



**ASX / MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
20 February 2008**

### **CROWN ANNOUNCES HALF YEAR RESULTS**

- **Normalised Net Profit of \$211.4 Million**
- **Australian Casinos Deliver 8.8% Earnings Growth**
- **Crown Macau is now the Market Leading VIP Casino**
- **Interim Dividend of 25 cps Declared**

**MELBOURNE: Crown Limited (ASX: CWN)** today announced a Normalised Net Profit after Tax ("NPAT") (at theoretical and excluding discontinued operations and non-recurring items) for the six months to 31 December 2007 of \$211.4 million.

The six months' Reported NPAT of \$3,622.5 million has been artificially inflated by the one-off results of discontinued operations and non-recurring gains (\$3,426.2 million) which Crown is required to bring to account under Australian accounting standards. It has also been adversely impacted by below theoretical win rates at Crown Melbourne and Burswood (\$4.6 million) and at Crown Macau (Crown's share \$10.6 million).

Operating cash flow generated was \$332 million for the six months and net cash on hand at 31 December 2007 was \$177 million.

Executive Chairman of Crown, Mr James Packer said:

"The past six months has been an extremely productive and exciting period for Crown.

The highlights include:

- The listing of Crown on the ASX following the successful completion of the demerger of PBL into two separately listed companies;
- The issuance of further ADSs to the public in Melco PBL Entertainment (Macau) Limited ("MPEL") in November, which raised approximately US\$560 million for MPEL, and reduced Crown's stake to 37.9%. In addition, MPEL secured US\$1.75 billion of senior secured debt facilities to be utilised to finance construction of the City of Dreams; and
- Completion of the acquisition of Gateway in Canada (50% interest) and announcement of an agreement to acquire Cannery Casino Resorts in the USA (100% interest) – subject to regulatory approval."

Chief Executive Officer of Crown, Mr Rowen Craigie said:

"The Group's fully-owned casino businesses, Crown Melbourne and Burswood, have performed well, achieving solid 'normalised' earnings growth of almost 9% for the period. Construction of a third hotel

in Melbourne has commenced and the refurbishment of the main casino floor at both Crown and Burswood is progressing steadily.

After a slow start up phase, Crown Macau is now Macau's market leading VIP casino following the successful launch of the AMA junket operation in mid December."

Crown shares commenced trading on the ASX on 3 December 2007, however, a pro forma Normalised after tax profit has been prepared for the six months ended 31 December 2007 (refer attachment A and B) and represents earnings from the gaming assets Crown acquired from Publishing and Broadcasting Limited ("PBL") in the recently approved demerger transaction. Results from assets divested, either to Consolidated Media Holdings Limited ("CMH") or externally, have been disclosed as discontinued operations for both the current period and prior period (refer attachment C).

## **AUSTRALIAN CASINO BUSINESSES**

### **Crown Melbourne and Burswood: Australia (100% interest)**

Normalised contribution from Crown Melbourne and Burswood was \$316.6 million, up 8.8% on the prior year. After including a six month allocation of \$13.8 million for corporate costs, normalised EBITDA was \$302.8 million. Reported EBITDA for the period was \$296.3 million, reflecting a below theoretical win rate of 1.29%, a negative impact of \$6.6 million, compared to a negative impact of \$16.6 million in the previous corresponding period.

Normalised revenue at the properties increased by 6.5% over the prior year to \$992.7 million. Reported revenue increased to \$984.7 million. VIP Program turnover of \$12.8 billion decreased by \$0.8 billion compared with the previous period. However, following a successful Chinese New Year at Crown Melbourne and Burswood, VIP program turnover is now ahead on a year to date basis and the win rate is now above theoretical.

## **OVERSEAS AND JOINT VENTURE BUSINESSES**

### **MPEL: Macau (37.9% interest)**

Following the repositioning of Crown Macau into a predominantly VIP casino and the successful launch of operations by AMA, a junket aggregator, the performance of Crown Macau has improved significantly. Trading in January has been strong with VIP turnover reaching \$14.3 billion for the month (the equivalent of HK\$50 billion rolling chip volume) while February has seen further growth in VIP market share.

