



**ASX/MEDIA RELEASE
FOR IMMEDIATE RELEASE
19 February 2020**

2020 HALF YEAR RESULTS – APPENDIX 4D

MELBOURNE: Crown Resorts Limited (ASX: CWN) (Crown) attaches the following documents for the half year ended 31 December 2019:

- Appendix 4D
- Half Year Financial Report

ENDS

Financial Media Enquiries – Ken Barton, Chief Executive Officer, 03 9292 8824.

Investor and Analyst Enquiries – Matthew Young, Investor Relations, 03 9292 8848.

COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at www.crownresorts.com.au

Appendix 4D

Half year ended 31 December 2019

(previous corresponding period: half year ended 31 December 2018)

Results for announcement to the market

Results in accordance with Australian Accounting Standards				\$m
Revenue from operations	up	3.6%	to	1,531.5
Net profit for the period attributable to members of the parent	up	24.8%	to	218.2

	Normalised Results ⁽¹⁾		Actual Results ⁽²⁾	
	\$m	% Movement	\$m	% Movement
Earnings before interest, tax, depreciation and amortisation	381.3	(9.0%)	446.8	14.0%
Depreciation & amortisation	(142.1)	1.2%	(142.1)	1.2%
Earnings before interest & tax	239.2	(14.1%)	304.7	21.2%
Share of associates' profits	6.1		6.1	
Net interest income	1.6		1.6	
Significant items ⁽³⁾	0.0		(0.8)	
Income tax expense	(73.7)		(92.9)	
Net profit after tax	173.2	(10.5%)	218.7	25.4%
Non-controlling interest	(0.5)		(0.5)	
Net profit attributable to members of the Parent	172.7	(11.0%)	218.2	24.8%

(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. Refer to note 3 in the attached financial statements for more information. 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) Actual results reflect revenues & expenses at actual win rates and include significant items.

(3) Refer note 4e for further details.

Dividends	Amount per security	Franked amount per security
Interim dividend	30.0 cents	7.50 cents
Previous corresponding period	30.0 cents	18.0 cents
Record date for determining entitlements to the dividend	20 March 2020	
Interim dividend payment date	3 April 2020	
Net Tangible Asset Backing	31 December 2019	31 December 2018
Net tangible asset backing per ordinary security on issue at period end	\$5.32	\$5.16

For an explanation of any of the figures reported above, see Crown Resorts Limited's announcement made to the ASX on the same date as this Appendix 4D. Non-IFRS measures have not been subject to statutory audit or review.

Directors' Report

For the half year ended 31 December 2019

Your directors submit their report for the half year ended 31 December 2019.

Directors

The directors of Crown Resorts Limited ("Crown" or 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.

John H Alexander
The Hon. Helen A Coonan
Andrew Demetriou
Geoffrey J Dixon (resigned 24 October 2019)
Jane Halton AO PSM
Professor John S Horvath AO
Guy Jalland
Michael R Johnston
Antonia Korsanos
Harold C Mitchell AC
John Poynton AO

On 24 January 2020, the Board approved the appointment of Mr Ken Barton as Chief Executive Officer of Crown. The Board also approved the appointment of Mr Barton as Managing Director of Crown, subject to the receipt of all necessary regulatory approvals. Mr Barton's appointment as a director will become effective once the necessary approvals have been confirmed.

Review and Results of Operations

For the half year ended 31 December 2019 Crown reported a net profit of \$218.7 million, compared to \$174.4 million in the prior comparable period ("pcp"). The net profit attributable to members of the Parent was \$218.2 million. Total normalised revenue across Crown's Australian resorts decreased by 5.2% on the pcp. Main floor gaming revenue increased by 0.6%, with 2.2% growth in Perth and Melbourne in line with last year. VIP program play turnover across Crown's Australian resorts of \$13.1 billion was down 34.2% on the pcp, with a win rate of 1.95% (compared to 1.17% in the pcp).

Cash flow

Net operating cash flow for the period of \$419.1 million compared to net operating cash flow of \$382.3 million in the pcp. After capital expenditure of \$426.3 million, net investment payments of \$2.7 million and dividend payments of \$203.1 million, the Group's net debt position (excluding working capital cash of \$151.4 million) at 31 December 2019 was \$371.2 million, consisting of total debt of \$871.8 million and cash (excluding working capital cash) of \$500.6 million.

