

## Crown Limited

A.B.N. 39 125 709 953

### Appendix 4D

#### Half year ended 31 December 2008

(Previous corresponding period: half year ended 31 December 2007)

#### Results for announcement to the market

				\$A'000
Revenue from operations	up	<b>11.7%</b>	to	<b>1,200,017</b>
Loss from operating activities after tax attributable to members	down	<b>308.7%</b>	to	<b>(409,704)</b>
Net loss for the period attributable to members	down	<b>111.3%</b>	to	<b>(409,704)</b>
<b>Dividends</b>		Amount per security		Franked amount per security
Interim dividend:		<b>18.0 cents</b>		<b>10.8 cents</b>
Previous corresponding period:		<b>25.0 cents</b>		<b>10.0 cents</b>
Record date for determining entitlements to the dividend		<b>9 April 2009</b>		
Interim dividend payment date		<b>30 April 2009</b>		
<b>Net Tangible Asset Backing</b>		31 December 2008		31 December 2007
Net tangible asset backing per ordinary security on issue at period end		<b>\$4.61</b>		<b>\$4.99</b>
For an explanation of any of the figures reported above, refer to the commentary on the Group's results contained in the accompanying half-year report.				

## Crown Limited

### Directors' Report

Your directors submit their report for the half-year ended 31 December 2008.

#### Directors

The directors of Crown Limited (the "Company") in office during the half-year, and until the date of this Report are as below. Directors were in office for this entire period unless otherwise stated.

James Douglas Packer  
John Henry Alexander  
Christopher John Anderson  
Christopher Darcy Corrigan  
Rowen Bruce Craigie  
Rowena Danziger  
Geoffrey James Dixon  
Ashok Peter Jacob  
Michael Roy Johnston  
David Hillel Lowy  
Richard Wallace Turner

#### Review and Results of Operations

The consolidated net loss of the economic entity for the half-year after tax was \$409.7 million (2007: \$3,622.5 million profit).

A review of operations of the Company is provided on page 3.

#### Auditor's Independence Declaration

A statement of independence has been provided by our auditors, Ernst & Young, and follows this Directors' Report on page 4.

#### Rounding of Amounts to Nearest Thousand Dollars

The amounts contained in this report and in the half-year financial reports have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which this Class Order applies.

Signed in accordance with a resolution of the directors.



**J.D. Packer**  
Director



**R.B. Craigie**  
Director

Melbourne, 27th day of February, 2009.

### REVIEW OF OPERATIONS

For the half year ended 31 December 2008 Crown reported a net loss from continuing operations of \$409.7 million (\$196.3 million profit last period). The current period result includes a non-recurring \$547.5 million write down in the carrying value of available for sale assets and investments in associates. After excluding the impact of non-recurring items, Crown's NPAT for the current period is \$137.8 million. Net interest expense of \$28.3 million for the current period (\$63.9 million net interest income last period) reflects the \$2.05 billion return to shareholders as part of the PBL demerger in December 2007.

Gaming EBITDA from continuing operations at theoretical win rates of 1.35% improved by 8.3% reflecting solid growth at both Crown Melbourne and Burswood.

#### GAMING

Reported Gaming EBITDA for the period from Crown Melbourne and Burswood was \$340.6 million, reflecting solid growth of 9.8%. After including \$21.5 million Corporate Costs, reported EBITDA was \$319.1 million. A below theoretical win rate of 1.34% had a \$2.4 million adverse impact on reported EBITDA this period. Last period reflected a below theoretical win rate of 1.29% which had an adverse impact on reported EBITDA of \$6.5 million. Reported revenue increased 13.7% to \$1,119.2 million with VIP Program turnover of \$19.1 billion increasing by \$6.3 billion compared with the prior six month period. Costs increased by 15.4%.

#### INVESTMENTS

The Group's reported equity accounted losses for the period were \$34.6 million, reflecting a \$13.2 million loss from MPEL, a \$14.2 million loss from Gateway, a \$5.6 million loss from Aspinalls, and a \$1.6 million loss from Betfair.

#### NON-RECURRING ITEMS

The current period result includes the impact of a \$547.5 million non-recurring write down in the carrying value of available for sale assets and investments in associates. Crown has written down the carrying value of its available for sale assets by \$454.9 million and equity accounted investments by \$92.6 million. The decline in available for sale assets valuations has been precipitated by the current economic conditions in the United States.

