



AUDIT & CORPORATE GOVERNANCE COMMITTEE

Meeting of the Committee

Wednesday, 4 September 2019 at 10.00am

by teleconference



Audit & Corporate Governance Committee

Meeting of the Committee to be held on Wednesday, 4 September 2019
at 10.00am by teleconference

Attendees

Committee: Helen Coonan (Chair)
Michael Johnston
Toni Korsanos

Mary Manos (Secretary)

By Invitation: John Alexander
Ken Barton
Lauren Harris
John Salomone
Michael Collins, Ernst & Young
Alison Parker, Ernst & Young

RESTRICTED AGENDA

1. [Full Financial Report for the year ended 30 June 2019](#)
2. [Directors' Statutory Report](#)
3. [Corporate Governance Statement](#)
4. [Addendum to the Closing Report](#)



AGENDA ITEM 1:
Full Financial Report
for the year ended 30 June 2019



Audit & Corporate Governance Committee

Memorandum

To: Audit & Corporate Governance Committee

From: Mary Manos

Date: 30 August 2019

Subject: **Full Financial Report for the year ended 30 June 2019**

Dear Committee Members

Crown is required, under the Corporations Act, to prepare and provide members with an annual financial report consisting of the financial statements for the year, the notes to the financial statements and the directors' declaration about the statement and the notes.

The Company's draft 2019 Full Financial Report for the year ended 30 June 2019 is set out in Annexure A.

Suggested Resolutions

It was **RESOLVED** that, in opinion of the Committee:

1. the financial statements and notes of the consolidated entity for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* (Cth) including that they:
 - a. give a true and fair view of the consolidated financial position and performance of the Company and the consolidated entity for the year ended 30 June 2019; and
 - b. comply with the Accounting Standards and the *Corporations Regulations 2001* (Cth);
2. the financial statements and notes for the year ended 30 June 2019 also comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1 of the Financial Report; and
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

It was further **RESOLVED** that, subject to any non-substantive amendments approved by the Chief Financial Officer, the 2019 Financial Report be recommended to the Board for approval.

Kind regards

Mary Manos
General Counsel and Company Secretary

Annexure A
2019 Financial Report

See attached.

FINANCIAL REPORT 2019



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Financial Report

Financial Report

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Statement of Profit or Loss

For the year ended 30 June 2019

	Note	2019 \$m	2018 \$m
Revenues	3	2,929.2	3,083.1
Other income	3	0.2	172.5
Expenses	3	(2,326.8)	(2,441.9)
Share of profits of associates and joint venture entities	2,8	13.3	6.6
Profit before income tax and finance costs		615.9	820.3
Finance costs	3	(36.6)	(76.1)
Profit before income tax		579.3	744.2
Income tax expense	2,5	(176.4)	(171.0)
Net profit after tax		402.9	573.2
Attributable to:			
Equity holders of the Parent		401.8	558.9
Non-controlling interests		1.1	14.3
		402.9	573.2

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

	Note	2019 Cents per share	2018 Cents per share
Earnings per share (EPS)			
Basic EPS	24	59.07	81.16
Diluted EPS	24	59.00	81.16
EPS calculation is based on the weighted average number of shares on issue throughout the period			
Dividends per share			
Current year final dividend declared	4	30.00	30.00
Current year interim dividend paid	4	30.00	30.00

FINANCIAL REPORT 2019 CONTINUED

Statement of Comprehensive Income

For the year ended 30 June 2019

	2019 \$m	2018 \$m
Net profit after tax	402.9	573.2
Other Comprehensive Income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	14.0	7.6
Movement in cash flow hedge reserve	4.1	1.4
<i>Items reclassified to profit or loss:</i>		
Foreign currency translation	-	(76.9)
Other comprehensive income / (loss) for the period, net of income tax	18.1	(67.9)
Total comprehensive income / (loss) for the period	421.0	505.3
Attributable to:		
Equity holders of the Parent	419.6	491.7
Non-controlling interests	1.4	13.6
	421.0	505.3

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

Statement of Financial Position

As at 30 June 2019

	Note	2019 \$m	2018 \$m
Current assets			
Cash and cash equivalents	20	1,126.0	1,844.6
Trade and other receivables	6	98.7	172.3
Inventories		16.7	17.3
Prepayments		38.1	32.8
Other financial assets	7	5.5	9.2
Total current assets		1,285.0	2,076.2
Non-current assets			
Receivables	6	157.8	143.0
Other financial assets	7	37.5	23.3
Investments in associates	8	206.9	187.8
Property, plant and equipment	9	4,259.0	3,880.7
Intangible assets - licences	10	1,064.0	1,080.6
Other intangible assets	11	415.3	462.8
Deferred tax assets	5	159.5	266.9
Other assets	13	48.8	50.4
Total non-current assets		6,348.8	6,095.5
Total assets		7,633.8	8,171.7
Current liabilities			
Trade and other payables	14	433.1	427.5
Interest-bearing loans and borrowings	15	287.6	25.7
Income tax payable		153.9	165.3
Provisions	16	186.0	225.1
Total current liabilities		1,060.6	843.6
Non-current liabilities			
Other payables	14	255.1	287.6
Interest-bearing loans and borrowings	15	791.0	1,467.0
Deferred tax liabilities	5	401.5	380.9
Provisions	16	24.2	32.6
Other financial liabilities		4.5	2.1
Total non-current liabilities		1,476.3	2,170.2
Total liabilities		2,536.9	3,013.8
Net assets		5,096.9	5,157.9
Equity			
Contributed equity	17	(203.3)	(71.9)
Treasury shares	17	-	(15.7)
Reserves	18	1.4	(60.5)
Retained earnings	18	5,298.8	5,306.0
Total equity		5,096.9	5,157.9

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

FINANCIAL REPORT 2019 CONTINUED

Cash Flow Statement

For the year ended 30 June 2019

Cash Flow Statement

	Note	2019 \$m	2018 \$m
Cash flows from operating activities			
Receipts from customers		3,070.1	3,266.9
Payments to suppliers and employees		(2,177.4)	(2,405.1)
Dividends received		8.9	9.1
Interest received		28.6	28.8
Borrowing costs paid		(76.6)	(108.7)
Income tax paid		(75.5)	(59.3)
Net cash flows from/(used in) operating activities	20b	778.1	731.7
Cash flows from investing activities			
Purchase of property, plant and equipment		(538.7)	(393.7)
Proceeds from sale of property, plant and equipment		0.2	338.6
Investment in equity accounted associates		(5.5)	(6.9)
Proceeds from disposal of investments		7.6	70.7
Net proceeds from sale of equity investments		-	62.5
Net payment for the acquisition of subsidiaries		-	(10.6)
Net proceeds from the disposal of subsidiaries		-	141.8
Loans to associated entities		-	(1.5)
Other (net)		4.4	-
Net cash flows from/(used in) investing activities		(532.0)	200.9
Cash flows from financing activities			
Proceeds from borrowings		56.1	79.7
Repayment of borrowings		(481.1)	(508.2)
Dividends paid		(409.0)	(413.4)
Payments for share buy-back		(131.4)	(18.8)
Net cash flows from/(used in) financing activities		(965.4)	(860.7)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		1,844.6	1,771.2
Effect of exchange rate changes on cash		0.7	1.5
Cash and cash equivalents at the end of the financial year	20a	1,126.0	1,844.6

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

Statement of Changes in Equity

For the year ended 30 June 2019

	Ordinary Shares \$m	Shares Held in Trust \$m	Retained Earnings \$m	Reserves \$m	Total \$m	Non- Controlling Interest \$m	Total Equity \$m
Year ended 30 June 2019							
Balance at 1 July 2018	(71.9)	(15.7)	5,306.0	(60.5)	5,157.9	-	5,157.9
Profit for the period	-	-	401.8	-	401.8	1.1	402.9
Other comprehensive income	-	-	-	17.8	17.8	0.3	18.1
Total comprehensive income for the period	-	-	401.8	17.8	419.6	1.4	421.0
Dividends paid	-	-	(409.0)	-	(409.0)	-	(409.0)
Transactions with non-controlling interests	-	-	-	-	-	(0.6)	(0.6)
Share buy-back	(131.4)	-	-	-	(131.4)	-	(131.4)
Movement in non-controlling interest put option	-	-	-	40.8	40.8	(0.8)	40.0
Share based payments	-	15.7	-	3.3	19.0	-	19.0
Balance at 30 June 2019	(203.3)	-	5,298.8	1.4	5,096.9	-	5,096.9
Year ended 30 June 2018							
Balance at 1 July 2017	(53.2)	(19.4)	5,153.1	14.4	5,094.9	24.8	5,119.7
Profit for the period	-	-	558.9	-	558.9	14.3	573.2
Other comprehensive income/(loss)	-	-	-	(67.2)	(67.2)	(0.7)	(67.9)
Total comprehensive income for the period	-	-	558.9	(67.2)	491.7	13.6	505.3
Dividends paid	-	-	(413.4)	-	(413.4)	-	(413.4)
Transactions with non-controlling interests	-	-	-	-	-	(37.0)	(37.0)
Share buy-back	(18.7)	-	-	-	(18.7)	-	(18.7)
Transfers	-	-	7.4	(7.4)	-	-	-
Movement in non-controlling interest put option	-	-	-	(2.1)	(2.1)	(1.4)	(3.5)
Share based payments	-	3.7	-	1.8	5.5	-	5.5
Balance at 30 June 2018	(71.9)	(15.7)	5,306.0	(60.5)	5,157.9	-	5,157.9

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 2019

1. Significant Accounting Policies

1.1 Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration and investments that have been measured at fair value and investments in associates accounted for using the equity method.

The amounts contained in this report and in the financial report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Crown is an entity to which this Instrument applies.

The financial report of Crown Resorts Limited and its controlled entities (the Group) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 11 September 2019 subject to final approval by a subcommittee. Crown is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

1.2 Changes in accounting policies

The Group has adopted *AASB 15 Revenue from Contracts with Customers*, which became applicable from 1 July 2018.

Several other amendments and interpretations apply for the first time from July 2018, but do not have a material impact on the financial position or performance of the Group during the period.

AASB 15 Revenue from Contracts with Customers

This standard specifies the accounting treatment for revenue arising from contracts with customers providing a framework for determining whether, when and how much revenue should be recognised. The standard requires an entity to recognise revenue when it transfers promised goods or services to customers at the transaction price, at an amount that reflects what it expects to be entitled to receive in exchange for the goods or services.

The Group adopted AASB 15 using the full retrospective method of adoption. Certain prior period amounts have been adjusted to reflect the full retrospective adoption of

the standard. For the year ended 30 June 2018, the Statement of Profit or Loss was restated, resulting in a decrease in 'revenue' and 'expenses' of \$409.9 million. Also the Cash Flow Statement was restated resulting in a decrease in 'receipts from customers' and 'payments to suppliers and employees' of \$409.9 million. There was no impact on the net profit or net cash flows of the Group in the current or comparative reporting period.

1.3 Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ended 30 June 2019 which may impact the entity in the period of initial application are outlined below:

AASB 16 Leases (applicable to the Group from 1 July 2019)

This standard has a number of key features included requiring the recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease liabilities arising from a lease are initially measured on a present value basis. For Lessor accounting, AASB 16 substantially carries forward the accounting requirements in AASB 117, other than in respect of subleases.

The Group has chosen to apply the modified retrospective approach on adoption of the new standard. Therefore, there is no restatement of comparative information.

On adoption of this standard, the Group is expecting to recognise a right-of-use asset of approximately \$32 million, a related lease liability of approximately \$55 million, with an adjustment to the opening balance of retained earnings at 1 July 2019.

Based on the current lease portfolio, the Group is not expecting a material impact to financial performance, however there will be a change of classification between expenses.

On adoption of the new standard, there will be an increase in depreciation and interest expense, partially offset by an increase in EBITDA.

Standards and Interpretations not expected to be material

Certain other new Accounting Standards and Interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The Group has assessed the impact of these new Accounting Standards and Interpretations that are relevant to the Group, and does not expect any material impact on net assets, net profit, presentation or disclosures when these standards become effective and are adopted.

1.4 Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Crown Resorts Limited (the parent entity) and all entities that Crown Resorts Limited

1. Significant Accounting Policies *continued*

1.4 Basis of consolidation *continued*

controlled from time to time during the year and at reporting date (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

1.5 Significant accounting judgements, estimates and assumptions

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

Impairment of non-financial assets

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 12.

Fair value of financial instruments

In accordance with accounting standards the Group uses the Level Three method in estimating the fair value of certain financial assets. Accordingly, the fair value is estimated

using inputs for the asset that are not based on observable market data.

Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. Refer note 14 for further details.

Taxes

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Doubtful debts

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised.

The allowance for doubtful debts is based on a provision matrix that reflects the Group's historical credit loss experience, adjusted for management's knowledge of specific customers' circumstances, as well as current collection trends and business conditions.

Trade receivables are written off when there is no reasonable expectation of recovery.

Put option liability

Crown entered into an agreement with the DGN minority shareholders, which contained put options and call options over the remaining non-controlling interest. Crown has recognised a financial liability to reflect the carrying amount of the put option. In arriving at the carrying value of the put option liability, management estimated the future expected cash outflow upon exercise of the put option by the counterparty, discounted to present value using an appropriate discount rate.

Significant items

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

1.6 Summary of significant accounting policies

(a) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

1. Significant Accounting Policies *continued*

1.6 Summary of significant accounting policies

continued

(a) Income tax *continued*

the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

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

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

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

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

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

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

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

(b) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- gaming revenues, due to the GST being offset against casino taxes; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

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

(c) Foreign currency translation

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

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

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

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

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Resorts Limited at the rate of exchange ruling at the reporting date and the profit or loss is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are recognised through Other Comprehensive Income (OCI) and accumulated in the foreign currency translation reserve in equity.

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

1. Significant Accounting Policies *continued*

1.6 Summary of significant accounting policies

continued

(d) Cash and cash equivalents

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

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

(e) Trade and other receivables

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

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised. Trade receivables are written off when there is no reasonable expectation of recovery.

Receivables from associates and other related parties are carried at amortised cost less an allowance for impairment. Interest, when charged is taken up as income on an accrual basis.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Inventories which include food, beverages and other consumables are costed on a weighted average basis; and
- net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Investments in associates

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

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

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

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

(h) Investments and other financial assets

Financial assets are classified based on:

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

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

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

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

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

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

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

(i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings - 40 to 75 years;
- Fixtures and Fitting in buildings - 4 to 20 years; and
- Plant and equipment - 2 to 20 years.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

1. Significant Accounting Policies *continued*

1.6 Summary of significant accounting policies *continued*

(i) Property, plant and equipment *continued*

Cost for construction work in progress includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss in the period the item is derecognised.

(j) Intangible assets

Licences

Licences are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The directors regularly assess the carrying value of casino licences so as to ensure they are not carried at a value greater than their recoverable amount.

The casino licences are carried at cost of acquisition. The Crown Melbourne licence is being amortised on a straight-line basis over the remaining life of the licence to 2050. The Crown Perth licence is assessed as having an indefinite useful life and, as such, no amortisation is charged. The Crown Perth licence is subject to an annual impairment assessment. Amortisation will commence on the Crown Sydney licence once the property is operational.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the aggregate of the consideration

transferred and the amount recognised for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Acquired both separately and from a business combination.

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Profit or Loss.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

(k) Recoverable amount of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal

1. Significant Accounting Policies *continued*

1.6 Summary of significant accounting policies *continued*

(k) Recoverable amount of non-financial assets *continued*

estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Trade and other payables

Trade and other payables are recognised for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

(m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly associated with qualifying assets are capitalised, including any other associated costs directly attributable to the borrowing. The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year, in this case 5.8% (2018: 6.0%).

All other borrowing costs are expensed in the period they are incurred.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, or publicly recommended on or before the reporting date.

(o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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

(p) Leases

Group as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

1. Significant Accounting Policies *continued*

1.6 Summary of significant accounting policies

continued

(p) Leases *continued*

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(q) Derecognition of financial instruments

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial asset, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(r) Derivative financial instruments and hedging

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair value of forward exchange contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial

instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

(ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Statement of Profit or Loss.

Amounts taken to OCI are accumulated in the cash flow hedge reserve in equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if the hedging relationship is discontinued, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(s) Put options over non-controlling interests

Put options granted to holders of non-controlling interests ('NCI puts') at the date of acquiring control of a subsidiary (or after gaining control) gives rise to a financial liability.

When the Group does not have a present ownership interest in the shares subject to the NCI put, the Group applies the partial recognition of NCI approach. Under this approach, the following accounting method is applied at the end of each reporting period:

- The Group determines the amount that would have been recognised for the NCI, including an update to reflect allocations of profit or loss, allocations of changes in other comprehensive income and dividends declared for the reporting period;
- The Group derecognises the NCI as if it was acquired at that date;
- The Group recognises a financial liability and continues to re-assess the liability at the present value of the amount payable on exercise of the NCI put; and
- The Group accounts for the difference between the NCI derecognised and the financial liability recognised as an equity transaction.

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

If the NCI put expires unexercised, the position is unwound so that the NCI is recognised at the amount it would have been, as if the NCI put had never been granted. The financial liability is derecognised as an equity transaction.

1. Significant Accounting Policies *continued*

1.6 Summary of significant accounting policies *continued*

(t) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received, less transaction costs and share buy-backs.

(u) Revenue from contracts with customers

The Group's accounting policy for Revenue from Contracts with Customers and impact on adoption of AASB 15 is as follows:

Crown Melbourne, Crown Perth and Crown Aspinalls

Gaming Revenue

Gaming revenue is the net difference between gaming wins and losses, and is recognised upon the outcome of the game. Commissions rebated to customers or promoters are recorded as a reduction of revenue. Prior to adoption of AASB 15, commissions rebated to customers or promoters were recorded within operating expenses.

The Statement of Profit or Loss for the year ended 30 June 2018 was restated, resulting in a decrease in 'revenue' of \$409.9 million and a decrease in 'expenses' of \$409.9 million.

Food and beverage revenue

Food and beverage revenue is recognised as the goods are provided.

Other than described in the Complimentary goods or services section below, no changes to revenue recognition were identified upon adoption of AASB 15.

Hotel, entertainment and other operating revenues

Hotel, entertainment and other operating revenues are recognised as services are performed, which for hotels is over the term of the customer's stay and for entertainment is when the event is held. Advance deposits for hotels and advance ticket sales for entertainment are recorded as customer deposits (i.e. contract liability) until services are provided to the customer.

Other than described in the Complimentary goods or services section below, no changes to revenue recognition were identified upon adoption of AASB 15.

Complimentary goods or services

For gaming transactions that include complimentary goods or services being provided to customers, the Group allocates revenue from the gaming transaction to the good or service provided based on the standalone selling price which is the arm's length price for that good or service available to the public.

Prior to the adoption of AASB 15, revenue from gaming transactions that included complimentary goods or services being provided to customers was not allocated from gaming revenue to the good or service provided.

As the gaming revenue and revenue from complimentary goods or services are contained within revenue for Crown Melbourne, Crown Perth and Crown Aspinalls as disclosed in note 3, no restatement of the statement of profit or loss for the year ended 30 June 2018 was required.

Contract and contract-related liabilities

In providing goods and services to its customers, there may be a timing difference between cash receipts from customers and recognition of revenues, resulting in a contract or contract-related liability.

The Group primarily has liabilities related to contracts with customers as follows:

- Unredeemed casino chips, which represent the amounts owed to customers for chips in their possession.
- Loyalty program liabilities, which represent the deferral of revenue until loyalty points are redeemed.
- Advance customer deposits, which represent casino front money deposits that are funds deposited by customers before gaming play occurs, gift vouchers and advance payments on goods and services yet to be provided such as deposits on hotel rooms and convention space.

These liabilities are generally expected to be recognised as revenues within one year of being purchased, earned, or deposited and are recorded within current trade and other payables on the Statement of Financial Position. Decreases in these balances generally represent the recognition of revenues and increases in the balances represent additional chips held by customers, increases in customer loyalty program balances and additional deposits made by customers.

Wagering and Online

Revenue from exchange betting

Revenue from exchange betting represents commission and other charges earned on betting activity. Revenue is recognised as the performance obligations are satisfied, which is considered to be upon the outcome of the bet being determined.

No changes to revenue recognition were identified upon adoption of AASB 15.

Social gaming revenue

Social gaming revenue is derived from the purchase of credits. Revenue is recognised in the accounting periods in which the transactions occur on a gross basis and commission costs are expensed as incurred.

No changes to revenue recognition were identified upon adoption of AASB 15.

(v) Other revenue

Leases

Lease revenue is recognised on a time proportion basis over the lease term. Contingent lease revenue is recognised in the period in which it is earned.

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

1. Significant Accounting Policies *continued*

1.6 Summary of significant accounting policies

continued

(v) Other revenue *continued*

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(w) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (reserves), over the period in which the service is fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired.

