

Appendix 4D

Half year ended 31 December 2014

(previous corresponding period: half year ended 31 December 2013)

Results for announcement to the market

Results in accordance with Australian Accounting Standards				\$'000
Revenue from operations	up	9.2%	to	1,706,771
Net profit for the period attributable to members of the parent	down	47.2%	to	201,752

	Normalised Results ⁽¹⁾		Actual Results ⁽²⁾	
	\$'000	% Movement	\$'000	% Movement
Revenue from operations	1,719,967	17.2%	1,706,771	9.2%
Earnings before interest, tax, depreciation and amortisation	450,178	14.8%	404,544	(15.5%)
Depreciation & amortisation	(127,970)	4.0%	(127,970)	4.0%
Earnings before interest & tax	322,208	19.7%	276,574	(22.3%)
Share of associates' profits	110,441	(20.4%)	85,343	(41.4%)
Net interest expense	(51,780)		(51,780)	
Significant items ⁽³⁾	-		(61,342)	
Income tax expense	(59,182)		(47,734)	
Net profit after tax	321,687	2.1%	201,061	(47.4%)
Non-controlling interest	691		691	
Net profit attributable to members of the Parent	322,378	2.3%	201,752	(47.2%)

(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, Crown Aspinall's and Melco Crown), pre-opening costs from Melco Crown and asset impairments. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commission & other expenses, income tax expense and equity accounted share of associates' results. Refer to note 3 in the attached financial statements for more information. The Group believes that normalised results are the best measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue.

(2) Actual results reflect revenues & expenses at actual win rates and include significant items.

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

Dividends	Amount per security	Franked amount per security
Interim dividend:	18.0 cents	9.0 cents
Previous corresponding period:	18.0 cents	9.0 cents
Record date for determining entitlements to the dividend:	27 March 2015	
Interim dividend payment date:	10 April 2015	
Net Tangible Asset Backing	31 December 2014	31 December 2013
Net tangible asset backing per ordinary security on issue at period end:	\$4.14	\$4.20

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

Directors' Report *continued*

For the half year ended 31 December 2014

Your directors submit their report for the half year ended 31 December 2014.

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.

James D Packer
John H Alexander
Benjamin A Brazil
Helen A Coonan
Rowen B Craigie
Rowena Danziger
Andrew Demetriou (appointed 29 January, 2015)
Geoffrey J Dixon
John S Horvath
Ashok Jacob (resigned 16 December, 2014)
Michael R Johnston
Harold C Mitchell

Review and Results of Operations

For the half year ended 31 December 2014 Crown reported a net profit of \$201.1 million, compared to \$382.5 million in the prior comparable period (pcp). The net profit attributable to members of the Parent was \$201.8 million. The result in comparison to the prior period has been impacted by a decrease in the VIP program play win rate (\$94.8 million post tax impact for wholly owned operations) and a decline in contribution from Crown's Macau joint venture, Melco Crown Entertainment (MCE). The current year's result is also impacted by asset impairments of \$61.3 million.

The performance of the Australian business was satisfactory, given the subdued level of consumer sentiment. Compared to the pcp, normalised EBITDA was up 26.1% in Crown Melbourne and up 7.7% in Crown Perth with main floor gaming revenue up 3.5% across Crown Melbourne and Crown Perth. VIP program play turnover experienced strong growth towards the end of the period with record monthly turnover levels being achieved in November and December at Crown Melbourne, resulting in overall turnover growth of 61.4% for the half year. However, this was achieved at a lower win rate than the prior year.

Crown's share of MCE's normalised result for the period was an equity accounted profit of \$110.4 million, down \$30.2 million or 21.5% on the pcp. The decline in MCE's result was attributable to weak market conditions in Macau which worsened over the six month period with a 30.4% decline in gross gaming revenue across the Macau market in December 2014 compared to December 2013.

Associates

The Group's reported equity accounted profit for the period was \$85.3 million (\$145.7 million profit in the pcp), primarily reflecting the profit from MCE. Crown's equity accounted profit from Betfair until Crown obtained control was \$15,000.

