report will be published later in 2015, and contains more detail and specific data on all the above areas.



Greenhouse Gas emissions are calculated using factors stipulated under the National Greenhouse and Energy Reporting (NGER) Act 2007.





# The Crown Resorts Foundation

*The Crown Resorts Foundation, in partnership with the Packer Family Foundation, is allocating over ten years a \$200 million National Philanthropic Fund.*

As a major long-term initiative, the Crown Resorts Foundation is the philanthropic arm of Crown and works in partnership with Crown Melbourne, Crown Perth and the Packer Family Foundation.

The Crown Resorts Foundation supports a wide range of programs that promote community engagement, creativity and positive cultural identity. Many of the programs are focused on educational outcomes to provide young Australians with the opportunities they need to learn, grow and be confident in themselves and their ability to succeed.

This year was the first full year of the Crown Resorts and Packer Family Foundation's National Philanthropic Fund. This \$200 million fund, comprising a \$100 million National Arts Fund and a \$100 million Community Partnerships and Indigenous Education Fund, is to be allocated over ten years, beginning in financial year 2015.

## Improving the accessibility and availability of the arts across Australia

The National Arts Fund aims to improve the accessibility and availability of the arts to young Australians. It recognises the ability of the arts to cross divides and be responsive and relevant to community, providing important cultural and social access points for all participants.

In February 2015, the Crown Resorts Foundation partnered with the 2015 Perth International Arts Festival to present the headline attraction, Royal De Luxe's *The Giants*. *The Giants* was a public art performance staged over three days on the streets of Perth. The performance attracted over 1.4 million visitors and was the largest public event ever in Perth.

In Melbourne, the Foundation announced key partnerships with the Melbourne Theatre Company's *Sharing the Light*

program, the Melbourne Symphony Orchestra's ACCESS program, the McClelland Sculpture Park and Gallery's education program, the Arts Centre Melbourne's First Call Fund program and also the MPAVILION. All of these programs are focused on providing arts experiences and subsidised access to disadvantaged young people and families.

## Western Sydney Arts Initiative

The National Arts Fund encompasses the Western Sydney Arts Initiative, a \$30 million 10-year commitment to support and promote the arts in Western Sydney. This year, the first allocations were made to more than 30 successful recipients. The programs selected for funding will enhance Western Sydney's arts capacity – making art, in its many forms, more available to the youth of Western Sydney. From programs that support the pursuit of artistic excellence to programs that use art as a vehicle to engage with marginalised youth – all build on Western Sydney's dynamic creative culture.

## Strengthening Communities and Indigenous Education Opportunities

The Community Partnerships and Indigenous Education Fund provides financial support for key community organisations with a particular objective of empowering young Aboriginal and Torres Strait Islanders through education. This Fund supports programs that provide some of Australia's most marginalised youth with the belief and confidence to grow and succeed. These programs are focused on promoting education opportunities, life skills and ultimately employment prospects of young Australians.





## Supporting Key Community Organisations

The Foundation has partnered with a broad range of leading charities and community services organisations to support the delivery of services to homeless, vulnerable and marginalised Australians. In Victoria, two key Foundation community partners are The Salvation Army's Project 614 and the Father Bob Maguire Foundation. Both organisations provide support and assistance to the homeless and vulnerable of Melbourne.

This year, Gretel Packer, Chair of the Crown Resorts Foundation's Advisory Board, participated in the St Vincent de Paul CEO Sleepout to raise awareness about the prevalence and key causes of homelessness in Australia. She chose to do the Sleepout in Melbourne and was the number one fundraiser in Australia, raising over \$200,000 for St Vincent de Paul Victoria to continue its valuable support of those at risk of, and who are, homeless.

In Western Australia, the Foundation again provided major support for the Channel 7 Telethon, committing \$2.5 million in support of child health services.

## Improving Indigenous Education Opportunities

The Foundation partners with organisations working to eliminate disadvantage experienced by Aboriginal and Torres Strait Islander people through the promotion of education. These organisations work with parents and communities to establish environments where trust and security enable children to thrive, while benefiting from a consistent school-based education.

Early childhood and pre-school programs are considered a priority as they are an essential stepping stone to effective primary school years, which give children and their parents the confidence and belief in the possibility of success.

The aim is to achieve regular school attendance throughout primary and secondary schooling, which will lead to formal tertiary education or other training, and ultimately result in satisfying and stable employment.

Each program is unique in its focus and means of delivery, but all play an important role in helping to educate young Aboriginal and Torres Strait Islander Australians. The Foundation's Indigenous Education partners operate all over Australia and include the Australian Indigenous Education Foundation, the Australian Indigenous Mentoring Experience, the Australian Literacy and Numeracy Foundation, the Aurora Indigenous Education Foundation, the Exodus Foundation, the Clontarf Foundation, the Former Origin Greats ARTIE Academy, the National Centre for Indigenous Excellence and the National Rugby League's Indigenous All Stars team.

## Engaging Employees with our Community Partners

To broaden the scope of support available to the Foundation's partners and recognising the benefits of a strong employee involvement platform, an employee engagement plan has been developed to provide Crown employees the opportunity to engage with community partners.

To help steer this program, an Employee Advisory Committee (EAC) was established in August 2014. The EAC is made up of employees who have demonstrated their commitment to the not-for-profit sector by volunteering their own time in support of various organisations.



# Corporate Governance Statement

The Crown Resorts Limited Board is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which Crown Resorts Limited (Crown) has followed the best practice recommendations set by the ASX Corporate Governance Council (the Principles and Recommendations) during the twelve month period ending 30 June 2015. The disclosures in this Statement respond to the ASX Corporate Governance Council's third edition of its Corporate Governance Principles and Recommendations.

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

### Functions reserved for the Board and Senior Management

#### Functions reserved for the Board

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

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

Board appointments are made pursuant to formal terms of appointment.



#### More information

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

#### Functions delegated to Senior Executives

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

### Crown Board Committees

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

Committees	Current Members
Audit & Corporate Governance	Benjamin Brazil (Chair) Rowena Danziger Michael Johnston
Corporate Social Responsibility	Helen Coonan (Chair) Rowen Craigie John Horvath Harold Mitchell
Finance	Geoffrey Dixon (Chair) Benjamin Brazil Michael Johnston
Investment	James Packer (Chair) John Alexander Rowen Craigie Robert Rankin
Nomination and Remuneration	Geoffrey Dixon (Chair) John Horvath Harold Mitchell
Occupational Health & Safety	Rowena Danziger (Chair) Rowen Craigie John Horvath Michael Johnston
Responsible Gaming	John Horvath (Chair) Rowen Craigie Rowena Danziger
Risk Management	Geoffrey Dixon (Chair) Rowen Craigie Rowena Danziger

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



#### More information

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

## Director probity reviews and elections

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

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

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

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

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

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



### More information

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

## Director agreements

Crown directors are provided with an induction pack upon appointment which, among other things, includes a letter agreement setting out the terms of that director's appointment. The letter agreement, which directors must countersign, describes when the appointment commences and when it ends, sets out the director's powers and duties, sets out agreed remuneration

arrangements and obliges the director to comply with all Crown Policies, Procedures and Codes of Conduct.

In addition, the letter agreement requires the director to enter into a separate undertaking to inform Crown of any interests that director may have in securities (and contracts relevant to securities) so that Crown is able to comply with its disclosure requirements under Listing Rule 3.19A to provide ASX with completed Appendices 3X, 3Y and 3Z within the time period allowed by the Listing Rules.

## Company Secretary accountability

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

The role of the company secretary is set out in the Crown Board Charter and includes:

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



### More information

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

## Diversity policy

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

In accordance with the policy, Crown has established the measurable objectives for achieving gender diversity set out below. An assessment of Crown's progress in achieving those objectives has also been included. Except where specifically noted, these objectives have been set in relation to employees of Crown Resorts Limited, Crown Melbourne and Crown Perth groups. Going forward, Crown's other wholly owned businesses will also be included in the reports.

Objective	Crown's Progress
1. To require that at least one female candidate is presented on candidate short lists for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.	<p><b>Crown Resorts – operating across both Crown Melbourne and Crown Perth</b></p> <p>Five senior positions operating across both properties were filled during FY15. Of the five positions, four were filled by a female. The one role not filled by a female had no female shortlisted as no suitable female candidate was available.</p> <p><b>Crown Melbourne Limited</b></p> <p>Three recruitment processes for senior managers and senior executive positions were undertaken. Of those three positions, at least one female candidate was shortlisted, and two of the positions were filled by a female.</p> <p><b>Crown Perth</b></p> <p>During FY15, one senior manager position was filled via internal movement, whereby a female was appointed into the role.</p>
2. To increase the number of female participants in leadership and development programs across the group so that by 2015 females represent at least 45% of all participants.	<p><b>Crown Melbourne Limited</b></p> <p>During FY15, Crown Melbourne saw a significant growth in the number of females participating in its leadership and development programs, having exceeded its target with 46.6% female participation out of the 193 total participants.</p> <p><b>Crown Perth</b></p> <p>Crown Perth underwent a review of its leadership and development programs during FY15. As a result all programs were put on hold, with the intention to recommence in FY16.</p>
3. To incorporate a targeted mentoring program for women into existing group leadership and development programs.	<p>Crown concluded a project in FY15 to scope a targeted mentoring program, and has since developed this to be launched across both Crown Melbourne and Crown Perth properties during FY16.</p>
4. To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.	<p>In FY15, the establishment and roll-out of Crown's Australian Resorts Classification Framework was completed to optimise the approach to pay decisions, and to harmonise the distinction between career and salary levels across Crown properties.</p> <p>The new framework provides:</p> <ul style="list-style-type: none"> <li>– A rigorous framework that delivers defensible pay outcomes;</li> <li>– A consistent application of logic, recognising relativities across positions to ensure the establishment and maintenance of internal pay equity, ensuring like for like consistency, regardless of demographic variables like gender, age, and tenure; and</li> <li>– A system which not only supports pay outcomes, but also identifies career, training and associated development pathways within Crown.</li> </ul> <p>Within this new framework, Crown conducted a review on key roles within the group, specifically the top grade levels, which encompass the Business Operation Teams and Executives.</p> <p>In some areas the initial review suggested there may have been a gender pay gap within a grade level, although after further analysis it was recognised that at each grade level there were roles that spanned across varying markets. Having then adjusted for these markets, it indicated there were no significant gender pay gaps.</p> <p>Crown will continue to monitor and maintain vigilance on gender pay equity and focus on ensuring female representation in all areas of the business, including areas where the market attracts a higher salary.</p>

The proportion of women employees in the group, women in senior executive positions and women on the Board as at 30 June 2015 is as follows:

Measure	Result
Proportion of women employees in the group:	There were 4,996 women in the group. This represents 42% of the total workforce of 11,819 employees.
Proportion of women in senior executive positions in the group:	There were 24 women in senior executive positions in the group. This represents 22% of senior positions in the group.
Proportion of women on the Board:	There are currently two women out of 12 directors, or 17%. At 30 June 2015 there were two women out of 11 directors on the Crown Board.

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

As noted above, Crown's Diversity Policy requires that Crown review its Gender Objectives annually to ensure that they remain relevant and appropriate for Crown. The Audit & Corporate Governance Committee formally reviewed the objectives and resolved that that for FY16 Objectives 2 and 3 be combined and modified to:

- recognise that leadership and development programs include a mentoring element; and
- include a requirement to now *maintain* participation leadership and development programs at the 45% level, given that the target has been achieved across the group.

In addition, it was resolved that additional objectives be added which recognise Crown's participation in the Male Champions of Change program and its succession planning processes.

The Male Champions of Change strategy centres on creating a group of influential men who work together to advance gender equality within their organisations and more broadly across society.

The Victorian Equal Opportunity and Human Rights Commissioner invited 22 Victorian male CEOs and other high profile men from business, politics, government and academia to form the Victorian Male Champions of Change (MCC). Crown's CEO, Rowen Craigie, is one of the CEOs to accept this invitation.

To enable the MCCs to develop a deep insight into the barriers that need to be tackled within each of their organisations and broader society, each Male Champion has been conducting a series of focus groups – known as Listen and Learn sessions. The objective of these sessions is to enable the Male Champions of Change to:

- Identify cultures and conditions which enable women to thrive, and
- Generate bold and innovative ideas to assist with this.

Accordingly, the Audit & Corporate Governance Committee adopted the following revised Gender Objectives with effect from 1 July 2015:

1. To require that at least one female candidate is presented on candidate short lists for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.
2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants. **(Modified Objective.)**
3. To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.
4. To participate in the Male Champions of Change program and to implement relevant actions arising out of that program. **(New Objective.)**
5. To identify and implement development plans for high potential women for career progression as part of the company's succession planning processes and to ensure that these development plans are reviewed annually by the CEO. **(New Objective.)**

A report on progress against these objectives will be provided in the 2016 Corporate Governance Statement.



#### More information

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

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

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

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

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

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

### Process for evaluating performance of Senior Executives

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

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

## Principle 2: Structure the board to add value

### Nomination and Remuneration Committee

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

The current members of the Nomination and Remuneration Committee are Geoffrey Dixon (Chair), John Horvath and Harold Mitchell who are each independent, Non-Executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information

regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

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

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

### Selection, appointment and development of directors

The role of the Nomination and Remuneration Committee includes to:

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

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

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

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

### Remuneration of directors and relevant executives

The role of the Nomination and Remuneration Committee also includes:

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

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

- the remuneration for senior executives which will apply during the financial year ending 30 June 2016; and
- the short term bonus payments made to senior executives referable to the financial year ending 30 June 2015.

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.

### Board Skills Matrix

As noted above, the Selection Procedure for director nomination was amended as at 30 June 2015 to require that the Nomination and Remuneration Committee (on behalf of the Board) consider the effect any proposed director candidate would have on the overall balance and composition of the Board including by reference to the Crown Board Skills Matrix adopted from time to time.

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

Skill / Competency	Board	Audit & Corporate Governance	Corporate Social Responsibility	Finance	Investment	Nomination & Remuneration	Occupational Health & Safety	Responsible Gaming	Risk Management
<b>Total Number of Directors</b>	<b>12</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>
<b>Executive Experience</b> Experience in senior positions at executive levels.	11	3	3	3	4	2	4	2	3
<b>Strategic Planning and Execution</b> Ability to develop and implement successful strategy and deliver agreed strategic planning goals.	12	3	4	3	4	3	4	3	3
<b>Risk Management</b> Experience in the oversight and management of material business risk including Board Risk Management Committee membership.	7	2	2	2	3	2	3	2	3
<b>Financial Acumen</b> Senior executive or equivalent experience in financial accounting and reporting, capital management, industry taxation, internal financial controls and corporate financing arrangements.	6	2	0	3	2	2	2	0	1



Skill / Competency	Board	Audit & Corporate Governance	Corporate Social Responsibility	Finance	Investment	Nomination & Remuneration	Occupational Health & Safety	Responsible Gaming	Risk Management
<b>Total Number of Directors</b>	<b>12</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>
<b>Governance</b> Experience with listed and other organisations subject to robust governance frameworks with an ability to assess the effectiveness of relevant governance processes.	10	2	4	2	4	3	4	3	3
<b>Occupational Health and Safety</b> Experience in relation to workplace health and safety.	6	1	3	1	2	3	2	3	3
<b>Environment and Sustainability</b> Experience in relation to environmental and social responsibility and community.	8	1	3	1	3	2	3	2	3
<b>Legal and Regulatory</b> Experience in legal and regulatory matters including regulatory and contractual frameworks governing gaming matters.	6	1	2	2	3	1	3	1	2
<b>Information Technology</b> Senior executive experience in information technology including gaming systems and data security.	2	0	1	0	1	1	1	1	1
<b>Human Resources / Remuneration</b> Experience in relation to remuneration practices, development of incentive plans, succession planning and director appointment processes including Board Remuneration Committee membership.	9	2	3	2	4	3	4	3	3
<b>Capital Projects</b> Senior executive experience in executing large scale projects with long term investment horizons and substantial capital outlays.	7	2	1	3	3	2	3	1	2
<b>Sales and Marketing</b> Senior executive experience in marketing coupled with a detailed understanding of Crown's strategic direction and competitive environment.	6	0	2	1	3	2	3	1	2
<b>Industry Experience - Gaming and Entertainment</b> Senior executive experience in the gaming and entertainment industry.	3	0	1	0	3	0	3	1	1
<b>Industry Experience - Hospitality and Management</b> Senior executive experience in the hospitality, food and beverage industries.	3	0	1	1	2	1	2	1	2
<b>Industry Experience – Tourism</b> Senior executive experience in the tourism industry.	5	0	2	1	2	2	2	1	2
<b>Industry Experience – Public Policy</b> Experience in public and regulatory policy, including in relation to gaming related policy.	6	0	2	1	3	2	1	1	2

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

Succession planning in order for the Board to maintain appropriate experience, expertise and diversity is an important part of the responsibilities of the Nomination and Remuneration Committee.

### Relationships affecting independence

The table below sets out the names of Crown's directors as at the date of this Statement, indicates which of those directors are considered to be independent directors and notes the length of service of each director from the date of their appointment to 1 September 2015:

Name of Director	Independence Status	Length of Tenure (By years and complete months)
Robert J Rankin Chairman	Non-independent	1 Month
John H Alexander BA Executive Deputy Chairman	Non-independent	8 Years, 2 Months
Benjamin A Brazil BCom LLB Non-Executive Director	Independent	6 Years, 3 Months
Helen A Coonan BA, LLB Non-Executive Director	Independent	3 Years, 9 Months
Rowen B Craigie BEc (Hons) Chief Executive Officer and Managing Director	Non-independent	8 Years, 4 Months
Rowena Danziger AM, BA, TC, MACE Non-Executive Director	Independent	8 Years, 2 Months
Andrew Demetriou BA, BED Non-Executive Director	Independent	8 Months
Geoffrey J Dixon Non-Executive Director	Independent	8 Years, 2 Months
Professor John S Horvath AO, MB, BS (Syd), FRACP Non-Executive Director	Independent	5 Years
Michael R Johnston BEc, CA Non-Executive Director	Non-independent	8 Years, 2 Months
Harold C Mitchell AC Non-Executive Director	Independent	4 Years, 7 Months
James D Packer Executive Director	Non-independent	8 Years, 2 Months

### Independent Board Directors

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

### Board Chair independence

The roles of Chair and Chief Executive Officer are exercised by separate persons. Robert Rankin is Chairman and Rowen Craigie is Chief Executive Officer and Managing Director.

**Departure from Recommendation 2.5:** The Principles and Recommendations recommend that the chair of the Board should be an independent Director. Crown's Chairman is not an independent Director. Crown's Chairman is the Chief Executive Officer of Crown's major shareholder. The Board believes that the interests of shareholders are well served by a Chairman who represents the interests of shareholders and who will act in their best interests as a whole. Crown's Chairman is well placed to act on behalf of shareholders and in their best interests.

## Director professional development

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

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

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

## Principle 3: Act ethically and responsibly: A listed entity should act ethically and responsibly

### Codes of Conduct

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

#### Code of Conduct for Directors

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

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

Crown directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the course of the exercise of their duties and are prohibited from engaging in conduct likely to bring discredit upon Crown.

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

#### Code of Conduct for Employees

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

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



#### More information

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

## Principle 4: Safeguard integrity in corporate reporting

### Audit & Corporate Governance Committee

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 current members of the Audit & Corporate Governance Committee are Ben Brazil (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 Ben Brazil is an independent Director who has extensive financial qualifications and experience. He holds a Bachelor of Commerce degree and holds a senior role at Macquarie Bank in the Corporate and Asset Finance Group.

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

The Audit & 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 each of the Audit & Corporate Governance Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### **CEO & CFO declarations**

Before it approved Crown's full year financial statements, the Board received assurance from the Chief Executive Officer and the Chief Financial Officer a declaration that, in their opinion:

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

Going forward, an equivalent assurance will be obtained in relation to both Crown's half year and full year accounts.

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

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

## **Principle 5: Make timely and balanced disclosure**

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

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

- ensuring material information is communicated to Crown's Chief Executive Officer, 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.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

## **Principle 6: Respect the rights of security holders**

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

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



#### **More information**

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

### **Promotion of effective communication with security holders**

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

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

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

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

Crown's head of Investor Relations regularly reports to the Board.

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

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

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



#### **More information**

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

#### **Disclosure of policies and procedures**

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

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

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



#### **More information**

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

#### **Security holder communications**

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

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

### **Principle 7: Recognise and manage risk**

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

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

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

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

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

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



#### **More information**

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

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

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

Management are charged with monitoring the effectiveness of risk management systems and are required to report to the Board via the Risk Management Committee.

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

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

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

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

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

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

### Disclosure of internal audit functions

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

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

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

Internal audit coverage is determined using a structured approach. The Boards of each major operating business and management receive regular reports from internal

audit on the control environment, areas for improvement and progress in addressing those areas for improvement.

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

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

### Disclosure of sustainability risks

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

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

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

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

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

The responsibilities of the Committee extend to:

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

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

A copy of the Corporate Social Responsibility Report is publically available and can be found on the Crown website.



#### **More information**

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

## Principle 8: Remunerate fairly and responsibly

### **Nomination and Remuneration Committee**

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

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

### **Policy for Director remuneration**

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

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

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

# Nevada Information Statement

The gaming industry in Nevada is highly regulated and Crown Resorts Limited (Crown) must maintain relevant licences to continue its investments in entities with gaming operations in Nevada. 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 gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

Crown is registered as a publicly traded corporation in the state of Nevada. One of the conditions of that registration requires Crown to summarise relevant Nevada gaming law requirements in this Report. Crown Melbourne and Crown Perth are regulated in a similar manner by the Victorian Commission for Gambling and Liquor 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 licences 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 licensed subsidiaries have obtained from the Nevada Gaming Authorities the various registrations, approvals, permits and licences 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 for a licence, 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 licensed subsidiaries 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 licences 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 a written notice requiring such filing.

#### **Institutional investors**

Under certain circumstances, an "institutional investor" as defined in the Nevada Act, who acquires more than 10% but not more than 25% of any class of Crown's 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 deemed to be consistent 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 licence 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 Crown's 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. Crown is 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 Crown.

### 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 there from 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 Crown's 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 Crown:

- knowingly violates any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fails to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engages in any activity or enters 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;
- engages in any activity or enters into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or
- employs, contracts with or associates 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 Resorts Limited (Crown) group for the financial year ended 30 June 2015 and the results of those operations is detailed on pages 12 to 32.

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 2014 include:

- On 8 July 2014, Crown announced that it had been issued a Restricted Gaming Licence by the New South Wales Independent Liquor and Gaming Authority for the Crown Sydney Hotel Resort at Barangaroo South.
- On 4 August 2014, Crown announced that a majority owned subsidiary had acquired a 34.6 acre vacant site on Las Vegas Boulevard. The site, on the "Las Vegas Strip", was formerly occupied by the New Frontier casino and was acquired through a foreclosure auction initiated by lenders to the former owner of the site.
- On 13 August 2014, Crown announced that it had acquired Betfair Group plc's 50% equity interest in Betfair Australasia Pty Limited (Betfair Australasia) for consideration of \$10 million.
- On 22 August 2014, Crown announced that it had reached agreement with the Victorian Government on a number of reforms to the Melbourne Casino Licence, whereby the licence term would be extended to 2050, "super tax" on international and interstate VIP program play would be removed, Crown Melbourne would be entitled to additional gaming product and Crown would make agreed specified payments to the State of Victoria. The reforms took effect on 3 November 2014.
- On 12 December 2014, Crown announced that it had agreed to acquire an interest in four adjoining parcels of land in Queensbridge Street, Southbank, Victoria, which are opposite the Crown Melbourne Integrated Resort. The land is controlled by the Schiavello Group and Crown has agreed to an initial investment of \$50 million to participate in the joint development of the project with Schiavello. Crown and the Schiavello Group are in the process of negotiating joint venture arrangements and finalising designs to develop and construct a new luxury hotel and apartment complex on the land.
- On 16 December 2014, Crown and the Australian corporate bookmaker, BetEasy Pty Ltd, announced a transaction that resulted in a Joint Venture between the two companies involving the combination of BetEasy's

sports book business with the sports book business of Crown's 100% owned subsidiary, Betfair Pty Ltd.