Dividend

The Directors have declared an interim dividend totalling 30 cents per share franked at 25% payable on 3 April 2020 to shareholders registered at 5.00pm on 20 March 2020. The unfranked portion of the dividend has been declared to be conduit foreign income.

Regulatory Matters

On 8 August 2019, Crown was informed by the New South Wales Independent Liquor and Gaming Authority that it would be conducting an inquiry under s143 of the Casino Control Act 1992 (NSW) (Inquiry). The Terms of Reference in relation to the Inquiry were subsequently released on 29 August 2019. The Honourable Patricia Bergin SC has been appointed to, among other things, consider (i) the share sale agreement between Melco Resorts & Entertainment Limited and CPH Crown Holdings Pty Ltd to acquire shares in Crown; (ii) the various allegations raised in recent media reports and whether Crown remains suitable to hold a restricted gaming licence in New South Wales; and (iii) the efficacy of the primary objects of the Casino Control Act 1992 (NSW). The Victorian Commission for Gambling and Liquor Regulation also announced it will re-examine issues relating to Crown Melbourne that have been reported in the media recently. Crown will fully co-operate in relation to these investigations.

Auditor's Independence Declaration

Attached is a copy of the auditor's independence declaration in relation to the review for the half year ended 31 December 2019. This auditor's independence declaration forms part of this Directors' report.

Directors' Report

For the half year ended 31 December 2019

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.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'Helen Coonan', with a long horizontal flourish extending to the right.

The Honourable Helen Coonan

Director

Melbourne, 19th day of February 2020.



**Building a better
working world**

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

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

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

As lead auditor for the review of the half-year financial report of Crown Resorts Limited for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Crown Resorts Limited and the entities it controlled during the financial period.

Ernst & Young

Michael Collins
Partner
19 February 2020

Statement of Profit or Loss

For the half year ended 31 December 2019

	Note	31 December 2019 \$m	31 December 2018 \$m
Revenues	4	1,531.5	1,478.0
Other income	4	-	0.1
Expenses	4	(1,219.4)	(1,211.3)
Share of profits/(losses) of associates and joint venture entities		6.1	7.2
Profit before income tax and finance costs		318.2	274.0
Finance costs	4	(6.6)	(24.0)
Profit before income tax		311.6	250.0
Income tax expense		(92.9)	(75.6)
Net profit after tax		218.7	174.4
Attributable to:			
Equity holders of the Parent		218.2	174.9
Non-controlling interests		0.5	(0.5)
		218.7	174.4

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

	31 December 2019 Cents per share	31 December 2018 Cents per share
Earnings per share (EPS)		
Basic EPS attributable to ordinary equity holders of the Parent	32.22	25.59
Diluted EPS attributable to ordinary equity holders of the Parent	32.20	25.56
EPS calculation is based on the weighted average number of shares on issue throughout the period		
Dividends per share		
Current year interim dividend declared	30.00	30.00
Prior year final dividend paid	30.00	30.00

Statement of Comprehensive Income

For the half year ended 31 December 2019

	31 December 2019	31 December 2018
	\$m	\$m
Net profit after tax	218.7	174.4
Other Comprehensive Income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	9.3	13.4
Movement in cash flow hedge reserve	(7.4)	10.7
Other comprehensive income / (loss) for the period, net of income tax	1.9	24.1
Total comprehensive income / (loss) for the period	220.6	198.5
Attributable to:		
Equity holders of the Parent	220.1	198.8
Non-controlling interests	0.5	(0.3)
	220.6	198.5

