

Appendix 4D

Half year ended 31 December 2015

(previous corresponding period: half year ended 31 December 2014)

Results for announcement to the market

Results in accordance with Australian Accounting Standards				\$'000
Revenue from operations	up	10.1%	to	1,879,572
Net profit for the period attributable to members of the parent	up	1.6%	to	205,045

	Normalised Results ⁽¹⁾		Actual Results ⁽²⁾	
	\$'000	% Movement	\$'000	% Movement
Revenue from operations	<u>1,862,563</u>	8.3%	<u>1,879,572</u>	10.1%
Earnings before interest, tax, depreciation and amortisation	424,366	(5.7%)	455,863	12.7%
Depreciation & amortisation	<u>(139,975)</u>	9.4%	<u>(139,975)</u>	9.4%
Earnings before interest & tax	284,391	(11.7%)	315,888	14.2%
Share of associates' profits	37,626	(65.9%)	9,814	(88.5%)
Net interest expense	(71,031)		(71,031)	
Income tax expense	(44,985)		(53,975)	
Net profit after tax	206,001	(36.0%)	200,696	(0.2%)
Non-controlling interest	<u>4,349</u>		<u>4,349</u>	
Net profit attributable to members of the Parent	210,350	(34.8%)	205,045	1.6%

(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 in the prior year. 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 in the prior year.

Dividends	Amount per security	Franked amount per security
Interim dividend:	33.0 cents	16.5 cents
Previous corresponding period:	18.0 cents	9.0 cents
Record date for determining entitlements to the dividend:	23 March 2016	
Interim dividend payment date:	6 April 2016	
Net Tangible Asset Backing	31 December 2015	31 December 2014
Net tangible asset backing per ordinary security on issue at period end:	\$4.38	\$4.14
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

For the half year ended 31 December 2015

Your directors submit their report for the half year ended 31 December 2015.

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.

Robert J Rankin (appointed 30 July 2015)
James D Packer (resigned 21 December 2015)
John H Alexander
Benjamin A Brazil
Helen A Coonan
Rowen B Craigie
Rowena Danziger
Andrew Demetriou
Geoffrey J Dixon
John S Horvath
Michael R Johnston
Harold C Mitchell

Review and Results of Operations

For the half year ended 31 December 2015 Crown reported a net profit of \$200.7 million, compared to \$201.1 million in the prior comparable period (pcp). The net profit attributable to members of the Parent was \$205.0 million. The result in comparison to the prior period has been impacted by growth in Australian operations main floor gaming and an increase in the VIP program play win rate (\$56.7 million post tax impact for wholly owned operations), partially offset by a decline in contribution from Crown's Macau joint venture, Melco Crown Entertainment (MCE).

The results for Crown's portfolio of businesses were varied. Australian Resorts main floor gaming revenue increased by 9.8% which was a solid performance. VIP program play turnover of \$35.7 billion, down 3.8%, was a reasonable outcome given the strong growth in the pcp of 61.4% and the depressed nature of the VIP program play market across Asia.

Crown's share of MCE's normalised result for the period was an equity accounted profit of \$37.2 million, down \$73.2 million or 66.3% on the pcp. While the medium to long-term outlook for Macau remains positive, Macau continues to experience a challenging period which has adversely affected all casino operators. Overall gross gaming revenue across the Macau market in the half year to 31 December 2015 declined 31.1%.

Associates

The Group's reported equity accounted profit for the period was \$9.8 million (\$85.3 million profit in the pcp), primarily reflecting the profit from MCE which included the Studio City pre-opening costs.

Cash flow

Net operating cash flow for the period of \$200.9 million compared to cash flow of \$285.8 million in the pcp. After net capital expenditure of \$237.3 million, acquisition of investments \$241.1 million, dividend payments of \$138.4 million, and the effect of exchange rates, the Group's net debt position (excluding working capital cash of \$156.7 million) at 31 December 2015 was \$2,951.8 million, consisting of total debt of \$3,192.6 million and cash (excluding working capital cash) of \$240.8 million.

Dividend

The Directors have declared a dividend on ordinary shares of 33 cents per share franked at 50% payable on 6 April 2016 to shareholders registered at 5.00pm on 23 March 2016. The unfranked portion of the dividend has been declared to be conduit foreign income.

Directors' Report *continued*

For the half year ended 31 December 2015

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 2015. 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.