Cash flow

Net operating cash flow for the period of \$285.8 million compared to last year's cash flow of \$304.1 million. After net capital expenditure of \$324.5 million, licence fee payments of \$345.0 million, dividend payments of \$138.4 million, net investment payments of \$206.0 million, cash injections from non-controlling interests of \$72.4 million and the effect of exchange rates, the Group's net debt position (excluding working capital cash of \$156.2 million) at 31 December 2014 was \$2,437.8 million, consisting of total debt of \$2,680.8 million and cash (excluding working capital cash) of \$243.0 million.

Dividend

The Directors have declared a dividend on ordinary shares of 18 cents per share franked at 50% payable on 10 April 2015 to shareholders registered at 5.00pm on 27 March 2015. No part of the unfranked portion of the dividend will consist of conduit foreign income.

Directors' Report *continued*

For the half year ended 31 December 2014

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 2014. This auditor's independence declaration forms part of this Directors' report.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) 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, 19th day of February, 2015.



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

In relation to our review of the financial report of Crown Resorts Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

David McGregor
Partner
19 February 2015

Statement of Profit or Loss

For the half year ended 31 December 2014

	Note	31 December 2014 \$'000	31 December 2013 \$'000
Revenues	4	1,706,771	1,562,534
Other income	4	43	343
Expenses	4	(1,481,229)	(1,198,754)
Share of profits of associates and joint venture entities		85,343	145,672
Profit before income tax and finance costs		310,928	509,795
Finance costs	4	(62,133)	(59,240)
Profit before income tax		248,795	450,555
Income tax expense		(47,734)	(68,104)
Net profit after tax		201,061	382,451
Attributable to:			
Equity holders of the Parent		201,752	382,451
Non-controlling interests		(691)	-
		201,061	382,451

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

	31 December 2014 Cents per share	31 December 2013 Cents per share
Earnings per share (EPS)		
Basic EPS attributable to ordinary equity holders of the Parent	27.70	52.51
Diluted EPS attributable to ordinary equity holders of the Parent	27.70	52.51
EPS calculation is based on the weighted average number of shares on issue throughout the period		
Dividends per share		
Current year interim dividend declared	18.00	18.00
Prior year final dividend paid	19.00	19.00

Statement of Comprehensive Income

For the half year ended 31 December 2014

	31 December 2014 \$'000	31 December 2013 \$'000
Net profit after tax	201,061	382,451
Other Comprehensive Income		
<i>Items that may be reclassified subsequently to profit & loss:</i>		
Foreign currency translation ⁽¹⁾	252,844	43,054
Movement in cashflow hedge reserve	22,169	5,379
Unrealised gains reserve	7,694	-
Other comprehensive income / (loss) for the period, net of income tax	282,707	48,433
Total comprehensive income / (loss) for the period	483,768	430,884
Attributable to:		
Equity holders of the Parent	484,459	430,884
Non-controlling interests	(691)	-
	483,768	430,884

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

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

Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 \$'000	30 June 2014 \$'000
Current assets			
Cash and cash equivalents	5	399,219	177,780
Trade and other receivables		426,965	341,553
Inventories		15,194	12,901
Prepayments		39,235	31,289
Other financial assets		6,689	-
Total current assets		887,302	563,523
Non-current assets			
Receivables		148,064	211,980
Other financial assets		5,900	457
Investments		35,384	85,066
Investments in associates		1,837,785	1,541,708
Property, plant and equipment		3,648,863	3,096,335
Licences	6	1,133,886	647,039
Other intangible assets		261,104	231,808
Deferred tax assets		132,174	131,184
Other assets		63,236	59,431
Total non-current assets		7,266,396	6,005,008
Total assets		8,153,698	6,568,531
Current liabilities			
Trade and other payables		442,034	345,874
Interest-bearing loans and borrowings		70,126	103,531
Income tax payable		84,249	118,837
Provisions		158,687	138,792
Other financial liabilities		263	1,499
Total current liabilities		755,359	708,533
Non-current liabilities			
Other payables		147,949	138
Interest-bearing loans and borrowings		2,610,720	1,639,270
Deferred tax liabilities		189,031	189,411
Provisions		28,682	32,815
Other financial liabilities		7,902	16,703
Total non-current liabilities		2,984,284	1,878,337
Total liabilities		3,739,643	2,586,870
Net assets		4,414,055	3,981,661
Equity			
Contributed equity		446,763	446,763
Treasury shares		-	(1,918)
Reserves		677,304	394,597
Retained earnings		3,205,576	3,142,219
Equity attributable to equity holders of the Parent		4,329,643	3,981,661
Non-controlling interest		84,412	-
Total equity		4,414,055	3,981,661