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

Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 \$m	30 June 2019 \$m
Current assets			
Cash and cash equivalents	6	652.0	1,126.0
Trade and other receivables		87.8	98.7
Inventories		18.4	16.7
Prepayments		39.4	38.1
Other financial assets		-	5.5
Total current assets		797.6	1,285.0
Non-current assets			
Receivables		8.9	157.8
Other financial assets		30.2	37.5
Investments in associates		213.9	206.9
Property, plant and equipment		4,625.4	4,259.0
Intangible assets - licences		1,055.6	1,064.0
Other intangible assets		412.6	415.3
Deferred tax assets		169.3	159.5
Other assets		48.0	48.8
Total non-current assets		6,563.9	6,348.8
Total assets		7,361.5	7,633.8
Current liabilities			
Trade and other payables		440.6	433.1
Interest-bearing loans and borrowings	7	31.5	287.6
Income tax payable		53.8	153.9
Provisions		192.6	186.0
Other financial liabilities		3.4	-
Total current liabilities		721.9	1,060.6
Non-current liabilities			
Other payables		269.4	255.1
Interest-bearing loans and borrowings	7	840.3	791.0
Deferred tax liabilities		404.0	401.5
Provisions		27.5	24.2
Other financial liabilities		-	4.5
Total non-current liabilities		1,541.2	1,476.3
Total liabilities		2,263.1	2,536.9
Net assets		5,098.4	5,096.9
Equity			
Contributed equity		(203.3)	(203.3)
Reserves		5.4	1.4
Retained earnings		5,296.3	5,298.8
Total equity		5,098.4	5,096.9

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

Cash Flow Statement

For the half year ended 31 December 2019

	31 December 2019	31 December 2018
Note	\$m	\$m
Cash flows from operating activities		
Receipts from customers	1,588.4	1,608.8
Payments to suppliers and employees	(1,098.6)	(1,161.2)
Dividends received	4.3	3.9
Interest received	9.7	17.1
Borrowing costs paid	(33.8)	(42.3)
Income tax paid	(50.9)	(44.0)
Net cash flows from/(used in) operating activities	419.1	382.3
Cash flows from investing activities		
Purchase of property, plant and equipment	(426.3)	(209.4)
Proceeds from sale of property, plant and equipment	-	0.1
Investment in equity accounted associates	(2.7)	(0.7)
Proceeds from disposal of investments	-	7.6
Net cash flows from/(used in) investing activities	(429.0)	(202.4)
Cash flows from financing activities		
Proceeds from borrowings	10.4	24.4
Repayment of borrowings	(275.1)	(436.1)
Payments for share buy-back	-	(131.4)
Dividends paid to equity holders of the Parent	(203.1)	(205.9)
Net cash flows from/(used in) financing activities	(467.8)	(749.0)
Net increase/(decrease) in cash and cash equivalents	(477.7)	(569.1)
Cash and cash equivalents at the beginning of the period	1,126.0	1,844.6
Effect of exchange rate changes on cash	3.7	0.9
Cash and cash equivalents at the end of the period	652.0	1,276.4

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

Statement of Changes in Equity

For the half year ended 31 December 2019

	Ordinary Shares	Shares Held in Trust	Retained Earnings	Reserves	Total	Non- Controlling Interest	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
31 December 2019							
Balance at 1 July 2019	(203.3)	-	5,298.8	1.4	5,096.9	-	5,096.9
Adoption impact of AASB 16	-	-	(17.6)	-	(17.6)	-	(17.6)
Adjusted balance at 1 July 2019	(203.3)	-	5,281.2	1.4	5,079.3	-	5,079.3
Profit for the period	-	-	218.2	-	218.2	0.5	218.7
Other comprehensive income/(loss)	-	-	-	1.9	1.9	-	1.9
Total comprehensive income for the period	-	-	218.2	1.9	220.1	0.5	220.6
Dividends paid	-	-	(203.1)	-	(203.1)	-	(203.1)
Movement in non-controlling put option	-	-	-	0.4	0.4	(0.5)	(0.1)
Share based payments	-	-	-	1.7	1.7	-	1.7
Balance at 31 December 2019	(203.3)	-	5,296.3	5.4	5,098.4	-	5,098.4
31 December 2018							
Balance at 1 July 2018	(71.9)	(15.7)	5,306.0	(60.5)	5,157.9	-	5,157.9
Profit for the period	-	-	174.9	-	174.9	(0.5)	174.4
Other comprehensive income/(loss)	-	-	-	23.9	23.9	0.2	24.1
Total comprehensive income for the period	-	-	174.9	23.9	198.8	(0.3)	198.5
Dividends paid	-	-	(205.9)	-	(205.9)	-	(205.9)
Share buy-back	(131.4)	-	-	-	(131.4)	-	(131.4)
Movement in non-controlling put option	-	-	-	(2.7)	(2.7)	0.3	(2.4)
Share based payments	-	15.7	-	1.5	17.2	-	17.2
Balance at 31 December 2018	(203.3)	-	5,275.0	(37.8)	5,033.9	-	5,033.9