The carrying value adjustment in Crown's equity accounted investments is attributable to a write down in Crown's investment in Gateway and Aspinalls of \$48.8 million and \$43.8 million respectively. The Gateway write down reflects below expectation performance from the Starlight casino, the deterioration in the market outlook due to the slowdown in the Canadian economy and the inability to implement planned business improvement initiatives due to delays in regulatory approvals. The Aspinalls write down is due to the poor outlook for the UK casino market as a result of the difficult economic environment in the UK, the UK Government's decisions to increase the marginal tax rate on casino gaming to 50%, the introduction of smoking bans, failure to deregulate the casino industry as initially announced and not proceed as planned with the issue of new casino licences.

**REVIEW OF OPERATIONS (continued)**

**CASH FLOW**

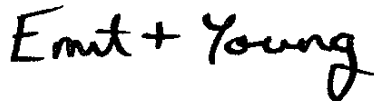
Net operating cash flow for the period of \$240.5 million is below last year's cash flow of \$331.8 million. Lower dividends received, higher borrowing costs and income taxes paid versus last year, all contributed to the year on year movement. After capital expenditure of \$191.0 million, dividend payments of \$196.7 million, and net equity raising of \$197.0 million, group net cash on hand at 31 December 2008 was \$33.5 million. Post 31 December 2008, Crown has received \$100 million from CPH as part of the December 2008 equity raising. The CPH payment was delayed beyond 31 December 2008 pending receipt of the full terms of a waiver from the ASX of certain Listing Rule restrictions.

**DIVIDEND**

The Directors have announced a dividend on ordinary shares of 18 cents per share franked at 60% payable on 30 April 2009 to shareholders registered on the books close date, at 5.00pm on 9 April 2009. No part of the unfranked portion of the dividend will consist of conduit foreign income.

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

In relation to our review of the financial report of Crown Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Brett Kallio  
Partner  
Melbourne  
27 February 2009

## Crown Limited

### Condensed Income Statement

for the half-year ended 31 December 2008

	Note	Consolidated	
		31 December 2008 \$'000	31 December 2007 \$'000
<b>Continuing operations</b>			
Revenues	3	1,200,017	1,074,145
Other income	3	69	105
Expenses	3	(1,419,868)	(751,452)
Share of net profits of associates and joint venture entities		(34,602)	(33,117)
<b>Profit / (loss) before tax and finance costs</b>		<b>(254,384)</b>	289,681
Finance costs	3	(109,871)	(25,789)
<b>Profit / (loss) before income tax</b>		<b>(364,255)</b>	263,892
Income tax expense		(45,449)	(67,558)
<b>Net profit / (loss) for the period</b>		<b>(409,704)</b>	196,334
<b>Discontinued operations</b>			
Profit and loss from discontinued operations (net of tax)	4	-	3,426,213
<b>Net profit / (loss) attributable to members of the parent</b>		<b>(409,704)</b>	3,622,547

### Earnings per security (EPS)

Basic EPS (cents per share) <sup>(1)</sup>	(59.34)	526.06
Diluted EPS (cents per share) <sup>(1)</sup>	(59.34)	526.06

<sup>(1)</sup> Basic/diluted EPS excluding the effect of discontinued operations and specific items is 19.96 cps (2007: 28.51 cps)

EPS calculation is based on the weighted average number of shares on issue throughout the period.

### Dividends per share

Current year interim dividend proposed (cents per share)	7	18 cents	25 cents
Prior year final dividend paid (cents per share)	7	29 cents	25 cents

