



**CROWN  
RESORTS**

# ANNUAL REPORT 2017





# Contents



<u>Executive Chairman's Message</u>	2
<u>Financial Performance</u>	4
<u>About Crown Resorts</u>	6
<u>Crown's Resort Portfolio</u>	8
<u>Australian Projects</u>	10
<u>Australian Resorts</u>	11
<u>International Interests</u>	17
<u>Crown Digital</u>	18
<u>Corporate Social Responsibility</u>	19
<u>Corporate Governance Statement</u>	23
<u>Directors' Statutory Report</u>	36
<u>Remuneration Report</u>	48
<u>Auditor's Independence Declaration</u>	75
<u>Independent Auditor's Report</u>	76
<u>Financial Report</u>	82
<u>Directors' Declaration</u>	133
<u>Shareholder Information</u>	134
<u>Additional Information</u>	136
<u>Corporate Information</u>	Inside back cover

## Financial Calendar

Record date for dividend	22 September 2017
Payment of final dividend	6 October 2017
Annual General Meeting	26 October 2017
2018 Interim results	February 2018

## Annual General Meeting

10.00am (Melbourne time)

Thursday 26 October 2017

River Room

Level 1, Crown Towers Melbourne

8 Whiteman Street

Southbank, Victoria

# Executive Chairman's Message

*Crown Resorts has delivered significant cash returns to shareholders and is now primarily focussed on its high quality core Australian operations and development projects.*



It is with great pleasure that I present my first Annual Report as Executive Chairman.

Crown is one of Australia's largest entertainment groups. Crown's continued investment in its Australian resorts has ensured that Crown remains one of Australia's most valuable tourism assets with its leading integrated resorts in Melbourne and Perth, and construction underway on the highly anticipated Crown Sydney Hotel Resort.

It is with this reputation that Crown attracted approximately 31 million local and international visits during the period and has remained the largest single-site private sector employer in both Victoria and Western Australia, with more than 15,600 people working at Crown Melbourne and Crown Perth in over 700 different roles.

It has been a challenging period given the detention of a number of current and former Crown employees in China last October. We are pleased that all of our employees have now been reunited with their families and loved ones. Crown is deeply appreciative of the support provided by the Department of Foreign Affairs and Trade and the Australian Government, and for their professionalism and assistance throughout the course of the matter.

## **Results and Sale of Interest in Melco Resorts & Entertainment Limited (MRE)**

For the financial year ended 30 June 2017, Crown Resorts announced a net profit of \$308.9 million before significant items, which was down 21.5% from the previous year. This result reflects difficult trading conditions at Crown's Australian resorts, due primarily to the reduction in VIP program play revenue and the challenging economic conditions in Perth.

Crown's net profit after significant items was \$1,866.1 million, up 96.7%. This includes the profit from the sale of Crown's interest in MRE (the MRE sale), which generated proceeds of approximately \$3.1 billion, resulting in a net gain of approximately \$1.7 billion. Crown no longer holds an interest in MRE.

The MRE sale will enable investors and analysts to more easily assess the value of Crown's high quality core Australian operations. The return from our overall investment in MRE has generated cash returns equivalent to approximately six times the total amount invested by Crown.

## **Capital Management**

Following completion of the MRE sale, Crown returned approximately \$1.1 billion of capital to shareholders via a special dividend of 83 cents per share and the completion of an approximately \$500 million on-market share buy-back. In addition, Crown has announced its intention to undertake a further on-market share buy-back of up to approximately 29.3 million shares and the recommencement of the buy-back of Subordinated Notes listed on the ASX under the code "CWNHA".

Consistent with the objective of increasing cash returns to shareholders, Crown also adopted a new dividend policy to pay 60 cents per share on a full year basis, subject to Crown's financial position. For the financial year ended 30 June 2017, Crown declared a dividend of 30 cents per share, franked to 60%, at both the half and full year results. This brings the dividends for the year to 60 cents per share or \$1.43 per share including the special dividend paid to shareholders during the period.

Crown has significantly reduced its net debt following receipt of the proceeds from the MRE sale and has strengthened its balance sheet and credit profile to fund its Australian development project pipeline.

## **Major Focus**

Following the sale of Crown's interest in MRE and the decision not to proceed with the Alon Las Vegas project, Crown is now primarily focussed on its world-class core Australian operations and development projects.

Crown's major focus is to improve the underlying performance of our key Australian resorts, execute on our existing development project pipeline and continue to grow our digital businesses.

## **Crown Melbourne and Crown Perth**

Normalised EBITDA from Crown's Australian resorts was \$833.7 million, down 10.7%. This result was impacted by the challenging Perth economy and the reduction in VIP program play revenue in Australia, where turnover was down 48.9% compared to the prior year.

In response to these challenging trading conditions and the increased focus on Crown's Australian assets, Crown simplified its organisational structure and reduced costs across the business during the second half of the year. A number of productivity and efficiency improvements were also implemented at both Crown Melbourne and Crown Perth. Crown will remain focussed on continuing to identify opportunities to deliver improved operating performance at both Australian properties.

### Australian Projects

Crown is excited to have commenced construction of the Crown Sydney Hotel Resort at Barangaroo South. We are working diligently to deliver Sydney's first six-star hotel and a landmark building of global significance on one of the world's most beautiful harbours. Crown Sydney is expected to be completed in 2021.

In Victoria, Crown and its joint venture partner, the Schiavello Group, were pleased to receive conditional planning approval in February 2017 to construct the proposed One Queensbridge project. The project includes a new 388 room luxury six-star hotel, which will be connected to Crown Melbourne by a sculptural pedestrian bridge. The project remains subject to financing and long-form agreements between Crown and the Schiavello Group.

On 15 December 2016, Crown officially opened Perth's first luxury six-star hotel, Crown Towers Perth. We believe that Crown Towers Perth, which takes the total number of guest rooms and suites at the resort to approximately 1,200, is one of the most luxurious hotels in Australia and the region and has set a new benchmark in six-star accommodation.

### Crown Digital

Crown's digital businesses saw strong revenue growth and improved profitability during the year. We were pleased with the performance of Crown's wagering and online social gaming operations which generated EBITDA of \$14.8 million, compared to a loss of \$5.4 million in the previous year. The assets and investments in Crown Digital are expected to provide a continued source of future growth for Crown.

Crown Digital also includes Crown's investment in Chill Gaming, a 50/50 joint venture with the founders of Wymac Gaming Solutions. Chill Gaming, whose products are in the process of being developed, will focus on innovation and providing current gaming customers with new entertaining product options.

### Our Commitment to Community

Crown is a large and diverse business, serving millions of customers each year and is responsible for the employment of over 15,600 people at our Melbourne and Perth resorts. We are grateful for the efforts of all our employees and are mindful of our responsibilities to them and to the communities in which we operate. Through the Crown Resorts Foundation, we continue to set the benchmark in corporate philanthropy.

This year we have continued the momentum of our award-winning Indigenous Employment Program. We have now provided over 680 Indigenous employment opportunities as we work towards our ambitious target of 2,000 by 2021. Similarly, we are proud of the progress we have made with CROWNability, our disability employment program. Our efforts in diversity and inclusion resulted in Crown Perth receiving the 2017 Employer of the Year award for Innovation at the atWork Australia awards and Crown Melbourne receiving the National Employer of the Year 2016 award from OCTEC Employment Services.

While we maintain our industry leading commitment to the training and development of our employees, a particular focus of our diversity and inclusion programs this year has been addressing gender equity within our business. We are working at all levels of our business to create positive and proactive change for gender equity.

We are proud of the work the Crown Resorts Foundation continues to deliver with its community partners. Currently, the Foundation is working with 115 not-for-profit community organisations to provide thousands of school students across Australia with greater access to enhanced and creative educational programs, and pathways to employment and community re-engagement.

On behalf of the Board, I wish to sincerely thank you, as a valued shareholder of Crown Resorts, for your support as we continue our strategy to maximise the performance of Crown Melbourne and Crown Perth and progress our strong portfolio of future projects.



**John Alexander**  
Executive Chairman, Crown Resorts Limited

# Financial Performance

*The 2017 full year result reflected difficult trading conditions in the Australian operations, primarily due to the reduction in VIP program play revenue in Australia and softness in the Perth economy. The result also includes a net gain from the sale of Crown's interest in Melco Resorts & Entertainment Limited, which was reported as a significant item.*

- Crown reported a normalised net profit after tax (NPAT) of \$343.1 million for the full year ended 30 June 2017, down 15.5%.
- A net gain from the sale of shares in Melco Resorts & Entertainment Limited (MRE), formerly Melco Crown Entertainment Limited, was the major component of the \$1,557.2 million in significant items.
- Crown's Australian resorts normalised EBITDA declined by 10.7%, with normalised revenue down 12.7%, primarily due to the decline in VIP program play revenue, which was down 48.9%, and softness in the Perth economy.
- Crown's share of MRE's normalised NPAT of \$42.4 million was down \$15.7 million or 27.0%, with Crown no longer equity accounting the investment from 1 January 2017.
- A final dividend of 30 cents per share, franked to 60%, was declared bringing the full year dividend to 60 cents per share or \$1.43 per share including the special dividend of 83 cents per share.

## Performance for the year ended 30 June 2017

	FY17 \$m	FY16 \$m	% change
Normalised revenue <sup>1</sup>	3,231.3	3,584.9	(9.9%)
Normalised expenditure <sup>1</sup>	(2,403.3)	(2,729.1)	11.9%
Normalised EBITDA <sup>2</sup>	828.0	855.8	(3.3%)
Normalised EBIT <sup>3</sup>	531.2	573.1	(7.3%)
Normalised NPAT <sup>4</sup> attributable to Crown	343.1	406.2	(15.5%)
Reported NPAT before significant items <sup>5</sup> attributable to Crown	308.9	393.6	(21.5%)
Significant items attributable to Crown	1,557.2	555.2	180.5%
Reported NPAT after significant items attributable to Crown	1,866.1	948.8	96.7%

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items.

2. Normalised earnings before interest, tax, depreciation and amortisation.

3. Normalised earnings before interest and tax.

4. Net profit after tax.

5. Significant items of \$1,557.2 million in the 2017 financial year, the major component of which is the net gain from the sale of shares in MRE.



## Crown Resorts' Major Focus Areas

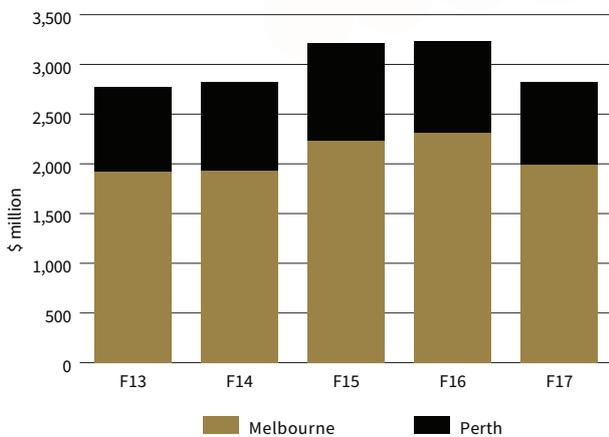
Improve the underlying performance of Crown Melbourne and Crown Perth

Deliver the Crown Sydney project on time and on budget

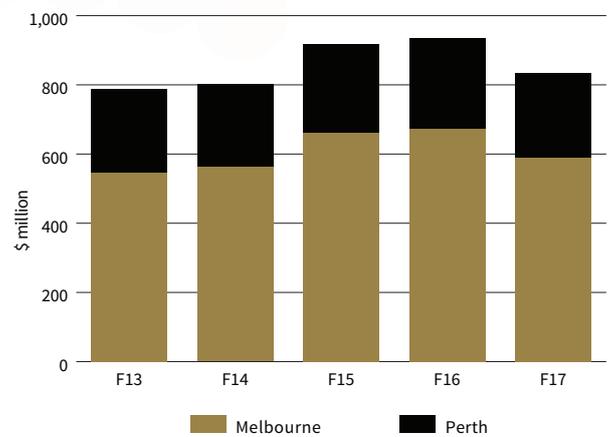
Develop a financing solution for the proposed One Queensbridge project

Continue growing Crown Digital, including wagering and online social gaming

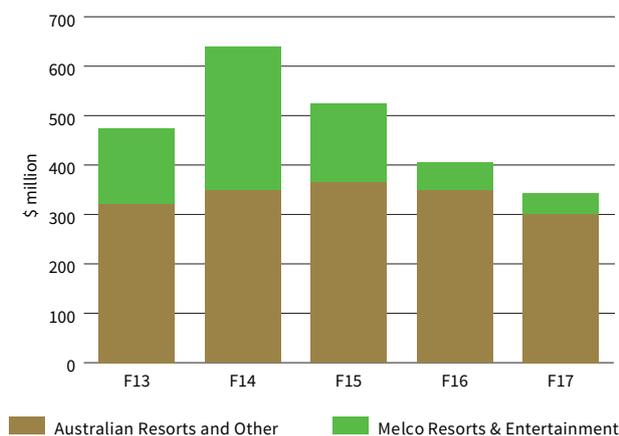
### Australian Resorts Normalised Revenue



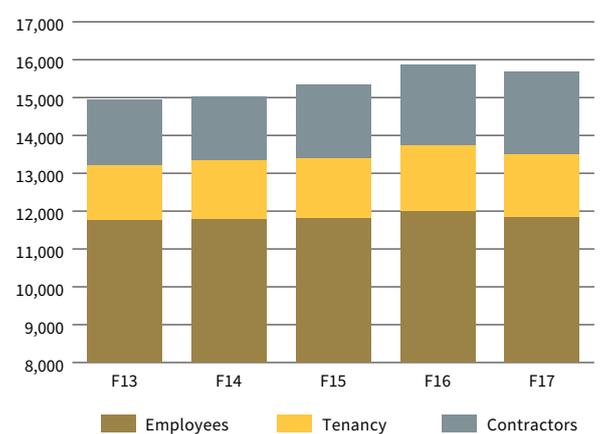
### Australian Resorts Normalised EBITDA



### Crown Resorts Limited Normalised NPAT



### Head Count Australian Resorts



# About Crown Resorts

*Crown is one of Australia's largest entertainment groups. The group's core businesses and investments are in the integrated resorts sector.*

## CROWN RESORTS GROUP

Crown owns and operates two of Australia's leading integrated resorts, Crown Melbourne and Crown Perth, which together attracted approximately 31 million visits during the period.

Overseas, Crown fully owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district.

Crown has a strong portfolio of future projects and complementary investments, anchored by Crown Sydney, and including our wagering and online social gaming businesses.

Crown also holds equity interests in Aspers Group (50%) in the United Kingdom, Nobu (20%) and Caesars (approximately 2%).

## AUSTRALIAN RESORTS

Crown Melbourne is Australia's leading integrated resort, featuring luxury accommodation, award-winning dining, world-class gaming, conferencing, shopping and entertainment facilities.

Crown Perth is one of Western Australia's largest tourist destinations, featuring three hotels, world-class convention and gaming facilities, restaurants and bars, a 2,300-seat theatre, and shopping and entertainment facilities.

## AUSTRALIAN PROJECTS

Crown has commenced construction of the Crown Sydney Hotel Resort at Barangaroo South. Crown Sydney, which is expected to be completed in 2021, will be Sydney's first six-star hotel and a landmark building of global significance on one of the world's most beautiful harbours.

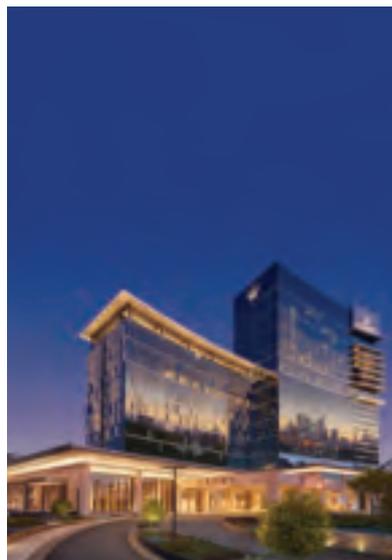
Crown Melbourne's proposed fourth hotel, One Queensbridge, is a joint venture with the Schiavello Group. The project is a landmark luxury hotel and apartment development that received conditional planning approval from the Victorian State Government in February 2017 and was recognised as a project of state significance. The project remains subject to financing and long-form agreements between Crown and the Schiavello Group.

## CROWN DIGITAL

Crown is investing in complementary assets, with online wagering business CrownBet (62% owned), online betting exchange Betfair Australasia (100% owned), US-based online social gaming business DGN Games (70% interest) and Chill Gaming (50% owned), which will focus on innovation and providing current gaming customers with new entertaining product options.



Proposed concept render



Proposed concept render

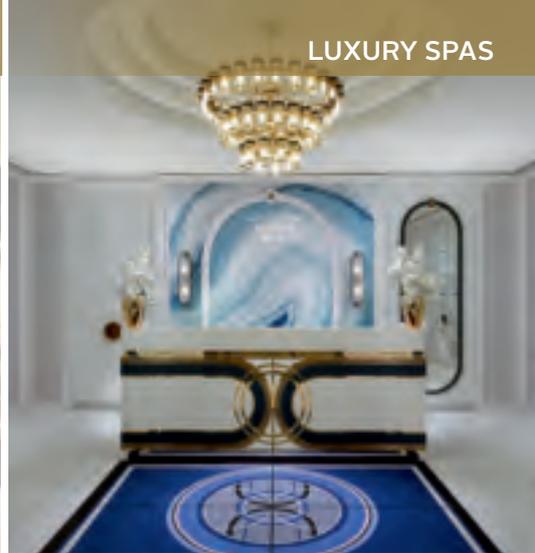
AWARD-WINNING HOTELS



HIGH-END RETAIL



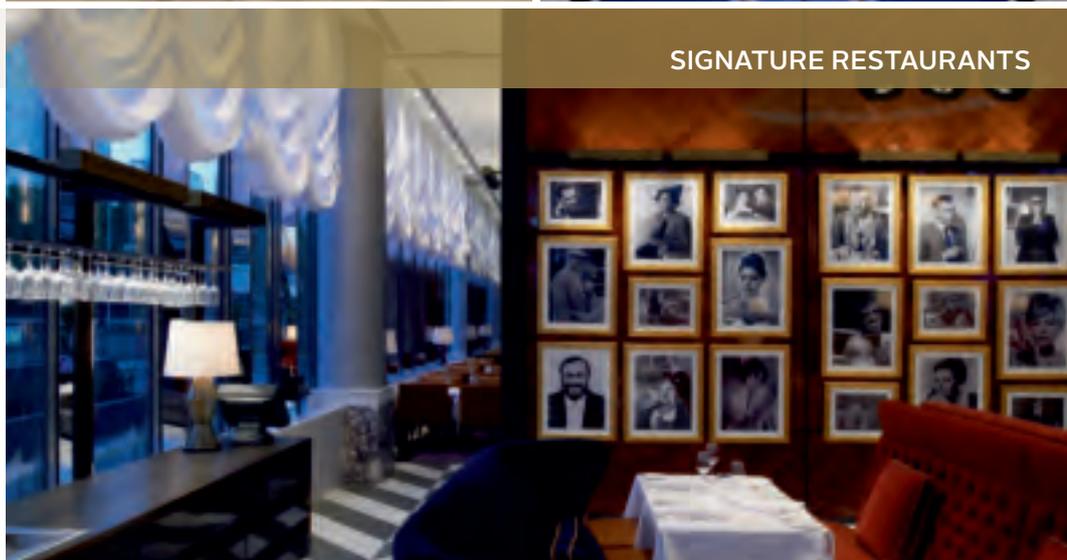
LUXURY SPAS



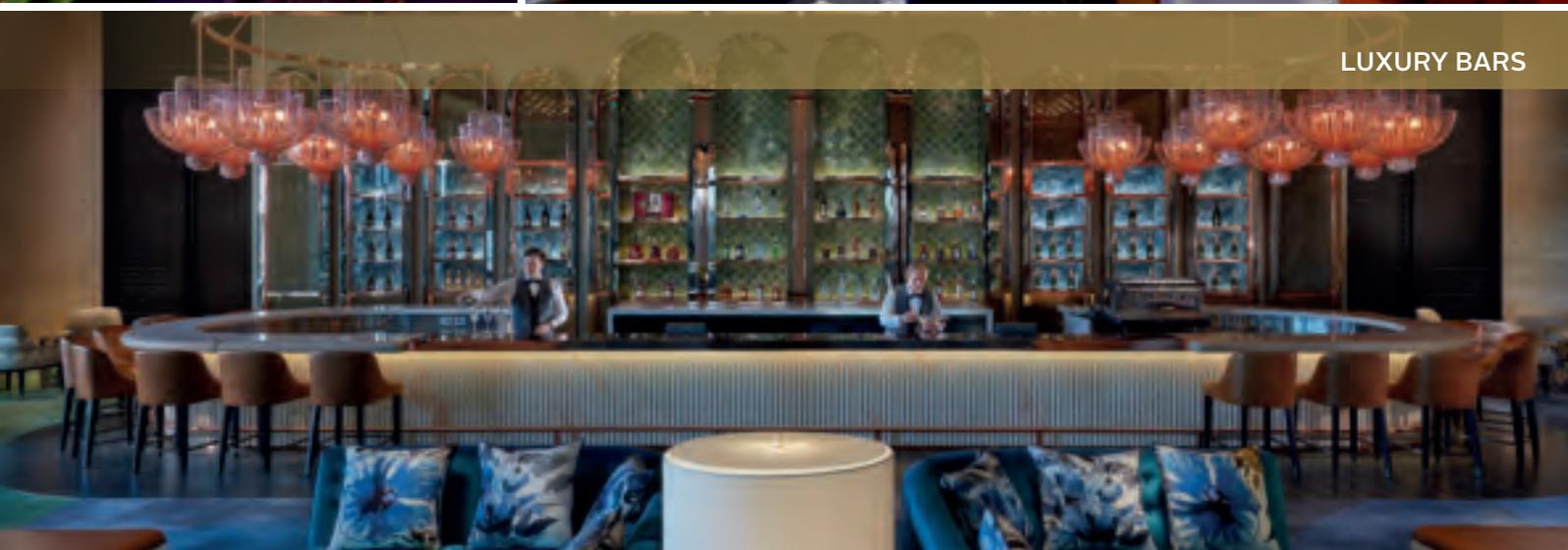
WORLD-CLASS GAMING



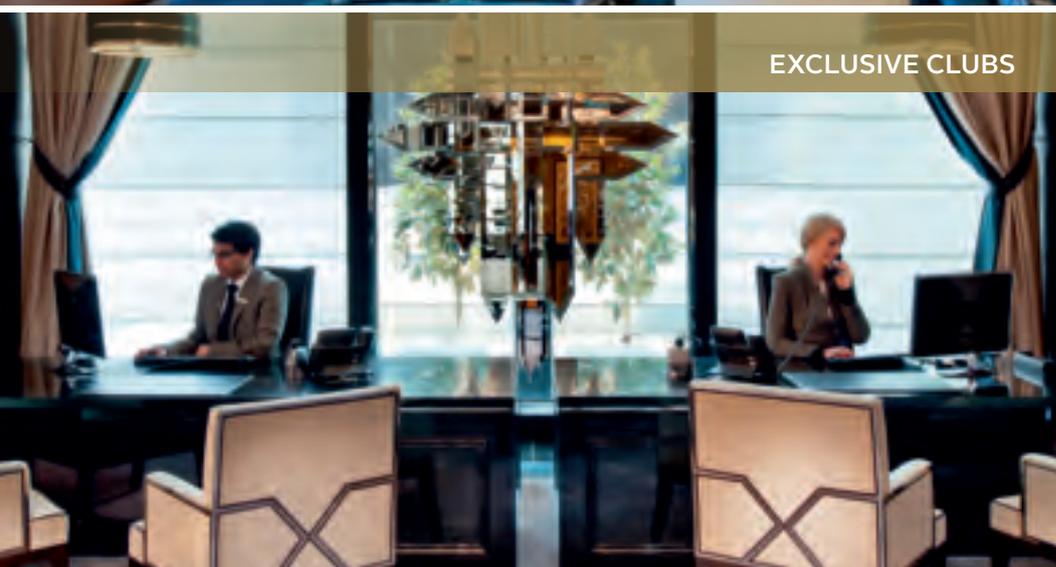
SIGNATURE RESTAURANTS



LUXURY BARS



EXCLUSIVE CLUBS



ICONIC PROJECTS



Proposed concept render

# Crown's Resort Portfolio



## Crown Melbourne

- Crown Melbourne is Australia's leading integrated resort and one of the most visited tourist destinations in Australia with its dynamic and diverse facilities.
- It is licensed to operate 2,628 gaming machines and 540 gaming tables.
- The resort currently features three hotels: Crown Towers Melbourne (481 guest rooms), Crown Metropol Melbourne (658 guest rooms) and Crown Promenade Melbourne (465 guest rooms).
- The Crown Conference Centre has 7,350 square metres of conference and meeting facilities across three floors.
- Banqueting facilities include the Palladium's 1,500-seat ballroom and The Palms' 900-seat cabaret venue.
- A broad selection of restaurants and bars are located in the resort, including many of Melbourne's finest.
- Crown Melbourne's retail precinct features prestigious designer brands and luxury retail outlets.



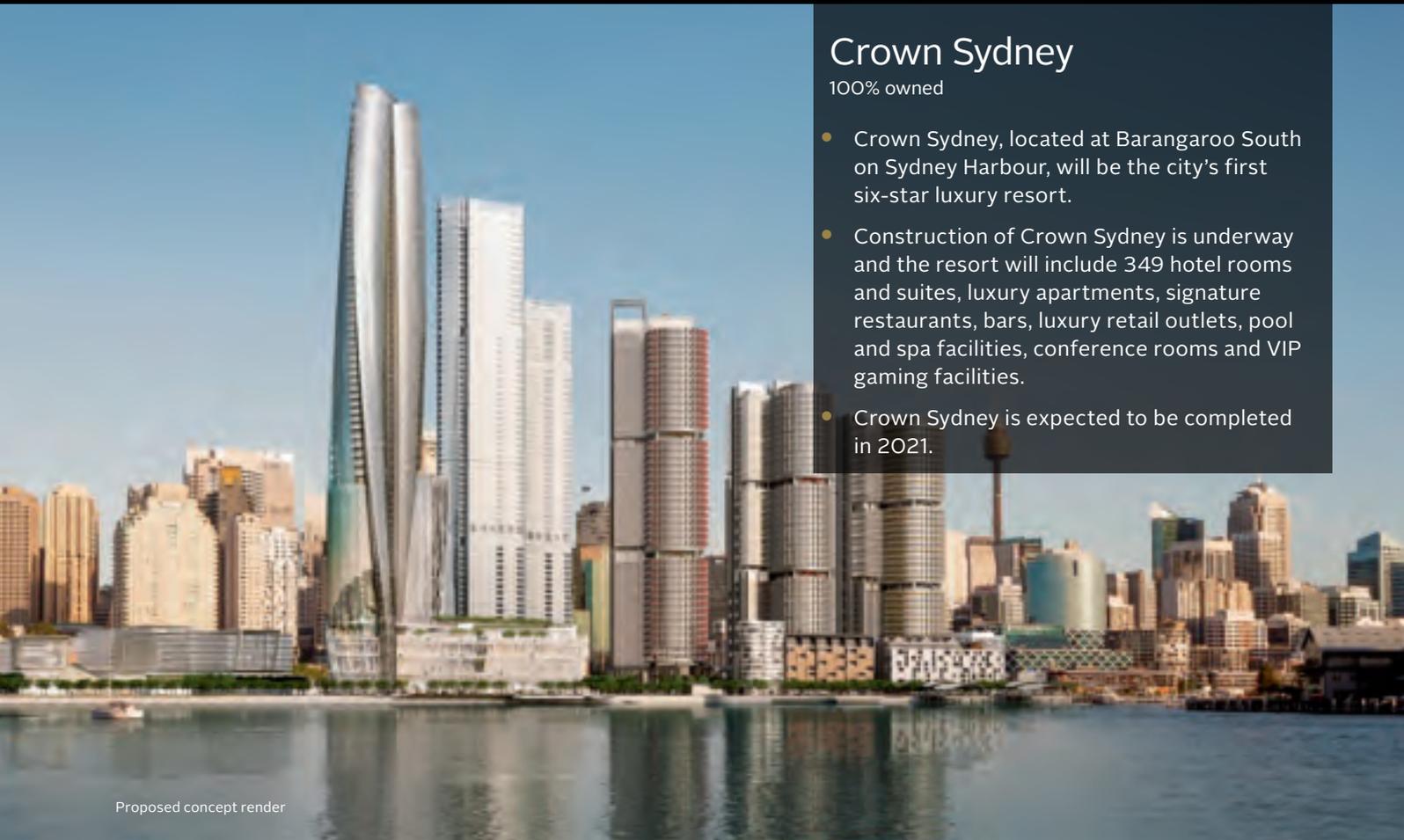
## Crown Perth

- Crown Perth is one of Western Australia's largest tourist destinations, with an exceptional range of entertainment and tourism experiences.
- It has approval to operate 2,500 gaming machines and 350 gaming tables.
- The resort features three hotels: the newly-opened Crown Towers Perth (500 guest rooms), Crown Metropolitan Perth (397 guest rooms) and Crown Promenade Perth (291 guest rooms).
- Crown Towers Perth, which opened in December 2016, features luxury hotel rooms and suites, villas,

private gaming salons, restaurants, bars, luxury retail outlets, a resort pool and spa facilities.

- Large-scale entertainment facilities include the new 1,500-seat Crown Ballroom and 2,300-seat Crown Theatre Perth, along with world-class convention facilities.
- A premium selection of restaurants and bars are located across the resort in addition to casual dining options.

# Australian Projects



Proposed concept render

## Crown Sydney

100% owned

- Crown Sydney, located at Barangaroo South on Sydney Harbour, will be the city's first six-star luxury resort.
- Construction of Crown Sydney is underway and the resort will include 349 hotel rooms and suites, luxury apartments, signature restaurants, bars, luxury retail outlets, pool and spa facilities, conference rooms and VIP gaming facilities.
- Crown Sydney is expected to be completed in 2021.



## One Queensbridge

50% equity interest

- One Queensbridge, a joint venture with the Schiavello Group, is a proposed fourth hotel development to meet tourism demand at Crown Melbourne.
- The project has received conditional planning approval to include a 388 room six-star hotel and approximately 700 luxury apartments.
- Located on a site adjacent to Crown Melbourne, the new hotel will be connected to Crown Melbourne by a sculptural pedestrian bridge spanning Queensbridge Street.
- The project remains subject to financing and long-form agreements between Crown and the Schiavello Group.

# Australian Resorts

*Crown's Australian resorts, Crown Melbourne and Crown Perth, continue to attract approximately 31 million visits each year and are employers of choice in both Victoria and Western Australia.*



**Barry Felstead**  
CEO, Australian Resorts

Crown's Australian operations' full year result reflected difficult trading conditions. Main floor gaming revenue decreased by 1.4% while non-gaming revenue increased by 6.5%. VIP program play turnover in Australia of \$33.3 billion was down 48.9% on the prior year.

Business conditions for Crown Melbourne were steady during the period, however Crown Perth was impacted by continued softness in the Western Australian economy. Normalised EBITDA decreased by 10.7% for Crown's Australian resorts, primarily due to the reduction in VIP program play revenue in Australia.

Despite declining revenues, margin improvement was achieved through cost reduction, a significant program of productivity and efficiency improvements, as well as a change in the mix of business, particularly in the second half, with the normalised operating margin at both Australian resorts improving on the prior year.

Crown's Australian resorts are some of the finest resorts in the world and continue to attract a growing share of visitors. With most of the major capital expenditure projects complete in Melbourne and Perth, the future capital expenditure profile predominantly relates to the construction of Crown Sydney.

In November 2016, Crown launched the Crown Rewards loyalty program, integrated across Crown Melbourne, Crown Perth and CrownBet. The program rewards members with a range of offers, including invitations to special events and other unique experiences. The loyalty program membership base continues to grow, assisted by activities surrounding the new program launch.

Crown recognises that it is our people who are the critical element in driving first-class service outcomes. Crown continues to invest in its people and is an employer of choice. Crown's ongoing investment in training and

developing our employees continues to be recognised as a best-practice model by government bodies and external parties. Crown College operates campuses at each of our Australian resorts and is one of Australia's most awarded and respected Registered Training Organisations. Since its inception, approximately 7,900 apprentices and trainees have graduated from Crown College, with approximately 370,000 training hours being delivered in the 2017 financial year.

Leveraging this success, Crown College International was established in March 2017, having been successful in gaining CRICOS (Commonwealth Register of Institutions and Courses for Overseas Students) registration, enabling it to provide training to international students.

Additionally, Crown has continued to focus on inclusive employment practices which enhance the diversity of its workforce. Crown's efforts in this area have been recognised with the Moulis Legal Award for Diversity at the 2017 Property Council of Australia's Innovation & Excellence Awards and the Australian Business Awards citation for Community Contribution for the third consecutive year.

## Indigenous Employment Program

Our award-winning Indigenous Employment Program has provided more than 680 Indigenous employment opportunities, well on our way to achieving our ambitious target of 2,000 job opportunities by 2021. Beyond employment outcomes, we continue to work across our business to achieve the targets we have set in our Elevate Reconciliation Action Plan which include procurement, community and cultural awareness outcomes.



## **CROWNability**

Crown continues to invest in creating a disability-confident organisation, providing an accessible and inclusive environment for people with disabilities, through its CROWNability initiative. More than just an employment program, CROWNability aims to build careers and transform attitudes towards disability in our workplaces and the broader community.

The 2017 financial year has seen the program, in partnership with key industry organisations, continue to provide employment pathways for people with disabilities, with over 150 Australians with a disability now employed as a result of the CROWNability program.

In December 2016, Crown was a finalist in the 2016 Australian Human Rights Commission Business Awards, which recognised Crown's achievements in disability employment. This was an acknowledgment of Crown's commitment to promoting and advancing human rights in Australia through the CROWNability program.

The CROWNability Action Plan will include targets and goals that will increase accessibility to employment, our premises, communication and marketing materials, products and services, and learning and development for people with disabilities.

## **Health, Safety & Employee Well-being**

Crown's commitment to workplace health and safety is contained in the Health, Safety & Wellbeing Policy. The policy details the commitment, framework and expected behaviours of all employees necessary to ensure the continuous improvement of workplace safety.

This year there have been a number of key achievements in Crown's health, safety and workers compensation performance.

By continuing to demonstrate effective injury prevention and injury management practices, Crown has sustained strong performance outcomes and achieved the performance targets set for both the Crown Perth and Crown Melbourne properties. Improved financial outcomes have also been achieved following strong performance in both self-insured and traditional workers

compensation insurance operations. Training, awareness and acceptance of responsibility through CrownSAFE have all contributed to Crown's continued success in health and safety performance.

In May 2017, Crown launched EMMaH (Evaluation and Management of Manual Handling), its new Manual Handling Program. EMMaH enables Crown to objectively analyse employees whilst undertaking their roles and, based on the findings, make recommendations to improve body positioning, provide technique training or modify the way tasks are being undertaken. This will further enhance the health and safety of our employees.

Crown has also continued to expand the supportive network of health and well-being resources, initiatives and opportunities provided to all employees. This continues to be fundamental to Crown's commitment to employee well-being in the workplace.

In September 2016, Crown launched its new Employee Assistance Program (EAP). The EAP is a free and confidential counselling service offered by Crown to employees and their families who may need assistance. Access to the Crown EAP was provided to all employees via a mobile app, making support and information more accessible at any time.

## **Industrial Relations**

Crown is committed to managing industrial relations through open and effective relationships with employee associations and we act in good faith in all dealings with these associations.

Crown has five collective bargaining enterprise agreements, which cover the majority of frontline staff and include some management level employees.

During the 2017 financial year, the new Crown Melbourne Limited Enterprise Agreement 2016 was approved and took effect on 24 January 2017 and the Hospitality Sector WA United Voice Crown Perth Enterprise Agreement 2016 was approved and took effect from 24 October 2016.



## Crown Melbourne

### Overview

Crown Melbourne is one of the region's leading integrated resorts and a key driver of international and interstate visitation to Victoria. Its reputation for luxury experiences and exceptional hotel, gaming and entertainment facilities has attracted approximately 21 million visits to Crown Melbourne during the period.

Crown Melbourne continues to strengthen its offering with property enhancements and initiatives to stimulate visitation, in line with Crown's strategic priorities. The resort remains Victoria's largest single-site private sector employer, with almost 10,000 people working across the resort.

Crown continues to develop its digital presence through the Crown Resorts app, Crown websites and social media. An evolved digital approach saw the continued growth of fans on Facebook and followers on Instagram, alongside broader digital reach, increased audience engagement and digital transaction volume.

### Property Update

Average occupancy at Crown Melbourne's three hotels was again greater than 90%, reaffirming the need for increased hotel capacity to meet future tourist demand.

Crown and the Schiavello Group, through a joint venture announced in December 2014, are planning to develop a landmark new building comprising a 388 room six-star hotel and approximately 700 luxury apartments. The proposed One Queensbridge project, which is on a site adjacent to Crown Melbourne, received conditional planning approval in February 2017 and will be connected to Crown Melbourne via a sculptural pedestrian bridge over Queensbridge Street. The project remains subject to financing and long-form agreements between Crown and the Schiavello Group.

The Crown Melbourne resort saw a number of new capital initiatives implemented during the 2017 financial year.

The main gaming floor received an expansion at each end of the Maple Room to accommodate additional baccarat tables for patrons. In retail, Kennedy launched its new boutique and Jaeger-LeCoultre was introduced at Monards. Kingpin re-launched its entertainment venue following an extensive redevelopment. Supporting these expansions, infrastructure projects were undertaken including significant improvements to car park control and automation.

Crown Melbourne also continued its affinity with world-class cuisine, opening Long Chim by Michelin star Thai chef David Thompson on the Riverwalk. This is the third Long Chim restaurant in Australia following successful openings in Perth and Sydney.

### Local Gaming and Crown Rewards

Crown Melbourne continued to invest in new technology, including the introduction of the latest gaming products, system upgrades and innovations. These investments, together with the Crown Rewards program, allowed us to deliver differentiated market-leading experiences for our guests.

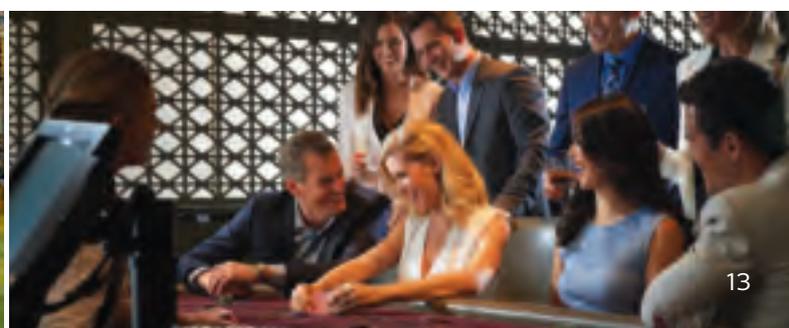
Crown Melbourne hosted its twentieth Aussie Millions Poker Championship in January 2017, which is a major event on the international poker circuit. The enhanced digital marketing campaign, through the use of live streaming and social media, continued to expand the tournament's global reach.

### VIP Program Play

Normalised VIP program play revenue at Crown Melbourne was \$340.3 million, down 49.7% with turnover of \$25.2 billion.

### Hotels and Conferences

As one of the world's leading integrated resorts, Crown Melbourne features more than 1,600 guest rooms across three luxury hotels, Crown Towers, Crown Metropal and Crown Promenade. Together, they provided for more than 875,000 guests during the year, with combined occupancy levels exceeding 90%.



Crown Towers was awarded the prestigious 2017 Forbes Travel Guide Global 5 Star Award, the only hotel in Melbourne to achieve this status. All three hotels received the Certificate of Excellence in the 2017 TripAdvisor Travellers' Choice Awards.

Events and Conferencing achieved a strong revenue result during the period, hosting major conferences for Lion Nathan, Global Food Forum 2017, World Taiwanese Chamber of Commerce and the Hadoop Summit Australia.

## Restaurants and Bars

Crown Melbourne's award-winning restaurants and bars showcase a global repertoire of culinary brands and choice for our patrons that is unrivalled in Australia.