- On 17 March 2015, Crown announced that it had launched an offer of dated, unsecured, subordinated, cumulative notes (Crown Subordinated Notes II) to raise approximately \$400 million, with the ability to raise more or less. Following the completion of the bookbuild process for Crown Subordinated Notes II, the Margin was set at 4.00%. On 23 April 2015, it was announced that the offer of Crown Subordinated Notes II had closed, with Crown successfully raising \$630 million.
- On 27 May 2015, Crown announced that it had entered into agreements with the Barangaroo Delivery Authority (BDA) and Lend Lease which give Crown the opportunity to develop the Crown Sydney site at Barangaroo South, subject to receipt of NSW planning approval.

### Significant events after Balance Date

On 30 July 2015, Crown announced that the appointment of Robert Rankin as a director of Crown Resorts Limited had become effective following receipt of all necessary regulatory approvals.

On 13 August 2015, Crown announced that Mr James Packer had stepped down as Chairman of Crown Resorts Limited and that Mr Robert Rankin had been appointed the new Chairman.

Subsequent to year end, the Directors of Crown declared a final dividend on ordinary shares in respect of the year ending 30 June 2015. The total amount of the dividend is \$138.4 million, which represents 19 cents per share. The final dividend will be 50% 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 2015 financial statements.

### Environmental regulation

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

Key features of the NGER Act are:

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

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

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

### Operating and financial review

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

Crown reported a consolidated net profit after tax (NPAT) attributable to the parent of \$385.0 million and a normalised NPAT<sup>1</sup> of \$525.5 million for the 12 months ended 30 June 2015. Crown Melbourne and Crown Perth achieved normalised EBITDA growth of 14.1% and normalised revenue growth of 14.0%.

<b>Performance for the year ended June 30 2015</b>	<b>\$m</b>
Normalised revenue <sup>1</sup>	3,404.5
Normalised expenditure <sup>1</sup>	(2,579.6)
Normalised EBITDA <sup>2</sup>	824.9
Normalised EBIT <sup>3</sup>	562.0
Normalised net profit after tax attributable to Crown	525.5
Reported net profit after tax before significant items attributable to Crown	446.3
Significant items <sup>4</sup>	(61.3)
Reported net profit after tax attributable to Crown	385.0

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items.
2. Normalised earnings before interest, tax, depreciation, and amortisation.
3. Normalised earnings before interest and tax.
4. Relates to asset impairments, primarily Crown's investment in Cannery.

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

### Crown Melbourne

Normalised EBITDA from Crown Melbourne was \$662.1 million, up 17.8% on the prior comparable period (pcp). Reported EBITDA for the period was \$644.6 million, up 8.6% on the pcp. This reported EBITDA result takes into account an adverse variance from the theoretical VIP program play result which had a negative EBITDA impact of \$17.5 million. This compares to a positive EBITDA impact of \$31.5 million in the pcp.

Normalised revenue of \$2,233.9 million was up 15.7% on the pcp. During the year, main floor gaming revenue was \$1,090.6 million, up 6.9% on the pcp. Normalised VIP program play revenue was \$706.6 million, up 41.0% on the pcp with turnover of \$52.3 billion. The removal of 'Super Tax' on VIP program play at Crown Melbourne effective from 1 July 2014 has improved the international competitiveness of the Crown Melbourne VIP business.

Non-gaming revenue grew 6.6% to \$436.7 million. Crown Towers Melbourne hotel occupancy was 96.0% with an average room rate of \$353. Crown Metropol Melbourne achieved hotel occupancy of 91.5% with an average room rate of \$261. Crown Promenade Melbourne hotel occupancy was 94.2% with an average room rate of \$222. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin improved from 29.1% to 29.6%. This reflects productivity and efficiency improvements, partially offset by the shift in business mix towards international VIP gaming.

### Crown Perth

Normalised EBITDA from Crown Perth was \$254.4 million, up 5.3% on the pcp. Reported EBITDA for the period was \$302.1 million, down 4.3% on the pcp. This reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$47.7 million. This compares to a positive EBITDA impact of \$74.1 million in the pcp.

Normalised revenue of \$975.3 million was up 10.4% on the pcp. During the year, main floor gaming revenue was \$498.0 million, up 2.6% on the pcp. Normalised VIP program play revenue was \$249.3 million, up 44.1% on the pcp with turnover of \$18.5 billion. The reduction in the tax rate, effective December 2014, applicable to VIP program play, from 12% to 9%<sup>1</sup>, has improved the international tax competitiveness of the Crown Perth VIP business. Crown has provided a "no worse off" guarantee in relation to the minimum tax to be paid to the Western Australian Government in relation to VIP program play.

1. Inclusive of the Burswood Park Board levy

Non-gaming revenue grew 1.3% to \$228.0 million. Crown Metropol Perth hotel occupancy was 90.5% with an average room rate of \$314. Hotel occupancy at Crown Promenade Perth was 83.8% with an average room rate of \$218. Refurbishment work at Crown Promenade Perth has reduced the number of rooms available and hotel occupancy based on available rooms was 91.2%.

The overall normalised operating margin decreased from 27.3% to 26.1%. This reflects the change in business mix, partially offset by productivity and efficiency improvements.

#### **Crown Aspinalls**

Normalised EBITDA from Crown Aspinalls was \$31.7 million, down 9.9% on the pcp. Reported EBITDA for the year was negative \$45.3 million. This reported EBITDA result takes into account an adverse variance from the theoretical VIP program play result which had a negative EBITDA impact of \$77.0 million. This compares to a negative EBITDA impact of \$10.1 million in the pcp.

#### **Crown Wagering**

EBITDA from Crown's wagering businesses, Betfair and CrownBet, was a loss of \$16.0 million. Turnover from CrownBet continues to track in line with expectations, given the start-up nature of the business. Significant product enhancements are being rolled out together with rebranding and promotional initiatives. Betfair's results were in line with expectations.

#### **Melco Crown Entertainment (MCE)**

Crown's share of MCE's normalised NPAT for the year to 30 June 2015 was an equity accounted profit of \$161.3 million, down \$129.9 million or 44.6% on the pcp. After adjusting for a below theoretical win rate and pre-opening costs, Crown's share of MCE's reported NPAT result for the year was an equity accounted profit of \$122.0 million, down \$165.6 million or 57.6% on the pcp.

Macau is currently experiencing a difficult period which has adversely affected all casino operators. Overall gross gaming revenue across the Macau market in the year to 30 June 2015 declined 26.8%, however the rate of decline increased in the second half with gross gaming revenue declining 37.0% in the six months to 30 June 2015 compared to the pcp.

#### **Cash Flow and Debt**

Net operating cash flow for the period of \$634.6 million compared to last year's cash flow of \$702.0 million. After net capital expenditure of \$502.0 million, licence fee payments of \$345.0 million, dividend payments of \$269.5 million, net investment payments of \$198.7 million, cash injections from non-controlling interests of \$72.4 million and the effect of exchange rates, the Group's net debt position (excluding working capital cash of \$144.3 million) at 30 June 2015 was \$2,465.3 million, consisting of total debt of \$2,662.0 million and cash (excluding working capital cash) of \$196.7 million.

At 30 June 2015, total liquidity, excluding working capital cash of \$144.3 million, was \$1,674.5 million, represented by \$196.7 million in available cash and \$1,477.8 million in committed undrawn facilities.

#### **Conclusion**

Crown's key strategies and business focuses are set out on page 13.

#### **Likely developments**

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

## Dividends and distributions

**Interim Dividend:** Crown paid an interim dividend of 18 cents per ordinary share on 10 April 2015. The dividend was 50% franked. None of the unfranked component was conduit foreign income.

**Final Dividend:** The Directors of Crown have declared a final dividend of 19 cents per ordinary share to shareholders registered as at 25 September 2015. The final dividend will be 50% franked. None of the unfranked component of the dividend will be conduit foreign income.

<b>In summary:</b>	<b>Dividend per share</b>	<b>\$'000</b>
Interim Dividend paid	18 cents per share	\$131,111
Final Dividend declared	19 cents per share	\$138,395
<b>Total</b>	<b>37 cents per share</b>	<b>\$269,506</b>

Crown paid shareholders a final dividend in respect of the 2014 financial year of \$138.4 million.

## Directors and Officers

### Director details

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

<b>Name</b>	<b>Date Appointed</b>	<b>Date Ceased</b>
Robert John Rankin	30 July 2015	
John Henry Alexander	6 July 2007	
Benjamin Alexander Brazil	26 June 2009	
Helen Anne Coonan	2 December 2011	
Rowen Bruce Craigie	31 May 2007	
Rowena Danziger	6 July 2007	
Andrew Demetriou	29 January 2015	
Geoffrey James Dixon	6 July 2007	
John Stephen Horvath	9 September 2010	
Ashok Jacob	6 July 2007	15 December 2014
Michael Roy Johnston	6 July 2007	
Harold Charles Mitchell	10 February 2011	
James Douglas Packer	6 July 2007	

At Crown's 2014 Annual General Meeting, Mr John Alexander, Ms Helen Coonan, Ms Rowena Danziger and Dr John Horvath 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 Australian listed companies held in the three years before the end of the financial year have been included.

**Robert J Rankin LLB, BEc,**  
Chairman

Mr Rankin is the Chairman of Crown Resorts Limited. Mr Rankin is also CEO of Consolidated Press Holdings Pty Ltd, a position he has held since March 2015. Prior to joining Crown, Mr Rankin was Co-Global Head of Corporate Banking and Securities, and Global Head of Corporate Finance at Deutsche Bank AG.

Mr Rankin holds Bachelor of Economics and Bachelor of Laws degrees, both obtained at Sydney University.

Mr Rankin is also a director of Melco Crown Entertainment Limited.

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

Mr Alexander is the Executive Deputy Chairman of Crown Resorts Limited and is also a director of a number of companies, including Seven West Media Limited, Crown Melbourne Limited, Burswood Limited, Aspers Holdings (Jersey) Limited and CrownBet Pty Limited.

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

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

Mr Alexander is a member of the Crown Investment Committee.

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

- Consolidated Media Holdings Limited<sup>2</sup>: from 16 December 1999 to 19 November 2012
- Seven West Media Limited: from 2 May 2013 to current

2. Consolidated Media Holdings Pty Limited (CMH) (previously Consolidated Media Holdings Limited and, prior to that, Publishing and Broadcasting Limited, ASX Code: PBL). CMH was removed from the ASX's official list on 20 November 2012.

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

Mr Brazil is an Executive Director of Macquarie Group Limited, member of the Executive Committee and Co-Head of the Corporate and Asset Finance Group. 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.

Mr Brazil is the Chairman of the Crown Audit & Corporate Governance Committee and a member of the Crown Finance Committee.

**The Honourable Helen A Coonan BA, LLB,**  
Independent, Non-Executive Director

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

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

In Parliament, Ms Coonan served as the Deputy Leader of the Government in the Senate. She was appointed to Cabinet as the former Minister for Communications, Information Technology and the Arts and was shareholder Minister for Telstra Corporation and Australia Post. She also served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority.

Ms Coonan is a non-executive director of Snowy Hydro Limited and is Chair of Snowy Hydro Retail, she is chair of the Sydney Harbour Foreshore Authority, a member of the Advisory Council of J.P. Morgan, a member of the Board of Advice for Aon Risk Services Australia, a trustee of the Sydney Opera House, Co-Chair of GRACosway (a subsidiary of the Clemenger Group) and a non-executive director of Obesity Australia Limited. She is also a member of Chief Executive Women.

Ms Coonan chairs the Crown Resorts Foundation. She is also Chair of the Crown Corporate Social Responsibility Committee.



**Rowen B Craigie BEc (Hons),**

Chief Executive Officer and Managing Director

Mr Craigie was appointed Chief Executive Officer and Managing Director in 2007. He is also a director of Crown Melbourne Limited, Burswood Limited and Aspers Holdings (Jersey) Limited.

Mr Craigie previously served from 2005 to 2007 as the Chief Executive Officer of PBL Gaming and as the Chief Executive Officer of Crown Melbourne Limited from 2002 to 2007. 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.

Mr Craigie is a member of Crown's Investment, Occupational Health and Safety, Responsible Gaming, Risk Management and Corporate Social Responsibility Committees. He also sits on the Crown Resorts Foundation board.

Mr Craigie is a member of the Commonwealth Government's Trade and Investment Policy Advisory Council (TIPAC).

**Rowena Danziger AM, BA, TC, MACE,**

Independent, Non-Executive Director

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

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

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

- Consolidated Media Holdings Limited<sup>3</sup>: from 17 September 1997 to 19 November 2012

3. Consolidated Media Holdings Pty Limited (CMH) (previously Consolidated Media Holdings Limited and, prior to that, Publishing and Broadcasting Limited, ASX Code: PBL). CMH was removed from the ASX's official list on 20 November 2012.

**Andrew Demetriou BA, BED,**

Independent, Non-Executive Director

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

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

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

Mr Demetriou holds the role of Executive Chairman of Acquire Learning, a Melbourne company that enrolls students on behalf of training providers in courses, is a director of the Melbourne Sports Marketing firm, Bastion Group, is a non-executive Chairman of Capital Health Limited and a non-executive director of the non-partisan Climate Institute.

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

Mr Demetriou is a director of CrownBet Pty Limited.

**Geoffrey J Dixon,**

Independent, Non-Executive Director

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

He was Managing Director and Chief Executive of Qantas Airways Limited for eight years until 2008 - joining Qantas in 1994 and also serving as Chief Commercial Officer and, for two years, as Deputy Managing Director. He was Chairman of the Australian Government's principal tourism authority, Tourism Australia, for six years from 2009 to June 2015.

Mr Dixon is Chairman of the privately-held Australian Pub Fund and is on the board of the publicly listed Australian company Adslot Limited.

He is also Chairman of the Garvan Medical Research Foundation, is on the board of the Museum Of Contemporary Art Australia and is an Ambassador for the Australian Indigenous Education Foundation.

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

- Consolidated Media Holdings Limited<sup>4</sup>: from 31 May 2006 to 19 November 2012
- Facilitate Digital Holdings Limited: from 9 July 2009 to 24 December 2013 when the company was delisted from the ASX
- Adslot Limited: from 23 December 2013 to current

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

Professor John Horvath was the Australian Government Chief Medical Officer from 2003 to 2009. He is currently continuing to advise the Department of Health, the National Health and Medical Research Council and the School of Medicine, University of Sydney and holds the position of Honorary Professor of Medicine.

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

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

Professor Horvath is Chair of the Crown Responsible Gaming Committee and a member of Crown's Occupational Health and Safety and Corporate Social Responsibility Committees. He also sits on the Crown Melbourne board and the Crown Resorts Foundation board.

4. Consolidated Media Holdings Pty Limited (CMH) (previously Consolidated Media Holdings Limited and, prior to that, Publishing and Broadcasting Limited, ASX Code: PBL). CMH was removed from the ASX's official list on 20 November 2012.

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

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

Prior to his appointment with the Consolidated Press Holdings Pty Limited Group, Mr Johnston 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 of Australia.

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

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

- Consolidated Media Holdings Limited<sup>5</sup>: alternate director from 8 April 2009 to 19 November 2012

#### **Harold C Mitchell AC,** Independent, Non-Executive Director

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

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

Mr Mitchell holds a large number of community roles including Chairman of the Melbourne Symphony Orchestra, Chairman of TVS, University of Western Sydney's television service for Greater Sydney, Chairman of Art Exhibitions Australia, Vice President of Tennis Australia; Chairman of The Florey Institute of Neuroscience and Mental Health, board member of New York Philharmonic, Chairman, Australia-Indonesia Centre, and

5. Consolidated Media Holdings Pty Limited (CMH) (previously Consolidated Media Holdings Limited and, prior to that, Publishing and Broadcasting Limited, ASX Code: PBL). CMH was removed from the ASX's official list on 20 November 2012.

Chairman FreeTV Australia. In June 2015, Mr Mitchell was appointed Chairman of the Victorian Premier's Job and Investment Panel.

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

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

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

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

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

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

#### **James D. Packer,**

Non-independent, Executive Director

Mr Packer is the Chairman of Consolidated Press Holdings Pty Limited, a family company. Consolidated Press Holdings Pty Limited is a substantial shareholder in Crown. Mr Packer is a director of various companies including Crown Melbourne Limited, Burswood Limited and Melco Crown Entertainment Limited.

Mr Packer is the Chair of the Crown Investment Committee.

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

- Consolidated Media Holdings Pty Limited<sup>6</sup>: from 28 April 1992 to 19 November 2012

6. Consolidated Media Holdings Pty Limited (CMH) (previously Consolidated Media Holdings Limited and, prior to that, Publishing and Broadcasting Limited, ASX Code: PBL). CMH was removed from the ASX's official list on 20 November 2012.

## 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 Board of Trustees of the International Association of Gaming Advisers (IAGA) and Chair of the School Council of Camberwell Grammar School.

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

Ms Manos was appointed joint Company Secretary in April 2008. Prior to joining Crown, Ms Manos was a Senior Associate in a Melbourne law firm, specialising in mergers and acquisitions and corporate law.

Ms Manos is a Graduate of the Australian Institute of Company Directors and a secretary of the Crown Resorts Foundation.

### **Other officer details**

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

#### **Kenneth M Barton**

Chief Financial Officer

#### **Barry J Felstead**

Chief Executive Officer – Australian Resorts

#### **W Todd Nisbet**

Executive Vice President, Strategy and Development

## Relevant interests of Directors

Details of relevant interests of current Directors in Crown shares as at 30 June 2015 were as follows:

Director	Total number of ordinary shares <sup>1</sup>
John Alexander	272,147
Rowen Craigie	102,314
Rowena Danziger	30,896
Harold Mitchell	114,887
James Packer	364,270,253

Notes:

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

Other than in connection with Crown's Long Term Incentive Plan which is described in the Remuneration Report, none of Crown's Directors is party to any contract which would give that Director the right to call for the delivery of shares in Crown.

## Board and Committee meetings

Set out below are details of the number of Board meetings and Committee meetings held by Crown during the 2015 financial year together with each Director's attendance details.

	Board Meetings		Audit & Corporate Governance Committee Meetings		Corporate Social Responsibility Committee Meetings		Finance Committee Meeting		Nomination and Remuneration Committee Meetings		Occupational Health & Safety Committee Meetings		Responsible Gaming Committee Meetings		Risk Management Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J D Packer	8	7														
J H Alexander	8	8														
B A Brazil	8	8	3	3			1	1								
H L Coonan	8	8			2	2										
R B Craigie	8	8	3	3							4	3	6	5	2	2
R Danziger	8	8									4	4	6	6	2	2
A. Demetriou*	4	4														
G J Dixon	8	7							5	5					2	2
J S Horvath	8	8			2	2			5	5	4	3	6	6		
A P Jacob**	4	3														
M R Johnston	8	8	3	3			1	1			4	4				
H C Mitchell	8	8			2	2			5	5						

\* Andrew Demetriou commenced on 29 January 2015

\*\* Ashok Jacob resigned from Board & Investment Committee on 15 December 2014

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

### Directors' and officers' insurance

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

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

### Indemnification of auditors

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

## Auditor Information

### Auditor details

Ernst & Young has been appointed Crown's auditor.

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

### 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.

Crown acquires non-audit services from Ernst & Young, largely in respect of taxation matters relating to pre-demerger, refinancing activities, proposed developments and ongoing taxation items.

The ratio of non-audit to audit services provided by Ernst & Young to Crown is approximately 7.8:1. This ratio reflects that:

1. Ernst & Young advised Crown on matters relating to Crown's refinancing activities and proposed developments including Crown Sydney, Queen's Wharf Brisbane, Betfair, CrownBet, DGN Games and Alon Las Vegas; and
2. The fees paid by Crown to Ernst & Young in respect of non-audit services, largely taxation advisory services, mostly reflect taxation matters pre-dating the PBL de-merger (which occurred in December 2007).

Management are satisfied that the non-audit services are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and consider 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

This Remuneration Report for the year ended 30 June 2015, 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 Crown group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Crown group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

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

1. Introduction
2. Overview of Remuneration Policy
3. Summary of Senior Executive Remuneration Structure
  - Fixed Remuneration
  - Performance Based Remuneration
4. Details of Performance Based Remuneration Elements
  - Short Term Incentives
  - Long Term Incentives: 2014 Crown LTI and the 2010 LTI Modification
5. Relationship between Remuneration Policy and Company Performance
  - Remuneration linked to performance
  - Policy on entering into transactions in associated products which limit economic risk
6. Remuneration details for Non-Executive Directors
7. Remuneration details for Senior Executives
8. Key Management Personnel Disclosures

## Introduction

### Persons to whom Report applies

The remuneration disclosures in this Report cover the following persons:

#### Non-Executive Directors

- Benjamin A Brazil
- Helen A Coonan
- Rowena Danziger
- Andrew Demetriou (from 29 January 2015)
- Geoffrey J Dixon
- John S Horvath
- Ashok Jacob (until 15 December 2014)
- Michael R Johnston
- Harold C Mitchell

#### Executive Directors

- James D Packer (Chairman until 12 August 2015)
- John H Alexander (Executive Deputy Chairman)
- Rowen B Craigie (Managing Director and Chief Executive Officer)

Mr Robert Rankin was appointed a director of Crown on 30 July 2015 and on 12 August 2015 was appointed Chairman of Crown. There are therefore no remuneration disclosures in respect of Mr Rankin included in this report.

#### Other company executives and key management personnel

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

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

This Remuneration Report contains a similar level of disclosure to the 2014 Remuneration Report. There has been no material change to the Company’s remuneration policy during the period and much of the description of the Company’s remuneration policy in this report is therefore unchanged from last year.

#### Announcement on 13 August 2015

On 13 August 2015, Crown announced that Mr Packer had resigned as Chairman and that the Board had appointed Mr Rankin as Chairman.

Crown also announced that Mr Packer would be appointed a senior Executive Director on terms that were being discussed with the Board.

As at the date of the Report, the final arrangements for the appointment of Mr Packer as a senior Executive Director have not been concluded or agreed. At the time such arrangements are concluded and agreed, Crown will make an announcement to ASX including the material details of any such arrangement.

## Overview of Remuneration Policy

### Philosophy

Crown is a company that provides outstanding customer service and to remain competitive Crown must continue to enhance the experience of all customers who visit Crown's properties. As a result, the performance of the Crown group is highly dependent upon the quality of its Directors, senior executives and employees.

