Crown Limited
2010 Full Year Results

Edited Transcript of Analyst Presentation held on 26 August 2010 at 12.00pm at Crown Towers, Southbank

The following is an edited transcript of the presentation made to analysts by Mr Rowen Craigie (Chief Executive Officer) and Mr Ken Barton (Chief Financial Officer, Investor Relations).

Presentation

Operator: Good day everyone and welcome to the Crown Limited 2010 full year results conference call. Just a reminder today's conference is being recorded. I would like to turn the conference over to Mr Rowen Craigie, Chief Executive Officer and Managing Director of Crown Limited. Please go ahead.

Rowen Craigie: Welcome everybody and thank you for joining us today for the Crown Limited 2010 full year results announcement. With me today I have Ken Barton, Crown's CFO. By now you will have seen our detailed earnings release so I don't intend to repeat all the information set out there. Instead, I would like to give you an overview of how our major businesses have performed and an outline of the group's focus. Obviously, there will be time for questions after that.

If I can turn to the slide pack and start on slide number two entitled 'Crown Limited Overview'. This slide provides a summary of the key points of Crown's 2010 full year results. Normalised revenue is up 5.9% to $2.292 billion. Normalised EBITDA is up 6.1% to $657 million and normalised NPAT is up 2.7% to $288.4 million. Overall the results of Crown's wholly owned Australian casinos, Crown Melbourne and Burswood, were reasonable. Main floor gaming revenue grew 1.6%.

Our local casino operations were adversely impacted due to a softening in consumer sentiment and a greater than expected impact of refurbishment works at the two properties. Specifically, premium table revenue at Crown Melbourne and main floor gaming revenue at Burswood were impacted by major renovations.

VIP program play grew a solid 14.1% with revenue of $536 million. However, the growth rate in VIP program play moderated in the second half with some initial impact being seen from the opening of the two new integrated resorts in Singapore. Non-gaming revenue grew by 9.6%, benefiting from the opening of the Crown Metropol Hotel as well as a number of new food and beverage outlets in Crown Melbourne.

Reported NPAT is up 20.7% to $292 million which is a positive variance of $3.9 million from the normalised NPAT, primarily due to a positive variance from a theoretical win rate on VIP program play at Crown Melbourne, partially offset by a negative win rate at Burswood together with a negative win rate and pre-opening costs from Melco Crown. Crown is announcing today a final dividend of $0.19 per share bringing the full year dividend to $0.37 per share. I'll now step through the key line items of Crown's results on slide three.

Crown achieved normalised EBITDA growth of $37.6 million or 6.1% compared to the prior year arising from reasonable EBITDA growth at Crown Melbourne (5.5%) and Burswood (2.4%) and an $8.1 million reduction in corporate costs. Crown's normalised EBIT, $494 million, was an increase of $22.5 million or 4.8% with depreciation and amortisation being 10.2% higher due to the growing capex spend at Crown Melbourne and Burswood, particularly in the past two years. Net interest expense was $73 million, which is an increase (excluding significant items of $45.1 million) on the prior corresponding period primarily due to decreased interest income from funds on deposit and related party interests.

The equity accounted loss was $48.4 million which was a $20.5 million improvement on the previous year. Crown's share of Melco Crown's normalised loss was $42.7 million and a further $5.7 million loss was from Crown's investment in Betfair. Normalised NPAT of $288.4 million is up 2.7% on last year.

Slides four and five provide information on the main drivers behind Crown Melbourne and Burswood's earnings growth. Normalised revenue increased by 5.9% across the two properties with 6.4%

growth in Melbourne and 5.1% growth in Perth. Main floor gaming only grew 1.6% across the two casinos, with Crown Melbourne growing at 2.5% and Burswood declining by 0.4%.

At Crown Melbourne, the closure of the Teak Room for renovation has impacted premium table revenue from November 2009 onwards. This, coupled with a softening in consumer sentiment, caused main floor gaming revenue to be lower than anticipated. The upgrade of the Teak Room is well advanced and is expected to open from October 2010.