R.J. Rankin
Director



R.B. Craigie
Director

Melbourne, 25th day of February, 2016.



Building a better
working world

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

As lead auditor for the review of Crown Resorts Limited the half-year ended 31 December 2015, 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

David McGregor
Partner
25 February 2016

Statement of Profit or Loss

For the half year ended 31 December 2015

	Note	31 December 2015 \$'000	31 December 2014 \$'000
Revenues	4	1,879,572	1,706,771
Other income	4	1,409	43
Expenses	4	(1,555,065)	(1,481,229)
Share of profits of associates and joint venture entities		9,814	85,343
Profit before income tax and finance costs		335,730	310,928
Finance costs	4	(81,059)	(62,133)
Profit before income tax		254,671	248,795
Income tax expense		(53,975)	(47,734)
Net profit after tax		200,696	201,061
Attributable to:			
Equity holders of the Parent		205,045	201,752
Non-controlling interests		(4,349)	(691)
		200,696	201,061

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

	31 December 2015 Cents per share	31 December 2014 Cents per share
Earnings per share (EPS)		
Basic EPS attributable to ordinary equity holders of the Parent	28.15	27.70
Diluted EPS attributable to ordinary equity holders of the Parent	28.15	27.70
EPS calculation is based on the weighted average number of shares on issue throughout the period		
Dividends per share		
Current year interim dividend declared	33.00	18.00
Prior year final dividend paid	19.00	19.00

Statement of Comprehensive Income

For the half year ended 31 December 2015

	31 December 2015	31 December 2014
	\$'000	\$'000
Net profit after tax	200,696	201,061
Other Comprehensive Income		
<i>Items that may be reclassified subsequently to profit & loss:</i>		
Foreign currency translation ⁽¹⁾	137,158	252,844
Movement in cash flow hedge reserve	877	22,169
Employee equity benefits reserve	2,030	-
Unrealised gains reserve	(5,079)	7,694
Other comprehensive income / (loss) for the period, net of income tax	134,986	282,707
Total comprehensive income / (loss) for the period	335,682	483,768
Attributable to:		
Equity holders of the Parent	335,212	484,459
Non-controlling interests	470	(691)
	335,682	483,768

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 2015

	Note	31 December 2015 \$'000	30 June 2015 \$'000
Current assets			
Cash and cash equivalents	5	397,509	340,984
Trade and other receivables		513,761	377,632
Inventories		16,816	14,861
Prepayments		34,325	29,511
Other financial assets		2,709	16,032
Total current assets		965,120	779,020
Non-current assets			
Receivables		12,035	151,284
Other financial assets		31,930	10,674
Investments		41,634	41,918
Investments in associates	6	2,283,015	1,965,717
Property, plant and equipment		4,045,675	3,823,196
Licences		1,122,291	1,130,623
Other intangible assets		492,512	288,145
Deferred tax assets		296,656	205,109
Other assets		60,256	61,264
Total non-current assets		8,386,004	7,677,930
Total assets		9,351,124	8,456,950
Current liabilities			
Trade and other payables		477,065	451,593
Interest-bearing loans and borrowings		118,040	188,784
Income tax payable		113,787	153,818
Provisions		155,860	169,174
Other financial liabilities		296	626
Total current liabilities		865,048	963,995
Non-current liabilities			
Other payables		336,631	171,495
Interest-bearing loans and borrowings		3,074,518	2,473,233
Deferred tax liabilities		212,475	192,916
Provisions		46,806	36,361
Other financial liabilities		10,047	9,950
Total non-current liabilities		3,680,477	2,883,955
Total liabilities		4,545,525	3,847,950
Net assets		4,805,599	4,609,000
Equity			
Contributed equity		446,763	446,763
Treasury shares		(8,886)	-
Reserves		950,384	820,217
Retained earnings		3,324,410	3,257,760
Equity attributable to equity holders of the Parent		4,712,671	4,524,740
Non-controlling interest		92,928	84,260
Total equity		4,805,599	4,609,000