If the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(x) Earnings per share (EPS)

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

Diluted EPS is calculated as net profit after tax, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Segment Information

The Group's operating segments have been determined based on geographic location, management reporting structure and the nature of the products and services offered by the Group. Crown has identified the Board of Directors as its chief operating decision maker that allocates resources and assesses the performance of the operating segments. The segment information presented below is consistent with internal management reporting.

The Group has four operating segments being Crown Melbourne, Crown Perth, Crown Aspinalls and Wagering & Online.

(z) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred.

For each business combination the group elects whether to measure the non-controlling interest in the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 in the Statement of Profit or Loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

2. Segment Information

30 June 2019

	Normalised Result ⁽¹⁾						Adjustment ⁽¹⁾⁽²⁾	Actual
	Crown Melbourne	Crown Perth	Crown Aspinalls	Wagering & Online	Unallocated	Crown Group		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Operating revenue								
Main floor tables	772.4	186.8	-	-	-	959.2		
Main floor machines	462.7	267.4	-	-	-	730.1		
VIP program play	441.4	72.0	54.9	-	-	568.3		
Wagering & Non gaming	478.9	273.2	1.1	130.1	1.5	884.8		
Intersegment						(3.2)		
Operating revenue	2,155.4	799.4	56.0	130.1	1.5	3,139.2	(236.3)	
Interest revenue						26.5	-	
Total revenue	2,155.4	799.4	56.0	130.1	1.5	3,165.7	(236.3)	
Operating expenses	(1,565.9)	(577.6)	(49.6)	(104.0)	(43.2)	(2,340.3)	283.9	
Intersegment						3.2	-	
Earnings before interest, tax, depreciation and amortisation "EBITDA"	589.5	221.8	6.4	26.1	(41.7)	802.1	47.6	
Depreciation and amortisation	(175.2)	(85.3)	(2.7)	(6.8)	(3.6)	(273.6)	-	
Earnings before interest and tax "EBIT"	414.3	136.5	3.7	19.3	(45.3)	528.5	47.6	
Equity accounted share of associates' net profit/(loss)						13.3	-	
Net interest income/(expense)						(10.1)	-	
Income tax benefit/(expense)						(162.0)	(14.4)	
Profit/(loss) after tax						369.7	33.2	
Non-controlling interest						(1.1)	-	
Profit/(loss) attributable to equity holders of the Parent						368.6	33.2	

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinalls) and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Revenue from gaming transactions that include complimentary goods or services being provided to customers is not allocated from gaming revenue to the good or service provided. The Group believes that normalised results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue. Normalised results are a non-IFRS measure.

(2) During the year Crown incurred \$261.3 million of actual VIP program play commission expenses. Commission expenses are included in the total normalised Operating Expenses for the period of \$2,340.3 million. In the actual results, the commission expenses have been allocated out of Operating Expenses and recognised as a reduction to revenue. This difference between the normalised and actual result is included in the Adjustment column above.

(3) Total revenue of \$2,929.4 million includes \$0.2 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

2. Segment Information *continued*

30 June 2018

	Normalised Result ⁽¹⁾					Crown Group \$m	Adjust- ment ⁽¹⁾⁽²⁾ \$m	Significant Items ⁽⁴⁾ \$m	Actual Crown Group \$m
	Crown Melbourne \$m	Crown Perth \$m	Crown Aspinalls \$m	Wagering & Online \$m	Unallocated \$m				
Operating revenue									
Main floor tables	767.1	198.8	-	-	-	965.9			
Main floor machines	449.9	265.1	-	-	-	715.0			
VIP program play	591.8	103.0	63.4	-	-	758.2			
Wagering & Non gaming	470.2	277.6	1.0	293.0	4.5	1,046.3			
Intersegment						(2.0)			
Operating revenue	2,279.0	844.5	64.4	293.0	4.5	3,483.4	(428.2)	-	3,055.2
Interest revenue						30.1	-	-	30.1
Total revenue	2,279.0	844.5	64.4	293.0	4.5	3,513.5	(428.2)	-	3,085.3⁽³⁾
Operating expenses	(1,634.0)	(595.7)	(52.4)	(266.1)	(58.9)	(2,607.1)	342.3	-	(2,264.8)
Intersegment						2.0	-	-	2.0
Earnings before interest, tax, depreciation and amortisation "EBITDA"	645.0	248.8	12.0	26.9	(54.4)	878.3	(85.9)	-	792.4
Depreciation and amortisation	(177.5)	(87.0)	(1.9)	(14.8)	(4.7)	(285.9)	-	-	(285.9)
Earnings before interest and tax "EBIT"	467.5	161.8	10.1	12.1	(59.1)	592.4	(85.9)	-	506.5
Net asset (impairment)/reversal						-	-	122.3	122.3
Net foreign currency gain on disposal of foreign operations						-	-	76.9	76.9
Net gain on CrownBet disposal						-	-	87.5	87.5
Net gain on Ellerston disposal						-	-	5.9	5.9
Restructuring & other significant expenses						-	-	(15.5)	(15.5)
Equity accounted share of associates' net profit/(loss)						9.3	-	(2.7)	6.6
Net interest income/(expense)						(46.0)	-	-	(46.0)
Income tax benefit/(expense)						(170.1)	25.8	(26.7)	(171.0)
Profit/(loss) after tax						385.6	(60.1)	247.7	573.2
Non-controlling interest						1.2	-	(15.5)	(14.3)
Profit/(loss) attributable to equity holders of the Parent						386.8	(60.1)	232.2	558.9

1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinalls) and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Revenue from gaming transactions that include complimentary goods or services being provided to customers is not allocated from gaming revenue to the good or service provided. The Group believes that normalised results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue. Normalised results are a non-IFRS measure.

(2) During the year Crown incurred \$409.9 million of actual VIP program play commission expenses. Commission expenses are included in the total normalised Operating Expenses for the period of \$2,607.1 million. In the actual results, the commission expenses have been allocated out of Operating Expenses and recognised as a reduction to revenue. This difference between the normalised and actual result is included in the Adjustment column above.

(3) Total revenue of \$3,085.3 million includes \$2.2 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(4) Significant items of \$232.2 million consist of a net asset impairment reversal predominately relating to Alon, a net gain on CrownBet disposal, a net gain on Ellerston disposal and a net foreign currency gain on disposal of foreign operations (previously recorded in reserves), partially offset by restructuring & other significant expenses and significant items relating to Crown's equity accounted interests.

For the year ended 30 June 2019

Notes to the Financial Statements *continued*

FINANCIAL REPORT 2019 CONTINUED

3. Revenue and Expenses

	2019 \$m	2018 \$m
Profit before income tax expense includes the following revenues and expenses:		
(a) Revenue		
Crown Melbourne	2,133.7	2,217.5
Crown Perth	808.8	839.0
Crown Aspinalls	56.3	75.6
Wagering & Online	129.1	292.9
Other	-	1.3
Less Commissions	(261.3)	(409.9)
Total Revenue from Contracts with Customers	2,866.6	3,016.4
Tenancy revenue	34.6	34.9
Interest	26.5	30.1
Dividends	1.5	1.7
Total Revenue	2,929.2	3,083.1
(b) Other income		
Profit on disposal of non-current assets	0.2	2.2
Net gain on CrownBet disposal	-	87.5
Net gain on Ellerston disposal	-	5.9
Net foreign currency gain on disposal of foreign operations	-	76.9
	0.2	172.5
(c) Expenses		
Cost of sales	157.6	159.1
Operating activities	2,122.4	2,326.1
Goodwill impairment - DGN ⁽¹⁾	48.9	-
Reassessment of contingent consideration - DGN ⁽²⁾	(48.9)	-
Asset impairment reversal	-	(122.3)
Restructuring & other expenses	-	15.5
Other expenses	46.8	63.5
	2,326.8	2,441.9
Depreciation of non-current assets		
<i>(included in expenses above)</i>		
Buildings	94.9	95.4
Plant and equipment	154.0	162.6
	248.9	258.0
Amortisation of non-current assets		
<i>(included in expenses above)</i>		
Casino licence fee and management agreement	20.4	20.3
Other assets	4.3	7.6
	24.7	27.9
Total depreciation and amortisation expense	273.6	285.9

(1) Refer note 12 for further information.

(2) Refer note 14 for further information.

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

3. Revenue and Expenses *continued*

	2019 \$m	2018 \$m
(d) Other income and expense disclosures		
Finance costs expensed:		
Debt facilities	81.5	106.4
Capitalised interest	(44.9)	(30.3)
	36.6	76.1
Operating leases	5.6	7.6
Superannuation expense	65.8	67.8
Other employee benefits expense	925.1	923.5
Net foreign currency (gains)/losses	(1.3)	(8.1)
(e) Significant items - income / (expense)		
Goodwill impairment - DGN ⁽¹⁾	(48.9)	-
Reassessment of contingent consideration - DGN ⁽²⁾	48.9	-
Asset impairment reversal	-	122.3
Net foreign currency gain on disposal of foreign operations	-	76.9
Net gain on CrownBet disposal	-	87.5
Net gain on Ellerston disposal	-	5.9
Restructuring & other significant expenses	-	(15.5)
Associates significant items	-	(2.7)
Tax amounts in significant items	-	(26.7)
	-	247.7

(1) Refer note 12 for further information.

(2) Refer note 14 for further information.

4. Dividends Paid and Declared

	2019 \$m	2018 \$m
(a) Dividends declared and paid during the financial year		
Prior year final dividend (paid 5 October 2018)		
Paid at 30.0 cents (2017: 30.0 cents) per share franked at 60% (2017: 60% franked) at the Australian tax rate of 30% (2017: 30%)	205.9	206.7
Current year interim dividend (paid 4 April 2019)		
Paid at 30.0 cents (2018: 30.0 cents) per share franked at 60% (2018: 60% franked) at the Australian tax rate of 30% (2018: 30%)	203.1	206.7
Total dividends appropriated	409.0	413.4
(b) Dividends declared and not recognised as a liability		
Current year final dividend (expected to be paid 4 October 2019)		
Declared at 30.0 cents (2018: 30.0 cents) per share franked at 25% (2018: 60% franked) at the Australian tax rate of 30% (2018: 30%)	203.1	206.2 ⁽¹⁾
(c) Franking credits		
The tax rate at which the final dividend will be franked is 30% (2018: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2019. The amount of franking credits available for the subsequent financial year:		
Franking account balance as at the end of the financial year at 30% (2018: 30%)	2.9	34.7
Franking credits/(debits) that will arise from the payment/(receipt) of income taxes payable/(refundable) as at the end of the financial year	(4.4)	13.2
Total franking credits	(1.5)	47.9
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends announced before the financial report was authorised for issue but not recognised as a distribution to equity holders during the financial year	(21.8)	(53.0)
Total franking credits available for future reporting periods	(23.3)	(5.1)

5. Income Tax

	2019 \$m	2018 \$m
(a) Income tax expense		
The prima facie tax expense, using the Australian tax rate multiplied by profit differs from income tax provided in the financial statements as follows:		
Profit before income tax	579.3	744.2
Prima facie income tax expense on profit at the Australian rate of 30% (2018: 30%)	173.8	223.2
Tax effect of:		
Non deductible depreciation and amortisation	1.7	1.7
Share of associates' net losses/(profits)	(4.0)	(2.0)
Differences in foreign tax rates	(0.9)	(1.6)
Deferred tax balances not previously brought to account	1.5	(3.8)
Income tax (over)/under provided in prior years	(0.6)	2.4
Non-deductible/(non-assessable) significant items	-	(56.4)
Revenue losses not brought to account	(2.1)	0.4
Other items - net	7.0	7.1
Income tax expense	176.4	171.0
Income tax expense comprises:		
Current expense	50.9	84.3
Deferred expense	126.1	57.6
Adjustments for current income tax of prior periods	(0.6)	2.4
Tax on significant items	-	26.7
	176.4	171.0
(b) Deferred income taxes		
Deferred income tax assets	159.5	266.9
Deferred income tax liabilities	(401.5)	(380.9)
Net deferred income tax assets/(liabilities)	(242.0)	(114.0)

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

5. Income Tax *continued*

	Statement of Financial Position		Statement of Profit or Loss	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
(c) Deferred income tax assets and liabilities at the end of the financial year				
The balance comprises temporary differences attributable to:				
Doubtful debt provision	18.2	113.3	95.1	(14.8)
Employee benefits provision	41.0	38.6	(2.3)	(2.9)
Losses available for offsetting against future taxable income	25.6	25.9	0.4	11.0
Other receivables	0.5	1.8	1.2	1.2
Other provisions	40.9	54.6	13.6	(1.1)
Prepaid casino tax	(14.0)	(14.5)	(0.4)	(0.4)
Licences and intangibles	(225.6)	(226.6)	(1.0)	(2.5)
Land and buildings	(166.1)	(139.7)	26.3	19.3
Property, plant & equipment	25.6	18.9	(6.7)	(10.7)
Revaluation of investment to fair value	-	18.4	18.4	70.2
Other	11.9	(4.7)	(18.5)	(4.7)
Deferred income tax expense/(income)			126.1	64.6
Net deferred income tax assets/(liabilities)	(242.0)	(114.0)		
			2019 \$m	2018 \$m
(d) Movements in deferred income tax assets and liabilities during the financial year				
Carrying amount at the beginning of the year			(114.0)	(22.7)
Tax income / (expense) during the period recognised in profit or loss			(126.1)	(57.6)
Tax income / (expense) during the period recognised in profit or loss - significant items			-	(6.9)
Exchange differences			(0.1)	(0.1)
Tax income / (expense) - derivatives			(1.8)	(0.6)
Disposal of subsidiaries			-	(26.1)
Carrying amount at the end of the year			(242.0)	(114.0)
(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable				
Tax losses arising in Australia for offset against future capital gains			86.8	489.8
Foreign income tax losses for offset against future foreign profits			753.0	637.7
Total tax losses not brought to account			839.8	1,127.5
Potential tax benefit at respective tax rates			184.2	280.9

5. Income Tax *continued*

(f) Unrecognised temporary differences

At 30 June 2019, there is no recognised or unrecognised deferred income tax liability (2018: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

(g) Tax consolidation

Crown Resorts Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Resorts Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Resorts Limited in order to allocate income tax expense between Crown Resorts Limited and the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

(h) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries inter-company accounts with the tax consolidated group head company, Crown Resorts Limited.

6. Trade and Other Receivables

	2019 \$m	2018 \$m
Current		
Trade receivables	189.7	580.8
Provision for doubtful debts (a)	(108.0)	(425.7)
	81.7	155.1
Other receivables	17.0	17.2
	98.7	172.3
Non-current		
Other receivables	157.8	143.0
	157.8	143.0

(a) Allowance for Doubtful Debts

Trade receivables are non-interest bearing and are generally 30 day terms. An allowance for doubtful debts is recognised based on the expected credit loss model from the time the financial instrument is initially recognised.

Movements in the allowance for doubtful debts

	2019 \$m	2018 \$m
Allowance for doubtful debts at the beginning of the year	(425.7)	(367.6)
Net doubtful debt expense ⁽¹⁾	(12.7)	(67.2)
Disposal of subsidiaries	-	1.7
Net Amounts written off	339.1	12.8
Exchange differences	(8.7)	(5.4)
	(108.0)	(425.7)

(1) Amounts are included in other expenses.

During the year, a number of longstanding debts that were previously fully provided in doubtful debt provisions, being deemed to have no reasonable expectation of recovery were written off. As those amounts were fully provided for, this has had no impact on net debtors.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

Ageing analysis of trade receivables

	0-30 days \$m	>30 days \$m	Total \$m
2019 - consolidated			
Current	45.5	-	45.5
Past due not impaired	-	36.2	36.2
Considered impaired	1.8	106.2	108.0
	47.3	142.4	189.7
2018 - consolidated			
Current	94.0	-	94.0
Past due not impaired	-	61.1	61.1
Considered impaired	-	425.7	425.7
	94.0	486.8	580.8

7. Other Financial Assets

	2019 \$m	2018 \$m
Current		
Receivable on foreign exchange contracts	5.5	9.2
	5.5	9.2
Non-current		
Receivable on cross currency swaps	35.2	23.3
Other	2.3	-
	37.5	23.3

Details of the Group's exposure to interest rate risk and foreign currency changes are provided in note 30.

8. Investments in Associates

	2019 \$m	2018 \$m
Investment details:		
Associated entities - unlisted shares	206.9	187.8
Total investments in associates	206.9	187.8
	2019 \$m	2018 \$m
Share of profits of associates		
Nobu Group	7.3	7.2
Aggregate share of profit from non material associates	6.0	(0.6)
	13.3	6.6

8. Investments in Associates *continued*

Investments in Associates	Reporting Date	Principal Activity	Principal Place of Business	% Interest	
				30 June 2019	30 June 2018
Nobu Group	31 Dec ⁽¹⁾	Restaurants/Hotels	USA	20.0	20.0
Aspers Holdings (Jersey) Ltd	30 June	Casino and gaming machine operator	UK	50.0	50.0
Chill Gaming Pty Ltd	30 June	Gaming software developer	Australia	50.0	50.0
Zengaming Inc	31 Dec ⁽¹⁾	eSports	USA	28.9	36.9

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

The associates outlined above are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below.

	2019 \$m	2018 \$m
Carrying amount of investment - Nobu Group:		
Balance at the beginning of the financial year	135.2	130.4
Share of associates' net profit/(loss) for the year	7.3	7.2
Foreign exchange movements	7.4	5.0
Dividends received	(7.4)	(7.4)
Carrying amount of investment in the Nobu Group at the end of the financial year	142.5	135.2

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

9. Property, Plant and Equipment

	Freehold land & buildings \$m	Buildings on leasehold land \$m	Plant & equipment \$m	Construction work in progress \$m	Total property, plant & equipment \$m
Year ended 30 June 2019					
At 1 July 2018, net of accumulated depreciation and impairment	1,741.7	829.7	664.3	645.0	3,880.7
Additions	1.3	16.0	92.2	517.0	626.5
Disposals	-	-	(0.9)	-	(0.9)
Depreciation expense	(45.5)	(49.4)	(154.0)	-	(248.9)
Exchange differences	-	0.3	1.3	-	1.6
Reclassification/ transfer	8.4	(0.8)	8.4	(16.0)	-
At 30 June 2019, net of accumulated depreciation and impairment	1,705.9	795.8	611.3	1,146.0	4,259.0
At 30 June 2019					
Cost (gross carrying amount)	2,189.0	1,602.5	2,517.3	1,146.0	7,454.8
Accumulated depreciation and impairment	(483.1)	(806.7)	(1,906.0)	-	(3,195.8)
Net carrying amount	1,705.9	795.8	611.3	1,146.0	4,259.0

	Freehold land & buildings \$m	Buildings on leasehold land \$m	Plant & equipment \$m	Construction work in progress \$m	Leased plant & equipment \$m	Total property, plant & equipment \$m
Year ended 30 June 2018						
At 1 July 2017, net of accumulated depreciation and impairment	1,964.8	872.2	646.5	345.7	130.0	3,959.2
Additions	0.9	13.9	95.9	321.2	-	431.9
Disposals	(265.0)	(6.7)	(31.5)	(4.6)	(30.0)	(337.8)
Depreciation expense	(44.6)	(50.8)	(158.4)	-	(4.2)	(258.0)
Impairment reversal	89.1	-	-	-	-	89.1
Exchange differences	(6.3)	0.7	1.9	-	-	(3.7)
Reclassification/ transfer	2.8	0.4	109.9	(17.3)	(95.8)	-
At 30 June 2018, net of accumulated depreciation and impairment	1,741.7	829.7	664.3	645.0	-	3,880.7
At 30 June 2018						
Cost (gross carrying amount)	2,182.7	1,598.1	2,437.8	645.0	-	6,863.6
Accumulated depreciation and impairment	(441.0)	(768.4)	(1,773.5)	-	-	(2,982.9)
Net carrying amount	1,741.7	829.7	664.3	645.0	-	3,880.7

10. Intangible Assets - Licences

	2019 \$m	2018 \$m
Balance at the beginning of the financial year	1,080.6	1,097.3
Amortisation expense	(16.6)	(16.7)
Balance at the end of the financial year	1,064.0	1,080.6
Cost (gross carrying amount)	1,297.0	1,297.0
Accumulated amortisation and impairment	(233.0)	(216.4)
Net carrying amount	1,064.0	1,080.6

The casino licences are carried at cost and amortised on a straight line basis over their useful lives.

The Crown Melbourne licence is being amortised until 2050. The Crown Perth licence (\$440.4 million) is assessed as having an indefinite useful life, as it does not expire, and therefore no amortisation is charged. Amortisation will commence on the Crown Sydney licence once the property is operational.

11. Other Intangible Assets

	Goodwill ⁽¹⁾ \$m	Casino Management Agreement ⁽¹⁾ \$m	Other \$m	Total \$m
Year ended 30 June 2019				
At 1 July 2018, net of accumulated amortisation and impairment	338.4	119.0	5.4	462.8
Additions	-	-	2.0	2.0
Impairment ⁽²⁾	(48.9)	-	-	(48.9)
Exchange differences	5.9	-	-	5.9
Amortisation expense	-	(3.7)	(2.8)	(6.5)
At 30 June 2019, net of accumulated amortisation and impairment	295.4	115.3	4.6	415.3
At 30 June 2019				
Cost (gross carrying amount)	344.3	245.3	22.5	612.1
Accumulated amortisation and impairment	(48.9)	(130.0)	(17.9)	(196.8)
Net carrying amount	295.4	115.3	4.6	415.3

(1) Purchased as part of business combinations.