At Burswood, the replacement of the raised floor in the main casino caused disruption to central casino operations from November 2009 onwards, particularly table games. This, coupled with a softening in consumer sentiment, impacted main floor gaming revenue.

The replacement of the raised floor was completed at the end of April 2010. Since completion of this work, gaming revenue is slowly returning to more normal levels. The balance of the refurbishment on the main casino floor of the Burswood Casino is due for completion in December 2010.

Non-gaming revenue grew 9.6% across the two casinos. At Crown Melbourne, non-gaming revenue grew 13.5% benefiting from the opening of Crown Metropol in late March and the sale of surplus land for $13.5 million which resulted in a profit of $10.2 million. Non-gaming revenue was also assisted by a strong performance both in bars and premium restaurants as well as a recovery in the second half of the year in events and functions.

At Burswood non-gaming revenue grew 2.9% as a result of strong performance in bars and restaurants, some improvement in business conventions and a good run of shows in the Dome and the theatre. However, the hotel business at Burswood is still exhibiting softness.

Normalised VIP program play revenue grew 14.1% with turnover at both properties hitting all time records, $26.9 billion in Melbourne and $12.8 billion in Perth. The VIP win rate at Crown Melbourne was

1.66%, which was above the theoretical win rate of 1.35%, resulting in a positive variance to theoretical EBITDA of $65.8 million.

Conversely, the VIP win rate at Burswood was only 1.08%, which was below the theoretical win rate of 1.35%, resulting in a negative variance to theoretical EBITDA of $30.1 million.

As I said earlier, the growth rate in VIP play moderated in the second half with some initial impact being seen from the opening of the two new integrated resorts in Singapore.

Normalised EBITDA margin decreased from 30.7% to 30.4% at Crown Melbourne, and at Burswood the EBITDA margin decreased from 29.9% to 29.1%. The margin reduction was primarily due to a change in revenue mix as the result of the increase in VIP program play, which has a lower margin, relative to main floor gaming as well as the impact of the refurbishment disruption of both properties.

The end result is that Crown Melbourne and Burswood delivered EBITDA growth of 5.5% and 2.4% respectively, which was a reasonable outcome given the operating environment.

Slide six provides some information on our recent trading for the first seven weeks of the new financial year across our two Australian casinos compared to the corresponding seven week period last year. Main floor gaming revenue has grown by approximately 4%. Non-gaming revenue grew by approximately 14%, principally due to the impact of Crown Metropol. VIP program play volumes started the year encouragingly.

I will now ask Ken to take you through the next set of slides on the capital expenditure.

Ken Barton: Thanks very much, Rowen. Turning to slide seven, this slide provides details of capital expenditure incurred by Crown Limited over the last four years. As you can see, the slide shows total Capex has increased from around $200 million a year in fiscal year 2007/2008 to more than $350 million per annum over the last two years.

Major projects over this period included the construction of the Crown Metropol hotel, new VIP facilities at Burswood, upgrades to both gaming floors in Melbourne and Perth, the upgrade to Crown Towers and the Crown Conference Centre.

A significant portion of these projects have now been completed and will contribute to growth in EBITDA for Crown in future years.

Looking at slides eight and nine, that covers capital expenditure for the period F11 to F13, as well as some detail in the major capital projects which Crown has announced.

As these slides show, we expect around $790 million of capital expenditure over the next three years, more than two-thirds of which will be on major projects. These projects include the main gaming floor refurbishment and increase in table games in Crown Melbourne, the completion of the Intercontinental Hotel refurbishment, the further expansion of VIP facilities at Burswood and an increase in gaming products for Burswood.

These projects will deliver benefits from F13 onwards and are expected to be earnings and value accretive to shareholders.

You will also note we've provided an estimate of anticipated depreciation and amortisation for F11, which we expect to rise from $163 million to around $200 million, with a further 5% to 10% increase from F12. I will turn you back to Rowen now.

Rowen Craigie: Thanks Ken. We've included a few slides which give you some photographic images of the refurbishment of the two properties. The first set of images are from Crown Melbourne's Metropol. I know you'll all be down in Melbourne for the Grand Final and then the Melbourne Cup, then the Masters Golf, then the Australian Tennis Open and the Grand Prix, so when you do come down you will need to stay at Metropol because it's a very exciting hotel, very edgy and I'm sure you'll enjoy the experience.