Crown's signature restaurants continue to feature strongly in The Age Good Food Guide 2017, with Dinner by Heston Blumenthal, Rockpool Bar & Grill, Rosetta, Spice Temple and Bistro Guillaume all included. In January 2017, the much-anticipated Long Chim restaurant was welcomed to Crown Melbourne, a celebration of David's Thompson's unique take on Bangkok street food.

Crown's offering for sports enthusiasts was expanded with the CrownBet Sports Bar launching its new identity and Lagerfield partnering with Heineken and Carlton Draught to deliver in-venue experiences aligned with key sporting events including the Melbourne Grand Prix and the AFL season.

## Entertainment and Events

Crown Melbourne continued to provide the venues of choice for some of Australia's most memorable events. More than 2,000 events were booked during the year. At the Palladium ballroom, the largest events included the TV Week Logie Awards and the AFL Brownlow Medal. Key charitable events hosted at Crown Melbourne included the Children's Cancer Foundation's Million Dollar Lunch, Challenge – Supporting Kids with Cancer, Diamonds are a Girl's Best Friend Gala Dinner, Starry Starry Night and the Epworth Medical Foundation Dinner.

This year's major live performances at The Palms included sold-out shows with James Reyne, Arj Barker, Kate Ceberano, Dami Im, Kasey Chambers and a five week season of Velvet. Crown's nightclubs continued to feature top artists including Havana Brown, Will Sparks, Marlo, Fatman Scoop, Blu Cantrell, Nelly, Tigerlily, Chingy, Dash Berlin, Markus Shultz, Bryan Kearney, Sean Kingston, Mya and many more.

In the 2017 financial year, Crown also hosted a number of activations, including the Sony Foundation's River4Ward event, the AVPN Pizza Festival, which headlined the Melbourne Food & Wine Festival, the pop-up BBQ Festival headlined by San Antone's Kevin Bludso, the World of Nobu Festival, and the Jack Daniels' 150th Anniversary Barrel House.

## Crown Perth

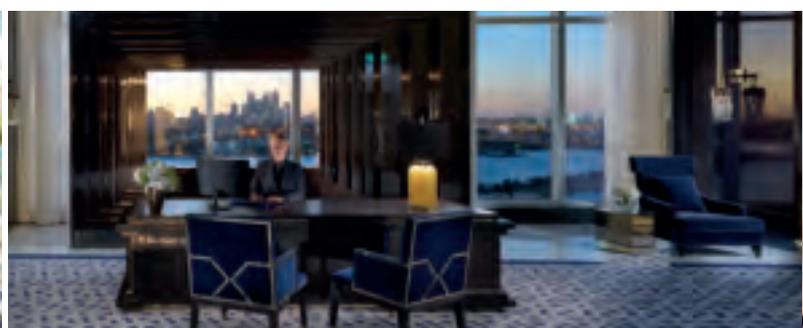
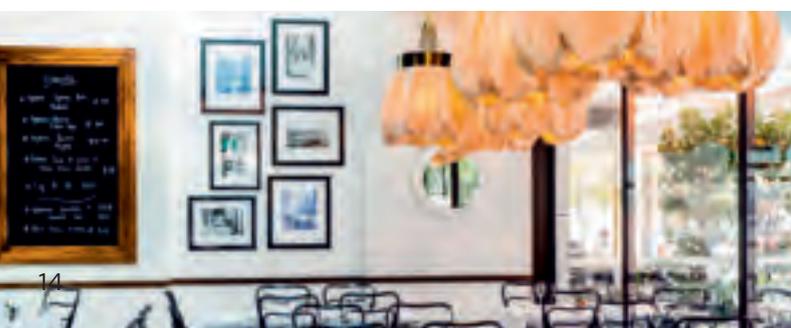
### Overview

Crown Perth is Western Australia's only fully integrated entertainment resort. Following Crown's extensive development and renovation plan since its acquisition in 2004, it has been transformed into a premium tourist destination, this year attracting approximately 10 million visits. The highly anticipated Crown Towers Perth hotel opened in December 2016, bringing to Perth a new level of prestige.

Crown Perth remains the State's largest single-site private sector employer, with more than 5,900 people working on site.

### Property Update

The major development highlight for the year was the opening of the Crown Towers Perth hotel, which opened to the public in December 2016. The hotel provides the Crown Perth resort with an additional 500 luxury rooms, including a number of villas located on the upper floors, each with amazing views over the Swan River and Perth skyline. Also taking advantage of these views are the private VIP gaming salons and Crystal Club lounge located on level 15 of the tower. The hotel has introduced a number of new venues including the



luxurious Crown Spa, and the popular Epicurean restaurant and TWR lobby bar.

The 1,500-seat Crown Ballroom was a key amenity delivered as part of the opening of Crown Towers Perth. The new ballroom, along with the refurbished convention facilities, ensures that Crown Perth strongly establishes itself as the premier convention facility in Western Australia.

Other luxury offerings to complement the Crown Towers hotel include the new retail link connecting Crown Towers with the existing precinct. The dedicated retail precinct has already seen the introduction of Paspaley Pearls. Kennedy, a watch boutique featuring luxury brands including Rolex, Omega and IWC, is expected to open shortly.

### Local Gaming

Crown Perth's main gaming floor revenue declined by 4.7%, which reflected weak consumer sentiment in the local economy. Investment in, and popularity of, automated table games have helped drive increased visitation to the gaming floor, despite challenging market conditions overall.

A significant project was the expansion of the main gaming floor through the addition of the Riverside Room (formerly the Meridian Room), which provides improved premium gaming machine facilities. The expansion also provides upgraded amenities including a new main gaming floor bar.

### VIP Program Play

Normalised VIP program play revenue at Crown Perth was \$109.3 million, down 46.1% with turnover of \$8.1 billion.

### Hotels and Conferences

The opening of Crown Towers Perth resulted in an overall increase in the number of guests across the three hotels by 28% to over 444,000 guests. Combined occupancy reached 80% which aligned with the overall Perth market, however average room rates were approximately 40% ahead of the market, which

was a pleasing result considering the challenging economic conditions. Looking ahead, the addition of new hotel room inventory and a constrained market outlook will continue to put pressure on the entire Perth market.

Crown Towers Perth has been well received to date with interest locally, interstate and overseas. International visitation grew with a number of key large-scale corporate groups staying from South East Asia.

Although only recently opened, Crown Towers Perth was nominated for, and won, Best Australian Luxury Hotel for Luxury Travel Magazine. Further, Crown Towers Perth also recently won the Western Australian AHA Award for Best Deluxe Accommodation and Best Overall Hotel Accommodation.

Events and Conferencing benefited from the completion of the new Crown Ballroom with 182,000 patrons attending Crown Perth's convention facilities, up 16% on the previous year. Key assets such as the new poolside area of Crown Towers and the Crystal Club were utilised throughout the year creating opportunities to host unique events. A number of large-scale conferences and events are confirmed for 2018 and beyond, driven largely by the new convention facilities at Crown Towers Perth.

### Restaurants and Bars

Crown Perth increased its offering of restaurants and bars with the December opening of Crown Towers which includes the TWR lobby bar, Epicurean restaurant, the Crystal Club and the luxurious poolside bar area. In particular, public recognition has been received by TWR for its sophistication and style, and by Epicurean for exhibiting one of the largest chocolate fountains in the Southern Hemisphere.

Crown's premium restaurants were once again recipients of a number of awards this year, receiving four Gold Plate Awards at the Catering Institute of Australia's 2016 Gala Ball, with honours going to Atrium for Buffet Dining, Modo Mio for Mediterranean Dining, and Silks for Licensed Chinese Restaurant as well as the



Premier's Award. In addition, at the 2016 AHA Accommodation Awards for Excellence, Bistro Guillaume was awarded Best Accommodation Hotel Wine List.

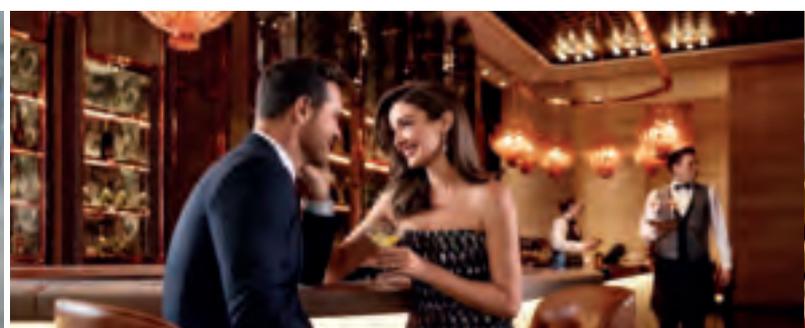
This year, Crown Perth held its first food festival event, the Merrywell/Yak Ales BBQ Festival, which attracted over 8,000 patrons.

## **Entertainment and Events**

The new 1,500-seat Crown Ballroom was unveiled in December 2016 and has secured new and larger events including the successful SUITED – New Year's Eve Ball, the Perth Wildcats Awards and the Chevron Australia Ball. Key charitable events hosted at Crown Perth included the Ear Science Institute Australia Dinner, the HeartKids Ball, the Rafiki Ball and the Royal Flying Doctors Ball.

Major long-running shows performing at Crown Perth Theatre included the widely-acclaimed Matilda, Georgy Girl and Singin' in the Rain, in addition to single live performances by Jimmy Barnes, Kevin Bloody Wilson, Arj Barker, Suzi Quatro, Julia Morris and Icehouse.

This year also saw the new addition of the Crown Pyramid, a temporary custom-made pyramid, which has the capacity to hold various events for up to 5,000 people. Events included Santa's Magical Kingdom, Jurassic Creatures and Lights by DreamWorks, all of which provided interactive walkthrough experiences for people of all ages, and in total attracted an additional 96,000 visitors and 137 shows to the resort.



# International Interests

## Crown Aspinalls

Crown Aspinalls is one of the licensed high-end casinos in London's prime West End entertainment district. Nestled in the heart of Mayfair, Crown Aspinalls offers members and guests an exciting and opulent world of international VIP gaming, in an environment that only London can provide.

Normalised EBITDA from Crown Aspinalls was \$26.6 million, up 0.4% on the previous period. Reported EBITDA for the period was a loss of \$5.5 million, a decrease of \$21.5 million on the previous period.

The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result, which had a negative EBITDA impact of \$32.1 million. This compares to a negative EBITDA impact of \$10.5 million in the previous period.

## Aspers Group

Crown holds a 50% equity interest in the Aspers Group, which operates four regional casinos in the United Kingdom, in Newcastle, Stratford (London), Milton Keynes and Northampton (the latter in a joint venture with Kerzner UK Limited).

## Nobu

Crown holds a 20% interest in Nobu, one of the world's most recognised Japanese restaurant brands. Nobu operates 13 owned restaurants in the US, London and Tokyo, 23 international licenced restaurants, and manages six hotels in Ibiza, Las Vegas, London, Malibu, Manila and Miami Beach. The other investors in Nobu are Nobu Matsuhisa, Robert De Niro and Meir Teper. The restaurant business has a pipeline of three new owned restaurants and six new licensed restaurants. The managed hotels business has a pipeline of new hotel openings, which include Chicago, Los Cabos, Riyadh, Toronto, Palo Alto, Barcelona, Marbella and Sao Paulo.

## Alon Las Vegas

Crown, through a majority-owned subsidiary, has an ownership interest in a 34.6 acre vacant site on the Las Vegas Strip. As previously announced, Crown has resolved not to proceed with the Alon project in Las Vegas at this time and is assessing options to optimise the value of Crown's investment in the project, including an outright sale. Crown recognised an impairment loss relating to its investment in Alon in the period, which has been classified as a significant item.

## Caesars

Crown holds an ownership interest in Caesars Entertainment Corporation (approximately 2%), which owns and operates approximately 50 casinos and hotels under several brands; and Caesars Acquisition Company (approximately 2%), which is focussed on acquiring and developing a portfolio of investments in the gaming and interactive entertainment industries.

## Cannery

Crown holds a 24.5% interest in Cannery, which is based in the United States. During the period, Cannery disposed of its casino assets at the Meadows Racetrack & Casino in Pittsburgh, Pennsylvania, and Cannery Casino and East Side Cannery in Las Vegas, Nevada. Following the sale, Cannery no longer owns any material assets.

During the year, Crown received \$38.9 million from Cannery, representing Crown's share of the sale proceeds from the disposal of its casino assets.



Crown's wagering and online social gaming operations contributed revenues of \$303.3 million and EBITDA of \$14.8 million in the year ended 30 June 2017, compared to a loss of \$5.4 million recorded in the prior year. In addition, Crown equity accounts its investments in Draftstars and Chill Gaming.

## CrownBet

Crown owns a 62% controlling interest in CrownBet, which is led by the founding shareholder and CEO, Matt Tripp, and an experienced management team with a proven track record of building highly successful businesses in the wagering industry. CrownBet continues to demonstrate strong revenue growth and is one of the few Australian-owned businesses in the online wagering industry.

CrownBet is building its business based on:

- leveraging its relationship with Crown's Australian integrated resorts, as well as a number of unique 'partner' relationships including the AFL, ClubsNSW, Draftstars (a joint venture between CrownBet, Fox Sports and Seven West Media) and racing.com (a joint venture between Seven West Media and Racing Victoria);
- developing proprietary software in order to offer a best-in-class user experience, with features such as live AFL vision (the only wagering provider in Australia to offer this), a market-leading loyalty program and market-leading mobile apps; and
- being recognised as the most responsible wagering operator in Australia.

## Betfair Australasia

Betfair Australasia is 100% owned by Crown and provides access for Australian and New Zealand customers to the world's leading betting exchange. In the 2017 financial year, Betfair Australasia continued to grow revenue from the core exchange product whilst delivering that product as efficiently as possible, resulting in strong EBITDA growth.

## DGN Games

DGN Games, which is based in Austin, Texas, is 70% owned by Crown and is a developer of online social games. DGN's online social game titles include "Old Vegas Slots", a classic 3-reel game, and "Lucky Time Slots", a new 5-reel game, both of which continue to improve in terms of performance and technology.

## Draftstars

Draftstars is a daily fantasy sports wagering business and is a joint venture between CrownBet, Fox Sports and Seven West Media. Each joint venture partner has dedicated their respective resources to grow the business and it is now the largest daily fantasy sports wagering business in Australia. Draftstars is the Official Daily Fantasy Sports Partner of the AFL.

## Chill Gaming

Chill Gaming is a 50/50 joint venture between Crown and New Gaming Pty Ltd, which is owned by the founders of Wymac Gaming Solutions, a manufacturer and developer of electronic gaming machines. Chill Gaming will focus on innovation and providing current gaming customers with new entertaining product options. Products are in the process of being developed and will continue to be showcased at future gaming technology expos.



# Corporate Social Responsibility

*Our approach to corporate social responsibility is integrated into everything we do with all initiatives developed to consider efficiency, diversity, inclusion, community and our impact on the environment.*

## Creating opportunities through employment

Crown is recognised as one of Australia's leading employers. We pride ourselves on our best-practice Indigenous Employment Program, our disability employment program (CROWNability) and our employee training and development programs delivered through Crown College, a Registered Training Organisation.

Crown's two Australian resorts are significant employers in both Melbourne and Perth, providing employment for over 15,600 people. We are committed to the training and development of our employees so that they have the skills and attitude to deliver the world-class customer experience expected at Crown's Australian resorts.

The training that Crown employees undertake at Crown College is relevant to their role and is nationally recognised as it is aligned with the Australian Qualification Framework. In the 2017 financial year, over 7,500 employees participated in technical, leadership, health and safety and customer service training at Crown College, receiving over 370,000 hours of training.

Our mantra is "not training for a job, but learning for a career" and this year over 1,700 employees were enrolled in Certificates III, IV and Diploma level qualifications. Since its inception, over 7,900 apprentices and trainees have graduated from Crown College.

## Diversity and inclusion

At Crown we are committed to investing in our people and ensuring that our employees can achieve their personal career goals. Therefore, our workforce must not only be well-trained but also feel supported and included in the workplace. We want all our employees to feel valued at work regardless of their gender, age, ethnicity, cultural background, experience, physical limitations or sexual orientation.

Our efforts in diversity and inclusion have received a number of awards this year, including the Moulis Legal Award for Diversity at the 2017 Property Council of Australia's Innovation & Excellence Awards. In addition, Crown Melbourne received the National Employer of the Year 2016 award from OCTEC Employment Services for our commitment to inclusive employment, and Crown Perth received the 2017 Employer of the Year award for Innovation at the atWork Australia awards.

Our CROWNability program surpassed all of its 2017 targets. Crown now employs over 150 people with a disability across its Melbourne and Perth properties. The program is focussed on transforming attitudes towards

disability in our workplaces and the broader community. We are working towards becoming a disability-confident organisation and have developed our CROWNability Action Plan with targets and goals to ensure our workplace continues to evolve and provide as many opportunities as possible for people with a disability.

Our award-winning Indigenous Employment Program has provided more than 680 Indigenous Australians with employment opportunities, well on our way to achieving our ambitious target of 2,000 job opportunities by 2021. Beyond employment outcomes, we continue to work across our business to achieve the targets we have set in our Elevate Reconciliation Action Plan which include procurement, community and cultural awareness outcomes.

We acknowledge that, like many other Australian workplaces, we need to work hard to address gender imbalance. Gender equity is one of our key focus areas in our quest to provide diverse and inclusive employment at Crown. We are committed to improving gender balance and have developed a number of programs overseen by an executive committee to help address it, including the Women of Crown Management program, developing flexible work arrangements and developing a Gender Action Plan which outlines targets and goals across the business to help drive improvements in this area.

## Industry-leading social safeguards

Crown is proud of the broad range of customer and employee programs and services that promote awareness of responsible gaming, recognising that responsible gaming is the shared responsibility of the gaming industry, governments, communities and individuals, working in partnership to achieve socially responsible outcomes.

Crown continues to adopt a proactive and business-wide approach to responsible gaming led by the Crown Responsible Gaming Committee, chaired by Independent Director, Professor John Horvath, AO. This Committee is dedicated to overseeing Crown's responsible gaming initiatives and recommending policies and procedures to enhance the effectiveness of those programs.

In 2002, Crown Melbourne introduced a world first in responsible gaming initiatives by establishing the Responsible Gaming Support Centre at its resort. A similar facility, the Responsible Gambling Information Centre, was opened at the Crown Perth resort in 2010.

Employee training and education in responsible gaming begins on an employee's first day during the induction program. Responsible Service of Gaming training is delivered using a combination of online and facilitator-led learning. This training includes information about observable behaviours that may indicate that a customer may be experiencing difficulty with their gaming experience and how to direct the customer to appropriate services.

Each resort's Responsible Gambling Code of Conduct/ Practice is widely promoted throughout the casino gaming floor for customers and in back-of-house areas for employees. Information about the Code is included in all responsible gaming training.

Crown develops and maintains strong engagement with many stakeholders and regularly attends national and international conferences. This open dialogue contributes to a culture of continuous improvement of Crown's responsible gaming services and programs.

## Supporting our communities

At Crown we believe managing our business in a sustainable manner is the right thing to do by our stakeholders and makes good business sense. As such, our approach to corporate sustainability is integrated into everything we do with all initiatives developed to consider efficiency, diversity, inclusion, community and our impact on the environment.

Equally important is our role within the communities in which we operate. Crown recognises our responsibility to give back and, through the Crown Resorts Foundation, we look for opportunities to partner with outstanding local community organisations to provide educational and mentoring pathways for young Australians.

Across Crown we have a group-wide sustainability framework in place which includes identified actions, performance measures and targets which allow us to focus on what matters most to our stakeholders. Oversight by the Crown Corporate Social Responsibility (CSR) Committee, and a number of employee consultative committees, ensures that transparency and reporting are also a major part of our CSR commitment.

Crown's community support comes in many different forms. Through our resorts, we are able to support charities by subsidising, promoting and hosting their fundraising events and providing raffle prizes. In addition, many of our employees enthusiastically volunteer their time to support a wide range of causes.

We look for opportunities to leverage our corporate networks, funds and people to deliver the best outcomes for our community partners. This year, the Children's Cancer Foundation's Million Dollar Lunch was once again hosted by Crown Melbourne. With the support of its suppliers, Crown committed to delivering the event cost-free, significantly assisting the Crown Resorts Foundation to raise over \$2.1 million, which will be used to fund childhood cancer research programs, clinical care and family support.

Within our business we also look for opportunities to leverage our skill sets to support communities in need. Crown Perth's chefs once again provided more than 30,000 meals to Perth's vulnerable and homeless through Foodbank Western Australia, continuing this longstanding commitment. Crown Melbourne's employees volunteered their time at The Salvation Army Project 614's Hamadova Café so that it could remain open 24 hours a day throughout the winter months.

Many of Crown's community partners, in addition to receiving support from the business, benefit from fundraising and volunteer support from Crown staff. Within business departments, teams organise their own fundraising events for charities such as SIDS and Kids, the Cancer Council, Oxfam and Jeans for Genes. More formal fundraising activities are organised in partnership with the Crown Resorts Foundation by the Employee Advisory Committee.

Crown's Australian Resorts CEO, Barry Felstead, sets the tone for a culture of giving and support throughout the business. Barry has participated in the St Vincent de Paul CEO Sleepout in Perth for eight consecutive years and has raised over \$730,000 for Perth's St Vincent de Paul's homeless and emergency housing services.

## The Crown Resorts Foundation \$200 million National Philanthropic Fund

We are very proud of the work that the Crown Resorts Foundation is doing to provide more young Australians access to better education, more opportunities to be creative and to develop the self-esteem and confidence that will support them to build more fulfilled lives.

The Crown Resorts Foundation is now into its third year of the delivery of its \$200 million National Philanthropic Fund, a joint initiative of the Crown Resorts Foundation and the Packer Family Foundation (together, the Foundations). This year the first recipients of the \$25 million Melbourne and Perth Arts Education Initiative were announced, the second grant round for

the \$30 million Western Sydney Arts Initiative was undertaken and sizable grants were delivered to promote education opportunities for Indigenous girls.

The Foundations are currently delivering support for over 115 programs, which will provide thousands of school students across Australia greater access to enhanced and creative educational programs, and pathways to employment and community re-engagement.

### **Supporting Indigenous education**

Providing assistance to increase and improve the education opportunities for Aboriginal and Torres Strait Islander Australians is a priority for the Foundations.

The Foundations partner with organisations that provide a highly supportive school environment and engage students, family and the community in the design and, where possible, the delivery of the program.

During the 2017 financial year, in addition to their existing Indigenous education program partnerships, the Foundations sought to identify programs which focus on providing education opportunities for Aboriginal and Torres Strait Islander girls. The two selected programs, Role Models and Leaders Australia Girls Academy and the Stars Foundation, both work within schools to help overcome educational barriers faced by young Indigenous girls aged 12 to 18. Their aim is to lift school completion rates and help achieve successful post-school transition.

### **Supporting our local communities – Crown employees lead the way**

Employee engagement with the Foundations' partners continues to grow. Crown Melbourne's Employee Advisory Committee continues to deliver exemplary employee-driven fundraising opportunities which provide channels for their peers to engage with some of the Foundations' programs. Equally important are the opportunities the Committee has established in terms of volunteering.

In November 2016, Crown Melbourne's Employee Advisory Committee organised its second successful fundraiser for the Luke Batty Foundation during White Ribbon Week. The event raised more than \$75,000 and increased awareness about domestic violence.

The Employee Advisory Committee also oversees the allocation of the community grants which are provided to the organisations nominated and supported by our employees. So far, over \$100,000 has been provided to local charities and schools through this program.

The Foundations also support key community initiatives whose work is undertaken locally around Crown's resorts. A longstanding partnership has been with the Channel 7 Kids Telethon (WA) which raises money for the Kids Telethon Institute. This year the Foundations again donated \$2.5 million towards the Telethon, taking the total amount donated over the last five years to \$11 million.

### **Supporting Australian culture**

The Foundations support engagement with the arts, from first experience through to professional practice, as they recognise the power of the arts for education – nurturing creativity and development, improving school attendance, building confidence and learning skills that transfer into other disciplines.

Following the success of the Western Sydney Arts Initiative programs, the Foundations extended this funding opportunity to Melbourne and Perth-based arts education organisations with the \$25 million Melbourne and Perth Arts Education Initiative.

In October 2016, 25 successful programs were selected, with the recipients receiving multi-year funding. The programs are focussed on promoting creativity and supporting education – using art as the vehicle with which to engage with learning and the community. Concurrently, the second Western Sydney Arts Initiative grant round was undertaken in which 40 successful programs were selected.

These arts education grant rounds are in addition to the ongoing support the Foundations provide to flagship Australian arts organisations, adding the Australian National Academy of Music to the program this year.

### **Progress towards environmental goals**

This year saw a further increase in environmental action across Crown's two resorts, as we continue to work towards being a leader in sustainable business practices in the gaming and entertainment industry, focussing on three major areas – energy efficiency, water conservation and waste reduction.

During the 2017 financial year, the footprint of Crown's Australian resorts increased significantly with the addition of Crown Towers Perth. Despite this, Crown's environmental performance improved in comparison to the 2016 financial year, achieving a reduction in greenhouse gas emissions intensity of 5.8% per area, a decrease in water consumption of 5.2% per area and recycling rates remained steady with 70% of Crown's waste diverted from landfill.

To continue improving these results, Crown Melbourne and Crown Perth are working together to develop and align strategies and programs across both properties that will further reduce the environmental impact and contribute to developing more sustainable practices. To engage our employees and business units, Crown has well-established CROWNEARTH Committees with representatives from each major business unit across both properties with a focus on numerous energy, water and waste management initiatives to improve the overall sustainability performance of the business.

This year Crown Melbourne was excited to launch its industry-first Eco-Chef Program, established by Executive Sous Chef Bas Van Uyen and implemented across Crown's food and beverage outlets. Our aim for the program is to deliver quantifiable savings that reduce Crown's environmental impact and encourage proactive, sustainable behaviour by our employees. We are particularly proud of this employee-led program as it supports Crown's environmental sustainability targets around energy, water and life-cycle management.

Crown continues to invest in resource monitoring and reporting systems that provide live building analytics data to relevant business units highlighting their electricity, gas and water consumption throughout both resorts. The systems provide each business unit with daily, weekly and monthly reports that show time-of-use data, so that resource savings opportunities can be identified and the effectiveness of programs can be monitored.

In addition to our internal programs, Crown continues to participate in a number of externally organised programs, including Sustainability Victoria's TAKE2 program, Clean-up Australia Day, Earth Hour, Soap Aid and the Carbon Disclosure Project (for the eighth year running).

# Corporate Governance Statement

The Board of Crown Resorts Limited (Crown or the Company) is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which Crown has followed the ASX Corporate Governance Council's third Edition of the Corporate Governance Principles and Recommendations (the Principles and Recommendations). This Statement is current as at 12 September 2017 and has been approved by the Board.

## Principle 1: Lay solid foundations for management and oversight

### Functions reserved for the Board and Senior Management

#### Functions reserved for the Board

The Board is responsible for guiding and monitoring Crown on behalf of its shareholders. In addition, the Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board has adopted a formal Board Charter which sets out a list of specific functions that are reserved for the Board.

Board appointments are made pursuant to formal terms of appointment.



#### More information

A full copy of the Crown Board Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

#### Functions delegated to Senior Executives

Crown's senior executives have responsibility for matters which are not specifically reserved for the Board (such as the day-to-day management of the operations and administration of Crown).

### Crown Board Committees

To assist in carrying out its responsibilities, the Crown Board has established the following Committees:

Committees	Current Members
Audit and Corporate Governance Committee	Helen Coonan (Chair) Rowena Danziger Michael Johnston
Corporate Social Responsibility Committee	Helen Coonan (Chair) John Horvath Harold Mitchell
Finance Committee	Geoff Dixon (Chair) Helen Coonan Michael Johnston
Investment Committee	John Horvath (Chair) John Alexander Michael Johnston
Nomination and Remuneration Committee	Geoff Dixon (Chair) John Horvath Harold Mitchell
Occupational Health and Safety Committee	Rowena Danziger (Chair) John Horvath Michael Johnston
Responsible Gaming Committee	John Horvath (Chair) John Alexander Rowena Danziger
Risk Management Committee	Geoff Dixon (Chair) John Alexander Rowena Danziger

Each Committee has adopted a formal Charter that outlines its duties and responsibilities.



#### More information

A full copy of each of the Crown Committee Charters is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### Director probity reviews and elections

Every appointment of a Crown Director is subject to receipt of necessary gaming regulatory approvals.

The gaming industry is highly regulated and each of the casinos in which Crown has an interest is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located.

Officers, Directors and certain key employees of Crown and its licensed subsidiaries must file applications with relevant gaming authorities and may be required to be licensed in certain jurisdictions. These investigations generally concern the responsibility, financial stability and character of the owners, managers and persons with financial interests in gaming operations and generally include requirements to obtain police checks and credit checks and undergo fingerprinting.

A Director will only be formally appointed once all necessary gaming regulatory approvals have been obtained. As a separate exercise, Crown undertakes its own internal investigations on the suitability of nominated Directors as a pre-condition to a recommendation to the Board to appoint a Director.

The Company's Constitution requires that an election of Directors must take place each year. In addition, Directors appointed to fill casual vacancies during the year must retire from office at the next annual general meeting following his or her appointment but are eligible for re-election by shareholders at that time. The Notice of Meeting for an annual general meeting sets out the background for the election and re-election of Directors, informs shareholders where they can find background information on the skills and experience of the relevant Director and provides a recommendation of the Board in relation to the proposed election or re-election.

Accordingly, shareholders are provided with all material information in Crown's possession relevant to a decision on whether or not to elect or re-elect a Director.



#### **More information**

Copies of Crown's past and present Notices of Meeting are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors & Media – Annual Reports.

### Director and Senior Executive agreements

Crown Directors are provided with an induction pack upon appointment which, among other things, includes a letter agreement setting out the terms of that Director's appointment. The letter agreement, which each Director must countersign, describes when the appointment commences and when it ends, sets out the Director's powers and duties and the agreed remuneration arrangements and obliges the Director to comply with all Crown Policies, Procedures and the Code of Conduct. In addition, the letter agreement requires the Director to enter into a separate undertaking to inform Crown of any interests that Director may have in Crown securities (and contracts relevant to Crown securities) so that Crown is able to comply with its disclosure requirements under Listing Rule 3.19A to provide ASX with completed Appendices 3X, 3Y and 3Z within the time period allowed by the ASX Listing Rules.

Each senior executive of Crown has an employment contract setting out the terms of that senior executive's appointment.

### Company Secretary accountability

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The decision to appoint or remove a Company Secretary must be made or approved by the Board.

The role of the Company Secretary is set out in the Crown Board Charter and includes:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.



#### **More information**

A full copy of the Crown Board Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

## Diversity Policy

Crown has established a policy concerning diversity and disclosed its policy on its website. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and the progress in achieving them.

In accordance with the policy, Crown has established the measurable objectives for achieving gender diversity set out below.

Objective	Crown's Progress
1. To require that at least one female candidate is presented on candidate short lists for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.	Female candidates were presented on short lists for 95% of all Senior Management and Senior Executive positions during the financial year.
2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.	During the financial year, Crown's wholly-owned properties achieved 45.2% female participation in leadership and development programs. There were a total of 366 participants.
3. To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.	<p>Crown has continued to apply a variety of internal and external equity testing in relation to remuneration decisions at various points throughout the year, of which gender equity has been a key feature.</p> <p>The testing and analysis applied has included:</p> <ul style="list-style-type: none"> <li>• validation of salaries at the start of the recruitment process, whereby non-Enterprise Agreement roles have their salaries validated prior to approval to hire;</li> <li>• Workplace Gender Equity Agency (WGEA) reporting requirements, where gender demographics as well as the gender pay gap is assessed; and</li> <li>• annual performance and remuneration review processes, whereby a detailed analysis of all salaried roles is undertaken to understand and identify areas where individuals performing similar roles are validated to ensure there is internal parity. Where these cases are identified, a case has been made to remedy them at the mid-year point.</li> </ul> <p>These processes have identified the existence of a gender pay gap which is currently being reviewed by Crown management. A number of recommendations have been made to address the issue, which are subject to review.</p>

Objective	Crown's Progress
4. To participate in the Male Champions of Change program and to implement relevant actions arising out of that program.	<p>Crown has continued its participation in the Male Champions of Change (MCC) program during the financial year. Through this program, the following were achieved in FY17:</p> <ul style="list-style-type: none"> <li>• a Gender Equity Group was formed in a bid to better understand the challenges our employees face and to come up with ideas of how we can start to address them;</li> <li>• a Flexible Work Arrangement Policy was implemented at Crown Melbourne, which clarified the informal arrangements already in place, and introduced other options such as job share and phased retirement; and</li> <li>• participation in a variety of discussions and forums hosted by the MCC program, increasing our knowledge and understanding of what other organisations are doing in the diversity and inclusion space.</li> </ul> <p>Following the departure of Rowen Craigie (Crown's former Chief Executive Officer and Managing Director), Ken Barton (Crown's Chief Financial Officer and CEO Crown Digital) was invited to join the Victorian Chapter of the MCC program as a Crown representative.</p>
5. To identify and implement development plans for high potential women for career progression as part of the company's succession planning processes and to ensure that these development plans are reviewed annually by the CEO.	<p>Women of Crown Management Program, a tailored 12 month learning and development program, was designed, developed and launched to support high potential women in their career progression.</p> <p>The program focusses on key aspects needed to enable career progression including networking opportunities, talks with broader industry leaders such as the CEO of the Victorian Property Council and invitations to relevant industry events.</p> <p>The CEO of Australian Resorts is provided with an update of each participant's progress at the end of the 12 month period as well as a clearly articulated development plan to aid their career progression. Ongoing evaluations of their progress continue to be made after completion of the program.</p> <p>Twelve high potential women were selected through the annual talent review process. These women were allocated a Crown Executive mentor to meet with and guide them throughout the program.</p>

The proportion of women employees in the group, women in senior executive positions and women on the Board as at 30 June 2017 is as follows:

Measure	Result
Proportion of women employees in the group	There were 4,971 women in the group. This represents 42% of the total workforce of 11,835 employees.
Proportion of women in senior executive positions in the group	There were 13 women in senior executive positions in the group. This represents 18% of senior executive positions in the group.
Proportion of women on the Board	There were two women Directors out of a total of eight Directors, or 25%.

For the purposes of these statistics, the term "senior executive position" refers to the Executive Team and Board members of Crown Resorts Limited, Crown Melbourne and Crown Perth as well as the most senior leaders from each operational unit therein. The Executive Team is comprised of persons with titles in the nature of, or similar to, Executive General Manager, General Manager, Chief Information Officer, Chief Marketing Officer and General Counsel together with the Chief Operating Officers, Chief Financial Officers, Chief Legal Officers and Chief Executive Officers within the group.

Crown's Audit and Corporate Governance Committee has been delegated responsibility for developing and monitoring the application of Crown's Diversity Policy.

As noted above, Crown's Diversity Policy requires that Crown reviews its Gender Objectives annually to ensure that they remain relevant and appropriate for Crown. The Audit and Corporate Governance Committee formally reviewed the Gender Objectives and resolved to amend Objective 1 and replace Objective 5. In summary:

#### Objective 1

Objective 1 has been strengthened by requiring at least one female Senior Manager or Senior Executive to be involved in the recruitment process of Senior Managers or Senior Executives. This has resulted in the existing objective being improved to read:

*To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.*

#### Objective 5

Objective 5 has been replaced with the following objective:

*To task the Gender Equity Group to develop a Gender Action Plan for FY18 to FY21.*

The Committee was of the view that an objective focussed on a Gender Action Plan is more robust and cements Crown's commitment to diversity.

Accordingly, the Audit and Corporate Governance Committee adopted the following revised Gender Objectives with effect from 1 July 2017:

1. To require that at least one female candidate is presented on candidate short lists and at least one female from Senior Management is involved in the interview process for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken (**Modified Objective**).
2. To maintain the level of female participation in leadership and development programs (which incorporate targeted mentoring/coaching elements) across the group at no less than 45% of all participants.
3. To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.
4. To participate in the Male Champions of Change program and to implement relevant actions arising out of that program.
5. To task the Gender Equity Group to develop a Gender Action Plan for FY18 to FY21 (**New Objective**).

A report on the progress against the revised objectives will be provided in the 2018 Corporate Governance Statement.



#### More information

A full copy of Crown's Diversity Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

Crown is a "relevant employer" under the *Workplace Gender Equality Act 2012* (Cth) and, in accordance with the requirements of the Act, Crown lodged its annual Public Report with the Workplace Gender Equality Agency for the 2016-2017 period which reports on the most recent "Gender Equality Indicators".



#### More information

A full copy of Crown's Workplace Gender Equality Report is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Gender Equality.

### Process for evaluating performance of the Board, its Committees and its Directors

A performance evaluation of the Board and of its Committees is undertaken annually, following completion of each financial year, by way of a questionnaire sent to each Director.

The questionnaire covers the role, composition, procedures and practices of the Board and its Committees. The individual responses to the questionnaire are confidential to each Director, with questionnaire responses provided to the Chair of the Nomination and Remuneration Committee for consideration and provision of a report to the Board.

Crown's Nomination and Remuneration Committee is also responsible for reviewing Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors.

An evaluation of the Board and its Committees took place following the end of the financial year in accordance with the processes described above.

### Process for evaluating performance of Senior Executives

Crown has established processes for evaluating the performance of its senior executives. In summary, each senior executive is evaluated against the achievement of pre-agreed performance objectives. The evaluation process is conducted annually and is followed by the determination of appropriate remuneration of the relevant senior executive.

Detailed information regarding Crown's remuneration practices is provided in the Remuneration Report. An evaluation of senior executives took place following the end of the financial year and in accordance with the processes described in the Remuneration Report.

## Principle 2: Structure the Board to add value

### Nomination and Remuneration Committee

Crown has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Nomination and Remuneration Committee are Geoff Dixon (Chair), Professor John Horvath and Harold Mitchell who are each independent, Non-Executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The role of the Committee is to assist the Board to develop, maintain and implement policies in relation to:

1. the selection and appointment practices for Directors; and
2. the remuneration of Directors and relevant executives.

### Selection, appointment and development of Directors

The Nomination and Remuneration Committee is required to:

- review Crown's procedure for the selection and appointment of new Directors (Selection Procedure) and make appropriate recommendations to the Board in relation to the Selection Procedure;
- implement the Selection Procedure and make nomination recommendations to the Board;
- develop succession plans in order for the Board to maintain appropriate experience, expertise and diversity;
- review Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors and be primarily responsible for the implementation of the evaluation process; and
- consider implementing a plan for enhancing Director competencies and ensure that an effective induction process is in place for new Directors.

The Selection Procedure requires that in the event that a new Director appointment is required, the Nomination and Remuneration Committee (on behalf of the Board) must adhere to procedures including the following:

- the experience and skills appropriate for an appointee, the skills of the existing Board and any likely changes to the Board will be considered;

- upon identifying a potential appointee, specific consideration will be given to that candidate's:
  - competencies and qualifications;
  - independence;
  - other directorships and time availability; and
  - the effect that the appointment would have on the overall balance and composition of the Board including by reference to the Crown Board Skills Matrix adopted from time to time; and
- finally, all existing Board members must consent to the proposed appointment.

The Nomination and Remuneration Committee also has responsibility for reviewing the Board Skills Matrix on an annual basis to ensure it remains consistent with the objectives of Crown and existing regulatory requirements and recommendations.

### Remuneration of Directors and relevant executives

The role of the Nomination and Remuneration Committee also includes:

1. the review and recommendation of appropriate fees to be paid to Non-executive Directors; and
2. consideration of remuneration policies to be applied to executives, including any equity-based remuneration plan that may be considered, subject to shareholder approval (where required).

Following the end of the financial year, the Committee reviewed and approved:

- the remuneration for Non-executive Directors and senior executives which will apply during the financial year ending 30 June 2018; and
- the short term incentive payments made to senior executives referable to the financial year ended 30 June 2017.

A summary of current remuneration arrangements is set out more fully in the Remuneration Report. The objective of Crown's remuneration policy is to ensure that:

- senior executives are motivated to pursue the long-term growth and success of Crown; and
- there is a clear relationship between the performance of senior executives and their remuneration.