Crown seeks to attract, retain and motivate skilled Directors and senior executives in leadership positions of the highest calibre. Crown's remuneration philosophy is to ensure that remuneration packages properly reflect a person's duties and responsibilities, that remuneration is appropriate and competitive both internally and as against comparable companies and that there is a direct link between remuneration and performance.

Crown has differing remuneration structures in place for Non-Executive Directors and senior executives.

### Non-Executive Directors

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

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

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

No performance based fees are paid to Non-Executive Directors. Non-Executive Directors are not entitled to participate in Crown's long term incentive plan (described more fully below).

Non-Executive Directors are not provided with retirement benefits other than statutory superannuation at the rate prescribed under the Superannuation Guarantee legislation.

### Senior Executives

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

Crown's key strategies and business focuses are set out on page 13.

## Summary of Senior Executive Remuneration Structure

### Fixed remuneration

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

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

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Guarantee legislation, mobile telephone costs, complimentary privileges at Crown Melbourne and Crown Perth and may include, at the election of the Senior Executive, other benefits such as a motor vehicle, additional contribution to superannuation, car parking and staff gym membership, aggregated with associated fringe benefits tax to represent the total employment cost (TEC) of the relevant Senior Executive to Crown.

Fixed remuneration for the Senior Executives (except the Chief Executive Officer and Managing Director) is reviewed annually by the Chief Executive Officer and Managing Director and the Chairman of Crown and is approved by the Nomination and Remuneration Committee.

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

Fixed remuneration for the Chief Executive Officer and Managing Director is reviewed by the Chairman and approved annually following consideration by the Nomination and Remuneration Committee of his performance against his annual KPOs.

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

The fixed remuneration for Crown's Chief Executive Officer and Managing Director, Mr Rowen Craigie, which applied during the financial year, remained unchanged since 2007, when his remuneration was determined as part of the de-merger of the gaming businesses of Publishing and Broadcasting Limited and listing of Crown Resorts Limited in December 2007.

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 73.

#### **Performance based remuneration**

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

- Short Term Incentives (STI); and
- Long Term Incentives (the 2014 Crown LTI and the 2010 LTI Modification).

A key focus of the Crown Board is the achievement of the Crown group's annual business plan and budget and the long term financial plan. In order to provide incentives to executives, each of the STI and the 2014 Crown LTI link back to key elements of the business plan and budget and long term financial plan. It is therefore important to understand how that business plan and budget and long term financial plan are developed. A summary of the process involved is set out below.

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

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

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

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

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

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

In turn, each business's four year forecast is then incorporated into the Four Year Financial Plan and reviewed by the Crown Resorts Limited Chief Executive Officer and Chief Financial Officer. The Four Year Financial Plan is then reviewed by the Chairman before it is submitted to the Crown Board for review and approval.

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

Crown's annual business plan and budget (Annual Business Plan and Budget) is prepared having regard to the Crown Four Year Financial Plan.

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



## Details of Performance Based Remuneration Elements

### Short Term Incentives (STI)

The remuneration of 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 KPOs. Senior Executives have a potential or target STI, which is subject to the Crown group's performance and the achievement of the Senior Executive's KPOs established at the beginning of each financial year. In summary, the typical KPO structure might comprise the following elements:

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

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

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

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

The performance of each Senior Executive against financial and non-financial KPOs is reviewed on an annual basis. Whether KPOs have been achieved is determined by the 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 KPOs.

The Chief Executive Officer and Managing Director and the Chairman review performance based remuneration entitlements and recommend the STI payments, subject to final approval by the Nomination and Remuneration Committee and the Board.

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 significant items (where applicable).

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

For a more detailed commentary on financial year 2015 STI bonuses see page 78.

## Long Term Incentives

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

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

#### *Operation of the 2014 Crown LTI*

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

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

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

where:

**Crown Profit** means, in respect of a Plan Year, the normalised net profit after tax of the group for that Plan Year (excluding the contribution made by MCE and significant items); and

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

#### *How EPS Hurdles were derived*

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

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

Hurdle in financial year 2018 is 100% of the EPS Target for the relevant year in the Four Year Financial Plan.

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

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

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

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

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

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

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

#### *How bonuses accrue*

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

<b>Plan Year</b>	<b>Percentage</b>
Plan Year 1	15%
Plan Year 2	20%
Plan Year 3	25%
Plan Year 4	40%

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

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

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

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

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

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

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

- if an EPS Hurdle in respect of Plan Year 1, Plan Year 2 or Plan Year 3 is not met, Crown will calculate the Plan Year Bonus which would have been applied to the purchase of Participant Shares had the relevant EPS Hurdle been met (Carried Over Plan Year Bonus);
- if the EPS Hurdle in respect of Plan Year 4 is met:
  - the Plan Year 4 Bonus will be paid by Crown to the relevant Participant in cash;
  - the Trustee will arrange for any shares held in trust to be transferred to the relevant Participant; and
  - if the sum of the EPS Targets for financial year 2015, financial year 2016, financial year 2017 and financial year 2018 (Cumulative EPS Hurdle) has also been met, any Carried Over Plan Year Bonuses will also be paid to the relevant Participant in cash. The Carried Over Plan Year Bonuses (if any) are paid in cash because the Participant will be required to pay tax on these Bonuses at this time.
- if the EPS Hurdle in respect of Plan Year 4 is not met but both the Fallback Plan Year 4 EPS Hurdle (i.e. 98% of the Plan Year 4 EPS Target) and the Cumulative EPS Hurdle are met:
  - the Plan Year Bonus in respect of Plan Year 4 will be paid by Crown to the relevant Participant in cash;
  - any Carried Over Plan Year Bonuses will be paid to the relevant Participant in cash; and
  - the Trustee will arrange for any shares held in trust to be transferred to the relevant Participant.
- if neither the EPS Hurdle in respect of Plan Year 4 nor the Fallback Plan Year 4 EPS Hurdle are met but the Cumulative EPS Hurdle is met:
  - the Plan Year Bonus in respect of Plan Year 4 will not be paid by Crown to the relevant Participant;
  - any Carried Over Plan Year Bonuses will be paid to the relevant Participant in cash; and
  - the Trustee will arrange for any shares held in trust to be transferred to the relevant Participant.
- if neither the EPS Hurdle in respect of Plan Year 4 nor the Cumulative EPS Hurdle are met (whether or not the Fallback Plan Year 4 EPS Hurdle is met):
  - the Plan Year Bonus in respect of Plan Year 4 will not be paid by Crown to the relevant Participant;
  - any Carried Over Plan Year Bonuses will lapse and will not be paid by Crown to the relevant Participant; and
  - the Trustee will arrange for any shares held in trust to be transferred to the relevant Participant.

**Illustration**

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

Key: ✓ = Achieved ✗ = Not achieved.

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

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

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

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

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

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

### *How EPS Hurdles can be amended*

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

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

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

Whilst there has been no change to the EPS Hurdles which will apply over the life of the Plan, the Nomination and Remuneration Committee has recognised that since the adoption of the 2014 Crown LTI, there have been a number of events which affect the definition of Crown Profit, which were not contemplated when the 2014 Four Year Financial Plan was adopted. These events have both a positive impact on the determination of Crown Profit, in some cases, and a negative impact in other cases. These include the beneficial effect of the removal of super tax for Crown Melbourne as part of the modifications to the Crown Melbourne Casino Licence, changes in interest expense on account of various debt raising activity (including the issue of Crown Subordinated Notes II) and various additional corporate costs.

Accordingly, for the purposes of calculating "Crown Profit" and EPS, the Board has determined that the effect of these unanticipated events should not be taken into account. The net effect of these unanticipated events was not material and, even if the unanticipated events were taken into account, the EPS Hurdle for Plan Year 1 would have been met.

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

The key features of the 2014 Crown LTI are that:

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

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

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

### *Disclosure of historical EPS Targets*

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

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

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

	<b>EPS Target (2014 Four Year Financial Plan)</b>	<b>EPS Target Growth (2014 Four Year Financial Plan)</b>	<b>EPS Hurdle (Crown LTI)*</b>	<b>Actual EPS</b>	<b>Actual EPS Growth (from previous year)</b>	<b>Tranche Vested?</b>
<b>FY15</b>	51.5 cents	N/A	50.5 cents	53.0 cents	10.6%	Yes

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

All references in the above table to "EPS" exclude the contribution made by MCE and significant items and Crown's actual EPS also excludes the impact of certain unanticipated events as described above. It should be noted that, even if the impact of those unanticipated events were not excluded, Crown's actual EPS would have exceeded the EPS Target for financial year 2015.

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

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

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

As noted in the tables above, in financial year 2015, Crown met the relevant EPS Hurdle and accordingly, an entitlement to 15% of potential EPS Bonuses for financial year 2015 has vested.

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

<b>Senior Executive</b>	<b>Maximum Value over four year period</b>	<b>30 June 2015 (15%)</b>
John Alexander	4,500,000	675,000
Ken Barton	4,050,000	607,500
Rowen Craigie	9,000,000	1,350,000
Barry Felstead	6,300,000	945,000
Todd Nisbet	6,300,000	945,000

In accordance with the rules of the 2014 Crown LTI, the vested component of the cash bonus for financial year 2015 will be applied by Crown to fund the purchase of Crown shares on market, which will be held on trust for each of Mr Alexander, Mr Barton, Mr Craigie, Mr Felstead and Mr Nisbet until the end of financial year 2018.

#### *The 2010 LTI Modification*

As explained in previous Remuneration Reports, prior to the adoption of the 2014 Crown LTI, Crown had offered a long term incentive plan on substantially the same terms (known as the 2010 Crown LTI). The 2010 Crown LTI was due to expire on 30 June 2014. As at 30 June 2014, no EPS Hurdles had been met and no bonuses paid (with exception of the MCE Contribution Bonus).

However, after 30 June 2014, the Crown Nomination and Remuneration Committee conducted a review of EPS Hurdles during the life of the 2010 Crown LTI, to consider whether the Board should exercise its discretion to adjust any EPS Hurdle.

Having considered changes in the Crown Resorts group's circumstances since the time the EPS Hurdles under the Plan were adopted, upon the recommendation of the Nomination and Remuneration Committee, the Board resolved that the rules of the 2010 Long Term Incentive Plan be modified by extending the time for achieving the Plan Year 4 EPS Hurdle for an additional year to 30 June 2015 (**2010 LTI Modification**).

Given that the purpose of the 2010 Crown LTI was to assist in the recruitment, reward, retention and motivation of executive and management employees of Crown and its Subsidiaries and given that no EPS Hurdles were met and no bonuses were paid under the 2010 Crown LTI (with the exception of the MCE Contribution Bonuses), the Board considered that it would be reasonable to give Participants a further opportunity to receive their Plan Year 4 Bonus in cash should the Plan Year 4 EPS Hurdle (as described above) be achieved by the Crown Resorts Limited group in relation to the financial year ending 30 June 2015, ie a one year extension.

The 2010 LTI Modification only applied to original Participants in the 2010 Crown LTI and no new employee was entitled to the potential benefit of the 2010 LTI Modification.

The 2010 LTI Modification operated as follows:

1. a consumer price index (CPI) adjustment of 3.0% was made to the Plan Year 4 EPS Hurdle approximating the CPI movement from 1 July 2013 through to 30 June 2014 (**Indexed Year 4 EPS Hurdle**);
2. If the Indexed Year 4 EPS Hurdle was achieved in relation to the financial year ending 30 June 2015, the Plan Year 4 Plan Year Bonus would have been paid by Crown to each Participant in cash. Conversely, if the Indexed Plan Year 4 EPS Hurdle was not achieved, no bonus would have been paid and the 2010 Crown LTI would be at an end;
3. Participants would cease to have any right to any Carried Over Plan Year Bonuses which had accrued under the Plan to date; and
4. The Plan Rules would continue to apply to the extent necessary to give effect to the 2010 LTI Modification.

The Board considered that the achievement of the Indexed Year 4 EPS Hurdle would be of substantial value to shareholders as it would require an increase in EPS for financial year 2015 of 48% which compares to an actual compound annual EPS growth rate of 4% from financial year 2011 to financial year 2014.

However, the Indexed Year 4 EPS Hurdle of 70.9 cents was not met in relation to the financial year ending 30 June 2015, whether or not the impact of the un contemplated events (referred to above) are excluded from the calculation of Crown Profit. Accordingly, no bonus will be paid in relation to the 2010 LTI Modification and the 2010 Crown LTI is now at an end.

## Relationship between remuneration policy and company performance

### Remuneration linked to performance

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

The Crown Board has sought to achieve this link by requiring the achievement of an annual level of normalised EBITDA and net profit after tax (in the case of STI) or predetermined EPS Targets (in the case of the 2014 Crown LTI).

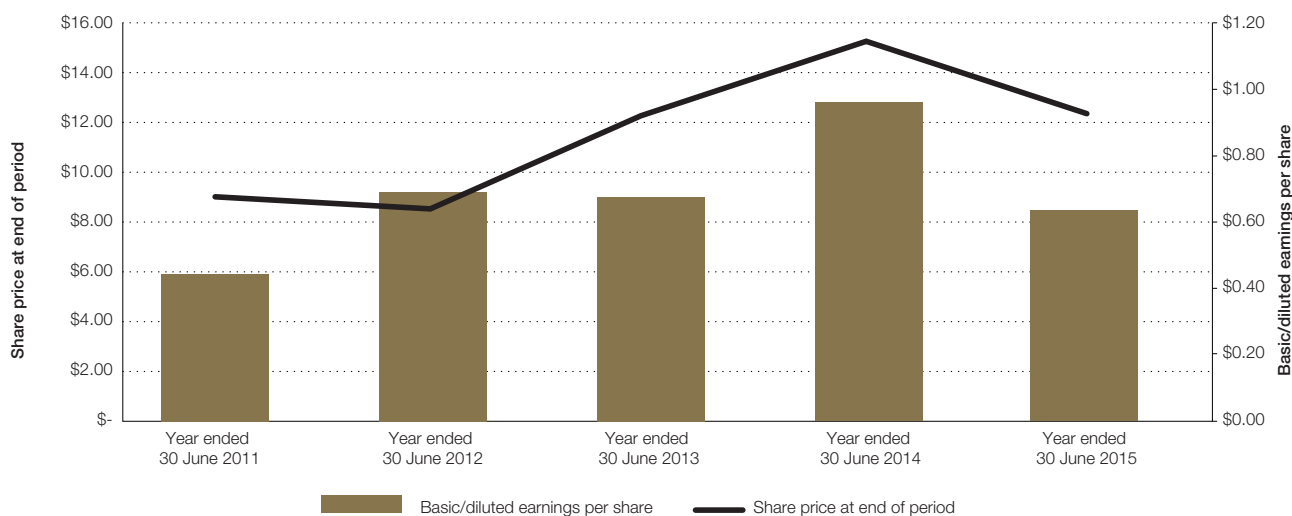
Full details of how these links have been achieved are set out in the sections of the Report above, but, in summary:

- An STI may be payable if Crown achieves its budgeted financial objectives and where an individual achieves his or her annual KPOs, assessed using a combination of financial and non-financial measures; and
- The 2014 Crown LTI is linked to predetermined EPS Hurdles in financial year 2015, financial year 2016, financial year 2017 and financial year 2018.

This year, normalised EBITDA generated by Crown Melbourne and Crown Perth, Crown's wholly owned Australian casinos, grew by 14.1%. The compound average normalised EBITDA growth for Crown Melbourne and Crown Perth for the five year period commencing from financial year 2010 through to financial year 2015 was 5.9%. Normalised Crown group NPAT decreased by 17.9% in financial year 2015. The compound average normalised NPAT growth for the Crown group for the five year period commencing from financial year 2010 through to financial year 2015 was 12.7%.

The table and graph below set out information about movements in shareholder wealth for the years ended 30 June 2011 to 30 June 2015.

	Year ended 30 June 2011	Year Ended 30 June 2012	Year Ended 30 June 2013	Year Ended 30 June 2014	Year Ended 30 June 2015
Share price at start of period	\$7.77	\$8.93	\$8.49	\$12.11	\$15.12
Share price at end of period	\$8.93	\$8.49	\$12.11	\$15.12	\$12.20
Full year dividend	37 cents <sup>1</sup>	37 cents <sup>2</sup>	37 cents <sup>2</sup>	37 cents <sup>2</sup>	37 cents <sup>2</sup>
Basic/diluted earnings per share <sup>3</sup>	44.29 cps	69.78 cps	67.40 cps	96.44 cps	61.28 cps



Notes:

- Interim dividend franked to 60% and final dividend franked to 50% with none of the unfranked components comprising conduit foreign income.
- Franked to 50% with none of the unfranked component comprising conduit foreign income.
- Excluding the effect of significant items.

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

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



## Remuneration Details for Non-Executive Directors

### 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 to additional fees if they act as either chair or a member of an active Committee (the Audit & Corporate Governance Committee, the Occupational Health & Safety Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility 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 Crown Perth facilities.

In accordance with Crown's constitution, Non-Executive Directors' fees are currently determined within an aggregate Non-Executive Directors' fee cap of \$1,300,000 per annum.

Set out below is a table showing Non-Executive Director remuneration for financial years 2015 and 2014.

### Remuneration Table – Non-Executive Directors

	Financial Year	Short Term Benefits			Post-employment Benefit – Superannuation	Long Term Incentives		Termination Benefits	Total
		Salary & Fees	Non Monetary	Other		Cash Based	Equity Based		
<b>Ben Brazil</b>	2015	120,000	-	-	11,400	-	-	-	<b>131,400</b>
Non-Executive Director	2014	120,000	-	-	11,100	-	-	-	<b>131,100</b>
<b>Helen Coonan</b>	2015	120,000	-	-	11,400	-	-	-	<b>131,400</b>
Non-Executive Director	2014	120,000	-	-	11,100	-	-	-	<b>131,100</b>
<b>Christopher Corrigan</b>	2015	-	-	-	-	-	-	-	-
Non-Executive Director	2014	45,833	-	-	4,240	-	-	-	<b>50,073</b>
<b>Rowena Danziger<sup>1</sup></b>	2015	210,000	-	-	18,783	-	-	-	<b>228,783</b>
Non-Executive Director	2014	210,000	-	-	17,775	-	-	-	<b>227,775</b>
<b>Andrew Demetriou<sup>3</sup></b>	2015	69,792	-	-	6,630	-	-	-	<b>76,422</b>
Non-Executive Director	2014	-	-	-	-	-	-	-	-
<b>Geoffrey Dixon</b>	2015	140,000	-	-	13,300	-	-	-	<b>153,300</b>
Non-Executive Director	2014	140,000	-	-	12,950	-	-	-	<b>152,950</b>
<b>John Horvath<sup>1</sup></b>	2015	210,000	-	-	18,783	-	-	-	<b>228,783</b>
Non-Executive Director	2014	200,833	-	-	17,775	-	-	-	<b>218,608</b>
<b>Ashok Jacob<sup>2,4</sup></b>	2015	-	-	-	-	-	-	-	-
Non-Executive Director	2014	-	-	-	-	-	-	-	-
<b>Michael Johnston<sup>2</sup></b>	2015	-	-	-	-	-	-	-	-
Non-Executive Director	2014	-	-	-	-	-	-	-	-
<b>Harold Mitchell</b>	2015	120,000	-	-	11,400	-	-	-	<b>131,400</b>
Non-Executive Director	2014	116,100	-	-	15,000	-	-	-	<b>131,100</b>
<b>2015 TOTALS</b>		<b>989,792</b>	<b>-</b>	<b>-</b>	<b>91,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,081,488</b>
<b>2014 TOTALS</b>		<b>952,766</b>	<b>-</b>	<b>-</b>	<b>89,940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,042,706</b>

Notes:

1. Mrs Danziger and Professor Horvath each received Directors' fees at a rate of \$60,000 per annum for their participation on the Crown Melbourne Limited Board.
2. Neither Mr Jacob nor Mr Johnston receives (or received) remuneration from Crown for their services to Crown.
3. Mr Demetriou commenced as a director on 29 January 2015. In addition, Mr Demetriou received Directors' fees at a rate of \$75,000 per annum for his participation on the CrownBet Pty Ltd and CrownBet Holdings Pty Ltd Boards with effect from 19 February 2015.
4. Mr Jacob ceased as a director on 15 December 2014.

## Remuneration details for Senior Executives

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

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

Specific details of each Senior Executive's contract of employment which applied at the end of the financial year ending 30 June 2015 are summarised in the tables on the following pages.

Where a Senior Executive has had more than one contract of employment during the year, or where a new contract of employment has been entered into post year end, this has been noted below:

### **Mr Rowen Craigie**

During the year, Crown extended the employment contract with its CEO, Mr Rowen Craigie. Mr Craigie's then existing employment contract was extended to 30 November 2018 and was also varied by reducing the severance payment payable to Mr Craigie (should Crown terminate Mr Craigie's employment) from 24 months' base salary to 12 months' base salary. Mr Craigie's post-employment restraint was also reduced from 24 months to 12 months.

All other material terms of Mr Craigie's employment contract remained unchanged. There was no change to Mr Craigie's remuneration in financial year 2015.

### **Mr W. Todd Nisbet**

During the year, Crown extended the employment contract with its Executive Vice President – Strategy and Development, Mr W. Todd Nisbet. Mr Nisbet's then existing employment contract was extended to 31 December 2015.

All other material terms of Mr Nisbet's employment contract remained unchanged. There was no change to Mr Nisbet's remuneration in financial year 2015.

### **Mr Kenneth Barton**

During the year, Crown extended the employment contract with its Chief Financial Officer, Mr Ken Barton. Mr Barton's then existing employment contract was extended to 30 September 2018.

All other material terms of Mr Barton's employment contract remained unchanged. There was no change to Mr Barton's remuneration in financial year 2015.

The Company did not obtain any remuneration recommendation from a remuneration consultant in relation to any of its key management personnel during the financial year.