(2) Impairment relates to the goodwill in DGN. Refer note 12 for further details.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

11. Other Intangible Assets *continued*

	Goodwill ⁽¹⁾	Casino Management Agreement ⁽¹⁾	Other	Total
	\$m	\$m	\$m	\$m
Year ended 30 June 2018				
At 1 July 2017, net of accumulated amortisation and impairment	346.5	122.7	93.5	562.7
Additions	-	-	2.0	2.0
Impairment reversal	-	-	36.5	36.5
Exchange differences	6.1	-	(2.6)	3.5
Amortisation expense	-	(3.7)	(6.0)	(9.7)
Disposals	(14.2)	-	(118.0)	(132.2)
At 30 June 2018, net of accumulated amortisation and impairment	338.4	119.0	5.4	462.8
At 30 June 2018				
Cost (gross carrying amount)	338.4	245.3	20.5	604.2
Accumulated amortisation and impairment	-	(126.3)	(15.1)	(141.4)
Net carrying amount	338.4	119.0	5.4	462.8

(1) Purchased as part of business combinations.

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 12). The goodwill balance at 30 June 2019 is allocated to Crown Melbourne \$26.9 million (2018: \$26.9 million), Crown Perth \$144.0m (2018: \$144.0 million), Crown Aspinalls \$53.1 million (2018: \$52.5 million), DGN \$51.5 million (2018: \$95.1 million) and Betfair \$19.9 million (2018: \$19.9 million).

The useful life of the Crown Melbourne casino management agreement is amortised on a straight line basis to 2050.

12. Impairment Testing of Intangible Assets

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGUs) identified according to the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets.

The allocation of goodwill and other intangible assets with indefinite useful lives to the Group's CGUs are outlined in Note 10 and Note 11.

The recoverable amount of a CGU is defined as the higher of the value in use and the fair value less cost of disposal. This implied value is then compared with the carrying value of the CGU to determine any impairment required. The recoverable amount of the Crown Melbourne, Crown Perth and Betfair CGUs has been determined based on a value in use calculation using a discounted cash flow methodology covering a four year period, with an appropriate residual value at the end of that period. The methodology utilises cash flow forecasts that are based primarily on business plans presented to and approved by the Board.

The recoverable amount of the DGN and Crown Aspinalls CGUs has been determined based on fair value less costs of disposal, calculated using a discounted cash flow methodology and using historical and forecast earnings for the CGU as well as market acquisition prices and current trading multiples of entities of a similar nature to each CGU.

Value in use assessment

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets for CGUs under the value in use method.

- Cash flow forecasts are based on past performance and expectations for the future using a four year cash flow period, risk adjusted where applicable.

12. Impairment Testing of Intangible Assets *continued*

- Residual value is calculated using a perpetuity growth formula based on cash flow forecasts using a weighted average cost of capital (after tax) and forecast growth rate.
- Forecast growth rates are based on past performance and management's expectations of future performance in each CGU as at 30 June 2019, based on the nature of the products and industries in which each CGU operates. The terminal growth rates beyond the four year period do not exceed the forecasted long term Australian inflation rate of 2.50% (2018: 2.25%).
- A weighted average cost of capital (after tax) of between 8% and 12% (2018: 8% and 10%) was used by the Group in impairment testing, risk adjusted where applicable.

Fair value less costs of disposal assessment

The following describes each key assumption on which management has based its recoverable amount calculation of intangible assets for CGUs under the fair value less costs of disposal method.

- Earnings forecasts are based on the business plan as presented to and approved by the Board, which are based on past performance and expectations for the future using a four year cash flow period, risk adjusted where applicable.
- Residual value is calculated using a perpetuity growth formula based on cash flow forecasts using a discount rate and earnings multiples.
- A discount rate (after tax) of between 8% and 12% was used, risk adjusted where applicable.
- Acquisition multiples between 8.5x and 11.0x prior year EBITDA have been utilised, reflecting market acquisition prices for entities of a similar nature to each CGU.
- Trading multiples of publicly listed companies and entities of a similar nature to the CGU of between 7.5x and 8.0x last twelve months EBITDA and between 8.0x and 9.0x next twelve months EBITDA have been utilised.
- Costs of disposal of 2.0% have been utilised to discount the implied fair value.

The fair value measurement for the Crown Aspinalls and DGN CGUs is considered to be level 3 in the fair value hierarchy, based on using inputs that are not based on observable market data, and where available level 2 information has been utilised (refer to Note 30 for explanation of the valuation hierarchy).

Outcome of impairment tests for intangible assets

Based on the valuation techniques performed, an impairment loss of \$48.9 million has been recorded against the Group's intangible assets during the year (2018: nil). As at 30 June 2018, goodwill relating to the acquisition of DGN was \$95.1 million. At 30 June 2019, indicators of impairment were identified for the DGN CGU. These indicators were considered in the re-forecast of cash flows of the DGN Group, which were developed as part of the annual four-year business plan presented to and approved by the Board. Based on the impairment testing using the re-forecast earnings of the DGN Group, the recoverable amount of the DGN CGU is \$81.8 million as at 30 June 2019. As a result of carrying amounts exceeding recoverable amount, Crown has reduced goodwill relating to the acquisition of DGN by \$48.9 million. This goodwill was initially recorded as part of the acquisition of Winners Club Limited, with a significant part of the initial goodwill relating to contingent consideration. Crown has also reassessed the amount of contingent consideration on the acquisition of Winners Club Limited and reduced the amount due (Refer to note 14 for details of the contingent consideration). DGN forms part of the Wagering & Online segment and the impairment loss of \$48.9 million has been included in the results for the Wagering & Online segment. This impairment loss has been included in the Statement of Profit or Loss.

Sensitivity analysis

For CGUs where the recoverable amount was determined based on the value in use calculation, the key estimates and assumptions used to determine the value in use of the CGU are based on management's current expectations based on past experience, future plans and external market information. They are considered to be reasonably achievable, however significant changes in any of the key estimates and assumptions may result in a CGUs carrying value exceeding its recoverable value, resulting in an impairment charge.

It is not considered that any reasonable possible change in any of the above assumptions would cause the carrying value of any CGU to materially exceed its recoverable amount.

For Crown Aspinalls and DGN where the recoverable amount was determined based on fair value less costs of disposal, an adverse change in either the acquisition or trading multiples of entities of a similar nature to the CGU, or an adverse change in the earnings of the CGU may, or in the case of DGN would, result in the carrying amount of the CGU to exceed its recoverable amount, resulting in an impairment charge against goodwill of the CGU. In relation to Crown Perth, it is noted that a terminal growth rate of less than 0.25% could give rise to an impairment.

The Group will continue to monitor the performance of all CGUs going forward, and consider the impact on the respective CGUs' impairment testing assumptions and carrying value.

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

13. Other Assets

	2019 \$m	2018 \$m
Non-current		
Prepaid casino tax at cost	100.8	100.8
Accumulated amortisation	(53.9)	(52.5)
	46.9	48.3
Other prepayments	1.9	2.1
	48.8	50.4

14. Trade and Other Payables

	2019 \$m	2018 \$m
Current - unsecured		
Trade and other payables	280.6	250.5
Contract and contract-related liabilities ⁽¹⁾	152.5	177.0
	433.1	427.5
Non-current - unsecured		
Casino licence payable ⁽²⁾	167.6	163.0
Contingent consideration	0.7	47.0
Other	86.8	77.6
	255.1	287.6

(1) Contract and contract related liabilities include unredeemed casino chips, loyalty program liabilities and advance customer deposits which decreased by \$24.5 million during the year (2018: increased by \$12.9 million).

(2) Net present value of the \$250.0 million payment due in 2033 relating to the Crown Melbourne Casino licence.

Contingent Consideration

As part of the purchase agreement with the previous owners of Winners Club, there may be an additional contingent consideration payment due based on the 2020 earnings of the DGN Group. During the current period, following a re-forecast of earnings of the DGN Group, Crown has reduced the contingent consideration by \$48.9 million, which has been included in the Statement of Profit or Loss. The net change in value of \$46.3 million constitutes the re-measurement of \$48.9 million and unfavourable FX movement of \$2.6 million. The fair value measurement for contingent consideration is considered to be level 3 in the fair value hierarchy, based on using inputs that are not based on observable market data (refer to note 30 for explanation of the valuation hierarchy). A significant increase (decrease) in the future earnings of the DGN Group would result in a higher (lower) fair value of the contingent consideration liability. As part of the reassessment of future earnings, Crown also impaired the goodwill relating to DGN, as outlined in note 12.

15. Interest-Bearing Loans and Borrowings

	2019 \$m	2018 \$m
Current		
Bank Loans - unsecured	28.5	25.7
Capital Markets Debt - unsecured	259.1	-
	287.6	25.7
Non-current		
Bank Loans - unsecured	-	28.9
Capital Markets Debt - unsecured ⁽¹⁾	790.0	1,437.1
Other loans - unsecured	1.0	1.0
	791.0	1,467.0

(1) On 14 September 2018, Crown redeemed all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" (the "Notes") in accordance with the terms of the Notes. This reduced Crown's gross debt by approximately \$400 million.

Fair Value Disclosures

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 30.

Financial Risk Management

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 30.

Financing and Credit Facilities

Unsecured credit facilities are provided as part of the overall debt funding structure of the Crown Group as follows:

Facility Type	Facility Amount \$m	Drawn Amount \$m	Letters of Credit Issued \$m	Available \$m	Expiry Dates
Bank Facilities					
Bilateral Multi Option Facilities	170.0	28.5	31.5	110.0	Nov 19 / Mar 20
GBP Syndicated Facility	90.4	-	-	90.4	Aug 2020
Letter of Credit Facilities	250.5	-	250.5	-	Jun 21 - Jan 22
	510.9	28.5	282.0	200.4	
Debt Capital Markets					
Euro Medium Term Notes	174.6	174.6	-	-	Jul 2036
Australian Medium Term Notes	259.1	259.1	-	-	Nov 2019
AUD Subordinated Notes	615.4	615.4	-	-	Apr 2075
	1,049.1	1,049.1	-	-	
Other					
Other Loans	1.0	1.0	-	-	Jun 2021
Total at 30 June 2019	1,561.0	1,078.6	282.0	200.4	
Total at 30 June 2018	2,009.8	1,492.7	341.0	176.1	

The bank facilities are provided on an unsecured basis by domestic and international banks. Refer note 30(a)(i) for further details regarding interest rates.

The debt capital markets drawn amounts represent unsecured notes issued to domestic and international debt investors. Crown is able to make advances and issue letters of credit under the letter of credit facility, syndicated facilities and the bilateral facilities which are multi option in nature.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

15. Interest-Bearing Loans and Borrowings *continued*

Each of the above mentioned facilities is issued by or supported by a Group guarantee from Crown and certain subsidiaries and impose various affirmative covenants on Crown, which may include compliance with certain financial ratios and negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

During the current and prior year, there were no defaults or breaches on any of the loans or borrowings.

Refer to note 20(c) for a summary of Crown's overdraft facilities.

16. Provisions

	Employee Entitlements \$m	Other \$m	Total \$m
At 1 July 2018	201.7	56.0	257.7
Arising during the year	93.4	2.6	96.0
Utilised during the year	(122.2)	(21.3)	(143.5)
At 30 June 2019	172.9	37.3	210.2
Current 2019	158.4	27.6	186.0
Non-current 2019	14.5	9.7	24.2
At 30 June 2019	172.9	37.3	210.2
Current 2018	186.3	38.8	225.1
Non-current 2018	15.4	17.2	32.6
At 30 June 2018	201.7	56.0	257.7

17. Contributed Equity

	2019 \$m	2018 \$m
Issued share capital		
Ordinary shares fully paid	(203.3)	(71.9)
Movements in issued share capital		
Carrying amount at the beginning of the financial year	(71.9)	(53.2)
Share buy-back, inclusive of costs	(131.4)	(18.7)
Carrying amount at the end of the financial year	(203.3)	(71.9)
Shares held in Trust		
Balance at beginning of the financial year	(15.7)	(19.4)
Shares transferred under the Crown Long Term Incentive Plan	15.7	3.7
Balance at the end of the financial year	-	(15.7)
	2019 No.	2018 No.
Issued share capital		
Ordinary shares fully paid	677,158,271	687,421,194
Movements in issued share capital		
Balance at the beginning of the financial year	687,421,194	688,847,822
Share buy-back	(10,262,923)	(1,426,628)
Balance at the end of the financial year	677,158,271	687,421,194

17. Contributed Equity *continued*

During the year, the Group carried out an on-market share buy-back as an element of its capital management program. For the year ended 30 June 2019, shares to a value of \$131.4 million (2018: \$18.7 million) have been purchased.

Due to share buy-backs being undertaken at higher prices than the original subscription prices, the balance of contributed equity is reflected as a negative balance, which shows the excess value of shares bought over the original amount of subscribed capital. Refer note 29 for details of the Parent Entity's share capital, which has significant paid up capital.

Terms and Conditions of Contributed Equity

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

Capital Management

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

During 2019, the Group paid dividends of \$409.0 million (2018: \$413.4 million). The Group's dividend policy is to pay 60 cents per share on a full year basis, subject to Crown's financial position.

18. Reserves and Retained Earnings

	2019 \$m	2018 \$m
Foreign currency translation reserve	(28.8)	(42.5)
Employee equity benefits reserve	18.9	15.6
Net unrealised gains reserve	(14.1)	(54.9)
Cash flow hedge reserve	25.4	21.3
	1.4	(60.5)
Foreign Currency Translation Reserve		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to recognise gains and losses on hedges of the net investment in foreign operations.		
Balance at the beginning of the financial year	(42.5)	26.1
Net foreign exchange translation	14.0	7.6
Net foreign exchange gain reclassified to profit or loss	-	(76.9)
Non-controlling interest	(0.3)	0.7
Balance at the end of the financial year	(28.8)	(42.5)
Employee Equity Benefits Reserve		
The employee equity benefits reserve is used to record share based remuneration obligations to executives in relation to ordinary shares.		
Balance at the beginning of the financial year	15.6	13.8
Movement for the period	3.3	1.8
Balance at the end of the financial year	18.9	15.6

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

18. Reserves and Retained Earnings *continued*

	2019 \$m	2018 \$m
Net Unrealised Gains Reserve		
The net unrealised gains reserve records the movement from changes in ownership interests in a subsidiary, investments and associates equity, which do not impact control.		
Balance at the beginning of the financial year	(54.9)	(45.4)
Transfer to retained earnings	-	(7.4)
Movement in non-controlling interest put option	40.8	(2.1)
Balance at the end of the financial year	(14.1)	(54.9)
Cash Flow Hedge Reserve		
The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.		
Balance at the beginning of the financial year	21.3	19.9
Movement in interest rate swaps	(1.6)	0.5
Movement in cross currency swaps	8.3	1.0
Movement in forward exchange contracts	(2.6)	(0.1)
Balance at the end of the financial year	25.4	21.3
Retained Earnings		
Balance at the beginning of the financial year	5,306.0	5,153.1
Transfer from unrealised gains reserve	-	7.4
Net profit after tax attributable to equity holders of the parent	401.8	558.9
Total available for appropriation	5,707.8	5,719.4
Dividends provided for or paid	(409.0)	(413.4)
Balance at the end of the financial year	5,298.8	5,306.0

19. Lease and Expenditure Commitments

(a) Capital expenditure commitments

	2019 \$m	2018 \$m
Estimated capital expenditure contracted for at balance date, but not provided for:		
Payable within one year	623.9	425.9
Payable after one year but not more than five years	82.8	420.8
	706.7	846.7

(b) Non-cancellable operating lease commitments – Group as lessee

	2019 \$m	2018 \$m
Payable within one year	7.0	7.3
Payable after one year but not more than five years	14.1	16.3
Payable more than five years	11.4	9.8
	32.5	33.4

19. Lease and Expenditure Commitments *continued*

The Group has entered into non-cancellable operating leases. The leases vary in contract period depending on the asset involved but generally have an average lease term of approximately 4 years (2018: 6 years) excluding the land lease detailed below. Operating leases include motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases. The operating lease commitments exclude optional renewal periods.

In addition, in 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which Crown Melbourne Entertainment Complex is located. For years one to forty inclusive the annual rent payable by the parent entity is one dollar per annum. For years forty-one to ninety-nine inclusive the annual rent payable will be the then current market rent for the site. The aggregate lease expenditure contracted for at balance date but not provided for which is disclosed in this report does not include an estimate for the rent payable for years forty-one to ninety-nine inclusive due to the uncertainty of these amounts.

(c) Non-cancellable operating lease receivables – Group as lessor

The Group has entered into operating leases for retail tenancies within its Crown Melbourne and Crown Perth properties. Future minimum rental revenue receivables for the non-cancellable period of the operating leases are shown in the table below. The leases have terms between 3 and 25 years.

	2019 \$m	2018 \$m
Payable within one year	24.5	22.4
Payable after one year but not more than five years	57.7	52.6
Payable more than five years	15.2	14.6
	97.4	89.6

The total contingent rent recognised as income during the year is \$5.7 million (2018: \$5.7 million). Contingent rentals which may become receivable in the future and separately invoiced amounts for recovery of property outgoings are excluded from the table above.

20. Cash Flow Statement Reconciliation

	2019 \$m	2018 \$m
(a) Cash balance represents:		
Cash on hand and at bank	412.5	355.8
Deposits at call	713.5	1,488.8
	1,126.0	1,844.6

The above closing cash balances includes \$133.9 million (2018: \$130.9 million) of cash on the company's premises and cash held in bank accounts needed to run the day to day operations of the businesses and cash (including deposits on call) of \$992.1 million (2018: \$1,713.7 million) for other purposes. All deposits at call are with approved counterparties with investment grade ratings. Refer note 30(c) for further details.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

20. Cash Flow Statement Reconciliation *continued*

	2019 \$m	2018 \$m
(b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities		
Profit after tax	402.9	573.2
Non cash items and items dealt with separately:		
- Depreciation and amortisation	273.6	285.9
- Asset impairment/(reversal)	-	(122.3)
- Share of associates' net (profit)/loss	(13.3)	(6.6)
- Net foreign exchange (gain)/loss	(1.3)	(8.1)
- Net foreign exchange gain on disposal of foreign operations	-	(76.9)
- Net mark-to-market (gain)/loss on investments	-	(4.7)
- Fair value movement of derivatives not in hedging relationships	(2.3)	-
Cash items not included in profit after tax:		
- Dividends received from associates	7.4	7.4
Items classified as investing/financing activities:		
- (Profit)/loss on sale of property, plant and equipment	(0.2)	(2.2)
- Net gain on disposal of subsidiaries and associates	(12.0)	(93.4)
Working Capital changes:		
- (Increase) / decrease in trade receivables and other assets	53.6	60.4
- (Increase) / decrease in inventories	0.6	0.2
- (Decrease) / increase in tax provisions	116.6	138.4
- (Decrease) / increase in trade and other payables, accruals and provisions	(47.5)	(19.6)
Net cash flows from operating activities	778.1	731.7

(c) Bank Overdraft Facilities

The Group has bank overdraft facilities available as follows:

Bank	2019	2018
ANZ Banking Group Limited	A\$20 million	A\$20 million
Citibank NA	US\$10 million	US\$10 million
Royal Bank of Scotland PLC	£18 million	£20 million

As at 30 June 2019 there were no drawn down amounts on the overdraft facilities (2018: nil).

21. Events After the Reporting Period

Crown holds a 50% ownership interest in the One Queensbridge development site which is strategically located adjacent to the Crown Melbourne entertainment complex, with the remaining 50% interest held by the Schiavello Group. Subsequent to 30 June 2019, Crown reached an agreement to purchase the Schiavello Group's 50% ownership interest in the site as well as all pre-development assets, including all intellectual property and designs for the project, for approximately \$80 million. The transaction remains subject to long-form agreements between Crown and the Schiavello Group.

Subsequent to 30 June 2019, the directors of Crown declared a final dividend on ordinary shares in respect of the year ending 30 June 2019. The total amount of the dividend is expected to be \$203.1 million, which represents a dividend of 30.0 cents per share franked at 25%. The unfranked portion of the dividend has been declared to be conduit foreign income.

22. Contingent Liabilities and Related Matters

On 15 February 2016 Crown was issued with amended assessments and notices of penalty by the Australian Taxation Office ("ATO") for a total of approximately \$362 million which comprise primary tax, interest and penalties. The amended assessments are in respect of income tax paid for the financial years ended 30 June 2009 to 30 June 2014 (inclusive) and relate to the tax treatment of some of the financing for Crown's investment in Cannery Casino Resorts ("Cannery") in North America. Crown formally objected to the amended assessments and notices of penalty, but those objections were disallowed in full by the ATO. On 10 July 2018 Crown lodged applications for an appeal against the objection decisions relating to the amended assessments in the Federal Court. On 7 September 2018 Crown applied to the Administrative Appeals Tribunal ("AAT") for a review of the objection decisions relating to the notices of penalty.