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

Notes to the Financial Statements

For the half year ended 31 December 2019

1. Corporate Information

The consolidated interim financial report of Crown Resorts Limited (Crown or the Company) and its controlled entities (the Group) for the half year ended 31 December 2019 was authorised for issue, subject to final approval by the Chief Executive Officer, in accordance with a resolution of the directors on 18 February 2020. Crown is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The half year financial report for the six months ended 31 December 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The half year financial report does not include all the information and disclosures required in the annual financial report and should be read in conjunction with the annual financial report of Crown as at 30 June 2019. It is also recommended that the half year financial report be considered together with any public announcements made by Crown during the half year ended 31 December 2019 and up to the date of this report in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Cth) and the ASX Listing Rules.

The half year financial report is presented in Australian dollars and all values 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. For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the half year financial report are consistent with those followed in the preparation of the annual financial report of Crown for the year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019.

The Group has adopted, for the first time, AASB 16 *Leases* as disclosed below.

Several other amendments and interpretations apply for the first time from July 2019, but do not have a material impact on the financial position or performance of the Group during the period.

AASB 16 Leases

AASB 16 supersedes AASB 117 *Leases* and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117, other than in respect of subleases. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 did not have an impact for leases where the Group is the lessor.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, being 1 July 2019, and comparatives are not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Notes to the Financial Statements

For the half year ended 31 December 2019

2. Basis of preparation and changes to the Group's accounting policies *continued*

The effect of adoption of AASB 16 as at 1 July 2019 (increase/(decrease)) is as follows:

	\$m
Assets	
Property, plant and equipment	32.0
Prepayments	(1.7)
Deferred tax assets	6.6
Total assets	36.9
Liabilities	
Interest-bearing loans and borrowings	54.5
Total liabilities	54.5
Equity	
Retained earnings	(17.6)
Total adjustment on equity	(17.6)

a) Nature of the effect of adoption of AASB 16

The Group has lease contracts for various items of property (including the Crown Melbourne main site), offices, warehouses, vehicles and other equipment. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate which applied the rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Notes to the Financial Statements

For the half year ended 31 December 2019

2. Basis of preparation and changes to the Group's accounting policies *continued*

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	\$m
Operating lease commitments as at 30 June 2019	32.5
Weighted average incremental borrowing rate as at 1 July 2019	5.06%
Discounted operating lease commitments at 1 July 2019	25.0
Less:	
Commitments relating to short-term leases	(0.1)
Add:	
Crown Melbourne main site lease ⁽¹⁾	29.6
Lease liabilities as at 1 July 2019	54.5

⁽¹⁾ In 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which the Crown Melbourne Entertainment Complex is located. For years one to forty inclusive, the annual rent payable 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. In the 30 June 2019 financial statements, the aggregate lease expenditure contracted for at balance date but not provided for did not include an estimate for the rent payable for years forty-one to ninety-nine inclusive due to the uncertainty of these amounts. On adoption of AASB 16, this lease has been recognised as a right-of-use asset and lease liability. The carrying value of the right-of-use asset has been determined as if the standard had always applied, based on the payments in years forty-one to ninety-nine using the estimated market rent at commencement date of the lease, applying the incremental borrowing rate at date of initial application of the standard. In estimating the market rent at commencement date, the Group engaged an independent property valuer. The lease liability is measured at the present value of the lease payments to be made in years forty-one to ninety-nine using the estimated market rent at commencement date of the lease.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are tested for impairment.

Right-of-use assets are included in the heading Property, plant and equipment on the Statement of Financial Position.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate initially measured using the index or rate as at commencement date, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities are included in the headings current and non-current Interest-bearing loans and borrowings on the Statement of Financial Position.