### Board Skills Matrix

As noted above, the Selection Procedure for Director nomination requires that the Nomination and Remuneration Committee (on behalf of the Board) considers the effect that any proposed Director candidate would have on the overall balance and composition of the Board including by reference to the Crown Board Skills Matrix adopted from time to time.

The Crown Board has adopted the following Board Skills Matrix which sets out the mix of skills and diversity that the Board is looking to achieve in its membership. The Board Skills Matrix highlights the key skills and experience of the Board and the extent to which those skills are currently represented on the Board and on each of its Committees as at 12 September 2017.

Skill / Competency	Board	Audit and Corporate Governance	Corporate Social Responsibility	Finance	Investment	Nomination and Remuneration	Occupational Health and Safety	Responsible Gaming	Risk Management
<b>Total Number of Directors</b>	9	3	3	3	3	3	3	3	3
<b>Executive Experience</b> Experience in senior positions at executive levels.	9	3	3	3	3	3	3	3	3
<b>Strategic Planning and Execution</b> Ability to develop and implement successful strategy and deliver agreed strategic planning goals.	9	3	3	3	3	3	3	3	3
<b>Risk Management</b> Experience in the oversight and management of material business risk including Board Risk Management Committee membership.	9	3	3	3	3	3	3	3	3
<b>Financial Acumen</b> Senior executive or equivalent experience in financial accounting and reporting, capital management, industry taxation, internal financial controls and corporate financing arrangements.	8	3	2	3	2	2	2	2	3
<b>Governance</b> Experience with listed and other organisations subject to robust governance frameworks with an ability to assess the effectiveness of relevant governance processes.	9	3	3	3	3	3	3	3	3
<b>Occupational Health and Safety</b> Experience in relation to workplace health and safety.	7	3	2	3	3	2	3	3	3
<b>Environment and Sustainability</b> Experience in relation to environmental and social responsibility and community.	8	3	3	3	3	3	3	3	3
<b>Legal and Regulatory</b> Experience in legal and regulatory matters including regulatory and contractual frameworks governing gaming matters.	8	3	3	3	3	3	3	3	3
<b>Information Technology</b> Senior executive experience in information technology including gaming systems and data security.	3	0	1	1	1	2	0	1	2
<b>Human Resources / Remuneration</b> Experience in relation to remuneration practices, development of incentive plans, succession planning and director appointment processes including Board Remuneration Committee membership.	8	3	3	3	3	3	3	3	3
<b>Capital Projects</b> Senior executive experience in executing large scale projects with long-term investment horizons and substantial capital outlays.	6	1	1	2	3	2	1	1	2
<b>Sales and Marketing</b> Senior executive experience in marketing coupled with a detailed understanding of Crown's strategic direction and competitive environment.	6	1	1	1	2	2	1	2	3
<b>Industry Experience - Gaming and Entertainment</b> Senior executive experience in the gaming and entertainment industry.	4	0	0	1	1	1	0	1	2
<b>Industry Experience - Hospitality and Management</b> Senior executive experience in the hospitality, food and beverage industries.	5	1	0	2	2	1	1	1	2
<b>Industry Experience - Tourism</b> Senior executive experience in the tourism industry.	5	1	0	2	2	1	1	1	2
<b>Industry Experience - Public Policy</b> Experience in public and regulatory policy, including in relation to gaming related policy.	6	2	2	3	1	2	2	2	2

The Board Skills Matrix, albeit important, is only part the Selection Procedure which the Board is required to follow. As noted above, the Nomination and Remuneration Committee has responsibility for reviewing the appropriateness of the Board Skills Matrix on an annual basis.

Succession planning is an important part of the responsibilities of the Nomination and Remuneration Committee as it ensures that the Board maintains appropriate experience, expertise and diversity.

### Relationships affecting independence

The table below sets out the Crown Directors as at 12 September 2017, indicates which of those Directors are considered to be independent Directors and notes the length of service of each Director from the date of their appointment to 12 September 2017:

Name of Director	Independence Status	Length of Tenure (By years and complete months)
John H Alexander BA Executive Chairman	Non-independent	10 Years, 2 Months
The Hon. Helen A Coonan BA, LLB Non-Executive Director	Independent	5 Years, 9 Months
Rowena Danziger AM, BA, TC, MACE Non-Executive Director	Independent	10 Years, 2 Months
Andrew Demetriou BA, BEd Non-Executive Director	Independent	2 Years, 8 Months
Geoffrey J Dixon Non-Executive Director	Independent	10 Years, 2 Months
Professor John S Horvath AO, MB, BS (Syd), FRACP Non-Executive Director	Independent	7 Years
Michael R Johnston BEc, CA Non-Executive Director	Non-independent	10 Years, 2 Months
Harold C Mitchell AC Non-Executive Director	Independent	6 Years, 7 Months
James D Packer Non-Executive Director	Non-independent	1 month

### Independent Board Directors

The Crown Board is currently comprised of nine Directors, six of whom are independent Directors. A majority of Directors are therefore independent. The independence of Directors is assessed against a list of criteria and materiality thresholds. Those criteria have been formally enshrined in the Crown Board Charter. Each Director who is listed as an independent Director complies with the relevant criteria for independence set out in the Crown Board Charter.

### Board Chair independence

John Alexander is the Executive Chairman of Crown.

**Departure from Recommendation 2.5:** The Principles and Recommendations recommend that the chair of the Board should be an independent Director and should not be the same person as the CEO. Crown's Executive Chairman is not an independent Director. Crown's Executive Chairman is a senior executive of Crown who has assumed the responsibilities of the former Chief Executive Officer. The Board believes that Crown's Executive Chairman is well placed to act on behalf of shareholders and in their best interests as a whole.

## Director professional development

The induction process for new Directors involves both formal and informal elements. As noted above, new Directors are provided with a formal induction pack which includes important information that a Director must know about the Company and their appointment terms and includes copies of relevant constitutions, Board Charters and Policies. In addition, new Directors are provided with tours of Crown's main businesses and the opportunity to spend time with various members of senior management.

The professional development program for Directors has largely consisted of presentations from time to time to the Board regarding issues including developments in accounting standards, updates on legal issues and governance processes.

In an attempt to provide more structure to Director professional development, the Nomination and Remuneration Committee has been formally delegated with responsibility for implementing a plan for enhancing Director competencies and ensuring that an effective induction process is in place for new Directors. This process involves, amongst other things, a review of the Crown Board Skills Matrix and consideration of the extent to which those skills are currently represented on the Board and on each of its Committees. Where skills are not currently adequately represented, appropriate professional development in this area will be considered.

## Principle 3: Act ethically and responsibly

### Codes of Conduct

Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and of its employees at all times.

#### Code of Conduct for Directors

The purpose of the Code of Conduct for Directors is to ensure that they have a clear understanding of Crown's expectations of their conduct and reinforces the statutory duties of Directors to, among other things:

- act with proper purpose and honesty, in good faith and in the best interests of Crown as a whole;
- use due care and diligence in fulfilling the functions of office; and
- avoid improper use of information acquired as a Director, improper advantage of the position of Director and conflicts of interest.

Crown Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the

course of the exercise of their duties and are prohibited from engaging in conduct likely to bring discredit upon Crown.

Finally, Directors are obliged to, at all times, comply with the spirit as well as the letter of the law and with the principles of the Code of Conduct and are encouraged to report suspected unlawful and unethical behaviour.

#### Code of Conduct for Employees

The Code of Conduct for Employees is a detailed statement of the:

- practices required by employees to maintain confidence in Crown's integrity;
- legal obligations of employees and the reasonable expectations of their stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.



#### More information

Full copies of Crown's Code of Conduct for Directors and Code of Conduct for Employees are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Codes.

## Principle 4: Safeguard integrity in corporate reporting

### Audit and Corporate Governance Committee

Crown has established a formal Audit and Corporate Governance Committee to review the integrity of Crown's financial reporting and to oversee the independence of Crown's external auditors.

The current members of the Audit and Corporate Governance Committee are Helen Coonan (Chair), Rowena Danziger and Michael Johnston. All members of the Committee are Non-Executive Directors and a majority of those Committee members are independent Directors.

The Chair of the Audit and Corporate Governance Committee, Ms Coonan is an independent Director who has extensive financial experience. Ms Coonan has served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The Audit and Corporate Governance Committee has adopted a formal Charter that outlines its duties and responsibilities. The Charter includes information on the procedures for selection and appointment of the external auditor of Crown and for the rotation of external audit engagement partners.



#### **More information**

A full copy of the Audit and Corporate Governance Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### **CEO & CFO declarations**

Before approving the financial statements for each financial period, the Board receives from the Executive Chairman and the Chief Financial Officer a declaration that, in their opinion:

- the financial records of Crown have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Crown; and
- that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **Auditor's attendance at AGMs**

Crown shareholders are provided with an opportunity at the AGM to ask questions and make comments on Crown's Annual Report and on the business and operations of the Company. Crown's Auditor is required to attend the AGM and shareholders are therefore also provided a reasonable opportunity to ask the Auditor questions about the Auditor's Report and the conduct of the audit of the Financial Report. Shareholders are informed of their opportunity to address the Auditor in the Notice of Meeting for the AGM.

## **Principle 5: Make timely and balanced disclosure**

### **Policy to ensure compliance with ASX Listing rule disclosure requirements**

Crown has a formal Continuous Disclosure Policy in place which is designed to ensure compliance with ASX Listing Rule requirements. The policy details processes for:

- ensuring material information is communicated to Crown's Chief Executive Officer (or equivalent), its General Counsel and Company Secretary or a member of the Audit and Corporate Governance Committee;

- the assessment of information and for the disclosure of material information to the market; and
- the broader publication of material information to Crown's shareholders and the media.



#### **More information**

A full copy of Crown's Continuous Disclosure Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

## **Principle 6: Respect the rights of shareholders**

### **Providing online information to investors**

Crown has a dedicated corporate website which provides information about itself and its governance to investors. The website has a dedicated Corporate Governance tab which sets out Crown's Charters, Policies and Codes, describes Crown's Board Committees and includes copies of current and historical Corporate Governance Statements and Remuneration Reports.



#### **More information**

For more information, visit: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance.

### **Promotion of effective communication with shareholders**

The Board aims to ensure that shareholders and prospective investors are kept informed of all major developments affecting Crown.

Crown's investor relations program is designed to facilitate effective communication between shareholders, prospective investors and Crown.

Crown actively engages with shareholders and prospective investors through a program of scheduled interactions with institutional investors, sell-side and buy-side analysts and the financial media. In addition, meetings are held with shareholders and prospective investors on request and responses are provided to enquiries made from time to time.

Crown's investor relations program works in tandem with its obligations under its Continuous Disclosure Policy, a copy of which is available on Crown's website.

Crown's Chief Financial Officer regularly reports to the Board on investor relations matters.

In addition, Crown has a Communications Policy which seeks to promote effective communication with its shareholders. The policy explains how information concerning Crown will be communicated to shareholders. The communication channels include:

- Crown's Annual Report;
- disclosures made to the ASX; and
- Notices of Meeting and other Explanatory Memoranda.

Advance notification of results announcements is made via Crown's website.



#### **More information**

A full copy of Crown's Continuous Disclosure Policy and Communications Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

### **Shareholder participation at meetings**

Shareholders are encouraged to both attend and participate in all meetings of shareholders. The date of Crown's AGM is advertised well in advance on its website and separately communicated to investors via its investor relations channels.

Shareholders are informed in the formal Notice of Meeting for the AGM of their opportunity to participate in the meeting by asking questions of either Crown Directors or its Auditor.

At the AGM itself, as an introduction to the formal business of the meeting, the Chairman encourages shareholders to ask questions on each item of business and offers a further opportunity to ask general questions at the conclusion of the formal business of the meeting.



#### **More information**

Copies of Crown's Notices of Meeting are available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Investors and Media – Annual Reports.

### **Shareholder communications**

Crown shareholders have the option to receive communications from Crown and to send communications to Crown electronically. Crown's share registry (on behalf of Crown) actively encourages shareholders to receive their shareholder communications electronically and provides online access to shareholder information.

Separately, the Crown website includes a "Contact Us" feature which can be used by both shareholders and others to ask questions of the Company.

## **Principle 7: Recognise and manage risk**

### **Policy for oversight and management of material business risks**

Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board.

The current members of the Risk Management Committee are Geoff Dixon (Chair), John Alexander and Rowena Danziger. A majority of Committee members are independent Directors.

The Chairman of the Risk Management Committee, Mr Geoff Dixon is an independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The Risk Management Committee has adopted a formal Charter that outlines its duties and responsibilities.



#### **More information**

A full copy of the Risk Management Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

### **Design and implementation of risk management and internal control systems**

Crown has established policies for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates.

Management is charged with monitoring the effectiveness of Crown's risk management systems and is required to report to the Board via the Risk Management Committee.

The Board convened Risk Management Committee administers Crown's Risk Management Policy.

The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and requires that the results of those procedures are reported to the Crown Board. A formal Risk Management Plan has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

The Plan identifies specific Head Office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group.

Management is required to conduct an annual review of the Risk Management Plan to ensure that risk ratings and risk definitions remain appropriate for Crown, and that adequate controls are in place to manage risk.

A review has been conducted during the reporting period and presented to the Risk Management Committee (and the Board). In the course of that review the current Risk Profiles of Crown's major operating businesses were taken into account and the risk environment of its investments also considered.

In addition, the Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown.

### Disclosure of internal audit functions

Crown's major operating businesses (namely Crown Melbourne and Crown Perth) each had an internal audit function in place for the full year that meets the definition of "internal audit" under the Institute of Internal Auditor's International Professional Practices Framework.

The function is internally led and resourced at each business, with supplemental resourcing provided by specialist third parties if required.

Internal audit delivers a comprehensive audit program to provide additional comfort around significant risks, processes, systems and regulatory requirements where assurance is determined to be a priority for that period.

Internal audit coverage is determined using a structured approach. The Boards of each major operating business and management receive regular reports from internal audit on the control environment, areas for improvement and progress in addressing those areas for improvement.

To ensure independence of the function, the Internal Audit Manager reports to the Executive Chairman (together with the Chief Legal Officer, Australian Resorts, as an alternate). Further, each Internal Audit Manager periodically meets with members of the relevant operating subsidiary's Board throughout the year.

As a holding company, Crown does not have a separate internal audit function, however its accounts are subject to third party independent audit.

### Disclosure of sustainability risks

The Crown group is exposed to a number of economic, environmental and social sustainability risks.

Crown's goal is to be a leader in the entertainment and tourism industry by creating long-term value for its stakeholders across economic, social and environmental dimensions. Crown aspires to be a model corporate citizen and recognises that a company is assessed not only on its financial performance, but also by its commitment to corporate social responsibility (CSR), which includes consideration of, among others, the following factors:

- the quality of its workplace;
- its environmental footprint;
- its level of community engagement;
- the creation of a safe environment for its customers, employees and contractors; and
- the provision of employment opportunities.

Crown has established a Corporate Social Responsibility Committee to assist the Board in setting Crown's corporate social responsibility policies and programs and assessing Crown's corporate social responsibility performance. The Corporate Social Responsibility Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Corporate Social Responsibility Committee are Helen Coonan (Chair), Professor John Horvath and Harold Mitchell. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

The responsibilities of the Committee extend to:

- establishing appropriate corporate social responsibility policies and programs for Crown;
- monitoring and reviewing the operation and effectiveness of Crown's corporate social responsibility policies and programs;
- promoting and supporting continuous improvement in Crown's corporate social responsibility performance;
- encouraging and monitoring the establishment and maintenance of relationships with key stakeholders including non-government organisations, sporting and cultural organisations and other community groups; and
- encouraging and promoting awareness of corporate social responsibility related issues at Crown among Crown's staff and other stakeholders.

The Committee oversaw the development and publication of Crown's Corporate Social Responsibility Report. The Corporate Social Responsibility Report brings together the elements of Crown's CSR activities and programs and identifies and addresses all material economic, environmental and social sustainability risks and Crown's processes for managing them.

A copy of the Corporate Social Responsibility Report can be found on the Crown website.



#### **More information**

A full copy of the Corporate Social Responsibility Report is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Our Contribution – Corporate Social Responsibility Reports.

## **Principle 8: Remunerate fairly and responsibly**

### **Nomination and Remuneration Committee**

As noted in response to Recommendation 2.1, Crown has established a formal Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

The current members of the Nomination and Remuneration Committee are each independent, Non-Executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. Information regarding the number of times the Committee met throughout the period and the individual attendances of the members at those meetings has also been provided in the Directors' Statutory Report.

### **Policy for Director remuneration**

A summary of current remuneration arrangements is set out more fully in the Remuneration Report. Crown separately discloses the policies and practices regarding the remuneration of Non-executive Directors and the remuneration of Executive Directors and other senior executives in the Remuneration Report.

### **Restrictions on dealing in equity based remuneration**

The rules of the 2014 Crown Long Term Incentive Plan specifically provide that a participant must not grant or enter into any Security Interest in or over any Crown shares that may be acquired under the Plan (Participant Shares) or otherwise deal with any Participant Shares or interest in them until the relevant Participant Shares are transferred from the Trustee to the participant in

accordance with the Plan rules. Security Interests are defined to extend to any mortgage, charge, pledge or lien or other encumbrance of any nature, and includes any derivative relating to or involving a Participant Share. Any Security Interest, disposal or dealing made by a participant in contravention of the Plan rules will not be recognised by Crown.

The rules of the 2017 Senior Executive Incentive Plan specifically provide that a participant must not transfer, encumber, dispose of or have a Security Interest issued over Plan Shares, or any beneficial interest in Plan Shares, unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met or waived by the Board or the Board has provided prior written consent. A Security Interest is defined to include any mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature. The rules of the 2017 Senior Executive Incentive Plan also require participants to comply with Crown's Securities Trading Policy at all times.

# Directors' Statutory Report

## Company Information

### Significant changes in state of affairs

Some of the significant changes in the state of affairs of the consolidated group since 1 July 2016 include:

#### Capital Management Initiatives

- On 23 February 2017, Crown announced its intention to buy back approximately \$500 million of its ordinary shares. On 30 June 2017, Crown announced the completion of the share buy-back with 39,546,363 shares having been bought back at a total consideration of approximately \$500 million.
- On 23 February 2017, Crown announced its intention to buy back any and all outstanding Subordinated Notes listed on ASX under the code "CWNHA" (Notes). As at 30 June 2017, Crown had bought back a total of 1,266,277 Notes with 4,053,423 Notes remaining on issue. On 30 June 2017, Crown announced its suspension of the CWNHA Notes buy-back which recommenced on 7 August 2017, following the release of Crown's 2017 full year results.

#### Board and Management Changes

- On 10 January 2017, Crown announced that Robert Rankin would step down as Chairman of Crown effective 1 February 2017 and that John Alexander had been appointed as Executive Chairman of Crown effective 1 February 2017. Robert Rankin subsequently resigned as a Director of Crown on 21 June 2017.
- On 23 February 2017, Crown announced that Rowen Craigie would step down from his role as Chief Executive Officer and Managing Director of Crown with effect from 28 February 2017, with Mr Craigie's responsibilities assumed by Executive Chairman, John Alexander. A simplified organisation structure, reflecting the changed focus of Crown's business, was also announced.
- On 26 April 2017, Crown announced the issue of 14 million options to acquire 14 million fully paid shares in Crown that were issued to John Alexander and a small number of senior executives under a new Crown Senior Executive Incentive Plan.
- On 30 June 2017, Crown announced that Michael Neilson had stepped down as General Counsel and Company Secretary of Crown and that Mary Manos would continue to act as Company Secretary and would become General Counsel.

#### Significant Projects

- On 2 August 2016, Crown announced that it had been served with legal proceedings from the Millers Point Fund Incorporated, as applicant, challenging the validity of the decision of the NSW Planning Assessment

Commission to approve the applications for the modification of the approved concept plan for Barangaroo (known as Mod 8) and for the construction of the Crown Sydney Hotel Resort at Barangaroo South. Crown defended the proceedings and, on 23 December 2016, announced that the legal challenge had been dismissed by the Land and Environment Court of NSW.

- On 15 December 2016, Crown announced that the Board resolved not to proceed with the Alon project in Las Vegas and that Crown would assess its options to optimise the value of Crown's investment in the project and that Crown would not proceed with the proposed demerger of its international investments.
- On 9 February 2017, Crown announced that it, together with its joint venture partner, Schiavello Group, had received conditional planning approval for the proposal to develop One Queensbridge, a new 388 room luxury six-star hotel and approximately 700 luxury apartments on a site adjacent to Crown Melbourne. The project remains subject to financing and long-form agreements between Crown and Schiavello.
- On 23 February 2017, Crown announced that it would not proceed with the proposed IPO of a 49% interest in some of its Australian hotels and associated retail property.

#### Investment in Melco Resorts & Entertainment Limited

During the 2017 financial year, Crown executed a series of transactions in relation to its investment in Melco Resorts & Entertainment Limited (MRE) (formerly Melco Crown Entertainment Limited), including:

- an underwriting agreement for the sale of 40.9 million MRE shares (equivalent to approximately 2.8% of MRE shares outstanding) for US\$5.33 per MRE share, which completed on 20 December 2016;
- a bilateral agreement with Melco International Development Limited for the sale of 198 million MRE shares (equivalent to 13.4% of MRE shares outstanding) for US\$6.00 per MRE share, which completed on 16 February 2017; and
- a repurchase agreement with MRE for the sale of 165.3 million MRE shares (equivalent to 11.2% of MRE shares outstanding) for US\$7.04 per MRE share, which completed on 16 May 2017,

(together, the MRE sell-down transactions).

In addition, Crown entered into agreements to unwind each of the cash-settled equity swaps entered into in December 2016 (referencing approximately 82 million MRE shares outstanding with a price hedge of US\$5.33 per MRE share) and the cash-settled equity swap entered into in March 2017 (referencing approximately 36 million MRE

shares outstanding with a price hedge of US\$6.02 per MRE share).

As a result of the MRE sell-down transactions, Crown generated net proceeds of approximately \$3.1 billion and no longer holds an interest in MRE.

#### **Detention of Crown Employees in China**

- On 17 October 2016, Crown released a response to media reports of the detention of 18 Crown employees by Chinese authorities.
- On 13 June 2017, Crown announced that all its employees detained in China as well as those released on bail had been charged with offences related to the promotion of gambling and that their cases had been referred to the Baoshan District Court.
- On 26 June 2017, Crown announced that 17 current and two former employees of the Crown group were convicted by the Shanghai Baoshan District Court of contraventions of Article 303, Clause 1 and Article 25, Clause 1 of the *Criminal Law of the People's Republic of China*. Fines totalling A\$1.67 million were imposed on 16 of the 19 defendants. All of the fines were paid ex gratia by Crown. Of the 16 defendants who were fined, 11 were sentenced to a period of incarceration of nine months and five were sentenced to a period of ten months, with time in detention since 14 October 2016 taken into account for all those incarcerated. The remaining three defendants were not fined or sentenced to a period of incarceration.
- On 14 August 2017, Crown announced that the last of the 19 current and former employees of the Crown group who were detained in China had now been released.

#### **Significant events after Balance Date**

- On 3 August 2017, Crown announced that the appointment of James Packer as a Director of Crown had become effective following receipt of all necessary consents and approvals and that Guy Jalland had been appointed as a Director, subject to the receipt of all necessary regulatory approvals.
- On 4 August 2017, Crown announced its intention to undertake a further on-market share buy-back of up to approximately 29.3 million shares, which, together with the initial share buy-back that completed on 30 June 2017, represents no more than 10% of the smallest number of Crown shares on issue during the prior 12 months.
- On 4 August 2017, Crown announced that on 7 August 2017 it would recommence the buy-back of outstanding Subordinated Notes listed on ASX under the code "CWNHA" that was suspended on 30 June 2017 pending the release of Crown's full year results.

- On 4 August 2017, Crown announced that, subsequent to 30 June 2017, it had repaid \$300 million of Australian Medium Term Notes (AMTNs) (maturing in July 2017) and had provided early termination notices in relation to \$105.7 million of finance leases (maturing in June 2022).

Subsequent to year end, the Directors of Crown declared a final dividend on ordinary shares of 30 cents per share in respect of the year ended 30 June 2017. The final dividend will be 60% franked. No part of the unfranked component of the dividend will consist of conduit foreign income.

The dividend has not been provided for in the 30 June 2017 financial statements.

#### **Environmental Regulation**

The National Greenhouse and Energy Reporting Act 2007 (NGER Act) established a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. Crown is required to report emissions under the NGER Act. Relevant reports have been submitted during the year.

Key features of the NGER Act are:

- reporting of greenhouse gas emissions, energy consumption and production by large corporations;
- corporate level public disclosure of greenhouse gas emissions and energy information; and
- to provide consistent and comparable data for decision making.

Under the Western Australian Water By-laws legislation, Crown Perth is required to complete annual water management assessments and submit water efficiency management plans. Relevant reports have been submitted during the year.

The Crown group is not otherwise subject to any particular or significant environmental regulation under Australian law. Environmental issues are, however, important to Crown and it has taken a number of initiatives in this regard. A description of those initiatives is set out in the Corporate Social Responsibility section of this Annual Report.

#### **Operating and Financial Review**

In addition to the information provided in the review of operations section of this Report, set out below is some additional information that shareholders of Crown might reasonably require to make an informed assessment of the operations, financial position and business strategies of Crown. The commentary which follows omits some information which might be considered relevant to Crown's business strategies and prospects for future financial years, on the basis that the Directors have

reasonable grounds to believe that disclosure would likely result in unreasonable prejudice to Crown.

Crown reported a consolidated net profit after tax (NPAT) attributable to the parent of \$1,866.1 million and a normalised NPAT<sup>1</sup> of \$343.1 million for the 12 months ended 30 June 2017. Crown Melbourne and Crown Perth normalised EBITDA declined by 10.7%, and normalised revenue declined by 12.7%, predominantly due to the decline in VIP program play revenue which was down 48.9%.

<b>Performance for the year ended</b>	
<b>30 June 2017</b>	
	<b>\$m</b>
Normalised revenue <sup>1</sup>	3,231.3
Normalised expenditure <sup>1</sup>	(2,403.3)
Normalised EBITDA <sup>2</sup>	828.0
Normalised EBIT <sup>3</sup>	531.2
Normalised NPAT attributable to Crown	343.1
Reported NPAT before significant items attributable to Crown	308.9
Significant items attributable to Crown <sup>4</sup>	1,557.2
Reported NPAT attributable to Crown	1,866.1

1 Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items.

2 Normalised earnings before interest, tax, depreciation and amortisation.

3 Normalised earnings before interest and tax.

4 Relates to a net gain on the sale of MRE shares, a special dividend from MRE and a net foreign currency gain on disposal of foreign operations (previously recorded in reserves), partially offset by restructuring costs, early debt retirement costs and net asset impairments, predominately relating to the Alon Las Vegas project.

The activities and results of Crown's operations are discussed further below.

### **Crown Melbourne**

Normalised EBITDA from Crown Melbourne was \$588.8 million, down 12.5% on the prior comparable period (pcp). Reported EBITDA for the period was \$570.6 million, down 14.0% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$18.2 million. This compares to a negative EBITDA impact of \$9.9 million in the pcp.

Normalised revenue of \$1,994.8 million was down 13.7% on the pcp. This decline was due primarily to the 49.7% reduction in VIP program play revenue. Main floor gaming revenue was \$1,182.7 million, down 0.1% on the pcp, and non-gaming revenue grew 4.2% to \$471.8 million.

Normalised VIP program play revenue was \$340.3 million, down 49.7% on the pcp with turnover of \$25.2 billion.

Crown Towers Melbourne hotel occupancy was 96.7% with an average room rate of \$375. Crown Metropol Melbourne achieved hotel occupancy of 92.2% with an average room rate of \$268. Crown Promenade Melbourne hotel occupancy was 93.4% with an average room rate of \$233. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin increased from 29.1% to 29.5%. Margin improvement was achieved through a significant program of productivity and efficiency improvements, particularly in the second half, as well as a change in the mix of business.

### **Crown Perth**

Normalised EBITDA from Crown Perth was \$244.8 million, down 5.8% on the pcp. Reported EBITDA for the period was \$257.3 million, down 10.0% on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$12.5 million. This compares to a positive EBITDA impact of \$25.9 million in the pcp.

Normalised revenue of \$830.1 million was down 10.0% on the pcp. This decline was due primarily to the 46.1% reduction in VIP program play revenue, with main floor gaming revenue also down 4.7% on the pcp.

Normalised VIP program play revenue was \$109.3 million, down 46.1% on the pcp with turnover of \$8.1 billion.

Non-gaming revenue was up 11.2% to \$246.7 million. Hotel occupancy at Crown Towers Perth, which officially opened on 15 December 2016, was 58.0% with an average room rate of \$332. Crown Metropol Perth hotel occupancy was 85.2% with an average room rate of \$275. Hotel occupancy at Crown Promenade Perth was 91.4% with an average room rate of \$193.

The overall normalised operating margin increased from 28.2% to 29.5%. This improvement includes the impact of benefits from significant productivity and efficiency improvements as well as a change in the mix of business.

### **Crown Aspinalls**

Normalised EBITDA from Crown Aspinalls was \$26.6 million, up 0.4% on the pcp. Reported EBITDA for the period was a loss of \$5.5 million, a decrease of \$21.5 million on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$32.1 million. This compares to a negative EBITDA impact of \$10.5 million in the pcp.

## Crown Digital

EBITDA from Crown's wagering and online social gaming operations was \$14.8 million, compared to a loss of \$5.4 million in the pcp. Crown's wagering and online social gaming operations include CrownBet (a 62% owned, online wagering business), Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (a 70% owned, online social gaming business based in Austin, Texas).

Crown equity accounts its investments in Draftstars and Chill Gaming. Chill Gaming is a 50/50 joint venture between Crown and New Gaming Pty Ltd, which is owned by the founders of Wymac Gaming Solutions, a manufacturer and developer of electronic gaming machines. Chill Gaming will focus on innovation and providing current gaming customers with new entertaining product options. Products are in the process of being developed and will be showcased at future gaming technology expos.

## Melco Resorts & Entertainment Limited (MRE)

Crown's share of MRE's normalised NPAT for the full year to 30 June 2017 was an equity accounted profit of \$42.4 million, down \$15.7 million or 27.0% on the pcp<sup>1</sup>. After adjusting for the variance from theoretical, Crown's share of MRE's reported NPAT result for the year was an equity accounted profit of \$37.9 million, down \$4.8 million or 11.3% on the pcp.

Dividends received from MRE totalled \$62.1 million<sup>2</sup> which includes the special dividend paid in January 2017 of \$48.6 million.

As noted earlier in this Report under "Significant changes in state of affairs", Crown executed a series of transactions in relation to its MRE investment which generated net proceeds of approximately \$3.1 billion. As a result of the MRE sell-down transactions, Crown no longer holds an interest in MRE.

## Cash Flow and Debt

Net operating cash flow for the period of \$465.7 million compared to net operating cash flow of \$482.7 million in the pcp. After net proceeds received from the sale of investments of \$3,165.1 million, net capital expenditure of \$348.1 million, share buy-back payments of \$499.9 million and dividend payments of \$1,110.8 million, the Group's net debt position (excluding working capital cash of \$134.7 million) at 30 June 2017 was \$308.5 million, consisting of total debt of \$1,945.0 million and cash (excluding working capital cash) of \$1,636.5 million.

At 30 June 2017, total liquidity, excluding working capital cash of \$134.7 million, was \$2,051.3 million, represented by \$1,636.5 million in available cash and \$414.8 million in committed undrawn facilities.

Subsequent to 30 June 2017, Crown repaid \$300 million of Australian Medium Term Notes (AMTNs) (maturing in July 2017) and provided early termination notices in relation to \$105.7 million of finance leases (maturing in June 2022).

## Likely developments

Other than the developments described in this Report and the accompanying review of operations, the Directors are of the opinion that no other matter or circumstance will significantly affect the operations and expected results for the Crown group.

1. Crown held a 34.3% interest in MRE for approximately 10 months and a 27.4% interest for approximately 2 months in the 2016 financial year. In the full year ended 30 June 2017, Crown held a 27.4% interest in MRE from 1 July to 20 December 2016 and a 24.6% interest from 21 December to 31 December 2016, following which it no longer equity accounted the results of MRE. Crown completed the sale of its remaining interest in MRE on 16 May 2017 and, as a result, no longer holds an interest in MRE.
2. From 1 July to 31 December 2016, Crown equity accounted the results of MRE. During this period, dividends received from MRE totalled \$10.2 million. From 1 January to 16 May 2017, dividends received from MRE totalled \$51.9 million, which includes the special dividend of \$48.6 million. Given Crown no longer equity accounted the results of MRE during this period, the special dividend of \$48.6 million was included in significant items while the ordinary dividend of \$3.3 million was included in Crown's revenue.

## Dividends and distributions

**Interim Dividend:** Crown paid an interim dividend of 30 cents per ordinary share on 17 March 2017. The dividend was 60% franked.

**Special Dividend:** Crown paid a special dividend of 83 cents per ordinary share on 17 March 2017. The special dividend was 60% franked.

**Final Dividend:** The Directors of Crown have declared a final dividend of 30 cents per ordinary share to shareholders registered as at 22 September 2017.

The final dividend will be 60% franked. No part of the unfranked component of the dividend will consist of conduit foreign income.

In summary:	Dividend per share	\$
Interim Dividend paid	30.0 cents per share	\$218,518,256
Special Dividend paid	83.0 cents per share	\$604,567,174
Final Dividend declared	30.0 cents per share	\$206,654,347 <sup>1</sup>
<b>Total</b>	<b>143.0 cents per share</b>	<b>\$1,029,739,777</b>

<sup>1</sup> Dollar value based on the total number of shares on issue as at the date of declaration of the 2017 final dividend.

Crown paid shareholders a final dividend in respect of the 2016 financial year of \$287.7 million.

## Directors and officers

### Director details

Set out below are the names of each person who has been a Director of Crown during or since year end and the period for which they have been a Director. There are currently nine Directors.

Name	Date Appointed	Date Ceased
John Henry Alexander	6 July 2007	
Benjamin Alexander Brazil	26 June 2009	12 April 2017
The Hon. Helen Anne Coonan	2 December 2011	
Rowen Bruce Craigie	31 May 2007	28 February 2017
Rowena Danziger	6 July 2007	
Andrew Demetriou	29 January 2015	
Geoffrey James Dixon	6 July 2007	
Professor John Stephen Horvath AO	9 September 2010	
Michael Roy Johnston	6 July 2007	
Harold Charles Mitchell AC	10 February 2011	
James Douglas Packer	3 August 2017	
Robert John Rankin	30 July 2015	21 June 2017

Since year end, the Board approved the appointment of My Guy Jalland as a Director, subject to the receipt of all necessary regulatory approvals. Mr Jalland's appointment will only become effective once the necessary approvals have been received.

At Crown's 2016 Annual General Meeting, John Alexander, The Hon. Helen Coonan, Geoff Dixon and Professor John Horvath AO stood for re-election as Directors. Each Director was re-elected at that meeting.

The details of each Director's qualifications and experience as at the date of this Report are set out below.

Details of all directorships of other Australian listed companies held in the three years before the end of the financial year have been included.

**John H Alexander, BA**  
*Executive Chairman*

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Mr Alexander is the Executive Chairman of Crown and is also a Director of a number of companies, including Seven West Media Limited. Mr Alexander is also Chairman of the Crown Melbourne Limited, Burswood Limited and CrownBet Pty Limited Boards.

Mr Alexander was the Executive Chairman of Consolidated Media Holdings Limited (CMH) from 2007 to November 2012, when CMH was acquired by News Corporation. Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (PBL) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002.

Before joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher and Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

Mr Alexander is a member of the Crown Investment, Responsible Gaming and Risk Management Committees.

Directorships of other Australian listed companies held during the last three years:

- Seven West Media Limited from May 2013 to current

**The Hon. Helen A Coonan, BA, LLB**  
*Non-executive Director*

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Ms Coonan is a former Senator for New South Wales serving in the Australian Parliament from 1996 to 2011.

Ms Coonan holds Bachelor of Arts and Bachelor of Laws degrees from the University of Sydney. Prior to entering Parliament, she worked as a lawyer including as principal of her own legal firm, as a partner in law firm Gadens, as a commercial Barrister in Australia and as an Attorney in New York.

In Parliament, Ms Coonan served as the Deputy Leader of the Government in the Senate. She was appointed to Cabinet as the former Minister for Communications, Information Technology and the Arts and was shareholder Minister for Telstra Corporation and Australia Post. She also served as the Minister for Revenue and Assistant

Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority. She is the recipient of a Centenary Medal for service to the Australian Parliament.

Ms Coonan is a Non-executive Director of Snowy Hydro Limited and is Chair of Snowy Hydro Retail Committee. She is Chair of Place Management NSW (formerly the Sydney Harbour Foreshore Authority), Chair of Supervised Investments Australia Limited, a member of the J.P Morgan Advisory Council, and is Co-Chair of GRACosway (a subsidiary of the Clemenger Group). She is a Non-executive Director of Obesity Australia Limited and a trustee of the Sydney Opera House. She is a Non-executive Director of Australian Children's Television Foundation and is a consultant to Samsung Electronics Australia and Allegis Partners.

Ms Coonan serves on the Corporate Council of the European Australian Business Council and the Australia-Israel Chamber of Commerce Advisory Council. She is also a member of Chief Executive Women.

Ms Coonan is an Ambassador for the Menzies School of Health Research and of the GUT Foundation. She serves on the Advisory Council of the National Breast Cancer Foundation and is also a mentor at Stone and Chalk (start-up hub).

Ms Coonan is the Chair of the Crown Audit and Corporate Governance Committee and the Corporate Social Responsibility Committee. She also sits on the Crown Finance Committee, and is Chair of the Crown Resorts Foundation.

**Rowena Danziger, AM, BA, TC, MACE**  
*Non-executive Director*

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Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. Mrs Danziger was the Headmistress at Ascham School in Sydney from 1973 to 2003.

Mrs Danziger is a Director of Crown Melbourne Limited and is Chair of the Crown Occupational Health and Safety Committee and is a member of the Crown Audit and Corporate Governance, Risk Management and Responsible Gaming Committees. Mrs Danziger also sits on the Crown Resorts Foundation Board.

**Andrew Demetriou, BA, BEd**  
*Non-executive Director*

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Mr Demetriou was Chief Executive Officer of the Australian Football League from 2003 until June 2014.

Prior to becoming Chief Executive Officer, Mr Demetriou served as AFL General Manager – Football Operations for three years, overseeing all aspects of the AFL competition. This followed a stint as head of the AFL Players Association when he was instrumental in establishing programs to look after players both during and after their playing careers.

Following an AFL playing career of 106 games, Mr Demetriou was the Managing Director of the Ruthinium Group, a business importing acrylic teeth, growing the business significantly by expanding manufacturing and exports to 70 countries worldwide and he currently remains a Board member.

Mr Demetriou is a Director of the Melbourne Sports Marketing firm, Bastion Group, is a Non-executive Chairman of Capitol Health Limited, Transitional Chairman of Cox Architects, Global Chairman of Beyond Boundaries and a Non-executive Director of the non-partisan Climate Institute.

Mr Demetriou was formerly Chair of the Acquire Learning Advisory Group. He also served as Non-executive Chairman of the Baxter Group, a waste management group listed on ASX in 2003 with a market capitalisation of \$40 million – the company was later sold to Transpacific for \$260 million – and is a former Chairman of the Australian Multicultural Advisory Council.

Mr Demetriou is a Director of CrownBet Pty Limited.

Directorship of other Australian listed companies held during last three years:

- Capitol Health Limited from November 2014 to current

### **Geoffrey J Dixon**

*Non-executive Director*

Geoff Dixon is an experienced and successful corporate executive with a background in the media, mining, aviation and tourism industries.

He was Managing Director and Chief Executive of Qantas Airways Limited for eight years until 2008 - joining Qantas in 1994 and also serving as Chief Commercial Officer and, for two years, as Deputy Managing Director. He was Chairman of the Australian Government's major tourism authority, Tourism Australia, for six years until 2015.

Mr Dixon is currently Chairman of the privately-held Australian Pub Fund, Great Walks of Australia and the Garvan Medical Research Foundation. He is on the Board of the Museum of Contemporary Art Australia and is an Ambassador for the Australian Indigenous Education Foundation.