Crown was issued with further amended assessments and notices of penalty dated 31 August 2018 in respect of the financial years ended 30 June 2014 to 30 June 2016 (inclusive). The further amended assessments and notices of penalty have been issued for a total of approximately \$34 million which comprise primary tax, interest and penalties, and similarly relate to some of the financing for Crown's investment in Cannery. Crown formally objected to the amended assessments and notices of penalty, but those objections were disallowed in full by the ATO. On 21 December 2018 Crown lodged applications for an appeal against the objection decisions relating to the further amended assessments in the Federal Court, and applied to the AAT for a review of the objection decisions relating to the notices of penalty. Pursuant to orders made by the Federal Court and the AAT, the appeals and applications for review relating to the further amended assessments and notices of penalty were joined to the existing Federal Court and AAT proceedings commenced in respect of the original amended assessments and notices of penalty issued to Crown on 15 February 2016.

[Option 1 – No judgement]

The Federal Court and the AAT (simultaneously) heard all of the proceedings between 11 and 21 June 2019. Judgement is yet to be handed down.

Crown considers that it has paid the correct amount of tax in respect of these matters.

[Option 2 – Judgement handed down - Crown unsuccessful on at least one issue]

The Federal Court and the AAT (simultaneously) heard all of the proceedings between 11 and 21 June 2019. The Federal Court and the AAT handed down their judgements on *[insert date]*. The Federal Court held that *[insert brief details]*. The AAT held that *[insert brief details]*.

[The parties have or Crown has] until [insert date that is 28 days after judgements handed down] to appeal the judgements. Despite the judgements of the Federal Court and AAT, Crown remains of the view that it has paid the correct amount of tax in respect of these matters and intends to continue to pursue all available avenues of resolution.

[Option 3 – Judgement handed down - Crown successful on all issues]

The Federal Court and the AAT (simultaneously) heard all of the proceedings between 11 and 21 June 2019. The Federal Court and the AAT handed down their judgements on *[insert date]*. The Federal Court held that *[insert brief details]*. The AAT held that *[insert brief details]*.

The ATO has until *[insert date that is 28 days after judgements handed down]* to appeal either or both of the Federal Court and AAT judgements. If the ATO appeals either of the decisions then Crown intends to continue to pursue all available avenues of resolution.

As announced by Crown on 4 December 2017, Maurice Blackburn Lawyers have commenced a class action proceeding against Crown in the Federal Court of Australia. The proceeding has been filed on behalf of persons who acquired an interest in Crown shares between 6 February 2015 and 16 October 2016. Crown has announced that it intends to vigorously defend the proceeding.

In addition to the above matters, entities within the group are defendants from time to time in legal proceedings arising from the conduct of their business. The group does not consider that the outcome of any proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

The group has no other material contingent liabilities at 30 June 2019.

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

23. Auditors' Remuneration

	2019 \$	2018 \$
Amounts received, or due and receivable, by Ernst & Young (Australia) for:		
Auditing the accounts	1,575,277	1,100,926
Taxation services	3,567,326	3,411,650
Consulting and assurance related services	138,103	256,097
Amounts received, or due and receivable, by other member firms of Ernst & Young International for:		
Auditing the accounts	127,509	161,080
Taxation services	545,204	507,335
	5,953,419	5,437,088

24. Earnings Per Share (EPS)

	2019	2018
The following reflects the income and share data used in the calculations of basic and diluted EPS:		
Net profit / (loss) after tax used in calculating basic and diluted EPS (\$m)	401.8	558.9
Weighted average number of ordinary shares used in calculating basic EPS ('m)	680.2	688.7
Weighted average number of ordinary shares used in calculating diluted EPS ('m)	681.0	688.7

During the year, Crown undertook an on-market share buy-back to a value of \$131.4 million (2018: \$18.7 million). Following the completion of the buy-back, Crown's shares on issue reduced by approximately 10.3 million to approximately 677.2 million.

25. Key Management Personnel Disclosures

(a) Details of key management personnel

(i) Directors

John H Alexander	Executive Chairman
The Hon. Helen A Coonan	Non-Executive Director
Andrew Demetriou	Non-Executive Director
Geoffrey J Dixon	Non-Executive Director
Jane Halton AO PSM	Non-Executive Director
Professor John S Horvath AO	Non-Executive Director
Guy Jalland	Non-Executive Director
Michael R Johnston	Non-Executive Director
Antonia Korsanos	Non-Executive Director
Harold C Mitchell AC	Non-Executive Director
John Poynton AO	Non-Executive Director (appointed 20 November 2018)

(ii) Executives

Kenneth M Barton	Chief Financial Officer & Chief Executive Officer – Crown Digital
Barry Felstead	Chief Executive Officer – Australian Resorts
W Todd Nisbet	Executive Vice President – Strategy and Development

25. Key Management Personnel Disclosures *continued*

(b) Remuneration of key management personnel

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

Remuneration by category	2019 \$m	2018 \$m
Short term benefits	13.0	15.4
Post employment benefits	0.2	0.2
Long term incentives	2.4	2.3
	15.6	17.9

Further details regarding key management personnel and detailed disclosures of share based payment arrangements are contained in the Remuneration Report.

26. Related Party Disclosures

(a) Parent entity

Crown Resorts Limited is the ultimate parent entity of the Group.

(b) Controlled entities, associates and joint ventures

Interests in significant controlled entities are set out in note 27.

Investments in associates and joint ventures are set out in note 8.

(c) Entity with significant influence over the Group

Based on a substantial shareholder notice dated 11 June 2019 lodged by Consolidated Press Holdings Group ("CPH"), comprising Consolidated Press Holdings Pty Limited and its related corporations, a group related to Mr James Packer, had a relevant interest in 249,253,302 of the Company's fully paid ordinary shares at balance date. This equates to 36.81% of the Company's fully paid ordinary shares (2018: 46.10%) based on the total number of shares on issue at the relevant balance date.

(d) Key management personnel

Disclosures relating to key management personnel are set out in note 25, and in the Remuneration Report.

(e) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms, unless otherwise stated.

(f) Transactions with related parties

The Group had the following transactions with related parties:

(i) Director related entities and entities with significant influence over the Group

CPH provided management services in accordance with a Services Agreement, in addition to corporate secretarial and administrative services of \$3.5 million during the year (2018: \$4.0 million). CPH paid costs on behalf of Crown to third parties totalling \$1.0 million during the year (2018: \$1.0 million). At 30 June 2019 there was \$0.4 million owing to CPH (2018: \$2.2 million).

Crown and its controlled entities provided CPH with hotel and banqueting services of \$12,000 during the year (2018: \$22,000). At 30 June 2019 there were no amounts owing from CPH (2018: \$nil).

In line with its commitment to the NSW Government, Crown has ongoing access rights to the golf course and other facilities at Ellerston (a property in the Hunter Valley owned by CPH and an entity associated with Ms Gretel Packer). During the period Crown paid \$1.0 million for the access rights (2018: \$1.0 million).

(ii) Associates

During the period, Crown paid the Nobu Group \$2.7 million (2018: \$2.6 million) in license and management fees relating to restaurants at Crown Melbourne and Crown Perth.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

27. Investment in Controlled Entities

The consolidated financial statements include the financial statements of Crown Resorts Limited and its controlled entities. Significant controlled entities and those that are party to a Deed of Cross Guarantee with the parent entity are set out below:

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity ⁽¹⁾	
				2019	2018
	2019	2018			2019
				%	%
Crown Resorts Limited			Australia	Parent Entity	
ALON Las Vegas Financeco, LLC ⁽²⁾			USA	-	88
ALON Las Vegas Holdings, LLC ⁽²⁾			USA	-	88
ALON Las Vegas Resort, LLC ⁽²⁾			USA	-	88
Artra Pty Ltd			Australia	100	100
Aspinall's Club Limited			United Kingdom	100	100
Betfair Pty Ltd	A	A	Australia	100	100
Betfair Australasia Pty Ltd	A	A	Australia	100	100
Burswood Limited	A	A	Australia	100	100
Burswood Nominees Ltd	A	A	Australia	100	100
Burswood Resort (Management) Ltd	A	A	Australia	100	100
Capital Club Pty Ltd			Australia	100	100
Club Gaming Pty Ltd			Australia	100	100
Crown Asia Investments Pty Ltd	A	A	Australia	100	100
Crown Australia Pty Ltd	A	A	Australia	100	100
Crown Capital Golf Pty Ltd			Australia	100	100
Crown Cyprus Pty Ltd			Australia	100	100
Crown CCR Group Holdings One Pty Ltd	A	A	Australia	100	100
Crown CCR Group Holdings Two Pty Ltd			Australia	100	100
Crown CCR Group Holdings General Partnership			USA	100	100
Crown CCR Group Investments One LLC			USA	100	100
Crown CCR Group Investments Two LLC			USA	100	100
Crown CCR Holdings LLC			USA	100	100
Crown CPS Holdings Pty Ltd	A	A	Australia	100	100
Crown Digital Holdings Pty Ltd	A		Australia	100	100
Crown Entertainment Group Holdings Pty Ltd	A	A	Australia	100	100
Crown (Gaming Technology) Holdings Pty Ltd			Australia	100	100
Crown Gateway Luxembourg Pty Ltd			Australia	100	100
Crown Group Finance Limited	A	A	Australia	100	100
Crown Group Securities Ltd	A	A	Australia	100	100
Crown Resorts International Holdings Ltd			Bahamas	100	100
Crown Investment Holdings LLC			USA	100	100
Crown Management Holdings Pty Ltd	A	A	Australia	100	100
Crown Management Pty Ltd	A	A	Australia	100	100
Crown Melbourne Limited	A	A	Australia	100	100
Crown North America Holdings One Pty Ltd			Australia	100	100
Crown North America Investments LLC			USA	100	100
Crown Overseas Investments Pty Ltd	A	A	Australia	100	100
Crown Queensbridge Development Pty Ltd			Australia	100	100
Crown Queensbridge Holdings Pty Ltd			Australia	100	100
Crown Queensbridge Property (Hotel) Pty Ltd			Australia	100	100
Crown Queensbridge Property (Residential) Pty Ltd			Australia	100	100
Crown Sydney Pty Ltd			Australia	100	100
Crown Sydney Gaming Pty Ltd			Australia	100	100

27. Investment in Controlled Entities *continued*

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity ⁽¹⁾	
	2019	2018		2019	2018
				%	%
Crown Sydney Holdings Pty Ltd	A	A	Australia	100	100
Crown Sydney Property Pty Ltd	A	A	Australia	100	100
Crown Training Pty Ltd			Australia	100	100
Crown US Investments LLC			USA	100	100
Crown UK Investments Ltd			United Kingdom	100	100
Crown (Western Australia) Pty Ltd	A	A	Australia	100	100
Crown (Western Australia) Finance Holdings Pty Ltd	A	A	Australia	100	100
Crown (Western Australia) Finance Pty Ltd	A	A	Australia	100	100
DGN Games LLC			USA	85	85
Flienn Pty Ltd			Australia	100	100
Jade West Entertainment Pty Ltd			Australia	100	100
Gender Fitness Pty Ltd			Australia	100	100
Jemtex Pty Ltd	A	A	Australia	100	100
Melbourne Golf Academy Pty Ltd			Australia	100	100
PBL Overseas (CI) Pty Ltd	A	A	Australia	100	100
PBL (CI) Finance Pty Ltd			Australia	100	100
Penwin Pty Ltd			Australia	100	100
Publishing and Broadcasting (Finance) Ltd	A	A	Australia	100	100
Renga Pty Ltd			Australia	100	100
Royal Gaming Pty Ltd			Australia	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) Entities were deregistered during the period.

A These controlled entities have entered into a deed of cross guarantee dated 21 June 2017 with the parent entity under ASIC Instrument 2016/785 - the "Closed Group" (refer note 28). Crown Digital Holdings Pty Ltd was added to the deed of cross guarantee during the current period.

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

28. Deed of Cross Guarantee

Crown Resorts Limited and certain controlled entities, as detailed in note 27, are parties to a Deed of Cross Guarantee dated 21 June 2017 under which each company in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

By entering into the Deed, pursuant to ASIC Instrument 2016/785, certain controlled entities of Crown have been granted relief from the Corporations Act 2001 requirements for preparation, audit and reporting of financial reports and directors' reports.

The consolidated Statement of Profit or Loss and Statement of Financial Position of the entities which are members of the Closed Group are detailed below.

	Closed Group	
	2019 \$m	2018 \$m
Consolidated Statement of Profit or Loss		
Profit / (loss) before income tax	544.0	485.5
Income tax (expense) / benefit	(174.0)	(166.3)
Net profit / (loss) after income tax	370.0	319.2
Retained earnings / (accumulated losses) at the beginning of the financial year	5,079.0	5,186.1
Retained earnings / (accumulated losses) of entities entering Closed Group	-	(12.9)
Dividends provided for or paid	(409.0)	(413.4)
Retained earnings / (accumulated losses) at the end of the financial year	5,040.0	5,079.0

28. Deed of Cross Guarantee *continued*

	Closed Group	
	2019 \$m	2018 \$m
Consolidated Statement of Financial Position		
Current assets		
Cash and cash equivalents	1,073.2	1,822.0
Trade and other receivables	53.0	86.9
Inventories	15.8	16.3
Prepayments	34.8	29.9
Other financial assets	5.5	9.2
Total current assets	1,182.3	1,964.3
Non-current assets		
Receivables	896.3	885.0
Other financial assets	1,835.0	1,839.9
Investment in associates	54.5	46.3
Property, plant and equipment	4,154.8	3,782.0
Intangible assets - licences	964.0	980.6
Other intangible assets	310.9	315.3
Deferred tax assets	155.4	243.8
Other assets	48.8	50.4
Total non-current assets	8,419.7	8,143.3
Total assets	9,602.0	10,107.6
Current liabilities		
Trade and other payables	402.6	391.7
Interest-bearing loans and borrowings	287.6	25.7
Income tax payable	153.6	164.8
Provisions	172.3	204.3
Total current liabilities	1,016.1	786.5
Non-current liabilities		
Other payables	245.6	191.8
Interest-bearing loans and borrowings	1,348.7	1,989.1
Deferred tax liability	399.8	380.1
Provisions	24.3	48.3
Other financial liabilities	4.5	2.1
Total non-current liabilities	2,022.9	2,611.4
Total liabilities	3,039.0	3,397.9
Net assets	6,563.0	6,709.7
Equity		
Contributed equity	1,480.0	1,611.4
Treasury shares	-	(15.7)
Reserves	43.0	35.0
Retained earnings	5,040.0	5,079.0
Total equity	6,563.0	6,709.7

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

29. Parent Entity Disclosures

	Crown Resorts Limited	
	2019 \$m	2018 \$m
Results of the parent entity		
Profit after tax for the period	410.7	428.8
Other comprehensive income/(loss)	-	-
Total comprehensive income for the period	410.7	428.8
Financial position of the parent entity		
Current assets	35.7	44.9
Non-current assets	14,253.6	14,700.3
Total assets	14,289.3	14,745.2
Current liabilities	236.8	241.9
Non-current liabilities	4,891.7	5,212.7
Total liabilities	5,128.5	5,454.6
Total equity of the parent entity comprising of:		
Issued capital	9,277.1	9,408.6
Employee equity benefits reserve	13.0	13.0
Accumulated losses	(129.3)	(131.0)
Total equity	9,160.8	9,290.6

Contingent liabilities

There are no other contingent liabilities for the parent entity at 30 June 2019 (2018: \$nil), other than those disclosed in note 22.

Capital expenditure

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2019 (2018: \$nil).

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a deed of cross guarantee as well as bank and capital market debt facilities with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in notes 27 and 28 and further details on bank and capital market debt facilities are set out in note 15.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans, capital market debt, cash and short term deposits and derivatives.

The Group's business activities expose it to the following risks; market risks (interest rate, share price and foreign exchange), credit risk and liquidity risk. For each of these risks, the Group considers the counterparties, geographical area, currency and markets as applicable to determine whether there are concentrations of risk. Other than as described in this note, the Group is satisfied that there are no material concentrations of risk.

The Group has policies in place to manage different types of risks to which it is exposed. Policies include monitoring the level of interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates. Ageing analysis of and monitoring of exposures to counterparties is undertaken to manage credit risk. Liquidity risk is monitored through the employment of rolling cash flow forecasts.

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

30. Financial Risk Management Objectives and Policies *continued*

(a) Market Risk

(i) Interest rate risk – cash flow

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and long term debt obligations as outlined in note 15.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated as cash flow hedges.

	2019 \$m	2018 \$m
Financial assets		
AUD cash on hand and at bank	206.6	128.6
AUD deposits at call	711.6	1,487.1
GBP cash on hand and at bank	33.5	8.8
USD cash on hand and at bank	38.5	87.5
USD deposits at call	1.9	1.7
Total financial assets	992.1	1,713.7
Financial liabilities		
AUD bank loans	20.0	20.0
GBP bank loans	-	8.9
AUD capital market debt	415.4	803.4
HKD bank loans	8.5	25.7
Total financial liabilities	443.9	858.0
Net exposure	548.2	855.7

As at balance date, the Group maintained floating rate liabilities of \$443.9 million (2018: \$858.0 million) that were not hedged by interest rate swaps. The associated interest rate risk is mitigated by total financial assets of \$992.1 million (2018: \$1,713.7 million). Under the financial liabilities outstanding, for AUD facilities, the Group pays the Bank Bill Swap rate (BBSW) plus a margin of between 140 and 400 basis points, and for HKD facilities, the Group pays HIBOR plus a margin of 65 basis points.

Of the AUD cash on hand and at bank \$206.6 million is interest bearing and is invested at approximately BBSW. Deposits at call of \$711.6 million are invested at approximately BBSW. The Group maintains cash and cash equivalents on hand of \$133.9 million for operational purposes and is non interest bearing (2018: \$130.9 million).

As at balance date, the Group had GBP cash on hand and at bank of \$33.5 million which is interest bearing and accrues at the UK daily cash rate (2018: \$8.8 million). The Group had no floating rate borrowings in GBP (2018: \$8.9 million).

As at balance date, the Group had floating rate borrowings in HKD of \$8.5 million (2018: \$25.7 million) and had minimal interest earning cash and cash equivalents (2018: minimal).

As at balance date, the Group had USD cash on hand and at bank of \$38.5 million which is interest bearing and is invested at approximately US LIBOR (2018: \$87.5 million). In addition, the Group had USD deposits at call of \$1.9 million, which is invested at approximately US LIBOR (2018: \$1.7 million). The Group maintained no floating rate borrowings in USD (2018: \$nil).

Group Sensitivity

As a result of an increase in interest rates of 50 basis points the Group's post-tax-profit for the year would have increased by \$1.9 million (2018: \$3.0 million). As a result of a decrease in interest rates of 50 basis points the Group's post-tax-profit for the year would have decreased by \$1.9 million (2018: \$3.0 million).

The Group, where appropriate, uses interest rate swaps to manage the risk of adverse movements in interest rates for its long term floating rate borrowings which are subject to variable rates.

The Group uses cross-currency interest rate swaps to manage the risk of adverse movements in interest rates for its long term foreign currency denominated borrowings which are subject to variable rates.

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

30. Financial Risk Management Objectives and Policies *continued*

(a) Market Risk *continued*

(i) Interest rate risk – cash flow *continued*

Group Sensitivity *continued*

As at balance date the notional principal amounts and period of expiry of the interest rate swap contracts were as follows:

	2019 \$m	2018 \$m
Cash flow hedge		
Maturity under 1 year	-	-
Maturity 1 - 5 years	200.0	200.0
Maturity over 5 years	174.6	174.6
Closing Balance	374.6	374.6

As at balance date the key terms of the interest rate swap contracts were as follows:

Hedge Type	Maturity Date	Interest Rate Received	Interest Rate Paid	Fair Value of Swap Contract \$m
Year Ended 30 June 2019				
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(4.5)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	35.3
Year Ended 30 June 2018				
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(2.1)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	23.3

The terms of each of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective.

(ii) Interest rate risk – fair value

Where appropriate, the Group enters into fixed rate debt to mitigate exposure to interest rate risk. As the Group holds fixed rate debt there is a risk that the fair value of financial instruments will fluctuate because of market movements in interest rates. The level of fixed rate debt at balance date was \$634.8 million (2018: \$634.7 million). The Group pays between 4.5% and 8.5% (2018: 4.5% and 8.5%) on fixed rate debt. As at balance date, the carrying amounts of the Group's fixed rate debt were not materially different from the fair values (2018: not material).

As at balance date the Group had no interest rate swaps in place to hedge fixed rate debt issuances (2018: nil).

(iii) Foreign exchange risk

The Group has currency exposure as a result of capital expenditure and investments/sales in currencies other than the functional currency of the relevant entity.