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 2015

	31 December 2015	31 December 2014
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	1,871,206	1,709,280
Payments to suppliers and employees	(1,420,467)	(1,323,793)
Dividends received	8,338	31,978
Interest received	7,481	8,683
Borrowing costs paid	(92,428)	(70,827)
Income tax paid	(173,177)	(69,568)
Net cash flows from/(used in) operating activities	200,953	285,753
Cash flows from investing activities		
Purchase of property, plant and equipment	(303,373)	(328,611)
Proceeds from sale of property, plant and equipment	66,068	4,067
Payment for the acquisition of equity accounted associates	(198,547)	-
Payment in respect of licences	-	(345,000)
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	(49,523)	(3,971)
Loans to associated entities	(965)	(229)
Repayment of loans from associated entities	10,580	1,907
Other (net)	(2,599)	(318)
Net cash flows from/(used in) investing activities	(478,359)	(875,505)
Cash flows from financing activities		
Proceeds from borrowings	558,876	2,081,890
Repayment of borrowings	(92,600)	(1,218,496)
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	327,881	797,430
Net increase/(decrease) in cash and cash equivalents	50,475	207,678
Cash and cash equivalents at the beginning of the period	340,984	177,780
Effect of exchange rate changes on cash	6,050	13,761
Cash and cash equivalents at the end of the period	5 397,509	399,219

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 2015

	Ordinary Shares \$'000	Shares Held in Trust \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
31 December 2015							
Balance at 1 July 2015	446,763	-	3,257,760	820,217	4,524,740	84,260	4,609,000
Profit for the period	-	-	205,045	-	205,045	(4,349)	200,696
Other comprehensive income	-	-	-	130,167	130,167	4,819	134,986
Total comprehensive income for the period	-	-	205,045	130,167	335,212	470	335,682
Dividends paid	-	-	(138,395)	-	(138,395)	-	(138,395)
Shares acquired under Long Term Incentive Plan	-	(8,886)	-	-	(8,886)	-	(8,886)
Acquisition of subsidiaries	-	-	-	-	-	8,198	8,198
Balance at 31 December 2015	446,763	(8,886)	3,324,410	950,384	4,712,671	92,928	4,805,599
31 December 2014							
Balance at 1 July 2014	446,763	(1,918)	3,142,219	394,597	3,981,661	-	3,981,661
Profit for the period	-	-	201,752	-	201,752	(691)	201,061
Other comprehensive income	-	-	-	282,707	282,707	-	282,707
Total comprehensive income for the period	-	-	201,752	282,707	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	677,304	4,329,643	84,412	4,414,055

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 2015

1. Corporate Information

The consolidated financial report of Crown Resorts Limited for the half year ended 31 December 2015 was authorised for issue, subject to final approval by a sub committee, in accordance with a resolution of the directors on 24 February 2016. 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 2015 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 2015. 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 2015 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 2015, except for the adoption of new standards and interpretations as of 1 July 2015, noted below:

- AASB 2013-9 – Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2015-3 – Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality*

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 2015

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 & Online.

31 December 2015	Normalised Result ⁽¹⁾						Adjustment ⁽¹⁾	Actual Crown Group
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinall's \$'000	Wagering & Online \$'000	Unallocated \$'000	Crown Group \$'000		
Operating revenue								
Main floor gaming	601,026	260,047	-	-	-	861,073	-	861,073
VIP program play	363,691	117,936	48,768	-	-	530,395	17,009	547,404
Wagering & Non gaming	237,279	115,670	459	109,942	-	463,350	-	463,350
Intersegment						(874)	-	(874)
Operating revenue	1,201,996	493,653	49,227	109,942	-	1,853,944	17,009	1,870,953
Interest revenue						10,028	-	10,028
Total revenue	1,201,996	493,653	49,227	109,942	-	1,863,972	17,009	1,880,981 ⁽²⁾
Segment result								
Gaming taxes, commissions & other	(398,587)	(141,798)	(21,444)	-	-	(561,829)	14,488	(547,341)
Operating expenses	(450,925)	(221,805)	(17,473)	(119,699)	(58,721)	(868,623)	-	(868,623)
Intersegment						874	-	874
Earnings before interest, tax, depreciation and amortisation "EBITDA"	352,484	130,050	10,310	(9,757)	(58,721)	424,366	31,497	455,863
Depreciation and amortisation	(96,612)	(33,429)	(623)	(6,947)	(2,364)	(139,975)	-	(139,975)
Earnings before interest and tax "EBIT"	255,872	96,621	9,687	(16,704)	(61,085)	284,391	31,497	315,888
Equity accounted share of associates' net profit/(loss)						37,626	(27,812)	9,814
Net interest income/(expense)						(71,031)	-	(71,031)
Income tax benefit/(expense)						(44,985)	(8,990)	(53,975)
Profit/(loss) after tax	255,872	96,621	9,687	(16,704)	(61,085)	206,001	(5,305)	200,696
Non-Controlling Interest						4,349	-	4,349
Profit/(loss) attributable to equity holders of the Parent	255,872	96,621	9,687	(16,704)	(61,085)	210,350	(5,305)	205,045