## Crown Limited

### Condensed Balance Sheet

as at 31 December 2008

		<b>Consolidated</b>	
		<b>31 December</b>	<b>30 June</b>
		<b>2008</b>	<b>2008</b>
		<b>\$'000</b>	<b>\$'000</b>
Note			
<b>Current Assets</b>			
	Cash and cash equivalents	3,064,865	2,362,964
	Trade and other receivables	110,324	146,524
	Inventories	16,607	11,835
	Prepayments	14,376	11,253
	Other assets	70	70
<b>Total Current Assets</b>		<b>3,206,242</b>	<b>2,532,646</b>
<b>Non-Current Assets</b>			
	Receivables	459,678	443,202
	Available-for-sale financial assets	143,268	499,389
5	Investments in associates accounted for using the equity method	1,400,705	1,130,164
	Property, plant and equipment	1,979,564	1,854,977
	Licences	663,132	666,868
	Other intangible assets	185,790	189,301
	Deferred tax assets	133,204	136,573
	Prepaid casino tax	69,738	71,106
	Other non current assets	10,432	8,100
<b>Total Non-Current Assets</b>		<b>5,045,511</b>	<b>4,999,680</b>
<b>Total Assets</b>		<b>8,251,753</b>	<b>7,532,326</b>
<b>Current Liabilities</b>			
	Trade and other payables	314,877	255,108
	Interest-bearing loans and borrowings	103,000	20,000
	Income tax payable	23,422	37,178
	Provisions	109,430	105,750
<b>Total Current Liabilities</b>		<b>550,729</b>	<b>418,036</b>
<b>Non-Current Liabilities</b>			
	Other payables	118,849	24,059
	Interest-bearing loans and borrowings	2,928,353	2,359,234
	Deferred tax liabilities	393,262	394,709
	Provisions	48,401	38,157
<b>Total Non-Current Liabilities</b>		<b>3,488,865</b>	<b>2,816,159</b>
<b>Total Liabilities</b>		<b>4,039,594</b>	<b>3,234,195</b>
<b>Net Assets</b>		<b>4,212,159</b>	<b>4,298,131</b>
<b>Equity</b>			
	Contributed equity	455,343	258,149
	Reserves	499,410	176,223
10	Retained earnings	3,257,406	3,863,759
<b>Total Equity</b>		<b>4,212,159</b>	<b>4,298,131</b>

## Crown Limited

### Condensed Cash Flow Statement

for the half-year ended 31 December 2008

	Consolidated	
	31 December 2008 \$'000	31 December 2007 \$'000
	Note	
<b>Cash flows from operating activities</b>		
Receipts from customers	1,150,781	1,064,543
Payments to suppliers and employees	(807,263)	(827,901)
Dividend distribution received	-	66,659
Interest received	61,395	80,784
Borrowing costs	(98,041)	(25,905)
Income tax paid	(66,405)	(26,327)
<b>Net operating cash flows</b>	<b>240,467</b>	331,853
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(191,015)	(98,625)
Proceeds from sale of property, plant and equipment	52	105
Payment for purchases or equity contributions to equity investments	(9,029)	(227,639)
Purchase of available for sale financial assets	(2,048)	(252,913)
Net proceeds from sale of investments	45,008	828,972
Loans to associated entities	(14,320)	(4,201)
Other (net)	(2,759)	-
<b>Net investing cash flows</b>	<b>(174,111)</b>	245,699
<b>Cash flows related to financing activities</b>		
Equity raising (net of underwriting fees)	197,000	-
Proceeds from borrowings	2,942,627	2,070,000
Repayment of borrowings	(2,909,621)	-
Dividends paid	(196,715)	(169,140)
Payment of capital reduction	-	(2,053,852)
Cash disposed from sale of group entities	-	(85,770)
<b>Net financing cash flows</b>	<b>33,291</b>	(238,762)
<b>Net increase in cash and cash equivalents held</b>	<b>99,647</b>	338,790
Cash and cash equivalents at beginning of period	2,362,964	2,227,657
Effects of exchange rate changes on cash	602,254	279
<b>Cash and cash equivalents at end of period</b>	<b>3,064,865</b>	2,566,726



## Crown Limited

### Condensed Statement of Recognised Income and Expense for the half-year ended 31 December 2008

	Consolidated	
	31 December 2008 \$'000	31 December 2007 \$'000
Foreign currency translation <sup>(a)</sup>	443,750	(70,778)
Movement in asset revaluation reserve	-	(869)
Movement in cashflow hedge reserve	(121,332)	-
Unrealised gain on investment in associates	-	110,624
<b>Net income recognised directly in equity</b>	<b>322,418</b>	38,977
Profit / (loss) for the period	(409,704)	3,622,547
<b>Total recognised income and expense for the period</b>	<b>(87,286)</b>	3,661,524

(a) The movement in the foreign currency translation reserve for the current reporting period is largely attributable to foreign exchange gains relating to Crown's equity accounted investments, particularly its investment in MPEL.