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 2014

	31 December 2014	31 December 2013
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	1,709,280	1,505,456
Payments to suppliers and employees	(1,323,793)	(1,104,316)
Dividends received	31,978	-
Interest received	8,683	4,708
Borrowing costs paid	(70,827)	(60,304)
Income tax paid	(69,568)	(41,480)
Net cash flows from/(used in) operating activities	285,753	304,064
Cash flows from investing activities		
Purchase of property, plant and equipment	(328,611)	(172,530)
Proceeds from sale of property, plant and equipment	4,067	346
Payment in respect of licences	(345,000)	(5,000)
Payment for purchases of investments	-	(24,051)
Payment for acquisition of financial instruments	(272,440)	-
Net proceeds from disposal of financial instruments	69,090	-
Net payment for the acquisition of controlled entities	(3,971)	(63,308)
Net proceeds from sale of investments	-	201
Loans to associated entities	(229)	(11,322)
Repayment of loans from associated entities	1,907	2,527
Other (net)	(318)	(2,823)
Net cash flows from/(used in) investing activities	(875,505)	(275,960)
Cash flows from financing activities		
Proceeds from borrowings	2,081,890	351,649
Repayment of borrowings	(1,218,496)	(257,352)
Dividends paid to equity holders of the Parent	(138,395)	(138,395)
Equity injection from non-controlling interests	72,431	-
Net cash flows from/(used in) financing activities	797,430	(44,098)
Net increase/(decrease) in cash and cash equivalents	207,678	(15,994)
Cash and cash equivalents at the beginning of the period	177,780	205,511
Effect of exchange rate changes on cash	13,761	3,138
Cash and cash equivalents at the end of the period	5 399,219	192,655

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 2014

	Ordinary Shares	Shares Held in Trust	Retained Earnings	Net Unrealised Gains Reserve	Foreign Currency Translation Reserve	Cashflow Hedge Reserve	Employee Benefits Reserve	Total	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2014										
Balance at 1 July 2014	446,763	(1,918)	3,142,219	628,908	(229,576)	(17,745)	13,010	3,981,661	-	3,981,661
Profit for the period	-	-	201,752	-	-	-	-	201,752	(691)	201,061
Other comprehensive income	-	-	-	7,694	252,844	22,169	-	282,707	-	282,707
Total comprehensive income for the period	-	-	201,752	7,694	252,844	22,169	-	484,459	(691)	483,768
Dividends paid	-	-	(138,395)	-	-	-	-	(138,395)	-	(138,395)
Shares transferred under Long Term Incentive Plan	-	1,918	-	-	-	-	-	1,918	-	1,918
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	85,103	85,103
Balance at 31 December 2014	446,763	-	3,205,576	636,602	23,268	4,424	13,010	4,329,643	84,412	4,414,055
31 December 2013										
Balance at 1 July 2013	446,763	(1,118)	2,755,962	628,908	(188,798)	(2,126)	13,010	3,652,601	-	3,652,601
Profit for the period	-	-	382,451	-	-	-	-	382,451	-	382,451
Other comprehensive income	-	-	-	-	43,054	5,379	-	48,433	-	48,433
Total comprehensive income for the period	-	-	382,451	-	43,054	5,379	-	430,884	-	430,884
Dividends paid	-	-	(138,395)	-	-	-	-	(138,395)	-	(138,395)
Shares acquired under Long Term Incentive Plan	-	(801)	-	-	-	-	-	(801)	-	(801)
Balance at 31 December 2013	446,763	(1,919)	3,000,018	628,908	(145,744)	3,253	13,010	3,944,289	-	3,944,289