He is Chairman of the Crown Nomination and Remuneration Committee, the Risk Management Committee and the Finance Committee.

Directorships of other Australian listed companies held during the past three years:

- Adslot Limited from December 2013 to December 2016

### **Professor John S Horvath, AO, MB, BS (Syd), FRACP** *Non-executive Director*

Professor John Horvath was the Australian Government Chief Medical Officer from 2003 to 2009 and principal Medical Consultant to the Commonwealth Department until January 2016. He is currently continuing to advise the Department of Health and the School of Medicine, University of Sydney, and holds the position of Honorary Professor of Medicine.

Professor Horvath is a Fellow of the Royal Australasian College of Physicians and is a distinguished practitioner, researcher and teacher. Professor Horvath previously sat on the Board of the Garvan Research Foundation and was a Governor of the Centenary Institute of Medical Research until January 2016. He was a member of the Advisory Council to the Australian Organ and Tissue Donation Agency. He is a member of the Finance and Administration Committee of the School of Medicine at the University of Sydney. Professor Horvath was a member of the Ministerial Advisory Council to the Minister of Health.

Professor Horvath was previously Clinical Professor of Medicine at the University of Sydney. He is also known as a leader in a range of medical training and workforce organisations and is a former President of the Australian Medical Council and the New South Wales Medical Board.

Professor Horvath is the Chairman of the Crown Responsible Gaming Committee and the Investment Committee and a member of Crown's Occupational Health and Safety, Corporate Social Responsibility and Nomination and Remuneration Committees. He also sits on the Crown Melbourne Limited Board and the Crown Resorts Foundation Board.

Professor Horvath is currently the Global Strategic Medical Advisor to the Chief Executive Officer of Ramsay Health Care and a Director of the Ramsay Hospital Medical Research Institute.

**Michael R Johnston, BEc, CA**  
*Non-executive Director*

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Mr Johnston is the Finance Director of Consolidated Press Holdings Pty Limited (CPH), having previously been an adviser to the Consolidated Press Holdings Group (CPH Group) for seventeen years. As Finance Director, Mr Johnston oversees a number of operational businesses within the CPH Group and its controlled associates. He was also the Chief Financial Officer of Ellerston Capital (a subsidiary of CPH) until 30 June 2008.

Prior to his appointment with the CPH Group, Mr Johnston was a senior partner in the Australian member firm of Ernst & Young. He was also on the Board of Partners of Ernst & Young, Australia.

Mr Johnston holds a Bachelor of Economics degree from Sydney University and is an Associate of the Institute of Chartered Accountants of Australia.

Mr Johnston is a member of the Crown Audit and Corporate Governance, Finance, Investment and Occupational Health and Safety Committees.

**Harold C Mitchell, AC**  
*Non-executive Director*

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Mr Mitchell is the founder of Mitchell & Partners and until August 2013 was Executive Chairman of Aegis Media, Australia and New Zealand. Since he started Mitchell & Partners in 1976, the company has evolved to become the largest media and communications group in Australia today.

In December 2000, Mr Mitchell launched the Harold Mitchell Foundation which distributes funds between health and the arts.

Mr Mitchell holds a large number of community roles including Chairman of Art Exhibitions Australia, Board member of Tennis Australia, Chairman of The Florey Institute of Neuroscience and Mental Health, Board member of New York Philharmonic, Chairman of Australia-Indonesia Centre and Chairman of FreeTV Australia. Previously Mr Mitchell was Chairman of the Melbourne Symphony Orchestra, TVS and University of Western Sydney's television service for Greater Sydney and in June 2015, Mr Mitchell was appointed Chairman of the Victorian Premier's Job and Investment Panel.

In 2003, Mr Mitchell delivered the Andrew Olle Memorial Lecture on Media. In January 2004, he was awarded the Officer of the Order of Australia for his services as a benefactor and fundraiser in support of artistic and cultural endeavour.

Mr Mitchell was appointed Companion of the Order of Australia in 2010 for eminent service to the community through leadership and philanthropic endeavours in the fields of art, health and education and as a supporter of humanitarian aid in Timor-Leste and Indigenous communities.

In December 2011, Mr Mitchell was awarded an Honorary Doctorate – Doctor of Business Honoris Causa, by RMIT University.

Mr Mitchell was awarded the Victorian Australian of the Year for 2013.

In August 2013, Mr Mitchell was appointed Adjunct Professor, School of Humanities and Communications Arts, University of Western Sydney.

In December 2014, Melbourne University conferred on him an honorary degree of Doctor of Laws.

Mr Mitchell is a member of the Crown Corporate Social Responsibility and Nomination and Remuneration Committees and he sits on the Crown Resorts Foundation Board.

**James D Packer**  
*Non-executive Director*

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James Packer is Chairman of Consolidated Press Holdings Pty Ltd (CPH). CPH owns and operates a portfolio of investments and assets across the entertainment, leisure, information technology, retail and financial services sectors.

The CPH group is a substantial shareholder of Crown and Mr Packer is the former Chairman of Crown.

Crown is also an investor in the Nobu hospitality group and Mr Packer serves on Nobu's Board of Directors.

In 2014, Mr Packer formed the Packer Family Foundation which, together with the Crown Resorts Foundation, has committed \$200 million of funding through the National Philanthropic Fund, a joint initiative of the Foundations. The National Philanthropic Fund distributes funds to good causes in the fields of education, arts and community inclusion.

## Company secretary details

**Mary Manos**, BCom, LLB (Hons), GAICD

*Company Secretary*

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Mary Manos is Crown's General Counsel and Company Secretary. Prior to her appointment, she was Senior Legal Counsel for Crown and joint Company Secretary. Ms Manos was appointed joint Company Secretary in April 2008.

Prior to joining Crown, Ms Manos was a Senior Associate in a Melbourne law firm, specialising in mergers and acquisitions and corporate law.

Ms Manos holds Bachelor of Commerce and Bachelor of Laws (Hons) degrees from the University of Melbourne.

She is also a Graduate of the Australian Institute of Company Directors and a secretary of the Crown Resorts Foundation.

**Michael J Neilson**, BA, LLB

*Former Company Secretary*

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Mr Neilson stepped down from his role as General Counsel and joint Company Secretary on 30 June 2017. Prior to his appointment with Crown, he was General Counsel for Crown Melbourne Limited, a position he held from 2004 to 2007.

Before joining the Crown group, Mr Neilson spent 10 years in a commercial legal practice in Melbourne before joining the Lend Lease Group in Sydney in 1997 as General Counsel for Lend Lease Property Management.

In 1998, he was appointed General Counsel and Company Secretary of General Property Trust, the position he held until joining Crown Melbourne Limited in 2004.

Mr Neilson is also a member of the Board of Trustees of the International Association of Gaming Advisers (IGA) and Chair of the School Council of Camberwell Grammar School.

## Other officer details

In addition to the above, Crown's principal officers include:

**Kenneth M Barton**

Chief Financial Officer and CEO Crown Digital

**Barry J Felstead**

Chief Executive Officer – Australian Resorts

**W Todd Nisbet**

Executive Vice President, Strategy and Development

## Relevant interests of Directors

Details of relevant interests of current Directors in Crown shares as at 30 June 2017<sup>1</sup> were as follows:

Director	Total number of ordinary shares	Total number of options
John Alexander	399,557	5,000,000
The Hon. Helen Coonan	-	-
Rowena Danziger	30,896	-
Andrew Demetriou	-	-
Geoff Dixon	-	-
Professor John Horvath	-	-
Michael Johnston	-	-
Harold Mitchell	114,887	-
James Packer	342,527,795	-

Notes:

1 For more information on relevant interests of current Directors, please see the Remuneration Report.

Other than in connection with Crown's 2014 Long Term Incentive Plan and Crown's 2017 Senior Executive Incentive Plan which are described in the Remuneration Report, no Crown Director is party to any contract which would give that Director the right to call for the delivery of shares in Crown.

## Board and Committee meetings

Set out below are details of the number of Board meetings and Committee meetings held by Crown during the 2017 financial year together with each Director's attendance details.

	Board Meetings		Audit and Corporate Governance Committee Meetings		Corporate Social Responsibility Committee Meetings		Finance Committee Meetings		Nomination and Remuneration Committee Meetings		Occupational Health and Safety Committee Meetings		Responsible Gaming Committee Meetings		Risk Management Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J H Alexander <sup>1</sup>	15	15											1	1	1	1
B A Brazil <sup>2</sup>	12	10	3	3			2	2								
H A Coonan	15	15			2	2										
R B Craigie <sup>3</sup>	12	11			1	1					4	4	4	4	3	3
R Danziger	15	13	3	3							4	4	6	5	4	4
A Demetriou	15	15														
G J Dixon	15	13					2	2	4	4					4	4
J S Horvath	15	14			2	2			4	4	4	4	6	6		
M R Johnston	15	14	3	2			2	2			4	4				
H C Mitchell	15	15			2	2			4	4						
R J Rankin <sup>4</sup>	15	15														

1 John Alexander was appointed as a member of the Responsible Gaming and Risk Management Committees on 27 April 2017.

2 Ben Brazil resigned as a Director on 12 April 2017.

3 Rowen Craigie resigned as a Director on 28 February 2017.

4 Robert Rankin resigned as a Director on 21 June 2017.

Under Crown's Constitution and its Board and Committee Charters, documents containing written resolutions assented to by Directors are to be taken as a minute of a meeting of Directors or of a Committee (as the case may be). The Board assented to four written resolutions and the Finance Committee assented to one written resolution in the 2017 financial year. The Investment Committee did not formally meet in the 2017 financial year.

## Shares and Options

On 27 April 2017, Crown issued 14 million options under the 2017 Senior Executive Incentive Plan (Options). The Options, with an expiry date of 22 February 2021, have been issued to the following Senior Executives:

Senior Executive	Number of Options
John Alexander	5,000,000
Barry Felstead	3,000,000
Todd Nisbet	3,000,000
Ken Barton	3,000,000

Each Option is granted over one fully paid ordinary share in Crown with an initial exercise price of \$11.43. The exercise price of \$11.43 per Option may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

If Crown undertakes a bonus issue of Crown shares during the term of the Options, holders are entitled, upon exercise of an Option, and without payment of any further consideration, to the number of Crown shares the holder would have received under that bonus issue. If Crown undertakes a pro rata issue of Crown shares during the term of the Options, then the exercise price of each Option will be reduced in accordance with the 2017 Senior Executive Incentive Plan Rules.

For all holders of the Options, other than a Director of Crown, at Crown's election, the Options can be settled by the issue of new Crown fully paid ordinary shares, the transfer of shares acquired by Crown from the market or by paying a cash equivalent to the difference between the exercise price of the Options and the market price of the shares at the time of exercise. For John Alexander, a Director of Crown, any shares to be acquired on the vesting and exercise of the Options must be purchased on-market and cannot be settled by the issue of new Crown shares.

No shares or interests have been issued during the year or since year end as a result of option exercise.

## Indemnity and Insurance of Officers and Auditors

### Director and officer indemnities

Crown indemnifies certain persons as detailed in its Constitution in accordance with the terms of the Crown Constitution.

### Directors' and officers' insurance

During the year Crown has paid insurance premiums to insure officers of the Crown group against certain liabilities.

The insurance contract prohibits disclosure of the nature of the insurance cover and the amount of the insurance premiums payable.

### Indemnification of auditors

To the extent permitted by law, Crown has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

## Auditor Information

### Auditor details

Ernst & Young has been appointed Crown's auditor. Mr David McGregor was the Ernst & Young partner responsible for the audit of Crown's accounts for the year ended 30 June 2017. As the 2017 financial year marked Mr McGregor's fifth anniversary as Crown's lead audit partner, the Crown Board has appointed Mr Michael Collins of Ernst & Young as Crown's lead audit partner from the 2018 financial year.

### Non-audit services

Details of the amounts paid or payable to Ernst & Young for non-audit services provided during the year by the auditor are outlined in note 25 of the Financial Report. Crown acquired non-audit services from Ernst & Young, largely in respect of taxation matters relating to:

- the proposed demerger and REIT which did not proceed;
- refinancing activities;
- the sale of Crown's interest in Melco Resorts & Entertainment Limited;
- proposed developments and major capital projects; and
- ongoing taxation matters.

The ratio of non-audit to audit services provided by Ernst & Young to Crown at the conclusion of the 2017 financial year was approximately 8.6:1. This ratio reflects an elevated level of activity in the areas noted above during the year.

Based on advice received from the Audit and Corporate Governance Committee, the Directors are satisfied that the provision of non-audit services during the 2017 financial year by Ernst & Young is compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services have been reviewed by the Audit and Corporate Governance Committee to ensure that they did not impact the impartiality and objectivity of the auditor; and
- none of the services involved reviewing or auditing the auditor's own work or acting in a management decision-making capacity for the Company.

## Rounding

The amounts contained in the financial statements have been rounded off to the nearest thousand dollars (where rounding is applicable) under the option available to Crown under ASIC Class Order 2016/191. Crown is an entity to which the Class Order applies.

# Remuneration Report

This Remuneration Report for the year ended 30 June 2017 outlines the Director and executive remuneration arrangements of Crown in accordance with the requirements of the *Corporations Act 2001* (Cth) (Corporations Act) and the *Corporations Regulations 2001* (Cth). For the purposes of this Report, key management personnel (KMP) of the Crown group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Crown group, directly or indirectly, including any Director (whether executive or otherwise) of Crown Resorts Limited.

The disclosures in this Report have been audited. This Report is presented under the following sections:

1. Introduction
2. Overview of Remuneration Policy
3. Summary of Senior Executive Remuneration Structure
  - Fixed Remuneration
  - Performance Based Remuneration
4. Details of Performance Based Remuneration Elements
  - Short Term Incentives
  - Long Term Incentives: 2014 Crown Long Term Incentive Plan and 2017 Senior Executive Incentive Plan
5. Relationship between Remuneration Policy and Company Performance
  - Remuneration linked to performance
  - Policy on entering into transactions in associated products which limit economic risk
6. Remuneration details for Non-executive Directors
7. Remuneration details for Senior Executives
8. Key Management Personnel Disclosures

## Introduction

### Persons to whom report applies

The remuneration disclosures in this Report cover the following persons:

#### **Non-executive Directors**

- Benjamin A Brazil (until 12 April 2017)
- The Hon. Helen A Coonan
- Rowena Danziger
- Andrew Demetriou
- Geoffrey J Dixon
- Professor John S Horvath
- Michael R Johnston
- Harold C Mitchell
- Robert J Rankin (until 21 June 2017 (Chairman from 12 August 2015 to 31 January 2017))

#### **Executive Directors**

- John H Alexander (Executive Chairman from 1 February 2017, previously Executive Deputy Chairman)
- Rowen B Craigie (Managing Director and Chief Executive Officer until 28 February 2017)

#### **Other company executives and key management personnel**

- Kenneth M Barton (Chief Financial Officer and CEO Crown Digital)
- Barry J Felstead (Chief Executive Officer – Australian Resorts)
- W Todd Nisbet (Executive Vice President – Strategy and Development)

In this Report the group of persons comprised of the Executive Directors and the other company executives and key management personnel (listed above) are referred to as “Senior Executives”.

This Report contains a similar level of disclosure to the 2016 Remuneration Report. Other than the introduction of a new Senior Executive Incentive Plan (described below), there has been no material change to the Company’s remuneration policy during the period and much of the description of the Company’s remuneration policy in this Report is therefore unchanged from last year.

#### **Crown Group Restructure**

In February 2017, Crown announced that after more than 20 years with the Crown group, Chief Executive Officer and Managing Director, Rowen Craigie would be stepping down from his role with effect from 28 February 2017.

Given the decision to reduce (and then ultimately exit) Crown’s investment in Melco Resorts & Entertainment Limited (MRE) (formerly Melco Crown Entertainment Limited) and to discontinue the proposed Alon Las Vegas project, the Board decided that following the cessation of Mr Craigie’s employment, a simplified organisation structure reflecting the changed focus of Crown’s business should be adopted.

Accordingly, it was determined that Mr Craigie’s responsibilities would be assumed by the then newly appointed Executive Chairman, John Alexander.

The Senior Executives who report to Mr Alexander are Mr Barry Felstead, Chief Executive Officer – Australian Resorts, Mr Todd Nisbet, Executive Vice President – Strategy and Development and Mr Ken Barton – Chief Financial Officer who also assumed the role as CEO of Crown’s Digital Businesses during the period.

As Executive Chairman, Mr Alexander now has primary accountability for the management of Crown and, as noted, has assumed the responsibilities of the previous Chief Executive Officer. Mr Alexander’s role therefore effectively replaced three existing positions, being

Chairman, Executive Deputy Chairman and the Chief Executive Officer.

On account of these increased responsibilities, the employment arrangements for Mr Alexander were varied and a new Contract of Employment was entered into. A summary of the material terms of Mr Alexander's Contract of Employment has been set out under the heading "Remuneration details for Senior Executives" later in this Report.

## Overview of Remuneration Policy

### Philosophy

Crown is a company that provides outstanding customer service and, to remain competitive, Crown must continue to enhance the experience of all customers who visit Crown's land based and digital properties. As a result, the performance of the Crown group is highly dependent upon the quality of its Directors, senior executives and employees. Crown seeks to attract, retain and motivate skilled Directors and senior executives in leadership positions of the highest calibre. Crown's remuneration philosophy is to ensure that remuneration packages properly reflect a person's duties and responsibilities, that remuneration is appropriate and competitive both internally and as against comparable companies and that there is a direct link between remuneration and performance. Crown has differing remuneration structures in place for Non-executive Directors and Senior Executives.

### Non-executive Directors

The process for determining remuneration of the Non-executive Directors has the objective of ensuring maximum benefit for Crown by the retention of a high quality Board.

The Nomination and Remuneration Committee bears the responsibility of determining the appropriate remuneration for Non-executive Directors. Non-executive Directors' fees are reviewed periodically by the Nomination and Remuneration Committee with reference to the fees paid to the Non-executive Directors of comparable companies. The Nomination and Remuneration Committee is subject to the direction and control of the Board.

In forming a view of the appropriate level of Board fees to be paid to Non-executive Directors, the Nomination and Remuneration Committee may also elect to receive advice from independent remuneration consultants, if necessary. Details regarding the composition of the Nomination and Remuneration Committee and its main objectives are outlined in the Corporate Governance Statement. The Nomination and Remuneration Committee is comprised solely of independent Non-executive Directors.

A review of Non-executive Directors' fees was conducted at the beginning of the 2017 financial year and, at the 2016 Annual General Meeting, shareholders approved an increase in the aggregate Non-executive Directors' fee cap in Crown's Constitution to \$2,500,000. Following the receipt of shareholder approval, Non-executive Directors' fees were increased with effect from 1 November 2016. Further detail regarding this process is set out under the heading "Remuneration details for Non-executive Directors" later in this Report.

No performance based fees are paid to Non-executive Directors. Non-executive Directors are not entitled to participate in Crown's incentive plans (described more fully below). Non-executive Directors are not provided with retirement benefits other than statutory superannuation at the rate prescribed under the *Superannuation Guarantee (Administration) Act 1992* (Cth) (Superannuation Legislation).

### Senior Executives

The remuneration structure for Senior Executives incorporates a mix of fixed and performance based remuneration. The following section provides an overview of the fixed and performance based elements of executive remuneration. The summary tables provided later in this Report indicate which elements apply to each Senior Executive.

Crown's key strategies and business focusses which are taken into consideration as part of performance based remuneration are set out on page 5 of the Annual Report.

## Summary of Senior Executive Remuneration Structure

### Fixed remuneration

The objective of fixed remuneration is to provide a base level of remuneration which is appropriate to the Senior Executive's responsibilities, the geographic location of the Senior Executive and competitive conditions in the appropriate market.

Fixed remuneration is therefore determined with reference to available market data, the scope and any unique aspects of an individual's role and having regard to the qualifications and experience of the individual. From time to time, Crown seeks a range of specialist advice to help establish the competitive remuneration for its Senior Executives.

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Legislation, mobile telephone costs, complimentary privileges at Crown Melbourne and Crown Perth and may include, at the election of the Senior

Executive, other benefits such as a motor vehicle, additional contribution to superannuation, car parking and staff gym membership, aggregated with associated fringe benefits tax to represent the total employment cost (TEC) of the relevant Senior Executive to Crown.

Fixed remuneration for the Senior Executives (except the Executive Chairman) is reviewed annually by the Executive Chairman and is approved by the Nomination and Remuneration Committee.

The review process measures the achievement by the Senior Executives of their Key Performance Objectives (KPOs) established at the beginning of the financial year (see further below), the performance of Crown and the business in which the Senior Executive is employed, relevant comparative remuneration in the market and relevant external advice.

Fixed remuneration for the Executive Chairman is reviewed by the Nomination and Remuneration Committee following their consideration of his performance against his annual KPOs.

The KPOs for Senior Executives, including the Executive Chairman are closely aligned with the objectives set out in Crown's Four Year Financial Plan (see below).

Prior to becoming Executive Chairman, Mr Alexander's fixed annual remuneration was \$1.5 million and he also participated in the long term incentive program. The former Chief Executive Officer and Managing Director received fixed annual remuneration of approximately \$3.1 million and he also participated in short term and long term incentive programs. As a result of the Crown group restructure (described above), the position of Executive Chairman replaced these roles which, at a cost of \$3.5 million per annum in fixed remuneration, is less than the combined TEC of the Executive Deputy Chairman and the Chief Executive Officer and Managing Director roles previously in place.

Any payments relating to redundancy or retirement are as specified in each relevant Senior Executive's contract of employment.

For summaries of Senior Executive contracts of employment, see pages 63 to 69 of this Report.

### Performance based remuneration

The performance based components of remuneration for Senior Executives seek to align the rewards attainable by Senior Executives with the achievement of particular annual and long term objectives of Crown and the creation of shareholder value over the short and long term. The performance based components which applied to the Senior Executives during the year were as follows:

- Short Term Incentives (STI); and
- Long Term Incentives (the 2014 Crown Long Term Incentive Plan (2014 Crown LTI) and the 2017 Senior Executive Incentive Plan (2017 Incentive Plan)).

A key focus of the Crown Board is the achievement of the Crown group's annual business plan and budget and the long term financial plan. In order to provide incentives to executives, each of the STI and the 2014 Crown LTI link back to key elements of the business plan and budget and long term financial plan. It is therefore important to understand how that business plan and budget and long term financial plan are developed. A summary of the process involved is set out below. The 2017 Incentive Plan is based on an alignment of the relevant Senior Executive's reward to the appreciation of Crown's share price and is contingent on continued employment with the Crown group.

### *Development of Long Term Financial Plan (Four Year Financial Plan)*

Each year, the Crown Board approves a financial plan which contains the key assumptions and forecasts for each Crown group business and for the Crown group as a whole for the four year period commencing in the following financial year (Four Year Financial Plan).

The process for developing, reviewing and approving the Four Year Financial Plan is rigorous. Each department in each Crown business must prepare a four year financial plan. Key inputs into this process include current operating performance and the previously approved Four Year Financial Plan, having regard to:

- performance relative to targets set in the previous Four Year Financial Plan;
- any changes in the business;
- any changes in factors affecting performance over the four year period; and
- any new strategic initiatives and changes in the market in which those businesses are operating.

The targets in each department's four year financial plan incorporate an underlying target growth in operating profit with additional operating profit increases arising from capital expenditure programs, performance improvement initiatives and other strategic impacts.

Each department's four year forecast is consolidated into the relevant business's four year forecast which is then reviewed by the Chief Executive Officer and Chief Financial Officer of the relevant business.

In turn, the four year forecast for each business is then incorporated into the Four Year Financial Plan and

reviewed by the Crown Resorts Limited Chief Financial Officer and the Executive Chairman before it is submitted to the Crown Board for review and approval.

### **Development of Annual Business Plan and Budget**

Crown's Annual Business Plan and Budget is prepared having regard to the Four Year Financial Plan.

The Annual Business Plan and Budget is based on the first year of the Four Year Financial Plan and details key operational strategic initiatives and the risks to be addressed. It is developed on a departmental basis, which is then incorporated into each business's annual budget and business plan and, finally, into the Crown group Annual Business Plan and Budget, which then must be approved by the Crown Board.

## Details of Performance Based Remuneration Elements

### **Short term Incentives (STI)**

The remuneration of Senior Executives is linked to Crown's short term annual performance through a cash-based STI. Individuals may be paid an STI following an assessment of the performance of the Crown group in the previous year and the performance of the individual against agreed annual KPOs. Senior Executives have a potential or target STI, which is subject to the Crown group's performance and the achievement of the Senior Executive's KPOs established at the beginning of each financial year. In summary, the typical KPO structure might comprise the following elements:

Financial Performance Objectives	<ul style="list-style-type: none"> <li>• Performance against budgeted normalised EBITDA<sup>1</sup> and/or net profit after tax.</li> </ul>
Typical Non-Financial Objectives	<ul style="list-style-type: none"> <li>• Management of major capital expenditure and investment programs to ensure projects are delivered on time and on budget, while minimising disruption at relevant Australian properties as well as the subsequent delivery of anticipated benefits from those capital programs.</li> <li>• Reinforcement and delivery of outstanding customer experiences through continuous improvement in Crown's service culture.</li> <li>• Successful management of Crown stakeholders, including government, media, trade unions, community organisations, to achieve targeted outcomes.</li> <li>• Achievement of successful expansion of customer base for Crown properties and digital businesses through marketing or other relevant activities.</li> <li>• Growth in engagement levels of employees across Crown.</li> <li>• Achievement of margin improvement targets through the implementation of approved programs aimed at reducing costs and increasing asset yield.</li> <li>• Achievement (or maintenance) of improvements in key occupational health and safety statistics.</li> </ul>

Financial performance objectives are derived from Crown's Annual Business Plan and Budget as the Crown Board considers this is the best way to ensure that Crown meets the Annual Business Plan and Budget, aligning performance outcomes with shareholder value.

A failure to achieve relevant financial performance objectives will result in Senior Executives receiving either no STI bonus or, where relevant financial performance objectives are only partially met, a reduced STI bonus. The Crown Board retains discretion, however, to pay an STI bonus where financial performance objectives have not been met, but other objectives have been achieved.

Appropriate non-financial performance objectives (such as those set out above) are also included in a Senior Executive's KPOs where they are within that Senior Executive's sphere of influence and are relevant to the Senior Executive's area of work. These metrics are aligned with the achievement of Crown's Annual Business Plan and Budget.

<sup>1</sup> In this Report, the term "normalised EBITDA" represents EBITDA which has been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and the impact of significant items (where applicable).

The performance of each Senior Executive against financial and non-financial KPOs is reviewed on an annual basis. Whether KPOs have been achieved is determined by the Executive Chairman, having regard to the operational performance of the business or function in which the Senior Executive is involved and the Executive Chairman's assessment of the attainment of the individual's KPOs.

The Executive Chairman reviews performance based remuneration entitlements and recommends the STI payments, subject to final approval by the Nomination and Remuneration Committee and the Board.

The Executive Chairman's eligibility for an STI is determined by the Nomination and Remuneration Committee on behalf of the Board.

For a more detailed commentary on financial year 2017 STI bonuses see page 70.

### Long term Incentives

This year, as part of the Crown group restructure described earlier in this Report, the Board determined that an additional long term incentive plan be put in place in order to incentivise selected Senior Executives to remain with the Crown group to assist it to achieve the group's strategic plans over the life of the 2017 Four Year Financial Plan. Accordingly, Crown has the following two long term incentive plans in place:

- the 2014 Crown Long Term Incentive Plan (2014 Crown LTI); and
- the 2017 Senior Executive Incentive Plan (2017 Incentive Plan).

This section of the Report describes these two Plans.

#### 2014 Crown Long Term Incentive Plan (2014 Crown LTI)

The 2014 Crown LTI was made available to selected senior executives with effect from 1 July 2014. A summary of the terms of the 2014 Crown LTI follows.

##### *Operation of the 2014 Crown LTI*

The award of a long term incentive bonus under the 2014 Crown LTI is dependent on Crown achieving certain earnings per share hurdles (EPS Hurdles) in respect of, or in relation to, the four financial years ending 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018 (each a Plan Year).

The 2014 Crown LTI rules provide that the earnings per share (EPS) target would exclude the contribution from MRE and are to be calculated in accordance with the following formula:

$$\frac{\text{Crown Profit}}{\text{Total Crown Shares}}$$

where:

**Crown Profit** means, in respect of a Plan Year, the normalised net profit after tax of the group for that Plan Year (excluding the contribution made by MRE and significant items). Normalised net profit excludes the impact of any variance from the theoretical win rate on VIP program play. For the purposes of both the EPS Hurdles and actual EPS, a theoretical win rate of 1.4% is applied; and

**Total Crown Shares** means the average of the largest number of Crown shares on issue during each day during the relevant Plan Year.

##### *How EPS Hurdles were derived*

The EPS Hurdles adopted in the 2014 Crown LTI were derived directly from EPS forecasts put in place in respect of the 2014 Four Year Financial Plan (each an EPS Target). Accordingly, the 2014 Crown LTI was specifically designed to provide an incentive to senior executives participating in the 2014 Crown LTI (Participants) to ensure the Four Year Financial Plan from financial year 2015 to financial year 2018 was met. The way in which Crown's Four Year Financial Plans are developed has been described in detail above.

The EPS Hurdles in financial year 2015, financial year 2016 and financial year 2017 are 98% of the EPS Target for the relevant year in the Four Year Financial Plan. The EPS Hurdle in financial year 2018 is 100% of the EPS Target for the relevant year in the Four Year Financial Plan.

##### *Why earnings per share is used as the single measure for the 2014 Crown LTI*

Crown has elected to use earnings per share as the single measure for its 2014 Crown LTI.

Earnings per share targets represent the product of individual business unit future performance projections (as determined by relevant executives based on their business unit's four year financial plan targets). These individual future performance projections are aggregated with group costs, interest and taxes to arrive at a Crown group earnings per share target.

As a result, each executive knows with certainty what performance hurdles need to be met from their respective business operations over an extended period in order to meet the EPS Targets. In addition, as the executive group collectively needs to achieve the consolidated EPS Target, it fosters a cooperative approach across businesses to optimise the Crown group as well as individual business unit outcomes.

In developing the 2014 Crown LTI, consideration was given by the Crown Board to a range of different measures as well as the potential use of multiple measures, however, ultimately, it was determined that a single clear, unambiguous target in the form of an earnings per share hurdle was best suited to Crown. For example, consideration was given to the use of a relative measure, such as relative total shareholder return (TSR), however, it was decided such measures were not appropriate for Crown. This is because there are a limited number of comparable companies within any sizeable ASX comparator group and many of the larger companies listed on ASX bear little resemblance to Crown (e.g. financial institutions and resource companies). As the results and share prices of such companies can be expected to move in line with different economic factors (such as credit conditions and global resource market conditions) the Crown Board considered it to be inappropriate to base Crown executives' long term rewards on factors over which Crown executives have little influence.

In addition, the complexity of TSR and other relative measures (to accommodate changes in the comparator group, restructurings and capital management initiatives) can, in some cases, cause them to be of limited value in motivating executives to individually and collectively deliver outstanding performance. It is difficult for executives to equate their individual performance and efforts to the performance of Crown's share price relative to unrelated and incomparable companies.

Crown acknowledges that its EPS Targets are, to a large degree, an internal measure. However, Crown has disclosed in this Report (and will continue to disclose) its historical EPS Targets and EPS Hurdles as well as actual EPS performance against those historical targets, so that shareholders are able to see the "stretch" nature of these targets.

#### **How bonuses accrue**

If an EPS Hurdle is achieved in respect of a Plan Year, a Participant will become entitled to a portion of the potential maximum bonus (Maximum Bonus) which may be achieved under the 2014 Crown LTI in accordance with the following table:

<b>Plan Year</b>	<b>Percentage</b>
Plan Year 1	15%
Plan Year 2	20%
Plan Year 3	25%
Plan Year 4	40%

The Plan rules provide that bonuses will only ultimately be paid at the end of financial year 2018 either by way of the transfer of shares acquired under the 2014 Crown LTI or the payment of cash. See further below.

#### **Effect of achieving an EPS Hurdle**

If an EPS Hurdle is met in respect of a Plan Year, the 2014 Crown LTI provides that Crown will calculate the dollar value of the bonus in respect of the relevant Plan Year (Plan Year Bonus) by multiplying the Maximum Bonus for the Participant by the relevant percentage applicable to that Plan Year (as set out in the table above).

If the Plan Year is Plan Year 1, Plan Year 2 or Plan Year 3, the 2014 Crown LTI provides that Crown will pay the Plan Year Bonus earned by the Participant to the nominated Trustee and with an instruction that the Trustee apply that Plan Year Bonus to acquire Crown shares on market (Participant Shares), to be held on trust for the benefit of the Participant until the end of Plan Year 4 (at which time the shares could be transferred to the Participant).

In respect of Plan Year 4, the 2014 Crown LTI provides that Crown will pay the Plan Year 4 Plan Year Bonus to the Participant in cash and also advise the Trustee, who will arrange for any shares held in trust to be transferred to the relevant Participant. The Plan Year 4 Plan Year Bonus is designed to be paid in cash because the Participant will be required to pay tax on the Bonus at this time.

#### **Effect of not achieving one or more EPS Hurdles**

If an EPS Hurdle is not met, the 2014 Crown LTI provides as follows:

- if an EPS Hurdle in respect of Plan Year 1, Plan Year 2 or Plan Year 3 is not met, Crown will calculate the Plan Year Bonus which would have been applied to the purchase of Participant Shares had the relevant EPS Hurdle been met (Carried Over Plan Year Bonus);
- if the EPS Hurdle in respect of Plan Year 4 is met:
  - the Plan Year 4 Bonus will be paid by Crown to the relevant Participant in cash;
  - the Trustee will arrange for any Crown shares held in trust to be transferred to the relevant Participant; and
  - if the sum of the EPS Targets for financial year 2015, financial year 2016, financial year 2017 and financial year 2018 (Cumulative EPS Hurdle) has also been met, any Carried Over Plan Year Bonuses will also be paid to the relevant Participant in cash. The Carried Over Plan Year Bonuses (if any) are paid in cash because the Participant will be required to pay tax on these Bonuses at this time.

- if the EPS Hurdle in respect of Plan Year 4 is not met but both the Fallback Plan Year 4 EPS Hurdle (i.e. 98% of the Plan Year 4 EPS Target) and the Cumulative EPS Hurdle are met:
  - the Plan Year Bonus in respect of Plan Year 4 will be paid by Crown to the relevant Participant in cash;
  - any Carried Over Plan Year Bonuses will be paid to the relevant Participant in cash; and
  - the Trustee will arrange for any Crown shares held in trust to be transferred to the relevant Participant.
- if neither the EPS Hurdle in respect of Plan Year 4 nor the Fallback Plan Year 4 EPS Hurdle are met but the Cumulative EPS Hurdle is met:
  - the Plan Year Bonus in respect of Plan Year 4 will not be paid by Crown to the relevant Participant;
  - any Carried Over Plan Year Bonuses will be paid to the relevant Participant in cash; and
  - the Trustee will arrange for any Crown shares held in trust to be transferred to the relevant Participant.
- if neither the EPS Hurdle in respect of Plan Year 4 nor the Cumulative EPS Hurdle are met (whether or not the Fallback Plan Year 4 EPS Hurdle is met):
  - the Plan Year Bonus in respect of Plan Year 4 will not be paid by Crown to the relevant Participant;
  - any Carried Over Plan Year Bonuses will lapse and will not be paid by Crown to the relevant Participant; and
  - the Trustee will arrange for any Crown shares held in trust to be transferred to the relevant Participant.

**Illustration**

The following is an illustration of a range of outcomes which might have been achieved by a Participant under the 2014 Crown LTI. It does not include every permutation or combination of outcomes which the 2014 Crown LTI was designed to achieve.

Key: ✓ = Achieved ✗ = Not achieved.

Year 1 EPS Hurdle Met? 15%	Year 2 EPS Hurdle Met? 20%	Year 3 EPS Hurdle Met? 25%	Year 4 EPS Hurdle Met? 40%	Fallback Year 4 EPS Hurdle Met? 40%	Cumulative EPS Hurdle Met?	
✓	✓	✓	✓		✓ 60% shares 40% cash	
✓	✓	✓	✗	✓	✓ 60% shares 40% cash	✗ 60% shares No cash
				✗	✓ 60% shares No cash	✗ 60% shares No cash
✓	✓	✗	✗	✓	✓ 35% shares 65% cash	✗ 35% shares No cash
				✗	✓ 35% shares 25% cash	✗ 35% shares No cash
✓	✗	✗	✗	✓	✓ 15% shares 85% cash	✗ 15% shares No cash
				✗	✓ 15% shares 45% cash	✗ 15% shares No cash
✗	✗	✗	✗	✗		✗ No shares No cash

Note: the percentage allocations between cash and shares are based on the Maximum Bonus, with the share component being valued based on the value of Crown shares at the time of acquisition. Subsequent movements in the price of Crown shares may result in changes to the cash and share proportions.

### **What happens to dividends earned on Crown shares acquired under the 2014 Crown LTI**

All dividends received on shares held in trust are to be passed through to the Participant. As bonuses earned in the final year of the 2014 Crown LTI (including any Carried Over Plan Year Bonuses) are to be paid in cash, no dividends apply in respect of these bonuses.

### **What happens if an executive's employment with Crown ceases**

If a Participant's employment with Crown ceases, then the Participant is not entitled to any part of his or her 2014 Crown LTI bonus, except where the Participant's employment is terminated by Crown without cause, in which case the Participant will be entitled to any tranche (in the form of shares held on trust) which has vested prior to the date of termination.

### **How EPS Hurdles can be amended**

The 2014 Crown LTI provides that in the event that corporate control events or capital reconstruction events impact the achievement of EPS Hurdles, then the Crown Board has discretion to amend the EPS Hurdles in such a way that does not materially disadvantage Participants.

The Crown Board retains general power to amend the rules of the 2014 Crown LTI from time to time.

After the Plan Year ended 30 June 2015, the Crown Nomination and Remuneration Committee conducted a review of the 2014 Crown LTI and the EPS Hurdles, to consider whether the Board should exercise its discretion to adjust any EPS Hurdle or any feature of the Plan.

Whilst there was no change to the EPS Hurdles which will apply over the life of the Plan, the Nomination and Remuneration Committee recognised that since the adoption of the 2014 Crown LTI, there had been a number of events which affected the definition of Crown Profit, which were not contemplated when the 2014 Four Year Financial Plan was adopted.

Those events had both a positive impact on the determination of Crown Profit, in some cases, and a negative impact in other cases. They included the beneficial effect of the removal of super tax for Crown Melbourne as part of the modifications to the Crown Melbourne Casino Licence, changes in interest expense on account of various debt raising activities (including the issue of Crown Subordinated Notes II) and various additional corporate costs.

Accordingly, for the purposes of calculating "Crown Profit" and EPS, the Board determined that the effect of these unanticipated events should not have been taken into account during the financial year ended 30 June 2015 and thereafter.

The Crown Nomination and Remuneration Committee conducted a similar review of the 2014 Crown LTI and the EPS Hurdles, following 30 June 2016. Again, there was no change to the EPS Hurdles which will apply over the life of the Plan. However, in addition to the above matters, the Nomination and Remuneration Committee recognised that there had been a number of events which affected the determination of Crown Profit, which were not contemplated in the 2014 Four Year Financial Plan. Again some of those events had a positive impact on the determination of Crown Profit and others had a negative impact. Those events included new business acquisitions not contemplated in the 2014 Four Year Financial Plan such as CrownBet and DGN, potential development projects including One Queensbridge and the Alon Las Vegas project and foreign exchange movements and asset revaluations.

In light of these events and unforeseen costs, and in accordance with the conclusion of the Nomination and Remuneration Committee, appropriate adjustments were made to neutralise the effect of these events. As a result of those adjustments to the determination of Crown Profit, the EPS Hurdles were considered to be achieved in relation to the 2016 financial year.

Having conducted its review of the 2014 Crown LTI and the EPS Hurdles, following 30 June 2017, the Nomination and Remuneration Committee has concluded that the EPS Hurdles for the 2017 financial year have not been met. Accordingly, no part of the 2014 Crown LTI vested for financial year 2017. Crown has calculated the Carried Over Plan Year Bonus, being the Plan Year Bonus which would have been applied to the purchase of Participant Shares had the relevant EPS Hurdle been met, and that Carried Over Plan Year Bonus will be dealt with in the manner described earlier in this Report.