## **Notes to the Half-Year Financial Statements**

for the half-year ended 31 December 2008

### **1. CORPORATE INFORMATION**

The financial report of Crown Limited for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 25 February 2009. Crown Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The half-year financial report should be read in conjunction with the annual financial report of Crown Limited as at 30 June 2008. It is also recommended that the half-year financial report be considered together with any public announcements made by Crown Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### **(a) Basis of preparation**

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments and available for sale assets that have been measured at fair value and investments in associates accounted for using the equity method. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The half-year financial report is presented in Australian dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### **(b) Changes in accounting policies**

From 1 July 2008 the Group has adopted the following Standards and Interpretations, mandatory for Crown Limited's current reporting period. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

- Interpretation 12 *Service Concession Arrangements*.
- Interpretation 13 *Customer Loyalty Programmes*.

No Australian Accounting Standards issued during the half year, but not yet effective, have been early adopted. It is not considered early adoption of these standards would have a material impact on the results of the Group.

#### **(c) Use of estimates**

In conforming with generally accepted accounting principles, the preparation of financial statements for the Group requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.

## Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2008

Consolidated	
31 December 2008	31 December 2007
\$'000	\$'000

### 3. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

#### (i) Revenue

Revenue from services	<b>961,229</b>	814,607
Revenue from sale of goods	<b>146,325</b>	160,680
Interest received	<b>81,539</b>	89,721
Dividends received	-	29
Other operating revenue	<b>10,924</b>	9,108
	<b>1,200,017</b>	1,074,145

#### (ii) Other Income

Profit on disposal of non-current assets	<b>69</b>	105
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#### (iii) Expenses

Cost of sales	<b>55,859</b>	49,817
Gaming activities	<b>794,993</b>	687,351
Specific items	<b>547,511</b>	-
Other ordinary activities	<b>21,505</b>	14,284
	<b>1,419,868</b>	751,452

#### *Depreciation of non-current assets*

(included in Expenses above)

Buildings	<b>21,870</b>	20,618
Plant and equipment	<b>41,993</b>	34,517
	<b>63,863</b>	55,135

#### *Amortisation of non-current assets*

(included in Expenses above)

Casino licence fee and management agreement	<b>7,237</b>	7,237
Other assets	<b>1,810</b>	814
	<b>9,047</b>	8,051

Total depreciation and amortisation expense	<b>72,910</b>	63,186
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#### (iv) Other Income and Expense Disclosures

Finance costs expensed:		
Debt facilities	<b>109,871</b>	25,789

## Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2008

Consolidated	
31 December 2008 \$'000	31 December 2007 \$'000

### (v) Specific Items

Write down of available for sale assets	454,896	-
Write down of investments in associates	92,615	-
	547,511	-

The current period result includes the impact of a \$547.5 million non-recurring write down in the carrying value of available for sale assets and investments in associates. Crown has completed a review of its investments and written down the carrying value of its available for sale assets by \$454.9 million and investments in associates by \$92.6 million. The decline in available for sale assets valuations has been precipitated by the current economic conditions in the United States.

The carrying value adjustment in Crown's investments in associates is attributable to a write down in Crown's investment in Gateway and Aspinalls of \$48.8 million and \$43.8 million respectively. The Gateway write down reflects below expectation performance from the Starlight casino, the deterioration in the market outlook due to the slowdown in the Canadian economy and the inability to implement planned business improvement initiatives due to delays in regulatory approvals. The Aspinalls write down is due to the poor outlook for the UK casino market as a result of the difficult economic environment in the UK, the UK Government's decisions to increase the marginal tax rate on casino gaming to 50%, the introduction of smoking bans, failure to deregulate the casino industry as initially announced and not proceed as planned with the issue of new casino licences.

## 4. SEGMENT REPORTING

### 31 December 2008

	Gaming	Unallocated	Crown Group	Less: Discontinued Operations	Continuing Operations
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Business segments</b>					
<b>Operating revenue</b>					
Total	1,119,178	-	1,119,178	-	1,119,178
Intersegment	(700)	-	(700)	-	(700)
External customers	1,118,478	-	1,118,478	-	1,118,478
Other income	69	-	69	-	69
Interest revenue			81,539	-	81,539
<b>Total revenue</b>	<b>1,118,547</b>	<b>-</b>	<b>1,200,086</b>	<b>-</b>	<b>1,200,086</b>
<b>Segment result</b>					
Earnings before interest, tax, depreciation and amortisation "EBITDA"	340,605	(21,505)	319,100	-	319,100
Depreciation and amortisation	(71,497)	(1,413)	(72,910)	-	(72,910)
Earnings before interest and tax "EBIT"	269,108	(22,918)	246,190	-	246,190
Specific items	-	(547,511)	(547,511)	-	(547,511)
Equity accounted share of associates' net profit / (loss)			(34,602)	-	(34,602)
Net interest income / (expense)			(28,332)	-	(28,332)
Profit / (loss) from operating activities before income tax and minority interests	269,108	(570,429)	(364,255)	-	(364,255)
Income tax expense			(45,449)		(45,449)
<b>Profit / (loss) after tax</b>	<b>269,108</b>	<b>(570,429)</b>	<b>(409,704)</b>	<b>-</b>	<b>(409,704)</b>