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 2014

1. Corporate Information

The consolidated financial report of Crown Resorts Limited for the half year ended 31 December 2014 was authorised for issue, subject to final approval by a sub committee, in accordance with a resolution of the directors on 18 February 2015. Crown Resorts Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock 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 2014 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 Resorts Limited as at 30 June 2014. It is also recommended that the half year financial report be considered together with any public announcements made by Crown Resorts Limited and its controlled entities during the half year ended 31 December 2014 and up to the date of this report in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

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.

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 Resorts Limited for the year ended 30 June 2014, except for the adoption of new standards and interpretations as of 1 July 2014, noted below:

- AASB 2012-3 – Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 – Amendments to AASB136 – Recoverable Amount for Disclosures for Non-Financial Assets
- AASB 2014-1 Part A – Annual Improvements to IFRSs 2010-2012 Cycle

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

Notes to the Financial Statements

For the half year ended 31 December 2014

3. Segment Information

The Group's operating segments have been determined based on internal management reporting structure and the nature of the products provided by the Group. They reflect the business level at which financial information is provided to management for decision making regarding resource allocation and performance assessment. The segment information presented is consistent with internal management reporting. The Group believes that normalised results⁽¹⁾ are the best 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 Aspinall's and Wagering.

31 December 2014	Normalised Result ⁽¹⁾						Adjustment ⁽¹⁾ \$'000	Significant Items ⁽³⁾ \$'000	Actual Crown Group \$'000
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinall's \$'000	Wagering \$'000	Unallocated \$'000	Crown Group \$'000			
Operating revenue									
Main floor gaming	532,267	251,921	-	-	-	784,188	-	784,188	
VIP program play	408,782	91,850	59,414	-	-	560,046	(13,196)	546,850	
Wagering & Non gaming	223,157	118,698	501	23,747	-	366,103	-	366,103	
Intersegment						(680)	-	(680)	
Operating revenue	1,164,206	462,469	59,915	23,747	-	1,709,657	(13,196)	1,696,461	
Interest revenue						10,353	-	10,353	
Total revenue	1,164,206	462,469	59,915	23,747	-	1,720,010	(13,196)	1,706,814 ⁽²⁾	
Segment result									
Gaming taxes, commissions & other	(400,060)	(119,977)	(27,652)	-	-	(547,689)	(32,438)	(580,127)	
Operating expenses	(412,918)	(215,540)	(11,530)	(28,950)	(43,532)	(712,470)	-	(712,470)	
Intersegment						680	-	680	
Earnings before interest, tax, depreciation and amortisation "EBITDA"	351,228	126,952	20,733	(5,203)	(43,532)	450,178	(45,634)	404,544	
Depreciation and amortisation	(92,078)	(30,972)	(552)	(1,811)	(2,557)	(127,970)	-	(127,970)	
Earnings before interest and tax "EBIT"	259,150	95,980	20,181	(7,014)	(46,089)	322,208	(45,634)	276,574	
Asset impairment						-	-	(61,342)	
Equity accounted share of associates' net profit/(loss)						110,441	(25,098)	85,343	
Net interest income/(expense)						(51,780)	-	(51,780)	
Income tax benefit/(expense)						(59,182)	11,448	(47,734)	
Profit/(loss) after tax	259,150	95,980	20,181	(7,014)	(46,089)	321,687	(59,284)	201,061	
Non-Controlling Interest						691	-	691	
Profit/(loss) attributable to equity holders of the Parent	259,150	95,980	20,181	(7,014)	(46,089)	322,378	(59,284)	201,752	

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth, Crown Aspinall's and Melco Crown), pre-opening costs from Melco Crown and asset impairments. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commission & other expenses, income tax expense and equity accounted share of associates' results.