(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 \$1,881.0 million includes \$1.4 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 2015

3. Segment Information *continued*

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 2015

4. Revenue and Expenses

	31 December 2015 \$'000	31 December 2014 \$'000
Profit before income tax expense includes the following revenues and expenses:		
(a) Revenue		
Revenue from services	1,639,042	1,473,688
Revenue from sale of goods	212,291	205,286
Interest	10,028	10,353
Other operating revenue	18,211	17,444
	1,879,572	1,706,771
(b) Other income		
Profit on disposal of non-current assets	1,409	43
(c) Expenses		
Cost of sales	73,980	73,410
Gaming activities	1,420,000	1,300,388
Asset impairment	-	61,342
Other expenses	61,085	46,089
	1,555,065	1,481,229
Depreciation of non-current assets <i>(included in expenses above)</i>		
Buildings	45,394	42,428
Plant and equipment	73,788	73,986
	119,182	116,414
Amortisation of non-current assets <i>(included in expenses above)</i>		
Casino licence fee and management agreement	10,167	8,195
Other assets	10,626	3,361
	20,793	11,556
Total depreciation and amortisation expense	139,975	127,970
(d) Other income and expense disclosures		
Finance costs expensed:		
Debt facilities	99,979	75,033
Capitalised interest	(18,920)	(12,900)
	81,059	62,133

Notes to the Financial Statements

For the half year ended 31 December 2015

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 2015 \$'000	31 December 2014 \$'000
Cash on hand and at bank	310,973	375,695
Deposits on call	86,536	23,524
	397,509	399,219

The above closing cash balances includes \$156.7 million (2014: \$156.2 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 of \$240.8 million (2014: \$243.0 million) for other purposes.

6. Investments in Associates

During the period, Crown acquired a 20% ownership interest in the international restaurant and hotel company, Nobu, for US\$100 million (A\$136.4 million) and a 50% ownership interest in part of the property and operations at Ellerston in the Hunter Valley for \$59.1 million. These investments are both accounted for as Investments in Associates.

7. Dividends Paid and Declared

	31 December 2015 \$'000	31 December 2014 \$'000
(a) Dividends declared and paid during the half year		
<i>Prior year final dividend (paid 9 October 2015)</i>		
Paid at 19 cents (2014: 19 cents) per share and franked at 50% (2014: 50%) at the Australian tax rate of 30% (2014: 30%)	138,395	138,395
(b) Dividends declared and not recognised as a liability		
<i>Current year interim dividend (expected to be paid 6 April 2016)</i>		
Declared at 33 cents (2014: 18 cents) per share and franked at 50% (2014: 50%) at the Australian tax rate of 30% (2014: 30%)	240,370	131,111

No shareholders' dividend plans are in operation. The unfranked portion of the dividend has been declared to be conduit foreign income.

Notes to the Financial Statements

For the half year ended 31 December 2015

8. Business Combinations

Acquisition of subsidiaries in current period

On 2 July 2015, Crown acquired 60% of DGN Games LLC (DGN) for US\$32.5 million (A\$42.5 million). Subsequently on 23 December 2015, Crown increased its shareholding in DGN to 70% by investing a further US\$15m (A\$20.8 million) in return for new units in the company.

On 23 December 2015, Crown through its majority owned subsidiary DGN, acquired 100% of Winners Club Limited (and subsidiaries) for US\$10 million (A\$13.8 million).

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 dates of acquisition were:

	Consolidated fair value at acquisition date
	\$'000
Cash and cash equivalents	6,814
Other current assets	2,505
Property, plant and equipment	4,339
	13,658
Trade and other payables	1,821
Other current liabilities	470
	2,291
Fair value of identifiable net assets	11,367

Notes to the Financial Statements

For the half year ended 31 December 2015

8. Business Combinations *continued***Goodwill arising on acquisition**

	\$'000
Consideration transferred on acquisition	56,337
Contingent consideration	157,801
Fair value of identifiable net assets	(11,367)
Less: minority interest in identifiable net assets	3,329
Goodwill	206,100

Based on the provisional fair values, Crown's share of DGN and Winners Club's identifiable net assets at the date of acquisition was \$8.0 million, resulting in goodwill of \$206.1 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 integration of the two businesses. Goodwill will be deductible for US Federal tax purposes when there has been a payment for the goodwill. Goodwill on payment of the contingent consideration (refer below) may be deductible in the future. The Group incurred \$1.3 million of acquisition costs which have been expensed in the Statement of Profit or Loss.