The next slide is of the new retail area at Crown Melbourne, we have some images there of the high-end retail outlets. The final slide for

Melbourne shows you some artist's sketches of what the new expanded and refurbished Mahogany Room will look like.

We've got a slide there for Burswood, which shows you the plan to extend the gaming floor out into the porte-cochere area where the grassy knoll is at the moment as you drive into Burswood. In the bottom left there, there's an image of one of the refurbished rooms at the Intercontinental.

Turning to Macau and slide 14, Crown's share of MCE's reported result for the year was an equity accounted loss of $63.8 million. Crown's share of MCE's normalised result for the period was a loss of $42.7 million, after adding back Crown's share of the below theoretical win rate variance and pre-opening expenses.

MCE completed a US$600 million issuance of an eight year high yield bond, the proceeds from which we used principally to reduce existing debt. MCE also negotiated favourable changes to its banking covenants.

The Macau gaming market has exhibited strong growth all through the 2010 financial year and this growth has continued into the new financial year with Macau gaming revenue up 70% year-on-year in July.

MCE recently announced that good progress has been made in the quarter to June 2010 at City of Dreams, with quarterly rolling chip volume increasing 24% sequentially. MCE also announced that it delivered a 9% sequential increase in mass market table games revenue in the same quarter.

Altira Macau continues to perform better under its traditional VIP model and profitability has continued to benefit from the commission cap implemented in 2009.

Slide 15 refers to our other investments.

Betfair - Crown's equity accounted share of Betfair's loss was $5.7 million with losses primarily due to legal fees and product fees, which are the subject of a legal challenge in New South Wales. During the year, Crown made a further $4 million loan to Betfair, thereby resulting in a total debt owed to Crown of $11.7 million.

Aspinalls - Crown had previously provided debt facilities to Aspinalls which were drawn to £17.6 million as of 30 June 2010. As part of a loan restructure, Crown agreed to provide additional loan facilities including a new term loan of £6 million to the Aspinalls Group, a gaming guarantee facility of up to £10 million, which replaces Crown's existing gaming guarantee facility of £6.25 million and a new loan facility of £1.6 million to the Aspinalls holding company.

In July 2010, the new term loan of £6 million was drawn by Aspinalls and was used to reduce existing bank debt, resulting in a total debt owed to Crown of £23.6 million.

Cannery - In early 2010, Crown agreed to contribute a further $20.6 million towards its investment in Cannery as part of Cannery's external debt refinancing. All shareholders of Cannery contributed further equity in order to reduce existing external debt.

Crown decided to contribute its pro rata share of the new equity. By participating in the equity investment, Crown has maintained its 24.5% ownership share in Cannery which remains subject to Pennsylvania regulatory approval.

I will now hand you back to Ken to take you through the debt structure and cash flow information.

Ken Barton: Thank Rowen. Turning to slide 16, that shows our debt structure as of June 2010. As you can see, net debt less available cash at 30 June stood at $777.6 million and note that there is no significant debt refinancing requirements until August 2011.

We have included a description there of available cash, which excludes around $130 million of cash held for the day-to-day operations of the business.

As at 30 June 2010, total liquidity, excluding working capital cash, was $1.355 billion, represented by $70 million in available cash and around $1.3 billion committed and undrawn facilities.

Undrawn Australian dollar bank facilities of $800 million and US dollar facilities of US$128 million were cancelled during the period.

Slide 17 shows our debt maturity profile. Crown has no significant debt refinancing requirements in the short to medium-term, with the next major refinancing task being the replacement of letter of credit facilities maturing in August 2011 followed by a $300 million syndicated bank facility which matures in June 2013.

Turning to slide 18, that shows our operating cash flow. As you can see, operating cash flow was $467.5 million, $85 million higher than the prior corresponding period due to higher reported EBITDA and lower net interest.