The Group uses forward exchange contracts and cash flow hedges to minimise the currency exposure on any significant receivables or payables as is deemed appropriate.

All forward exchange contracts must be in the same currency as the firm commitment and the Group negotiates the terms of the hedges to exactly match the underlying commitment to maximise hedge effectiveness. As at balance date, the Group had hedged the majority of its foreign currency receivables and payables that are firm commitments.

30. Financial Risk Management Objectives and Policies *continued*(a) Market Risk *continued*(iii) Foreign exchange risk *continued*

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

	2019 \$m	2018 \$m
USD Exposure		
Financial assets		
Cash and cash equivalents	13.4	6.0
Total financial assets	13.4	6.0
Net exposure	13.4	6.0

	2019 \$m	2018 \$m
GBP Exposure		
Financial assets		
Cash and cash equivalents	9.4	7.9
Total financial assets	9.4	7.9
Net exposure	9.4	7.9

	2019 \$m	2018 \$m
HKD Exposure		
Financial assets		
Cash and cash equivalents	14.3	4.0
Trade and other receivables	27.6	27.1
Total financial assets	41.9	31.1
Financial liabilities		
Trade and other payables	23.0	9.6
HKD Debt Facilities	8.5	25.7
Total financial liabilities	31.5	35.3
Net exposure	10.4	(4.2)

Group sensitivity

Based on the financial instruments held at balance date, the sensitivity to fair value movements through profit and loss and other comprehensive income as a result of reasonably possible changes in exchange rates are as follows:

	Net Profit after tax higher/(lower)		Other comprehensive income higher/(lower)	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
AUD/USD +10 cents (2018: +10 cents)	(1.7)	(0.7)	-	-
AUD/USD -10 cents (2018: -10 cents)	2.2	0.9	-	-
AUD/GBP +5 cents (2018: +5 cents)	(0.8)	(0.7)	-	-
AUD/GBP -5 cents (2018: -5 cents)	0.9	0.8	-	-
AUD/HKD +50 cents (2018: +50 cents)	(0.9)	0.3	-	-
AUD/HKD -50 cents (2018: -50 cents)	1.0	(0.4)	-	-

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

30. Financial Risk Management Objectives and Policies *continued*

(a) Market Risk *continued*

(iii) Foreign exchange risk *continued*

Foreign Exchange Contracts

The Group uses derivative instruments such as forward exchange contracts to manage the currency risks arising from the Group's operations and its sources of finance.

Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. These derivatives qualify for hedge accounting and are based on limits set by the Board.

Cash flow hedges

At balance date details of outstanding cash flow hedges denominated in AUD were:

	Notional Amounts		Average Rate	
	2019 \$m	2018 \$m	2019	2018
Buy USD/Sell AUD				
Maturity under 1 year	30.4	76.2	0.8290	0.8294
Closing Balance	30.4	76.2		

The cash flow hedges are considered to be highly effective hedges as they are matched against known and committed receivables and payments and any gain or loss on the hedged risk is recognised through OCI and accumulated in the cash flow hedge reserve in equity.

(b) Price Risk

(i) Equity Securities Price Risk

In December 2018, Crown entered into a derivative instrument to hedge its exposure under the 2017 Senior Executive Incentive Plan. This hedge does not qualify for hedge accounting and therefore has not been designated in a hedge accounting relationship. At inception the derivative asset was valued at \$4.0 million, with the value of the instrument reduced to \$2.3 million at 30 June 2019. This unrealised loss in relation to the derivative instrument was included in the Statement of Profit or Loss.

The fair value of the instrument is sensitive to movements in the current and forecast share price for Crown Resorts with any further movements in fair value to be included in the Statement of Profit or Loss in future periods.

(ii) Commodity Price Risk

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

(c) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is outlined under each applicable note.

The Group does not hold any credit derivatives or collateral to offset its credit exposure.

All investment and financial instruments activity is with approved counterparties with investment grade ratings and is in accordance with approved policies. There are no significant concentrations of credit risk within the Group and the aggregate value of transactions is spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk in trade receivables is managed in the following ways:

- (i) The provision of credit is covered by a risk assessment process for all customers.
- (ii) Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.
- (iii) The provision of cheque-cashing facilities for gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world.

30. Financial Risk Management Objectives and Policies *continued*

(c) Credit Risk *continued*

In assessing the doubtful debts provisioning for trade receivables, the Group has measured credit risk using the 'Simplified Approach'. The simplified approach requires the recognition of lifetime expected credit losses at all times. The Group has elected to use a provision matrix utilising historical default rates, as well as taking into account current conditions and forecasts of future economic conditions. If the Group becomes aware of circumstances relevant to an individual or group of debtors that results in the matrix not being an appropriate basis for provisioning, then management discretion will be applied.

(d) Liquidity Risk

It is the Group's objective to maintain a balance between continuity of funding and flexibility through the use of cash reserves, committed bank lines and capital markets debt in order to meet its financial commitments in a timely manner. At balance date 26.7% or \$287.6 million of the Group's interest bearing liabilities will mature in less than 12 months (2018: 1.7% or \$25.7 million).

As at balance date the Group had \$200.4 million in undrawn committed bank lines and \$1,126.0 million in cash and cash equivalents to mitigate the maturing liabilities (2018: \$176.1 million and \$1,844.6 million respectively).

Maturity analysis of financial assets and liabilities

The table below analyses the Group's contractual undiscounted cash flows of financial assets and financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	1 year or less		1 to 5 years		More than 5 years		Total	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m	2019 \$m	2018 \$m	2019 \$m	2018 \$m
Financial assets								
Cash and cash equivalents	1,126.0	1,844.6	-	-	-	-	1,126.0	1,844.6
Receivables - trade	98.7	172.3	18.4	17.6	-	-	117.1	189.9
Receivables - other	-	-	139.4	125.4	-	-	139.4	125.4
Cross currency interest rate swaps receivable	8.8	8.4	35.3	33.5	106.0	117.3	150.1	159.2
Total financial assets	1,233.5	2,025.3	193.1	176.5	106.0	117.3	1,532.6	2,319.1
Financial liabilities								
Trade and other payables	433.1	427.5	87.5	124.6	167.6	163.0	688.2	715.1
Finance lease and other loan liabilities	-	-	1.0	1.0	-	-	1.0	1.0
Capital markets	259.1	-	-	259.1	790.0	1,178.0	1,049.1	1,437.1
Bank loans	28.5	25.7	-	28.9	-	-	28.5	54.6
Interest rate swaps payable	2.7	0.8	1.2	1.1	-	-	3.9	1.9
Cross currency interest rate swaps payable	12.3	12.3	49.2	49.2	147.7	160.1	209.2	221.6
Total financial liabilities	735.7	466.3	138.9	463.9	1,105.3	1,501.1	1,979.9	2,431.3
Net maturity	497.8	1,559.0	54.2	(287.4)	(999.3)	(1,383.8)	(447.3)	(112.2)

FINANCIAL REPORT 2019 CONTINUED

Notes to the Financial Statements *continued*

For the year ended 30 June 2019

Notes to the Financial Statements

30. Financial Risk Management Objectives and Policies *continued*

(e) Fair Value of Financial Instruments

The fair value of the Group's financial assets and financial liabilities approximates the carrying value as at balance date.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level One – the fair value is calculated using quoted prices in active markets;
- Level Two – the fair value is estimated using inputs other than quoted prices included in Level One that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level Three – the fair value is estimated using inputs for the asset or liability that are not based on observable market data, including cash flow forecasts, implied growth rates and implied discount rates.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Valuation Technique			Total \$m
	Quoted market price Level One \$m	Observable inputs Level Two \$m	Non market observable Level Three \$m	
Year ended 30 June 2019				
Financial Assets				
Foreign exchange contracts	-	5.5	-	5.5
2017 Senior Executive Incentive Plan Hedge	-	2.3	-	2.3
Cross currency swap contracts	-	35.2	-	35.2
	-	43.0	-	43.0
Financial Liabilities				
Contingent consideration	-	-	0.7	0.7
Interest rate swap contracts	-	4.5	-	4.5
	-	4.5	0.7	5.2
Year ended 30 June 2018				
Financial Assets				
Foreign exchange contracts	-	9.2	-	9.2
Cross currency swap contracts	-	23.3	-	23.3
	-	32.5	-	32.5
Financial Liabilities				
Contingent consideration	-	-	47.0	47.0
Interest rate swap contracts	-	2.1	-	2.1
	-	2.1	47.0	49.1

There have been no transfers between fair value measurement levels during the financial year ended 30 June 2019.

Reconciliation of Level Three fair value movements

	2019 \$m	2018 \$m
Financial Liabilities		
Opening balance	47.0	45.3
Profit and Loss	(48.9)	-
Other Comprehensive Income	2.6	1.7
Closing Balance - Financial Liabilities	0.7	47.0

30. Financial Risk Management Objectives and Policies *continued*

(f) Changes in liabilities arising from financing activities

	Bank Loans - Unsecured	Capital Markets Debt - Unsecured	Finance Leases - Secured	Other Loans - Unsecured	Derivatives	Total Liabilities from Financing Activities
	\$m	\$m	\$m	\$m	\$m	\$m
Year ended 30 June 2019						
At 1 July 2018	54.6	1,437.1	-	1.0	2.1	1,494.8
Cash flows	(27.3)	(397.7)	-	-	-	(425.0)
Foreign exchange variations	1.2	-	-	-	-	1.2
Movement in fair value	-	-	-	-	2.4	2.4
Other	-	9.7	-	-	-	9.7
At 30 June 2019	28.5	1,049.1	-	1.0	4.5	1,083.1
Year ended 30 June 2018						
At 1 July 2017	58.4	1,744.0	142.6	-	2.7	1,947.7
Cash flows	(3.8)	(307.6)	(118.1)	1.0	-	(428.5)
Foreign exchange variations	-	-	0.5	-	-	0.5
Movement in fair value	-	-	-	-	(0.6)	(0.6)
Other	-	0.7	(25.0)	-	-	(24.3)
At 30 June 2018	54.6	1,437.1	-	1.0	2.1	1,494.8



AGENDA ITEM 2:
Directors' Statutory Report



Audit & Corporate Governance Committee

Memorandum

To: Audit & Corporate Governance Committee

From: Mary Manos

Date: 30 August 2019

Subject: **Directors' Statutory Report**

2

Dear Committee Members

Crown is required, under the Corporations Act, to prepare and provide members with a Directors' Statutory Report which is to include the Remuneration Report. The Remuneration Report will be separately reviewed by the Nomination and Remuneration Committee.

Annexure A to this paper attaches the Company's draft 2019 Directors' Statutory Report.

The following enhancements have been made to the Operating and Financial Review section of the draft 2019 Directors' Statutory Report having regard to current commentary and guidance:

- The Company's business strategies have been included directly in the report, whereas in previous periods a reference to the front section of the Annual Report was made. The business strategies included in the Report are based on the key objectives included in the executive summary of the F20 financial plan and budget.
- A disclosure of the Company's material risks and associated mitigation strategies has been included. As the Company's Risk Framework has matured over the past 12 months, the risk disclosure included in the 2019 Directors' Statutory Report has been enhanced to align with the Company's Risk Framework. The risks included in the draft Report are the material business risks that could have an impact on the achievement of Crown's strategies and future prospects, being those risks which are considered "material risks" on the Risk Map and that are reported to the Risk Management Committee at each of its meetings.

Suggested Resolutions

It was **RESOLVED** that, subject to any amendments to the Directors' Statutory Report approved by the Chief Financial Officer, the Committee recommend the draft Directors' Statutory Report for approval by the Board.

Kind regards

Mary Manos
General Counsel and Company Secretary

Annexure A
2019 Directors' Statutory Report

See attached.

Directors' Statutory Report

Operating and Financial Review

The commentary included in this report omits some information which might be considered relevant to Crown's business strategies, prospects for future financial years and material risks, on the basis that the Directors have reasonable grounds to believe that disclosure would likely result in unreasonable prejudice to Crown.

Principal Activities

Crown is one of Australia's largest entertainment groups with its core businesses and investments in the integrated resorts sector.

In Australia, Crown owns and operates two of Australia's leading integrated resorts – Crown Melbourne and Crown Perth. Overseas, Crown owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district.

Crown's development project pipeline includes the Crown Sydney Hotel Resort at Barangaroo in Sydney and the One Queensbridge development site in Melbourne.

Crown has interests in various digital businesses, including Betfair Australasia (100%), DGN Games (85%) and Chill Gaming (50%), and holds equity interests in Aspers Group (50%) and Nobu (20%).

Review of Operations

Crown reported a consolidated net profit after tax (NPAT) attributable to the parent of \$401.8 million and a normalised NPAT¹ of \$368.6 million for the 12 months ended 30 June 2019. Crown Melbourne and Crown Perth normalised EBITDA decreased by 9.2%, and normalised revenue decreased by 5.4%, predominantly due to the decrease in normalised VIP program play revenue which was down 26.1%.

Performance for the year ended 30 June 2019		\$m
Normalised revenue ¹		3,139.2
Normalised expenditure ¹		(2,337.1)
Normalised EBITDA ²		802.1
Normalised EBIT ³		528.5
Normalised NPAT attributable to Crown		368.6
Reported NPAT attributable to Crown		401.8

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items. Normalised results are a non-IFRS measure, which have not been subject to audit or review.

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

3. Normalised earnings before interest and tax.

Crown's Australian operations' full year result reflected subdued market conditions. Total normalised revenue across Crown's Australian resorts decreased by 5.4% on the prior comparable period (pcp). This decline was primarily due to the reduction in VIP program play revenue in Australia, which was down 26.1%. Main floor gaming revenue increased by 0.5%, with modest revenue growth in Melbourne offset by continued softness in Perth, particularly for the table games business.

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

Crown Melbourne

Normalised EBITDA from Crown Melbourne was \$589.5 million, down 8.6% on the pcp. Reported EBITDA for the period was \$615.0 million, up 4.9% on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$25.5 million. This compares to a negative EBITDA impact of \$59.0 million in the pcp.

Normalised revenue of \$2,155.4 million was down 5.4% on the pcp.

Main floor gaming revenue was \$1,235.1 million, up 1.5% on the pcp, which comprises table games (non-program play) revenue of \$772.4 million (up 0.7% on the pcp) and gaming machine revenue of \$462.7 million (up 2.8% on the pcp).

Normalised VIP program play revenue was \$441.4 million, down 25.4% on the pcp, with turnover of \$32.7 billion.

Non-gaming revenue was \$478.9 million, up 1.9% on the pcp.

Overall hotel occupancy across Crown Melbourne's three hotels was approximately 94%, with Crown Towers hotel occupancy 95.4%, Crown Metropolitan hotel occupancy 93.4% and Crown Promenade hotel occupancy 93.6%.

The overall normalised operating margin decreased from 28.3% to 27.3%. The decline in margin is largely due to an increase in labour and other costs in an environment of subdued revenue growth.

Crown Perth

Normalised EBITDA from Crown Perth was \$221.8 million, down 10.8% on the pcp. Reported EBITDA for the period was \$244.6 million, up 10.4% on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$22.8 million. This compares to a negative EBITDA impact of \$27.3 million in the pcp.

Normalised revenue of \$799.4 million was down 5.3% on the pcp.

Main floor gaming revenue was \$454.2 million, down 2.1% on the pcp, which comprises table games (non-program play) revenue of \$186.8 million (down 6.0% on the pcp) and gaming machine revenue of \$267.4 million (up 0.8% on the pcp).

Normalised VIP program play revenue was \$72.0 million, down 30.1% on the pcp, with turnover of \$5.3 billion.

Non-gaming revenue was \$273.2 million, down 1.5% on the pcp.

Overall hotel occupancy across Crown Perth's three hotels was approximately 81%, with Crown Towers hotel occupancy 76.3%, Crown Metropal hotel occupancy 83.6% and Crown Promenade hotel occupancy 86.9%.

The overall normalised operating margin decreased from 29.5% to 27.7%. This decline in margin is largely due to the decline in revenues combined with modest growth in labour and fixed costs.

Crown Aspinalls

Normalised EBITDA from Crown Aspinalls was \$6.4 million, down 46.5% on the pcp. This reflects continued difficult trading conditions across the London high-end casino market. Reported EBITDA for the period was \$5.7 million, down 54.3% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$0.7 million. This compares to a positive EBITDA impact of \$0.4 million in the pcp.

Crown Digital

Crown's wagering and online social gaming operations comprise Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (an 85% owned, online social gaming business).

EBITDA from Crown's wagering and online social gaming operations was \$26.1 million, down 2.7% on the pcp. The pcp included the consolidated operating results of CrownBet, which was sold by Crown in February 2018.

At 30 June 2019, indicators of impairment were identified for DGN. These indicators were considered in the re-forecast of cash flows of the DGN Group, which were developed as part of the annual four-year business plan presented to and approved by the Board. Based on the impairment testing using the re-forecast earnings of the DGN Group, the recoverable amount of the DGN CGU is \$81.8 million as at 30 June 2019. As a result of the carrying amounts exceeding the recoverable amount, Crown has reduced goodwill relating to the acquisition of DGN by \$48.9 million. This goodwill was initially recorded as part of the acquisition of Winners Club Limited, with a significant part of the initial goodwill relating to contingent consideration. Crown has also reassessed the amount of contingent consideration on the acquisition of Winners Club Limited and reduced the amount due by \$48.9 million.

Cash Flow, Debt and Capital Management

Net operating cash flow for the period of \$778.1 million compared to net operating cash flow of \$731.7 million in the pcp. Other material cash flow items incurred during the period included net capital expenditure of \$538.5 million, dividend payments of \$409.0 million and share buy-back payments of \$131.4 million.

At 30 June 2019, Crown's net debt position was \$86.5 million (excluding working capital cash of \$133.9 million). This consisted of total debt of \$1,078.6 million and cash (excluding working capital cash) of \$992.1 million.

At 30 June 2019, total liquidity, excluding working capital cash, was \$1,192.5 million, represented by \$992.1 million in available cash and \$200.4 million in committed undrawn facilities.

During the year, Crown redeemed all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" on the first call date of 14 September 2018. This reduced Crown's gross debt by approximately \$400 million.

During the year, Crown bought back approximately \$131.4 million of shares (or approximately 10.3 million shares) under the on-market share buy-back announced on 9 August 2018. The on-market share buy-back expired on 29 August 2019.

Net interest expense for the year was \$10.1 million, \$35.9 million below the pcp, which reflects the repayment of the Subordinated Notes in September 2018, lower market interest rates and increased capitalised interest associated with the construction of the Crown Sydney project.

Business Strategies

Crown's strategic plan is to focus on the following key objectives:

- improving the underlying performance of Crown Melbourne, Crown Perth and Crown Aspinalls, including through investments to stimulate visitation and spend as well as through the management of costs;
- delivering the Crown Sydney Project on time and on budget and escalating pre-opening activities in preparation for the opening in 2021;
- continuing to grow, and create value from, Crown Digital;
- supporting the operations of Crown's other equity accounted investments to enhance their performance;
- continuing to deliver returns to shareholders;
- maintaining an appropriate and efficient capital structure; and
- continuing to proactively engage with relevant stakeholders, including regulators and the community.

Business Risks

Crown has established a framework, using the model outlined in AS/NZS ISO 31000:2018 Risk Management – Guidelines, for the oversight and management of material business risks. It has adopted a formal Risk Management Policy and articulated its Risk Appetite. Risk management is an integral part of the industry in which Crown operates.

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

The Risk Management Committee administers the Risk Management Policy and monitors management's performance against the risk management framework, including whether it is operating within the Risk Appetite set by the Board.

Various risks, some of which are beyond Crown's reasonable control, could have a material impact on the achievement of Crown's strategies and future prospects. These risks, together with the mitigating strategies, are summarised below. The risks presented below are not intended as an exhaustive list of all the risks and uncertainties associated with Crown's businesses.

Additional risks and uncertainties not presently known to management and the Board, or that management and the Board currently believe to be immaterial or manageable, may adversely impact Crown.