Crown's consolidated financial statements include the results of DGN and Winners Club from their respective acquisition dates.

Crown has elected to measure the non-controlling interest on acquisition in DGN at fair value.

Contingent consideration

As part of the purchase agreement with the previous owners of Winners Club, there may be additional contingent consideration payments based on future earnings of the DGN Group. These potential cash payments are due in December 2017 and December 2020, based on the 2017 and 2020 earnings. As at the acquisition date, the provisional fair value of the contingent consideration was estimated to be \$157.8 million. The provisional fair value was determined using the probability-weighted approach, discounted to present value.

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.

Net Cash flow on acquisition of subsidiaries

	\$'000
Cash paid	56,337
Cash acquired	(6,814)
Net Cash Flow - Acquisition of subsidiary	49,523

Notes to the Financial Statements

For the half year ended 31 December 2015

8. Business Combinations *continued***Acquisition of subsidiaries in prior period**

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

On 16 December 2014, Crown acquired CrownBet Pty Ltd (formerly BetEasy Pty Ltd) for \$12.2 million via the issuance of shares in a newly formed holding company (forming the CrownBet group). Betfair's sportsbook business and cash was transferred to the newly formed holding company and the BetEasy founders contributed cash in exchange for equity in the newly formed holding company. Consequently, Crown owned 67% of the CrownBet Group, with the remaining interest held by the original founders of BetEasy. Subsequent to this, Crown divested 5% of its interest in the CrownBet group, resulting in a reduction of Crown's ownership from 67% to 62%.

The 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	21,422
Deferred tax assets	8,581
Other non-current assets	1,770
	78,267
Trade and other payables	62,488
Provisions	13,138
Deferred tax liabilities	4,513
	80,139
Fair value of identifiable net assets/(liabilities)	(1,872)

CrownBet's net assets recognised in the 30 June 2015 financial statements was based on a provisional fair value assessment. The final assessment had not been completed by the date the 2015 financial statements were approved for issue by the Board of Directors.

The fair value assessment has now been finalised and therefore the 30 June 2015 comparative information has been updated to reflect adjustments to the provisional amounts. As a result, intangible assets increased by \$8.9 million, payables increased by \$20.3 million, prepayments decreased by \$0.9 million, deferred tax assets increased by \$3.0 million, deferred tax liabilities decreased by \$0.7 million and goodwill increased by \$8.6 million.

	\$'000
Consideration transferred	22,226
Fair value of pre-existing interest	10,000
Fair value of identifiable net liabilities	1,872
Goodwill	34,098

Notes to the Financial Statements

For the half year ended 31 December 2015

8. Business Combinations *continued*

Acquisition of subsidiaries in prior period *continued*

Betfair's and CrownBet's identifiable net liabilities at the date of acquisition were \$1.9 million, resulting in goodwill of \$34.1 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.

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

Crown has elected to measure the non-controlling interest on acquisition in CrownBet at fair value.

Net Cash flow 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 2015

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 2015:

	Loans and receivables		Fair value profit or loss		Fair value other comprehensive income	
	31 Dec 2015 \$'000	30 Jun 2015 \$'000	31 Dec 2015 \$'000	30 Jun 2015 \$'000	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Financial assets:						
Trade and other receivables	382,625	377,632	-	-	-	-
Loans receivable	131,136	-	-	-	-	-
Foreign currency forward contracts	-	-	-	-	2,709	16,032
Total current	513,761	377,632	-	-	2,709	16,032
Trade and other receivables	11,335	11,390	-	-	-	-
Loans receivable	700	139,894	-	-	-	-
Foreign currency forward contracts	-	-	-	-	13,250	1,278
Interest rate swap contracts	-	-	-	-	129	-
Cross currency swap contracts	-	-	-	-	18,551	9,396
Equity instruments	-	-	41,634	41,918	-	-
Total non-current	12,035	151,284	41,634	41,918	31,930	10,674
Total	525,796	528,916	41,634	41,918	34,639	26,706
Financial liabilities:						
Trade and other payables	477,065	451,593	-	-	-	-
Interest bearing loans and borrowings	118,040	188,784	-	-	-	-
Foreign currency forward contracts	-	-	-	-	-	137
Interest rate swap contracts	-	-	-	-	296	489
Total current	595,105	640,377	-	-	296	626
Other long term payables	178,830	171,495	157,801	-	-	-
Interest bearing loans and borrowings	3,074,518	2,473,233	-	-	-	-
Interest rate swap contracts	-	-	-	-	10,047	9,950
Total non-current	3,253,348	2,644,728	157,801	-	10,047	9,950
Total	3,848,453	3,285,105	157,801	-	10,343	10,576