Slide 19 shows group net cash flow. This takes us from operating cash to net movements in cash and debt. During the year, borrowings declined by $200 million and cash by around $320 million. After net capital expenditure of $342.5 million, which was principally the construction of Crown Metropol, as well as dividend payments of $278 million, total cash and cash equivalents at the end of the year was $196.4 million. This consisted of cash maintained for working capital purposes of $127 million, with a balance of around $70 million available for other purposes. This compares to cash of $515 million that was on hand at the start of the year.

I will hand you back to Rowen now.

Rowen Craigie: Thanks Ken. If I can make a few points to wrap up. The Australian casinos have delivered reasonable growth performance, given an environment where both casinos are part way through major refurbishment and expansion programs, and given the softening in consumer sentiment.

VIP program play is growing solidly but moderated in the second half where we saw some initial impacts in the opening of the two new integrated resorts in Singapore. Non-gaming revenue has benefited from the opening of the Crown Metropol hotel.

Crown's principal management focus will be on continuing to maximise the performance of Crown Melbourne and Burswood, and managing the substantial refurbishment and capital expenditure programs presently under way across those properties.

Additionally, we will be working with Melco Crown to further build the value of the Macau business.

That concludes our presentation and we can now open the floor for questions.

Operator: Your first question comes from the line of Adam Alexander from Goldman Sachs. Please ask your question.

Adam Alexander: (Goldman Sachs, Analyst) Looking at the outlook over the next couple of years - you've got Metropol open now and into FY11, you won't have any disruptions from the Teak Room or Burswood - is there any reason why we wouldn't start to see double digit EBITDA growth over the next couple of years?

Rowen Craigie: Adam, we don't give forward estimates. We'll let you do that, but certainly those factors you mentioned should be present.

Adam Alexander: (Goldman Sachs, Analyst) Alright, I might try another one. On the balance sheet - you've still got a fair bit of capacity there and now with your capex program, you're over halfway and as we get towards FY13, your cash flow that you will generate ramps up significantly - when do you think you'll start to entertain thoughts of capital management or rightsizing the debt on the balance sheet for such a high cash generative business?

Ken Barton: Adam, Ken here. I guess a couple of points there. One is the amount of debt that was available was $1.3 billion at the end of June. We did point out that through the period we cancelled around $800 million of facilities and US$130 odd million of facilities, so we have been progressively reducing the amount of committed and undrawn facilities.

Looking at capital management is something we do all the time and we make sure we've got the right mix of debt and equity. I will point out that the dividend that we just announced for the year will represent around 97% of our profit after tax. As we pointed out, there is around $800 million of capital expenditure planned over the next three years, so there's quite a bit in front of us and quite a high dividend payout, but of course we do look to continually make sure we've got the right shape for our balance sheet.

Adam Alexander: (Goldman Sachs, Analyst) On the VIP side, there seemed to be a bit of differential in growth rates for the second half between Crown and Burswood - Crown I think declined half on half whereas Burswood showed a fair bit of growth. I know the timing can be variable with VIP, but was there a differential impact on Singapore, so more on Melbourne than you saw on Burswood?

Rowen Craigie: No Adam, both properties saw their existing long-standing Singaporean customers start to share their visits between Australia and Singapore, so both properties felt the impact of the Singaporean opening.

Burswood was successful in getting some large customers from out of China - that's new customers - and I think probably that's a reflection of the previous refurbishment work that Burswood has undertaken. So I think increasingly you'll see our customers get more comfortable with the quality of the property at Burswood as we go forward.

But again, we've spoken about this before, Burswood has lower turnover than Crown Melbourne. When you start to look at half year results, the timing of customers can really throw those percentages around so I wouldn't read too much into it.

I would still expect that the proximity of Singapore to Burswood would be proportionately more of a factor for Burswood than Crown Melbourne. But certainly looking at the second half results, that didn't happen in that second half. But as I said, I think you need more data from Burswood to assess that.

Adam Alexander: (Goldman Sachs, Analyst) Great. Thank you.

Operator: Your next question comes from the line of Stuart Jackson from JP Morgan.