## Summary of Contracts of Employment Applicable During the Year Ended 30 June 2015

	<b>James D Packer</b>	<b>John H Alexander</b>						
<b>Current Position</b>	Chairman (until 12 August 2015)	<b>Executive Deputy Chairman (commenced 1 December 2007):</b> Mr Alexander's current employment agreement with Crown Resorts Limited has no fixed term.						
<b>Fixed Remuneration</b>								
Base salary:	Nil.  The Chairman, Mr Packer did not receive any remuneration for his services to Crown in financial year 2015. Mr Packer acts as a Director of Melco Crown Entertainment Ltd, a company in which Crown has a significant investment. Mr Packer did not receive a fee from Crown for these services.	\$1,481,217 per annum						
Superannuation	Nil	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$18,783 per annum.						
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities.	Complimentary privileges at Crown Melbourne and Crown Perth facilities and superannuation.						
<b>Performance based remuneration</b>	Not applicable	Mr Alexander participates in the 2014 Crown LTI. See further page 64.						
<b>2015 Percentage breakdown of remuneration</b>	Not applicable	<table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2014 Crown LTI</b></th> </tr> </thead> <tbody> <tr> <td>57%</td> <td>0%</td> <td>43%</td> </tr> </tbody> </table>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	57%	0%	43%
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>						
57%	0%	43%						
<b>Post-employment benefits</b>	Not applicable	Nil						
<b>Post-employment restraint</b>	Not applicable	Crown may impose a restraint for various periods up to 12 months.						
<b>Termination</b>								
By Senior Executive:	Not applicable	12 months' notice.						
By Crown:	Not applicable	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.						
<b>Termination benefits</b>	Not applicable	Nil						
<b>Payments made prior to commencement</b>	Not applicable	Nil						
<b>Directors' Fees</b>	Nil	Nil						

<b>Rowen B Craigie</b>															
<b>Current Position</b>	<b>Chief Executive Officer and Managing Director (commenced 1 December 2007):</b> Mr Craigie's employment agreement with Crown Resorts Limited will expire on 30 November 2018.														
<b>Fixed Remuneration</b>															
Base salary:	\$2,981,217 per annum.														
Superannuation	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$18,783 per annum..														
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation.														
<b>Performance based remuneration</b>															
STI:	A maximum of \$1,000,000, assessed by the Chairman based on the achievement of personal KPOs. 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:	Mr Craigie participates in the 2014 Crown LTI. See further page 64.														
<b>2015 Percentage breakdown of remuneration</b>	<table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2010 Crown LTI</b></th> <th><b>2014 Crown LTI</b></th> </tr> </thead> <tbody> <tr> <td>162%</td> <td>43%</td> <td>(227)%</td> <td>122%</td> </tr> </tbody> </table> <p>Given that the Indexed Year 4 EPS Hurdle adopted under the 2010 LTI Modification was not achieved, Crown amended its provisioning in relation to the 2010 LTI Modification accordingly. This has resulted in a reversal of amounts previously expensed and, as a result of this, each executive who participated in the 2010 LTI Modification must be shown to have a negative amount for the 2010 LTI component of their F15 remuneration. Crown is required to include the reversal in remuneration disclosures in the form provided above. However, to assist security holders, set out below is a breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2010 Crown LTI:</p> <table border="1"> <thead> <tr> <th><b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)</th> <th><b>STI</b></th> <th><b>2014 Crown LTI</b></th> </tr> </thead> <tbody> <tr> <td>50%</td> <td>13%</td> <td>37%</td> </tr> </tbody> </table>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2010 Crown LTI</b>	<b>2014 Crown LTI</b>	162%	43%	(227)%	122%	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	50%	13%	37%
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2010 Crown LTI</b>	<b>2014 Crown LTI</b>												
162%	43%	(227)%	122%												
<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>													
50%	13%	37%													
<b>Post-employment benefits</b>	Nil														
<b>Post-employment restraint</b>	Crown may impose a restraint for various periods up to 12 months.														
<b>Termination</b>															
By Senior Executive:	12 months' notice.														
By Crown:	12 months' notice without cause; one month's notice for performance issues (following at least three months' notice to improve); three months' notice for incapacity.														
<b>Termination benefits</b>	Subject to the receipt of shareholder approval, Mr Craigie will be entitled to receive a severance payment equal to 12 months' fixed remuneration in the event of early termination of his employment by Crown. The imposition of Mr Craigie's post-employment restraint is conditional upon receipt of his severance payment.														
<b>Payments made prior to commencement</b>	Nil														
<b>Directors' Fees</b>	Nil														

**Kenneth M Barton**

**Current Position** **Chief Financial Officer (commenced 9 March 2010):** Mr Barton's employment agreement with Crown Resorts Limited will expire on 30 September 2018.

**Fixed Remuneration**

Base salary: \$1,531,217 per annum.

Superannuation Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$18,783 per annum. During the year, Mr Barton made additional voluntary contributions to superannuation as disclosed in the remuneration tables later in this Report.

Non-monetary benefits and other: Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Until Mr Barton relocates to Melbourne, Crown will meet the weekly travel costs of his Melbourne/Sydney commuting and will provide hotel accommodation while in Melbourne.

**Performance based remuneration**

STI: Mr Barton's annual target STI is \$500,000 and payment depends on meeting agreed personal KPOs. The STI may, at the discretion of the Nomination and Remuneration Committee, be increased to a maximum of \$750,000 if Mr Barton exceeds his KPOs and Crown also achieves its performance objectives.

LTI: Mr Barton participates in the 2014 Crown LTI. See further page 64.

2015 Percentage breakdown of remuneration	Fixed remuneration (Includes voluntary and compulsory superannuation)	STI	2010 Crown LTI	2014 Crown LTI
	109%	31%	(109)%	69%

Given that the Indexed Year 4 EPS Hurdle adopted under the 2010 LTI Modification was not achieved, Crown amended its provisioning in relation to the 2010 LTI Modification accordingly. This has resulted in a reversal of amounts previously expensed and, as a result of this, each executive who participated in the 2010 LTI Modification must be shown to have a negative amount for the 2010 LTI component of their F15 remuneration. Crown is required to include the reversal in remuneration disclosures in the form provided above. However, to assist security holders, set out below is a breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2010 Crown LTI:

Fixed remuneration (Includes voluntary and compulsory superannuation)	STI	2014 Crown LTI
52%	15%	33%

**Post-employment benefits** Nil

**Post-employment restraint** Nil

**Termination**

By Senior Executive: 6 months' notice.

By Crown: 6 months' notice without cause; one month's notice for performance issues (following at least 3 months' notice to improve); 3 months' notice for incapacity.

**Termination benefits** Nil

**Payments made prior to commencement** As previously disclosed, a sign on payment was made in 2010 to compensate Mr Barton for unvested incentives forfeited on cessation of employment with his previous employer.

**Directors' Fees** Nil

<b>Barry J Felstead</b>				
<b>Current Position</b>	<b>Chief Executive Officer – Australian Resorts</b> (from 1 August 2013): Mr Felstead's current employment agreement with Crown Resorts Limited has no fixed term.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,141,217 per annum			
Superannuation	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$18,783 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Mr Felstead is entitled to a travel allowance of \$50,000 per annum.			
<b>Performance based remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Felstead's annual target STI is 40% of his TEC.			
LTI:	Mr Felstead participates in the 2014 Crown LTI. See further page 64.			
<b>2015 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2010 Crown LTI</b>	<b>2014 Crown LTI</b>
	68%	27%	(45%)	50%
	Given that the Indexed Year 4 EPS Hurdle adopted under the 2010 LTI Modification was not achieved, Crown amended its provisioning in relation to the 2010 LTI Modification accordingly. This has resulted in a reversal of amounts previously expensed and, as a result of this, each executive who participated in the 2010 LTI Modification must be shown to have a negative amount for the 2010 LTI component of their F15 remuneration. Crown is required to include the reversal in remuneration disclosures in the form provided above. However, to assist security holders, set out below is a breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2010 Crown LTI:			
	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	
	47%	19%	34%	
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Crown may impose various restraint periods up to a period of 12 months post-employment.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

**W. Todd Nisbet**

**Current Position** **Executive Vice President – Strategy and Development (from 9 August 2010):** Mr Nisbet's employment agreement with Crown Resorts Limited is due to expire on 31 December 2015.

**Fixed Remuneration**

Base salary: \$2,141,217 per annum.

Superannuation Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$18,783 per annum.

Non-monetary benefits and other: Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. During Mr Nisbet's employment with Crown, he is also entitled to additional customary expatriate benefits for himself and his family. Upon cessation of employment Mr Nisbet will be entitled to relocation benefits for him and his family to Las Vegas.

**Performance based remuneration**

STI: Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Nisbet's annual target STI is 50% of his base salary.

LTI: Mr Nisbet participates in the 2014 Crown LTI. See further page 64.

2015 Percentage breakdown of remuneration	Fixed remuneration (Includes voluntary and compulsory superannuation)	STI	2010 Crown LTI	2014 Crown LTI
	78%	27%	(55%)	50%

Given that the Indexed Year 4 EPS Hurdle adopted under the 2010 LTI Modification was not achieved, Crown amended its provisioning in relation to the 2010 LTI Modification accordingly. This has resulted in a reversal of amounts previously expensed and, as a result of this, each executive who participated in the 2010 LTI Modification must be shown to have a negative amount for the 2010 LTI component of their F15 remuneration. Crown is required to include the reversal in remuneration disclosures in the form provided above. However, to assist security holders, set out below is a breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2010 Crown LTI:

Fixed remuneration (Includes voluntary and compulsory superannuation)	STI	2014 Crown LTI
50%	18%	32%

**Post-employment benefits** Nil

**Post-employment restraint** Crown may impose various restraint periods up to a period of up to 12 months post-employment.

**Termination**

By Senior Executive: 6 months' notice.

By Crown: 12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.

**Termination benefits** Nil

**Payments made prior to commencement** Nil

**Directors' Fees** Nil

## Remuneration table for Senior executives

### Commentary

The structure of senior executive remuneration has been described in detail in this Report, both generically and specifically in relation to each named Senior Executive. In addition, a table summarising all remuneration to be attributed to each Senior Executive for the financial years ending 30 June 2015 and 30 June 2014 is set out below.

Accounting Standards are prescriptive in relation to the required presentation of remuneration tables. Accordingly, as an aid to understanding, the following additional information should be read in conjunction with the table set out below.

### Fixed Remuneration

Mr Alexander and Mr Craigie did not receive an increase to their fixed remuneration in financial year 2015 as compared with financial year 2014.

Mr Nisbet and Mr Felstead received an increase to their fixed remuneration of 3%, generally reflecting the movement in the consumer price index. Mr Barton received an increase to his fixed remuneration of 15%, reflecting the scope of his responsibilities, the achievement of various performance objectives and the relative remuneration of his peers.

### Short Term Incentives (STI)

In financial year 2015, the Group's financial performance objectives were met in part. While Crown Melbourne and Crown Perth met their financial performance objectives, Crown Resorts Limited did not achieve its normalised NPAT budget, largely as a result of the performance of MCE's businesses in Macau. However, some important non-financial objectives were achieved, including good progress on the Crown Towers Perth project, the Crown Sydney project and other development projects.

STI bonuses at Crown Melbourne, Crown Perth and Crown Resorts Limited were generally paid at 100% of target STI bonuses, except for those executives who were considered to have had influence on the performance of MCE. The STIs of those executives was generally reduced. Accordingly, Mr Craigie received 80% of his target STI bonus of \$1 million and did not receive any part of his further "discretionary bonus" of \$1 million for exceptional performance. Mr Nisbet also received 80% of his target STI bonus, however, Mr Barton received 90% of his target STI bonus on the basis of the achievement of a number of important non-financial objectives and the execution of certain group acquisitions.

### Long Term Incentives (LTI)

As summarised earlier, Senior Executives participated in the 2010 LTI Modification as well as the 2014 Crown LTI.

In accordance with relevant accounting standards, the 2014 Crown LTI is included in the remuneration for each Senior Executive to the extent that it is considered more likely than not at the date of this financial report that the performance condition and service condition will eventuate over the life of the 2014 Crown LTI, notwithstanding that the benefits will vest for the Senior Executives at a different rate. Accordingly, 25% of the total 2014 Crown LTI bonus for which each Senior Executive is potentially eligible will be included in the remuneration table for each of the four active years of the plan, regardless of whether a bonus has vested or not.

As explained earlier, the first, second and third tranches of the 2014 Crown LTI represents 15%, 20% and 25% (respectively) of the total 2014 Crown LTI bonus for which each Senior Executive is eligible. The EPS Hurdle of the 2014 Crown LTI for financial year 2015 was met. Detail of the actual sums vested to relevant Senior Executives has been provided earlier.

Also as disclosed earlier, the 2010 LTI Modification ceased at the end of financial year 2015 with the Indexed Year 4 EPS Hurdle not having been met. Crown therefore amended its provisioning accordingly, resulting in a reversal of amounts previously expensed.



## Remuneration Table

Mr Robert Rankin was appointed a director of Crown on 30 July 2015 and on 12 August 2015 was appointed Chairman of Crown. There are therefore no remuneration disclosures in respect of Mr Rankin included in this report.

	Financial Year	Short Term Benefits				% of max STI	Post-employment Benefits – Super-annuation <sup>1</sup>	Long Term Incentives			Termination Benefits	Total <sup>2</sup>
		Salary & Fees	Non Monetary <sup>4</sup>	Other <sup>4</sup>	STI			Cash Based	Equity Based – 2010 LTI <sup>2</sup>	Equity Based – 2014 LTI <sup>3</sup>		
<b>James Packer</b> Chairman (until 12 August 2015)	2015	-	-	-	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-	-	-	-
<b>John Alexander</b> Executive Deputy Chairman	2015	1,481,217	-	-	-	-	18,783	-	-	1,125,000	-	2,625,000
	2014	1,482,225	-	-	-	-	17,775	-	-	-	-	1,500,000
<b>Ken Barton</b> Chief Financial Officer	2015	1,520,000	45,745	-	450,000	90%	30,000	-	(1,600,000)	1,012,500	-	1,458,245
	2014	1,332,683	42,360	-	500,000	100%	17,775	200,000	(755,000)	-	-	1,337,818
<b>Rowen Craigie</b> Chief Executive Officer & Managing Director	2015	2,981,217	-	-	800,000	80%	18,783	-	(4,200,000)	2,250,000	-	1,850,000
	2014	2,982,225	-	-	800,000	80%	17,775	720,000	(2,055,000)	-	-	2,465,000
<b>Barry Felstead</b> Chief Executive Officer - Australian Resorts	2015	2,141,217	22,681	-	864,000	100%	18,783	-	(1,440,000)	1,575,000	-	3,181,681
	2014	2,008,058	35,171	-	580,000	72%	17,775	-	(612,000)	-	-	2,029,004
<b>Greg Hawkins</b> formerly Chief Executive Officer - Crown Melbourne Limited	2015	-	-	-	-	-	-	-	-	-	-	-
	2014	261,553	-	-	-	-	4,444	-	-	-	1,494,978	1,760,975
<b>Todd Nisbet</b> Executive Vice President – Strategy & Development	2015	2,141,217	-	310,065	864,000	80%	18,783	-	(1,740,000)	1,575,000	-	3,169,065
	2014	2,082,225	-	265,009	1,050,000	100%	17,775	360,000	(874,500)	-	-	2,900,509
<b>2015 TOTALS</b>		<b>10,264,868</b>	<b>68,426</b>	<b>310,065</b>	<b>2,978,000</b>		<b>105,132</b>	<b>-</b>	<b>(8,980,000)</b>	<b>7,537,500</b>	<b>-</b>	<b>12,283,991</b>
<b>2014 TOTALS</b>		<b>10,148,969</b>	<b>77,531</b>	<b>265,009</b>	<b>2,930,000</b>		<b>93,320</b>	<b>1,280,000</b>	<b>(4,296,500)</b>	<b>-</b>	<b>1,494,978</b>	<b>11,993,307</b>

### Notes:

1. Long service leave accrued balances have increased during the financial year ended 30 June 2015 for the following Senior Executives: Mr Alexander \$24,920, Mr Barton \$25,751, Mr Craigie \$49,840, Mr Felstead \$35,885, Mr Nisbet \$35,885.
2. The 2010 LTI Modification ceased at the end of financial year 2015 with the Indexed Year 4 EPS Hurdle not having been met, resulting in a reversal of amounts previously expensed.
3. The 2014 Crown LTI has been included in total remuneration on the basis that it is considered more likely than not at the date of this financial report that the performance condition and service condition will occur evenly over the life of the Crown LTI, notwithstanding that the benefits will vest for the Senior Executives at a different rate.
4. Refer to the summaries of contracts of employment for a description of the short term benefits to which various executives are entitled.

## Key Management Personnel Disclosures

## Shareholdings of Key management personnel

Set out below is a summary of equity instruments held directly, indirectly or beneficially by KMPs, close family or controlled entities. The Company does not have any options on issue.

## 30 June 2015

## Crown Directors

Directors (Including directors who left the Board during the year)	Balance 1 July 2014	Issued under Executive Share Plan	Other Net Change	Balance 30 June 2015
James D Packer	364,270,253	-	-	364,270,253
John H Alexander	256,549	-	15,598	272,147
Rowen B Craigie	102,314	-	-	102,314
Rowena Danziger	30,896	-	-	30,896
Harold C Mitchell	114,887	-	-	114,887

## Crown Executives

Executives	Balance 1 July 2014	Issued under Executive Share Plan	Other Net Change	Balance 30 June 2015
Ken M Barton	28,420	-	-	28,420
Barry J Felstead	-	-	-	-
Todd W Nisbet	51,157	-	-	51,157

## 30 June 2014

## Crown Directors

Directors (Including directors who left the Board during the year)	Balance 1 July 2013	Issued under Executive Share Plan	Other Net Change	Balance 30 June 2014
James D Packer	364,270,253	-	-	364,270,253
John H Alexander	256,549	-	-	256,549
Rowen B Craigie	74,092	28,222	-	102,314
Rowena Danziger	30,896	-	-	30,896
Harold C Mitchell	114,887	-	-	114,887

## Crown Executives

Executives	Balance 1 July 2013	Issued under Executive Share Plan	Other Net Change	Balance 30 June 2014
Ken M Barton	20,581	7,839	-	28,420
Barry J Felstead	-	-	-	-
Todd W Nisbet	37,046	14,111	-	51,157

**Loans to Key Management Personnel**

There have been no loans made, guaranteed or secured, directly or indirectly by the Company or any of its subsidiaries in the reporting period in relation to KMPs, close family or controlled entities.

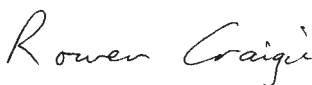
**Transactions entered into with Key Management Personnel**

Other than as has been disclosed in Note 31 of the Financial Report, there have been no transactions entered into during the reporting period between the Company or any of its subsidiaries and KMPs, close family and controlled entities.

Signed in accordance with a resolution of the Directors.



**R J Rankin**  
Director



**R B Craigie**  
Director

Melbourne, 8 September 2015

# Auditor's Independence Declaration



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

In relation to our audit of the financial report of Crown Resorts Limited for the financial year ended 30 June 2015, 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

David McGregor  
Partner  
8 September 2015

# Independent Auditor's Report



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

### Report on the financial report

We have audited the accompanying financial report of Crown Resorts Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year-end or from time to time during the financial-year.

#### *Directors' Responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls that the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### *Auditor's responsibility*

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

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

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

#### *Independence*

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



### Opinion

In our opinion:

- a. The financial report of Crown Resorts Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

### Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Crown Resorts Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

David McGregor  
Partner  
Melbourne  
8 September 2015

# Directors' Declaration

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

In the opinion of the directors:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
2. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1 of the Financial Report;
3. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;
4. this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2015; and
5. as 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, by virtue of the Deed of Cross Guarantee.

On behalf of the Board.



**R J Rankin**  
Director



**R B Craigie**  
Director

Melbourne, 8 September 2015



# Financial Report

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# Statement of Profit or Loss

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Revenues	3	3,484,404	3,094,344
Other income	3	349	420
Expenses	3	(3,011,132)	(2,510,763)
Share of profits of associates and joint venture entities	2,10	122,058	284,252
<b>Profit before income tax and finance costs</b>		<b>595,679</b>	<b>868,253</b>
Finance costs	3	(132,088)	(116,254)
<b>Profit before income tax</b>		<b>463,591</b>	<b>751,999</b>
Income tax expense	2,5	(85,284)	(96,236)
<b>Net profit after tax</b>		<b>378,307</b>	<b>655,763</b>
<b>Attributable to:</b>			
Equity holders of the Parent		385,047	655,763
Non-controlling interests		(6,740)	-
		<b>378,307</b>	<b>655,763</b>

The above Statement of Profit or Loss should be read in conjunction with the accompanying notes.

	Note	2015 Cents per share	2014 Cents per share
<b>Earnings per share (EPS)</b>			
Basic EPS	29	<b>52.86</b>	90.03
Diluted EPS	29	<b>52.86</b>	90.03
EPS calculation is based on the weighted average number of shares on issue throughout the period			
<b>Dividends per share</b>			
Current year final dividend declared	4	<b>19.00</b>	19.00
Current year interim dividend paid	4	<b>18.00</b>	18.00

# Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Net profit after tax</b>		<b>378,307</b>	<b>655,763</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation <sup>(1)</sup>	21	388,950	(40,778)
Movement in cash flow hedge reserve	21	33,875	(15,619)
Unrealised gain / (loss) on investments	21	7,250	-
<b>Other comprehensive income / (loss) for the period, net of income tax</b>		<b>430,075</b>	<b>(56,397)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>808,382</b>	<b>599,366</b>
<b>Attributable to:</b>			
Equity holders of the Parent		810,667	599,366
Non-controlling interests		(2,285)	-
		<b>808,382</b>	<b>599,366</b>

(1) The movement in the foreign currency translation reserve is largely attributable to foreign exchange movements relating to Crown's equity accounted investment in Melco Crown.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents	25	340,984	177,780
Trade and other receivables	6	377,632	341,553
Inventories	7	14,861	12,901
Prepayments		30,385	31,289
Other financial assets	8	16,032	-
<b>Total current assets</b>		<b>779,894</b>	<b>563,523</b>
<b>Non-current assets</b>			
Receivables	6	151,284	211,980
Other financial assets	8	10,674	457
Investments	9	41,918	85,066
Investments in associates	10	1,965,717	1,541,708
Property, plant and equipment	11	3,823,196	3,096,335
Licences	12	1,130,623	647,039
Other intangible assets	13	270,635	231,808
Deferred tax assets	5	202,146	131,184
Other assets	15	61,264	59,431
<b>Total non-current assets</b>		<b>7,657,457</b>	<b>6,005,008</b>
<b>Total assets</b>		<b>8,437,351</b>	<b>6,568,531</b>
<b>Current liabilities</b>			
Trade and other payables	16	446,593	345,874
Interest-bearing loans and borrowings	17	188,784	103,531
Income tax payable		153,818	118,837
Provisions	18	169,174	138,792
Other financial liabilities	19	626	1,499
<b>Total current liabilities</b>		<b>958,995</b>	<b>708,533</b>
<b>Non-current liabilities</b>			
Other payables	16	156,161	138
Interest-bearing loans and borrowings	17	2,473,233	1,639,270
Deferred tax liabilities	5	193,651	189,411
Provisions	18	36,361	32,815
Other financial liabilities	19	9,950	16,703
<b>Total non-current liabilities</b>		<b>2,869,356</b>	<b>1,878,337</b>
<b>Total liabilities</b>		<b>3,828,351</b>	<b>2,586,870</b>
<b>Net assets</b>		<b>4,609,000</b>	<b>3,981,661</b>
<b>Equity</b>			
Contributed equity	20	446,763	446,763
Treasury shares	20	-	(1,918)
Reserves	21	820,217	394,597
Retained earnings	21	3,257,760	3,142,219
<b>Equity attributable to equity holders of the Parent</b>		<b>4,524,740</b>	<b>3,981,661</b>
Non-controlling interest		84,260	-
<b>Total equity</b>		<b>4,609,000</b>	<b>3,981,661</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# Cash Flow Statement

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		3,466,517	3,044,801
Payments to suppliers and employees		(2,637,838)	(2,267,546)
Dividends received		52,578	94,405
Interest received		16,120	11,872
Borrowing costs paid		(156,648)	(122,729)
Income tax paid		(106,153)	(58,778)
<b>Net cash flows from/(used in) operating activities</b>	25b	<b>634,576</b>	<b>702,025</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(599,602)	(401,847)
Proceeds from sale of property, plant and equipment		97,713	424
Payments in respect of licences		(345,000)	(5,000)
Payment for purchases of investments		-	(24,051)
Payment for acquisition of financial instruments		(272,440)	(61,372)
Net proceeds from disposal of financial instruments		69,090	-
Net payment for acquisition of controlled entities		(3,971)	(63,308)
Net proceeds from sale of equity investments		1,000	201
Loans to associated entities		(476)	(11,551)
Repayments of loans from associated entities		9,875	2,527
Other (net)		(1,817)	(2,552)
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,045,628)</b>	<b>(566,529)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,905,854	763,530
Repayment of borrowings		(2,160,985)	(660,115)
Equity injections from non-controlling interests		72,431	-
Dividends paid		(269,506)	(269,506)
<b>Net cash flows from/(used in) financing activities</b>		<b>547,794</b>	<b>(166,091)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>136,742</b>	<b>(30,595)</b>
Cash and cash equivalents at the beginning of the financial year		177,780	205,511
Effect of exchange rate changes on cash		26,462	2,864
<b>Cash and cash equivalents at the end of the financial year</b>	25a	<b>340,984</b>	<b>177,780</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the year ended 30 June 2015

	Ordinary Shares \$'000	Shares Held in Trust \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Year ended 30 June 2015</b>							
Balance at 1 July 2014	446,763	(1,918)	3,142,219	394,597	3,981,661	-	3,981,661
Profit for the period	-	-	385,047	-	385,047	(6,740)	378,307
Other comprehensive income	-	-	-	425,620	425,620	4,455	430,075
Total comprehensive income for the period	-	-	385,047	425,620	810,667	(2,285)	808,382
Dividends paid	-	-	(269,506)	-	(269,506)	-	(269,506)
Shares transferred under Long Term Incentive Plan	-	1,918	-	-	1,918	-	1,918
Net acquisition of subsidiaries	-	-	-	-	-	86,545	86,545
<b>Balance at 30 June 2015</b>	<b>446,763</b>	<b>-</b>	<b>3,257,760</b>	<b>820,217</b>	<b>4,524,740</b>	<b>84,260</b>	<b>4,609,000</b>
<b>Year ended 30 June 2014</b>							
Balance at 1 July 2013	446,763	(1,118)	2,755,962	450,994	3,652,601	-	3,652,601
Profit for the period	-	-	655,763	-	655,763	-	655,763
Other comprehensive income	-	-	-	(56,397)	(56,397)	-	(56,397)
Total comprehensive income for the period	-	-	655,763	(56,397)	599,366	-	599,366
Dividends paid	-	-	(269,506)	-	(269,506)	-	(269,506)
Shares acquired under Long Term Incentive Plan	-	(800)	-	-	(800)	-	(800)
<b>Balance at 30 June 2014</b>	<b>446,763</b>	<b>(1,918)</b>	<b>3,142,219</b>	<b>394,597</b>	<b>3,981,661</b>	<b>-</b>	<b>3,981,661</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 30 June 2015

## 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 investments that have been measured at fair value and investments in associates accounted for using the equity method.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The financial report of Crown Resorts Limited and its controlled entities (the Group) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 8 September 2015 subject to final approval by a subcommittee.