Notes to the Financial Statements

For the half year ended 31 December 2019

2. Basis of preparation and changes to the Group's accounting policies *continued*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Australian Interpretation 23 *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes*. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Group has applied Australian Interpretation 23 from 1 July 2019. In the past, the Group has only recognised claims against tax authorities when considered virtually certain. Following transition, claims are recognised when probable. This interpretation did not have an impact on the consolidated financial statements of the Group.

Notes to the Financial Statements

For the half year ended 31 December 2019

3. 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 believes that normalised results⁽¹⁾ are the relevant measure of viewing the performance of the business. The normalised results presented below are reconciled to the reported results. The Group has four operating segments being Crown Melbourne, Crown Perth, Crown Aspinalls and Wagering & Online.

31 December 2019

	Normalised Result ⁽¹⁾						Adjustment ⁽¹⁾⁽²⁾	Significant Items ⁽³⁾	Actual
	Crown Melbourne	Crown Perth	Crown Aspinalls	Wagering & Online	Unallocated	Crown Group			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Operating revenue									
Main floor tables	387.5	97.9	-	-	-	485.4			
Main floor machines	243.3	144.2	-	-	-	387.5			
VIP program play	140.9	35.5	28.4	-	-	204.8			
Wagering & Non gaming	253.9	154.3	0.6	62.8	0.3	471.9			
Intersegment						(0.8)			
Operating revenue	1,025.6	431.9	29.0	62.8	0.3	1,548.8	(25.5)	1,523.3	
Interest revenue						8.2	-	8.2	
Total revenue	1,025.6	431.9	29.0	62.8	0.3	1,557.0	(25.5)	1,531.5	
Operating expenses									
Operating expenses	(756.9)	(310.2)	(25.4)	(48.7)	(27.1)	(1,168.3)	91.0	(1,077.3)	
Intersegment						0.8	-	0.8	
Earnings before interest, tax, depreciation and amortisation "EBITDA"	268.7	121.7	3.6	14.1	(26.8)	381.3	65.5	446.8	
Depreciation and amortisation	(89.7)	(42.1)	(2.3)	(4.5)	(3.5)	(142.1)	-	(142.1)	
Earnings before interest and tax "EBIT"	179.0	79.6	1.3	9.6	(30.3)	239.2	65.5	304.7	
Equity accounted share of associates' net profit/(loss)						6.1	-	6.1	
Net interest income/(expense)						1.6	-	1.6	
Significant items						-	(0.8)	(0.8)	
Income tax benefit/(expense)						(73.7)	(19.4)	(92.9)	
Profit/(loss) after tax						173.2	46.1	218.7	
Non-controlling interest						(0.5)	-	(0.5)	
Profit/(loss) attributable to equity holders of the Parent						172.7	(0.6)	218.2	

(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 period Crown incurred \$108.4 million of VIP program play commission expenses. This is included in the total normalised Operating Expenses for the period of \$1,168.3 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) Significant items relate to Crown Sydney pre-opening costs.

Notes to the Financial Statements

For the half year ended 31 December 2019

3. Segment Information *continued*

31 December 2018	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	397.7	99.4	-	-	-	497.1		
Main floor machines	233.0	137.5	-	-	-	370.5		
VIP program play	233.3	34.8	34.7	-	-	302.8		
Wagering & Non gaming	254.9	146.0	0.6	65.9	0.1	467.5		
Intersegment						(1.7)		
Operating revenue	1,118.9	417.7	35.3	65.9	0.1	1,636.2	(173.5)	1,462.7
Interest revenue						15.4	-	15.4
Total revenue	1,118.9	417.7	35.3	65.9	0.1	1,651.6	(173.5)	1,478.1 ⁽³⁾
Operating expenses	(804.0)	(300.1)	(29.1)	(58.4)	(27.5)	(1,219.1)	146.5	(1,072.6)
Intersegment						1.7	-	1.7
Earnings before interest, tax, depreciation and amortisation "EBITDA"	314.9	117.6	6.2	7.5	(27.4)	418.8	(27.0)	391.8
Depreciation and amortisation	(90.4)	(43.9)	(1.3)	(3.0)	(1.8)	(140.4)	-	(140.4)
Earnings before interest and tax "EBIT"	224.5	73.7	4.9	4.5	(29.2)	278.4	(27.0)	251.4
Equity accounted share of associates' net profit/(loss)						7.2	-	7.2
Net interest income/(expense)						(8.6)	-	(8.6)
Income tax benefit/(expense)						(83.4)	7.8	(75.6)
Profit/(loss) after tax						193.6	(19.2)	174.4
Non-controlling interest						0.5	-	0.5
Profit/(loss) attributable to equity holders of the Parent						194.1	(19.2)	174.9