(2) Total revenue of \$1,706.8 million includes \$43,000 of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items consist of asset impairments of \$61.3m, relating primarily to Crown's investment in Cannery.

Notes to the Financial Statements

For the half year ended 31 December 2014

3. Segment Information *continued*

31 December 2013	Normalised Result ⁽¹⁾					Adjustment ⁽¹⁾	Actual Crown Group
	Crown Melbourne	Crown Perth	Crown Aspinall's	Unallocated	Crown Group		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Operating revenue							
Main floor gaming	514,725	242,956	-	-	757,681	-	757,681
VIP program play	219,290	90,796	58,715	-	368,801	94,585	463,386
Non gaming	216,209	117,688	496	-	334,393	-	334,393
Intersegment					(838)	-	(838)
Operating revenue	950,224	451,440	59,211	-	1,460,037	94,585	1,554,622
Interest revenue					8,255	-	8,255
Total revenue	950,224	451,440	59,211	-	1,468,292	94,585	1,562,877 ⁽²⁾
Segment result							
Gaming taxes, commissions & other	(275,997)	(113,961)	(25,027)	-	(414,985)	(7,939)	(422,924)
Operating expenses	(395,726)	(219,570)	(16,578)	(21,710)	(653,584)	-	(653,584)
Intersegment					838	-	838
Earnings before interest, tax, depreciation and amortisation "EBITDA"	278,501	117,909	17,606	(21,710)	392,306	86,646	478,952
Depreciation and amortisation	(90,197)	(30,699)	(592)	(1,596)	(123,084)	-	(123,084)
Earnings before interest and tax "EBIT"	188,304	87,210	17,014	(23,306)	269,222	86,646	355,868
Equity accounted share of associates' net profit/(loss)					138,815	6,857	145,672
Net interest income/(expense)					(50,985)	-	(50,985)
Income tax benefit/(expense)					(42,031)	(26,073)	(68,104)
Profit/(loss) after tax	188,304	87,210	17,014	(23,306)	315,021	67,430	382,451

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth, Crown Aspinall's and Melco Crown) and pre-opening costs from Melco Crown. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commission & other expenses, income tax expense and equity accounted share of associates' results.

(2) Total revenue of \$1,562.9 million includes \$0.3 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

Notes to the Financial Statements

For the half year ended 31 December 2014

4. Revenue and Expenses

	31 December 2014 \$'000	31 December 2013 \$'000
Profit before income tax expense includes the following revenues and expenses:		
(a) Revenue		
Revenue from services	1,473,688	1,339,630
Revenue from sale of goods	205,286	201,454
Interest	10,353	8,255
Other operating revenue	17,444	13,195
	1,706,771	1,562,534
(b) Other income		
Profit on disposal of non-current assets	43	343
(c) Expenses		
Cost of sales	73,410	72,091
Gaming activities	1,300,388	1,103,357
Asset impairment	61,342	-
Other expenses	46,089	23,306
	1,481,229	1,198,754
Depreciation of non-current assets <i>(included in expenses above)</i>		
Buildings	42,428	42,348
Plant and equipment	73,986	72,308
	116,414	114,656
Amortisation of non-current assets <i>(included in expenses above)</i>		
Casino licence fee and management agreement	8,195	7,207
Other assets	3,361	1,221
	11,556	8,428
Total depreciation and amortisation expense	127,970	123,084
(d) Other income and expense disclosures		
Finance costs expensed:		
Debt facilities	75,033	63,559
Capitalised interest	(12,900)	(4,319)
	62,133	59,240

Notes to the Financial Statements

For the half year ended 31 December 2014

5. Cash and Cash Equivalents

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

	31 December 2014 \$'000	31 December 2013 \$'000
Cash on hand and at bank	375,695	174,775
Deposits on call	23,524	17,880
	399,219	192,655

The above closing cash balances includes \$156.2 million (2013: \$124.3 million) of cash on the company's premises and cash held in bank accounts (including deposits on call) needed to run the day to day operations of the businesses and cash of \$243.0 million (2013: \$68.4 million) for other purposes.