### (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.

The Group has adopted the following accounting standards, which became applicable from 1 July 2014:

- AASB 2012-3 – Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 – Amendments to AASB 136 – Recoverable Amount for Disclosures for Non-Financial Assets
- AASB 2014-1 Part A – Annual Improvements to IFRSs 2010-2012 Cycle

The adoption of these standards did not have a material effect on the financial position or performance of the Group during the period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ending 30 June 2015 are outlined in the table below.

Reference	Title	Application date of standard <sup>(1)</sup>	Impact on Group financial report	Application date for Group <sup>(1)</sup>
AASB 15	Revenue from Contracts with Customers	1 January 2017	This standard specifies the accounting treatment for all revenue arising from contracts with customers and provides a model for the recognition and measurement of gains and losses on the sales of some non-financial assets (e.g., disposals of property, plant and equipment) that are not an output of the entity's ordinary activities. Crown does not expect any significant impact on the Group from the application of this standard, however may result in additional disclosures.	1 July 2017

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

## 1. Summary of Significant Accounting Policies *continued*

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

Reference	Title	Application date of standard <sup>(1)</sup>	Impact on Group financial report	Application date for Group <sup>(1)</sup>
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (AASB 116 and AASB 138)	1 January 2016	AASB 16 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Crown does not expect any significant impact on the Group from the application of this standard.	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Crown does not expect any significant impact on the Group from the application of this standard.	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	AASB 2015-1 amends various standards including AASB 119 Employee Benefits and AASB 134 Interim Financial Reporting. Crown does not expect any significant impact on the Group from the application of this standard.	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	This Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. This standard may result in amendments to disclosures.	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 <i>Materiality</i>	1 July 2015	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. Crown does not expect any significant impact on the Group from the application of this standard.	1 July 2015

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

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 1. Summary of Significant Accounting Policies *continued*

### (c) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Crown Resorts Limited (the parent entity) and all entities that Crown Resorts Limited controlled from time to time during the year and at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control. Change of ownership interest of a subsidiary without the loss of control is accounted for as an equity transaction.

Subsidiary acquisitions are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

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

### (d) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### ***Impairment of 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 14.

#### ***Fair value of investments***

In accordance with accounting standards the Group uses the Level Three method in estimating the fair value of financial assets. Accordingly, the fair value is estimated using inputs for the asset that are not based on observable market data.

#### ***Taxes***

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

#### ***Doubtful debts***

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

#### ***Significant Items***

Significant items are transactions or events that fall outside the ordinary course of business. Significant items are disclosed separately to allow users of the financial report to see the performance of the Group in a comparable form to that of the comparative period.

### (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 reporting date.

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

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

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



## 1. Summary of Significant Accounting Policies *continued*

### (e) Income tax *continued*

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

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not the Statement of Profit or Loss.

### (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 Statement of Financial Position.

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

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

### (g) Foreign currency translation

Both the functional and presentation currency of Crown Resorts Limited and its Australian subsidiaries is Australian dollars.

Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency, which is translated to the presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Resorts Limited at the rate of exchange ruling at the reporting date and the profit or loss is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

### (h) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises of cash at bank and on hand, and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in future value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 1. Summary of Significant Accounting Policies *continued*

### (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.

### (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:

- 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 financial statements of the associates are used by the Group to apply the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

Investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The Statement of Profit or Loss reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any changes and discloses this, when applicable in the Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

### (l) Investments and other financial assets

Financial assets are classified based on:

- (i) The objective of the entity's business model for managing the financial assets; and
- (ii) The characteristics of the contractual cash flow.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. An irrevocable election is made by instrument to determine if the instrument is measured at fair value either through Other Comprehensive Income (OCI) or the Statement of Profit or Loss.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets at fair value through OCI, directly attributable transaction costs.

The best evidence of fair value is quoted prices in an active market. The fair value of the investments and other financial assets that do not have a price quoted in an active market have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The fair value is reassessed each reporting period.

If the fair value through Statement of Profit or Loss approach is adopted, increments and decrements on the fair value of the financial asset at each reporting date are recognised through the Statement of Profit or Loss.

If the fair value through OCI approach is adopted, increments and decrements on the fair value are recognised in OCI, without recycling of gains and losses between the Statement of Profit or Loss and OCI, even on disposal of the investment. Dividends in respect of these investments that are a return on investment are recognised in the Statement of Profit or Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### (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 asset's 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 Statement of Profit or Loss 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 licences are carried at cost of acquisition. The Crown Melbourne licence is being amortised on a straight-line basis over the remaining life of the licence to 2050. The Crown Perth licence is assessed as having an indefinite useful life and, as such, no amortisation is charged. The Crown Perth licence is subject to an annual impairment assessment.

#### **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 Statement of Profit or Loss.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the net asset is derecognised.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 1. Summary of Significant Accounting Policies *continued*

### (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.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### (p) Trade and other payables

Trade and other payables are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

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

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **Borrowing costs**

Borrowing costs directly associated with qualifying assets are capitalised, including any other associated costs directly attributable to the borrowing. The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year, in this case 6.1% (2014: 6.3%).

All other borrowing costs are expensed in the period they are incurred.

### (r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, or publicly recommended on or before the reporting date.

### (s) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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

## 1. Summary of Significant Accounting Policies *continued*

### (t) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

### (u) 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.

### (v) Derivative financial instruments and hedging

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair value of forward exchange contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

#### (i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

#### (ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Statement of Profit or Loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

#### (w) Impairment of financial assets

The Group assesses at each reporting 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 between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the Statement of Profit or Loss.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 1. Summary of Significant Accounting Policies *continued*

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

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

### (x) Contributed equity

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

### (y) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### **Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer.

#### **Rendering of services**

Revenue is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

Gaming revenues are the net of gaming wins and losses.

### **Interest**

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### **Dividends**

Revenue is recognised when the shareholders' right to receive the payment is established.

### (z) Earnings per share (EPS)

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

Diluted EPS is calculated as net profit after tax, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (aa) Segment Information

The Group's operating segments have been determined based on internal management reporting structure and the nature of the products provided by the Group. They reflect the business level at which financial information is provided to management for decision making regarding resource allocation and performance assessment. The segment information presented is consistent with internal management reporting.

The Group has four operating segments being Crown Melbourne, Crown Perth, Crown Aspinall's and Wagering.

## 1. Summary of Significant Accounting Policies *continued*

### (ab) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred.

For each business combination the group elects whether to measure the non-controlling interest in the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 2. Segment Information

### 30 June 2015

	Normalised Result <sup>(1)</sup>					Crown Group \$'000	Adjust- ment <sup>(1)</sup> \$'000	Significant Items <sup>(3)</sup> \$'000	Actual
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinalls \$'000	Wager- ing \$'000	Unall- ocated \$'000				Crown Group \$'000
<b>Operating revenue</b>									
Main floor gaming	1,090,583	498,004	-	-	-	1,588,587	-	-	1,588,587
VIP program play	706,610	249,333	104,668	-	-	1,060,611	61,065	-	1,121,676
Wagering & Non gaming	436,689	227,967	942	89,751	-	755,349	-	-	755,349
Intersegment						(611)	-	-	(611)
Operating revenue	2,233,882	975,304	105,610	89,751	-	3,403,936	61,065	-	3,465,001
Interest revenue						19,752	-	-	19,752
<b>Total revenue</b>	<b>2,233,882</b>	<b>975,304</b>	<b>105,610</b>	<b>89,751</b>	<b>-</b>	<b>3,423,688</b>	<b>61,065</b>	<b>-</b>	<b>3,484,753<sup>(2)</sup></b>
<b>Segment result</b>									
Gaming taxes, commissions & other	(735,960)	(299,831)	(48,769)	-	-	(1,084,560)	(107,874)	-	(1,192,434)
Operating expenses	(835,840)	(421,090)	(25,083)	(105,728)	(107,349)	(1,495,090)	-	-	(1,495,090)
Intersegment						611	-	-	611
Earnings before interest, tax, depreciation and amortisation "EBITDA"	662,082	254,383	31,758	(15,977)	(107,349)	824,897	(46,809)	-	778,088
<b>Depreciation and amortisation</b>	<b>(188,132)</b>	<b>(62,896)</b>	<b>(1,136)</b>	<b>(6,872)</b>	<b>(3,841)</b>	<b>(262,877)</b>	<b>-</b>	<b>-</b>	<b>(262,877)</b>
Earnings before interest and tax "EBIT"	473,950	191,487	30,622	(22,849)	(111,190)	562,020	(46,809)	-	515,211
Asset Impairments						-	-	(61,342)	(61,342)
Equity accounted share of associates' net profit/ (loss)						161,253	(39,195)	-	122,058
Net interest income/ (expense)						(112,336)	-	-	(112,336)
Income tax benefit/ (expense)						(92,201)	6,917	-	(85,284)
<b>Profit/(loss) after tax</b>	<b>473,950</b>	<b>191,487</b>	<b>30,622</b>	<b>(22,849)</b>	<b>(111,190)</b>	<b>518,736</b>	<b>(79,087)</b>	<b>(61,342)</b>	<b>378,307</b>
Non-controlling interest						6,740	-	-	6,740
<b>Profit/(loss) attributable to equity holders of the Parent</b>	<b>473,950</b>	<b>191,487</b>	<b>30,622</b>	<b>(22,849)</b>	<b>(111,190)</b>	<b>525,476</b>	<b>(79,087)</b>	<b>(61,342)</b>	<b>385,047</b>
<b>Capital expenditure</b>	<b>190,505</b>	<b>267,463</b>	<b>1,047</b>	<b>12,840</b>	<b>561,939</b>	<b>1,033,794</b>	<b>-</b>	<b>-</b>	<b>1,033,794</b>
<b>Investments in associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,965,717</b>	<b>1,965,717</b>	<b>-</b>	<b>-</b>	<b>1,965,717</b>

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth, Crown Aspinall's and Melco Crown), pre-opening costs from Melco Crown and asset impairments. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commissions & other expenses, income tax expense and equity accounted share of associates' results.

(2) Total revenue of \$3,484.8 million includes \$0.3 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items consist of asset impairments of \$61.3m, relating primarily to Crown's investment in Cannery. Refer note 3.



2. Segment Information *continued*

30 June 2014

	Normalised Result <sup>(1)</sup>						Actual	
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinalls \$'000	Unall-ocated \$'000	Crown Group \$'000	Adjust-ment <sup>(1)</sup> \$'000	Significant Items <sup>(3)</sup> \$'000	Crown Group \$'000
<b>Operating revenue</b>								
Main floor gaming	1,020,299	485,441	-	-	1,505,740	-	-	1,505,740
VIP program play	501,202	173,080	119,579	-	793,861	143,367	-	937,228
Non Gaming	409,669	225,053	1,045	15	635,782	-	-	635,782
Intersegment					(1,194)	-	-	(1,194)
Operating revenue	1,931,170	883,574	120,624	15	2,934,189	143,367	-	3,077,556
Interest revenue					17,208	-	-	17,208
<b>Total revenue</b>	<b>1,931,170</b>	<b>883,574</b>	<b>120,624</b>	<b>15</b>	<b>2,951,397</b>	<b>143,367</b>	<b>-</b>	<b>3,094,764<sup>(2)</sup></b>
<b>Segment result</b>								
Gaming taxes, commissions & other	(591,394)	(224,082)	(53,802)	-	(869,278)	(47,872)	-	(917,150)
Operating expenses	(777,963)	(417,930)	(31,600)	(55,881)	(1,283,374)	-	-	(1,283,374)
Intersegment					1,194	-	-	1,194
Earnings before interest, tax, depreciation and amortisation "EBITDA"	561,813	241,562	35,222	(55,866)	782,731	95,495	-	878,226
Depreciation and amortisation	(179,575)	(60,907)	(1,164)	(3,285)	(244,931)	-	-	(244,931)
Earnings before interest and tax "EBIT"	382,238	180,655	34,058	(59,151)	537,800	95,495	-	633,295
Legal Settlements					-	-	(33,730)	(33,730)
Asset Impairments					-	-	(32,772)	(32,772)
Equity accounted share of associates' net profit/(loss)					287,870	(3,618)	-	284,252
Net interest income/(expense)					(99,046)	-	-	(99,046)
Income tax benefit/(expense)					(86,604)	(29,409)	19,777	(96,236)
<b>Profit/(loss) after tax</b>	<b>382,238</b>	<b>180,655</b>	<b>34,058</b>	<b>(59,151)</b>	<b>640,020</b>	<b>62,468</b>	<b>(46,725)</b>	<b>655,763</b>
<b>Capital expenditure</b>	<b>183,901</b>	<b>183,070</b>	<b>544</b>	<b>46,610</b>	<b>414,125</b>	<b>-</b>	<b>-</b>	<b>414,125</b>
<b>Investments in associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,541,708</b>	<b>1,541,708</b>	<b>-</b>	<b>-</b>	<b>1,541,708</b>

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth, Crown Aspinalls and Melco Crown), pre-opening costs from Melco Crown, legal settlement costs and asset impairments (refer footnote 3 below). The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commissions & other expenses, income tax expense and equity accounted share of associates' results.

(2) Total revenue of \$3,094.8 million includes \$0.4 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items consist of legal settlement costs of \$33.7m (\$23.6m net of tax) and asset impairments of \$32.8m (\$23.1m net of tax). Refer note 3.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 3. Revenue and Expenses

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax expense includes the following revenues and expenses:		
<b>(a) Revenue</b>		
Revenue from services	3,044,876	2,673,761
Revenue from sale of goods	389,023	376,410
Interest	19,752	17,208
Other operating revenue	30,753	26,965
	<b>3,484,404</b>	<b>3,094,344</b>
<b>(b) Other income</b>		
Profit on disposal of non-current assets	<b>349</b>	<b>420</b>
<b>(c) Expenses</b>		
Cost of sales	141,346	138,220
Operating activities	2,697,254	2,246,875
Legal settlement costs	-	33,730
Asset impairments	61,342	32,772
Other expenses	111,190	59,166
	<b>3,011,132</b>	<b>2,510,763</b>
<b>Depreciation of non-current assets</b>		
<i>(included in expenses above)</i>		
Buildings	88,325	87,276
Plant and equipment	148,686	140,430
	237,011	227,706
<b>Amortisation of non-current assets</b>		
<i>(included in expenses above)</i>		
Casino licence fee and management agreement	18,298	14,413
Other assets	7,568	2,812
	25,866	17,225
<b>Total depreciation and amortisation expense</b>	<b>262,877</b>	<b>244,931</b>
<b>(d) Other income and expense disclosures</b>		
<b>Finance costs expensed:</b>		
Debt facilities	161,490	126,079
Capitalised interest	(29,402)	(9,825)
	<b>132,088</b>	<b>116,254</b>
Operating leases	4,889	3,546
Superannuation expense	57,890	52,150
Other employee benefits expense	836,042	753,550
Net foreign currency (gains)/losses	(17,584)	(874)
<b>(e) Significant items - income / (expense)</b>		
Legal settlements (net of tax)	-	(23,611)
Asset impairments (net of tax)	(61,342)	(23,114)
	<b>(61,342)</b>	<b>(46,725)</b>

#### 4. Dividends Paid and Declared

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Dividends declared and paid during the financial year</b>		
<b>Prior year final dividend (paid 10 October 2014)</b>		
Paid at 19 cents (2013: 19 cents) per share franked at 50% (2013: 50% franked) at the Australian tax rate of 30% (2013: 30%)	138,395	138,395
<b>Current year interim dividend (paid 10 April 2015)</b>		
Paid at 18 cents (2014: 18 cents) per share franked at 50% (2014: 50% franked) at the Australian tax rate of 30% (2014: 30%)	131,111	131,111
<b>Total dividends appropriated</b>	<b>269,506</b>	<b>269,506</b>
<b>(b) Dividends declared and not recognised as a liability</b>		
<b>Current year final dividend (expected to be paid 9 October 2015)</b>		
Declared at 19 cents (2014: 19 cents) per share and franked at 50% (2014: 50% franked) at the Australian tax rate of 30% (2014: 30%)	<b>138,395</b>	<b>138,395</b>
<b>(c) Franking credits</b>		
The tax rate at which the final dividend will be franked is 30% (2014: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2015.		
The amount of franking credits available for the subsequent financial year:		
Franking account balance as at the end of the financial year at 30% (2014: 30%)	44,701	7,359
Franking credits that will arise from the payment of income taxes payable as at the end of the financial year	83,626	68,253
Franking debits that will arise from the refund of income taxes receivable as at the end of the financial year	-	(1,719)
<b>Total franking credits</b>	<b>128,327</b>	<b>73,893</b>
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends announced before the financial report was authorised for issue but not recognised as a distribution to equity holders during the financial year	(29,656)	(29,656)
<b>Total franking credits available for future reporting periods</b>	<b>98,671</b>	<b>44,237</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 5. Income Tax

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Income tax expense</b>		
The prima facie tax expense, using the Australian tax rate multiplied by profit differs from income tax provided in the financial statements as follows:		
Profit before income tax	463,591	751,999
Prima facie income tax expense on profit at the Australian rate of 30% (2014: 30%)	139,077	225,600
Tax effect of:		
Non deductible depreciation and amortisation	1,851	2,242
Share of associates' net losses/(profits)	(36,617)	(85,276)
Differences in foreign tax rates	4,452	(27,125)
Deferred income tax adjustment	(36,325)	(16,696)
Income tax (over)/under provided in prior years	(6,705)	1,042
Non-deductible significant item	18,402	-
Revenue losses not brought to account	5,185	-
Other items - net	(4,036)	(3,551)
<b>Income tax expense</b>	<b>85,284</b>	<b>96,236</b>
Income tax expense comprises:		
Current expense	136,612	147,324
Deferred expense	(66,750)	(32,353)
Deferred expense/(benefit) due to change in tax rate	33	-
Adjustments for current income tax of prior periods	15,389	1,042
Tax on significant items	-	(19,777)
	<b>85,284</b>	<b>96,236</b>
<b>(b) Deferred income taxes</b>		
Deferred income tax assets	202,146	131,184
Deferred income tax liabilities	(193,651)	(189,411)
<b>Net deferred income tax assets/(liabilities)</b>	<b>8,495</b>	<b>(58,227)</b>

5. Income Tax *continued*

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Deferred income tax assets and liabilities at the end of the financial year</b>		
<b>The balance comprises temporary differences attributable to:</b>		
Doubtful debt provision	43,506	26,947
Employee benefits provision	32,710	29,549
Losses available for offsetting against future taxable income	16,440	-
Other receivables	5,606	24,822
Other provisions	40,990	26,425
Prepaid casino tax	(15,838)	(16,409)
Licences and intangibles	(101,317)	(101,050)
Land and buildings	(82,716)	(80,447)
Property, plant & equipment	16,131	14,119
Revaluation of investment to fair value	51,678	-
Other	1,305	17,817
<b>Net deferred income tax assets/(liabilities)</b>	<b>8,495</b>	<b>(58,227)</b>
<b>(d) Movements in deferred income tax assets and liabilities during the financial year</b>		
Carrying amount at the beginning of the year	(58,227)	(90,023)
Tax income / (expense) during the period recognised in profit or loss	66,717	32,353
Acquisitions	370	(545)
Exchange differences	(365)	(12)
<b>Carrying amount at the end of the year</b>	<b>8,495</b>	<b>(58,227)</b>
<b>(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable</b>		
Tax losses arising in Australia for offset against future capital gains	622,301	743,819
Foreign income tax losses for offset against future foreign profits	718,351	570,962
Foreign capital tax losses for offset against future foreign profits	249,215	203,600
<b>Total tax losses not brought to account</b>	<b>1,589,867</b>	<b>1,518,381</b>
<b>Potential tax benefit at respective tax rates</b>	<b>525,338</b>	<b>494,243</b>

**(f) Unrecognised temporary differences**

At 30 June 2015, there is no recognised or unrecognised deferred income tax liability (2014: \$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 2015

## 5. Income Tax *continued*

### (g) Tax consolidation

Crown Resorts Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Resorts Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Resorts Limited in order to allocate income tax expense between Crown Resorts Limited and the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

### (h) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries inter-company accounts with the tax consolidated group head company, Crown Resorts Limited.

## 6. Trade and Other Receivables

	2015 \$'000	2014 \$'000
<b>Current</b>		
Trade receivables	520,847	426,946
Provision for doubtful debts (a)	(161,481)	(102,812)
	359,366	324,134
Other receivables	18,266	17,419
	<b>377,632</b>	<b>341,553</b>

### (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 or doubtful debts

	2015 \$'000	2014 \$'000
Allowance for doubtful debts at the beginning of the year	(102,812)	(57,605)
Net doubtful debt expense <sup>(1)</sup>	(77,271)	(44,978)
Net Amounts written off	21,271	745
Opening balance on acquisition	(1,234)	-
Exchange differences	(1,435)	(974)
	<b>(161,481)</b>	<b>(102,812)</b>

(1) Amounts are included in other expenses.