(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). 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 period Crown incurred \$134.9 million of VIP program play commission expenses. This is included in the total normalised Operating Expenses for the period of \$1,219.1 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 \$1,478.1 million includes \$0.1 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

Notes to the Financial Statements

For the half year ended 31 December 2019

4. Revenue and Expenses

	31 December 2019 \$m	31 December 2018 \$m
Profit before income tax expense includes the following revenues and expenses:		
(a) Revenue		
Crown Melbourne	1,106.8	1,043.9
Crown Perth	409.6	437.7
Crown Aspinalls	34.2	32.1
Wagering & Online	62.3	65.4
Other	0.2	-
Less Commissions	(108.4)	(134.9)
Total Revenue from Contracts with Customers	1,504.7	1,444.2
Tenancy revenue	18.6	18.3
Interest	8.2	15.4
Dividends	-	0.1
Total Revenue	1,531.5	1,478.0
(b) Other income		
Profit on disposal of non-current assets	-	0.1
	-	0.1
(c) Expenses		
Cost of sales	87.4	83.9
Operating activities	1,100.6	1,098.1
Crown Sydney pre-opening costs	0.8	-
Other expenses	30.6	29.3
	1,219.4	1,211.3
Depreciation of non-current assets <i>(included in expenses above)</i>		
Buildings	48.2	48.2
Plant and equipment	77.0	79.7
Right-of-use assets	2.6	-
	127.8	127.9
Amortisation of non-current assets <i>(included in expenses above)</i>		
Casino licence fee and management agreement	10.2	10.2
Other assets	4.1	2.3
	14.3	12.5
Total depreciation and amortisation expense	142.1	140.4
(d) Other income and expense disclosures		
Finance costs expensed:		
Debt facilities	35.2	43.8
Lease liabilities	1.2	-
Capitalised interest	(29.8)	(19.8)
	6.6	24.0
(e) Significant items - income / (expense)		
Crown Sydney pre-opening costs (net of tax)	(0.6)	-
	(0.6)	-

Notes to the Financial Statements

For the half year ended 31 December 2019

5. Dividends Paid and Declared

	31 December 2019	31 December 2018
	\$m	\$m
(a) Dividends declared and paid during the half year		
<i>Prior year final dividend (paid 4 October 2019)</i>		
Paid at 30.0 cents (2018: 30.0 cents) per share and franked at 25% (2018: 60%) at the Australian tax rate of 30% (2018: 30%)	203.1	205.9
(b) Dividends declared and not recognised as a liability		
<i>Current year interim dividend (expected to be paid 3 April 2020)</i>		
Declared at 30.0 cents (2018: 30.0 cents) per share and franked at 25% (2018: 60%) at the Australian tax rate of 30% (2018: 30%)	203.1	203.1

No shareholder dividend plans are in operation.

The unfranked portion of the dividend has been declared to be conduit foreign income.

6. Cash and Cash Equivalents

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

	31 December 2019	31 December 2018
	\$m	\$m
Cash on hand and at bank	408.2	487.3
Deposits on call	243.8	789.1
	652.0	1,276.4

The above closing cash balances includes \$151.4 million (2018: \$177.7 million) of cash on the company's premises and cash held in bank accounts needed to run the day to day operations of the businesses and cash (including deposits on call) of \$500.6 million (2018: \$1,098.7 million) for other purposes.