### **How the 2014 Crown LTI ameliorates issues with "cliff's edge" vesting**

The key features of the 2014 Crown LTI are that:

- the EPS Hurdles for Plan Years 1, 2 and 3 are set at 98% of the EPS Targets in the 2014 Four Year Financial Plan; and
- if at the end of financial year 2018, on a cumulative basis, the EPS Hurdles over all four years are met, then any Carried Over Plan Year Bonuses will vest and be paid to the relevant senior executive in cash.

Accordingly, when viewed as a whole, the Maximum Bonus under the 2014 Crown LTI consists of four separate and individually achievable targets, as well as a cumulative target. As a result, there are a range of potential outcomes depending on performance against target in each year of the 2014 Crown LTI as well as the cumulative result.

This feature is designed to ameliorate issues with “cliff’s edge” vesting, by giving participants a “second chance” to have a tranche paid when an individual EPS Hurdle is not met.

### Disclosure of historical EPS Targets

The disclosure of prospective EPS Targets would have the consequence of providing the market and Crown’s competitors with Crown’s financial forecasts. It has been Crown’s longstanding practice not to disclose prospective financial information and financial forecasts. Accordingly, Crown will not publicly disclose prospective EPS Targets.

Such concerns, however, are not as significant in relation to historical EPS Targets and EPS Hurdles and performance against those historical EPS Hurdles.

Set out below are the EPS Targets and EPS Hurdles which applied for financial year 2015, financial year 2016 and financial year 2017 together with Crown’s actual EPS for financial year 2015, financial year 2016 and financial year 2017.

	EPS Target (2014 Four Year Financial Plan)	EPS Target Growth (2014 Four Year Financial Plan)	EPS Hurdle (Crown LTI)*	Actual EPS	Actual EPS Growth (from previous year)	Tranche Vested?
FY15	51.5 cents	N/A	50.5 cents	53.0 cents	N/A	Yes
FY16	57.6 cents	11.8%	56.4 cents	57.1 cents	7.7%	Yes
FY17	60.9 cents	5.7%	59.7 cents	42.5 cents	(25.6%)	No

\* In financial year 2015, financial year 2016 and financial year 2017, the EPS Hurdle was 98% of the 2014 Four Year Financial Plan EPS Target.

All references in the above table to “EPS” exclude the contribution made by MRE and significant items and Crown’s actual EPS also excludes the impact of certain unanticipated events as described above.

### Details of Participation of Senior Executives in 2014 Crown LTI

Of the Senior Executives named in this Report, five participate in the 2014 Crown LTI. Details of potential 2014 Crown LTI bonuses are as follows:

Senior Executive	Maximum Value over four year period	30 June 2015 (15%)	30 June 2016 (20%)	30 June 2017 (25%)	30 June 2018 (40%)
	\$	\$	\$	\$	\$
John Alexander	4,500,000	675,000	900,000	1,125,000	1,800,000
Ken Barton	4,050,000	607,500	810,000	1,012,500	1,620,000
Rowen Craigie	9,000,000	1,350,000	1,800,000	2,250,000*	3,600,000*
Barry Felstead	6,300,000	945,000	1,260,000	1,575,000	2,520,000
Todd Nisbet	6,300,000	945,000	1,260,000	1,575,000	2,520,000

\* Mr Craigie ceased as Chief Executive Officer and Managing Director on 28 February 2017. As such, Mr Craigie has no entitlement to receive a bonus for Plan Years 3 and 4.

As noted in the tables above, in financial year 2017, Crown did not meet the relevant EPS Hurdle and accordingly, no entitlement to the EPS Bonus for financial year 2017 has vested, being 25% of the Maximum Value over the four year period.

Set out below are the vested bonus amounts for the above participants in respect of financial year 2015, financial year 2016 and financial year 2017:

Senior Executive	Vested in relation to the financial year ended 30 June 2015	Vested in relation to the financial year ended 30 June 2016	Vested in relation to the financial year ended 30 June 2017
	\$	\$	\$
John Alexander	675,000	900,000	Nil
Ken Barton	607,500	810,000	Nil
Rowen Craigie*	1,350,000	1,800,000	Nil
Barry Felstead	945,000	1,260,000	Nil
Todd Nisbet	945,000	1,260,000	Nil

\* Mr Craigie ceased as Chief Executive Officer and Managing Director on 28 February 2017.

As noted above, in accordance with the rules of the 2014 Crown LTI, Crown has calculated the Carried Over Plan Year Bonus in respect of the period ended 30 June 2017 and that Carried Over Plan Year Bonus will be dealt with in the manner described earlier in this Report.

## 2017 Senior Executive Incentive Plan

### *Rationale for the Introduction of the Plan*

As part of the Crown group restructure described earlier in this Report, the Board determined that a new incentive plan should be adopted to incentivise selected Senior Executives to remain with the Crown group to assist it to achieve the group's strategic plans over the life of the 2017 Four Year Financial Plan.

The Board considered that the Senior Executives remaining following the restructure should be given the opportunity to benefit from the increase in the value of Crown shares over the following four years. The Plan is designed to motivate participants to deliver improved performance of Crown which is expected to lead to an increase in the value of Crown's shares over and above the price at the time the Options were issued.

The 2017 Incentive Plan seeks to assist in the reward, retention and motivation of relevant Senior Executives, to link the reward to shareholder value creation and to align the interests of relevant Senior Executives with shareholders.

In February 2017, the Board therefore agreed to offer Options to Mr Alexander and his direct reports Mr Barton, Mr Felstead and Mr Nisbet under the 2017 Incentive Plan.

### *Outline of the Plan and the Offer*

The 2017 Incentive Plan accommodates the offer and issue of 'Awards' which may be in the form of Options, Performance Rights or Share Appreciation Rights. All Awards may, under the Plan, be settled with Crown shares or cash settled.

The Awards that have been granted to the relevant Senior Executives are Options which have a four year term from their agreed date of issue. The Options were agreed to be issued on 22 February 2017. The Options are not quoted on ASX or on any other financial market.

For all participants, other than a Director of Crown, at Crown's election, the Options can be settled by the issue of new Crown shares, the transfer of shares acquired by Crown from the market or by paying a cash equivalent to the difference between the exercise price of the Options and the market price of the shares at the time of exercise. For John Alexander, a director of Crown, any Crown shares to be acquired on the vesting and exercise of the Options must be purchased on-market and cannot be settled by the issue of new Crown shares.

In addition to the cash or physical settlement of Awards, Awards may be bought back by the agreement of Crown and the participant or, at the instigation of Crown, at market value.

The Options that have been issued are styled as 'European' Options, meaning that they are only exercisable on a single day being Monday, 22 February 2021 starting at midnight and ending at 11.59pm Melbourne time on that day (the Expiry Date).

**Option Exercise Price**

An initial exercise price of \$11.43 per Option has been determined by reference to the volume weighted average price (VWAP) of Crown shares at the time the Crown Board approved the offer of Options at its February 2017 meeting.

The exercise price of each Option of \$11.43 may be varied over the life of the Plan to take into account the value of any capital returns and special dividends.

**Options are Issued for Value – Senior Executives Pay for Options**

The 2017 Incentive Plan differs from many similar option-based incentive plans in that it requires participants to pay value for their Options. The Options are not free.

Participants in the 2017 Incentive Plan were invited to acquire Options for a fee equal to the market value of those Options.

The market value has been based on the option valuation methodology determined under the *Income Tax Assessment Regulations 1997* (Cth) (Regulations).

Under the Regulations, having regard to the market price of a Crown share at grant and the exercise price of the Option, a four year Option is valued at 6.2% of the market value of the underlying share.

Options were therefore issued to participants for a fee equal to the market value at the date they were agreed to be issued, being 22 February 2017, of \$0.71 per Option (Fee) (i.e. 6.2% of the initial exercise price of \$11.43).

On the day the Options were issued, the value to the participants was therefore nil. The value of the incentives to the participants will arise only where Crown’s share price exceeds the exercise price of the Options plus the Fee, the vesting condition is met and the Options are exercisable.

**Consideration for the Payment of Options – Acquisition Loan**

Each participant paid the Fee for the issue of the Options through an Acquisition Loan advanced by Crown.

The Acquisition Loan is repayable on the exercise, lapse, cancellation or forfeiture of the Options financed by the Acquisition Loan. No interest is payable on the Loan.

The repayment amount of the Acquisition Loan is the lesser of the outstanding amount of the Acquisition Loan and:

- the market value of the Crown shares to be delivered on exercise; or
- in the case of a buy-back, the market value of the Option; or
- in the case of lapse, cancellation or forfeiture, nil.

**Single Vesting Condition of Continued Employment**

The Options are subject to a single Vesting Condition being the continued employment of the relevant Senior Executive for four years after the grant date, or the classification of the Senior Executive as a good leaver at the Expiry Date.

As noted, the Board considered that the Senior Executives remaining following the restructure should be given the opportunity to benefit from the increase in the value of Crown shares over the following four years and seeks to reward and retain those Senior Executives who have primary responsibility for delivering Crown’s key strategic priorities over the coming years.

Continued employment together with an improvement in the value of Crown shares will therefore result in a benefit to participants. Continued employment without improvement in value of Crown shares above the Fee paid for the Options will not deliver any benefit to participants.

**Voting Rights and Rights to Dividends**

No ordinary dividend or voting rights will attach to the Options unless and until Crown shares are delivered on exercise.

Any special dividends (but not ordinary dividends), capital restructure or other corporate events will be reflected as adjustments to the exercise price of the Options.

**Option Participants**

Options have been granted to the following Senior Executives:

Senior Executive	Number of Options
John Alexander	5,000,000
Ken Barton	3,000,000
Barry Felstead	3,000,000
Todd Nisbet	3,000,000

**Accounting Valuation of Options and Reporting**

The Options constitute remuneration for the purposes of this Report.

For the purposes of reporting, a determination of the “fair value” (for accounting purposes) of each Option was undertaken.

As there is a limited recourse Acquisition Loan associated with the Options with an obligation to repay Crown (in the event the Options are exercised) of \$0.71 per Option, from an accounting perspective, the Acquisition Loan has been treated as an addition to the exercise price of the Option and the Option has been re-valued accordingly, without having further regard to the amount outstanding under the Acquisition Loan.

Based on this approach, from an accounting perspective, the Options have been valued using an exercise price of \$12.14 and assumes that there is no Acquisition Loan.

The fair value of the Options has therefore been determined to be \$0.53 per Option (being approximately 4.6% of the exercise price of the Options).

The outcome of this valuation approach (using the Black Scholes valuation model) and the accounting implications are shown below:

Number of Options		14,000,000
Exercise Price*	\$	11.43
Total Face value	\$	160,020,000
Valuation %*		4.6%
Valuation \$	\$	7,360,920
Value per Option	\$	0.53
<b>Annual impact on Crown reported results (over four years)</b>	<b>\$</b>	<b>1,840,230</b>

\* While the contracted exercise price of each Option is \$11.43, from an accounting perspective, the valuation of each Option is determined assuming an exercise price of \$12.14. For the purposes of the Black Scholes Valuation model, a volatility measure of 18% has been used representing the historical volatility of Crown shares excluding the material impact of the Melco Resorts & Entertainment Limited investment.

Based on the above, the annual value of the 2017 Incentive Plan which has been attributed to each Senior Executive participant is as follows:

	Number of Options	Accounting Value per Option	Annual Impact \$	FY17 Impact (5 months) \$
John Alexander	5,000,000	53 cents	657,225	275,000
Ken Barton	3,000,000	53 cents	394,335	165,000
Barry Felstead	3,000,000	53 cents	394,335	165,000
Todd Nisbet	3,000,000	53 cents	394,335	165,000
<b>Total</b>	<b>14,000,000</b>		<b>1,840,230</b>	<b>770,000</b>

Disclosures in line with the above have been included in the Senior Executive Remuneration Table set out later in this Report.

## Relationship between remuneration policy and company performance

### Remuneration linked to performance

As detailed above in the sections on Fixed Remuneration and Performance Based Remuneration, various elements of Crown's remuneration policy are linked to company performance, in particular, the achievement of Crown's Board approved Annual Budget and Business Plan (in the case of STI), Crown's Board approved Four Year Financial Plan (in the case of the 2014 Crown LTI) and an increase in the value of Crown shares (in the case of the 2017 Incentive Plan).

The Crown Board has sought to achieve this link by requiring the achievement of an annual level of normalised EBITDA and net profit after tax (in the case of STI), predetermined EPS Targets (in the case of the 2014 Crown LTI) or an increase in the value of Crown shares over the following four years (in the case of the 2017 Incentive Plan).

Full details of how these links have been achieved are set out in the above sections of this Report, but, in summary:

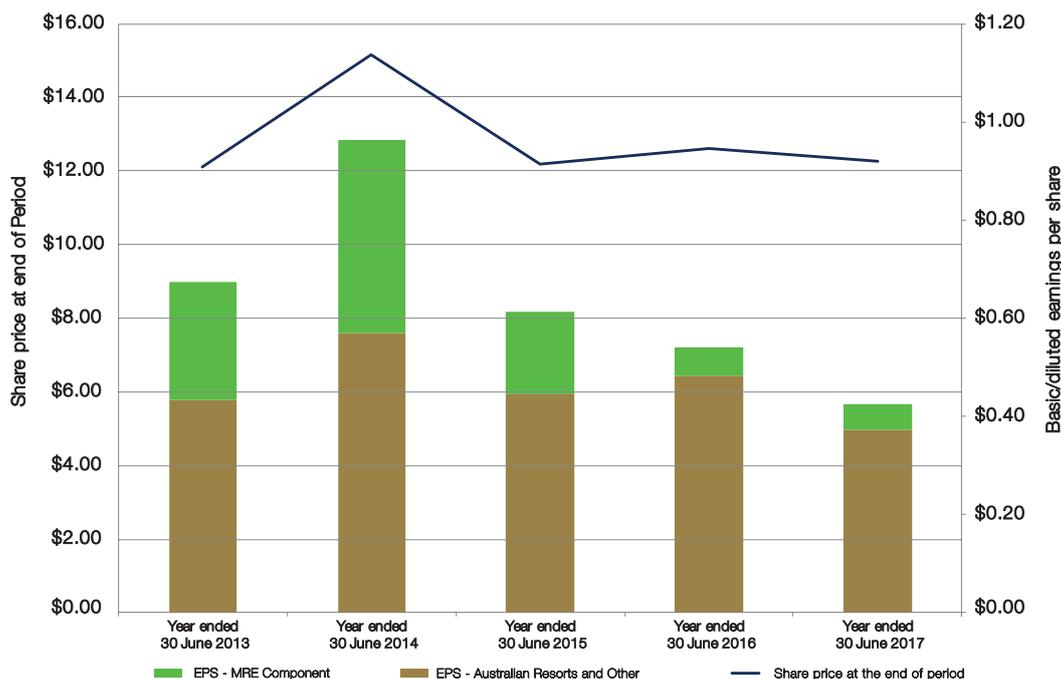
- an STI may be payable if Crown achieves its budgeted financial objectives and where an individual achieves his or her annual KPOs, assessed using a combination of financial and non-financial measures;
- the 2014 Crown LTI is linked to predetermined EPS Hurdles in financial year 2015, financial year 2016, financial year 2017 and financial year 2018; and
- an increase in the value of Crown shares over the following four years may result in a benefit to Senior Executives who have participated in the 2017 Incentive Plan.

This year, normalised EBITDA generated by Crown Melbourne and Crown Perth, Crown's wholly owned Australian casinos, fell by 10.7%. The compound average normalised EBITDA growth for Crown Melbourne and Crown Perth for the five year period from 1 July 2012 to 30 June 2017 was 2.5%. Normalised Crown group NPAT fell by 15.5% in financial year 2017 predominantly due to the reduction in VIP program play revenue in Australia. The compound average normalised NPAT growth for the Crown group for the five year period from 1 July 2012 to 30 June 2017 was negative 3.7%.

The table and graph below set out information about movements in shareholder wealth for the years ended 30 June 2013 to 30 June 2017.

	Year Ended 30 June 2013	Year Ended 30 June 2014	Year Ended 30 June 2015	Year Ended 30 June 2016	Year Ended 30 June 2017
Share price at start of period	\$8.49	\$12.11	\$15.12	\$12.20	\$12.61
Share price at end of period	\$12.11	\$15.12	\$12.20	\$12.61	\$12.28
Full year dividend	37.0 cents <sup>1</sup>	37.0 cents <sup>1</sup>	37.0 cents <sup>2</sup>	72.5 cents <sup>3</sup>	143.0 cents <sup>4</sup>
Basic/diluted earnings per share <sup>5</sup>	67.40 cps	96.44 cps	61.28 cps	54.04 cps	42.55 cps

- 1 Franked to 50% with none of the unfranked component comprising conduit foreign income.
- 2 Franked to 50% with all of the unfranked component of the final dividend comprising conduit foreign income.
- 3 Interim dividend franked to 50% and final dividend franked to 70% with all of the unfranked components comprising conduit foreign income.
- 4 Franked to 60% with none of the unfranked component comprising conduit foreign income. This amount includes a special dividend paid to shareholders in March 2017 of 83 cents per share.
- 5 Excluding the effect of significant items.



**Policy on entering into transactions in associated products which limit economic risk**

The rules of the 2014 Crown LTI specifically provide that a Participant must not grant or enter into any Security Interest in or over any Crown shares that may be acquired under the Plan (Participant Shares) or otherwise deal with any Participant Shares or interest in them until the relevant Participant Shares are transferred from the Trustee to the participant in accordance with the Plan rules. A Security Interest is defined to extend to any mortgage, charge, pledge or lien or other encumbrance of any nature, and includes any derivative relating to or involving a Participant Share. Any Security Interest, disposal or dealing made by a participant in contravention of the Plan rules will not be recognised by Crown.

The rules of the 2017 Incentive Plan specifically provide that a participant must not transfer, encumber, dispose of or have a Security Interest issued over Plan Shares, or any beneficial interest in Plan Shares, unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met or waived by the Board or the Board has provided prior written consent. A Security Interest is defined to include a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

In addition, Crown's Securities Trading Policy provides that restricted persons who hold Crown shares (defined as Crown shares or other securities which may be issued from time to time by Crown) under an incentive plan offered by Crown from time to time, must not, without the prior consent in writing of Crown, sell, create a security interest in, or otherwise dispose or deal with their Crown shares or any of their interests in any of those Crown shares.

The rules of the 2017 Incentive Plan also require participants to comply with Crown's Securities Trading Policy at all times.

## Remuneration Details for Non-executive Directors

### Non-executive Directors

Non-executive Directors are entitled to a base fee per annum for acting as a Director of Crown.

Non-executive Directors acting on the Board of Crown Melbourne Limited are entitled to receive a further fee in respect of that service. Crown's nominee on the CrownBet Board is also entitled to an annual fee in respect of that service.

Non-executive Directors of Crown are entitled to additional fees if they act as either chair or a member of an active Committee (the Audit and Corporate Governance Committee, the Occupational Health and Safety Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee or the Risk Management Committee).

All Directors are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Non-executive Directors fees which applied at the commencement of the 2017 financial year were as follows:

Base Board Fees:	\$100,000
Active Board Committees:	
- Chair	\$20,000
- Member	\$10,000
Crown Melbourne Board:	\$60,000
CrownBet Board:	\$75,000

A review of Non-executive Directors' fees was conducted following the 2016 financial year end by the Nomination and Remuneration Committee.

The focus of the review was twofold:

- firstly to consider whether the existing Non-executive Director fees remain appropriate, in light of the fact that there had been no increase in Non-executive Directors' fees since the Publishing and Broadcasting Limited demerger in 2007; and

- to determine whether the existing aggregate Non-executive Directors' fee cap of \$1,300,000 could accommodate a potential increase in Non-executive Director fees or the appointment of additional Non-executive Directors.

Egan Associates, an expert remuneration consultant, was engaged by the Committee to assist by providing factual information and analysis. Egan Associates provided a report to the Nomination and Remuneration Committee regarding the level of fees paid to Non-executive Directors in other Top 100 Listed Companies so that the Nomination and Remuneration Committee could assess whether to increase Non-executive Director fees and assess whether there might be a need to increase the fee cap in the Crown Constitution. No recommendation was made by or sought from Egan Associates. The advice contained only facts and an analysis of those facts.

With the benefit of the advice from the remuneration consultant, the Nomination and Remuneration Committee recommended to the Board that Non-executive Directors' fees which should apply commencing 1 November 2016 be as follows, subject to shareholders approving the increase in the remuneration pool cap (further discussed below):

Base Board Fees:	\$150,000
Active Board Committees:	
- Chair	\$25,000
- Member	\$15,000
Crown Melbourne Board:	\$60,000 (no change)
CrownBet Board:	\$75,000 (no change)

In light of the above recommendation and to allow for scope for possible future fee increases as well as the possible appointment of another Non-executive Director, the Nomination and Remuneration Committee also recommended to the Board that the Non-executive Directors' fee cap be increased from \$1,300,000 per annum to \$2,500,000 per annum (that is, an increase of \$1,200,000 per annum).

Under Crown's Constitution, an increase in the fee cap requires the approval of shareholders by an ordinary resolution. The Crown Board adopted the recommendation of the Nomination and Remuneration Committee to increase the Non-executive Directors' fee cap to \$2,500,000 per annum by seeking shareholder approval at the 2016 Annual General Meeting. At the 2016 Annual General Meeting, shareholders approved the increase in fee cap and accordingly, the increase in Non-executive Directors' fees set out above applied from 1 November 2016.

Set out below is a table showing Non-executive Director remuneration for financial years 2017 and 2016.

#### Remuneration table – Non-executive Directors

	Financial Year	Short Term Benefits			Post-employment Benefit – Superannuation	Long Term Incentives		Termination Benefits	Total
		Salary & Fees	Non Monetary	Other		Cash Based	Equity Based		
<b>Ben Brazil</b> <sup>1</sup>	2017	118,750	-	-	11,281	-	-	-	130,031
Non-executive Director	2016	120,000	-	-	11,400	-	-	-	131,400
<b>Helen Coonan</b> <sup>2</sup>	2017	161,041	-	-	15,299	-	-	-	176,340
Non-executive Director	2016	120,000	-	-	11,400	-	-	-	131,400
<b>Rowena Danziger</b> <sup>3</sup>	2017	256,666	-	-	19,616	-	-	-	276,282
Non-executive Director	2016	210,000	-	-	19,308	-	-	-	229,308
<b>Andrew Demetriou</b> <sup>4</sup>	2017	208,333	-	-	19,616	-	-	-	227,949
Non-executive Director	2016	175,000	-	-	16,625	-	-	-	191,625
<b>Geoffrey Dixon</b>	2017	180,000	-	-	17,100	-	-	-	197,100
Non-executive Director	2016	140,000	-	-	13,300	-	-	-	153,300
<b>John Horvath</b> <sup>3</sup>	2017	256,666	-	-	19,616	-	-	-	276,282
Non-executive Director	2016	210,000	-	-	19,308	-	-	-	229,308
<b>Michael Johnston</b> <sup>5</sup>	2017	-	-	-	-	-	-	-	-
Non-executive Director	2016	-	-	-	-	-	-	-	-
<b>Harold Mitchell</b>	2017	160,000	-	-	15,200	-	-	-	175,200
Non-executive Director	2016	120,000	-	-	11,400	-	-	-	131,400
<b>Robert Rankin</b> <sup>5,6</sup>	2017	-	-	-	-	-	-	-	-
Non-executive Director	2016	-	-	-	-	-	-	-	-
<b>2017 TOTALS</b>		<b>1,341,456</b>	<b>-</b>	<b>-</b>	<b>117,728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,459,184</b>
<b>2016 TOTALS</b>		<b>1,095,000</b>	<b>-</b>	<b>-</b>	<b>102,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,197,741</b>

1. Mr Brazil ceased as a director on 12 April 2017.

2. Ms Coonan was appointed Chair of the Audit and Corporate Governance Committee on 27 April 2017.

3. Mrs Danziger and Professor Horvath each received Directors' fees at a rate of \$60,000 per annum for their participation on the Crown Melbourne Limited Board.

4. Mr Demetriou received Directors' fees at a rate of \$75,000 per annum for his participation on the CrownBet Pty Ltd and CrownBet Holdings Pty Ltd Boards.

5. Mr Johnston and Mr Rankin did not receive remuneration from Crown for their services to Crown.

6. Mr Rankin ceased as a director on 21 June 2017.

## Remuneration details for Senior Executives

Senior Executives are employed under service agreements with Crown or a subsidiary of Crown. Common features to these service agreements include (unless noted otherwise):

- an annual review of the Senior Executive's fixed remuneration, with any increases requiring approval of the Executive Chairman (except in relation to the Executive Chairman) and the Nomination and Remuneration Committee and dependent on Crown's financial performance, the individual's KPO performance and market changes;
- competitive performance based incentive payments annually and in the long term, dependent upon Crown achieving its objectives and the Senior Executive achieving his or her KPOs;
- a provision that Crown may ask the Senior Executive to act as a Director of a member or associate of the Crown group for no additional remuneration;
- a prohibition from gambling at any property within the Crown group during the term of employment and for six months following termination and a requirement that the Senior Executive maintains licences required and issued by relevant regulatory authorities (such as the Victorian Commission for Gambling and Liquor Regulation and the Western Australian Gaming and Wagering Commission);
- where post-employment restraints apply, a restraint covering, amongst other things, competitive activities to those of the Crown group. Restraint periods vary and have been noted in each instance;
- where an employment agreement is terminated by Crown, a provision that notice may be given in writing or payment may be made (wholly or partly) in lieu of notice;
- a provision that all contracts may be terminated without notice by Crown for serious misconduct; and
- all Senior Executives are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Specific details of each Senior Executive's contract of employment which applied at the end of the 2017 financial year are summarised in the tables on the following pages.

### Employment Arrangements for Mr Rowen Craigie

On 23 February 2017, Crown announced that after more than 20 years with the Crown group, its Chief Executive Officer and Managing Director, Rowen Craigie would be stepping down from his role with effect from 28 February 2017.

Mr Craigie has received, and will receive subject to shareholder approval at the 2017 Annual General Meeting, entitlements payable in accordance with the terms of his employment contract and the 2014 Crown LTI Rules. A summary of the key elements of Mr Craigie's employment contract have been disclosed to shareholders since 2007 and have been included in each of Crown's Annual Reports since 2008. The key elements of Mr Craigie's employment contract which applied until 28 February 2017 are as follows:

<b>Fixed Remuneration</b>	
Base salary:	\$3,116,734 per annum.
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.
<b>Post-employment benefits</b>	Nil
<b>Post-employment restraint</b>	Crown may impose a restraint for various periods up to 12 months.
<b>Termination</b>	
By Senior Executive:	12 months' notice.
By Crown:	12 months' notice without cause (Notice Pay).
<b>Termination benefits*</b>	Subject to the receipt of shareholder approval, Mr Craigie will be entitled to receive a severance payment equal to 12 months' fixed remuneration in the event of early termination of his employment by Crown (Severance Pay).
	The imposition of Mr Craigie's post-employment restraint is tied to, and is conditional upon, receipt of his Severance Pay.

\* Note: As announced to the ASX on 19 February 2015, and as subsequently disclosed in Crown's 2016 Annual Report, Mr Craigie's employment contract was last varied in February 2015 to **reduce** the severance payment payable to Mr Craigie should Crown terminate Mr Craigie's employment from 24 months' base salary to 12 months' base salary. Mr Craigie's post-employment restraint was also reduced at that time from 24 months to 12 months.

Mr Craigie also participated in the 2014 Crown LTI. The Rules of the 2014 Crown LTI provide that where a Participant leaves the employment of the Group and their employment is terminated “without cause” prior to the end of Plan Year 4 (i.e. 30 June 2018), any Participant Shares held on trust for the Participant will remain in trust until the end of Plan Year 4. In accordance with the 2014 Crown LTI Rules, the Board has determined that, subject to the receipt of shareholder approval, the 254,821 Participant Shares held on trust for Mr Craigie be released to Mr Craigie prior to the end of Plan Year 4. The 2014 Crown LTI Rules also provide that where a Participant leaves the employment of the Group, that Participant’s rights to any Carried Over Plan Year Bonus will cease. As Mr Craigie’s employment with Crown ceased part way through Plan Year 3, Mr Craigie has no entitlement to receive a bonus for Plan Years 3 and 4 but is entitled to receive the first two vested tranches of his bonus for Plan Years 1 and 2 comprising 254,821 Participant Shares. This represents 35% (less than half) of the maximum bonus granted to Mr Craigie under the 2014 Crown LTI despite the earnings per share hurdles for the 2014 Crown LTI having been met for two of the four years (i.e. half of the life of the plan). Shareholder approval will be sought at Crown’s 2017 Annual General Meeting in relation to the benefit constituted by the early release of the 254,821 Participant Shares to Mr Craigie. As Mr Craigie is entitled, under the 2014 Crown LTI, to any dividends payable in relation to the 254,821 Participant Shares, the value of the early release of the 254,821 Participant Shares is the ability to trade these shares prior to the end of Plan Year 4, which is not able to be quantified.

In addition, there will be no STI paid to Mr Craigie in relation to his employment for the financial year ended 30 June 2017.

Crown has agreed with Mr Craigie that, subject to and conditional upon the approval of the shareholders of Crown by resolution passed under sections 200B and 200E of the Corporations Act 2001 (Cth) at the 2017 Annual General Meeting:

- Crown will procure the early release of the Participant Shares presently held on trust for Mr Craigie under the 2014 Crown LTI; and
- pay the Notice Pay and the Severance Pay to Mr Craigie,

within 10 Business Days after the date of shareholder approval.

Importantly, under Mr Craigie’s employment contract, Mr Craigie’s post-employment restraint is tied to, and is conditional upon, the receipt of his Severance Pay. Accordingly, should the approval of shareholders not be obtained at the 2017 Annual General Meeting, Mr Craigie’s restraint will also cease at that time. Mr Craigie has agreed to consult to Crown, as required, on specific projects of the Company.

The Explanatory Statement to the 2017 Notice of Annual General Meeting provides further information regarding the proposed approvals in respect of the termination benefits payable to Mr Craigie in accordance with the terms of his employment contract and the 2014 Crown LTI Rules.

### Changes to Employment Arrangements made during the 2017 Financial Year

As Executive Chairman, Mr Alexander now has primary accountability for the management of Crown and as noted, assumed the responsibilities of the previous Chief Executive Officer. Mr Alexander's role therefore effectively replaced three existing positions, being Chairman, Executive Deputy Chairman and the Chief Executive Officer.

On account of these increased responsibilities, the employment arrangements for Mr Alexander were varied and a new Contract of Employment was entered into.

A summary of the material changes to Mr Alexander's Contract of Employment which took effect from 1 February 2017 is as follows:

	Previous Contract of Employment	Current Contract of Employment
<b>Term</b>	Commenced 1 December 2007 with no fixed term.	Commenced 1 February 2017 with no fixed term.
<b>Fixed Remuneration</b>	\$1,500,000 per annum (inclusive of Compulsory Superannuation Guarantee Contributions).	\$3,500,000 per annum (inclusive of Compulsory Superannuation Guarantee Contributions).
<b>Performance based remuneration</b>		
STI:	Nil	Potential to earn a short term incentive of up to \$500,000 based on performance and at the sole discretion of the Board.
LTI:	Participation in the 2014 Crown LTI.	Continued participation in the 2014 Crown LTI and participation in the 2017 Incentive Plan.

In determining the fixed remuneration component, the Board took into consideration the global gaming and resort hotel environment and remuneration arrangements of leaders in the industry. While there is variability in the market, in the context of the Board's expectations, and the near term criticality of the role, the Board considered the arrangements with Mr Alexander to be commercially appropriate.

All other material terms of Mr Alexander's employment contract remained unchanged.

## Summary of Contracts of Employment Applicable at 30 June 2017

<b>John H Alexander</b>				
<b>Current Position</b>	Executive Chairman (commenced 1 February 2017) (previously Executive Deputy Chairman): Mr Alexander's current employment agreement with Crown Resorts Limited has no fixed term.			
<b>Fixed Remuneration</b>				
Base salary:	\$3,480,384 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation.			
<b>Performance based remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Alexander may receive an STI payment of up to \$500,000.			
LTI:	Mr Alexander participates in the 2014 Crown LTI and the 2017 Incentive Plan. Refer to pages 52 to 59.			
<b>2017 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>
	113%	6%	(31)%	12%
<p>Given that the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved, Crown has amended its provisioning in relation to the 2014 Crown LTI accordingly.</p> <p>This has resulted in a reversal of amounts previously expensed and, as a result of this, each Senior Executive who participated in the 2014 Crown LTI must be shown to have a negative amount for the 2014 Crown LTI component of their F17 remuneration.</p> <p>Crown recognises that while it is required to include the reversal in the remuneration disclosures, the percentage breakdown in the form provided above is not a meaningful reflection of the 2017 percentage breakdown of remuneration.</p> <p>To assist shareholders, set out below is a percentage breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2014 Crown LTI:</p>				
	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	
	86%	4%	10%	
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Crown may impose a restraint for various periods up to 12 months.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; without notice for breach or misconduct.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

**Kenneth M Barton**

<b>Current Position</b>	Chief Financial Officer (commenced 9 March 2010) and CEO Crown Digital (from 1 February 2017): Mr Barton's employment agreement with Crown Resorts Limited will expire on 30 September 2018.			
<b>Fixed Remuneration</b>				
Base salary:	\$1,787,084 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Until Mr Barton relocates to Melbourne, Crown will meet the weekly travel costs of his Melbourne/Sydney commuting and will provide hotel accommodation while in Melbourne.			
<b>Performance based remuneration</b>				
STI:	Mr Barton's annual target STI is \$500,000 and payment depends on meeting agreed personal KPOs. The STI may, at the discretion of the Nomination and Remuneration Committee, be increased to a maximum of \$750,000 if Mr Barton exceeds his KPOs and Crown also achieves its performance objectives.			
LTI:	Mr Barton participates in the 2014 Crown LTI and the 2017 Incentive Plan. Refer to pages 52 to 59.			
<b>2017 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>
	107%	19%	(35)%	9%
Given that the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved, Crown has amended its provisioning in relation to the 2014 Crown LTI accordingly.				
This has resulted in a reversal of amounts previously expensed and, as a result of this, each Senior Executive who participated in the 2014 Crown LTI must be shown to have a negative amount for the 2014 Crown LTI component of their F17 remuneration.				
Crown recognises that while it is required to include the reversal in the remuneration disclosures, the percentage breakdown in the form provided above is not a meaningful reflection of the 2017 percentage breakdown of remuneration.				
To assist shareholders, set out below is a percentage breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2014 Crown LTI:				
	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	
	79%	14%	7%	
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Nil			
<b>Termination</b>				
By Senior Executive:	6 months' notice.			
By Crown:	6 months' notice without cause; one month's notice for performance issues (following at least 3 months' notice to improve); 3 months' notice for incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	As previously disclosed, a sign on payment was made in 2010 to compensate Mr Barton for unvested incentives forfeited on cessation of employment with his previous employer.			
<b>Directors' Fees</b>	Nil			

<b>Barry J Felstead</b>				
<b>Current Position</b>	Chief Executive Officer – Australian Resorts (from 1 August 2013): Mr Felstead’s current employment agreement with Crown Resorts Limited has no fixed term.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,238,759 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Mr Felstead is entitled to a travel allowance of \$50,000 per annum.			
<b>Performance based remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Felstead’s annual target STI is 40% of his TEC.			
LTI:	Mr Felstead participates in the 2014 Crown LTI and the 2017 Incentive Plan. Refer to pages 52 to 59.			
<b>2017 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>
	127%	14%	(50)%	9%
	<p>Given that the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved, Crown has amended its provisioning in relation to the 2014 Crown LTI accordingly.</p> <p>This has resulted in a reversal of amounts previously expensed and, as a result of this, each Senior Executive who participated in the 2014 Crown LTI must be shown to have a negative amount for the 2014 Crown LTI component of their F17 remuneration.</p> <p>Crown recognises that while it is required to include the reversal in the remuneration disclosures, the percentage breakdown in the form provided above is not a meaningful reflection of the 2017 percentage breakdown of remuneration.</p> <p>To assist shareholders, set out below is a percentage breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2014 Crown LTI:</p>			
	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	
	84%	10%	6%	
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Crown may impose various restraint periods up to a period of 12 months post-employment.			
<b>Termination</b>				
By Senior Executive:	12 months’ notice.			
By Crown:	12 months’ notice without cause; one month’s notice for performance issues; three months’ notice due to incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	Nil			
<b>Directors’ Fees</b>	Nil			

**W Todd Nisbet**

<b>Current Position</b>	Executive Vice President – Strategy and Development (from 9 August 2010): Mr Nisbet's fixed term employment agreement with Crown Resorts Limited expired on 31 December 2015 and is continuing on the same terms and conditions except as to term, which is now no longer fixed.			
<b>Fixed Remuneration</b>				
Base salary:	\$2,238,759 per annum.			
Superannuation:	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$19,616 per annum.			
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. During Mr Nisbet's employment with Crown, he is also entitled to additional customary expatriate benefits for himself and his family. Upon cessation of employment, Mr Nisbet will be entitled to relocation benefits for him and his family to Las Vegas.			
<b>Performance based remuneration</b>				
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Nisbet's annual target STI is 50% of his base salary.			
LTI:	Mr Nisbet participates in the 2014 Crown LTI and the 2017 Incentive Plan. Refer to pages 52 to 59.			
<b>2017 Percentage breakdown of remuneration</b>	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2014 Crown LTI</b>	<b>2017 Incentive Plan</b>
	118%	14%	(39)%	7%
	Given that the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved, Crown has amended its provisioning in relation to the 2014 Crown LTI accordingly.			
	This has resulted in a reversal of amounts previously expensed and, as a result of this, each Senior Executive who participated in the 2014 Crown LTI must be shown to have a negative amount for the 2014 Crown LTI component of their F17 remuneration.			
	Crown recognises that while it is required to include the reversal in the remuneration disclosures, the percentage breakdown in the form provided above is not a meaningful reflection of the 2017 percentage breakdown of remuneration.			
	To assist shareholders, set out below is a percentage breakdown of remuneration which excludes the effect of the reversal of amounts previously expensed under the 2014 Crown LTI:			
	<b>Fixed remuneration</b> (Includes voluntary and compulsory superannuation)	<b>STI</b>	<b>2017 Incentive Plan</b>	
	85%	10%	5%	
<b>Post-employment benefits</b>	Nil			
<b>Post-employment restraint</b>	Crown may impose various restraint periods up to a period of 12 months post-employment.			
<b>Termination</b>				
By Senior Executive:	12 months' notice.			
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.			
<b>Termination benefits</b>	Nil			
<b>Payments made prior to commencement</b>	Nil			
<b>Directors' Fees</b>	Nil			

## Remuneration table for Senior Executives

### *Commentary*

The structure of Senior Executive remuneration has been described in detail in this Report, both generically and specifically in relation to each named Senior Executive. In addition, a table summarising all remuneration to be attributed to each Senior Executive for the financial years ended 30 June 2017 and 30 June 2016 is set out below.

Accounting Standards are prescriptive in relation to the required presentation of remuneration tables. Accordingly, as an aid to understanding, the following additional information should be read in conjunction with the table set out below.

In addition, a separate table has been provided which details the remuneration that was received, or vested by each Senior Executive during the year.

### *Fixed Remuneration*

During the year, Mr Alexander's fixed remuneration increased from \$1.5 million to \$3.5 million per annum as disclosed on page 65 of this Report.

During the 2017 Financial Year, Messrs Barton, Craigie, Felstead and Nisbet received an increase to their fixed remuneration of 1.5%.

### *Short Term Incentives (STI)*

In the 2017 financial year, the Group's financial performance objectives were not met. Although the 2017 targets were not met, some important financial and non-financial outcomes were achieved. These included the successful exit of the Group's shareholding in Melco Resorts & Entertainment Limited, capital management initiatives, debt restructuring, substantial operational improvement and cost saving initiatives in light of the downturn in revenues and progress on major projects including the completion of Crown Towers Perth and obtaining all necessary approvals for the Crown Sydney and Queensbridge projects.