6. Trade and Other Receivables *continued*(a) Allowance for Doubtful Debts *continued*

## Ageing analysis of trade debtors

	0-30 days \$'000	>30 days \$'000	Total \$'000
<b>2015- consolidated</b>			
Current	77,672	-	77,672
Past due not impaired	-	281,694	281,694
Considered impaired	28	161,453	161,481
	<b>77,700</b>	<b>443,147</b>	<b>520,847</b>
<b>2014- consolidated</b>			
Current	91,377	-	91,377
Past due not impaired	-	232,757	232,757
Considered impaired	88	102,724	102,812
	<b>91,465</b>	<b>335,481</b>	<b>426,946</b>
		<b>2015</b>	<b>2014</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Non-current</b>			
Loans to associated entities <sup>(1)</sup>		139,894	141,200
Other receivables		11,390	70,780
		<b>151,284</b>	<b>211,980</b>

(1) Loan terms are outlined in note 31.

## 7. Inventories

	2015 \$'000	2014 \$'000
<b>Current</b>		
Finished goods (at cost)	<b>14,861</b>	<b>12,901</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 8. Other Financial Assets

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivable on forward exchange contracts	16,032	-
	<b>16,032</b>	<b>-</b>
<b>Non-current</b>		
Receivable on forward exchange contracts	1,278	-
Receivable on interest rate swaps	-	457
Receivable on cross currency swaps	9,396	-
	<b>10,674</b>	<b>457</b>

Details of the Group's exposure to interest rate risk and foreign currency changes are provided in note 35.

## 9. Investments

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>At fair value</b>		
Shares - listed (USA)	39,683	34,277
Shares - unlisted (North America)	2,235	50,789
	<b>41,918</b>	<b>85,066</b>

Investments consist of shares, and therefore have no fixed maturity date or coupon rate.

The fair value of listed investments have been determined by reference to published price quotations in an active market.

The fair value of the unlisted investments have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Refer to note 35 for further information regarding the valuation techniques.



## 10. Investments in Associates

	2015 \$'000	2014 \$'000
<b>Investment details:</b>		
Associated entities - unlisted shares	-	1,932
Associated entities - listed shares	1,965,717	1,539,776
<b>Total investments in associates</b>	<b>1,965,717</b>	<b>1,541,708</b>
<b>Fair value of listed investments:</b>		
Melco Crown Entertainment Ltd <sup>(1)</sup>	4,749,769	7,059,056
	<b>4,749,769</b>	<b>7,059,056</b>

(1) 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	Principal Place of Business	% Interest	
				30 June 2015	30 June 2014
Melco Crown Entertainment Ltd	31 Dec <sup>(2)</sup>	Resort/Casino and gaming machine operator	Macau <sup>(3)</sup>	34.3	33.6
Betfair Australasia Pty Ltd	30 April <sup>(2)</sup>	Betting exchange	Australia	-(4)	50.0
Aspers Holdings (Jersey) Ltd	30 June	Casino and gaming machine operator	U.K.	50.0	50.0

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

(3) Melco Crown Entertainment Ltd was incorporated in the Cayman Islands.

(4) The Group acquired a 100% interest in Betfair during the financial year resulting in a business combination. Refer note 23.

Melco Crown Entertainment Ltd is accounted for using the equity method in these consolidated financial statements. The investment in Aspers Holdings (Jersey) Ltd was previously written down to \$nil and Crown has therefore discontinued recognising its share of further losses. The Group's share of unrecognised losses as at 30 June 2015 for Aspers Group is \$19.9 million (2014: \$20.2 million). Betfair Australasia Pty Ltd was consolidated as a subsidiary of the Group during the period.

Summarised financial information in respect of each of the Group's material associates is set out below.

**Melco Crown Entertainment Ltd:**

	2015 \$'000	2014 \$'000
Revenue	6,288,928	7,256,138
Profit/(loss) for the year	370,882	855,845
Other comprehensive income for the year	(6,713)	(3,272)
Total comprehensive income for the year	364,169	852,573

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 10. Investments in Associates *continued*

### Melco Crown Entertainment Ltd:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Current assets	3,914,968	3,295,573
Non-current assets	9,707,178	6,527,650
Current liabilities	(1,435,636)	(1,325,453)
Non-current liabilities	(5,665,827)	(3,030,804)
<b>Net assets</b>	<b>6,520,683</b>	<b>5,466,966</b>
<b>Reconciliation of net asset to carrying amount:</b>		
Proportion of Crown's ownership interest in MCE	34.3%	33.6%
Crown's share of net assets	2,236,594	1,836,900
Non-controlling interest	(307,379)	(254,742)
Other	36,502	(42,382)
<b>Carrying amount of investment</b>	<b>1,965,717</b>	<b>1,539,776</b>

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount of investment in Melco Crown Entertainment Ltd</b>		
Balance at the beginning of the financial year	1,539,776	1,397,723
Share of associates' net profit/(loss) for the year	122,042	287,634
Foreign exchange movements	356,477	(51,176)
Dividends received	(52,578)	(94,405)
<b>Carrying amount of investment in Melco Crown Entertainment Ltd at the end of the financial year</b>	<b>1,965,717</b>	<b>1,539,776</b>

### Impairment Testing

Given that the fair market value of the investment in Melco Crown Entertainment Ltd exceeds the carrying value, there have been no indicators of impairment during the period, and no indicators of impairment existed at 30 June 2015. As a result there has been no impairment charge during the year (2014: \$nil).

Aggregate financial information in respect of each of the Group's associates which are not individually material are set out below.

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount of investment</b>		
Balance at the beginning of the financial year	1,932	5,314
Share of associates' net profit/(loss) for the year	16	(3,382)
Transfer of investment on consolidation <sup>(1)</sup>	(1,948)	-
<b>Carrying amount of investment in associates at the end of the financial year</b>	<b>-</b>	<b>1,932</b>

(1) Refer to note 23 for details of the business combination.

## 11. Property, Plant and Equipment

	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Plant & equipment \$'000	Construction work in progress \$'000	Leased plant & equipment \$'000	Total property, plant and equipment \$'000
<b>Year ended 30 June 2015</b>						
At 1 July 2014, net of accumulated depreciation and impairment	1,223,459	960,861	745,496	155,850	10,669	3,096,335
Additions	476,499	34,792	84,779	363,457	74,267	1,033,794
Disposals	-	-	(85,013)	-	-	(85,013)
Depreciation expense	(29,548)	(58,777)	(148,006)	-	(680)	(237,011)
Acquisition of subsidiary	-	1,009	12,590	-	-	13,599
Exchange differences	-	1,206	286	-	-	1,492
Reclassification/ transfer	4,868	-	22,492	(27,360)	-	-
<b>At 30 June 2015, net of accumulated depreciation and impairment</b>	<b>1,675,278</b>	<b>939,091</b>	<b>632,624</b>	<b>491,947</b>	<b>84,256</b>	<b>3,823,196</b>
<b>At 1 July 2014</b>						
Cost (gross carrying amount)	1,521,603	1,527,192	2,095,782	155,850	11,545	5,311,972
Accumulated depreciation and impairment	(298,144)	(566,331)	(1,350,286)	-	(876)	(2,215,637)
<b>Net carrying amount</b>	<b>1,223,459</b>	<b>960,861</b>	<b>745,496</b>	<b>155,850</b>	<b>10,669</b>	<b>3,096,335</b>
<b>At 30 June 2015</b>						
Cost (gross carrying amount)	2,005,967	1,563,767	2,053,140	491,947	85,812	6,200,633
Accumulated depreciation and impairment	(330,689)	(624,676)	(1,420,516)	-	(1,556)	(2,377,437)
<b>Net carrying amount</b>	<b>1,675,278</b>	<b>939,091</b>	<b>632,624</b>	<b>491,947</b>	<b>84,256</b>	<b>3,823,196</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

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

	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Plant & equipment \$'000	Construction work in progress \$'000	Leased plant & equipment \$'000	Total property, plant and equipment \$'000
<b>Year ended 30 June 2014</b>						
At 1 July 2013, net of accumulated depreciation and impairment	1,080,390	933,366	738,920	101,437	11,349	2,865,462
Additions	71,978	50,940	161,571	129,636	-	414,125
Disposals	-	-	-	-	-	-
Depreciation expense	(27,827)	(59,449)	(139,750)	-	(680)	(227,706)
Impairment	-	-	(32,772)	-	-	(32,772)
Acquisition of subsidiary	75,000	-	955	-	-	75,955
Exchange differences	-	977	294	-	-	1,271
Reclassification/ transfer	23,918	35,027	16,278	(75,223)	-	-
<b>At 30 June 2014, net of accumulated depreciation and impairment</b>	<b>1,223,459</b>	<b>960,861</b>	<b>745,496</b>	<b>155,850</b>	<b>10,669</b>	<b>3,096,335</b>
<b>At 1 July 2013</b>						
Cost (gross carrying amount)	1,337,994	1,440,699	1,971,334	101,437	11,545	4,863,009
Accumulated depreciation and impairment	(257,604)	(507,333)	(1,232,414)	-	(196)	(1,997,547)
<b>Net carrying amount</b>	<b>1,080,390</b>	<b>933,366</b>	<b>738,920</b>	<b>101,437</b>	<b>11,349</b>	<b>2,865,462</b>
<b>At 30 June 2014</b>						
Cost (gross carrying amount)	1,521,603	1,527,192	2,095,782	155,850	11,545	5,311,972
Accumulated depreciation and impairment	(298,144)	(566,331)	(1,350,286)	-	(876)	(2,215,637)
<b>Net carrying amount</b>	<b>1,223,459</b>	<b>960,861</b>	<b>745,496</b>	<b>155,850</b>	<b>10,669</b>	<b>3,096,335</b>

## 12. Licences

	<b>Casino Licence \$'000</b>
<b>Year ended 30 June 2015</b>	
At 1 July 2014, net of accumulated amortisation and impairment	647,039
Additions	497,121
Amortisation expense	(13,537)
<b>At 30 June 2015, net of accumulated amortisation and impairment</b>	<b>1,130,623</b>
<b>At 30 June 2014</b>	
Cost (gross carrying amount)	794,899
Additions	5,000
Accumulated amortisation and impairment	(152,860)
<b>Net carrying amount</b>	<b>647,039</b>
<b>At 30 June 2015</b>	
Cost (gross carrying amount)	799,899
Additions	497,121
Accumulated amortisation and impairment	(166,397)
<b>Net carrying amount</b>	<b>1,130,623</b>
<b>Year ended 30 June 2014</b>	
At 1 July 2013, net of accumulated amortisation and impairment	649,511
Additions	5,000
Amortisation expense	(7,472)
<b>At 30 June 2014, net of accumulated amortisation and impairment</b>	<b>647,039</b>
<b>At 1 July 2013</b>	
Cost (gross carrying amount)	794,899
Accumulated amortisation and impairment	(145,388)
<b>Net carrying amount</b>	<b>649,511</b>

The casino licences are carried at cost and amortised on a straight line basis over their useful lives.

The Crown Melbourne licence was extended during the period and is being amortised until 2050. The Crown Perth licence is assessed as having an indefinite useful life and no amortisation is charged. The additions in the current reporting period relate to the Crown Melbourne Casino Licence reforms (consisting of the \$250.0 million payment made during the period, the net present value of the \$250 million payment required in 2033 and associated costs, calculated at \$152.1 million) and the Restricted Gaming Licence issued for Crown Sydney (\$95.0 million payment made during the period).

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 13. Other Intangible Assets

	Goodwill <sup>(1)</sup> \$'000	Casino Management Agreement <sup>(1)</sup> \$'000	Other \$'000	Total \$'000
<b>Year ended 30 June 2015</b>				
At 1 July 2014, net of accumulated amortisation and impairment	91,987	134,777	5,044	231,808
Business acquisitions	25,620	-	12,028	37,648
Additions	-	-	4,989	4,989
Exchange differences	6,613	-	-	6,613
Amortisation expense	-	(4,761)	(5,662)	(10,423)
<b>At 30 June 2015, net of accumulated amortisation and impairment</b>	<b>124,220</b>	<b>130,016</b>	<b>16,399</b>	<b>270,635</b>
<b>At 1 July 2014</b>				
Cost (gross carrying amount)	91,987	245,279	5,843	343,109
Accumulated amortisation and impairment	-	(110,502)	(799)	(111,301)
<b>Net carrying amount</b>	<b>91,987</b>	<b>134,777</b>	<b>5,044</b>	<b>231,808</b>
<b>At 30 June 2015</b>				
Cost (gross carrying amount)	134,392	245,279	10,017	389,688
Accumulated amortisation and impairment	-	(115,263)	(3,790)	(119,053)
<b>Net carrying amount</b>	<b>134,392</b>	<b>130,016</b>	<b>6,227</b>	<b>270,635</b>
<b>Year ended 30 June 2014</b>				
At 1 July 2013, net of accumulated amortisation and impairment	60,762	141,718	2,092	204,572
Business acquisitions	26,855	-	-	26,855
Additions	-	-	3,030	3,030
Exchange differences	4,370	-	-	4,370
Amortisation expense	-	(6,941)	(78)	(7,019)
<b>At 30 June 2014, net of accumulated amortisation and impairment</b>	<b>91,987</b>	<b>134,777</b>	<b>5,044</b>	<b>231,808</b>
<b>At 1 July 2013</b>				
Cost (gross carrying amount)	60,762	245,279	2,813	308,854
Accumulated amortisation and impairment	-	(103,561)	(721)	(104,282)
<b>Net carrying amount</b>	<b>60,762</b>	<b>141,718</b>	<b>2,092</b>	<b>204,572</b>

(1) Purchased as part of business combinations

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 14). The goodwill balance at 30 June 2015 is allocated to Crown Melbourne \$26.9 million (2014: \$26.9 million), Crown Perth \$11.9m (2014: \$11.9 million), Crown Aspinall's \$59.9 million (2014: \$53.2 million) and Wagering \$25.5 million (2014: \$nil).

The useful life of the Crown Melbourne casino management agreement is amortised on a straight line basis to 2050.

## 14. 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 a value in use calculation using a discounted cash flow methodology covering a specified period, with an appropriate residual value at the end of that period, for each segment. The methodology utilises cash flow forecasts that are based primarily on business plans presented to and approved by the Board. The implied terminal growth rate beyond the five year period does not exceed the forecasted long term Australian inflation rate of 2.5% (2014: 2.5%).

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and casino licences.

#### (a) Cash flow forecasts

Cash flow forecasts are based on past performance and expectations for the future using a five year cash flow period.

#### (b) Residual value

Residual value is calculated using a perpetuity growth formula based on the cash flow forecast using a weighted average cost of capital (after tax) and forecast growth rate.

#### (c) Forecast growth rates

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

#### (d) Discount rates

A weighted average cost of capital (after tax) of between 8% and 11% was used by the Group in impairment testing, risk adjusted where applicable.

## 15. Other Assets

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current</b>		
Prepaid casino tax at cost	100,800	100,800
Accumulated amortisation	(48,009)	(46,103)
	<b>52,791</b>	<b>54,697</b>
Other prepayments	8,473	4,734
	<b>61,264</b>	<b>59,431</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 16. Trade and Other Payables

	2015 \$'000	2014 \$'000
<b>Current - unsecured</b>		
Trade and other payables	445,107	345,008
Deferred income	1,486	866
	<b>446,593</b>	<b>345,874</b>
<b>Non-current - unsecured</b>		
Casino licence payable	149,894	-
Deferred income	6,115	-
Other	152	138
	<b>156,161</b>	<b>138</b>

## 17. Interest-Bearing Loans and Borrowings

	2015 \$'000	2014 \$'000
<b>Current</b>		
Bank Loans - unsecured	155,900	102,846
Capital Markets Debt - unsecured	17,421	-
Finance Lease - secured	15,463	685
	<b>188,784</b>	<b>103,531</b>
<b>Non-current</b>		
Bank Loans - unsecured	106,682	424,209
Capital Markets Debt - unsecured	2,297,604	1,205,023
Finance Lease - secured	68,947	10,038
	<b>2,473,233</b>	<b>1,639,270</b>

### Assets pledged as security

The lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default.

### Fair Value Disclosures

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 35.

### Financial Risk Management

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 35.



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

### 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
<b>Bank Facilities</b>					
Bilateral Multi Option Facilities	220,000	89,219	27,961	102,820	Feb 16 / Oct 16
Syndicated Revolving Facilities	1,375,000	-	-	1,375,000	2016 - 2020
GBP Syndicated Facility	173,363	173,363	-	-	2015 - 2016
Letter of Credit Facility	185,000	-	185,000	-	June 2021
	<b>1,953,363</b>	<b>262,582</b>	<b>212,961</b>	<b>1,477,820</b>	
<b>Debt Capital Markets</b>					
Euro Medium Term Notes	174,634	174,634	-	-	July 2036
Australian Medium Term Notes	750,000	750,000	-	-	Jul 17 / Nov 19
AUD Subordinated Notes	1,132,835	1,132,835	-	-	Sep 72 / Apr 75
US Private Placement	257,556	257,556	-	-	2015 - 2020
	<b>2,315,025</b>	<b>2,315,025</b>	<b>-</b>	<b>-</b>	
<b>Total at 30 June 2015</b>	<b>4,268,388</b>	<b>2,577,607</b>	<b>212,961</b>	<b>1,477,820</b>	
<b>Total at 30 June 2014</b>	<b>3,014,232</b>	<b>1,732,078</b>	<b>209,078</b>	<b>1,073,076</b>	

The bank facilities are provided on an unsecured basis by domestic and international banks.

The debt capital markets drawn amounts represent unsecured notes issued to domestic and international debt investors.

Crown is able to make advances and issue letters of credit under the letter of credit facility, syndicated facilities and the bilateral facilities which are multi option in nature.

Each of the above mentioned facilities is issued by or supported by a Group guarantee from Crown and certain of its subsidiaries and impose various affirmative covenants on Crown, which may include compliance with certain financial ratios and negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

During the current and prior year, there were no defaults or breaches on any of the loans or borrowings.

Refer to note 25(b) for a summary of Crown's overdraft facilities.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 18. Provisions

	<b>Employee Entitlements \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
At 1 July 2014	148,282	23,325	171,607
Arising during the year	116,916	4,741	121,657
Utilised during the year	(90,712)	(10,155)	(100,867)
Balance on acquisition	2,321	10,817	13,138
<b>At 30 June 2015</b>	<b>176,807</b>	<b>28,728</b>	<b>205,535</b>
Current 2015	146,770	22,404	169,174
Non-current 2015	30,037	6,324	36,361
<b>At 30 June 2015</b>	<b>176,807</b>	<b>28,728</b>	<b>205,535</b>
Current 2014	119,249	19,543	138,792
Non-current 2014	29,033	3,782	32,815
<b>At 30 June 2014</b>	<b>148,282</b>	<b>23,325</b>	<b>171,607</b>

## 19. Other Financial Liabilities

	<b>2015 \$'000</b>	<b>2014 \$'000</b>
<b>Current</b>		
Payables on forward exchange contracts	137	1,332
Payables on interest rate swaps	489	167
	<b>626</b>	<b>1,499</b>
<b>Non-current</b>		
Payables on interest rate swaps	9,950	2,834
Payables on cross currency swaps	-	13,869
	<b>9,950</b>	<b>16,703</b>

Other financial liabilities are outlined in note 35.

## 20. Contributed Equity

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Issued share capital</b>		
Ordinary shares fully paid	446,763	446,763
<b>Shares held in Trust</b>		
Balance at beginning of the financial year	(1,918)	(1,118)
Shares transferred under Crown Resorts Limited Long Term Incentive Plan	1,918	(800)
<b>Balance at the end of the financial year</b>	<b>-</b>	<b>(1,918)</b>

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
<b>Issued share capital</b>		
Ordinary shares fully paid	728,394,185	728,394,185

### Terms and Conditions of Contributed Equity

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

### Capital Management

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

During 2015, the Group paid dividends of \$269.5 million (2014: \$269.5 million). The Group's dividend policy is to pay the higher of 37 cents per share and 65% of normalised full year NPAT (excluding profits from associates but including dividends received from associates), subject to the company's financial position.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 21. Reserves and Retained Earnings

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency translation reserve	154,919	(229,576)
Employee equity benefits reserve	13,010	13,010
Net unrealised gains reserve	636,158	628,908
Cash flow hedge reserve	16,130	(17,745)
	<b>820,217</b>	<b>394,597</b>
<b>Foreign Currency Translation Reserve</b>		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to recognise gains and losses on hedges of the net investment in foreign operations.		
Balance at the beginning of the financial year	(229,576)	(188,798)
Net foreign exchange translation	388,950	(40,778)
Non-controlling interest	(4,455)	-
<b>Balance at the end of the financial year</b>	<b>154,919</b>	<b>(229,576)</b>
<b>Employee Equity Benefits Reserve</b>		
The employee equity benefits reserve is used to record share based remuneration obligations to executives in relation to ordinary shares.		
Balance at the beginning of the financial year	13,010	13,010
<b>Balance at the end of the financial year</b>	<b>13,010</b>	<b>13,010</b>
<b>Net Unrealised Gains Reserve</b>		
The net unrealised gains reserve records the movement from changes in ownerships interest in a subsidiary, investments and associates equity.		
Balance at the beginning of the financial year	628,908	628,908
Change ownership interest in subsidiary without loss of control	7,250	-
<b>Balance at the end of the financial year</b>	<b>636,158</b>	<b>628,908</b>
<b>Cash Flow Hedge Reserve</b>		
The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.		
Balance at the beginning of the financial year	(17,745)	(2,126)
Movement in interest rate swaps	(7,895)	(2,790)
Movement in cross currency swaps	23,265	(9,929)
Movement in forward exchange contracts	18,505	(2,900)
<b>Balance at the end of the financial year</b>	<b>16,130</b>	<b>(17,745)</b>

## 21. Reserves and Retained Earnings *continued*

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Retained Earnings</b>		
Balance at the beginning of the financial year	3,142,219	2,755,962
Net profit after tax attributable to equity holders of the Parent	385,047	655,763
Total available for appropriation	3,527,266	3,411,725
Dividends provided for or paid	(269,506)	(269,506)
<b>Balance at the end of the financial year</b>	<b>3,257,760</b>	<b>3,142,219</b>

## 22. Material Partly-Owned Subsidiaries

Details of ownership interests in all partly owned subsidiaries are outlined in note 32. Financial information of subsidiaries that have material non-controlling interests is provided below:

<b>30 June 2015</b>	<b>Alon Group</b>
	<b>\$'000</b>
<b>Principal place of business</b>	<b>USA</b>
<b>Non-controlling interest percentage</b>	<b>26%</b>
Current assets	111,108
Non-current assets	444,971
Current liabilities	(7,612)
Non-current liabilities	(38)
<b>Net Assets</b>	<b>548,429</b>
<b>Attributable to non-controlling interests</b>	<b>78,416</b>
Revenue	-
Profit / (Loss)	(33)
<b>Profit attributable to non-controlling interests</b>	<b>(8)</b>
Cash flows from operating activities	-
Cash flows from investment activities	(365,021)
Cash flows from financing activities (dividends to NCI: nil)	454,882
Effect of exchange rate changes on cash	18,660
<b>Net increase in cash and cash equivalents</b>	<b>108,521</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 23. Business Combinations

### Acquisition of subsidiaries in current period

On 12 August 2014, Crown acquired the remaining 50% of shares of Betfair Australasia Pty Ltd and its subsidiaries (the Betfair Group) for \$10 million. Prior to this, Crown held a 50% interest in the Betfair Group and equity accounted its investment as an associate of the Crown Group. Upon acquisition of the remaining 50%, Betfair became a wholly owned Crown subsidiary.