Notes to the Financial Statements

For the half year ended 31 December 2019

7. Interest-Bearing Loans and Borrowings

	31 December 2019 \$m	30 June 2019 \$m
Current		
Bank Loans - unsecured	25.7	28.5
Capital Markets Debt - unsecured	-	259.1
Lease Liabilities - secured	5.8	-
	31.5	287.6
Non-current		
Capital Markets Debt - unsecured	790.1	790.0
Other loans - unsecured	1.1	1.0
Lease Liabilities - secured	49.1	-
	840.3	791.0

At 31 December 2019, Crown had total unsecured credit facilities of \$1,306.2 million (June 2019: \$1,561.0 million), of which \$200.7 million was undrawn (June 2019: \$200.4 million).

8. Capital Expenditure Commitments

	31 December 2019 \$m	30 June 2019 \$m
Estimated capital expenditure contracted for at balance date, but not provided for:		
Payable within one year	538.4	623.9
Payable after one year but not more than five years	42.8	82.8
	581.2	706.7

Notes to the Financial Statements

For the half year ended 31 December 2019

9. Financial Instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2019:

	Loans and receivables at amortised cost \$m	Fair value profit or loss \$m	Fair value other comprehensive income \$m	Present value equity reserve \$m
31 December 2019				
Financial assets:				
Trade and other receivables	87.8	-	-	-
Total current	87.8	-	-	-
Trade and other receivables	8.9	-	-	-
Cross currency swap contracts	-	-	29.1	-
Share option contracts	-	1.1	-	-
Total non-current	8.9	1.1	29.1	-
Total	96.7	1.1	29.1	-
Financial liabilities:				
Trade and other payables	440.6	-	-	-
Interest bearing loans and borrowings	31.5	-	-	-
Interest rate swap contracts	-	-	3.4	-
Total current	472.1	-	3.4	-
Other long term payables	259.9	0.7	-	8.8
Interest bearing loans and borrowings	840.3	-	-	-
Total non-current	1,100.2	0.7	-	8.8
Total	1,572.3	0.7	3.4	8.8
30 June 2019				
Financial assets:				
Trade and other receivables	98.7	-	-	-
Foreign currency derivative assets	-	-	5.5	-
Total current	98.7	-	5.5	-
Trade and other receivables	157.8	-	-	-
Cross currency swap contracts	-	-	35.2	-
Share option contracts	-	2.3	-	-
Total non-current	157.8	2.3	35.2	-
Total	256.5	2.3	40.7	-
Financial liabilities:				
Trade and other payables	433.1	-	-	-
Interest bearing loans and borrowings	287.6	-	-	-
Total current	720.7	-	-	-
Other long term payables	245.6	0.7	-	8.8
Interest bearing loans and borrowings	791.0	-	-	-
Interest rate swap contracts	-	-	4.5	-
Total non-current	1,036.6	0.7	4.5	8.8
Total	1,757.3	0.7	4.5	8.8

Instruments allocated to the column 'fair value other comprehensive income' are derivative financial instruments designated as cash flow hedges.

Notes to the Financial Statements

For the half year ended 31 December 2019

9. Financial Instruments *continued*

Risk management activities

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.

During the period, the Group held and entered into foreign exchange contracts to hedge future transactions in foreign currencies, which were designated in hedge accounting relationships. In addition, the Group maintained interest rate swap contracts and cross currency swap contracts, which were designated in hedge accounting relationships. These hedges were assessed to be highly effective as at 31 December 2019.

For the period ended 31 December 2019, an unrealised loss of \$7.4 million in relation to the above foreign exchange and interest rate contracts was included in other comprehensive income.

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 30 June 2019 the value of the instrument was \$2.3 million, with the value of the instrument reduced to \$1.1 million at 31 December 2019. This unrealised loss in relation to the derivative instrument was included in the Statement of Profit or Loss.

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.

Notes to the Financial Statements

For the half year ended 31 December 2019

9. Financial Instruments *continued***Fair value of financial instruments** *continued*

As at 31 December 2019, the Group held the following classes of financial instruments measured at fair value:

	Valuation Technique			Total \$m
	Quoted market price	Observable inputs	Non market observable	
	Level One \$m	Level Two \$m	Level Three \$m	
31 December 2019				
Financial Assets				
Share option contracts	-	1.1	-	1.1
Cross currency swap contracts	-	29.1	-	29.1
	-	30.2	-	30.2
Financial Liabilities				
Contingent consideration	-	-	0.7	0.7
Interest rate swap contracts	-	3.4	-	3.4
	-	3.4	0.7	4.1
30 June 2019				
Financial Assets				
Foreign exchange contracts	-	5.5	-	5.5
Share option contracts	-	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

During the period ended 31 December 2019, there were no transfers between fair value measurement levels.