6. Licences

	31 December 2014 \$'000	31 December 2013 \$'000
Opening balance	647,039	649,511
Additions ⁽¹⁾	492,117	5,000
Amortisation expense	(5,270)	(3,736)
Closing balance	1,133,886	650,775

(1) The additions in the current reporting period relate to the Crown Melbourne Casino Licence reforms (consisting of the \$250.0 million payment made during the period and the net present value of the \$250 million payment required in 2033, calculated at \$147.1 million) and the Restricted Gaming Licence issued for Crown Sydney (\$95.0 million payment made during the period).

7. Dividends Paid and Declared

	31 December 2014 \$'000	31 December 2013 \$'000
(a) Dividends declared and paid during the half year		
<i>Prior year final dividend (paid 10 October 2014)</i>		
Paid at 19 cents (2013: 19 cents) per share and franked at 50% (2013: 50%) at the Australian tax rate of 30% (2013: 30%)	138,395	138,395
(b) Dividends declared and not recognised as a liability		
<i>Current year interim dividend (expected to be paid 10 April 2015)</i>		
Declared at 18 cents (2013: 18 cents) per share and franked at 50% (2013: 50%) at the Australian tax rate of 30% (2013: 30%)	131,111	131,111

No shareholders' dividend plans are in operation. No part of the unfranked portion of the dividend will consist of conduit foreign income.

Notes to the Financial Statements

For the half year ended 31 December 2014

8. Business Combinations

Acquisition of subsidiaries in current period

On 12 August 2014, Crown acquired the remaining 50% of shares of Betfair Australasia Pty Ltd and its subsidiaries (the Betfair Group) for \$10 million. Prior to this, Crown held a 50% interest in the Betfair Group and equity accounted its investment as an associate of the Crown Group. Upon acquisition of the remaining 50%, Betfair became a wholly owned Crown subsidiary.

On 16 December 2014, Crown acquired BetEasy Pty Ltd for \$12.2 million via the issuance of shares in a newly formed holding company (forming the BetEasy group). Betfair's sportsbook business and cash was transferred to the newly formed holding company and the BetEasy founders contributed cash in exchange for equity in the newly formed holding company. Consequently, Crown owned 67% of the BetEasy Group, with the remaining interest held by the original founders of BetEasy.

The initial accounting for the business combinations requires the identification of fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the businesses acquired. The initial accounting for the business combinations has been provisionally determined at the end of the reporting period. In accordance with Australian Accounting Standards, Crown will recognise any adjustments to these provisional values as a result of completing the initial accounting within 12 months of the acquisition date.

The provisional fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Consolidated fair value at acquisition date
	\$'000
Cash and cash equivalents	17,729
Other current assets	15,166
Property, plant and equipment	13,599
Identifiable intangibles	12,028
Deferred tax assets	8,134
Other non-current assets	1,770
	68,426
Trade and other payables	40,067
Provisions	11,938
Deferred tax liabilities	1,711
	53,716
Fair value of identifiable net assets	14,710

Notes to the Financial Statements

For the half year ended 31 December 2014

8. Business Combinations *continued*

Goodwill arising on acquisition

	\$'000
Consideration transferred	22,226
Fair value of pre-existing interest	10,000
Fair value of identifiable net assets	(14,710)
Goodwill	17,516

Based on the provisional fair values, Betfair's and BetEasy's identifiable net assets at the date of acquisition were \$14.7 million, resulting in goodwill of \$17.5 million. The goodwill is attributable to the skills and experience of the management team, as well as the synergies that will be obtained through the combination of the Sportsbook businesses. Opportunities exist to grow the customer base through leveraging Crown's assets to provide additional services and benefits to customers. None of the goodwill recognised is expected to be deductible for income tax purposes.