Material Business Risks	Mitigation Strategies
<p><i>Legal and Regulatory Compliance</i></p> <p>Crown operates in a highly regulated industry and is subject to regulatory approvals in the jurisdictions in which it conducts gaming operations.</p> <p>Systematic and/or serious breaches of legal or regulatory requirements may result in enforcement action in jurisdictions in which Crown has activities. This may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place legal, governance and compliance frameworks at each of its operations and continuously monitors its legislative and regulatory requirements in the jurisdictions in which it operates.</p> <p>In addition, Crown's internal control framework is designed to ensure effectiveness of, and compliance with, relevant legislative and regulatory requirements.</p> <p>Crown provides relevant employees and contractors with training on Crown's compliance obligations, policies and procedures (where applicable).</p> <p>Crown obtains legal advice in appropriate circumstances and jurisdictions as required.</p> <p>Internal audit periodically reviews the effectiveness of the controls and processes in place to manage Crown's compliance frameworks and the overall internal control framework.</p>
<p><i>Legal and Regulatory Changes</i></p> <p>Crown operates in a highly regulated industry and is subject to regulatory approvals in the jurisdictions in which it conducts gaming operations. Crown's operations, financial performance and future prospects are dependent on the legal and regulatory frameworks in which it operates.</p> <p>Legislative and regulatory changes may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown proactively engages with relevant stakeholders and has in place legal, governance and compliance frameworks at each of its operations.</p> <p>Crown monitors for legislative and regulatory changes on an ongoing basis.</p> <p>From time to time, Crown makes submissions relating to proposed legislative and regulatory changes which may impact the Group.</p> <p>Crown provides relevant employees and contractors with training on legislative and regulatory changes (where applicable).</p>

DIRECTORS' STATUTORY REPORT CONTINUED

Material Business Risks	Mitigation Strategies
<p>Reputation</p> <p>Negative publicity of Crown may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place legal, governance and compliance frameworks at each of its operations and provides relevant employees and contractors with training on Crown's compliance obligations, policies and procedures (where applicable).</p> <p>Crown's Australian resorts have in place the following set of values which apply across the properties:</p> <ul style="list-style-type: none"> • we act respectfully; • we are passionate; • we work together; and • we do the right thing. <p>In addition, Crown proactively engages with key stakeholders, including relevant regulators and governments.</p>
<p>Relationships with Key Stakeholders</p> <p>A breakdown in Crown's relationships with key stakeholders, including regulators and governments, may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown professionally and proactively engages with relevant stakeholders and has in place legal, governance and compliance frameworks at each of its operations.</p>
<p>Terrorism</p> <p>As Crown's properties are places where large crowds may congregate, they may be the target of a terrorist attack or the calculated use or threat of violence.</p> <p>Any such event may have an adverse impact on Crown's customers, employees and operational and financial performance.</p>	<p>Crown has in place security and surveillance technology and procedures at each of its properties which monitor for suspicious behaviours.</p> <p>In addition, Crown has a framework in place for responding to major incidents and works with key law enforcement agencies for coordinated and rapid responses.</p>
<p>Litigation</p> <p>Any potential material litigation brought against Crown by third parties may have an impact on Crown's financial performance.</p>	<p>Crown proactively monitors and responds to legal issues and engages legal advisors as required.</p> <p>In addition, Crown has in place legal, governance and compliance frameworks at each of its operations which are supported by insurance programs as appropriate.</p>
<p>Data Security</p> <p>Crown maintains confidential customer and commercially sensitive data.</p> <p>The leak or unauthorised use of confidential customer and commercially sensitive data may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place IT policies, procedures and training programs which are further supported by a cyber security program.</p> <p>Crown also has in place legal and compliance frameworks at each of its operations and confidentiality arrangements in place with its employees and contractors.</p> <p>In addition, Crown has adopted a management framework for responding to data breach incidents, should they occur.</p>

Material Business Risks	Mitigation Strategies
<p>Volatility of Gaming Revenue</p> <p>Crown's gaming operations may experience variations from theoretical win rates due to the element of chance in gaming activities.</p> <p>Sustained unfavourable variations in the actual win rate compared to the theoretical win rate would be likely to have an adverse impact on Crown's financial performance.</p>	<p>Crown monitors and reviews its gaming businesses and reports in its results on the basis of its actual and long-term theoretical win rates.</p>
<p>Third Party Default</p> <p>The potential material default by those with whom Crown has a business relationship may have an adverse impact on Crown's financial performance.</p>	<p>Crown has in place credit approval and recovery processes and procedures.</p> <p>Crown maintains a provision for doubtful debts which is monitored on an ongoing basis and is audited by its external auditors.</p>

Significant Changes in State of Affairs

Some of the significant changes in the state of affairs of the consolidated group since 1 July 2018 include:

Significant Transactions/Matters

- On 31 May 2019, Crown announced that it had been informed that CPH Crown Holdings Pty Limited, a wholly-owned subsidiary of Consolidated Press Holdings Pty Limited, had entered into an agreement (Share Sale Agreement) in relation to the sale of 19.99% of the issued capital of Crown to Melco Resorts & Entertainment Limited. On 29 August 2019, Crown subsequently announced that it had been informed that CPH Crown Holdings Pty Limited and Melco Resorts & Entertainment Limited had agreed to amend the Share Sale Agreement.
- On 9 April 2019, Crown announced that it was in confidential discussions with Wynn Resorts, Limited (Wynn) regarding a potential change of control transaction following approaches by Wynn to Crown. On 10 April 2019, Crown subsequently announced that Wynn had announced that it had terminated all discussions with Crown concerning any transaction.
- On 3 August 2018, the Victorian Commission for Gambling and Liquor Regulation released its final report concerning the Sixth Review of the Casino Operator and Licence held by Crown Melbourne Limited (Crown Melbourne), a subsidiary of Crown which concluded that:
 - Crown Melbourne remains a suitable person to continue to hold its licence to operate the Melbourne Casino;
 - Crown Melbourne is complying with relevant legislation and agreements; and
 - it is in the public interest that the licence should continue in force.

The report made 20 recommendations in relation to the operations of Crown Melbourne which Crown Melbourne has accepted, subject to the matters set out in Crown Melbourne's response to the report.

Board Changes

On 20 November 2018, Crown announced that the appointment of John Poynton AO as a Director of Crown had become effective following the receipt of all necessary regulatory approvals.

Significant Events After Balance Date

- On 9 August 2018, Crown announced that it had commenced proceedings against the Barangaroo Delivery Authority (BDA) in the Commercial List of the Supreme Court of New South Wales in connection with the Crown Sydney Hotel Resort (Proceedings). The Proceedings sought injunctive relief and declarations against the BDA that, in substance, require the BDA to comply with a number of its contractual obligations under the Crown Development Agreement. On 14 December 2018, Crown announced that judgment in relation to the Proceedings against the BDA was delivered in favour of Crown, with costs. On 15 February 2019, the BDA filed its summons seeking leave to appeal the judgment. On 19 August 2019, Crown announced that it had settled its dispute with Infrastructure New South Wales (INSW) (formerly the BDA) in connection with the Crown Sydney Hotel Resort. The terms of the settlement are confidential.

Crown is satisfied with the outcome of the settlement and the retention of the sight lines across Central Barangaroo from the Harbour Bridge to the Sydney Opera House.

- On 8 August 2019, Crown was informed by the New South Wales Independent Liquor and Gaming Authority (NSW ILGA) that it would be conducting an inquiry under s143 of the *Casino Control Act 1992* (NSW) (inquiry). The Terms of Reference in relation to the Inquiry were subsequently released on 29 August 2019. The Victorian Commission for Gambling and Liquor Regulation has also announced it will re-examine issues relating to Crown Melbourne that have been reported in the media recently. Crown will fully co-operate in relation to these investigations.
- Subsequent to year end, the Directors of Crown declared a final dividend on ordinary shares of 30 cents per share in respect of the year ended 30 June 2019. The final dividend will be 25% franked with the unfranked component of the dividend declared to be conduit foreign income. The final dividend has not been provided for in the 30 June 2019 financial statements.

Environmental Regulation

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

Key features of the NGER Act include:

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

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

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

Likely Developments

Crown's balance sheet shows a net debt position of \$86.5 million at 30 June 2019. With available liquidity of \$1,192.5 million, Crown is well placed to fund its Australian development project pipeline.

Crown Sydney Project

Construction of the Crown Sydney Hotel Resort is progressing on schedule for completion in the first half of calendar year 2021. The project cost remains unchanged, with the gross project cost expected to be approximately \$2.2 billion and net project cost expected to be approximately \$1.4 billion.

One Queensbridge Development Site

Crown holds a 50% ownership interest in the One Queensbridge development site which is strategically located adjacent to the Crown Melbourne entertainment complex, with the remaining 50% interest held by the Schiavello Group.

Crown has reached an agreement to purchase the Schiavello Group's 50% ownership interest in the site as well as all pre-development assets, including all intellectual property and designs for the project, for approximately \$80 million. The transaction remains subject to long-form agreements between Crown and the Schiavello Group.

The purchase represents Crown's continued investment in Victoria and the Southbank arts and entertainment precinct. The One Queensbridge site could accommodate a fourth Crown hotel which would deliver significant economic and tourism benefits to Victoria, including additional employment and training opportunities.

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

Dividends and Distributions

Interim Dividend: Crown paid an interim dividend of 30 cents per ordinary share on 4 April 2019. The dividend was 60% franked with the unfranked portion of the dividend declared to be conduit foreign income.

Final Dividend: The Directors of Crown have declared a final dividend of 30 cents per ordinary share to shareholders registered as at 20 September 2019. The final dividend will be 25% franked with the unfranked portion of the dividend declared to be conduit foreign income.

In summary:	Dividend per share	\$
Interim Dividend paid	30.0 cents per share	203,147,481.30
Final Dividend declared	30.0 cents per share	203,147,481.30
Total	60.0 cents per share	406,294,962.60

Crown paid shareholders a final dividend in respect of the 2018 financial year of \$205.9 million.

Directors and Officers

Director Details

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

Name	Date Appointed	Date Ceased
John Henry Alexander	6 July 2007	
The Honourable Helen Anne Coonan	2 December 2011	
Andrew Demetriou	29 January 2015	
Geoffrey James Dixon	6 July 2007	
Jane Halton AO PSM	23 May 2018	
Professor John Stephen Horvath AO	9 September 2010	
Guy Jalland	16 April 2018	
Michael Roy Johnston	6 July 2007	
Antonia Korsanos	23 May 2018	
Harold Charles Mitchell AC	10 February 2011	
John Hartley Poynton AO	20 November 2018	

At Crown's 2018 Annual General Meeting, Jane Halton AO PSM, John Horvath AO, Guy Jalland, Michael Johnston and Antonia Korsanos stood for election/re-election as Directors. Each Director was elected/re-elected at that meeting.

On 20 November 2018, the appointment of John Poynton AO as a Director of Crown became effective following the receipt of all necessary regulatory approvals.

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

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



John H Alexander, BA
Executive Chairman

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

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

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

Board Committee memberships:

- Member of the Investment Committee
- Member of the Responsible Gaming Committee

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

- Seven West Media Limited from May 2013 to current



The Honourable Helen A Coonan, BA, LLB
Non-executive Director

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

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

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

Ms Coonan is the inaugural Chair of the Australian Financial Complaints Authority (AFCA), Chair of the Minerals Council of Australia (MCA), HGL Limited, Place Management NSW (formerly the Sydney Harbour Foreshore Authority) and Supervised Investments Australia Limited. She is also Non-executive Director of Snowy Hydro Limited, a member of the J.P Morgan Advisory Council and Co-Chair of GRACosway (a subsidiary of the Clemenger Group).

Ms Coonan is a Non-executive Director of Obesity Australia Limited and of the Australian Children's Television Foundation and Chairs the Advisory Board of Allegis Partners.

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

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

Ms Coonan is Chair of the Crown Resorts Foundation.

Board Committee memberships:

- Chair of the Audit and Corporate Governance Committee
- Chair of the Corporate Responsibility Committee
- Chair of the Finance Committee

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

- HGL Limited from July 2019 to current



Andrew Demetriou, BA, BEd
Non-executive Director

Andrew Demetriou was Chief Executive Officer of the Australian Football League (AFL) from 2003 until June 2014.

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

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

Mr Demetriou is a Director of the Melbourne Sports Marketing firm, Bastion Group, Co-Chair of the National Basketball League (NBL) Advisory Board, Chairman and Non-Executive Director of Capitol Health Limited and Transitional Chairman of Cox Architecture.

Mr Demetriou also served as Non-executive Chairman of the Baxter Group, a waste management group listed on ASX in 2003 with a market capitalisation of \$40 million – the company was later sold to Transpacific for \$260 million – and is a former Chairman of the Australian Multicultural Advisory Council. He recently completed a two year term on the Australian Referendum Council for Indigenous recognition in the Constitution.

Board Committee memberships:

- Member of the Risk Management Committee

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

- Capitol Health Limited from November 2014 to current



Geoffrey J Dixon
Non-executive Director

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

Mr Dixon was Managing Director and Chief Executive Officer of Qantas Airways for eight years until 2008 - joining Qantas in 1994, he also served as Chief Commercial Officer and, for two years, as Deputy Managing Director.

Mr Dixon was Chairman of the Australian Government's principal tourism authority, Tourism Australia, for six years until 2014 and Chairman of the Garvan Medical Research Foundation for 10 years until 2018.

He has served on a number of public companies and Not-for-Profit boards including Leighton Holdings, Adslot Limited, the Business Council of Australia, the Museum of Contemporary Art Australia and is a long time Ambassador for the Australian Indigenous Education Foundation.

Board Committee memberships:

- Chair of the Nomination and Remuneration Committee
- Chair of the Risk Management Committee

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

- Adslot Limited from December 2013 to December 2016



Jane Halton AO PSM, BA (Hons) Psychology, FIML, FIPAA, NAM, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt (UNSW)
Non-executive Director

Jane Halton's 33 year career in the public service includes the positions of Secretary of the Australian Department of Finance, Secretary of the Australian Department of Health, Secretary for the Department of Health and Ageing and Executive Co-ordinator (Deputy Secretary) of the Department of the Prime Minister and Cabinet.

Ms Halton is a current Director of Australia and New Zealand Banking Group Limited and Clayton Utz, is the current Chair of Vault Systems and Council on the Ageing Australia and is the Chair and a Director of Coalition of Epidemic Preparedness Innovations (Norway).

Ms Halton's other roles include Member of the Executive Board of the Institute of Health Metrics and Evaluation at the University of Washington, Adjunct Professor of the University of Sydney and the University of Canberra and Council Member of Australian Strategic Policy Institute.

Ms Halton brings to the Board extensive experience in finance, risk management, information technology, human resources and public policy.

Board Committee memberships:

- Member of the Occupational Health and Safety Committee
- Member of the Risk Management Committee

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

- Australia and New Zealand Banking Group Limited from October 2016 to current



Professor John S Horvath AO, MB, BS (Syd), FRACP, FAAHMS, FRCPA (Hons)
Non-executive Director

Professor John Horvath was the Australian Government Chief Medical Officer from 2003 to 2009 and principal Medical Consultant to the Commonwealth Department until January 2016. He continued to advise the Department of Health and the School of Medicine, University of Sydney until 2014 and holds the position of Honorary Professor of Medicine.

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

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

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

Professor Horvath is a member of the International Advisory Board of the Australian Genetic Consortium.

Professor Horvath sits on the Crown Melbourne Limited and the Crown Resorts Foundation Boards.

Board Committee memberships:

- Chair of the Occupational Health and Safety Committee
- Chair of the Responsible Gaming Committee
- Member of the Corporate Responsibility Committee
- Member of the Nomination and Remuneration Committee



Guy Jalland, LLB
Non-executive Director

Guy Jalland is the Chief Executive Officer of Consolidated Press Holdings Pty Limited (CPH), having worked in the Consolidated Press Holdings and Publishing & Broadcasting Limited (PBL) groups since 1998.

In the past, Mr Jalland has held the role of Group General Counsel and Joint Company Secretary of CPH and PBL.

He has represented CPH as a Director on the boards of Consolidated Media Holdings Limited, Foxtel and Fox Sports.

Board Committee memberships:

- Chair of the Investment Committee



Michael R Johnston, BEc, CA
Non-executive Director

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

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

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

Board Committee memberships:

- Member of the Audit and Corporate Governance Committee
- Member of the Finance Committee
- Member of the Investment Committee
- Member of the Nomination and Remuneration Committee
- Member of the Occupational Health and Safety Committee



Antonia Korsanos, BEc, CA
Non-executive Director

Antonia Korsanos was the Chief Financial Officer (2009 to 2018) and Company Secretary (2011 to 2018) of Aristocrat Leisure Limited. She has over 20 years' experience in financial and general management at companies including Kellogg's Australia and New Zealand, Goodman Fielder Limited and Coopers & Lybrand in Sydney.

Mrs Korsanos brings to the Board extensive experience in the gaming industry and experience in the areas of technology, finance, strategy, mergers and acquisitions, risk management and financial and regulatory compliance.

Mrs Korsanos has a Bachelor of Economics (Accounting & Finance) from Macquarie University, is a Member of the Institute of Chartered Accountants and is a Graduate of Australian Institute of Company Directors (GAICD). Mrs Korsanos is also a Member of Chief Executive Women and a Non-Executive Director of Webjet Limited and Ardent Leisure Group Limited.

Mrs Korsanos is a Director of Crown Melbourne Limited.

Board Committee memberships:

- Member of the Audit and Corporate Governance Committee
- Member of the Finance Committee
- Member of the Responsible Gaming Committee

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

- Webjet Limited from June 2018 to current
- Ardent Leisure Group Limited from July 2018 to current



Harold C Mitchell AC
Non-executive Director

Harold Mitchell is the founder of Mitchell & Partners and until August 2013 was Executive Chairman of Aegis Media, Australia and New Zealand. Since he started Mitchell & Partners in 1976, the company has evolved to become the largest media and communications group in Australia today. In December 2000, Mr Mitchell launched the Harold Mitchell Foundation which distributes funds between health and the arts.

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

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

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

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

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

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

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

Mr Mitchell sits on the Crown Resorts Foundation Board.

Board Committee memberships:

- Member of the Corporate Responsibility Committee
- Member of the Nomination and Remuneration Committee



John Poynton AO, BCom, Hon DCom, FAICD, SF FIN (LIFE), FAIM
Non-executive Director

John Poynton is a Director of the Future Fund Board of Guardians (Australia's sovereign wealth fund). He is also the Chair of Strike Energy Limited, Sapien Cyber Limited and Jindalee Partners.

Mr Poynton has previously served as Chairman, Deputy Chairman or Non-Executive Director of a number of ASX Listed companies, Federal Government boards and education institutions. These include the Export Finance and Insurance Corporation, the Payments System Board of the Reserve Bank of Australia and the Business School at the University of Western Australia.

Mr Poynton was the Chair of the Council of Christ Church Grammar School between 2014 and 2018 and a member of the Advisory Board of the Security Research Institute at Edith Cowan University.

Mr Poynton is a past recipient of a Western Australian Citizen of the Year award in the Industry and Commerce category.

Mr Poynton also sits on the Burswood Limited (Crown Perth) Board.

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

- Strike Energy Limited from April 2017 to current

Company secretary details



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

Mary Manos is Crown's General Counsel and Company Secretary. Ms Manos is also Secretary of Crown Melbourne Limited, Burswood Limited and Crown Resorts Foundation Limited.

Ms Manos was formerly Senior Legal Counsel for Crown and joint Company Secretary. Ms Manos was appointed joint Company Secretary in April 2008.

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

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

She is also a Graduate of the Australian Institute of Company Directors.

Other officer details



Kenneth M Barton, BEc, CA, F FIN
*Chief Financial Officer
CEO Crown Digital*

Ken Barton has been Chief Financial Officer of Crown Resorts Limited since March 2010 and CEO Crown Digital since February 2017. Mr Barton also sits on the Crown Melbourne Limited, Burswood Limited and Crown Resorts Foundation Boards.

He was previously Chief Financial Officer of Boral Limited for seven years having also held roles at Pioneer International and Arthur Andersen.

Mr Barton holds a Bachelor of Economics degree from the University of Sydney, is an Associate of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia. He also joined the Male Champions of Change program in 2017.



Barry Felstead
*Chief Executive Officer -
Australian Resorts*

Barry Felstead has been Chief Executive Officer - Australian Resorts since August 2013. Mr Felstead sits on the Crown Melbourne Limited and Burswood Limited Boards.

Prior to August 2013, Mr Felstead was Chief Executive Officer of Crown Perth (formerly Burswood) since March 2007, after holding the position of Chief Operating Officer - Gaming of Crown Perth from 2005. Mr Felstead has held multiple management positions at Crown Melbourne.

Mr Felstead is Chairman of FutureNow, a Board member of Burswood Park Board, Alumni of Celebrate WA and a Board Member of Australasian Gaming Council (AGC).



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

Todd Nisbet joined the Crown Resorts team in October 2007. In his role as Executive Vice President - Strategy and Development, Mr Nisbet is responsible for all project development and construction operations of Crown Resorts.

From August 2000 through to July 2007, Mr Nisbet held the position of Executive Vice President - Project Director for Wynn Design and Development, a development subsidiary of Wynn Resorts Limited. Serving this role with Wynn Resorts Limited, he was responsible for all project development and construction operations undertaken by Wynn Resorts. Prior to joining Wynn, Mr Nisbet was the Vice President of Operations for Marnell Corrao Associates. During his 14 years at Marnell Corrao (1986 to 2000), he was responsible for managing various aspects of the construction of some of Las Vegas' most elaborate and industry-defining properties.

Mr Nisbet holds a Bachelor of Science degree in Finance from the University of Nevada, Las Vegas.

Relevant Interests of Directors

Details of relevant interests of current Directors in Crown shares as at 30 June 2019¹ were as follows:

Director	Total number of ordinary shares	Total number of options
John Alexander	399,557	5,000,000
The Hon. Helen Coonan	-	-
Andrew Demetriou	-	-
Geoff Dixon	-	-
Jane Halton AO PSM	948	-
Professor John Horvath AO	-	-
Guy Jalland	-	-
Michael Johnston	-	-
Antonia Korsanos	10,000	-
Harold Mitchell AC	114,887	-
John Poynton AO	1,000	-

Notes:

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

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

Board and Committee Meetings

Set out below are details of the number of Board meetings and Committee meetings held by Crown during the 2019 financial year together with each Director's attendance details.