The contingent consideration as at 31 December 2019 is due in early 2021, based on the earnings for the year ended 31 December 2020 of the DGN Group. A significant increase (decrease) in the future earnings of the DGN Group would result in a higher (lower) fair value of the contingent consideration liability.

Reconciliation of Level Three recurring fair value movements

	31 December 2019 \$m	30 June 2019 \$m
Financial Liabilities		
Opening balance	0.7	47.0
Profit and Loss	-	(48.9)
Other comprehensive income	-	2.6
Closing Balance - Financial Liabilities	0.7	0.7

The Profit and Loss and other comprehensive income amount in the prior comparative period represents a 12 month movement.

Notes to the Financial Statements

For the half year ended 31 December 2019

10. 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 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. Note 12 of the 30 June 2019 annual financial report described key assumptions on which management based its impairment testing of intangible assets. For CGUs utilising the value in use method the key assumptions used are cash flow forecasts based primarily on business plans presented to and approved by the Board, residual value, forecast growth rates, and discount rates. For CGUs utilising the fair value less cost of disposal method the key assumptions used are earnings forecasts, residual value, discount rate, market acquisition prices, current trading multiples of entities of a similar nature and costs of disposal.

The Group performs impairment testing for intangible assets on an annual basis (at 30 June each year) or when there are other indicators of impairment. At 30 June 2019 there were indicators of impairment at the DGN CGU, and based on the impairment testing analysis, an impairment loss of \$48.9 million was recorded against the goodwill of DGN. Therefore, any adverse change in either the acquisition or trading multiples of entities of a similar nature to DGN, or an adverse change in earnings would result in a further impairment charge against DGN's goodwill. At December 2019 the key assumptions for the DGN CGU were reviewed to determine if there was any adverse change that could be an indicator of further impairment of the CGU. As a result of the review, no potential indicators of impairment were identified for the DGN CGU at 31 December 2019. No impairment indicators were identified for any other CGUs at 31 December 2019.

No impairment loss has been recorded against the Group's intangible assets during the half year. 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.

11. Contingent Liabilities

As announced by Crown on 4 December 2017, Maurice Blackburn Lawyers 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 matter, from time to time entities within the Group are respondents to regulatory inquiries or defendants in legal proceedings arising from the conduct of their business, including the Inquiry (as defined in the Directors' Report). The Group does not consider that the outcome of any inquiries or 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 31 December 2019.

12. Events After the Reporting Period

On 24 January 2020, Non-executive Director The Honourable Helen Coonan was appointed as Chair of Crown and Non-executive Director Professor John Horvath AO was appointed as Deputy Chair of Crown. In addition, the Board appointed Crown's Chief Financial Officer, Mr Ken Barton, as the Chief Executive Officer (CEO) of Crown and approved the appointment of Mr Barton as Managing Director of Crown, subject to the receipt of any necessary regulatory approvals which may be required. Mr John Alexander has stepped down as Executive Chairman of Crown and, to assist with the transition of the Chair and CEO roles, will remain an Executive Director of Crown.

Subsequent to 31 December 2019, the directors of Crown declared an interim dividend on ordinary shares in respect of the half year ended 31 December 2019. The total amount of the dividend is \$203.1 million, which represents a dividend of 30 cents per share franked at 25%. The unfranked portion of the dividend has been declared to be conduit foreign income.

Directors' Declaration

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 (Cth), including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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; 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.

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'Helen Coonan', with a long horizontal flourish extending to the right.

The Honourable Helen Coonan
Director

Melbourne, 19th day of February 2020.



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

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

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Crown Resorts Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

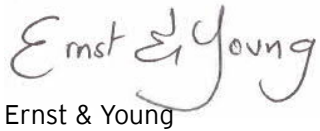
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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.



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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young

Ernst & Young



Michael Collins
Partner
Melbourne
19 February 2020