Stuart Jackson: (JP Morgan, Analyst) Hi guys. With regards to the main floor revenues, I'm just interested in a bit more granularity about the make up of that. Obviously the Teak Room had a fairly big impact (we know) in November and December. Just interested to see how that tracked in the second half with the movement or the opening of the temporary room?

But also in terms of the mix between main floor tables and EGMs in both properties - obviously slot machines in the marketplace have been pretty weak for a while and you guys had seen a bit of weakness, not as bad as what the pubs and clubs had, but are you starting to see any improvement come through in EGMs and a shift in the mix of revenue growth between main floor tables and EGMs at all?

Rowen Craigie: If I take the last part of the question first - at Burswood, probably the slot players have adjusted more quickly to the end of the refurbishment program there on the main gaming floor than the table customers, so the business is slowly coming back, but probably slots has recovered better at Burswood than tables.

In Melbourne, the disruption was mostly with the Teak Room players - the higher end table players. With regard to slot performance in Melbourne, while still impacted I think by consumer sentiment and some disruption, Crown Melbourne took share from the pubs and clubs in that second half.

Stuart Jackson: (JP Morgan, Analyst) Is it still growing more slowly than the main floor tables on the EGM side?

Rowen Craigie: Probably towards the end of this quarter and starting the new year the slot and table growth in main floor at Crown is broadly similar.

Stuart Jackson: (JP Morgan, Analyst) Okay. Great. Thanks.

Operator: Your next question comes from the line of Jenny Owen from Citigroup. Please ask your question.

Jenny Owen: (Citigroup, Analyst) Thank you. Just back on to the VIP segment - clearly the second half kind of flattened out and I'm just wondering whether we should be expecting an actual decline in F11 as the Marina Bay property ramps up and fully opens?

Rowen Craigie: That's certainly not our expectation, Jenny. We've started the year in VIP encouragingly so I think just as with the first half growth we said at the time was probably not indicative of what we would do across all of F10, I don't think the second half growth is indicative of where we think we'll be in F11. So somewhere in the middle is probably what would be expected.

Jenny Owen: Okay. Thanks. Have you needed to or are you contemplating any sort of competitive response there in terms of changing commission structures?

Rowen Craigie: No, we like to keep our commission structure fairly stable and we've been able to do that with both the developments in Macau and Singapore. I think we spoke last time that we'd increased our bet limits and that's something we obviously continue to keep under review. Singapore has got both competitive commissions and competitive bet limits but we do like to keep our commission rate fairly stable.

Jenny Owen: Thank you and just to clarify the $10.5 million profit on disposal of a non-current asset, this is probably a question for Ken, can you just explain what that was and also confirm that that's included in the $288 million normalised profit after tax and lastly what was the tax effect of it?

Ken Barton: Jenny, Ken here. Yes, the profit of about $10.2 million was included in the normalised profit shown as non-gaming income. The total proceeds, which you will be able to pick up from the cash flow, was just over $13 million. So we've picked up the profit of $10.5 million which is fully taxed.

Jenny Owen: That's net of tax. What was the item?

Ken Barton: It was a piece of surplus land at City Road in Melbourne.

Jenny Owen: Okay. Thank you. Thanks.

Operator: Your next question comes from the line of Sam Theodore from UBS. Please ask your question.

Sam Theodore: (Analyst, UBS) Hi. I just wanted to check, you've obviously got the new hotel that impacted only the very last bit of the result just gone. I was just wondering if you could give us just some comments about how it's tracking and are we looking at this hotel standalone to contribute $30 million extra EBITDA or should we look at it in a different way?

Rowen Craigie: I'll deal with how it's tracking. Currently its occupancy rate is around the 70% mark and we would hope to push towards 80% occupancy over the next year. It's been very well received in the market and forward bookings are strong. The way we look at the hotel is not just as a standalone operation, we also are expecting to get on-spend into the casino floor and food and beverage as we did with Crown Promenade.

Sam Theodore: Just so I can clarify, but standalone it also makes money? Is that correct?

Rowen Craigie: Yes.

Sam Theodore: Okay. Thank you.

Operator: Your next question comes from the line of Harry Theodore from RBS. Please ask your question.