On 16 December 2014, Crown acquired CrownBet Pty Ltd (formerly BetEasy Pty Ltd) for \$12.2 million via the issuance of shares in a newly formed holding company (forming the CrownBet group). Betfair's sportsbook business and cash was transferred to the newly formed holding company and the BetEasy founders contributed cash in exchange for equity in the newly formed holding company. Consequently, Crown owned 67% of the CrownBet Group, with the remaining interest held by the original founders of BetEasy. Subsequent to this, Crown divested 5% of its interest in the CrownBet group, resulting in a reduction of Crown's ownership from 67% to 62%.

The initial accounting for the business combinations requires the identification of fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the businesses acquired. The initial accounting for the CrownBet business combinations has been provisionally determined at the end of the reporting period. In accordance with Australian Accounting Standards, Crown will recognise any adjustments to these provisional values as a result of completing the initial accounting within 12 months of the acquisition date.

The fair value of the identifiable assets and liabilities as at the date of acquisition were:

	<b>Consolidated fair value at acquisition date \$'000</b>
Cash and cash equivalents	17,729
Other current assets	15,166
Property, plant and equipment	13,599
Identifiable intangibles	12,028
Deferred tax assets	4,951
Other non-current assets	1,770
	<b>65,243</b>
Trade and other payables	40,767
Provisions	13,138
Deferred tax liabilities	4,581
	<b>58,486</b>
<b>Fair value of identifiable net assets</b>	<b>6,757</b>

23. Business Combinations *continued***Goodwill arising on acquisition**

	<b>\$'000</b>
Consideration transferred	22,226
Fair value of pre-existing interest	10,000
Fair value of identifiable net assets	(6,757)
<b>Goodwill</b>	<b>25,469</b>

Betfair's identifiable net assets and the provisional fair value of CrownBet's identifiable net assets at the date of acquisition were \$6.8 million, resulting in goodwill of \$25.5 million. The goodwill is attributable to the skills and experience of the management team, as well as the synergies that will be obtained through the combination of the Sportsbook businesses. Opportunities exist to grow the customer base through leveraging Crown's assets to provide additional services and benefits to customers. None of the goodwill recognised is expected to be deductible for income tax purposes.

Crown's consolidated financial statements include the results of Betfair and CrownBet from their respective acquisition dates. If the acquisitions had taken place at the beginning of the financial year, revenue from Betfair and CrownBet would have been \$120.3 million and loss before tax would have been \$42.4 million.

The remeasurement to fair value of the Group's existing 50% interest in Betfair resulted in a gain of \$8.1 million, which has been recognised in the Statement of Profit or Loss. The Group incurred \$1.1 million of acquisition costs which have been expensed in the Statement of Profit or Loss.

Crown has elected to measure the non-controlling interest on acquisition in CrownBet at fair value.

**Net Cash Flow - Acquisition of subsidiary**

	<b>\$'000</b>
Cash paid	10,000
Repayment of loan to Betfair UK	11,700
Cash acquired	(17,729)
<b>Net Cash Flow - Acquisition of subsidiary</b>	<b>3,971</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 23. Business Combinations *continued*

### Acquisition of Capital Club Pty Ltd in prior period

On 1 December 2013, Crown acquired Capital Club Pty Ltd and its controlled entities ("Capital Club"), the owner and operator of the Capital Golf Club and the Melbourne Golf Academy. The purchase price (inclusive of acquisition costs) was \$67.6 million, resulting in Crown owning 100% of the ordinary shares in Capital Club. Crown had previously acquired an exclusive corporate membership share in Capital Club for \$36.4 million.

Based on the fair values, Capital Club's net assets at the date of acquisition were \$77.1 million, resulting in \$26.9 million of goodwill. The acquisition of Capital Club will provide Crown with full and exclusive access to the golf course to entertain guests and international VIP patrons, as well as the ownership of the freehold land associated with the golf course. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of the identifiable assets and liabilities of Capital Club as at the date of acquisition were:

	<b>Consolidated fair value at acquisition date \$'000</b>
Cash and cash equivalents	4,311
Other current assets	337
Property, plant and equipment	75,955
Deferred tax assets	174
	<b>80,777</b>
Trade and other payables	2,942
Deferred tax liabilities	718
	<b>3,660</b>
<b>Fair value of identifiable net assets</b>	<b>77,117</b>
Goodwill arising on acquisition	26,855
<b>Consideration transferred for acquisition of identifiable net assets</b>	<b>103,972</b>
<b>Net Cash Flow - Acquisition of subsidiary</b>	
Cash paid	67,619
Cash acquired	(4,311)
<b>Net Cash Flow - Acquisition of subsidiary</b>	<b>63,308</b>



## 24. Expenditure Commitments

### (a) Capital expenditure commitments

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Estimated capital expenditure contracted for at balance date, but not provided for:</b>		
Payable within one year	314,504	234,675
Payable after one year but not more than five years	95,599	288,890
	<b>410,103</b>	<b>523,565</b>

At 30 June 2015, the Group has capital expenditure commitments principally relating to funding various projects.

### (b) Non-cancellable operating lease commitments

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Payable within one year	12,390	3,236
Payable after one year but not more than five years	46,820	6,458
Payable more than five years	534,592	11,316
	<b>593,802</b>	<b>21,010</b>

The Group has entered into non-cancellable operating leases. The leases vary in contract period depending on the asset involved but generally have an average lease term of approximately 8 years (2014: 9 years) excluding the land leases detailed below. Operating leases include telecommunications rental agreements and leases on assets including motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

In addition, in 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which Crown Melbourne Entertainment Complex is located. For years one to forty inclusive the annual rent payable by the parent entity is one dollar per annum. For years forty-one to ninety-nine inclusive the annual rent payable will be the then current market rent for the site. The aggregate lease expenditure contracted for at balance date but not provided for which is disclosed in this report does not include an estimate for the rent payable for years forty-one to ninety-nine inclusive due to the uncertainty of these amounts.

During the financial year, as part of the acquisition of land in Las Vegas, the Group through its majority owned subsidiary assumed the operating lease on the leasehold portion of the land in Las Vegas which expires in 2097. The above operating lease commitment table includes the scheduled payments until 2097.

### (c) Non-cancellable finance lease commitments

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Payable within one year	15,463	669
Payable after one year but not more than five years	30,129	10,037
Payable more than five years	38,818	-
	<b>84,410</b>	<b>10,706</b>

Under the terms of the lease, Crown has the option to acquire the leased asset for a predetermined residual value on expiry of the lease.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 25. Cash Flow Statement Reconciliation

	2015 \$'000	2014 \$'000
<b>(a) Cash balance represents:</b>		
• cash on hand and at bank	222,125	159,905
• deposits at call	118,859	17,875
	<b>340,984</b>	<b>177,780</b>

The above closing cash balances includes \$144.3 million (2014: \$110.9 million) of cash on the company's premises and cash held in bank accounts (including deposits on call) needed to run the day to day operations of the businesses and cash of \$196.7 million (2014: \$66.9 million) for other purposes.

	2015 \$'000	2014 \$'000
<b>(b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities</b>		
Profit after tax	378,307	655,763
Depreciation and amortisation:		
• property, plant and equipment	237,011	227,706
• intangibles	25,866	17,225
(Profit)/loss on sale of property, plant and equipment	(349)	(420)
Unrealised foreign exchange (gain)/loss	(14,358)	381
Share of associates' net (profit) / loss	(122,058)	(284,252)
Impairment of assets	61,342	32,772
Net mark-to-market (gain)/loss on investments	2,034	(9,995)
Dividends received from associates	52,578	94,405
<i>Changes in assets and liabilities:</i>		
(Increase) / decrease in trade and other receivables	(98,796)	(157,777)
Increase / (decrease) in doubtful debts	58,669	45,207
(Increase) / decrease in inventories	(1,960)	(262)
(Increase) / decrease in prepayments	840	(13,197)
(Increase) / decrease in deferred income tax asset	(70,962)	(18,972)
(Increase) / decrease in other assets	(13,899)	(2,531)
(Decrease) / increase in payables	74,093	56,560
(Decrease) / increase in current income tax liability	34,981	65,195
(Decrease) / increase in provisions	26,997	7,041
(Decrease) / increase in deferred income tax liability	4,240	(12,824)
<b>Net cash flows from operating activities</b>	<b>634,576</b>	<b>702,025</b>

### Bank Overdraft Facilities

The consolidated entity has bank overdraft facilities available as follows:

Bank	2015	2014
ANZ Banking Group Limited	A\$20 million	A\$20 million
Citibank NA	US\$10 million	US\$10 million
Royal Bank of Scotland PLC	£20 million	£20 million

As at 30 June 2015 the overdraft facility with Royal Bank of Scotland was overdrawn to £2.2 million (2014: nil).

## 26. Events After the Reporting Period

On 30 July 2015, Crown announced that the appointment of Robert Rankin as a director of Crown Resorts Limited had become effective following receipt of all necessary regulatory approvals.

On 13 August 2015, Crown announced that Mr James Packer had stepped down as Chairman of Crown Resorts Limited and that Mr Robert Rankin had been appointed the new Chairman.

Subsequent to 30 June 2015, the directors of Crown declared a final dividend on ordinary shares in respect of the year ending 30 June 2015. The total amount of the dividend is \$138.4 million, which represents a dividend of 19 cents per share franked at 50%. No part of the unfranked portion of the dividend will consist of conduit foreign income.

## 27. Contingent Liabilities and Related Matters

The Group has no contingent liabilities at 30 June 2015.

### Legal Actions

Entities within the group are defendants from time to time in legal proceedings arising from the conduct of their business. The group does not consider that the outcome of any proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

## 28. Auditors' Remuneration

	2015 \$'000	2014 \$'000
<b>Amounts received, or due and receivable, by Ernst &amp; Young (Australia) for:</b>		
Auditing the accounts	932	780
Taxation services	8,109	4,146
<b>Amounts received, or due and receivable, by other member firms of Ernst &amp; Young International for:</b>		
Auditing the accounts	137	99
Other services:		
• Taxation services	211	192
• Consulting services	-	18
	<b>9,389</b>	<b>5,235</b>
<b>Amounts received, or due and receivable, by non Ernst &amp; Young audit firms for:</b>		
Auditing services	98	84

## 29. Earnings Per Share (EPS)

	2015	2014
<b>The following reflects the income and share data used in the calculations of basic and diluted EPS:</b>		
Net profit / (loss) after tax used in calculating basic and diluted EPS (\$'000)	385,047	655,763
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	728,394	728,394

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.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 30. Key Management Personnel Disclosures

### (a) Details of key management personnel

#### (i) Directors

James D Packer	Chairman (until 12 August, 2015), Executive Director (from 12 August, 2015)
John H Alexander	Executive Deputy Chairman
Benjamin A Brazil	Non-Executive Director
Helen A Coonan	Non-Executive Director
Rowen B Craigie	Chief Executive Officer and Managing Director
Rowena Danziger	Non-Executive Director
Andrew Demetriou	Non-Executive Director (appointed 29 January, 2015)
Geoffrey J Dixon	Non-Executive Director
John S Horvath	Non-Executive Director
Ashok Jacob	Non-Executive Director (resigned 15 December, 2014)
Michael R Johnston	Non-Executive Director
Harold C Mitchell	Non-Executive Director

Prior to 30 June 2015, the Board approved the appointment of Mr Robert Rankin as a director, subject to receipt of all necessary regulatory approvals. On 30 July 2015, the necessary approvals were received and Mr Rankin's appointment became effective. On 12 August 2015, Mr Rankin was appointed Chairman of Crown.

#### (ii) Executives

Kenneth M Barton	Chief Financial Officer
Barry J Felstead	Chief Executive Officer – Australian Resorts
W Todd Nisbet	Executive Vice President – Strategy and Development

### (b) Remuneration of key management personnel

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

Remuneration by category	2015 \$	2014 \$
Short term benefits	13,621,359	13,421,509
Post employment benefits	105,132	93,319
Termination benefits	-	1,494,978
Long term incentives	(1,442,500)	(3,016,500)
	<b>12,283,991</b>	<b>11,993,306</b>

Further details are contained in the Remuneration Report.

## 31. Related Party Disclosures

### (a) Parent entity

Crown Resorts Limited is the ultimate parent entity of the Group.

### (b) Controlled entities, associates and joint ventures

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

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

### (c) Entity with significant influence over the Group

At balance date Consolidated Press Holdings Group ("CPH"), comprising Consolidated Press Holdings Limited and its related corporations, a group related to Mr James Packer, holds 50.01% (2014: 50.01%) of the Company's fully paid ordinary shares.

### (d) Key management personnel

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

### (e) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms, unless otherwise stated.

### (f) Transactions with related parties

The continuing operations have had the following transactions with related parties:

#### (i) Director related entities and entities with significant influence over the Group

CPH provided corporate secretarial and administrative services to Crown and its controlled entities of \$0.2 million during the year (2014: \$0.1 million). CPH paid costs on behalf of Crown to third parties totalling \$1.1 million during the year (2014: \$3.2 million). At 30 June 2015 there was \$34,000 owing to CPH (2014: \$nil).

Crown and its controlled entities provided CPH with hotel and banqueting services of \$17,000 during the year (2014: \$0.1 million). At 30 June 2015 there were no amounts owing from CPH (2014: \$nil).

#### (ii) Associates

Crown provided Melco Crown IT and related services of \$1.2 million (2014: \$1.0 million) at cost during the year. During the year Crown paid costs on behalf of Melco Crown to third parties totaling \$0.6 million (2014: \$10.3 million). At 30 June 2015 Crown had no amounts owing from Melco Crown (2014: \$10.3 million).

During the year Mr Nisbet received a fee of US\$0.1 million (2014: US\$0.1 million) for acting as a director of Melco Crown (Philippines) Resorts Corporation, being an indirect majority owned subsidiary of Melco Crown. In addition, during the year, Mr Craigie, Mr Nisbet and Mr Packer received share based compensation of US\$0.1 million, US\$0.6 million and US\$1.0 million respectively from Melco Crown for acting as directors of Melco Crown or any of its subsidiaries.

Melco Crown provided \$8,000 (2014: \$11,000) in Hotel and other services to Crown during the year. In addition, Melco Crown paid costs of \$0.1 million (2014: \$0.1 million) on behalf of Crown during the year which has subsequently been reimbursed in full.

Crown provided additional loans of \$0.5 million (2014: \$11.6 million) to Aspers Holdings (Jersey) Ltd during the year. There were loan repayments of \$9.9 million to Crown during the year (2014: \$2.5 million). Interest charged on loans advanced to Aspers was \$16.4 million for the year (2014: \$15.3 million). At 30 June 2015 \$139.9 million (2014: \$129.5 million) was owed by Aspers. At 30 June 2015 there were no amounts owing to Aspers (2014: \$nil).

For the year ended 30 June 2015, 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 (2014: \$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 there is no impairment to related party receivables.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 32. Investment in Controlled Entities

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

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2015	2014		2015 %	2014 %
<b>Crown Resorts Limited</b>			<b>Australia</b>	<b>Parent Entity</b>	
ALON Las Vegas Financeco, LLC			USA	74	-
ALON Las Vegas Holdings, LLC			USA	74	-
ALON Las Vegas Landco, LLC			USA	74	-
ALON Leisure Management, LLC			USA	55	-
Artra Pty Ltd			Australia	100	100
Aspinalls Club Limited			United Kingdom	100	100
Betfair Pty Ltd	A		Australia	100	50 <sup>(2)</sup>
Betfair Australasia Pty Ltd	A		Australia	100	50 <sup>(2)</sup>
Burswood Limited	A	A	Australia	100	100
Burswood Nominees Ltd	A	A	Australia	100	100
Burswood Resort (Management) Ltd	A	A	Australia	100	100
Capital Club Pty Ltd			Australia	100	100
Crown Asia Investments Limited	A	A	Australia	100	100
Crown Australia Pty Ltd	A	A	Australia	100	100
Crown Capital Golf Pty Ltd			Australia	100	100
Crown Cyprus Limited			Australia	100	100
Crown CCR Group Holdings One Pty Ltd	A	A	Australia	100	100
Crown CCR Group Holdings Two Pty Ltd			Australia	100	100
Crown CCR Group Holdings General Partnership			USA	100	100
Crown CCR Group Investments One LLC			USA	100	100
Crown CCR Group Investments Two LLC			USA	100	100
Crown CCR Holdings LLC			USA	100	100
Crown CPS Holdings Pty Ltd	A	A	Australia	100	100
Crown Entertainment Group Holdings Pty Ltd	A	A	Australia	100	100
Crown Gateway Luxembourg Pty Ltd	A	A	Australia	100	100
Crown Group Finance Limited	A	A	Australia	100	100
Crown Group Securities Ltd	A	A	Australia	100	100
Crown Management Holdings Pty Ltd	A	A	Australia	100	100
Crown Management Pty Ltd	A	A	Australia	100	100
Crown Melbourne Limited	A	A	Australia	100	100
Crown North America Holdings One Pty Ltd			Australia	100	100
Crown North America Investments LLC			USA	100	100
Crown Overseas Investments Pty Ltd	A	A	Australia	100	100
Crown Services (US) LLC			USA	100	100
Crown Sydney Pty Ltd			Australia	100	100
Crown Sydney Gaming Pty Ltd			Australia	100	100
Crown Sydney Holdings Pty Ltd			Australia	100	100
Crown Sydney Property Pty Ltd			Australia	100	100
Crown UK Investments Ltd			United Kingdom	100	100
Crown (Western Australia) Pty Ltd	A	A	Australia	100	100
Crown (Western Australia) Finance Pty Ltd	A		Australia	100	-
CrownBet Pty Ltd			Australia	62	-
CrownBet Holdings Pty Ltd			Australia	62	-

### 32. Investment in Controlled Entities *continued*

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
				2015	2014
	2015	2014		%	%
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
Melbourne Golf Academy Pty Ltd			Australia	100	100
Nine Television (Netherlands Antilles) Pty Ltd			Australia	100	100
PBL (CI) Finance Limited			Cayman Islands	100	100
Pennwin Pty Ltd	A	A	Australia	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

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) At 30 June 2014 the Group held a 50% interest in these entities which was equity accounted. Refer note 10 for details.

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).

### 33. Deed of Cross Guarantee

Certain controlled entities of Crown Resorts 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 income statement and balance sheet of the entities which are members of the "Closed Group" are detailed below.

	Closed Group	
	2015	2014
	\$'000	\$'000
<b>Consolidated income statement</b>		
Profit / (loss) before income tax	599,641	3,365,192
Income tax (expense) / benefit	(145,763)	(97,233)
Net profit / (loss) after income tax	453,878	3,267,959
Retained earnings / (accumulated losses) at the beginning of the financial year	3,123,197	124,744
Dividends provided for or paid	(269,506)	(269,506)
<b>Retained earnings / (accumulated losses) at the end of the financial year</b>	<b>3,307,569</b>	<b>3,123,197</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

33. Deed of Cross Guarantee *continued*

Closed Group

	2015	2014
	\$'000	\$'000
<b>Consolidated balance sheet</b>		
<b>Current assets</b>		
Cash and cash equivalents	204,578	126,664
Trade and other receivables	298,123	300,377
Inventories	14,321	12,360
Prepayments	23,430	28,148
Other financial assets	16,032	-
<b>Total current assets</b>	<b>556,484</b>	<b>467,549</b>
<b>Non-current assets</b>		
Receivables	1,480,580	1,213,932
Other financial assets	2,768,530	2,557,988
Investments	2,235	2,394
Investment in associates	1,965,717	1,541,708
Property, plant and equipment	3,188,258	3,036,804
Licences	1,030,623	642,039
Other intangible assets	197,657	178,645
Deferred tax assets	128,685	130,170
Other assets	60,820	59,431
<b>Total non-current assets</b>	<b>10,823,105</b>	<b>9,363,111</b>
<b>Total assets</b>	<b>11,379,589</b>	<b>9,830,660</b>
<b>Current liabilities</b>		
Trade and other payables	383,340	299,641
Interest-bearing loans and borrowings	171,363	103,531
Income tax payable	149,704	105,994
Provisions	158,650	136,029
Other financial liabilities	626	1,499
<b>Total current liabilities</b>	<b>863,683</b>	<b>646,694</b>
<b>Non-current liabilities</b>		
Other payables	156,161	138
Interest-bearing loans and borrowings	3,798,394	3,199,955
Deferred tax liability	183,487	184,908
Provisions	36,361	32,815
Other financial liabilities	9,950	16,703
<b>Total non-current liabilities</b>	<b>4,184,353</b>	<b>3,434,519</b>
<b>Total liabilities</b>	<b>5,048,036</b>	<b>4,081,213</b>
<b>Net assets</b>	<b>6,331,553</b>	<b>5,749,447</b>
<b>Equity</b>		
Contributed equity	2,180,793	2,180,793
Treasury shares	-	(1,919)
Reserves	843,191	447,376
Retained earnings	3,307,569	3,123,197
<b>Total equity</b>	<b>6,331,553</b>	<b>5,749,447</b>



### 34. Parent Entity Disclosures

	<b>Crown Resorts Limited</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Results of the parent entity</b>		
Profit after tax for the period	285,584	2,907,086
Other comprehensive income/(loss)	-	-
<b>Total comprehensive income for the period</b>	<b>285,584</b>	<b>2,907,086</b>
<b>Financial position of the parent entity</b>		
Current assets	1,918	-
Non-current assets	14,459,877	12,704,968
<b>Total assets</b>	<b>14,461,795</b>	<b>12,704,968</b>
Current liabilities	161,436	104,211
Non-current liabilities	4,699,946	3,016,422
<b>Total liabilities</b>	<b>4,861,382</b>	<b>3,120,633</b>
<b>Total equity of the parent entity comprising of:</b>		
Issued capital	9,927,204	9,927,204
Employee equity benefits reserve	13,010	13,010
Accumulated losses	(339,801)	(355,879)
<b>Total equity</b>	<b>9,600,413</b>	<b>9,584,335</b>

#### Contingent liabilities

There are no contingent liabilities for the parent entity at 30 June 2015 (2014: \$nil).

#### Capital expenditure

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2015 (2014: \$nil).

#### Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in notes 32 and 33.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 35. Financial Risk Management Objectives and Policies

The Group's principle financial instruments comprise receivables, payables, bank loans, capital market debt, finance lease liabilities, investments, cash and short term deposits and derivatives.

The Group's business activities expose it to the following risks; market risks (interest rate and foreign exchange), credit risk and liquidity risk. For each of these risks, the Group considers the counterparties, geographical area, currency and markets as applicable to determine whether there are concentrations of risk. Other than as described in this note, the Group is satisfied that there are no material concentrations of risk.

The Group has policies in place to manage different types of risks to which it is exposed. Policies include monitoring the level of interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates. Ageing analysis of and monitoring of exposures to counterparties are undertaken to manage credit risk. Liquidity risk is monitored through the employment of rolling cash flow forecasts.