	Board Meetings		Audit and Corporate Governance Committee Meetings		Corporate Responsibility Committee Meetings		Nomination and Remuneration Committee Meetings		Occupational Health and Safety Committee Meetings		Responsible Gaming Committee Meetings		Risk Management Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
	J H Alexander	11	11									7	7	
H A Coonan	11	11	3	3	2	2								
A Demetriou	11	10											6	5
G J Dixon	11	11					7	7					6	6
S J Halton AO PSM	11	11							4	4			6	6
J S Horvath AO	11	10			2	2	7	7	4	4	7	7		
G Jalland	11	11												
M R Johnston ¹	11	11	3	3			1	1	4	4				
A Korsanos	11	11	3	3							7	7		
H C Mitchell AC	11	11			2	2	7	7						
J Poynton AO ²	8	8												

1. Mr Johnston was appointed as a member of the Nomination and Remuneration Committee on 17 April 2019.

2. Mr Poynton was appointed as a director of Crown on 20 November 2018.

Under Crown's Constitution and its Board and Committee Charters, documents containing written resolutions assented to by Directors are to be taken as a minute of a meeting of Directors or of a Committee (as the case may be). The Board assented to five written resolutions and the Nomination and Remuneration Committee assented to one written resolution in the 2019 financial year. The Finance and Investment Committees did not formally meet in the 2019 financial year.

Shares and Options

As at the date of this Report, Crown has 21.175 million unquoted options on issue (as set out below). Each option is granted over one fully paid ordinary share in Crown. In addition, there are 8,513,980 unquoted options on issue, each of which has been granted over one fully paid ordinary share in Crown Digital Holdings Pty Ltd (Crown Digital Holdings) (a wholly owned subsidiary of Crown) (as set out below).

In April 2017, Crown issued 14 million options under the 2017 Senior Executive Incentive Plan to John Alexander and a small number of senior executives. The options, with an expiry date of 22 February 2021, were granted with an initial exercise price of \$11.43. The exercise price of \$11.43 per option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

In August 2018, Crown issued an additional 7.175 million options under the 2017 Senior Executive Incentive Plan to a small number of senior executives, none of whom were members of Crown's key management personnel. 540,000 of the options were issued to Mr Karl Bitar – the Executive Vice President – Group Marketing & Brand Strategy. The options, with an expiry date of 8 August 2022, were granted with an initial exercise price of \$13.35. The exercise price of \$13.35 per option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

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

For all holders of options under the 2017 Senior Executive Incentive Plan, other than a Director of Crown, at Crown's election, the options can be settled by the issue of new Crown fully paid ordinary shares, the transfer of shares acquired by Crown from the market or by paying cash, equivalent to the difference between the exercise price of the options and the market price of the shares at the time of exercise. For John Alexander, a Director of Crown, any shares to be acquired on the vesting and exercise of the options must be purchased on-market and cannot be settled by the issue of new Crown shares.

In December 2018, Crown Digital Holdings issued 8,513,980 options to Mr Ken Barton under the Crown Digital Senior Executive Option Plan. Each option has been granted over one fully paid ordinary share in Crown Digital Holdings. The options, with an expiry date of 19 December 2022, were granted with an exercise price of \$1.45.

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

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

Indemnity and Insurance of Officers and Auditors

Director and Officer Indemnities

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

Directors' and Officers' Insurance

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

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

Indemnification of Auditors

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

Auditor Information

Auditor Details

Ernst & Young has been appointed Crown's auditor. Mr Michael Collins was the Ernst & Young partner responsible for the audit of Crown's accounts for the year ended 30 June 2019.

Non-audit Services

Details of the amounts paid or payable to Ernst & Young for non-audit services provided during the year by the auditor are outlined in note 23 of the Financial Report. Crown acquired non-audit services from Ernst & Young, largely in respect of taxation matters relating to the Cannery tax litigation matter as well as employment and compliance related taxation matters.

The ratio of non-audit to audit services provided by Ernst & Young to Crown at the conclusion of the 2019 financial year is set out below:

Ratio including the Cannery tax litigation matter	Ratio excluding the Cannery tax litigation matter
2.5:1	1.6:1

Based on advice received from the Audit and Corporate Governance Committee, the Directors are satisfied that the provision of non-audit services during the 2019 financial year by Ernst & Young is compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)* for the following reasons:

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

Rounding

The amounts contained in this Report and in the Financial Report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Crown is an entity to which this Instrument applies.



AGENDA ITEM 3:
Corporate Governance Statement



Audit & Corporate Governance Committee

Memorandum

To: Audit & Corporate Governance Committee

From: Mary Manos

Date: 30 August 2019

Subject: **Corporate Governance Statement**

Dear Committee Members

Crown is required under the Listing Rules to include a Corporate Governance Statement in its Annual Report disclosing the extent to which Crown has followed the third edition of the Corporate Governance Principles and Recommendations set by the ASX Corporate Governance Council during the reporting period.

The Committee was provided with a preliminary draft 2019 Corporate Governance Statement at its 12 August 2019 meeting. Annexure A to this paper attaches an updated draft Corporate Governance Statement. The draft has been updated to include a populated "Diversity policy" section which includes the data presented to the Committee in the Diversity Report at its August meeting. A number of other non-substantive edits have been made.

It is also a requirement of the ASX Listing Rules that companies provide the ASX with a completed Appendix 4G. The Appendix 4G is a "tick-the-box" form which summarises the Principles and Recommendations. Companies must tick which of the Principles and Recommendations they comply with, the draft Corporate Governance Statement notes the departure from Recommendation 2.5 – that the chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. This will be provided to ASX at the same time that Crown lodges its 2019 Annual Report.

Suggested Resolution

It was **RESOLVED** that, subject to any amendments approved by the General Counsel and Company Secretary, the Committee recommends the draft 2019 Corporate Governance Statement for approval by the Board.

Mary Manos
General Counsel and Company Secretary

Annexure A
Draft 2019 Corporate Governance Statement

See attached.

Corporate Governance Statement

The Board of Crown Resorts Limited (Crown or the Company) is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which Crown has followed the ASX Corporate Governance Council's Third Edition of the Corporate Governance Principles and Recommendations (the Principles and Recommendations). This Statement is current as at 11 September 2019 and has been approved by the Board.

Principle 1: Lay solid foundations for management and oversight

Functions reserved for the Board and Senior Management

Functions reserved for the Board

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

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

Board appointments are made pursuant to formal terms of appointment.



More information

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

Functions delegated to Senior Executives

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

Crown Board Committees

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

Committees	Current Members
Audit and Corporate Governance Committee	Helen Coonan (Chair) Michael Johnston Antonia Korsanos
Corporate Responsibility Committee	Helen Coonan (Chair) John Horvath Harold Mitchell
Finance Committee	Helen Coonan (Chair) Michael Johnston Antonia Korsanos
Investment Committee	Guy Jalland (Chair) John Alexander Michael Johnston
Nomination and Remuneration Committee	Geoff Dixon (Chair) John Horvath Michael Johnston Harold Mitchell
Occupational Health and Safety Committee	John Horvath (Chair) Jane Halton Michael Johnston
Responsible Gaming Committee	John Horvath (Chair) John Alexander Antonia Korsanos
Risk Management Committee	Geoff Dixon (Chair) Andrew Demetriou Jane Halton

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 under the heading Corporate Governance – Charters.

Director probity reviews and elections

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

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

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

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

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

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

More information

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

Director and Senior Executive agreements

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

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

Company Secretary accountability

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

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

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

More information

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

Diversity Policy

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

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

Objective	Crown's Progress
1. To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.	<p>Crown has adopted this recruitment objective as part of its commitment to diversity and in line with the Crown Diversity Policy.</p> <p>In order to meet this objective, all positions in the group must be supported through a consistent, unbiased and thorough recruitment process, managed by the relevant recruitment team, including for positions identified through succession planning or otherwise. This process is overseen by the Executive team at each property.</p> <p>During the financial year, female candidates were shortlisted for 80% of Senior Management and Senior Executive positions within the group for which a recruitment process was undertaken during the financial year. For the positions that did not have a female candidate shortlisted, there were no female applicants.</p> <p>Additional efforts around attracting and sourcing female candidates have been undertaken. These include:</p> <ul style="list-style-type: none"> • reviewing the language used in job advertisements; and • undertaking targeted database searches of predominant job boards. <p>A female from Senior Management was involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process was undertaken.</p>
2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.	<p>During the financial year, Crown's wholly-owned properties achieved a 54% female participation rate in leadership and development programs which represents a 9% increase on financial year 2018.</p>
3. To conduct an internal review on an annual basis of the remuneration for key roles within the group, with an external validation review to be undertaken every second year, to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.	<p>As noted in the 2018 Corporate Governance Statement, for the 2018 financial year, Crown engaged Mercer, a workforce consultancy firm, to undertake an independent external gender pay gap analysis for all salaried roles below the Business Operations Teams at Crown Melbourne and Crown Perth which found that no meaningful gender pay gap existed for any of the salaried roles within the scope of the review.</p> <p>As an external review was undertaken in the 2018 financial year, for the 2019 financial year, Crown conducted an internal review only.</p> <p>Crown continued to apply a variety of internal and external equity testing processes in relation to remuneration decisions at various points throughout the financial year, of which gender equity has been a key feature.</p>

Objective	Crown's Progress
<p>3. To conduct an internal review on an annual basis of the remuneration for key roles within the group, with an external validation review to be undertaken every second year, to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps. <i>(continued)</i></p>	<p>The internal testing and analysis applied has included:</p> <ul style="list-style-type: none"> • validation of salaries at the start of the recruitment process, whereby salaries of non-Enterprise Agreement roles are validated prior to approval to hire in order to remove any unintended bias; • Workplace Gender Equity Agency (WGEA) reporting requirements, where gender demographics as well as the gender pay gap is assessed; and • annual performance and remuneration review processes, whereby a detailed analysis of all salaried roles is undertaken to understand and identify 'like for like' roles and to ensure there is no gender based inequity. <p>[The internal pay gap review confirmed that there has not been any change from last year's review in which there was no statistically significant pay gap identified for like for like roles.]</p> <p>An external review will be undertaken again following the conclusion of the 2020 financial year.</p>
<p>4. To participate in local and national programs which promote gender equity and to implement relevant actions arising out of those programs.</p>	<p>Crown participated in the following local and national programs during the 2019 financial year:</p> <ul style="list-style-type: none"> • Male Champions of Change (MCC) program – Ken Barton, Crown's Chief Financial Officer and CEO Crown Digital continued to represent Crown in the MCC program. • CEOs for Gender Equity in Western Australia – Barry Felstead, CEO – Australian Resorts. • Women in Gaming and Hospitality Australasia (WGH) – during the financial year, a member of Crown's Executive team was appointed to the WGH Board and Crown became a corporate sponsor of WGH. Through this sponsorship Crown has hosted several networking and professional development sessions, participated in the Women Ahead mentoring program and actively participates in monthly communications designed to bring awareness to matters of Gender Equity. <p>Crown's participation in these programs assists with increasing Crown's knowledge and understanding of best practice diversity and inclusion programs.</p> <p>Throughout the financial year, the following initiatives were achieved at Crown, in alignment with the MCC Action Group meetings:</p> <p>Flexible work arrangements</p> <p>A review was undertaken to provide "flex for all roles" across the Melbourne property, which accommodates varied shift start and finish times, remote working and job sharing to name a few. This review is currently underway for the Perth property.</p> <p>This review focussed on salaried roles, however rostered employees are still utilising flex, mostly through our custom built shift swap app, with over 10,000 swaps occurring each month, which represents a success rate of swap requests that are actioned of 85%.</p> <p>Violence against women</p> <p>Crown's Family and Domestic Violence Support Policy was updated to provide uncapped paid leave entitlements (an increase from five days) to employees experiencing, or supporting someone experiencing, family violence.</p> <p>Financial Education</p> <p>Financial and superannuation seminars were provided to employees with a specific focus for women.</p>

Objective	Crown's Progress
5. To progress the objectives of the Gender Action Plan for FY18 to FY21 (the Plan) and to annually assess the progress of the Plan's objectives.	<p>The Crown Resorts Gender Action Plan (GAP), which is being prepared by the Gender Equity Advisory Groups, will be published in 2019.</p> <p>The GAP strengthens Crown's longstanding commitment to gender equity and complements the work Crown has been involved with through its participation in local and national programs which promote gender equity.</p> <p>Our GAP focuses on the following five key themes:</p> <ul style="list-style-type: none"> • Attraction & Retention; • Promotion; • Development; • Flexibility; and • Cultural Change & Communication. <p>These focus areas were developed through consultation with the business and assessing what changes will make a positive impact on our employees. Over the last two years, policy and leave changes have occurred that have brought equity further to the forefront at Crown and the actions outlined in our GAP for the next three years will continue our push towards gender equity.</p> <p>Meanwhile, a number of initiatives from the GAP have progressed including those listed in Objective 4 under the sub-headings <i>Violence against women and financial education</i>.</p>

The proportion of women employees in the group, women in senior executive positions and women on the Board as at 30 June 2019 is as follows:

Measure	Result
Proportion of women employees in the group.	There were 5,213 women in the group. This represents 42.7% of the total workforce of 12,220 employees.
Proportion of women in senior executive positions in the group.	There were 25 women in senior executive positions in the group. This represents 29.8% of senior executive positions in the group. This is a 5.5% increase on FY18.
Proportion of women on the Board.	There were three female Directors out of a total of 11 Directors, or 27.27%.

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

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

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

Objective 2

Objective 2 has been strengthened to reference the purpose of the objective which is to promote leadership opportunities for female employees. This has resulted in the existing objective being improved to read as follows:

To promote leadership opportunities for female employees by maintaining the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.

Objective 5

Objective 5 has been updated to reflect that the final Gender Action Plan, which is to be released in 2019, will be for the period FY20 to FY23. This has resulted in the existing objective being amended to read as follows:

To progress the objectives of the Gender Action Plan for FY20 to FY23 (the Plan) and to annually assess the progress of the Plan's objectives.

Accordingly, the Audit and Corporate Governance Committee adopted the following revised Gender Objectives with effect from 1 July 2019:

1. To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.
2. To promote leadership opportunities for female employees by maintaining the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants. *(Modified Objective)*
3. To conduct an internal review on an annual basis of the remuneration for key roles within the group, with an external validation review to be undertaken every second year, to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.
4. To participate in local and national programs which promote gender equity and to implement relevant actions arising out of those programs.
5. To progress the objectives of the Gender Action Plan for FY20 to FY23 (the Plan) and to annually assess the progress of the Plan's objectives. *(Modified Objective)*

A report on the progress against the revised objectives will be provided in the 2020 Corporate Governance Statement.



More information

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

Crown is a "relevant employer" under the Workplace Gender Equality Act 2012 (Cth) and, in accordance with the requirements of the Act, Crown lodged its annual Public Report with the Workplace Gender Equality Agency for the 2018-2019 period which reports on the most recent "Gender Equality Indicators".



More information

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

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

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

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

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

An evaluation of the Board and its Committees took place following the end of the 2019 financial year in accordance with the processes described above.

Process for evaluating performance of Senior Executives

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

Detailed information regarding Crown's remuneration practices is provided in the Remuneration Report. An evaluation of senior executives took place following the end of the 2019 financial year and in accordance with the processes described in the Remuneration Report.

Principle 2: Structure the Board to add value

Nomination and Remuneration Committee

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

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

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

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

Selection, appointment and development of Directors

The Nomination and Remuneration Committee is required to:

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

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

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

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

Remuneration of Directors and relevant executives

The role of the Nomination and Remuneration Committee also includes:

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

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

- the remuneration for senior executives which will apply during the financial year ending 30 June 2020; and
- the short term incentive arrangements applicable to senior executives referable to the financial year ended 30 June 2019.

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

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

Board Skills Matrix

As noted above, the Selection Procedure for a Director nomination requires that the Nomination and Remuneration Committee (on behalf of the Board) considers the effect that any proposed Director candidate

CORPORATE GOVERNANCE STATEMENT CONTINUED

would have on the overall balance and composition of the Board including by reference to the Crown Board Skills Matrix adopted from time to time.

The Crown Board has adopted the following Board Skills Matrix which sets out the mix of skills and diversity that the Board is looking to achieve in its membership. The Board Skills Matrix highlights the key skills and experience of the Board and the extent to which those skills are currently represented on the Board and on each of its Committees as at 11 September 2019.

Skill / Competency	Board	Audit and Corporate Governance	Corporate Responsibility	Finance	Investment	Nomination and Remuneration	Occupational Health and Safety	Responsible Gaming	Risk Management
Total Number of Directors	11	3	3	3	3	4	3	3	3
Executive Experience Experience in senior positions at executive levels.	11	3	3	3	3	4	3	3	3
Strategic Planning and Execution Ability to develop and implement successful strategy and deliver agreed strategic planning goals.	11	3	3	3	3	4	3	3	3
Risk Management Experience in the oversight and management of material business risk including Board Risk Management Committee membership.	11	3	3	3	3	4	3	3	3
Financial Acumen Senior executive or equivalent experience in financial accounting and reporting, capital management, industry taxation, internal financial controls and corporate financing arrangements.	10	3	2	3	3	3	2	2	3
Governance Experience with listed and other organisations subject to robust governance frameworks with an ability to assess the effectiveness of relevant governance processes.	11	3	3	3	3	4	3	3	3
Occupational Health and Safety Experience in relation to workplace health and safety.	9	3	2	3	2	3	3	3	3
Environment and Sustainability Experience in relation to environmental and social responsibility and community.	9	2	3	2	2	4	3	2	3
Legal and Regulatory Experience in legal and regulatory matters including regulatory and contractual frameworks governing gaming matters.	11	3	3	3	3	4	3	3	3
Information Technology Senior executive experience in information technology including gaming systems and data security.	6	1	1	1	1	2	1	2	2
Human Resources / Remuneration Experience in relation to remuneration practices, development of incentive plans, succession planning and director appointment processes including Board Remuneration Committee membership.	11	3	3	3	3	4	3	3	3
Capital Projects Senior executive experience in executing large scale projects with long-term investment horizons and substantial capital outlays.	9	2	1	2	3	3	2	2	3
Sales and Marketing Senior executive experience in marketing coupled with a detailed understanding of Crown's strategic direction and competitive environment.	4	0	1	0	1	2	0	1	2
Industry Experience - Gaming and Entertainment Senior executive experience in the gaming and entertainment industry.	4	1	0	1	1	1	0	2	2

Skill / Competency	Board	Audit and Corporate Governance	Corporate Responsibility	Finance	Investment	Nomination and Remuneration	Occupational Health and Safety	Responsible Gaming	Risk Management
Industry Experience - Hospitality and Management Senior executive experience in the hospitality, food and beverage industries.	4	1	0	1	2	2	1	1	2
Industry Experience – Tourism Senior executive experience in the tourism industry.	4	1	0	1	2	2	1	1	2
Industry Experience – Public Policy Experience in public and regulatory policy, including in relation to gaming related policy.	8	2	2	2	2	3	3	2	3

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

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

Relationships affecting independence

The table below sets out the Crown Directors as at 11 September 2019, indicates which of those Directors are considered to be independent Directors and notes the length of service of each Director from the date of their appointment to 11 September 2019:

Name of Director	Independence Status	Length of Tenure (By years and complete months)
John H Alexander, BA Executive Chairman	Non-independent	12 Years, 2 Months
The Hon. Helen A Coonan, BA, LLB Non-Executive Director	Independent	7 Years, 9 Months
Andrew Demetriou, BA, BEd Non-Executive Director	Independent	4 Years, 8 Months
Geoffrey J Dixon Non-Executive Director	Independent	12 Years, 2 Months
Jane Halton AO PSM, BA (Hons) Psychology, FIML, FIPAA, NAM, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt (UNSW)	Independent	1 Year, 4 Months
Professor John S Horvath AO, MB, BS (Syd), FRACP Non-Executive Director	Independent	9 Years
Guy Jalland, LLB	Non-independent	1 Year, 5 Months
Michael R Johnston, BEc, CA Non-Executive Director	Non-independent	12 Years, 2 Months
Antonia Korsanos, BEc, CA	Independent	1 Year, 4 Months
Harold C Mitchell AC Non-Executive Director	Independent	8 Years, 7 Months
John H Poynton AO, BCom, Hon DCom, FAICD, SF Fin (Life), FAIM	Non-independent	9 Months

Independent Board Directors

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

Board Chair independence

John Alexander is the Executive Chairman of Crown.

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

Director professional development

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

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

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

Principle 3: Act ethically and responsibly

Codes of Conduct

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

Code of Conduct for Directors

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

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

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

Finally, Directors are obliged to, at all times, comply with the spirit as well as the letter of the law and with the principles of the Code of Conduct and must encourage the reporting and investigating of unlawful and unethical behaviour.