STI bonuses at Crown Melbourne, Crown Perth and Crown Resorts were generally paid at 30% of target STI bonuses. However, individual STI bonuses were adjusted to reflect the extent to which non-financial objectives were achieved. Accordingly, Mr Alexander received \$125,000 representing 25% of his total target STI bonus, although Mr Alexander was only entitled to receive an STI bonus from the time he commenced as Executive Chairman. Mr Nisbet received \$335,000 representing 30% of his target STI bonus, Mr Barton received \$335,000 representing 67% of his target STI bonus and Mr Felstead received \$270,000 representing 30% of his target STI bonus.

### *Long Term Incentives (LTI)*

As summarised earlier, each Senior Executive participated in the 2014 Crown LTI.

In accordance with relevant accounting standards, the 2014 Crown LTI is included in the remuneration for each Senior Executive to the extent that it is considered more likely than not at the date of this Report that the performance condition and service condition will eventuate over the life of the 2014 Crown LTI, notwithstanding that the benefits will vest for the Senior Executives at a different rate.

As explained earlier, the first, second and third tranches of the 2014 Crown LTI represent 15%, 20% and 25% (respectively) of the total 2014 Crown LTI bonus for which each Senior Executive is eligible. The EPS Hurdles of the 2014 Crown LTI for financial years 2015 and 2016 were met. Details of the actual sums vested to relevant Senior Executives have been provided earlier, however, these have also been shown in the separate Remuneration Received / Vested table below.

As noted earlier, the Year 3 EPS Hurdle adopted under the 2014 Crown LTI was not achieved. Crown has therefore amended its provisioning in relation to the 2014 Crown LTI accordingly, resulting in a reversal of amounts previously expensed.

As summarised earlier, four Senior Executives participated in the 2017 Incentive Plan.

In accordance with relevant accounting standards, the 2017 Incentive Plan is included in the remuneration for each Senior Executive to the extent that it is considered more likely than not at the date of this Report that the performance condition and service condition will eventuate over the life of the 2017 Incentive Plan.

An amount has been attributed to each participant in the 2017 Incentive Plan based on the methodology noted earlier in this Report.

**Remuneration Table – Statutory**

Financial Year	Short Term Benefits				% of target STI	Post-employment Benefits – Super-annuation <sup>5</sup>	Long Term Incentives				Termination Benefits <sup>8</sup>	Total
	Salary & Fees	Non Monetary <sup>4</sup>	Other <sup>4</sup>	STI			Cash Based	Equity Based – 2014 LT <sup>6</sup>	Senior Executive Incentive Plan 2017 <sup>7</sup>			
<b>John Alexander<sup>1</sup></b> Executive Chairman	2017	2,313,717	76,229	68,561	125,000	25%	19,616	-	(675,000)	275,000	-	2,203,123
	2016	1,480,692	-	-	-	-	19,308	-	1,125,000	-	-	2,625,000
<b>Ken Barton<sup>2</sup></b> Chief Financial Officer & CEO Digital	2017	1,787,084	59,671	-	335,000	67%	19,616	-	(607,706)	165,000	-	1,758,665
	2016	1,745,002	43,726	-	710,000	142%	34,998	-	1,012,500	-	-	3,546,226
<b>Rowen Craigie<sup>3</sup></b>	2017	2,077,823	-	-	-	-	14,712	-	(1,350,000)	-	6,272,700	7,015,235
	2016	3,070,692	-	-	900,000	90%	19,308	-	2,250,000	-	-	6,240,000
<b>Barry Felstead</b> Chief Executive Officer - Australian Resorts	2017	2,238,759	126,699	-	270,000	30%	19,616	-	(945,000)	165,000	-	1,875,074
	2016	2,205,692	22,800	-	1,000,000	112%	19,308	-	1,575,000	-	-	4,822,800
<b>Todd Nisbet</b> Executive Vice President - Strategy & Development	2017	2,238,759	265,496	366,927	335,000	30%	19,616	-	(945,000)	165,000	-	2,445,798
	2016	2,205,692	-	332,940	1,000,000	90%	19,308	-	1,575,000	-	-	5,132,940
<b>2017 TOTALS</b>		<b>10,656,142</b>	<b>528,095</b>	<b>435,488</b>	<b>1,065,000</b>		<b>93,176</b>	<b>-</b>	<b>(4,522,706)</b>	<b>770,000</b>	<b>6,272,700</b>	<b>15,297,895</b>
<b>2016 TOTALS</b>		<b>10,707,770</b>	<b>66,526</b>	<b>332,940</b>	<b>3,610,000</b>		<b>112,230</b>	<b>-</b>	<b>7,537,500</b>	<b>-</b>	<b>-</b>	<b>22,366,966</b>

1 Mr. Alexander was Executive Deputy Chairman until 31 January 2017 and was appointed Executive Chairman with effect from 1 February 2017.

2 Mr. Barton assumed the role as CEO of Crown's Digital Businesses with effect from 1 February 2017.

3 Mr. Craigie stepped down from his role as Managing Director and Chief Executive Officer with effect from 28 February 2017.

4 Refer to the summaries of contracts of employment for each Senior Executive for a description of the short term benefits to which each individual is entitled to receive. The Non Monetary short term benefits for the 2017 financial year also include fringe benefits tax paid in relation to benefits received by the Senior Executives.

5 Long service leave accrued balances have increased during the financial year ended 30 June 2017 for the following Senior Executives: Mr Alexander \$38,765, Mr Barton \$30,015, Mr Craigie \$34,764, Mr Felstead \$37,519 and Mr Nisbet \$37,519.

6 During the financial year ended 30 June 2017, Crown did not meet the relevant EPS Hurdle and the LTI provisioning has been amended accordingly. This has resulted in a reversal of amounts previously expensed. Details of the actual sums vested to relevant Senior Executives has been noted in the section of this Report entitled 2014 Crown Long Term Incentive Plan (2014 Crown LTI).

7 The 2017 Incentive Plan has been included in total remuneration on the basis that it is considered more likely than not that, at the date of this Report, the vesting condition will occur.

8 Subject to the receipt of shareholder approval, Mr Craigie will be entitled to 12 months' pay in lieu of notice and a severance payment equal to 12 months' fixed remuneration equal to the amount included in the Termination Benefits column.

**Remuneration Table – Remuneration Received / Vested**

The statutory table above is prepared in accordance with the requirements of the Corporations Act, and does not reflect amounts actually received by the Senior Executives during the financial year. The following table sets out the remuneration which was received by, or vested during, the relevant financial year for each Senior Executive. This is comprised of salary and fees, the STI referable to the previous financial year, but which was received after the end of the financial year and the actual portion of the 2014 Crown LTI which vested during the financial year. While Senior Executives did not actually receive the vested component of the 2014 Crown LTI, those funds were applied by the trustee of the Plan to acquire Crown shares which are being held for the benefit of the Senior Executive in accordance with the terms of the Plan rules. The value of the 2017 Incentive Plan has not been included in the following table. This information is provided as it is considered to be of interest to the users of this Report.

Financial Year	Salary & Fees	Non Monetary	Other <sup>1</sup>	STI	Super-annuation	Vested Component of Equity Based - 2014 Crown LTI	Termination Benefits	Total
<b>John Alexander</b> Executive Chairman	2017	2,313,717	76,229	622,579	-	19,616	-	3,032,141
	2016	1,480,692	-	-	-	19,308	900,000	2,400,000
<b>Ken Barton</b> Chief Financial Officer & CEO Digital	2017	1,787,084	59,671	-	710,000	19,616	-	2,576,371
	2016	1,745,002	43,726	-	450,000	34,998	810,000	3,083,726
<b>Rowen Craigie</b>	2017	2,077,823	-	2,392,615	900,000	14,712	-	5,385,150
	2016	3,070,692	-	800,000	19,308	1,800,000	-	5,690,000
<b>Barry Felstead</b> Chief Executive Officer - Australian Resorts	2017	2,238,759	126,699	-	1,000,000	19,616	-	3,385,074
	2016	2,205,692	22,800	-	864,000	19,308	1,260,000	4,371,800
<b>Todd Nisbet</b> Executive Vice President – Strategy & Development	2017	2,238,759	265,496	366,927	1,000,000	19,616	-	3,890,798
	2016	2,205,692	-	332,940	864,000	19,308	1,260,000	4,681,940
<b>2017 TOTALS</b>	<b>10,656,142</b>	<b>528,095</b>	<b>3,382,121</b>	<b>3,610,000</b>	<b>93,176</b>	<b>-</b>	<b>-</b>	<b>18,269,534</b>
<b>2016 TOTALS</b>	<b>10,707,770</b>	<b>66,526</b>	<b>332,940</b>	<b>2,978,000</b>	<b>112,230</b>	<b>6,030,000</b>	<b>-</b>	<b>20,227,466</b>

1 Refer to the summaries of contracts of employment for each Senior Executive for a description of the short term benefits to which each individual is entitled to receive. The figure included in 'Other' for Mr Alexander includes an amount of annual leave cashed out in November 2016 and the figure included in 'Other' for Mr Craigie includes an amount of leave accrued and paid up to and including 28 February 2017.

## Key Management Personnel Disclosures

### Shareholdings of Key Management Personnel

Set out below is a summary of equity instruments held directly, indirectly or beneficially by KMPs, close family or controlled entities.

#### 30 June 2017

##### Crown Directors

Directors (Including Directors who left the Board during the year)	Balance 1 July 2016	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2017
John Alexander	333,768	65,789	-	399,557
Rowen Craigie	225,556	131,579	-	357,135*
Rowena Danziger	30,896	-	-	30,896
Harold Mitchell	114,887	-	-	114,887

\* Mr Craigie ceased as a director on 28 February 2017. As required by the ASX Listing Rules, Mr Craigie provided Crown with an Appendix 3Z detailing his interests in Crown shares on the date of his resignation. The interests in respect of Mr Craigie are therefore as at 28 February 2017.

##### Crown Executives

Executives	Balance 1 July 2016	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2017
Ken Barton	83,898	59,230	-	143,128
Barry Felstead	86,269	92,105	-	178,374
Todd Nisbet	137,426	92,105	-	229,531

#### 30 June 2016

##### Crown Directors

Directors (Including Directors who left the Board during the year)	Balance 1 July 2015	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2016
James Packer	364,270,253	-	-	364,270,253*
John Alexander	272,147	61,621	-	333,768
Rowen Craigie	102,314	123,242	-	225,556
Rowena Danziger	30,896	-	-	30,896
Harold Mitchell	114,887	-	-	114,887

\* Mr Packer ceased as a director on 21 December 2015. As required by the ASX Listing Rules, Mr Packer provided Crown with an Appendix 3Z detailing his interests in Crown shares on the date of his resignation. The interests in respect of Mr Packer are therefore as at 21 December 2015.

##### Crown Executives

Executives	Balance 1 July 2015	Issued under 2014 Crown LTI	Other net change	Balance 30 June 2016
Ken Barton	28,420	55,478	-	83,898
Barry Felstead	-	86,269	-	86,269
Todd Nisbet	51,157	86,269	-	137,426

### Senior Executive Option Holdings

Set out below is a summary of Options held directly, indirectly or beneficially by KMPs, close family or controlled entities.

Senior Executives	Balance 1 July 2016	Options granted under 2017 Incentive Plan	Options exercised	Other net change	Balance 30 June 2017	Options vested during year
John Alexander	-	5,000,000	-	-	5,000,000	-
Ken Barton	-	3,000,000	-	-	3,000,000	-
Barry Felstead	-	3,000,000	-	-	3,000,000	-
Todd Nisbet	-	3,000,000	-	-	3,000,000	-

### Loans to Key Management Personnel

As noted above, Options under the 2017 Incentive Plan have been issued to those Senior Executives remaining following the restructure announced by Crown earlier in the year. The Options were issued to those Senior Executives for a Fee equal to the market value at the date they were originally agreed to be issued, being 22 February 2017, of \$0.71 per Option (Fee). Each relevant Senior Executive paid the Fee for the issue of the Options through an Acquisition Loan advanced by Crown.

The Acquisition Loan is repayable on the exercise, lapse, cancellation or forfeiture of the Options financed by the Acquisition Loan. No interest is payable on the Loan.

The repayment amount of the Acquisition Loan is the lesser of the outstanding amount of the loan and:

- the market value of the Crown shares to be delivered on exercise; or
- in the case of a buy-back, the market value of the Option; or
- in the case of lapse, cancellation or forfeiture, nil.

The Senior Executives who have been granted an Acquisition Loan and the value of that Acquisition Loan are as follows:

Senior Executives	Acquisition Loan Value
John Alexander	\$3,543,300
Barry Felstead	\$2,125,980
Todd Nisbet	\$2,125,980
Ken Barton	\$2,125,980

There have been no other loans made, guaranteed or secured, directly or indirectly by the Company or any of its subsidiaries in the reporting period in relation to KMPs, close family or controlled entities.

### Transactions entered into with Key Management Personnel

Other than as has been disclosed in Note 28 of the Financial Report, there have been no transactions entered into during the reporting period between the Company or any of its subsidiaries and KMPs, close family and controlled entities.

Signed in accordance with a resolution of the Directors.



**J H Alexander**  
Director

Melbourne, 12 September 2017

# Auditor's Independence Declaration



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

As lead auditor for the audit of Crown Resorts Limited for the financial year ended 30 June 2017, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

David McGregor  
Partner  
Melbourne  
12 September 2017

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# Independent Auditor's Report



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## Independent Auditor's Report to the Members of Crown Resorts Limited Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Crown Resorts Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



## 1. Carrying value of trade receivables

Why significant	How our audit addressed the key audit matter
<p>The Group is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers.</p> <p>The Group early adopted Australian Accounting Standard - AASB 9 <i>Financial Instruments</i>, effective from 1 July 2016. As a result, a forward-looking expected loss impairment model was applied by the Group. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.</p> <p>The Group's disclosures are included in Note 1.2 and Note 6 to the financial report, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables.</p>	<p>In obtaining sufficient audit evidence over the carrying value of trade receivables, we:</p> <ul style="list-style-type: none"> <li>▶ tested the aging of trade receivables for a sample of customer transactions;</li> <li>▶ evaluated receipts after year-end to determine any remaining exposure at the date of the financial report;</li> <li>▶ examined the Group's assessment of the customers' financial circumstances and ability to repay the debt;</li> <li>▶ assessed the design and tested the operating effectiveness of relevant controls in relation to the granting of credit facilities, including credit checks; and</li> <li>▶ considered the customers' historical payment habits along with other macroeconomic information.</li> </ul> <p>We assessed the Group's provisioning policy applied from 1 July 2016, which included assessing whether the calculation was in accordance with AASB 9 and comparing the Group's provisioning rates against historical collection data. We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations.</p> <p>We assessed the adequacy of the Group's disclosures in relation to trade receivables included in the financial report.</p>

## 2. Impairment testing of intangibles assets and property, plant & equipment

Why significant	How our audit addressed the key audit matter
<p>The Group has licence intangible assets of \$1,097.3 million, goodwill of \$346.5 million and other intangible assets of \$216.3 million. Property, plant &amp; equipment of \$3,959.2 million is also held on the statement of financial position at 30 June 2017. The Group performs an impairment assessment on an annual basis, for goodwill and indefinite life intangible assets, or when there is an impairment indicator present.</p>	<p>We evaluated the cash flow forecasts, which supported the value-in-use impairment models for goodwill, licence intangible assets, other intangible assets and other non-current assets such as property, plant and equipment.</p> <p>We compared the forecasts with the Board approved budgets and long term financial plan. We also compared the actual results for FY 2017 against the forecasts to assess their reliability.</p>



Why significant	How our audit addressed the key audit matter
<p>The impairment assessment is complex and judgemental, as it includes modelling a range of assumptions and estimates that are affected by expected future performance and market conditions such as cash flow forecasts, growth rates, terminal value multiples and discount rates. This is why the Group's impairment assessment was considered to be a key audit matter. The DGN cash generating unit (CGU) was impaired during the period.</p> <p>Key assumptions, judgements and estimates used in the Group's assessment of impairment of intangibles assets are set out in Note 13 to the financial report. In addition property, plant and equipment is disclosed in note 10, licenses are disclosed in note 11 and other intangible assets are disclosed in note 12 to the financial report.</p> <p>In addition, during the period the Group indefinitely suspended the Alon project in Las Vegas. The Group performed a fair value less costs of disposal valuation of the Alon project and as a result, recorded an impairment expense at 30 June 2017, as disclosed in note 10.</p>	<p>We evaluated the appropriateness of the key assumptions in the cash flow forecasts. We performed sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that would either individually or collectively result in an impairment charge.</p> <p>We involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and evaluated the key assumptions applied in the impairment models. These included the discount rates and terminal value multiples. We assessed the discount rates and terminal value multiples applied by reference to external market data for comparable companies.</p> <p>We assessed the adequacy of the disclosures included in notes 10 - 13 to the financial report.</p> <p>In respect of the Alon project, we involved our Real Estate valuation specialists in Las Vegas to assess the valuation performed by the Group. We checked the mathematical accuracy of the calculation, as well as evaluated the impairment expense and related disclosure included in the financial report.</p>

**3. Accounting for the Group's interest in Melco Resorts & Entertainment Ltd**

Why significant	How our audit addressed the key audit matter
<p>During the year, the Group sold their entire 27.4% interest in the Nasdaq-listed entity Melco Resorts &amp; Entertainment Ltd ("MRE"). The net gain on the sale was \$1,745.5 million.</p> <p>The foreign exchange gain previously recorded in the foreign currency translation reserve (FCTR) has been transferred to the statement of profit or loss.</p> <p>Given the quantum of the gain on sale of MRE, this was considered to be a key audit matter. This has been disclosed as a significant item in the financial report, refer to note 3(e).</p> <p>For the first six months of the financial year, the Group's investment in MRE was equity accounted as detailed in Note 9. Subsequently the investment was classified as held for sale in accordance with Australian Accounting Standard - AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</p>	<p>In obtaining sufficient audit evidence regarding the sale of the Group's interest in MRE, we:</p> <ul style="list-style-type: none"> <li>▶ agreed the gain recorded from the sale of MRE shares to supporting evidence and cash received;</li> <li>▶ assessed the treatment of foreign exchange gains that were recycled from the FCTR to the statement of profit or loss;</li> <li>▶ agreed a sample of transaction costs to underlying support; and</li> <li>▶ assessed the adequacy of the disclosure included in the financial report.</li> </ul> <p>In order to gain comfort over the equity accounted result of MRE, we:</p> <ul style="list-style-type: none"> <li>▶ reviewed the audited financial statements of MRE for the year ended 31 December 2016;</li> </ul>

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Why significant	How our audit addressed the key audit matter
<p>An equity accounted gain of \$37.9 million contributed to the overall result of the Group. The assessment of the adequacy of the procedures performed by MREs auditors was considered significant to the audit. MRE has a 31 December financial year end.</p>	<ul style="list-style-type: none"> <li>▶ obtained a completed questionnaire from MREs auditors detailing their risk assessment procedures, and execution of audit procedures for the year ended 31 December 2016;</li> <li>▶ enquired with MREs auditors regarding the completed questionnaire and evaluated scoping of key audit areas, planning and execution of audit procedures, significant areas of estimation and judgement, and audit findings for the year ended 31 December 2016;</li> <li>▶ recalculated Crown's share of the equity-accounted result and dividends;</li> <li>▶ agreed Crown's shareholding to supporting documentation, and monitored market announcements for any changes in ownership interest; and</li> <li>▶ assessed the appropriateness and timing of the MRE investment being classified as held for sale, resulting in the share of MRE's net profit no longer being recorded on the Group's statement of profit or loss.</li> </ul>

**Information Other than the Financial Report and Auditor's Report Thereon**

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Audit of the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 48 to 74 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Crown Resorts Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

David McGregor  
Partner  
Melbourne  
12 September 2017

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# Financial Report

**83**

Statement of  
Profit or Loss

**85**

Statement of  
Financial Position

**87**

Statement of  
Changes in Equity

**84**

Statement of  
Comprehensive Income

**86**

Cash Flow Statement

**88**

Notes to the  
Financial Statements

# Statement of Profit or Loss

For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Revenues	3	3,344,135	3,616,152
Other income	3	1,835,408	603,593
Expenses	3	(3,143,274)	(2,996,405)
Share of profits of associates and joint venture entities	2,9	39,132	41,261
<b>Profit before income tax and finance costs</b>		<b>2,075,401</b>	<b>1,264,601</b>
Finance costs	3	(143,617)	(215,671)
<b>Profit before income tax</b>		<b>1,931,784</b>	<b>1,048,930</b>
Income tax expense	2,5	(106,815)	(105,354)
<b>Net profit after tax</b>		<b>1,824,969</b>	<b>943,576</b>
<b>Attributable to:</b>			
Equity holders of the Parent		1,866,055	948,823
Non-controlling interests		(41,086)	(5,247)
		<b>1,824,969</b>	<b>943,576</b>

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

	Note	2017 Cents per share	2016 Cents per share
<b>Earnings per share (EPS)</b>			
Basic EPS	26	257.03	130.26
Diluted EPS	26	257.03	130.26
EPS calculation is based on the weighted average number of shares on issue throughout the period			
<b>Dividends per share</b>			
Current year final dividend declared	4	30.00	39.50
Current year interim dividend paid	4	113.00	33.00

# Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>Net profit after tax</b>		<b>1,824,969</b>	<b>943,576</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	19	(33,460)	65,751
Movement in cash flow hedge reserve	19	18,033	(14,230)
Unrealised gain / (loss) on investments	19	-	(5,079)
<i>Items reclassified to profit or loss:</i>			
Foreign currency translation	19	(88,820)	(70,576)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Employee benefits reserve	19	(3,188)	3,188
<b>Other comprehensive income / (loss) for the period, net of income tax</b>		<b>(107,435)</b>	<b>(20,946)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>1,717,534</b>	<b>922,630</b>
<b>Attributable to:</b>			
Equity holders of the Parent		1,759,508	925,236
Non-controlling interests		(41,974)	(2,606)
		<b>1,717,534</b>	<b>922,630</b>

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

# Statement of Financial Position

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>Current assets</b>			
Cash and cash equivalents	22	1,771,227	449,663
Trade and other receivables	6	225,290	248,558
Inventories		17,457	16,296
Prepayments		35,465	33,405
Other financial assets	7	9,375	9,639
<b>Total current assets</b>		<b>2,058,814</b>	<b>757,561</b>
<b>Non-current assets</b>			
Receivables	6	145,735	141,488
Other financial assets	7	21,892	15,136
Investments	8	64,764	51,760
Investments in associates	9	235,511	1,614,886
Property, plant and equipment	10	3,959,191	4,069,036
Licences	11	1,097,296	1,113,959
Other intangible assets	12	562,720	740,646
Deferred tax assets	5	354,701	355,553
Other assets	14	51,996	60,694
<b>Total non-current assets</b>		<b>6,493,806</b>	<b>8,163,158</b>
<b>Total assets</b>		<b>8,552,620</b>	<b>8,920,719</b>
<b>Current liabilities</b>			
Trade and other payables	15	446,503	475,240
Interest-bearing loans and borrowings	16	350,109	85,715
Income tax payable		118,168	138,720
Provisions	17	210,788	182,017
<b>Total current liabilities</b>		<b>1,125,568</b>	<b>881,692</b>
<b>Non-current liabilities</b>			
Other payables	15	224,802	339,489
Interest-bearing loans and borrowings	16	1,594,889	2,175,611
Deferred tax liabilities	5	377,423	351,163
Provisions	17	51,783	58,580
Other financial liabilities		2,790	22,060
<b>Total non-current liabilities</b>		<b>2,251,687</b>	<b>2,946,903</b>
<b>Total liabilities</b>		<b>3,377,255</b>	<b>3,828,595</b>
<b>Net assets</b>		<b>5,175,365</b>	<b>5,092,124</b>
<b>Equity</b>			
Contributed equity	18	(53,233)	446,763
Treasury shares	18	(19,377)	(8,886)
Reserves	19	60,792	796,630
Retained earnings	19	5,153,080	3,767,765
<b>Equity attributable to equity holders of the Parent</b>		<b>5,141,262</b>	<b>5,002,272</b>
Non-controlling interest		34,103	89,852
<b>Total equity</b>		<b>5,175,365</b>	<b>5,092,124</b>

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

# Cash Flow Statement

For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		3,352,499	3,566,724
Payments to suppliers and employees		(2,685,118)	(2,695,800)
Dividends received		70,598	195,913
Interest received		6,294	14,184
Borrowing costs paid		(170,665)	(252,771)
Income tax paid		(107,945)	(345,568)
<b>Net cash flows from/(used in) operating activities</b>	22b	<b>465,663</b>	<b>482,682</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(404,514)	(556,549)
Proceeds from sale of property, plant and equipment		56,407	66,291
Investment in equity accounted associates		(5,880)	(203,105)
Proceeds from disposal of investments		38,966	-
Net proceeds from sale of equity investments		3,134,105	1,067,109
Net payment for acquisition of controlled entities		-	(49,523)
Loans to associated entities		(2,000)	(386)
Repayments of loans from associated entities		-	131,867
Other (net)		-	(2,599)
<b>Net cash flows from/(used in) investing activities</b>		<b>2,817,084</b>	<b>453,105</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		270,124	883,394
Repayment of borrowings		(614,510)	(1,331,718)
Dividends paid		(1,110,801)	(378,765)
Payments for share buy-back		(499,884)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(1,955,071)</b>	<b>(827,089)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial year		449,663	340,984
Effect of exchange rate changes on cash		(6,112)	(19)
<b>Cash and cash equivalents at the end of the financial year</b>	22a	<b>1,771,227</b>	<b>449,663</b>

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

# Statement of Changes in Equity

For the year ended 30 June 2017

	Ordinary Shares \$'000	Shares Held in Trust \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Year ended 30 June 2017</b>							
Balance at 1 July 2016	446,763	(8,886)	3,767,765	796,630	5,002,272	89,852	5,092,124
Profit for the period	-	-	1,866,055	-	1,866,055	(41,086)	1,824,969
Other comprehensive income	-	-	-	(106,547)	(106,547)	(888)	(107,435)
Total comprehensive income for the period	-	-	1,866,055	(106,547)	1,759,508	(41,974)	1,717,534
Dividends paid	-	-	(1,110,801)	-	(1,110,801)	-	(1,110,801)
Share buy-back	(499,996)	-	-	-	(499,996)	-	(499,996)
Transfers	-	-	630,061	(630,061)	-	-	-
Share based payments	-	(10,491)	-	770	(9,721)	-	(9,721)
Change in ownership	-	-	-	-	-	(13,775)	(13,775)
<b>Balance at 30 June 2017</b>	<b>(53,233)</b>	<b>(19,377)</b>	<b>5,153,080</b>	<b>60,792</b>	<b>5,141,262</b>	<b>34,103</b>	<b>5,175,365</b>
<b>Year ended 30 June 2016</b>							
Balance at 1 July 2015	446,763	-	3,257,760	820,217	4,524,740	84,260	4,609,000
Profit for the period	-	-	948,823	-	948,823	(5,247)	943,576
Other comprehensive income	-	-	-	(23,587)	(23,587)	2,641	(20,946)
Total comprehensive income for the period	-	-	948,823	(23,587)	925,236	(2,606)	922,630
Dividends paid	-	-	(378,765)	-	(378,765)	-	(378,765)
Share based payments	-	(8,886)	-	-	(8,886)	-	(8,886)
Acquisition of subsidiaries	-	-	-	-	-	8,198	8,198
Adjustment on adoption of AASB 9	-	-	(60,053)	-	(60,053)	-	(60,053)
<b>Balance at 30 June 2016</b>	<b>446,763</b>	<b>(8,886)</b>	<b>3,767,765</b>	<b>796,630</b>	<b>5,002,272</b>	<b>89,852</b>	<b>5,092,124</b>

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

# Notes to the Financial Statements

For the year ended 30 June 2017

## 1. Significant Accounting Policies

### 1.1 Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration and investments that have been measured at fair value and investments in associates accounted for using the equity method.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the class order applies.

The financial report of Crown Resorts Limited and its controlled entities (the Group) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 12 September 2017 subject to final approval by a subcommittee.

#### Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### 1.2 Changes in accounting policies

The Group has adopted the following accounting standard, which became applicable from 1 July 2016:

#### AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (December 2014) is a new standard which replaces AASB 139 *Financial Instruments: Recognition and Measurement*. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

From 31 December 2010, Crown elected to early adopt the classification and measurement component of AASB 9, which has been applied to Crown's financial statements.

Crown has elected to early adopt AASB 9 in its entirety from 1 July 2016.

#### Classification and measurement

Crown has applied the classification and measurement requirements since 31 December 2010. In the transition to the most current version of AASB 9, there have been no changes to the classification and measurement of financial assets and financial liabilities from those adopted upon initial application on 31 December 2010.

#### Hedge Accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing. There was no significant impact on the Group from the application of this section of the standard.

#### Impairment

AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses which will replace the incurred loss model under AASB 139. Specifically, the new Standard requires entities to account for expected credit losses from the time financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

The early adoption of AASB 9 has been applied retrospectively as permitted by the transitional provision of AASB 9. The impact of transitioning to AASB 9 on the Group's financial statements was a decrease in net assets of \$60.1 million, comprising:

- An increase in provisioning for doubtful debts on trade receivables of \$84.6 million; and
- An increase in deferred tax assets of \$24.5 million.

As per the transition requirements of AASB 9, adjustments have been recognised against retained earnings. The comparative period information has been updated to reflect this change.

#### AASB 112 Income Taxes

In November 2016, the IFRS Interpretations Committee (IFRIC) published a summary of its discussions following a request to clarify how an entity determines the expected manner of recovery of an intangible asset with an indefinite useful life for the purpose of measuring deferred taxes in accordance with AASB 112 *Income Taxes*. The IFRIC noted that the fact that an entity does not amortise an intangible asset with an indefinite useful life does not mean that it has infinite life and that the entity will recover the carrying amount of that asset only through sale and not through use.

Consequently, the Group has adopted an accounting policy to measure deferred taxes arising from indefinite life intangible assets based upon the tax consequences that follow from the expected manner of recovery of the assets. As a result of the retrospective adoption of this accounting policy, goodwill has increased by \$132.1 million, and deferred tax liabilities have increased by \$132.1 million. This change has been applied retrospectively to the comparative information presented in the Financial Statements.

### 1.3 Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ending 30 June 2017 which may impact the entity in the period of initial application are outlined below:

## 1. Significant Accounting Policies *continued*

### 1.3 Standards issued but not yet effective *continued*

#### **AASB 15 Revenue from Contracts with Customers (applicable to the Group from 1 July 2018)**

This standard specifies the accounting treatment for revenue arising from contracts with customers providing a framework for determining whether, when and how much revenue should be recognised. The core principle is that revenue must be recognised when the goods or services are transferred to the customer at the transaction price, which is an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An assessment is being undertaken to identify the impact of AASB 15 on the Group's financial statements. This assessment includes an analysis of the specific requirements of the standard and the impact on Crown's revenue streams. Based on the assessment to date, the Group expects that the standard will not have a material impact on its financial performance. However, there is expected to be changes to the classification between revenue and expenses.

The standard also imposes additional disclosure requirements. The Group is continuing to determine the impact of the new standard.

#### **AASB 16 Leases (applicable to the Group from 1 July 2019)**

This standard has a number of key features included requiring the recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis. For Lessor accounting, AASB 16 substantially carries forward the accounting requirements in AASB 117.

Depending on the Group's lease arrangements in place when the standard becomes effective, the standard may have a material impact on the financial position of the company, as the Group will recognise a right-of-use-asset and a corresponding liability in respect of its operating leases. Currently, the Group is not expecting a material impact to financial performance, however there will be a change of classification between expenses. On adoption of the new standard, the Group is expecting an increase in EBITDA, offset by higher depreciation and interest expense.

The full impact on the financial statements from the new standard will be dependent on the Group's lease arrangements in place when the standard becomes effective from 1 July 2019.

Crown will continue to monitor the impact the application of this standard will have on the Group.

#### **Standards and Interpretations not expected to be material**

Certain other new Accounting Standards and Interpretations have been published that are not mandatory for the 30 June

2017 reporting period. The Group has assessed the impact of these new Accounting Standards and Interpretations that are relevant to the Group, and does not expect any material impact on net assets, net profit, presentation or disclosures when these standards become effective and are adopted.

### 1.4 Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Crown Resorts Limited (the parent entity) and all entities that Crown Resorts Limited controlled from time to time during the year and at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control. Change of ownership interest of a subsidiary without the loss of control is accounted for as an equity transaction.

Subsidiary acquisitions are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

The accounting policies adopted have been applied consistently throughout the two reporting periods.

### 1.5 Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### **Impairment of non-financial assets**

The Group determines whether goodwill and casino licences with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and casino licences with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and casino licences with indefinite useful lives are discussed in note 13.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 1. Significant Accounting Policies *continued*

### 1.5 Significant accounting judgements, estimates and assumptions *continued*

#### **Impairment of non-financial assets** *continued*

During the period, Crown announced that it was not proceeding with the Alon project in Las Vegas and began exploring alternatives to optimise the value, including an outright sale. Based on the review of the anticipated recoverable amount of a land sale, the carrying value of assets relating to the Alon project has been written down to its recoverable amount.

#### **Fair value of financial instruments**

In accordance with accounting standards the Group uses the Level Three method in estimating the fair value of financial assets. Accordingly, the fair value is estimated using inputs for the asset that are not based on observable market data.

Contingent consideration, resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. Refer note 15 for further details.

#### **Taxes**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

#### **Doubtful debts**

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised.

#### **Significant items**

Significant items are transactions or events that fall outside the ordinary course of business. Significant items are disclosed separately to allow users of the financial report to see the performance of the Group in a comparable form to that of the comparative period.

### 1.6 Summary of significant accounting policies

#### **(a) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is provided on most temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not the Statement of Profit or Loss.

#### **(b) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- gaming revenues, due to the GST being offset against casino taxes; and
- receivables and payables are stated with the amount of GST included.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies *continued*

#### (b) Other taxes *continued*

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (c) Foreign currency translation

Both the functional and presentation currency of Crown Resorts Limited and its Australian subsidiaries is Australian dollars.

Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency, which is translated to the presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Resorts Limited at the rate of exchange ruling at the reporting date and the profit or loss is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

#### (d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises of cash at bank and on hand, and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in future value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised. Bad debts are written off when identified.

Receivables from associates and other related parties are carried at amortised cost less an allowance for impairment. Interest, when charged is taken up as income on an accrual basis.

#### (f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Inventories which include food, beverages and other consumables are costed on a weighted average basis; and
- net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### (g) Investments in associates

The financial statements of the associates are used by the Group to apply the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

Investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The Statement of Profit or Loss reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any changes and discloses this, when applicable in the Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

#### (h) Investments and other financial assets

Financial assets are classified based on:

- The objective of the entity's business model for managing the financial assets; and
- the characteristics of the contractual cash flow.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. An irrevocable election is made by instrument to determine if the instrument is measured at fair value either through Other

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies *continued*

#### (h) Investments and other financial assets *continued*

Comprehensive Income (OCI) or the Statement of Profit or Loss.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets at fair value through OCI, directly attributable transaction costs.

The best evidence of fair value is quoted prices in an active market. The fair value of the investments and other financial assets that do not have a price quoted in an active market have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The fair value is reassessed each reporting period.

If the fair value through Statement of Profit or Loss approach is adopted, increments and decrements on the fair value of the financial asset at each reporting date are recognised through the Statement of Profit or Loss.

If the fair value through OCI approach is adopted, increments and decrements on the fair value are recognised in OCI, without recycling of gains and losses between the Statement of Profit or Loss and OCI, even on disposal of the investment. Dividends in respect of these investments that are a return on investment are recognised in the Statement of Profit or Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### (i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Freehold buildings - 40 to 75 years;
- Leasehold improvements - lease term; and
- Plant and equipment - 2 to 15 years.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

#### Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss in the period the item is derecognised.

#### (j) Intangible assets

##### Licences

Licences are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The directors regularly assess the carrying value of casino licences so as to ensure they are not carried at a value greater than their recoverable amount.

The casino licences are carried at cost of acquisition. The Crown Melbourne licence is being amortised on a straight-line basis over the remaining life of the licence to 2050. The Crown Perth licence is assessed as having an indefinite useful life and, as such, no amortisation is charged. The Crown Perth licence is subject to an annual impairment assessment. Amortisation will commence on the Crown Sydney licence once the property is operational.

##### Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies *continued*

#### (j) Intangible assets *continued*

##### **Other intangible assets**

##### **Acquired both separately and from a business combination.**

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Profit or Loss.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

#### (k) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### (l) Trade and other payables

Trade and other payables are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

#### (m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Borrowing costs**

Borrowing costs directly associated with qualifying assets are capitalised, including any other associated costs directly attributable to the borrowing. The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year, in this case 6.2% (2016: 6.4%).

All other borrowing costs are expensed in the period they are incurred.

#### (n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, or publicly recommended on or before the reporting date.

#### (o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies *continued*

#### (o) Employee benefits *continued*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### (p) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

#### (q) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

#### (r) Derivative financial instruments and hedging

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair value of forward exchange contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

##### (i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable

to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

##### (ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Statement of Profit or Loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

##### (s) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the Statement of Profit or Loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

## 1. Significant Accounting Policies *continued*

### 1.6 Summary of significant accounting policies *continued*

#### (s) Impairment of financial assets *continued*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Statement of Profit or Loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### (t) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received, less transaction costs and share buy-backs.

#### (u) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer.

##### **Rendering of services**

Revenue is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

Gaming revenues are the net of gaming wins and losses.

##### **Interest**

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### **Dividends**

Revenue is recognised when the shareholders' right to receive the payment is established.

#### (v) Earnings per share (EPS)

Basic EPS is calculated as net profit after tax, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit after tax, adjusted for:

- costs of servicing equity (other than dividends);

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### (w) 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 has four operating segments being Crown Melbourne, Crown Perth, Crown Aspinalls and Wagering & Online.

#### (x) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred.

For each business combination the group elects whether to measure the non-controlling interest in the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 in the Statement of Profit or Loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 2. Segment Information

## 30 June 2017

	Normalised Result <sup>(1)</sup>							Actual	
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinalls \$'000	Wagering & Online \$'000	Unallocated \$'000	Crown Group \$'000	Adjustment <sup>(2)</sup> \$'000		Significant Items <sup>(3)</sup> \$'000
<b>Operating revenue</b>									
Main floor gaming	1,182,665	474,047	-	-	-	1,656,712	-	-	1,656,712
VIP program play	340,335	109,340	98,776	-	-	548,451	56,841	-	605,292
Wagering & Non gaming	471,802	246,677	982	303,334	3,307	1,026,102	-	48,620	1,074,722
Intersegment						(1,124)	-	-	(1,124)
Operating revenue	1,994,802	830,064	99,758	303,334	3,307	3,230,141	56,841	48,620	3,335,602
Interest revenue						9,648	-	-	9,648
<b>Total revenue</b>	<b>1,994,802</b>	<b>830,064</b>	<b>99,758</b>	<b>303,334</b>	<b>3,307</b>	<b>3,239,789</b>	<b>56,841</b>	<b>48,620</b>	<b>3,345,250<sup>(2)</sup></b>
<b>Segment result</b>									
Gaming taxes, commissions & other	(522,913)	(134,636)	(43,507)	-	-	(701,056)	(94,546)	-	(795,602)
Operating expenses	(883,066)	(450,590)	(29,674)	(288,543)	(50,373)	(1,702,246)	-	-	(1,702,246)
Intersegment						1,124	-	-	1,124
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>588,823</b>	<b>244,838</b>	<b>26,577</b>	<b>14,791</b>	<b>(47,066)</b>	<b>827,963</b>	<b>(37,705)</b>	<b>-</b>	<b>790,258</b>
Depreciation and amortisation	(188,613)	(79,641)	(947)	(22,288)	(5,275)	(296,764)	-	-	(296,764)
<b>Earnings before interest and tax "EBIT"</b>	<b>400,210</b>	<b>165,197</b>	<b>25,630</b>	<b>(7,497)</b>	<b>(52,341)</b>	<b>531,199</b>	<b>(37,705)</b>	<b>-</b>	<b>493,494</b>
Net gain on sale of MRE						-	-	1,745,473	1,745,473
Net foreign currency gain on disposal of foreign operations						-	-	88,820	88,820
MRE special dividend						-	-	48,620	48,620
Net asset (impairment)/reversal						-	-	(260,233)	(260,233)
Restructuring & other expenses						-	-	(89,553)	(89,553)
Equity accounted share of associates' net profit/(loss)						43,693	(4,561)	-	39,132
Net interest income/(expense)						(101,552)	-	(32,417)	(133,969)
Income tax benefit/(expense)						(135,136)	8,028	20,293	(106,815)
<b>Profit/(loss) after tax</b>	<b>400,210</b>	<b>165,197</b>	<b>25,630</b>	<b>(7,497)</b>	<b>(52,341)</b>	<b>338,204</b>	<b>(34,238)</b>	<b>1,521,003</b>	<b>1,824,969</b>
Non-controlling interest						4,927	-	36,159	41,086
<b>Profit/(loss) attributable to equity holders of the Parent</b>	<b>400,210</b>	<b>165,197</b>	<b>25,630</b>	<b>(7,497)</b>	<b>(52,341)</b>	<b>343,131</b>	<b>(34,238)</b>	<b>1,557,162</b>	<b>1,866,055</b>

(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 Aspinalls and MRE) and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commissions & other expenses, income tax expense and equity accounted share of associates' results.