Crown's consolidated financial statements include the results of Betfair and BetEasy from their respective acquisition dates.

The remeasurement to fair value of the Group's existing 50% interest in Betfair resulted in a gain of \$8.1 million, which has been recognised in the Statement of Profit or Loss. The Group incurred \$1.1 million of acquisition costs which have been expensed in the Statement of Profit or Loss.

Net Cash flow on acquisition of subsidiaries

	\$'000
Cash Paid	10,000
Repayment of loan to Betfair UK	11,700
Cash Acquired	(17,729)
Net Cash Flow - Acquisition of subsidiary	3,971

Notes to the Financial Statements

For the half year ended 31 December 2014

8. Business Combinations *continued*

Acquisition of Capital Club Pty Ltd in prior period

On 1 December 2013, Crown acquired Capital Club Pty Ltd and its controlled entities ("Capital Club"), the owner and operator of the Capital Golf Club and the Melbourne Golf Academy. The purchase price (inclusive of acquisition costs) was \$67.6 million, resulting in Crown owning 100% of the ordinary shares in Capital Club. Crown had previously acquired an exclusive corporate membership share in Capital Club for \$36.4 million.

Based on the fair values, Capital Club's net assets at the date of acquisition were \$77.1 million, resulting in \$26.9 million of goodwill. The acquisition of Capital Club will provide Crown with full and exclusive access to the golf course to entertain guests and international VIP patrons, as well as the ownership of the freehold land associated with the golf course. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of the identifiable assets and liabilities of Capital Club as at the date of acquisition were:

	Consolidated fair value at acquisition date
	\$'000
Cash and cash equivalents	4,311
Other current assets	337
Property, plant and equipment	75,955
Deferred tax assets	174
	80,777
Trade and other payables	2,942
Deferred tax liabilities	718
	3,660
Fair value of identifiable net assets	77,117
Goodwill arising on acquisition	26,855
Fair value of net assets	103,972
Net Cash Flow - Acquisition of subsidiary	
Cash Paid	67,619
Cash Acquired	(4,311)
Net Cash Flow - Acquisition of subsidiary	63,308

Notes to the Financial Statements

For the half year ended 31 December 2014

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 2014:

	Loans and receivables		Fair value profit or loss		Fair value other comprehensive income	
	31 Dec 2014 \$'000	30 Jun 2014 \$'000	31 Dec 2014 \$'000	30 Jun 2014 \$'000	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Financial assets:						
Trade and other receivables	426,965	341,553	-	-	-	-
Interest rate swap contracts	-	-	-	-	-	457
Foreign currency forward contracts	-	-	-	-	6,689	-
Total current	426,965	341,553	-	-	6,689	457
Trade and other receivables	11,767	10,083	-	-	-	-
Loans receivable	136,297	201,897	-	-	-	-
Foreign currency forward contracts	-	-	-	-	5,900	-
Equity instruments	-	-	35,384	85,066	-	-
Total non-current	148,064	211,980	35,384	85,066	5,900	-
Total	575,029	553,533	35,384	85,066	12,589	457
Financial liabilities:						
Trade and other payables	442,034	345,874	-	-	-	-
Interest bearing loans and borrowings	70,126	103,531	-	-	-	-
Foreign currency forward contracts	-	-	-	-	-	1,332
Interest rate swap contracts	-	-	-	-	263	167
Total current	512,160	449,405	-	-	263	1,499
Other long term payables	147,949	138	-	-	-	-
Interest bearing loans and borrowings	2,610,720	1,639,270	-	-	-	-
Cross currency swap contracts	-	-	-	-	1,595	13,869
Interest rate swap contracts	-	-	-	-	6,307	2,834
Total non-current	2,758,669	1,639,408	-	-	7,902	16,703
Total	3,270,829	2,088,813	-	-	8,165	18,202

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

Risk management activities

The Group's business activities expose it to the following risks; market risks (interest rate and foreign exchange), credit risk and liquidity risk. For each of these risks, the Group considers the counterparties, geographical area, currency and markets as applicable to determine whether there are concentrations of risk.