Harry Theodore: (Analyst, RBS) Hi, guys. You've previously talked about an expected return on expansionary capex of around 15%. I think it was sort of what Geoff (previous Crown CFO) said in the past. Can you talk a bit about your expectations now on returns for the expansionary capex as you're sort of going through that program and as you've announced a few expansions to that as well?

Ken Barton: Harry, it's Ken here. I think we've tried to provide a little more information around anticipated returns both in terms of timing and quantum. So you've seen a more comprehensive listing of the projects and you'll have seen too in our more recent announcements in relation to the expansions in Melbourne and in Perth that we've said we expect those projects to be value enhancing to shareholders, so obviously achieving returns in excess of the cost of capital, and we've provided a little bit more detail about when the returns are expected in the table that's in the presentation.

Harry Theodore: (Analyst, RBS) Okay, fine. One other question. Just on the associate businesses, can you give any more sort of colour on how they're performing, particularly the ones that have been written-down to zero now and if we've seen any improvement on an underlying basis in the earnings of those businesses?

Rowen Craigie: In the case of Aspinalls, the regional casinos have picked up their performance. In the case of Cannery, as you've no doubt followed, Las Vegas is still very depressed. Cannery has had some success in winning some market share in the local business despite the state of the market.

The total market in Pittsburgh is growing but The Meadows is sharing that with the new downtown casino, The Rivers. Both have recently got table games which have been well received by the customers.

Betfair continues to grow its customer base but obviously, going forward, the legal action on product fees is critical.

Harry Theodore: (Analyst, RBS) Okay, thanks. It's probably not possible but can you provide any comments on why it's taking so long to get that regulatory approval in for Cannery?

Rowen Craigie: No, regulators run at their own pace and the matter is out of our hands so we just need to wait for their deliberations and decisions.

Harry Theodore: (Analyst, RBS) Okay, thanks.

Operator: Your next question comes from the line of Rohan Sundram from Austock. Please ask your question.

Rohan Sundram: (Austock, Analyst) Just a couple of questions. Firstly, with the reports of market share gain for MPEL of late, in your view Rowen how sustainable are these gains and where did you notice the gains? Was it across VIP or mass market or across which property in particular?

Rowen Craigie: In the quarter two release MCE was talking about sequential improvement. I don't think MCE was talking about market share gains in the mass market business.

Certainly, there's been some media reports coming out for July and August which have indicated that in the VIP space, MCE has picked up some market share. I think the only thing to watch there obviously is that market share data is on actual win rates not on theoretical win rates so there's no distinguishing there between volume effects and win rate effects.

Rohan Sundram: (Austock, Analyst) Just finally, on the reduced debt lines, what are your expectations there in terms of reduction in line fees?

Ken Barton: We will obviously achieve some benefits but clearly when you've only got the facilities as stand-by facilities and not drawn facilities, all you're paying is a proportion of the credit margin. So there will be some savings. We've indicated we expect interest expense next year to be $65 million down from $73 million, so obviously part of that is the benefit we get from lower loan fees.

Operator: Your next question comes from the line of Larry Gandler from Credit Suisse. Please ask your question.

Larry Gandler: (Credit Suisse, Analyst) I joined the conference call a little bit late. Just let me know if you answered these questions already. With regards to the Melbourne expansion, can you give us an indication as to how many tables you'll be at when the expansion completes?

Rowen Craigie: Yes Larry, I think we won't have absorbed the full licence complement of 500 tables, of which 100 are poker. So I think when we're finished the expansion there'll still be some spare capacity. That would obviously change if the market responds to the additional tables and the new expansion spaces very positively.

But I think it will be driven by market demand, and we always thought that a 500 table licence would be utilised over time, not at a point in time. We've only got 80 of the 200 fully automated table game terminals on the floor at the moment. They're performing well and I think we'd see that 200 terminal limit being reached in the near term.

But in terms of 100 poker tables and 400 non-poker tables, I think we'd still have some spare capacity at the end of this period. Just how much we'll have I think will just depend on how the market responds, both VIP and main floor.

Larry Gandler: (Credit Suisse, Analyst) Okay great. Will you need to invest further in terms of building expansion to reach the 500? Or is there available floor space for it?