## Crown Limited

### Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2008

31 December 2007

Business segments	Gaming	Unallocated	Crown Group	Less: Discontinued Operations	Continuing Operations
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating revenue</b>					
Total	985,099	8,760	993,859	8,731	985,128
Intersegment	(704)	-	(704)	-	(704)
External customers	984,395	8,760	993,155	8,731	984,424
Other income	105	273,933	274,038	273,933	105
Interest revenue			89,721	-	89,721
<b>Total revenue</b>	<b>984,500</b>	<b>282,693</b>	<b>1,356,914</b>	<b>282,664</b>	<b>1,074,250</b>
<b>Segment result</b>					
Earnings before interest, tax, depreciation and amortisation "EBITDA"	310,547	(25,352)	285,195	(11,068)	296,263
Depreciation and amortisation	(61,951)	(2,578)	(64,529)	(1,343)	(63,186)
Earnings before interest and tax "EBIT"	248,596	(27,930)	220,666	(12,411)	233,077
Specific items	-	3,351,563	3,351,563	3,351,563	-
Equity accounted share of associates' net profit			24,353	57,470	(33,117)
Net interest (income)			63,932	-	63,932
Profit / (loss) from operating activities before income tax and minority interests	248,596	3,323,633	3,660,514	3,396,622	263,892
Income tax expense			(37,967)	29,591	(67,558)
<b>Profit / (loss) after tax</b>	<b>248,596</b>	<b>3,323,633</b>	<b>3,622,547</b>	<b>3,426,213</b>	<b>196,334</b>

Consolidated	
31 December 2008	30 June 2008
\$'000	\$'000

#### 5. AVAILABLE FOR SALE FINANCIAL ASSETS

##### At fair value

Shares - unlisted (Australia)	<b>36,613</b>	37,014
Shares - unlisted (US)	<b>106,655</b>	462,375
	<b>143,268</b>	499,389

## Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2008

Consolidated	
31 December 2008 \$'000	31 December 2007 \$'000

### 6. CASH AND CASH EQUIVALENTS

For the purpose of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

Cash on hand and at bank	255,118	148,476
Deposits at call	2,809,747	2,418,250
	<b>3,064,865</b>	2,566,726

### 7. DIVIDENDS PAID AND PROPOSED

Equity dividends on ordinary shares:

(a) Dividends paid during the half-year Final franked dividend for the financial year 30 June 2008: <i>(paid 17 October 2008)</i> Paid at 29 cents (2007:25 cents) per share and franked at 40% (2007: fully franked) at the Australian tax rate of 30% (2007:30%)	<b>200,006</b>	172,122
(b) Dividends announced and not recognised as a liability Interim franked dividend for the half-year 31 December 2008: (expected to be paid 30 April 2009) Announced at 18 cents (2007:25 cents) per share franked at 60% (2007:40%) at the Australian tax rate of 30% (2007: 30%)	<b>135,051</b>	172,419

Shares issued under Crown's Executive Share Plan have been included in calculating the above dividends paid and proposed.

Refer to Note 10 for further clarification on the number of shares used to calculate the current period's interim dividend of \$135.1 million.

No shareholders' dividend plans are in operation.

### 8. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date contingent liabilities have increased by \$49 million from \$354 million to \$403 million due to foreign exchange movements.

Contingent Liabilities at 31 December 2008 related primarily to the following:

	<b>\$'000</b>
Letters of credit issued to the State of Victoria	185,000
Letter of credit re contingent equity commitment under MPEL debt facility	177,759
Victorian Workcover	16,974
Letter of credit issues to the British Columbia Lottery Commission	23,218
Other	25
	<b>402,976</b>

## Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2008

### 9. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 31 December 2008, the directors of Crown announced an interim dividend on ordinary shares in respect of the half-year ending 31 December 2008. The total amount of the dividend is \$135.1 million, which represents a dividend of 18 cents per share franked at 60%

Consolidated	
31 December 2008 \$'000	30 June 2008 \$'000

### 10. CONTRIBUTED EQUITY

#### ISSUED SHARE CAPITAL

Ordinary share fully paid	<b>455,343</b>	258,149
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#### MOVEMENTS IN ISSUED SHARE CAPITAL

	No.	\$'000
<b>At 30 June 2008</b>	689,676,925	258,149
Shares issued	40,404,040	197,000
Other	-	194
<b>At 31 December 2008</b>	<b>730,080,965</b>	<b>455,343</b>

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.