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 2014.

For the period ended 31 December 2014, an unrealised gain of \$22.2 million in relation to the above foreign exchange and interest rate contracts was included in other comprehensive income.

Notes to the Financial Statements

For the half year ended 31 December 2014

9. Financial Instruments *continued***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.

As at 31 December 2014, the Group held the following classes of financial instruments measured at fair value

	Valuation Technique			Total \$'000
	Quoted market price	Observable inputs	Non market observable	
	Level One \$'000	Level Two \$'000	Level Three \$'000	
31 December 2014				
Financial Assets				
Foreign currency forward contracts	-	12,589	-	12,589
Equity instruments	32,983	-	2,401	35,384
	32,983	12,589	2,401	47,973
Financial Liabilities				
<i>Derivative Instruments</i>				
Cross currency swap contracts	-	1,595	-	1,595
Interest rate swap contracts	-	6,570	-	6,570
	-	8,165	-	8,165
30 June 2014				
Financial Assets				
Interest rate swap contracts	-	457	-	457
Equity instruments	34,277	-	50,789	85,066
	34,277	457	50,789	85,523
Financial Liabilities				
<i>Derivative Instruments</i>				
Cross currency swap contracts	-	13,869	-	13,869
Foreign currency forward contracts	-	1,332	-	1,332
Interest rate swap contracts	-	3,001	-	3,001
	-	18,202	-	18,202

During the period ended 31 December 2014, there were no transfers between fair value measurement levels.

Notes to the Financial Statements

For the half year ended 31 December 2014

9. Financial Instruments *continued*

Reconciliation of Level Three recurring fair value movements

Reconciliation of Level Three fair value movements

	31 December 2014	30 June 2014
	\$'000	\$'000
Opening balance	50,789	89,671
Capital return received	-	(271)
Profit and Loss	(55,874)	-
Business Combination	-	(36,353)
Other Comprehensive Income	7,486	(2,258)
Closing Balance	2,401	50,789

Valuation techniques

The fair value of the unlisted investments have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes that the estimated fair values resulting from the valuation techniques and recorded in the Statement of Financial Position and the related changes in fair value recorded in the Statement of Comprehensive Income are reasonable and the most appropriate at the reporting date.

Based on the valuation techniques performed, an impairment loss of \$55.9 million has been recorded against the Group's investments for the period to 31 December 2014 (2013: nil). Due to the financial position of Cannery and the uncertainty surrounding the proposed sale of The Meadows, the carrying value of Crown's investment in Cannery has been written down to nil, resulting in a US\$45.6 million (A\$55.9 million) impairment charge.

A weighted average cost of capital (after tax) of between 6% and 10% was used by the Group in impairment testing, risk adjusted where applicable. The sensitivity to the fair value of Level Three financial instruments of a one percent increase or decrease in either the forecast earnings growth rate or discount rate would not be material at balance date (2013: an increase of up to US\$7 million or a reduction of up to US\$5 million in fair value).

10. Contingent Liabilities

The group has no contingent liabilities at 31 December 2014.

11. Events After the Reporting Period

Subsequent to 31 December 2014, the directors of Crown Resorts declared an interim dividend on ordinary shares in respect of the half year ending 31 December 2014. The total amount of the dividend is \$131.1 million, which represents a dividend of 18 cents per share franked at 50%. No part of the unfranked portion of the dividend will consist of conduit foreign income.

Directors' Declaration

In accordance with a resolution of the directors of Crown Resorts 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) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 consolidated entity 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, 19th day of February, 2015.

To the members of Crown Resorts Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Crown Resorts Limited, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and the 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end 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 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 controls as the directors determine are 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, 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 2014 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 Resorts 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.



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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 Resorts Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its 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*.

Ernst & Young

David McGregor
Partner
Melbourne
19 February 2015