Rowen Craigie: I think that the query there would be poker and where you would put a second poker room facility. But certainly in the next four to five years with our capex plan we don't have anything in there to take us up to the full 500.

Larry Gandler: (Credit Suisse, Analyst) Okay, great and the second question I have is that you commented that VIP looked encouraging. Did that comment take you into Chinese New Year or you don't have visibility to that far?

Rowen Craigie: (Crown, CEO) No, that's just the first seven weeks we're commenting on.

Larry Gandler: (Credit Suisse, Analyst) Okay.

Rowen Craigie: Comparing that to last year, July's not the busiest month for us traditionally in VIP. It starts to pick up a bit in August but we've started the year pretty well, but you know it is very dangerous to extrapolate seven weeks of data which is why we have traditionally not given you a percentage increase, because people will either get too excited or too depressed when they try to analyse it.

Larry Gandler: (Credit Suisse, Analyst) Yes, I agree with that. That's why I was wondering how are your bookings for Chinese New Year? Do you take them this early, generally?

Rowen Craigie: No, no, people can come at the spur of the moment and if they told you they were coming now you probably wouldn't believe them in any case because they've probably said that before to other people.

Larry Gandler: (Credit Suisse, Analyst) Okay, great thanks.

Operator: Thank you, your next question comes from the line of Mark Wilson from Deutsche Bank. Please ask your question.

Mark Wilson: (Deutsche Bank, Analyst) Thanks Rowen, look I just wanted to look at the performance here today in a little bit more detail and I know you touched on this earlier. But the performance of main gaming floor looks as though it's a vast improvement on probably the last two months of the fiscal year. Can you just sort of run through where it's coming from and why you think it has picked up?

Rowen Craigie: (Crown, CEO) Probably Melbourne more so than the Perth and in Melbourne as I said both slots and main floor tables have started better than they were in the second half, having said that we saw them pick up a bit towards the end of it.

Mark Wilson: (Deutsche Bank, Analyst) Okay so it wasn't as though it was slowing down coming through to the end of June?

Rowen Craigie: (Crown, CEO) No, there were signs there that things were picking up in Melbourne and that continued in July, August. Over in Perth I think the slots are recovering quicker than the tables.

Mark Wilson: (Deutsche Bank, Analyst) Okay, thanks and just to clarify the profit on that, that's $10.5 million that's coming through the normalised numbers.

Ken Barton: (Crown, CFO) That's right, Mark.

Operator: Your next question comes from the line of Jenny Owen from Citigroup, Please ask your question.

Jenny Owen: (Citigroup, Analyst) Hi, thanks, just on Cannery, now I understand that at the end of the first half, that was reclassified as “available-for-sale”. So I'm just confused about how we should be thinking about that asset. If your intentions are to sell it clearly it's probably not going to be longer term.

But the commentary and the result today indicates that potentially it is a longer term investment. So I mean is Cannery something you intend to hold and should it be something that we should be focusing on in terms of an eventual improvement in its markets?

Ken Barton: Jenny, Ken here. “Available for sale” is not really an indication of an intent. It's really an accounting description which is more a method of accounting for an investment. So I wouldn't read anything into the way it's categorised.

Given the “available for sale” classifications, we won’t equity account any of the results. I wouldn't read anything into that accounting description other than it's the way it's classified under the accounting standards.

Jenny Owen: (Citigroup, Analyst) So longer term upon regulatory approval, Crown will move to its full share of the 24.5% of the operating earnings of those businesses.

Ken Barton: That will depend on whether it is sufficiently influenced by us to be classified as an “associate”. At this stage, our view is it wouldn’t be.

Jenny Owen: (Citigroup, Analyst) Okay, alright thank you.

Operator: We have taken as many questions as time permits. I want to hand the call over to Mr Craigie for any additional or closing remarks.

Rowen Craigie: Okay. Well, thanks everyone for participating today. Thanks for the questions and certainly if you've got further questions during the course of the afternoon please feel free to ring Ken and his team and once again, thanks everyone.

Operator: This concludes today's conference. Thank you for everyone for participation.

End of Transcript