Code of Conduct for Employees

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

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



More information

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

Principle 4: Safeguard integrity in corporate reporting

Audit and Corporate Governance Committee

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

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

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

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

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



More information

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

CEO & CFO declarations

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

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

Auditor's attendance at AGMs

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

Principle 5: Make timely and balanced disclosure

Policy to ensure compliance with ASX Listing rule disclosure requirements

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

- ensuring that any information that could be market sensitive or could involve reputational or material regulatory issues or risks are communicated to the Disclosure Officer;
- the assessment of information by the Disclosure Committee and, where appropriate, the Board, and for the disclosure of material information to the market; and
- the broader publication of material information to the media, analysts and investors.



More information

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

Principle 6: Respect the rights of shareholders

Providing online information to investors

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



More information

For more information, visit: www.crownresorts.com.au under the heading Corporate Governance.

Promotion of effective communication with shareholders

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

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

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

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

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

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

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

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

More information

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

Shareholder participation at meetings

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

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

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

More information

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

Shareholder communications

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

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

Principle 7: Recognise and manage risk

Policy for oversight and management of material business risks

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

The current members of the Risk Management Committee are Geoff Dixon (Chair), Andrew Demetriou and Jane Halton AO PSM. The current Committee members are each independent, Non-executive Directors.

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

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

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

More information

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

Design and implementation of risk management and internal control systems

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

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

The Board convened Risk Management Committee administers Crown's Risk Management Policy and monitors management's performance against the risk management framework, including whether it is operating within the risk appetite set by the Board.

The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and requires that the results of those procedures are reported in a Risk Profile to the Crown Board. The Framework has been developed using the model outlined in AS/NZS ISO 31000:2018 Risk Management – Guidelines.

Crown's Risk Profile identifies specific head office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group on an ongoing basis.

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

A review has been conducted during the reporting period and presented to the Risk Management Committee (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) had an internal audit function in place for the full year that meets the definition of "internal audit" under the Institute of Internal Auditor's International Professional Practices Framework.

The function is internally led and resourced, with supplemental resourcing provided by specialist third parties as required.

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

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

To ensure independence of the function, the head of the Internal Audit department reports to the CEO – Australian Resorts. Further, the head of the department periodically meets with members of the relevant operating subsidiary's Board throughout the year.

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

Disclosure of sustainability risks

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

Crown's goal is to be a leader in the entertainment and tourism industry by creating long-term value for its stakeholders across economic, 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 responsibility, which includes consideration of, among others, the following factors:

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

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

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

The responsibilities of the Committee extend to:

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

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



More information

A full copy of the Corporate Responsibility Report is available at: www.crownresorts.com.au under the heading Our Contribution – Corporate Responsibility Reports.

Policy for Director remuneration

A summary of current remuneration arrangements is set out in more detail in the Remuneration Report. Crown separately discloses the policies and practices regarding the remuneration of Key Management Personnel in the Remuneration Report.

Restrictions on dealing in equity based remuneration

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

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.



AGENDA ITEM 4:
Addendum to Closing Report



Audit and Corporate Governance Committee

Memorandum

To: Audit and Corporate Governance Committee

From: Ken Barton

Date: 30 August 2019

Subject: **Addendum to Final Closing Report**

Dear Committee Members

Included in the papers is an Addendum to the Final Closing Report. The Report includes the final draft form of EY's Independent Auditor's Report opinion. EY have confirmed that, subject to some procedural matters (receipt of the signed representation letter and financial statements and final review of other annual report information and subsequent events), they will issue an unqualified opinion.

The Committee will recall that at its previous meeting, when presenting the Audit Report, there were items noted by EY where they had not been able to satisfactorily complete their work. In summary, these included:

- audit of impairment testing disclosures for inclusion in the Financial Statements; and
- completion of the audit of the subsequent events matters, the remuneration report and the full financial statement and its disclosures.

The attached Addendum to the Final Closing Report for FY2019 now addresses these open items and has been provided for completeness.

None of the amendments affect the Audit conclusions in the Independent Auditor's Report which confirm that the accounts of the Crown group give a true and fair view of Crown's financial position and comply with Accounting standards and the law. Following the completion of this work, the unadjusted difference of \$0.7m increase to profit after tax is consistent with the amount reported to the Committee on 12 August 2019.

It is proposed that the updated Addendum to the Final Closing Report be noted.

Kind Regards

Ken Barton
Chief Financial Officer

Crown Resorts Limited

Closing Report - Addendum to the Audit Status Report to the Audit and Corporate Governance Committee for the year ended 30 June 2019





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Michael Collins
EY Assurance
Partner



Alison Parker
EY Assurance
Partner

Dear Audit and Corporate Governance Committee Members ("Audit Committee")

We have substantially completed our audit of Crown Resorts Limited and its controlled entities ("the Group") for the year ended 30 June 2019. I am writing to provide you with an update to our Audit Status Report discussed with you at the Audit Committee meeting held on 12 August 2019. This Closing Report should be read in conjunction with our Audit Status Report.

Subject to the adequate resolution of the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit report on the financial report. This report is intended solely for the use of the Audit Committee, other members of the Board of Directors and senior management, and should not be used for any other purpose nor given to any other party without our prior written consent.

If you wish to discuss this closing report or any matter relating to this report or our audit, please feel free to contact Alison Parker on 0438 600 402 or myself on 0414 455 854. I would again like to take this opportunity to thank the staff of Crown Resorts Limited for the co-operation provided to the members of the audit team.

Yours sincerely

Michael Collins
Partner
30 August 2019

Alison Parker
Partner



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STATUS UPDATE

This report provides an update in respect of our work and findings in connection with our audit of Crown Resorts Limited's consolidated financial statements for the year ended 30 June 2019, since the issuance of our Audit Status Report discussed with the Audit Committee on 12 August 2019. Subject to the satisfactory completion of the following outstanding items we will issue an unqualified audit opinion:

- Receipt of the signed management representation letter;
- Receipt of the signed financial statements;
- Receipt and finalisation of review of "Other Information" contained in the annual report; and
- Completion of subsequent events review.

There are no matters, other than those reported by management or disclosed in this report and our Audit Status Report, which we believe should be brought to the attention of the Audit Committee or Board of Directors.

SCOPE AND MATERIALITY

We performed our audit procedures using a materiality of \$28.3m. The threshold for reporting audit differences which impact the income statement is \$1.4m. There have been no changes to scope and materiality since our Audit Status Report.

AUDIT DIFFERENCES

In completing our procedures, we have not identified any additional unadjusted audit differences other than the audit differences communicated in our Audit Status Report.

The impact of unadjusted audit difference identified is a \$1.0 million increase to profit before tax (before the turn around effect of prior year unadjusted audit differences). We determined that after the turn-around effect of prior year unadjusted audit differences, it has a \$9.6 million decrease to profit before tax. We do not consider this to be material to the financial statements.

ENHANCED AUDIT REPORT

We have included in Appendix C, our draft unqualified audit report which includes key audit matters ('KAMs') relating to:

- Carrying value of trade receivables; and
- Impairment testing of indefinite lived intangibles assets.

Our audit report also includes wording relating to our responsibilities regarding Other Information included in the Annual Report. At the date of this report, we have received drafts of the Directors' report, Remuneration report and Corporate Governance statement however expect to receive the remaining Other Information to be included in the annual report prior to signing.

UPDATES TO AREAS OF AUDIT FOCUS

Please refer to our Audit Status Report for our discussion of key areas of audit focus. We would like to communicate updates relating to the following areas:

- CGU impairment testing
- Subsequent events
- Remuneration report
- Financial statement disclosures



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CGU impairment testing

Our Understanding

As outlined in our Audit Status Report, management performed impairment testing for the Group's cash generating units (CGUs) for the year ended 30 June 2019.

Management has included disclosures relating to its CGU impairment testing in the financial statements (refer Note 12):

- Basis for cash flow forecasts;
- Terminal value growth rates;
- Discount rates;
- Market trading and transaction multiples; and
- Sensitivity analysis for DGN and Aspinalls CGUs.

EY Perspective

As noted in our Audit Status Report, we concur with management's conclusion that no impairment charge is required for the Crown Melbourne, Crown Perth, Aspinalls and Betfair CGUs, and concur with the impairment charge recorded by management for the DGN CGU.

Management made a number of positive changes to their process and documentation in FY19, including engaging an external valuation specialist to assist in determining discount rates.

As noted in our Audit Status Report, in our independent assessment of the VIU models, we made certain adjustments to management's calculations. Some of these adjustments are consistent with our understanding of regulator perspectives of valuation methodology and others are judgemental differences. These adjustments had no impact on management's conclusions as to the need for impairment.

Subsequent to issuing our Audit Status Report, we have met with management and their external valuation specialist to discuss the differences in approach. We have outlined a summary of these differences for the CGU with the least amount of headroom, Crown Perth, in Appendix F.



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Subsequent events

Our Understanding

The following subsequent events have been disclosed in the 30 June 2019 financial statements:

- ▶ **Queensbridge** - Subsequent to 30 June 2019, Crown reached an agreement to purchase the Schiavello Group's 50% ownership interest in the Queensbridge site as well as all pre-development assets, including all intellectual property and designs for the project, for approximately \$80 million. The transaction remains subject to long-form agreements between Crown and the Schiavello Group.
- ▶ **Declaration of final dividends** - Subsequent to 30 June 2019, the directors of Crown declared a final dividend on ordinary shares in respect of the year ending 30 June 2019. The total amount of the dividend is expected to be \$203.1 million, which represents a dividend of 30.0 cents per share franked at 25%.

EY Perspective

- ▶ We have performed our subsequent event procedures including assessing payments post year end, reviewing Crown's July results, reviewing Board minutes subsequent to year end and enquiries with management. Based on our procedures we are not aware of any further subsequent event matters that require disclosure in the financial statements.
- ▶ In respect of the Cannery matter, we understand that at the date of this report, the Federal Court and the Administrative Appeals Tribunal (AAT) is yet to hand down their judgement.
- ▶ We will continue to perform our subsequent event procedures up until the date of signing the financial statements.

Financial report and Remuneration report

Our Understanding

The financial statements for the year ended 30 June 2019 have been prepared based on the requirements of Australian Accounting Standards. This includes disclosures in respect of the impact of new accounting standards, including AASB 15 *Revenue from Contracts with Customers* (effective 1 July 2018) and future accounting standards such as AASB 16 *Leases* (effective 1 July 2019).

Management has included disclosures, such as updated accounting policies and significant judgements and estimates, in respect of AASB 15.

In addition, the Remuneration report has been prepared in accordance with section 300A of the *Corporations Act 2001*.

EY Perspective

We have assessed all disclosures in the financial statements including those relating to the impact upon adoption of AASB 15 *Revenue from Contracts with Customers*.

We have completed our procedures on the financial report for the year ended 30 June 2019. Whilst we are satisfied that the disclosures are appropriate, we have provided certain observations to management to consider for future reporting periods.

We are finalising our audit of the Remuneration Report included in the directors' report for the year ended 30 June 2019. We have not identified any material issues to bring to the Audit Committee's attention.



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Appendix A - Other Required Audit Committee Communications

Auditing Standards require us to report to you certain matters that are not otherwise detailed in this report or our Audit Status Report.

Matter	How matter was addressed
Material uncertainties and going concern	No conditions or events were identified, either individually or in aggregate, that indicated there could be doubt about Crown Resort Limited's ability to continue as a going concern for 12 months from the date of our report.
Fraud and illegal acts	<p>We have made enquires of management regarding:</p> <ul style="list-style-type: none"> * Knowledge of any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial report * Knowledge of any allegations of fraud, or suspected fraud, affecting Crown Resorts Limited's financial information. <p>We did not become aware of any fraud or illegal acts during our audit.</p>
Expected modifications to audit report	We anticipate issuing an unqualified audit opinion on the financial statements for the year ended 30 June 2019 subject to the satisfactory resolution of the outstanding matters detailed in this report.
Independence	<p>Following the issuance of our Audit Status Report presented to the Audit Committee on 12 August 2019, we have continued to assess our independence in accordance with our policies and processes and the requirements of the Corporations Act 2001 and other legislation and guidelines governing auditor independence. We have no matters to report in relation to the period from the date of our Audit Status Report and the date of this report.</p> <p>We confirm that we have complied with the <i>Corporations Act 2001</i>, and in our professional judgment, the engagement team and the Firm are independent, and we are in a position to issue our Independence Declaration. We are not aware of any other relationships between EY and the Group that, in our professional judgement, may reasonably be thought to bear on independence. The non-audit services provided by EY during the period have not impaired our independence.</p>
Review of Board Minutes	We have completed a review of the minutes of Board meetings held during the year. Based on the review we have not identified any financial matters that would result in a significant effect on the period results that have not been reflected in the financial statements.



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Appendix B - Summary of Audit Differences

Summary of unadjusted differences

The following differences have been identified during the course of our audit and have not been considered material by management or by us for adjustment. We bring these to the Audit Committee's attention to enable you to form your own view on these items.

We have not identified any unadjusted audit differences other than the audit differences previously communicated in our Audit Status Report dated 8 August 2019:

Account 30 June 2019 (\$m)	Profit impacts - FY19 (Increase)/Decrease	Profit impacts - FY18 (Increase)/Decrease	Profit impacts - (After turnaround effect) - FY19 (Increase)/Decrease
Adjustment for overstatement of debtors provision, net of understatement of non-gaming debtor provision relating to Dinner by Heston (2018: overstatement)	(4.1) ▲	(1.9) ▲	(2.2) ▲
Adjustment for Crown Sydney capitalised costs to be expensed	4.9 ▼	-	4.9 ▼
Adjustment for overstatement of internal restructuring provision	(1.8) ▲	(6.1) ▲	4.3 ▼
Adjustment for overstatement of bonus provision identified in FY18	-	(2.6) ▲	2.6 ▼
Total audit differences before tax	(1.0) ▲	(10.6) ▲	9.6 ▼
Tax impact	0.3 ▼	3.2 ▼	(2.9) ▲
Total audit differences after tax	(0.7) ▲	(7.4) ▲	6.7 ▼
Percentage of profit after tax	0.2%		1.7%

Key:

- ▲ Increase to profit
- ▼ Decrease to profit



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Appendix C – Draft Audit Report

Independent Auditor's Report to the Members of Crown Resorts Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Crown Resorts Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of trade receivables

Why significant

The Group is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers.

How our audit addressed the key audit matter

In assessing the carrying value of trade receivables, we:

- tested the ageing of trade receivables for a sample of customer transactions;
- assessed receipts after year-end to determine any remaining exposure at the date of the financial report;



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Why significant

The Group applies Australian Accounting Standard - AASB 9 *Financial Instruments* in calculating the provision for doubtful debts, applying a forward-looking expected loss impairment model. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.

The Group's disclosures are included in Note 1.5 and Note 6 of the financial report, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables.

How our audit addressed the key audit matter

- ▶ considered the Group's assessment of individual customers debtor circumstances along with other information available relating to customers;
- ▶ assessed whether the expected credit loss impairment model was calculated in accordance with AASB 9 and tested the mathematical accuracy of the calculations;
- ▶ compared the Group's provisioning rates against historical collection data;
- ▶ assessed whether the time value of money was considered in the impairment model;
- ▶ assessed the effectiveness of relevant controls in relation to the granting of credit facilities, including credit checks; and
- ▶ assessed the adequacy of the Group's disclosures in relation to trade receivables included in the financial report, including the accounting policy in respect of trade receivable balances written off during the year.

2. Impairment testing of indefinite lived intangibles assets

Why significant

The Group has goodwill of \$295.4 million and licence intangible assets of \$1,064.0 million held on the consolidated statement of financial position at 30 June 2019. The Group performs an impairment assessment on an annual basis to support the carrying value of goodwill and other indefinite life intangible assets. In addition, an impairment assessment is performed when there is an impairment indicator present.

The impairment assessment is complex and judgemental, as it includes modelling a range of assumptions and estimates that are affected by expected future performance and market conditions. This includes cash flow forecasts, growth rates, discount rates, terminal value assumptions as well as market multiples. Accordingly, the Group's impairment assessment was considered to be a key audit matter. The DGN cash generating unit was impaired during the year.

How our audit addressed the key audit matter

We assessed the cash flow forecasts, which supported the value-in-use impairment models and fair value less costs of disposal calculations for goodwill and other indefinite lived intangible assets.

We compared the forecasts to the Board approved budgets and long term financial plan. We also considered the historical reliability of the Group's cash flow forecasting process.

We involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and to assess the key assumptions applied in the impairment models. These included the discount rates, terminal value assumptions and market multiples.

We tested whether the models used were mathematically accurate.

We performed sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that would either individually or collectively result in an impairment charge. In addition, we assessed the sensitivity analysis performed by the Group.

We assessed the adequacy of the disclosures included in the financial report.



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Why significant

Key assumptions, judgements and estimates used in the Group's assessment of impairment of intangibles assets are set out in Note 1.5 of the financial report. In addition, licenses are disclosed in Note 10, goodwill in Note 11 and impairment testing of intangible assets in Note 12 of the financial report.

How our audit addressed the key audit matter

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Crown Resorts Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Michael Collins
Partner
Melbourne
XX September 2019



Appendix D – Draft auditor independence declaration

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

As lead auditor for the audit of the financial report of Crown Resorts Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Crown Resorts Limited and the entities it controlled during the financial year.

Ernst & Young

Michael Collins
Partner
XX September 2019



Appendix E - Cybersecurity

How prepared are you for a Cyber breach?

Cyber risk is a growing concern for audit clients: The World Economic Forum reports that Massive data fraud/theft and Large-scale cyber-attacks are rated 4 and 5 respectively on the Top 10 Global Risks for 2019*.

EY's Global Information Security Survey for 2018-19** is in its 21st year. It collects data from 1,400 C-suite leaders and IT executives representing 60 countries and every industry sector.



The risks are increasing leading organisations to invest more and more without the desired outcome.



Organisations are still being reactionary to attacks, therefore ongoing board oversight is required to ensure cybersecurity is managed as a key business issue, not just an IT one.

*Source: World Economic Forum Risk Report 2019
**Source: EY's Global Information Security Survey 2018-19
***Source: FireEye M-Trends, 2019

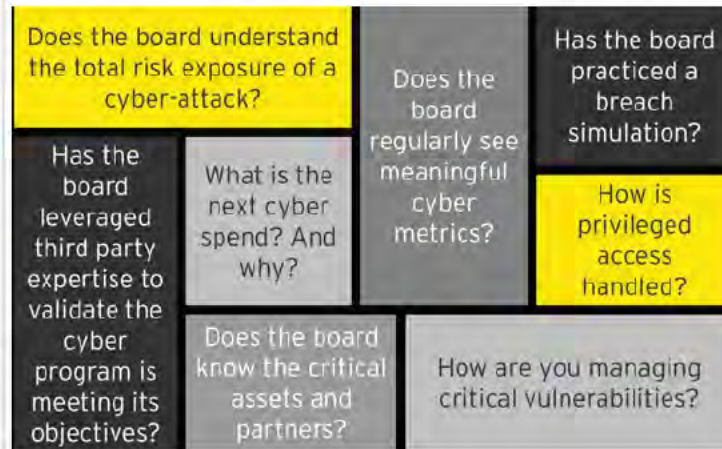
How could the financial statements be impacted?

Cybersecurity risks can manifest to adversely impact the audit. The APAC Average Dwell Time is 204 days*** which is the time between an adversary gaining access to your network and when they are found. Combined with the time to eradicate an attacker, one cyber event can impact multiple financial periods.



Better questions for boards to consider

Setting the tone at the top is vital to addressing this critical business issue.



The increasing role of governance in cyber risk management

What are boards doing to better oversee cyber risk?

Many regulators, industry bodies, legislators and government bodies have introduced standards and frameworks to aid the management of cybersecurity related risks. Coupled with international regulations that may impact Australian organisations such as Europe's Global Data Protection Regulation (GDPR), the landscape of "Must Do's" seems gruelling.

EY Perspective

Two of the board's primary responsibilities are for strategy and risk management, and it is virtually impossible to have those conversations without a thorough discussion of technology and security. Boards can take the following actions to oversee cybersecurity risks:

- ▶ Set the tone that cybersecurity is a critical business issue
- ▶ Confirm new technology and business arrangements are designed with security in mind
- ▶ Understand processes to identify, assess and manage third-party and supply chain risks
- ▶ Ensure the cybersecurity risk program is independently assessed by a third party
- ▶ Understand the ability to respond and recover
- ▶ Understand the cybersecurity incident and breach escalation process and protocols

Adopting a risk-based approach with board level oversight

One Australian standard prevails as leading practice in the governance of cybersecurity risk programs. APRA's CPS234 on Information Security articulates a risk-based approach to cybersecurity controls and provides a framework which other industries are likely to adopt as general good practice.



It is our recommendation that the Audit & Risk Committee members ensure that their cybersecurity risk program is independently assessed.



Appendix F - Carrying value assessment - Crown Perth - EY Perspective





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ED None

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