(2) Total revenue of \$3,345.3 million includes \$1.1 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items of \$1,557.2 million consist of a net gain on sale of MRE shares, a special dividend from MRE and a net foreign currency gain on disposal of foreign operations (previously recorded in reserves), partially offset by restructuring costs, early debt retirement costs and net asset impairments, predominantly relating to Alon.

## 2. Segment Information *continued*

30 June 2016

	Normalised Result <sup>(1)</sup>							Actual	
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinalls \$'000	Wagering & Online \$'000	Unallocated \$'000	Crown Group \$'000	Adjustment <sup>(2)</sup> \$'000		Significant Items <sup>(3)</sup> \$'000
<b>Operating revenue</b>									
Main floor gaming	1,183,267	497,322	-	-	-	1,680,589	-	-	1,680,589
VIP program play	676,481	202,769	107,266	-	-	986,516	18,067	-	1,004,583
Wagering & Non gaming	452,708	221,901	893	229,905	12,345	917,752	-	-	917,752
Intersegment						(1,499)	-	-	(1,499)
Operating revenue	2,312,456	921,992	108,159	229,905	12,345	3,583,358	18,067	-	3,601,425
Interest revenue						16,332	-	-	16,332
<b>Total revenue</b>	<b>2,312,456</b>	<b>921,992</b>	<b>108,159</b>	<b>229,905</b>	<b>12,345</b>	<b>3,599,690</b>	<b>18,067</b>	<b>-</b>	<b>3,617,757<sup>(a)</sup></b>
<b>Segment result</b>									
Gaming taxes, commissions & other	(754,469)	(235,162)	(49,322)	-	-	(1,038,953)	(12,535)	-	(1,051,488)
Operating expenses	(884,675)	(426,894)	(32,357)	(235,353)	(110,794)	(1,690,073)	-	-	(1,690,073)
Intersegment						1,499	-	-	1,499
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>673,312</b>	<b>259,936</b>	<b>26,480</b>	<b>(5,448)</b>	<b>(98,449)</b>	<b>855,831</b>	<b>5,532</b>	<b>-</b>	<b>861,363</b>
Depreciation and amortisation	(194,105)	(66,843)	(1,201)	(15,810)	(4,816)	(282,775)	-	-	(282,775)
<b>Earnings before interest and tax "EBIT"</b>	<b>479,207</b>	<b>193,093</b>	<b>25,279</b>	<b>(21,258)</b>	<b>(103,265)</b>	<b>573,056</b>	<b>5,532</b>	<b>-</b>	<b>578,588</b>
Net gain on sale of MRE						-	-	601,988	601,988
Impairment reversal						-	-	35,465	35,465
Proposed demerger related costs						-	-	(9,033)	(9,033)
Equity accounted share of associates' net profit/(loss)						56,714	(15,453)	-	41,261
Net interest income/(expense)						(141,604)	-	(57,735)	(199,339)
Income tax benefit/(expense)						(87,196)	(2,707)	(15,451)	(105,354)
<b>Profit/(loss) after tax</b>	<b>479,207</b>	<b>193,093</b>	<b>25,279</b>	<b>(21,258)</b>	<b>(103,265)</b>	<b>400,970</b>	<b>(12,628)</b>	<b>555,234</b>	<b>943,576</b>
Non-controlling interest						5,247	-	-	5,247
<b>Profit/(loss) attributable to equity holders of the Parent</b>	<b>479,207</b>	<b>193,093</b>	<b>25,279</b>	<b>(21,258)</b>	<b>(103,265)</b>	<b>406,217</b>	<b>(12,628)</b>	<b>555,234</b>	<b>948,823</b>

(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 Aspinalls and MRE), pre-opening costs from MRE and significant items. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commissions & other expenses, income tax expense and equity accounted share of associates' results.

(2) Total revenue of \$3,617.8 million includes \$1.6 million of profit on disposal of non-current assets, which is not included in revenue in the Statement of Profit or Loss.

(3) Significant items of \$555.2 million consist of a net gain on sale of MRE shares and an Aspers impairment reversal, partially offset by proposed demerger related costs, early debt retirement costs and a tax provision adjustment relating to amended assessments.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 3. Revenue and Expenses

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax expense includes the following revenues and expenses:		
<b>(a) Revenue</b>		
Revenue from services	2,837,943	3,161,944
Revenue from sale of goods	415,020	394,642
Interest	9,648	16,332
Dividends	51,927	12,345
Other operating revenue	29,597	30,889
	<b>3,344,135</b>	<b>3,616,152</b>
<b>(b) Other income</b>		
Profit on disposal of non-current assets	1,115	1,605
Net gain on sale of MRE	1,745,473	601,988
Net foreign currency gain on disposal of foreign operations	88,820	-
	<b>1,835,408</b>	<b>603,593</b>
<b>(c) Expenses</b>		
Cost of sales	153,605	142,042
Operating activities	2,584,235	2,765,185
Net asset impairment/(reversal)	260,233	(35,465)
Restructuring & other expenses	89,553	-
Proposed demerger related costs	-	9,033
Other expenses	55,648	115,610
	<b>3,143,274</b>	<b>2,996,405</b>
<b>Depreciation of non-current assets</b>		
<i>(included in expenses above)</i>		
Buildings	96,269	91,739
Plant and equipment	170,473	161,070
	266,742	252,809
<b>Amortisation of non-current assets</b>		
<i>(included in expenses above)</i>		
Casino licence fee and management agreement	20,335	20,335
Other assets	9,687	9,631
	30,022	29,966
<b>Total depreciation and amortisation expense</b>	<b>296,764</b>	<b>282,775</b>
<b>(d) Other income and expense disclosures</b>		
<b>Finance costs expensed:</b>		
Debt facilities	151,232	201,321
Capitalised interest	(40,032)	(43,385)
	111,200	157,936
Early debt retirement costs	32,417	57,735
	<b>143,617</b>	<b>215,671</b>
Operating leases	7,970	8,361
Superannuation expense	64,784	61,575
Other employee benefits expense	940,027	920,022
Net foreign currency (gains)/losses	(2,784)	(7,762)
<b>(e) Significant items - income / (expense)</b>		
Net gain on sale of MRE	1,745,473	601,988
Net foreign currency gain on disposal of foreign operations	88,820	-
MRE special dividend	48,620	-
Net asset (impairment)/reversal	(260,233)	35,465
Restructuring & other expenses	(89,553)	-
Early debt retirement costs	(32,417)	(57,735)
Proposed demerger related costs	-	(9,033)
Net tax on significant items	20,293	(15,451)
	<b>1,521,003</b>	<b>555,234</b>

#### 4. Dividends Paid and Declared

	2017 \$'000	2016 \$'000
<b>(a) Dividends declared and paid during the financial year</b>		
<b>Prior year final dividend (paid 7 October 2016)</b>		
Paid at 39.5 cents (2015: 19.0 cents) per share franked at 70% (2015: 50% franked) at the Australian tax rate of 30% (2015: 30%)	287,716	138,395
<b>Current year interim dividend (paid 17 March 2017)</b>		
Paid at 113.0 cents (2016: 33.0 cents) per share franked at 60% (2016: 50% franked) at the Australian tax rate of 30% (2016: 30%)	823,085	240,370
<b>Total dividends appropriated</b>	<b>1,110,801</b>	<b>378,765</b>
<b>(b) Dividends declared and not recognised as a liability</b>		
<b>Current year final dividend (expected to be paid 6 October 2017)</b>		
Declared at 30.0 cents (2016: 39.5 cents) per share and franked at 60% (2016: 70% franked) at the Australian tax rate of 30% (2016: 30%)	<b>206,654 <sup>(1)</sup></b>	<b>287,716</b>
<b>(c) Franking credits</b>		
The tax rate at which the final dividend will be franked is 30% (2016: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2017.		
The amount of franking credits available for the subsequent financial year:		
Franking account balance as at the end of the financial year at 30% (2016: 30%)	91,233	287,958
Franking credits/(debits) that will arise from the payment/(receipt) of income taxes payable/(refundable) as at the end of the financial year	(18,227)	7,047
<b>Total franking credits</b>	<b>73,006</b>	<b>295,005</b>
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends announced before the financial report was authorised for issue but not recognised as a distribution to equity holders during the financial year	(53,140)	(86,315)
<b>Total franking credits available for future reporting periods</b>	<b>19,866</b>	<b>208,690</b>

(1) Dollar value based on the total number of shares on issue as at the date of declaration of the 2017 final dividend.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 5. Income Tax

	2017 \$'000	2016 \$'000
<b>(a) Income tax expense</b>		
The prima facie tax expense, using the Australian tax rate multiplied by profit differs from income tax provided in the financial statements as follows:		
Profit before income tax	1,931,784	1,048,930
Prima facie income tax expense on profit at the Australian rate of 30% (2016: 30%)	579,535	314,679
Tax effect of:		
Non deductible depreciation and amortisation	1,655	1,655
Share of associates' net losses/(profits)	(11,740)	(12,378)
Differences in foreign tax rates	46	3,056
Deferred tax balances not previously brought to account	8,572	(102,905)
Income tax (over)/under provided in prior years	(11,513)	52,799
Non-deductible/(non-assessable) significant items	(470,506)	(155,754)
Revenue losses not brought to account	4,222	803
Other items - net	6,544	3,399
<b>Income tax expense</b>	<b>106,815</b>	<b>105,354</b>
Income tax expense comprises:		
Current expense	103,098	137,891
Deferred expense/(benefit)	35,523	(100,787)
Adjustments for current income tax of prior periods	(11,513)	52,799
Tax on significant items	(20,293)	15,451
	<b>106,815</b>	<b>105,354</b>
<b>(b) Deferred income taxes</b>		
Deferred income tax assets	354,701	355,553
Deferred income tax liabilities	(377,423)	(351,163)
<b>Net deferred income tax assets/(liabilities)</b>	<b>(22,722)</b>	<b>4,390</b>
<b>(c) Deferred income tax assets and liabilities at the end of the financial year</b>		
<b>The balance comprises temporary differences attributable to:</b>		
Doubtful debt provision	99,070	87,579
Employee benefits provision	37,248	35,828
Losses available for offsetting against future taxable income	52,316	46,220
Other receivables	2,986	4,376
Other provisions	64,839	53,939
Prepaid casino tax	(14,943)	(15,390)
Licences and intangibles	(229,577)	(230,970)
Land and buildings	(120,475)	(87,338)
Property, plant & equipment	5,517	10,146
Revaluation of investment to fair value	88,566	108,372
Other	(8,269)	(8,372)
<b>Net deferred income tax assets/(liabilities)</b>	<b>(22,722)</b>	<b>4,390</b>

5. Income Tax *continued*

	2017 \$'000	2016 \$'000
<b>(d) Movements in deferred income tax assets and liabilities during the financial year</b>		
Carrying amount at the beginning of the year <sup>(1)</sup>	4,390	(95,346)
Tax income / (expense) during the period recognised in profit or loss	(35,523)	100,787
Tax income / (expense) during the period recognised in profit or loss - significant items	16,140	-
Exchange differences	-	(237)
Tax income / (expense) - derivatives	(7,729)	(814)
<b>Carrying amount at the end of the year</b>	<b>(22,722)</b>	<b>4,390</b>
<b>(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable</b>		
Tax losses arising in Australia for offset against future capital gains	515,478	622,301
Foreign income tax losses for offset against future foreign profits	608,199	625,674
Foreign capital tax losses for offset against future foreign profits	-	257,712
<b>Total tax losses not brought to account</b>	<b>1,123,677</b>	<b>1,505,687</b>
<b>Potential tax benefit at respective tax rates</b>	<b>361,431</b>	<b>487,041</b>

(1) Opening balances have been adjusted to reflect the new interpretive guidance in relation to AASB 112 *Income Taxes*. Refer to note 1.2 for further details.

**(f) Unrecognised temporary differences**

At 30 June 2017, there is no recognised or unrecognised deferred income tax liability (2016: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

**(g) Tax consolidation**

Crown Resorts Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Resorts Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Resorts Limited in order to allocate income tax expense between Crown Resorts Limited and the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

**(h) Tax effect accounting by members of the tax consolidated group**

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries inter-company accounts with the tax consolidated group head company, Crown Resorts Limited.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 6. Trade and Other Receivables

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade receivables	581,906	550,239
Provision for doubtful debts (a)	(367,561)	(319,616)
	214,345	230,623
Other receivables	10,945	17,935
	<b>225,290</b>	<b>248,558</b>
<b>Non-current</b>		
Other receivables	145,735	141,488
	<b>145,735</b>	<b>141,488</b>

### (a) Allowance for Doubtful Debts

Trade receivables are non-interest bearing and are generally 30 day terms.

An allowance for doubtful debts is recognised based on the expected credit loss from the time the financial instrument is initially recognised.

### Movements in the allowance for doubtful debts

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Allowance for doubtful debts at the beginning of the year	(319,616)	(246,123)
Net doubtful debt expense <sup>(1)</sup>	(57,308)	(78,730)
Net amounts written off	5,047	2,829
Exchange differences	4,316	2,408
	<b>(367,561)</b>	<b>(319,616)</b>

(1) Amounts are included in other expenses.

The comparative period reflects the retrospective application of AASB 9. Refer note 1.2.

### Ageing analysis of trade receivables

	<b>0-30 days</b>	<b>&gt;30 days</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2017- consolidated</b>			
Current	92,730	-	92,730
Past due not impaired	-	121,615	121,615
Considered impaired	3,144	364,417	367,561
	<b>95,874</b>	<b>486,032</b>	<b>581,906</b>
<b>2016- consolidated</b>			
Current	87,370	-	87,370
Past due not impaired	-	143,253	143,253
Considered impaired	3,897	315,719	319,616
	<b>91,267</b>	<b>458,972</b>	<b>550,239</b>

## 7. Other Financial Assets

	2017 \$'000	2016 \$'000
<b>Current</b>		
Receivable on forward exchange contracts	9,375	9,639
	<b>9,375</b>	<b>9,639</b>
<b>Non-current</b>		
Receivable on forward exchange contracts	-	1,592
Receivable on cross currency swaps	21,892	13,544
	<b>21,892</b>	<b>15,136</b>

Details of the Group's exposure to interest rate risk and foreign currency changes are provided in note 32.

## 8. Investments

	2017 \$'000	2016 \$'000
<b>At fair value</b>		
Shares - listed (USA)	64,764	49,743
Shares - unlisted (North America)	-	2,017
	<b>64,764</b>	<b>51,760</b>

Investments consist of shares, and therefore have no fixed maturity date or coupon rate.

The fair value of listed investments have been determined by reference to published price quotations in an active market.

## 9. Investments in Associates

	2017 \$'000	2016 \$'000
<b>Investment details:</b>		
Associated entities - unlisted shares	235,511	241,184
Associated entities - listed shares	-	1,373,702
<b>Total investments in associates</b>	<b>235,511</b>	<b>1,614,886</b>
<b>Share of profits of associates</b>		
Melco Resorts & Entertainment Ltd <sup>(1)</sup>	37,857	42,676
Aggregate share of profit from non material associates	1,275	(1,415)
	<b>39,132</b>	<b>41,261</b>

(1) Crown's share of MRE's profits relates to the period from 1 July 2016 to 31 December 2016. From 1 January 2017, Crown ceased equity accounting MRE, which was fully divested during the period.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 9. Investments in Associates *continued*

Investments in Associates	Reporting Date	Principal Activity	Principal Place of Business	% Interest	
				30 June 2017	30 June 2016
Melco Resorts & Entertainment Ltd	31 Dec <sup>(1)</sup>	Resort/Casino and gaming machine operator	Macau <sup>(2)</sup>	-	27.4
Nobu Group	31 Dec <sup>(1)</sup>	Restaurants/Hospitality	USA	20.0	20.0
Aspers Holdings (Jersey) Ltd	30 June	Casino and gaming machine operator	UK	50.0	50.0
Chill Gaming Pty Ltd	30 June	Gaming software developer	Australia	50.0	50.0
Draftstars Pty Ltd	30 June	Daily fantasy sports	Australia	33.3	50.0
Ellerston Leisure Pty Ltd	30 June	Accommodation/Recreation	Australia	50.0	50.0
Zengaming Inc	31 Dec <sup>(1)</sup>	eSports social network	USA	30.0	30.0

(1) The Group uses 30 June results to equity account for the investments.

(2) Melco Resorts & Entertainment Ltd was incorporated in the Cayman Islands.

The associates outlined above are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below.

	2017 \$'000	2016 \$'000
<b>Carrying amount of investment in Melco Resorts &amp; Entertainment Ltd</b>		
Balance at the beginning of the financial year	1,373,702	1,965,717
Share of associates' net profit/(loss) for the year	37,857	42,676
Disposal of MRE shares	(1,394,116)	(523,948)
Foreign exchange movements	(7,282)	69,926
Dividends received	(10,161)	(180,669)
<b>Carrying amount of investment in Melco Resorts &amp; Entertainment Ltd at the end of the financial year</b>	<b>-</b>	<b>1,373,702</b>

## 10. Property, Plant and Equipment

	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Plant & equipment \$'000	Construction work in progress \$'000	Leased plant & equipment \$'000	Total property, plant and equipment \$'000
<b>Year ended 30 June 2017</b>						
At 1 July 2016, net of accumulated depreciation and impairment	1,578,394	914,725	613,100	839,242	123,575	4,069,036
Additions	36,491	17,643	89,120	304,548	25,291	473,093
Disposals	(141)	-	(57,805)	-	-	(57,946)
Depreciation expense	(37,938)	(58,331)	(156,640)	-	(13,833)	(266,742)
Impairment	(241,455)	-	(1,059)	-	(5,000)	(247,514)
Exchange differences	(9,411)	(854)	(471)	-	-	(10,736)
Reclassification/ transfer	638,898	(967)	160,150	(798,081)	-	-
<b>At 30 June 2017, net of accumulated depreciation and impairment</b>	<b>1,964,838</b>	<b>872,216</b>	<b>646,395</b>	<b>345,709</b>	<b>130,033</b>	<b>3,959,191</b>
<b>At 30 June 2017</b>						
Cost (gross carrying amount)	2,604,531	1,607,630	2,303,289	345,709	158,377	7,019,536
Accumulated depreciation and impairment	(639,693)	(735,414)	(1,656,894)	-	(28,344)	(3,060,345)
<b>Net carrying amount</b>	<b>1,964,838</b>	<b>872,216</b>	<b>646,395</b>	<b>345,709</b>	<b>130,033</b>	<b>3,959,191</b>

### Impairment Testing

During the current period, a net impairment loss of \$247.5 million has been recorded in the Group's Statement of Profit or Loss (2016: nil). During the period, Crown announced that it was not proceeding with the Alon project in Las Vegas and began exploring alternatives to optimise the value, including an outright sale. Based on the review of the anticipated recoverable amount of a land sale, calculated using the fair value less cost to sale method, the carrying value of Property, Plant and Equipment relating to the Alon project (including directly attributable costs incurred from acquisition) has been written down to its recoverable amount. The recoverable amount was categorised as a Level 2 fair value (as defined in note 32), utilising a listing of all recent comparable land sale transactions and currently marketed properties in Las Vegas.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 10. Property, Plant and Equipment *continued*

	<b>Freehold land and buildings \$'000</b>	<b>Buildings on leasehold land \$'000</b>	<b>Plant &amp; equipment \$'000</b>	<b>Construction work in progress \$'000</b>	<b>Leased plant &amp; equipment \$'000</b>	<b>Total property, plant and equipment \$'000</b>
<b>Year ended 30 June 2016</b>						
At 1 July 2015, net of accumulated depreciation and impairment	1,542,579	939,091	632,624	491,947	84,256	3,690,497
Additions	1,544	39,416	158,688	415,713	52,273	667,634
Disposals	-	-	(57,115)	-	-	(57,115)
Depreciation expense	(29,745)	(61,994)	(148,116)	-	(12,954)	(252,809)
Acquisition of subsidiary	-	-	5,147	-	-	5,147
Exchange differences	18,434	(1,116)	(643)	(993)	-	15,682
Reclassification/ transfer	45,582	(672)	22,515	(67,425)	-	-
<b>At 30 June 2016, net of accumulated depreciation and impairment</b>	<b>1,578,394</b>	<b>914,725</b>	<b>613,100</b>	<b>839,242</b>	<b>123,575</b>	<b>4,069,036</b>
<b>At 30 June 2016</b>						
Cost (gross carrying amount)	1,938,829	1,593,200	2,124,667	839,242	138,085	6,634,023
Accumulated depreciation and impairment	(360,435)	(678,475)	(1,511,567)	-	(14,510)	(2,564,987)
<b>Net carrying amount</b>	<b>1,578,394</b>	<b>914,725</b>	<b>613,100</b>	<b>839,242</b>	<b>123,575</b>	<b>4,069,036</b>

## 11. Licences

	<b>Casino Licences \$'000</b>
<b>Year ended 30 June 2017</b>	
At 1 July 2016, net of accumulated amortisation and impairment	1,113,959
Amortisation expense	(16,663)
<b>At 30 June 2017, net of accumulated amortisation and impairment</b>	<b>1,097,296</b>
<b>At 30 June 2017</b>	
Cost (gross carrying amount)	1,297,020
Accumulated amortisation and impairment	(199,724)
<b>Net carrying amount</b>	<b>1,097,296</b>
<b>Year ended 30 June 2016</b>	
At 1 July 2015, net of accumulated amortisation and impairment	1,130,623
Amortisation expense	(16,664)
<b>At 30 June 2016, net of accumulated amortisation and impairment</b>	<b>1,113,959</b>
<b>At 30 June 2016</b>	
Cost (gross carrying amount)	1,297,020
Accumulated amortisation and impairment	(183,061)
<b>Net carrying amount</b>	<b>1,113,959</b>

The casino licences are carried at cost and amortised on a straight line basis over their useful lives.

The Crown Melbourne licence is being amortised until 2050. The Crown Perth licence is assessed as having an indefinite useful life and no amortisation is charged. Amortisation will commence on the Crown Sydney licence once the property is operational.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 12. Other Intangible Assets

	Goodwill <sup>(1)</sup> \$'000	Casino Management Agreement <sup>(1)</sup> \$'000	Other \$'000	Total \$'000
<b>Year ended 30 June 2017</b>				
At 1 July 2016, net of accumulated amortisation and impairment	459,464	126,345	154,837	740,646
Additions	-	-	1,574	1,574
Impairment <sup>(2)</sup>	(110,257)	-	(49,371)	(159,628)
Exchange differences	(2,739)	-	(5,264)	(8,003)
Amortisation expense	-	(3,672)	(8,197)	(11,869)
<b>At 30 June 2017, net of accumulated amortisation and impairment</b>	<b>346,468</b>	<b>122,673</b>	<b>93,579</b>	<b>562,720</b>
<b>At 30 June 2017</b>				
Cost (gross carrying amount)	456,725	245,279	166,201	868,205
Accumulated amortisation and impairment	(110,257)	(122,606)	(72,622)	(305,485)
<b>Net carrying amount</b>	<b>346,468</b>	<b>122,673</b>	<b>93,579</b>	<b>562,720</b>
<b>Year ended 30 June 2016</b>				
At 1 July 2015, net of accumulated amortisation and impairment <sup>(3)</sup>	264,976	130,016	157,980	552,972
Business acquisitions	204,911	-	-	204,911
Additions	-	-	4,997	4,997
Exchange differences	(10,423)	-	-	(10,423)
Amortisation expense	-	(3,671)	(8,140)	(11,811)
<b>At 30 June 2016, net of accumulated amortisation and impairment</b>	<b>459,464</b>	<b>126,345</b>	<b>154,837</b>	<b>740,646</b>
<b>At 30 June 2016</b>				
Cost (gross carrying amount)	459,464	245,279	169,891	874,634
Accumulated amortisation and impairment	-	(118,934)	(15,054)	(133,988)
<b>Net carrying amount</b>	<b>459,464</b>	<b>126,345</b>	<b>154,837</b>	<b>740,646</b>

(1) Purchased as part of business combinations.

(2) Refer note 13 for details regarding the impairment of intangible assets.

(3) Opening balances have been adjusted to reflect the new interpretive guidance in relation to AASB 112 *Income Taxes*. Refer to note 1.2 for further details.

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 13). The goodwill balance at 30 June 2017 is allocated to Crown Melbourne \$26.9 million (2016: \$26.9 million), Crown Perth \$144.0m (2016: \$144.0 million), Crown Aspinalls \$49.7 million (2016: \$52.5 million) and Wagering & Online \$125.9 million (2016: \$236.0 million).

The useful life of the Crown Melbourne casino management agreement is amortised on a straight line basis to 2050.

### 13. Impairment Testing of Intangible Assets

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGU's) identified according to business segment.

The recoverable amount of a CGU is determined based on a value in use calculation using a discounted cash flow methodology covering a specified period, with an appropriate residual value at the end of that period, for each segment. The methodology utilises cash flow forecasts that are based primarily on business plans presented to and approved by the Board.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets.

#### (a) Cash flow forecasts

Cash flow forecasts are based on past performance and expectations for the future using a five year cash flow period.

#### (b) Residual value

Residual value is calculated using a perpetuity growth formula based on the cash flow forecast using a weighted average cost of capital (after tax) and forecast growth rate.

#### (c) Forecast growth rates

Forecast growth rates are based on past performance and management's expectations for future performance in each segment.

#### (d) Discount rates

A weighted average cost of capital (after tax) of between 8% and 11% was used by the Group in impairment testing, risk adjusted where applicable.

#### (e) Outcome of impairment tests for intangible assets

Based on the valuation techniques performed, an impairment loss of \$159.6 million has been recorded against the Group's intangible assets during the year (2016: nil). In the prior period, Crown acquired 70% of DGN Games LLC (DGN), and DGN subsequently acquired 100% of Winners Club Limited (and subsidiaries). This acquisition resulted in goodwill of \$204.9 million being recorded in the Group's Statement of Financial Position, \$157.8 million of which related to contingent consideration. Refer to note 15 for details of the contingent consideration on the acquisition of Winners Club Limited.

During the current period, following a re-forecast of earnings of the DGN Group, Crown has reduced goodwill relating to the acquisition of DGN by \$110.3 million. DGN forms part of the Wagering & Online segment. In addition, as part of the review of the anticipated recoverable amount of Alon as outlined in note 10, Crown has impaired intangible assets relating to Alon by \$49.4 million being the excess of the carrying amount over its recoverable amount. These amounts have been included in net asset impairment/(reversal) in the Statement of Profit or Loss.

#### (f) Sensitivity analysis

It is not considered that any reasonable possible change in any of the above assumptions would cause the carrying value of any CGU to materially exceed its recoverable amount. The exception to this is in respect of the DGN CGU, where the estimated recoverable amount is equal to the carrying value, and any adverse movement in a key assumption would lead to further impairment of the DGN goodwill.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 14. Other Assets

	2017 \$'000	2016 \$'000
<b>Non-current</b>		
Prepaid casino tax at cost	100,800	100,800
Accumulated amortisation	(50,990)	(49,500)
	<b>49,810</b>	<b>51,300</b>
Other prepayments	2,186	9,394
	<b>51,996</b>	<b>60,694</b>

## 15. Trade and Other Payables

	2017 \$'000	2016 \$'000
<b>Current - unsecured</b>		
Trade and other payables	444,549	473,505
Deferred income	1,954	1,735
	<b>446,503</b>	<b>475,240</b>
<b>Non-current - unsecured</b>		
Casino licence payable	158,498	154,136
Deferred income	7,486	9,004
Contingent consideration	45,277	154,094
Other	13,541	22,255
	<b>224,802</b>	<b>339,489</b>

### **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 fair value of the contingent consideration was estimated to be \$157.8 million. Following a re-forecast of earnings of the DGN Group, Crown has reduced the contingent consideration by \$110.3 million in net asset impairment/(reversal) through the Statement of Profit or Loss in the current period. The 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. As part of the reassessment of future earnings Crown also impaired the goodwill relating to DGN, as outlined in note 13.

## 16. Interest-Bearing Loans and Borrowings

	2017 \$'000	2016 \$'000
<b>Current</b>		
Bank Loans - unsecured	38,391	75,552
Capital Markets Debt - unsecured	300,000	-
Finance Lease - secured	11,718	10,163
	<b>350,109</b>	<b>85,715</b>
<b>Non-current</b>		
Bank Loans - unsecured	20,000	-
Capital Markets Debt - unsecured	1,444,011	2,057,968
Finance Lease - secured	130,878	117,643
	<b>1,594,889</b>	<b>2,175,611</b>

## 16. Interest-Bearing Loans and Borrowings *continued*

### Assets pledged as security

The lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default.

### Fair Value Disclosures

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 32.

### Financial Risk Management

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 32.

### Financing and Credit Facilities

Unsecured credit facilities are provided as part of the overall debt funding structure of the Crown Group as follows:

Facility Type	Facility Amount \$'000	Drawn Amount \$'000	Letters of Credit Issued \$'000	Available \$'000	Expiry Dates
<b>Bank Facilities</b>					
Bilateral Multi Option Facilities	170,000	58,391	31,602	80,007	Feb 18 / Nov 19
Syndicated Revolving Facilities	250,000	-	-	250,000	Jun 2021
GBP Syndicated Facility	84,760	-	-	84,760	Aug 2020
Letter of Credit Facilities	398,734	-	398,734	-	Jan 20 - Jan 22
	<b>903,494</b>	<b>58,391</b>	<b>430,336</b>	<b>414,767</b>	
<b>Debt Capital Markets</b>					
Euro Medium Term Notes	174,634	174,634	-	-	Jul 2036
Australian Medium Term Notes	559,070	559,070	-	-	Jul 17 / Nov 19
AUD Subordinated Notes	1,010,307	1,010,307	-	-	Sep 72 / Apr 75
	<b>1,744,011</b>	<b>1,744,011</b>	<b>-</b>	<b>-</b>	
<b>Total at 30 June 2017</b>	<b>2,647,505</b>	<b>1,802,402</b>	<b>430,336</b>	<b>414,767</b>	
<b>Total at 30 June 2016</b>	<b>3,641,731</b>	<b>2,133,520</b>	<b>218,914</b>	<b>1,289,297</b>	

The bank facilities are provided on an unsecured basis by domestic and international banks.

The debt capital markets drawn amounts represent unsecured notes issued to domestic and international debt investors.

Crown is able to make advances and issue letters of credit under the letter of credit facility, syndicated facilities and the bilateral facilities which are multi option in nature.

Each of the above mentioned facilities is issued by or supported by a Group guarantee from Crown and certain subsidiaries and impose various affirmative covenants on Crown, which may include compliance with certain financial ratios and negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

During the current and prior year, there were no defaults or breaches on any of the loans or borrowings.

Refer to note 22(c) for a summary of Crown's overdraft facilities.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 17. Provisions

	<b>Employee Entitlements</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 July 2016	207,292	33,305	240,597
Arising during the year	117,900	68,677	186,577
Utilised during the year	(127,178)	(37,425)	(164,603)
<b>At 30 June 2017</b>	<b>198,014</b>	<b>64,557</b>	<b>262,571</b>
Current 2017	161,278	49,510	210,788
Non-current 2017	36,736	15,047	51,783
<b>At 30 June 2017</b>	<b>198,014</b>	<b>64,557</b>	<b>262,571</b>
Current 2016	162,103	19,914	182,017
Non-current 2016	45,189	13,391	58,580
<b>At 30 June 2016</b>	<b>207,292</b>	<b>33,305</b>	<b>240,597</b>

## 18. Contributed Equity

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Issued share capital</b>		
Ordinary shares fully paid	(53,233)	446,763
<b>Movements in issued share capital</b>		
Carrying amount at the beginning of the financial year	446,763	446,763
Share buy-back, inclusive of costs	(499,996)	-
<b>Carrying amount at the end of the financial year</b>	<b>(53,233)</b>	<b>446,763</b>
<b>Shares held in Trust</b>		
Balance at beginning of the financial year	(8,886)	-
Net shares acquired by the Crown Long Term Incentive Plan	(10,491)	(8,886)
<b>Balance at the end of the financial year</b>	<b>(19,377)</b>	<b>(8,886)</b>
	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
<b>Issued share capital</b>		
Ordinary shares fully paid	688,847,822	728,394,185
<b>Movements in issued share capital</b>		
Balance at the beginning of the financial year	728,394,185	728,394,185
Share buy-back	(39,546,363)	-
<b>Balance at the end of the financial year</b>	<b>688,847,822</b>	<b>728,394,185</b>

During the year, the Group carried out an on-market share buy-back as an element of its capital management program. For the year ended 30 June 2017, shares to a value of approximately \$500 million have been purchased.

## 18. Contributed Equity *continued*

Due to share buy-backs being undertaken at higher prices than the original subscription prices, the balance of contributed equity is reflected as a negative balance, which shows the excess value of shares bought over the original amount of subscribed capital. Refer note 31 for details of the Parent Entity's share capital, which has significant paid up capital.

### Terms and Conditions of Contributed Equity

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

### Capital Management

When managing capital, the Group's objective is to maintain optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

During 2017, the Group paid dividends of \$1,110.8 million (2016: \$378.8 million). The Group's dividend policy is to pay 60 cents per share on a full year basis, subject to Crown's financial position.

## 19. Reserves and Retained Earnings

	2017	2016
	\$'000	\$'000
Foreign currency translation reserve	26,061	147,453
Employee equity benefits reserve	13,780	16,198
Net unrealised gains reserve	1,018	631,079
Cash flow hedge reserve	19,933	1,900
	<b>60,792</b>	<b>796,630</b>
<b>Foreign Currency Translation Reserve</b>		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to recognise gains and losses on hedges of the net investment in foreign operations.		
Balance at the beginning of the financial year	147,453	154,919
Net foreign exchange translation	(33,460)	65,751
Net foreign exchange reclassified to profit or loss	(88,820)	(70,576)
Non-controlling interest	888	(2,641)
<b>Balance at the end of the financial year</b>	<b>26,061</b>	<b>147,453</b>
<b>Employee Equity Benefits Reserve</b>		
The employee equity benefits reserve is used to record share based remuneration obligations to executives in relation to ordinary shares.		
Balance at the beginning of the financial year	16,198	13,010
Movement for the period	(2,418)	3,188
<b>Balance at the end of the financial year</b>	<b>13,780</b>	<b>16,198</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 19. Reserves and Retained Earnings *continued*

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net Unrealised Gains Reserve</b>		
The net unrealised gains reserve records the movement from changes in ownerships interest in a subsidiary, investments and associates equity.		
Balance at the beginning of the financial year	631,079	636,158
Transfer to retained earnings	(630,061)	-
Change ownership interest in subsidiary without loss of control	-	(5,079)
<b>Balance at the end of the financial year</b>	<b>1,018</b>	<b>631,079</b>
<b>Cash Flow Hedge Reserve</b>		
The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.		
Balance at the beginning of the financial year	1,900	16,130
Movement in interest rate swaps	13,488	(11,621)
Movement in cross currency swaps	5,844	4,148
Movement in forward exchange contracts	(1,299)	(6,757)
<b>Balance at the end of the financial year</b>	<b>19,933</b>	<b>1,900</b>
<b>Retained Earnings</b>		
Balance at the beginning of the financial year	3,767,765	3,257,760
Transfer from unrealised gains reserve	630,061	-
Net profit after tax attributable to equity holders of the parent	1,866,055	948,823
Total available for appropriation	6,263,881	4,206,583
Dividends provided for or paid	(1,110,801)	(378,765)
Adjustment on adoption of AASB 9	-	(60,053)
<b>Balance at the end of the financial year</b>	<b>5,153,080</b>	<b>3,767,765</b>

## 20. Business Combinations

### Acquisition of subsidiaries in prior 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 fair value of the identifiable assets and liabilities as at the dates of acquisition were:

	<b>Consolidated fair value at acquisition date</b>
	<b>\$'000</b>
Cash and cash equivalents	6,814
Other current assets	2,586
Property, plant and equipment	5,147
	<b>14,547</b>
Trade and other payables	1,823
Other current liabilities	168
	<b>1,991</b>
<b>Fair value of identifiable net assets</b>	<b>12,556</b>
	<b>\$'000</b>
<b>Goodwill arising on acquisition</b>	<b>\$'000</b>
Consideration transferred on acquisition	56,337
Contingent consideration	157,801
Fair value of identifiable net assets	(12,556)
Minority interest in identifiable net assets	3,329
<b>Goodwill</b>	<b>204,911</b>

Based on the fair values, DGN and Winners Club's identifiable net assets at the date of acquisition were \$12.6 million, resulting in goodwill of \$204.9 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.

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 fair value of the contingent consideration was estimated to be \$157.8 million. The 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. Refer note 15 for further details.

### Net Cash Flow - Acquisition of subsidiaries

	<b>\$'000</b>
Cash paid	56,337
Cash acquired	(6,814)
<b>Net Cash Flow - Acquisition of subsidiaries</b>	<b>49,523</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 21. Expenditure Commitments

### (a) Capital expenditure commitments

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Estimated capital expenditure contracted for at balance date, but not provided for:</b>		
Payable within one year	219,998	217,758
Payable after one year but not more than five years	813,894	974,427
	<b>1,033,892</b>	<b>1,192,185</b>

### (b) Non-cancellable operating lease commitments

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Payable within one year	14,964	15,766
Payable after one year but not more than five years	48,528	55,184
Payable more than five years	503,137	519,028
	<b>566,629</b>	<b>589,978</b>

The Group has entered into non-cancellable operating leases. The leases vary in contract period depending on the asset involved but generally have an average lease term of approximately 6 years (2016: 8 years) excluding the land leases detailed below. Operating leases include telecommunications rental agreements and leases on assets including motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

In addition, in 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which Crown Melbourne Entertainment Complex is located. For years one to forty inclusive the annual rent payable by the parent entity is one dollar per annum. For years forty-one to ninety-nine inclusive the annual rent payable will be the then current market rent for the site. The aggregate lease expenditure contracted for at balance date but not provided for which is disclosed in this report does not include an estimate for the rent payable for years forty-one to ninety-nine inclusive due to the uncertainty of these amounts.

Crown through its majority owned subsidiary, Alon, holds the operating lease on the leasehold portion of the land in Las Vegas which expires in 2097. The above operating lease commitment table includes the scheduled payments until 2097.

### (c) Non-cancellable finance lease commitments

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Payable within one year	11,718	10,163
Payable after one year but not more than five years	75,104	51,099
Payable more than five years	55,774	66,544
	<b>142,596</b>	<b>127,806</b>

Under the terms of the lease, Crown has the option to acquire the leased asset for a predetermined residual value on expiry of the lease.

## 22. Cash Flow Statement Reconciliation

	2017 \$'000	2016 \$'000
<b>(a) Cash balance represents:</b>		
Cash on hand and at bank	330,973	412,123
Deposits at call	1,440,254	37,540
	<b>1,771,227</b>	<b>449,663</b>

The above closing cash balances includes \$134.7 million (2016: \$151.0 million) of cash on the company's premises and cash held in bank accounts needed to run the day to day operations of the businesses and cash (including deposits on call) of \$1,636.5 million (2016: \$298.7 million) for other purposes.