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

### (a) Market Risk

#### (i) Interest rate risk – cash flow

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and long term debt obligations as outlined in note 17.

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.

	2015 \$'000	2014 \$'000
<b>Financial assets</b>		
AUD cash on hand and at bank	67,220	12,516
AUD deposits at call	22,546	17,875
GBP cash on hand and at bank	(11,560)	36,405
EUR cash on hand and at bank	75	5
USD cash on hand and at bank	22,085	84
USD deposits at call	96,314	-
<b>Total financial assets</b>	<b>196,680</b>	<b>66,885</b>
<b>Financial liabilities</b>		
AUD Bank Loans	20,000	270,000
AUD Capital Market Debt	682,835	218,300
Finance Lease Liability	84,410	10,707
HKD Bank Loans	69,218	102,846
GBP Bank Loans	20,396	18,142
<b>Total financial liabilities</b>	<b>876,859</b>	<b>619,995</b>
<b>Net exposure</b>	<b>(680,179)</b>	<b>(553,110)</b>

As at balance date, the Group maintained floating rate liabilities of \$876.9 million (2014: \$620.0 million) that were not hedged by interest rate swaps. The associated interest rate risk is partially mitigated by total financial assets of \$196.7 million (2014: \$66.9 million). Under the financial liabilities outstanding, for AUD facilities, the Group pays the Bank Bill Swap rate (BBSW) plus a margin of between 150 and 500 basis points, for the finance lease liabilities, the Group pays BBSW or USD LIBOR plus a margin of between 160 and 200 basis points, for GBP facilities, the Group pays LIBOR plus a margin of 180 basis points, and for HKD facilities, the Group pays HIBOR plus a margin of 47.5 basis points.

## 35. Financial Risk Management Objectives and Policies *continued*

### (a) Market Risk *continued*

#### (i) Interest rate risk – cash flow *continued*

Of the AUD cash on hand and at bank \$67.2 million is interest bearing and is invested at approximately BBSW. Deposits at call of \$22.5 million are invested at approximately BBSW. The Group maintains cash and cash equivalents on hand of \$144.3 million for operational purposes and is non interest bearing (2014: \$110.9 million).

As at balance date, the Group maintained floating rate borrowings of \$20.4 million in GBP (2014: \$18.1 million) and had cash and cash equivalents of -\$11.6 million (2014: \$36.4 million) which is interest bearing and accrues at the UK daily cash rate.

As at balance date, the Group maintained floating rate borrowings in HKD of \$69.2m (2014: \$102.8m) and had minimal interest earning cash and cash equivalents (2014: minimal).

As at balance date, the Group had USD cash on hand and at bank of \$22.1 million which is interest bearing and is invested at approximately US LIBOR (2014: minimal). In addition, the Group had USD deposits at call of \$96.3 million, which is invested at approximately US LIBOR (2014: minimal). The Group maintained no floating rate borrowings in USD (2014: \$nil).

As at balance date, the Group maintained no floating rate borrowings in EUR (2014: \$nil) and had minimal cash and cash equivalents (2014: minimal).

#### Group Sensitivity

As a result of an increase of 75 basis points in AUD interest rates, an increase of 100 basis points in GBP, EUR and USD interest rates, and an increase of 50 basis points in HKD interest rates, the Group's post-tax-profit for the year would have decreased by \$3.3 million (2014: \$2.6 million). As a result of a decrease of 50 basis points in AUD and GBP interest rates, and a decrease of 25 basis points in USD, EUR and HKD interest rates, the Group's post-tax-profit for the year would have increased by \$2.4 million (2014: \$1.7 million).

The Group, where appropriate, uses interest rate swaps to manage the risk of adverse movements in interest rates for its long term floating rate borrowings which are subject to variable rates.

The Group uses cross-currency interest rate swaps to manage the risk of adverse movements in interest rates for its long term foreign currency denominated borrowings which are subject to variable rates.

As at balance date the notional principal amounts and period of expiry of the interest rate swap contracts were as follows:

	2015 \$'000	2014 \$'000
<b>Cash flow hedge</b>		
Maturity under 1 year	136,682	50,000
Maturity 1 -5 years	416,286	386,067
Maturity over 5 years	174,634	174,634
<b>Closing Balance</b>	<b>727,602</b>	<b>610,701</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 35. Financial Risk Management Objectives and Policies *continued*

### (a) Market Risk *continued*

#### (i) Interest rate risk – cash flow *continued*

As at balance date the key terms of the interest rate swap contracts were as follows:

Hedge Type	Maturity Date	Interest Rate Received	Interest Rate Paid	Fair Value of Swap Contract \$'000
<b>Year Ended 30 June 2015</b>				
Interest Rate Swap Contract	March 2016	BBSW	3.20%	(375)
Interest Rate Swap Contract	June 2017	BBSW	3.26%	(1,537)
Interest Rate Swap Contract	March 2018	BBSW	3.50%	(1,608)
Interest Rate Swap Contract	June 2018	BBSW	3.39%	(2,327)
Interest Rate Swap Contract	March 2019	BBSW	3.04%	(1,999)
Interest Rate Swap Contract	March 2020	BBSW	3.18%	(2,255)
Interest Rate Swap Contract	December 2015	LIBOR	1.00%	(114)
Interest Rate Swap Contract	December 2016	LIBOR	1.19%	(224)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	9,396
<b>Year Ended 30 June 2014</b>				
Interest Rate Swap Contract	June 2015	BBSW	3.00%	(167)
Interest Rate Swap Contract	March 2016	BBSW	3.20%	(401)
Interest Rate Swap Contract	June 2017	BBSW	3.26%	(813)
Interest Rate Swap Contract	March 2018	BBSW	3.50%	(806)
Interest Rate Swap Contract	June 2018	BBSW	3.39%	(814)
Interest Rate Swap Contract	December 2015	LIBOR	1.00%	375
Interest Rate Swap Contract	December 2016	LIBOR	1.19%	82
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	(13,869)

The terms of each of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective.

#### (ii) Interest rate risk - fair value

Where appropriate, the Group enters into fixed rate debt to mitigate exposure to interest rate risk. As the Group holds fixed rate debt there is a risk that the fair value of financial instruments will fluctuate because of market movements in interest rates. The level of fixed rate debt at balance date was \$1,785.1 million (2014: \$1,122.8 million). As at balance date, the carrying amounts of the Group's fixed rate debt were not materially different from the fair values (2014: not material).

As at balance date the Group had no interest rate swaps in place to hedge fixed rate debt issuances.

### 35. Financial Risk Management Objectives and Policies *continued*

#### (a) Market Risk *continued*

##### (iii) Foreign exchange risk

The Group has currency exposure as a result of capital expenditure and investments/sales in currencies other than the Group's functional currency.

The Group uses forward exchange contracts to minimise the currency exposure on any significant receivables or payables as is deemed appropriate.

All forward exchange contracts must be in the same currency as the firm commitment and the Group negotiates the terms of the hedges to exactly match the underlying commitment to maximise hedge effectiveness. As at balance date, the Group had hedged the majority of its foreign currency receivables and payables that are firm commitments.

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

	2015	2014
	\$'000	\$'000
<b>USD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	10,026	6,960
Trade and other receivables	-	60,697
<b>Total financial assets</b>	<b>10,026</b>	<b>67,657</b>
<b>Financial liabilities</b>		
US Private Placement	257,556	212,089
<b>Total financial liabilities</b>	<b>257,556</b>	<b>212,089</b>
<b>Net exposure</b>	<b>(247,530)</b>	<b>(144,432)</b>

	2015	2014
	\$'000	\$'000
<b>GBP Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	6,283	4,215
Loans to associates	139,894	129,500
<b>Total financial assets</b>	<b>146,177</b>	<b>133,715</b>
<b>Financial liabilities</b>		
GBP Loan Facilities	173,363	154,209
<b>Total financial liabilities</b>	<b>173,363</b>	<b>154,209</b>
<b>Net exposure</b>	<b>(27,186)</b>	<b>(20,494)</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 35. Financial Risk Management Objectives and Policies *continued*

### (a) Market Risk *continued*

#### (iii) Foreign exchange risk *continued*

	2015	2014
	\$'000	\$'000
<b>HKD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	9,091	5,482
Trade and other receivables	94,761	96,204
<b>Total financial assets</b>	<b>103,852</b>	<b>101,686</b>
<b>Financial liabilities</b>		
Trade and other payables	32,284	16,052
HKD Debt Facilities	69,218	102,846
<b>Total financial liabilities</b>	<b>101,502</b>	<b>118,898</b>
<b>Net exposure</b>	<b>2,350</b>	<b>(17,212)</b>

	2015	2014
	\$'000	\$'000
<b>SGD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	1,240	208
<b>Total financial assets</b>	<b>1,240</b>	<b>208</b>
<b>Net exposure</b>	<b>1,240</b>	<b>208</b>

#### Group sensitivity – USD

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 10c against the USD would be \$27.6 million higher or \$35.8 million lower (2014: \$14.5 million higher or \$18.0 million lower).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 10c against the USD would be \$1.5 million higher or \$1.2 million lower (2014: \$0.8 million higher or \$0.7 million lower).

#### Group sensitivity – GBP

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 5c against the GBP would be \$3.1 million higher or \$3.8 million lower (2014: \$2.1 million higher or \$2.5 million lower).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 5c against the GBP would be \$0.7 million higher or \$0.6 million lower (2014: not material).

#### Group sensitivity – HKD

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 50c against the HKD would not be material as at balance date (2014: not material).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 50c against the HKD would not be material as at balance date (2014: \$1.1 million higher or \$1.3million lower).

### 35. Financial Risk Management Objectives and Policies *continued*

#### (a) Market Risk *continued*

##### (iii) Foreign exchange risk *continued*

#### Group sensitivity – SGD

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 10c against the SGD would not be material as at balance date (2014: not material).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 10c against the SGD would not be material as at balance date (2014: not material).

#### 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 AUD was:

	Notional Amounts		Average Rate	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Buy USD/Sell AUD</b>				
Maturity under 1 year	166,243	38,084	0.8383	0.9062
Maturity 1 -5 years	11,918	20,970	0.8391	0.8941
<b>Closing Balance</b>	<b>178,161</b>	<b>59,054</b>	<b>0.8383</b>	<b>0.9019</b>
<b>Sell USD/Buy AUD</b>				
Maturity under 1 year	16,809	-	0.7734	-
<b>Closing Balance</b>	<b>16,809</b>	<b>-</b>	<b>0.7734</b>	<b>-</b>

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.

#### (b) Price Risk

##### (i) Equity Securities Price Risk

The Group is exposed to equity securities price risk. Equity securities price risk arises from investments held by the Group and classified on the balance sheet as investments.

	2015 \$'000	2014 \$'000
Shares - listed	39,683	34,277
Shares – unlisted	2,235	50,789
<b>Net exposure</b>	<b>41,918</b>	<b>85,066</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 35. Financial Risk Management Objectives and Policies *continued*

### (b) Price Risk *continued*

#### (i) Equity Securities Price Risk *continued*

##### Group sensitivity

The Group's sensitivity to equity securities price risk for the listed investments has been estimated by reference to published price quotations in an active market. The sensitivity to movement in fair value for listed investments as a result of a 10% movement in the share price of the listed shares at balance date was \$2.1 million (2014: \$2.3 million).

The Group's sensitivity to equity securities price risk for the unlisted investments has been estimated using valuation techniques based on the fair value of securities held. The sensitivity to fair value movements through profit and loss as a result of a one percent increase or decrease in either the forecast earnings growth rate or discount rate would not be material (2014: increase of up to US\$3 million or a reduction of up to US\$0.6 million).

#### (ii) Commodity Price Risk

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

### (c) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is outlined under each applicable note.

The Group does not hold any credit derivatives or collateral to offset its credit exposure.

All investment and financial instruments activity is with approved counterparties with investment grade ratings and is in accordance with approved policies. There are no significant concentrations of credit risk within the Group and the aggregate value of transactions is spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk in trade receivables is managed in the following ways:

- (i) The provision of credit is covered by a risk assessment process for all customers.
- (ii) Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.
- (iii) The provision of cheque-cashing facilities for gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world.

### (d) Liquidity Risk

It is the Group's objective to maintain a balance between continuity of funding and flexibility through the use of cash reserves, committed bank lines and capital markets debt in order to meet its financial commitments in a timely manner.

At balance date 7.1% or \$188.8 million of the Group's interest bearing liabilities will mature in less than 12 months (2014: 5.9%).

As at balance date the Group had \$1,478 million in undrawn committed bank lines (2014: \$1,073 million).



35. Financial Risk Management Objectives and Policies *continued***(d) Liquidity Risk** *continued***Maturity analysis of financial assets and liabilities**

The table below analyses the Group's contractual undiscounted cash flows of financial assets and financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	1 year or less		1 to 5 years		more than 5 years		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Financial assets</b>								
Cash and cash equivalents	340,984	177,780	-	-	-	-	340,984	177,780
Receivables - trade	377,632	341,553	11,390	10,083	-	-	389,022	351,636
Receivables - associates	-	-	139,894	141,200	-	-	139,894	141,200
Receivables - other	-	-	-	60,697	-	-	-	60,697
Forward exchange contracts receivable	197,698	36,600	12,980	19,883	-	-	210,678	56,483
Cross currency interest rate swaps receivable	8,047	6,574	32,189	26,297	128,754	111,762	168,990	144,633
<b>Total financial assets</b>	<b>924,361</b>	<b>562,507</b>	<b>196,453</b>	<b>258,160</b>	<b>128,754</b>	<b>111,762</b>	<b>1,249,568</b>	<b>932,429</b>
<b>Financial liabilities</b>								
Trade and other payables	446,593	345,874	6,267	138	149,894	-	602,754	346,012
Finance lease liabilities	15,463	685	30,129	10,038	38,818	-	84,410	10,723
Capital markets	17,421	-	990,135	474,974	1,307,469	730,050	2,315,025	1,205,024
Bank loans	155,900	102,846	106,682	424,209	-	-	262,582	527,055
Forward exchange contracts payable	183,118	38,084	11,917	20,970	-	-	195,035	59,054
Interest rate swaps payable	5,321	2,279	10,140	4,241	-	-	15,461	6,520
Cross currency interest rate swaps payable	12,312	12,312	49,248	49,248	196,987	209,299	258,547	270,859
<b>Total financial liabilities</b>	<b>836,128</b>	<b>502,080</b>	<b>1,204,518</b>	<b>983,818</b>	<b>1,693,168</b>	<b>939,349</b>	<b>3,733,814</b>	<b>2,425,247</b>
<b>Net maturity</b>	<b>88,233</b>	<b>60,427</b>	<b>(1,008,065)</b>	<b>(725,658)</b>	<b>(1,564,414)</b>	<b>(827,587)</b>	<b>(2,484,246)</b>	<b>(1,492,818)</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 35. Financial Risk Management Objectives and Policies *continued*

### (e) Fair Value of Financial Instruments

The fair value of the Group's financial assets and financial liabilities approximates the carrying value as at balance date.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level One – the fair value is calculated using quoted prices in active markets;

Level Two – the fair value is estimated using inputs other than quoted prices included in Level One that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level Three – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Valuation Technique			Total \$'000
	Quoted market price Level One \$'000	Observable inputs Level Two \$'000	Non market observable Level Three \$'000	
<b>Year ended 30 June 2015</b>				
<b>Financial Assets</b>				
<i>Derivative Instruments</i>				
Receivable on forward exchange contracts	-	17,310	-	17,310
Receivable on cross currency swaps	-	9,396	-	9,396
<i>Investments</i>				
Shares - listed (USA)	39,683	-	-	39,683
Shares - unlisted (North America)	-	-	2,235	2,235
	<b>39,683</b>	<b>26,706</b>	<b>2,235</b>	<b>68,624</b>
<b>Financial Liabilities</b>				
<i>Derivative Instruments</i>				
Payables on forward exchange contracts	-	137	-	137
Payables on interest rate swaps	-	10,439	-	10,439
	-	<b>10,576</b>	-	<b>10,576</b>
<b>Year ended 30 June 2014</b>				
<b>Financial Assets</b>				
<i>Derivative Instruments</i>				
Receivable on interest rate swaps	-	457	-	457
<i>Investments</i>				
Shares - listed (USA)	34,277	-	-	34,277
Shares - unlisted (North America)	-	-	50,789	50,789
	<b>34,277</b>	<b>457</b>	<b>50,789</b>	<b>85,523</b>
<b>Financial Liabilities</b>				
<i>Derivative Instruments</i>				
Payables on forward exchange contracts	-	1,332	-	1,332
Payables on interest rate swaps	-	3,001	-	3,001
Payables on cross currency swaps	-	13,869	-	13,869
	-	<b>18,202</b>	-	<b>18,202</b>

There have been no transfers between fair value measurement levels during the financial year ended 30 June 2015.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2015

## 35. Financial Risk Management Objectives and Policies *continued*

### (e) Fair Value of Financial Instruments *continued*

#### Reconciliation of Level Three fair value movements:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	50,789	89,671
Capital return received	-	(271)
Profit and Loss	(55,874)	-
Business Combination	-	(36,353)
Other Comprehensive Income	7,320	(2,258)
<b>Closing Balance</b>	<b>2,235</b>	<b>50,789</b>

#### Valuation techniques

The fair value of the unlisted investments have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes that the estimated fair values resulting from the valuation techniques and recorded in the Statement of Financial Position and the related changes in fair value recorded in the Statement of Comprehensive Income are reasonable and the most appropriate at the reporting date.

Based on the valuation techniques performed, an impairment loss of \$55.9 million has been recorded against the Group's investments during the year (2014: nil). Due to the financial position of Cannery and the uncertainty surrounding the proposed sale of The Meadows, the carrying value of Crown's investment in Cannery has been written down to nil, resulting in a US\$45.6 million (A\$55.9 million) impairment charge.

A weighted average cost of capital (after tax) of between 6% and 10% was used by the Group in impairment testing, risk adjusted where applicable. The sensitivity to the fair value of Level Three financial instruments of a one percent increase or decrease in either the forecast earnings growth rate or discount rate would not be material at balance date (2014: an increase of up to US\$3.0 million or a reduction of up to US\$0.6 million in fair value).

# Shareholder Information

## Substantial shareholders as at 1 September 2015

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

Shareholder	Number of ordinary Shares	% of Issued Capital
Consolidated Press Holdings Limited	364,270,253	50.01%
Perpetual Limited	37,820,130	5.19%

## Holders of each class of securities

Crown only has ordinary shares on issue. The total number of ordinary shares on issue is 728,394,185 held by 71,105 shareholders.

## Voting rights of ordinary shares

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

- one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and
- 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 1 September 2015

Size of Holdings	Number of Shareholders	% of Issued Capital
1 – 1,000	46,658	2.63
1,001 – 5,000	21,621	6.28
5,001 – 10,000	1,895	1.83
10,001 – 100,000	851	2.40
100,001+	80	86.86
<b>Total</b>	<b>71,105</b>	<b>100</b>
Holding less than a marketable parcel	3,029	

# Shareholder Information *continued*

The 20 largest shareholders as at 1 September 2015

Name	No. of Shares	% of Issued Capital
1. CPH CROWN HOLDINGS PTY LTD	364,197,092	50.00
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	71,968,843	9.88
3. J P MORGAN NOMINEES AUSTRALIA LIMITED	61,473,356	8.44
4. NATIONAL NOMINEES LIMITED	39,900,121	5.48
5. CITICORP NOMINEES PTY LIMITED	22,289,639	3.06
6. BNP PARIBAS NOMS PTY LTD <DRP>	14,809,794	2.03
7. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	11,446,681	1.57
8. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,820,910	0.66
9. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,597,594	0.49
10. UBS NOMINEES PTY LTD	3,289,318	0.45
11. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,130,857	0.43
12. ARGO INVESTMENTS LIMITED	2,609,184	0.36
13. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,407,091	0.33
14. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PIIC A/C>	1,839,503	0.25
15. QUESTOR FINANCIAL SERVICES LIMITED <TPS RF A/C>	1,361,668	0.19
16. UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,343,282	0.18
17. NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	1,290,455	0.18
18. WIN TELEVISION NSW PTY LIMITED	1,000,000	0.14
19. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	923,895	0.13
20. AMP LIFE LIMITED	822,787	0.11
<b>Total</b>	<b>614,522,070</b>	<b>84.37</b>
<b>Other</b>	<b>113,872,115</b>	<b>15.63</b>

## Details of equity securities

Crown has 728,394,185 shares currently on issue, all of which are quoted.

# Additional Information

## Shareholder enquiries

Shareholders may access their details by visiting the Share Registry's website at [www.investorcentre.com](http://www.investorcentre.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's website, [www.crownresorts.com.au](http://www.crownresorts.com.au) may either contact the Share Registry or lodge such instructions online at the Share Registry's website at [www.investorcentre.com](http://www.investorcentre.com).

## Change of address

Issuer sponsored shareholders should notify the Share Registry immediately in writing or by telephone upon any change in their address quoting their SRN. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate HIN.

## Direct payment to shareholders' accounts

Dividends may be paid directly to any bank, building society or credit union account in Australia. Payments are electronically credited on the dividend date with advisory confirmation containing payment details mailed to shareholders. Shareholders who wish to have their dividends paid directly to their account may advise the Share Registry in writing or may update their payment instructions online on [www.investorcentre.com](http://www.investorcentre.com) prior to the dividend record date.

## Tax File Numbers

Crown is obliged to deduct tax at the top marginal 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.crownresorts.com.au](http://www.crownresorts.com.au) which includes Crown's 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.

# Corporate Information

## Directors

- Robert J Rankin BEc, LLB Chairman
- John H Alexander BA Executive Deputy Chairman
- Rowen B Craigie BEc (Hons) Chief Executive Officer and Managing Director
- Benjamin Brazil BCom, LLB
- The Honourable Helen A Coonan BA, LLB
- Rowena Danziger BA, TC, MACE
- Andrew Demetriou BA, BED
- Geoffrey J Dixon
- John S Horvath AO, MB, BS (Syd), FRACP
- Michael R Johnston BEc, CA
- Harold C Mitchell AC
- James D Packer

## Company Secretaries

- Michael J Neilson BA, LLB
- Mary Manos BCom, LLB (Hons), GAICD

## Crown's registered office and principal corporate office

Level 3  
Crown Towers  
8 Whiteman Street  
Southbank VIC 3006  
Australia  
Phone: (61 3) 9292 8824

## Share Registry

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Phone: 1300 659 795 (within Australia)  
(61 3) 9415 4000 (outside Australia)  
Fax: (61 3) 9473 2500  
Website: [www.computershare.com.au](http://www.computershare.com.au)

## Stock Exchange Listing

Crown's ordinary shares are listed on the Australian Stock Exchange under the code "CWN". Crown's Subordinated Notes I are listed on the Australian Stock Exchange under the code "CWNHA". Crown's Subordinated Notes II are listed on the Australian Stock Exchange under the code "CWNHB". The home exchange is Melbourne.

## Website

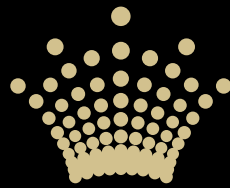
Visit our website [www.crownresorts.com.au](http://www.crownresorts.com.au) for media releases and financial information.

## Auditor

Ernst & Young

## Banker

Australia and New Zealand Banking Group Limited



**CROWN  
RESORTS**

[crownresorts.com.au](http://crownresorts.com.au)