On 17 December 2008, Crown announced a share placement to raise A\$300 million and a share purchase plan (SPP). The Placement was priced at \$4.95 per share and included a placement of 20,202,021 shares to CPH, which was subject to a waiver of ASX Listing Rule 10.11.

The ASX has granted this waiver, subject to a number of conditions. As part of satisfying these conditions, CPH is giving certain Crown shareholders an opportunity to purchase a specified number of Crown shares from CPH at \$4.95 per share to avoid dilution as a result of the Placement.

For the purposes of calculating the interim dividend of \$135.1 million, Crown has used the shares on issue at 31 December 2008 plus the shares placed to CPH (20.2 million) which will be issued subsequent to the end of the current reporting period. The share placement to CPH was delayed pending receipt of the full terms of a waiver from the ASX of certain Listing Rule restrictions. However, the total number of shares excludes shares issued under the SPP as this is an uncertain number. The eventual amount paid for the interim dividend will increase by the dividends paid on the newly issued SPP shares (which will be entitled to the interim dividend).

**Notes to the Half-Year Financial Statements**

for the half-year ended 31 December 2008

<b>Consolidated</b>	
<b>31 December</b>	<b>30 June</b>
<b>2008</b>	<b>2008</b>
<b>\$'000</b>	<b>\$'000</b>

**11. RETAINED EARNINGS**

Balance at the beginning of the period	<b>3,863,759</b>	3,060,042
Net profit / (loss) from continuing operations	<b>(409,704)</b>	137,006
Net profit from discontinuing operations	-	3,426,213
Dividend paid	<b>(196,649)</b>	(339,257)
Internal demerger distribution	-	(2,420,245)
<b>Balance at the end of the period</b>	<b>3,257,406</b>	<b>3,863,759</b>

**12. CONTROL GAINED OVER ENTITIES HAVING A MATERIAL EFFECT**

On 10 December 2007 as part of a court approved scheme of arrangement Crown acquired 100% of the issued capital of Publishing and Broadcasting Limited. The consideration for this acquisition was 1 Crown share plus \$3 cash for each PBL share held. The total cash paid was \$2,069 million which has been treated in the December 2007 consolidated accounts as a return of capital.

**13. LOSS OF CONTROL OF ENTITIES HAVING A MATERIAL EFFECT**

**Discontinuing Operations**

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

Demerger of CMH

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

The net assets of CMH at the time of demerger were \$131.6 million. The value of CMH at the demerger date was \$2,551.8 million. A gain of \$2,420.2 million was therefore recorded on demerger. The \$131.6 million has been recorded as a reduction of capital and the \$2,420.2 million has been accounted for as an internal distribution in the December 2007 consolidated accounts.

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

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



### Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2008

#### PBL Media

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

#### Ticketing and Events

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

The material entities disposed as part of this transaction were:

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

#### Hoyts

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

#### Other Discontinued Operations

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

#### Summary of Discontinued Operations

In summary, Crown's gain for the half year ended 31 December 2007 from discontinued operations of \$3,426.2 million consists of the following:

	<b>\$'000</b>
Gain on demerger of CMH	2,420,245
Gain on disposal of PBL Media	873,721
Gain on disposal of Ticketing & Events	79,743
Loss on disposal of Hoyts	(5,146)
New Regency write down	(17,000)
Other discontinued operations	74,650
	<u>3,426,213</u>

## **Directors' Declaration**

In accordance with a resolution of the directors of Crown Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and the performance for the half-year ended 31 December 2008; and
  - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**J.D. Packer**  
Director



**R.B. Craigie**  
Director

Melbourne, 27th day of February, 2009.



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To the members of Crown Limited

## Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Crown Limited, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of recognised income and expense and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2008 or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Crown Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Crown Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Ernst + Young*

Ernst & Young

*Brett Kallio*

Brett Kallio  
Partner  
Melbourne  
27 February 2008