	2017 \$'000	2016 \$'000
<b>(b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities</b>		
Profit after tax	1,824,969	943,576
Non cash items and items dealt with separately:		
- Depreciation and amortisation	296,764	282,775
- Asset impairment/(reversal)	260,233	(35,465)
- Share of associates' net (profit)/loss	(39,132)	(41,261)
- Net foreign exchange (gain)/loss	(2,784)	(7,762)
- Net foreign exchange gain on disposal of foreign operations	(88,820)	-
- Net mark-to-market (gain)/loss on investments	(16,245)	(8,432)
Cash items not included in profit after tax:		
- Dividends received from associates	18,671	183,568
Items classified as investing/financing activities:		
- (Profit)/loss on sale of property, plant and equipment	(1,115)	(1,605)
- Net profit on sale of MRE	(1,745,473)	(601,988)
Working Capital changes:		
- (Increase) / decrease in trade receivables and other assets	(36,292)	(139,535)
- (Increase) / decrease in inventories	(1,161)	(1,435)
- (Decrease) / increase in tax provisions	6,560	(114,834)
- (Decrease) / increase in trade and other payables, accruals and provisions	(10,512)	25,080
<b>Net cash flows from operating activities</b>	<b>465,663</b>	<b>482,682</b>

### (c) Bank Overdraft Facilities

The Group has bank overdraft facilities available as follows:

Bank	2017	2016
ANZ Banking Group Limited	A\$20 million	A\$20 million
Citibank NA	US\$10 million	US\$10 million
Royal Bank of Scotland PLC	£20 million	£20 million

As at 30 June 2017 there were no drawn down amounts on the overdraft facilities (2016: nil).

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 23. Events After the Reporting Period

Subsequent to 30 June 2017, the directors of Crown declared a final dividend on ordinary shares in respect of the year ending 30 June 2017. The total amount of the dividend is expected to be \$206.7 million, which represents a dividend of 30.0 cents per share franked at 60%. No part of the unfranked portion of the dividend will consist of conduit foreign income.

On 4 August 2017, Crown announced its intention to undertake a further on-market share buy-back of up to approximately 29.3 million shares (the "Further Share Buy-Back"), which together with the initial share buy-back that completed on 30 June 2017, represents no more than 10% of the smallest number of shares on issue during the prior 12 months. Crown may, at its discretion, vary, suspend or terminate the Further Share Buy-Back at any time.

## 24. Contingent Liabilities and Related Matters

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 30 June 2017.

### Legal Actions

Entities within the group are defendants from time to time in legal proceedings arising from the conduct of their business. The group does not consider that the outcome of any proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

## 25. Auditors' Remuneration

	2017 \$'000	2016 \$'000
<b>Amounts received, or due and receivable, by Ernst &amp; Young (Australia) for:</b>		
Auditing the accounts	1,045	1,113
Taxation services	8,180	7,701
Consulting and assurance related services	1,441	200
<b>Amounts received, or due and receivable, by other member firms of Ernst &amp; Young International for:</b>		
Auditing the accounts	287	298
Taxation services	1,886	2,791
	<b>12,839</b>	<b>12,103</b>
<b>Amounts received, or due and receivable, by non Ernst &amp; Young audit firms for:</b>		
Auditing services	64	22

## 26. Earnings Per Share (EPS)

	2017	2016
<b>The following reflects the income and share data used in the calculations of basic and diluted EPS:</b>		
Net profit / (loss) after tax used in calculating basic and diluted EPS (\$'000)	1,866,055	948,823
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	726,008	728,394

During the year, Crown completed a \$500 million on-market share buy-back (the "Initial Share Buy-Back"). Following the completion of the Initial Share Buy-Back, Crown's shares on issue reduced by approximately 39.5 million to approximately 688.8 million.

## 26. Earnings Per Share (EPS) *continued*

In addition to the Initial Share Buy-Back, on 4 August 2017 Crown announced its intention to undertake a further on-market share buy-back of up to approximately 29.3 million shares, which together with the Initial Share Buy-Back represents no more than 10% of the smallest number of shares on issue during the prior 12 months of approximately 688.8 million shares.

Crown may, at its discretion, vary, suspend or terminate the Further Share Buy-Back at any time.

## 27. Key Management Personnel Disclosures

### (a) Details of key management personnel

#### (i) Directors

John H Alexander	Executive Chairman (appointed Executive Chairman 1 February 2017)
Benjamin A Brazil	Non-Executive Director (resigned 12 April 2017)
The Hon. Helen A Coonan	Non-Executive Director
Rowen B Craigie	Chief Executive Officer and Managing Director (resigned 28 February 2017)
Rowena Danziger	Non-Executive Director
Andrew Demetriou	Non-Executive Director
Geoffrey J Dixon	Non-Executive Director
Professor John S Horvath	Non-Executive Director
Michael R Johnston	Non-Executive Director
Harold C Mitchell	Non-Executive Director
Robert J Rankin	Chairman (until 31 January 2017), Non-Executive Director (resigned 21 June 2017)

Prior to 30 June 2017, the Board approved the appointment of Mr James Packer as a director, subject to the receipt of all necessary consents and regulatory approvals. On 3 August 2017, following the receipt of the necessary consents and approvals, Mr Packer's appointment became effective.

On 3 August 2017, the Board approved the appointment of Mr Guy Jalland as a director, subject to receipt of all necessary regulatory approvals. Mr Jalland's appointment will only become effective once the necessary approvals have been received.

#### (ii) Executives

Kenneth M Barton	Chief Financial Officer & Chief Executive Officer – Crown Digital
Barry J Felstead	Chief Executive Officer – Australian Resorts
W Todd Nisbet	Executive Vice President – Strategy and Development

### (b) Remuneration of key management personnel

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

	2017	2016
<b>Remuneration by category</b>	<b>\$</b>	<b>\$</b>
Short term benefits	12,684,725	14,717,236
Post employment benefits	93,176	112,230
Long term incentives	(3,752,706)	7,537,500
Termination benefits	6,272,700	-
	<b>15,297,895</b>	<b>22,366,966</b>

Further details are contained in the Remuneration Report.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 28. Related Party Disclosures

### (a) Parent entity

Crown Resorts Limited is the ultimate parent entity of the Group.

### (b) Controlled entities, associates and joint ventures

Interests in significant controlled entities are set out in note 29.

Investments in associates and joint ventures are set out in note 9.

### (c) Entity with significant influence over the Group

At balance date Consolidated Press Holdings Group ("CPH"), comprising Consolidated Press Holdings Pty Limited and its related corporations, a group related to Mr James Packer, have a relative interest in 49.72% (2016: 53.01%) of the Company's fully paid ordinary shares.

### (d) Key management personnel

Disclosures relating to key management personnel are set out in note 27, and in the Remuneration Report.

### (e) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms, unless otherwise stated.

### (f) Transactions with related parties

The Group had the following transactions with related parties:

#### (i) Director related entities and entities with significant influence over the Group

CPH provided management services in accordance with a Services Agreement, in addition to corporate secretarial and administrative services of \$4.0 million during the year (2016: \$0.2 million). CPH paid costs on behalf of Crown to third parties totalling \$2.2 million during the year (2016: \$1.0 million). At 30 June 2017 there was \$4.2 million owing to CPH (2016: \$nil).

Crown and its controlled entities provided CPH with hotel and banqueting services of \$0.1 million during the year (2016: \$0.1m). At 30 June 2017 there were no amounts owing from CPH (2016: \$nil).

#### (ii) Associates

During the year, Crown provided loans of \$2.0 million (2016: nil) to Draftstars Pty Ltd which remained outstanding at 30 June 2017.

## 29. Investment in Controlled Entities

The consolidated financial statements include the financial statements of Crown Resorts Limited and its controlled entities. Significant controlled entities and those that are party to a Deed of Cross Guarantee with the parent entity are set out below:

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2017	2016		2017 %	2016 %
<b>Crown Resorts Limited</b>			<b>Australia</b>	<b>Parent Entity</b>	
ALON Las Vegas Financeco, LLC			USA	88	74
ALON Las Vegas Holdings, LLC			USA	88	74
ALON Las Vegas Landco, LLC			USA	88	74
Artra Pty Ltd			Australia	100	100
Aspinall's Club Limited			United Kingdom	100	100
Betfair Pty Ltd	A	B	Australia	100	100
Betfair Australasia Pty Ltd	A	B	Australia	100	100
Burswood Limited	A	B	Australia	100	100
Burswood Nominees Ltd	A	B	Australia	100	100
Burswood Resort (Management) Ltd	A	B	Australia	100	100
Capital Club Pty Ltd			Australia	100	100
Crown Asia Investments Limited	A	B	Australia	100	100
Crown Australia Pty Ltd	A	B	Australia	100	100
Crown Capital Golf Pty Ltd			Australia	100	100
Crown Cyprus Limited			Australia	100	100
Crown CCR Group Holdings One Pty Ltd	A	B	Australia	100	100
Crown CCR Group Holdings Two Pty Ltd			Australia	100	100
Crown CCR Group Holdings General Partnership			USA	100	100
Crown CCR Group Investments One LLC			USA	100	100
Crown CCR Group Investments Two LLC			USA	100	100
Crown CCR Holdings LLC			USA	100	100
Crown CPS Holdings Pty Ltd	A	B	Australia	100	100
Crown (Ellerston Leisure) Holdings Pty Ltd			Australia	100	100
Crown Entertainment Group Holdings Pty Ltd	A	B	Australia	100	100
Crown (Gaming Technology) Holdings Pty Ltd			Australia	100	100
Crown Gateway Luxembourg Pty Ltd		B	Australia	100	100
Crown Group Finance Limited	A	B	Australia	100	100
Crown Group Securities Ltd	A	B	Australia	100	100
Crown International Holdings Ltd			Bahamas	100	100
Crown Investment Holdings LLC			USA	100	100
Crown Management Holdings Pty Ltd	A	B	Australia	100	100
Crown Management Pty Ltd	A	B	Australia	100	100
Crown Melbourne Limited	A	B	Australia	100	100
Crown North America Holdings One Pty Ltd			Australia	100	100
Crown North America Investments LLC			USA	100	100
Crown Overseas Investments Pty Ltd	A	B	Australia	100	100
Crown Sydney Pty Ltd			Australia	100	100
Crown Sydney Gaming Pty Ltd			Australia	100	100
Crown Sydney Holdings Pty Ltd			Australia	100	100

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 29. Investment in Controlled Entities *continued*

	Footnote		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity <sup>(1)</sup>	
	2017	2016		2017 %	2016 %
Crown Sydney Property Pty Ltd			Australia	100	100
Crown US Investments LLC			USA	100	100
Crown UK Investments Ltd			United Kingdom	100	100
Crown (Western Australia) Pty Ltd	A	B	Australia	100	100
Crown (Western Australia) Finance Holdings Pty Ltd	A		Australia	100	100
Crown (Western Australia) Finance Pty Ltd	A	B	Australia	100	100
CrownBet Pty Ltd			Australia	62	62
CrownBet Holdings Pty Ltd			Australia	62	62
DGN Games LLC			USA	70	70
Flienn Pty Ltd		B	Australia	100	100
Jade West Entertainment Pty Ltd		B	Australia	100	100
Jemtex Pty Ltd	A	B	Australia	100	100
Melbourne Golf Academy Pty Ltd			Australia	100	100
PBL Overseas (CI) Pty Ltd	A		Australia	100	100
PBL (CI) Finance Pty Ltd			Australia	100	100
Pennwin Pty Ltd		B	Australia	100	100
Publishing and Broadcasting (Finance) Ltd	A	B	Australia	100	100
Renga Pty Ltd		B	Australia	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

A These controlled entities have entered into a new deed of cross guarantee dated 21 June 2017 with the parent entity under ASIC Instrument 2016/785 - the "Closed Group" (refer note 30).

B These controlled entities were party to a deed of cross guarantee with the parent entity under ASIC Class Order 98/1418 that was revoked by a Revocation Deed dated 21 June 2017.

## 30. Deed of Cross Guarantee

Crown Resorts Limited and certain controlled entities, as detailed in note 29, are parties to a Deed of Cross Guarantee dated 21 June 2017 under which each company in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

By entering into the Deed, pursuant to ASIC Instrument 2016/785, certain controlled entities of Crown have been granted relief from the Corporations Act 2001 requirements for preparation, audit and reporting of financial reports and directors' reports.

The consolidated income statement and balance sheet of the entities which are members of the Closed Group are detailed below.

	Closed Group	
	2017	2016
	\$'000	\$'000
<b>Consolidated income statement</b>		
Profit / (loss) before income tax	1,391,647	1,463,462
Income tax (expense) / benefit	(98,472)	(218,595)
Net profit / (loss) after income tax	1,293,175	1,244,867
Retained earnings / (accumulated losses) at the beginning of the financial year	4,116,295	3,250,193
Retained earnings / (accumulated losses) of entities entering Closed Group	34,514	-
(Retained earnings) / accumulated losses of entities removed from Closed Group	222,905	-
Transfer from reserves	630,061	-
Dividends provided for or paid	(1,110,801)	(378,765)
<b>Retained earnings / (accumulated losses) at the end of the financial year</b>	<b>5,186,149</b>	<b>4,116,295</b>

### 30. Deed of Cross Guarantee *continued*

	<b>Closed Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated balance sheet</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,667,183	291,182
Trade and other receivables	170,775	184,272
Inventories	16,487	15,472
Prepayments	30,134	25,255
Other financial assets	5,564	9,639
<b>Total current assets</b>	<b>1,890,143</b>	<b>525,820</b>
<b>Non-current assets</b>		
Receivables	1,650,516	2,213,288
Other financial assets	1,933,675	2,837,265
Investments	-	2,017
Investment in associates	39,025	1,409,167
Property, plant and equipment	3,331,839	3,416,365
Licences	997,296	1,013,959
Other intangible assets	320,632	326,167
Deferred tax assets	233,763	190,362
Other assets	51,994	58,583
<b>Total non-current assets</b>	<b>8,558,740</b>	<b>11,467,173</b>
<b>Total assets</b>	<b>10,448,883</b>	<b>11,992,993</b>
<b>Current liabilities</b>		
Trade and other payables	351,075	379,500
Interest-bearing loans and borrowings	350,109	85,715
Income tax payable	113,266	133,086
Provisions	188,829	170,348
<b>Total current liabilities</b>	<b>1,003,279</b>	<b>768,649</b>
<b>Non-current liabilities</b>		
Other payables	165,995	163,294
Interest-bearing loans and borrowings	2,038,496	3,529,667
Deferred tax liability	352,008	334,469
Provisions	62,274	58,580
Other financial liabilities	2,790	22,060
<b>Total non-current liabilities</b>	<b>2,621,563</b>	<b>4,108,070</b>
<b>Total liabilities</b>	<b>3,624,842</b>	<b>4,876,719</b>
<b>Net assets</b>	<b>6,824,041</b>	<b>7,116,274</b>
<b>Equity</b>		
Contributed equity	1,630,078	2,180,793
Treasury shares	(19,377)	(8,886)
Reserves	27,191	828,072
Retained earnings	5,186,149	4,116,295
<b>Total equity</b>	<b>6,824,041</b>	<b>7,116,274</b>

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 31. Parent Entity Disclosures

	<b>Crown Resorts Limited</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Results of the parent entity</b>		
Profit after tax for the period	1,166,786	516,023
Other comprehensive income/(loss)	-	-
<b>Total comprehensive income for the period</b>	<b>1,166,786</b>	<b>516,023</b>
<b>Financial position of the parent entity</b>		
Current assets	5,355	2,290
Non-current assets	14,597,467	14,575,150
<b>Total assets</b>	<b>14,602,822</b>	<b>14,577,440</b>
Current liabilities	178,471	135,972
Non-current liabilities	5,130,692	4,703,798
<b>Total liabilities</b>	<b>5,309,163</b>	<b>4,839,770</b>
<b>Total equity of the parent entity comprising of:</b>		
Issued capital	9,427,208	9,927,204
Employee equity benefits reserve	13,010	13,010
Accumulated losses	(146,559)	(202,544)
<b>Total equity</b>	<b>9,293,659</b>	<b>9,737,670</b>

### Contingent liabilities

There are no other contingent liabilities for the parent entity at 30 June 2017 (2016: \$nil), other than those disclosed in note 24.

### Capital expenditure

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2017 (2016: \$nil).

### Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in notes 29 and 30.

## 32. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans, capital market debt, finance lease liabilities, investments, cash and short term deposits and derivatives.

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. Other than as described in this note, the Group is satisfied that there are no material concentrations of risk.

The Group has policies in place to manage different types of risks to which it is exposed. Policies include monitoring the level of interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates. Ageing analysis of and monitoring of exposures to counterparties are undertaken to manage credit risk. Liquidity risk is monitored through the employment of rolling cash flow forecasts.

## 32. Financial Risk Management Objectives and Policies *continued*

Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks in accordance with approved policies. The Board are informed on a regular basis of risk management activities.

### (a) Market Risk

#### (i) Interest rate risk – cash flow

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and long term debt obligations as outlined in note 16.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated as cash flow hedges.

	2017 \$'000	2016 \$'000
<b>Financial assets</b>		
AUD cash on hand and at bank	122,415	136,426
AUD deposits at call	1,435,586	28,064
GBP cash on hand and at bank	20,690	47,387
EUR cash on hand and at bank	105	220
USD cash on hand and at bank	53,005	76,778
USD deposits at call	4,668	9,746
<b>Total financial assets</b>	<b>1,636,469</b>	<b>298,621</b>
<b>Financial liabilities</b>		
AUD Bank loans	20,000	20,000
AUD Capital Market Debt	810,307	333,334
Finance Lease Liability	142,596	127,806
HKD Bank Loans	38,391	55,552
<b>Total financial liabilities</b>	<b>1,011,294</b>	<b>536,692</b>
<b>Net exposure</b>	<b>625,175</b>	<b>(238,071)</b>

As at balance date, the Group maintained floating rate liabilities of \$1,011.3 million (2016: \$536.7 million) that were not hedged by interest rate swaps. The associated interest rate risk is mitigated by total financial assets of \$1,636.5 million (2016: \$298.6 million). Under the financial liabilities outstanding, for AUD facilities, the Group pays the Bank Bill Swap rate (BBSW) plus a margin of between 140 and 500 basis points, for the finance lease liabilities, the Group pays BBSW or USD LIBOR plus a margin of between 140 and 180 basis points, and for HKD facilities, the Group pays HIBOR plus a margin of 55 basis points.

Of the AUD cash on hand and at bank \$122.4 million is interest bearing and is invested at approximately BBSW. Deposits at call of \$1,435.6 million are invested at approximately BBSW. The Group maintains cash and cash equivalents on hand of \$134.7 million for operational purposes and is non interest bearing (2016: \$151.0 million).

As at balance date, the Group maintained no floating rate borrowings in GBP (2016: \$nil) and had cash and cash equivalents of \$20.7 million (2016: \$47.4 million) which is interest bearing and accrues at the UK daily cash rate.

As at balance date, the Group maintained floating rate borrowings in HKD of \$38.4m (2016: \$55.6m) and had minimal interest earning cash and cash equivalents (2016: minimal).

As at balance date, the Group had USD cash on hand and at bank of \$53.0 million which is interest bearing and is invested at approximately US LIBOR (2016: \$76.8 million). In addition, the Group had USD deposits at call of \$4.7 million, which is invested at approximately US LIBOR (2016: \$9.7 million). The Group maintained no floating rate borrowings in USD (2016: \$nil).

As at balance date, the Group maintained no floating rate borrowings in EUR (2016: \$nil) and had minimal cash and cash equivalents (2016: minimal).

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 32. Financial Risk Management Objectives and Policies *continued*

### (a) Market Risk *continued*

#### (i) Interest rate risk – cash flow *continued*

##### Group Sensitivity

As a result of an increase of 50 basis points in AUD, HKD and USD interest rates, and an increase of 100 basis points in GBP and EUR interest rates, the Group's post-tax-profit for the year would have increased by \$2.3 million (2016: decreased by \$0.9 million). As a result of a decrease of 50 basis points in AUD and USD interest rates, and a decrease of 25 basis points in GBP, EUR and HKD interest rates, the Group's post-tax-profit for the year would have decreased by \$2.2 million (2016: increased by \$1.0 million).

The Group, where appropriate, uses interest rate swaps to manage the risk of adverse movements in interest rates for its long term floating rate borrowings which are subject to variable rates.

The Group uses cross-currency interest rate swaps to manage the risk of adverse movements in interest rates for its long term foreign currency denominated borrowings which are subject to variable rates.

As at balance date the notional principal amounts and period of expiry of the interest rate swap contracts were as follows:

	2017 \$'000	2016 \$'000
<b>Cash flow hedge</b>		
Maturity under 1 year	-	-
Maturity 1 -5 years	200,000	800,000
Maturity over 5 years	174,634	174,634
<b>Closing Balance</b>	<b>374,634</b>	<b>974,634</b>

The movement from 2016 to 2017 is a result of early termination of interest rate swaps.

As at balance date the key terms of the interest rate swap contracts were as follows:

Hedge Type	Maturity Date	Interest Rate Received	Interest Rate Paid	Fair Value of Swap Contract \$('000)
<b>Year Ended 30 June 2017</b>				
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(2,790)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	21,892
<b>Year Ended 30 June 2016</b>				
Interest Rate Swap Contract	March 2019	BBSW	3.04%	(3,311)
Interest Rate Swap Contract	March 2020	BBSW	3.18%	(4,618)
Interest Rate Swap Contract	December 2019	BBSW	2.43%	(3,893)
Interest Rate Swap Contract	December 2020	BBSW	2.55%	(10,238)
Cross Currency Swap Contract	June 2036	USD 4.91%	AUD 7.05%	13,544

The terms of each of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective.

#### (ii) Interest rate risk - fair value

Where appropriate, the Group enters into fixed rate debt to mitigate exposure to interest rate risk. As the Group holds fixed rate debt there is a risk that the fair value of financial instruments will fluctuate because of market movements in interest rates. The level of fixed rate debt at balance date was \$933.7 million (2016: \$1,724.6 million). As at balance date, the carrying amounts of the Group's fixed rate debt were not materially different from the fair values (2016: not material).

As at balance date the Group had no interest rate swaps in place to hedge fixed rate debt issuances (2016: nil).

## 32. Financial Risk Management Objectives and Policies *continued*

### (a) Market Risk *continued*

#### (iii) Foreign exchange risk

The Group has currency exposure as a result of capital expenditure and investments/sales in currencies other than the Group's functional currency.

The Group uses forward exchange contracts to minimise the currency exposure on any significant receivables or payables as is deemed appropriate.

All forward exchange contracts must be in the same currency as the firm commitment and the Group negotiates the terms of the hedges to exactly match the underlying commitment to maximise hedge effectiveness. As at balance date, the Group had hedged the majority of its foreign currency receivables and payables that are firm commitments.

As at balance date, the Group had the following material foreign exchange exposures that were not designated as cash flow hedges:

	2017	2016
	\$'000	\$'000
<b>USD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	7,731	23,879
<b>Total financial assets</b>	<b>7,731</b>	<b>23,879</b>
<b>Net exposure</b>	<b>7,731</b>	<b>23,879</b>

	2017	2016
	\$'000	\$'000
<b>GBP Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	7,376	4,356
<b>Total financial assets</b>	<b>7,376</b>	<b>4,356</b>
<b>Net exposure</b>	<b>7,376</b>	<b>4,356</b>

	2017	2016
	\$'000	\$'000
<b>HKD Exposure</b>		
<b>Financial assets</b>		
Cash and cash equivalents	5,833	19,811
Trade and other receivables	43,784	64,466
<b>Total financial assets</b>	<b>49,617</b>	<b>84,277</b>
<b>Financial liabilities</b>		
Trade and other payables	7,599	23,386
HKD Debt Facilities	38,391	55,552
<b>Total financial liabilities</b>	<b>45,990</b>	<b>78,938</b>
<b>Net exposure</b>	<b>3,627</b>	<b>5,339</b>

#### Group sensitivity – USD

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 10c against the USD would not be material as at balance date (2016: not material).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 10c against the USD would be \$1.2 million higher or \$0.9 million lower (2016: \$3.7 million higher or \$2.8 million lower).

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 32. Financial Risk Management Objectives and Policies *continued*

### (a) Market Risk *continued*

#### (iii) Foreign exchange risk *continued*

##### Group sensitivity – GBP

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 5c against the GBP would not be material as at balance date (2016: not material).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 5c against the GBP would be \$0.7 million higher or \$0.6 million lower (2016: \$0.4 million higher or \$0.4 million lower).

##### Group sensitivity – HKD

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity as a result of the AUD strengthening or weakening by 50c against the HKD would not be material as at balance date (2016: not material).

The sensitivity to fair value movements through profit and loss as a result of the AUD strengthening or weakening by 50c against the HKD would be \$0.3 million higher or \$0.3 million lower (2016: \$0.5 million higher or \$0.4 million lower).

##### Foreign Exchange Contracts

The Group uses derivative instruments such as forward exchange contracts to manage the currency risks arising from the Group's operations and its sources of finance.

Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. These derivatives qualify for hedge accounting and are based on limits set by the Board.

##### Cash flow hedges

At balance date details of outstanding cash flow hedges denominated in AUD was:

	Notional Amounts		Average Rate	
	2017 \$'000	2016 \$'000	2017	2016
<b>Buy USD/Sell AUD</b>				
Maturity under 1 year	99,966	70,225	0.8402	0.8402
Maturity 1 -5 years	-	12,063	-	0.8290
<b>Closing Balance</b>	<b>99,966</b>	<b>82,288</b>	<b>0.8402</b>	<b>0.8385</b>

The forward exchange contracts and cash flow hedges are considered to be highly effective hedges as they are matched against known and committed receivables and payments and any gain or loss on the hedged risk is taken directly to equity.

### (b) Price Risk

#### (i) Equity Securities Price Risk

The Group is exposed to equity securities price risk. Equity securities price risk arises from investments held by the Group and classified on the balance sheet as investments.

	2017 \$'000	2016 \$'000
Shares - listed	64,764	49,743
Shares - unlisted	-	2,017
<b>Net exposure</b>	<b>64,764</b>	<b>51,760</b>

## 32. Financial Risk Management Objectives and Policies *continued*

### (b) Price Risk *continued*

#### (i) Equity Securities Price Risk *continued*

##### Group sensitivity

The Group's sensitivity to equity securities price risk for the listed investments has been estimated by reference to published price quotations in an active market. The sensitivity to movement in fair value for listed investments as a result of a 10% movement in the share price of the listed shares at balance date was \$4.5 million (2016: \$2.6 million).

#### (ii) Commodity Price Risk

Neither the Group nor the parent entity is exposed to commodity price risk.

### (c) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is outlined under each applicable note.

The Group does not hold any credit derivatives or collateral to offset its credit exposure.

All investment and financial instruments activity is with approved counterparties with investment grade ratings and is in accordance with approved policies. There are no significant concentrations of credit risk within the Group and the aggregate value of transactions is spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk in trade receivables is managed in the following ways:

- (i) The provision of credit is covered by a risk assessment process for all customers.
- (ii) Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.
- (iii) The provision of cheque-cashing facilities for gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world.

In assessing the doubtful debts provisioning for trade receivables, the Group has measured credit risk using the 'Simplified Approach'. The simplified approach requires the recognition of lifetime expected credit losses at all times. The Group has elected to use a provision matrix utilising historical default rates, as well as taking into account current conditions and forecasts of future economic conditions. If the Group becomes aware of circumstances relevant to an individual or group of debtors that results in the matrix not being an appropriate basis for provisioning, then management discretion will be applied.

The Group has early adopted AASB 9 in its entirety from 1 July 2016 (refer to note 1 for further details). Under AASB 139 the opening trade receivables would have been \$333.2 million, however with the adoption of AASB 9 this balance was reduced by \$84.6 million to \$248.6 million.

### (d) Liquidity Risk

It is the Group's objective to maintain a balance between continuity of funding and flexibility through the use of cash reserves, committed bank lines and capital markets debt in order to meet its financial commitments in a timely manner.

At balance date 18.0% or \$350.1 million of the Group's interest bearing liabilities will mature in less than 12 months (2016: 3.8%).

As at balance date the Group had \$414.8 million in undrawn committed bank lines and \$1,771.2 million in cash and cash equivalents to mitigate the maturing liabilities (2016: \$1,289.3 million and \$449.7 million respectively).

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 32. Financial Risk Management Objectives and Policies *continued*

### (d) Liquidity Risk *continued*

#### Maturity analysis of financial assets and liabilities

The table below analyses the Group's contractual undiscounted cash flows of financial assets and financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	1 year or less		1 to 5 years		more than 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Cash and cash equivalents	1,771,227	449,663	-	-	-	-	1,771,227	449,663
Receivables - trade	225,290	248,558	20,355	16,108	-	-	245,645	264,666
Receivables - other	-	-	125,380	125,380	-	-	125,380	125,380
Forward exchange contracts receivable	78,064	79,195	-	13,423	-	-	78,064	92,618
Cross currency interest rate swaps receivable	8,066	8,322	32,264	33,286	112,924	124,823	153,254	166,431
<b>Total financial assets</b>	<b>2,082,647</b>	<b>785,738</b>	<b>177,999</b>	<b>188,197</b>	<b>112,924</b>	<b>124,823</b>	<b>2,373,570</b>	<b>1,098,758</b>
<b>Financial liabilities</b>								
Trade and other payables	446,503	475,240	66,293	182,329	158,509	157,160	671,305	814,729
Finance lease liabilities	11,718	10,163	130,878	51,098	-	66,545	142,596	127,806
Capital markets	300,000	-	259,070	750,000	1,184,941	1,307,968	1,744,011	2,057,968
Bank loans	38,391	75,552	20,000	-	-	-	58,391	75,552
Forward exchange contracts payable	72,556	70,225	-	12,063	-	-	72,556	82,288
Interest rate swaps payable	1,585	5,215	3,900	14,502	-	-	5,485	19,717
Cross currency interest rate swaps payable	12,312	12,312	49,248	49,248	172,364	184,675	233,924	246,235
<b>Total financial liabilities</b>	<b>883,065</b>	<b>648,707</b>	<b>529,389</b>	<b>1,059,240</b>	<b>1,515,814</b>	<b>1,716,348</b>	<b>2,928,268</b>	<b>3,424,295</b>
<b>Net maturity</b>	<b>1,199,582</b>	<b>137,031</b>	<b>(351,390)</b>	<b>(871,043)</b>	<b>(1,402,890)</b>	<b>(1,591,525)</b>	<b>(554,698)</b>	<b>(2,325,537)</b>

## 32. Financial Risk Management Objectives and Policies *continued*

### (e) 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.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	<b>Valuation Technique</b>			<b>Total \$'000</b>
	<b>Quoted market price Level One \$'000</b>	<b>Observable inputs Level Two \$'000</b>	<b>Non market observable Level Three \$'000</b>	
<b>Year ended 30 June 2017</b>				
<b>Financial Assets</b>				
Foreign currency forward contracts	-	9,375	-	9,375
Cross currency swap contracts	-	21,892	-	21,892
Equity instruments	64,764	-	-	64,764
	<b>64,764</b>	<b>31,267</b>	<b>-</b>	<b>96,031</b>
<b>Financial Liabilities</b>				
Contingent consideration	-	-	45,277	45,277
Interest rate swap contracts	-	2,790	-	2,790
	<b>-</b>	<b>2,790</b>	<b>45,277</b>	<b>48,067</b>
<b>Year ended 30 June 2016</b>				
<b>Financial Assets</b>				
Foreign currency forward contracts	-	11,231	-	11,231
Cross currency swap contracts	-	13,544	-	13,544
Equity instruments	49,743	-	2,017	51,760
	<b>49,743</b>	<b>24,775</b>	<b>2,017</b>	<b>76,535</b>
<b>Financial Liabilities</b>				
Contingent consideration	-	-	154,094	154,094
Interest rate swap contracts	-	22,060	-	22,060
	<b>-</b>	<b>22,060</b>	<b>154,094</b>	<b>176,154</b>

There have been no transfers between fair value measurement levels during the financial year ended 30 June 2017.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2017

## 32. Financial Risk Management Objectives and Policies *continued*

### (e) Fair Value of Financial Instruments *continued*

#### Reconciliation of Level Three fair value movements:

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>		
Opening balance	2,017	2,235
Profit and Loss	38,113	(218)
Distributions received	(40,130)	-
<b>Closing Balance - Financial Assets</b>	<b>-</b>	<b>2,017</b>
<b>Financial Liabilities</b>		
Opening balance	154,094	-
Acquisition of Subsidiary	-	157,801
Profit and Loss	(104,085)	-
Other Comprehensive Income	(4,732)	(3,707)
<b>Closing Balance - Financial Liabilities</b>	<b>45,277</b>	<b>154,094</b>

# Directors' Declaration

1. In the opinion of the Directors:
  - a. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth), including:
    - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (Cth);
  - b. the financial statements and notes also comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1 of the Financial Report; and
  - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 30 June 2017.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 30 of the Financial Report will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of the Directors.



**John Alexander**

Director

Melbourne, 12 September 2017

# Shareholder Information

## Substantial shareholders as at 5 September 2017

The following information is extracted from substantial shareholder notices received by Crown.

Shareholder	Number of ordinary Shares	% of Issued Capital
Consolidated Press Holdings Pty Limited	333,789,924	48.46

## Holders of each class of securities as at 5 September 2017

Crown has 688,847,822 ordinary shares on issue held by 64,436 shareholders.

## Voting rights of ordinary shares

Crown's Constitution sets out the information in relation to the voting rights attached to shares. In summary, at a general meeting:

- (a) on a show of hands, every member present has one vote; and
- (b) on a poll, every member present has:
  - (i) one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and
  - (ii) a fraction of a vote for each partly paid share held by the member and in respect of which the member is entitled to vote, equivalent to the proportion which the amount paid on the share bears to the total amount paid and payable on the share.

## Distribution of shareholders as at 5 September 2017

Size of Holdings	Number of Shareholders	% of Issued Capital
1 – 1,000	42,829	2.53
1,001 – 5,000	19,100	5.93
5,001 – 10,000	1,729	1.79
10,001 – 100,000	723	2.29
100,001 and over	55	87.46
<b>Total</b>	<b>64,436</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 2,165 (based on a closing market price of ordinary shares on 5 September 2017).

## On-market buy-back

Crown lodged an Appendix 3C with the Australian Securities Exchange on 4 August 2017.

## Shares purchased on-market

During the 2017 financial year, 857,416 ordinary shares were purchased on-market at an average price per share of \$13.65 for the purposes of the 2014 Crown Long Term Incentive Plan.

## The 20 largest shareholders as at 5 September 2017

Name	No. of Shares	% of Issued Capital
1. CPH CROWN HOLDINGS PTY LTD	312,940,933	45.43
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	107,691,825	15.63
3. J P MORGAN NOMINEES AUSTRALIA LIMITED	70,749,963	10.27
4. CITICORP NOMINEES PTY LIMITED	26,309,157	3.82
5. NATIONAL NOMINEES LIMITED	24,485,630	3.55
6. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	10,130,360	1.47
7. UBS NOMINEES PTY LTD	9,854,454	1.43
8. BNP PARIBAS NOMS PTY LTD <DRP>	6,185,718	0.90
9. CONSOLIDATED PRESS HOLDINGS PTY LIMITED	6,000,000	0.87
10. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,384,136	0.64
11. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,479,447	0.51
12. ARGO INVESTMENTS LIMITED	2,609,184	0.38
13. NAVIGATOR AUSTRALIA LTD <SMA ANTARES INV DV BUILD A/C>	2,107,837	0.31
14. IOOF INVESTMENT MANAGEMENT LIMITED <IPS SUPER A/C>	1,923,950	0.28
15. AUST EXECUTOR TRUSTEES LTD <CROWN EMPLOYEE SHARE PLAN>	1,537,557	0.22
16. BNP PARIBAS NOMS (NZ) LTD <DRP>	966,820	0.14
17. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	820,380	0.12
18. AMP LIFE LIMITED	753,709	0.11
19. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	742,301	0.11
20. NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	722,939	0.10
<b>Total</b>	<b>594,396,300</b>	<b>86.29</b>

# Additional Information

## Shareholder enquiries

Shareholders may access their details by visiting the website of the Company's Share Registry, Computershare, at [www.investorcentre.com](http://www.investorcentre.com). For security reasons, shareholders will be required to enter their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode to access personal information. Security holding information may be updated online. Alternatively, the relevant forms may be downloaded from the Share Registry's website with completed forms mailed to the Share Registry. Shareholders with queries about their shareholdings should contact the Share Registry Investor Services, by phone on 1300 659 795 (within Australia), or on +61 3 9415 4000 (outside Australia) or alternatively by fax on +61 3 9473 2500.

## Electronic shareholder communications

The Company encourages shareholders to elect to receive shareholder communications electronically instead of by post as it enables shareholders to:

- receive important shareholder and company information faster;
- reduce the impact on the environment;
- securely store important shareholder documents online, reducing clutter in your home or office; and
- access all documents conveniently 24/7.

Shareholders who wish to receive email alerts with copies of the Annual Report, Notice of Meeting, Issuer Holding Statements, Payment Advices and other company related information may either contact the Share Registry or update their communication preference online at [www.investorcentre.com](http://www.investorcentre.com).

## Change of address

Issuer sponsored shareholders should notify the Share Registry immediately in writing or by telephone upon any change in their address quoting their SRN. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate HIN.

## Direct payment to shareholders' accounts

Dividends may be paid directly to any bank, building society or credit union account in Australia. Payments are electronically credited on the dividend date with advisory confirmation containing payment details mailed to shareholders. Shareholders who wish to have their dividends paid directly to their account may advise the Share Registry in writing or may update their payment instructions online on [www.investorcentre.com](http://www.investorcentre.com) prior to the dividend record date.

## Tax File Numbers

Crown is obliged to deduct tax at the top marginal tax rate plus the Medicare levy from unfranked or partially franked dividends paid to Australian resident shareholders who have not supplied their Tax File Number (TFN) or exemption details. If you wish to provide your TFN or exemption details, please contact the Share Registry or update your details online at [www.investorcentre.com](http://www.investorcentre.com).

## Consolidation of multiple holdings

If you have multiple holdings which you wish to consolidate, please advise the Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

## Crown's website

Crown has a dedicated corporate website at [www.crownresorts.com.au](http://www.crownresorts.com.au) which includes Crown's Annual Reports, Notices of Meeting and other Explanatory Memoranda and disclosures made to the ASX.

## Investment warning

All information provided in the Annual Report is provided as at the date stated or otherwise as at the date of this Report.

This Report has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Crown or to seek independent professional advice.

# Corporate Information

## Directors

- **John H Alexander**, BA Executive Chairman
- **The Honourable Helen A Coonan**, BA, LLB
- **Rowena Danziger**, AM, BA, TC, MACE
- **Andrew Demetriou**, BA, BEd
- **Geoffrey J Dixon**
- **Professor John S Horvath**, AO, MB, BS (Syd), FRACP
- **Michael R Johnston**, BEc, CA
- **Harold C Mitchell**, AC
- **James D Packer**

## Company Secretary

**Mary Manos**, BCom, LLB (Hons), GAICD

## Crown's registered office and principal corporate office

Level 3  
Crown Towers  
8 Whiteman Street  
Southbank VIC 3006  
Australia  
Phone: +61 3 9292 8824

## Share Registry

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Phone: 1300 659 795 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Fax: +61 3 9473 2500  
Website: [www.computershare.com.au](http://www.computershare.com.au)

## Securities Exchange Listing

Crown's ordinary shares are listed on the Australian Securities Exchange under the code "**CWN**".  
Crown's Subordinated Notes I are listed on the Australian Securities Exchange under the code "**CWNHA**".  
Crown's Subordinated Notes II are listed on the Australian Securities Exchange under the code "**CWNHB**".  
The home exchange is Melbourne.

## Website

Visit our website [www.crownresorts.com.au](http://www.crownresorts.com.au) for media releases and financial information.

## Auditor

Ernst & Young

## Banker

Australia and New Zealand Banking Group Limited



**CROWN  
RESORTS**