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 2015.

For the period ended 31 December 2015, an unrealised gain of \$8.2 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 2015

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 2015, 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 2015				
Financial Assets				
Foreign currency forward contracts	-	15,959	-	15,959
Interest rate swap contracts	-	129	-	129
Cross currency swap contracts	-	18,551	-	18,551
Equity instruments	39,599	-	2,035	41,634
	39,599	34,639	2,035	76,273
Financial Liabilities				
Contingent consideration	-	-	157,801	157,801
Foreign currency forward contracts	-	-	-	-
Interest rate swap contracts	-	10,343	-	10,343
	-	10,343	157,801	168,144
30 June 2015				
Financial Assets				
Foreign currency forward contracts	-	17,310	-	17,310
Interest rate swap contracts	-	-	-	-
Cross currency swap contracts	-	9,396	-	9,396
Equity instruments	39,683	-	2,235	41,918
	39,683	26,706	2,235	68,624
Financial Liabilities				
Foreign currency forward contracts	-	137	-	137
Interest rate swap contracts	-	10,439	-	10,439
	-	10,576	-	10,576

During the period ended 31 December 2015, there were no transfers between fair value measurement levels.

Notes to the Financial Statements

For the half year ended 31 December 2015

9. Financial Instruments *continued*

Reconciliation of Level Three recurring fair value movements

	31 December 2015	30 June 2015
	\$'000	\$'000
Financial Assets		
Opening balance	2,235	50,789
Profit and Loss	(200)	(55,874)
Other comprehensive income	-	7,320
Closing Balance - Financial Assets	2,035	2,235
Financial Liabilities		
Opening balance	-	-
Acquisition of subsidiary	157,801	-
Closing Balance - Financial Liabilities	157,801	-

Valuation techniques

The fair value of Level Three financial instruments has 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 Profit or Loss are reasonable and the most appropriate at the reporting date.

Based on the valuation techniques performed, there has been no fair value movement during the period to 31 December 2015 (2014: an impairment loss of \$55.9 million), other than movements arising from a business combination and foreign exchange rate movements.

For financial assets, 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 assets of a one percent increase or decrease in either the forecast earnings growth rate or discount rate would not be material at balance date (2014: not material).

10. Contingent Liabilities

On 15 February 2016 Crown was issued with amended assessments and notice of penalty by the Australian Taxation Office for a total of approximately \$362 million which comprises primary tax, interest and penalties. The amended assessments are in respect of income tax paid for the financial years ending 30 June 2009 to 30 June 2014 (inclusive) and relate to the tax treatment of some of the financing for Crown's investment in Cannery Casino Resorts and other investments in North America. Crown considers that it has paid the correct amount of tax and intends to pursue all available avenues of objection (including, if necessary, court proceedings) to the amended assessments.

The group has no other contingent liabilities at 31 December 2015.

11. Events After the Reporting Period

Subsequent to 31 December 2015, Melco Crown Entertainment Ltd declared a special dividend of US\$350 million, of which Crown's share is US\$120 million. This dividend was taken into consideration when determining Crown Resorts' interim dividend.

Subsequent to 31 December 2015, the directors of Crown Resorts declared an interim dividend on ordinary shares in respect of the half year ending 31 December 2015. The total amount of the dividend is \$240.4 million, which represents a dividend of 33 cents per share franked at 50%. The unfranked portion of the dividend has been declared to be 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 2015 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



R.J. Rankin
Director



R.B. Craigie
Director

Melbourne, 25th day of February, 2016.

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 2015, 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 2015 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.

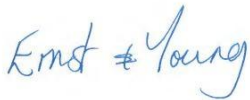
Independence

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.

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 2015 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
25 February 2016