During the six months MPEL issued an additional 37.5 million ADS's raising approximately US\$560 million, and diluting Crown's holding from 41.4% to 37.9%. In addition, MPEL closed a fully syndicated US\$1.75 billion debt facility, with recourse only to MPEL's assets, of which US\$500 million of the facility was drawn at 31 December 2007. Cash and cash equivalents were approximately US\$1.1 billion at 31 December 2007 (including restricted cash of US\$299 million).

Crown's share of MPEL's net loss for the period was \$27.8 million with MPEL trading reflecting:

- (a) the full opening of Crown Macau not occurring until early August;
- (b) below expectation mass market visitation;
- (c) a below theoretical hold in the VIP business; and
- (d) operating inefficiencies reflective of the "start up" period.

### **Gateway Casinos: Canada (50% interest)**

New World Gaming Partners is a 50:50 joint venture between Crown and Macquarie Bank. The joint venture owns Gateway, the operator of seven "locals" casinos in British Columbia (including the recently opened Starlight Casino) and two properties in Alberta. The acquisition of Gateway was completed in mid November 2007 with a total Crown outlay of \$224 million, structured as \$75 million equity, and \$149 million of subordinated debt. Consequently, Crown will record both equity accounted earnings (based on Gateway's after tax results) together with interest income from the subordinated loan. In addition, New World Gaming

Partners has secured seven year debt facilities of approximately CAD\$1 billion with recourse solely to the joint venture assets.

Expansions and upgrades planned for the next twelve months are expected to increase gaming positions in the Gateway portfolio to approximately 5,400 gaming machines and over 200 tables together with 277 hotel rooms.

### **Cannery Casino Resorts: USA**

Crown agreed to acquire Cannery (subject to regulatory approval) in December 2007. The Cannery portfolio comprises the Meadows racino in Pittsburgh, and in Las Vegas, Cannery Casino and Hotel, Nevada Palace and Rampart Casino. A permanent casino at the Meadows is currently under construction as is a new property called East Side Cannery on the Boulder strip in Las Vegas, which will replace the Nevada Palace. Although completion of the transaction is not expected until the end of 2008, Crown management continues to monitor operating performance and construction activity via existing Cannery management.

### **OTHER INVESTMENTS**

#### **Aspinalls: UK (50% interest)**

Crown has a 50:50 joint venture with an entity controlled by Damian Aspinall and his family. Aspinalls is currently operating a high end casino in Mayfair, a casino in Newcastle and the recently opened Swansea casino, with construction underway on a new property in Northampton. The joint venture continues to pursue a strategy of targeting new licence opportunities, subject to government policy.

#### **Betfair (Australia and New Zealand): Australia (50% interest)**

Crown and Betfair (UK) have a 50:50 joint venture for a betting exchange business in Australia and New Zealand. The business continues to build critical mass in its first full year of operations and despite the negative impacts of the Equine Influenza epidemic, has recently reached cash flow break even.

#### **Fontainebleau: Las Vegas / Miami (19.6% interest)**

Fontainebleau owns a resort hotel complex in Miami, which is in the process of being refurbished in order to open in the second half of 2008. It is also constructing a casino resort in Las Vegas, which is scheduled to open in the last quarter of 2009. Crown's stake in Fontainebleau is a US\$250 million equity investment together with a US\$25 million deferred debt interest.

#### **LVTI: Las Vegas (37.5% interest)**

PBL paid US\$22.5 million for a 37.5% equity interest in LVTI LLC (LVTI), a joint venture between IDM Properties and York Capital. LVTI has acquired an option to purchase 26.87 acres of land on the northern end of Las Vegas Boulevard for US\$475 million, equating to US\$17.7 million per acre. The option must be exercised by 30 June 2008. LVTI is currently undertaking a strategic review of its development options in the light of recent upheavals in capital markets.

#### **Stations / Harrah's**

During the period, Crown invested \$242 million for a 4.9% fully diluted stake in the Stations Casino Group in the USA, and, subsequent to 31 December 2007, Crown invested \$172 million for a 2.5% stake in the Harrah's Entertainment Inc. Both Stations and Harrahs have been recently privatised. Crown is confident that these investments will generate solid returns over the long term and have the potential to lead to further strategic opportunities. The possibility of making these portfolio investments was flagged (without identifying the companies) in the PBL Scheme Booklet.

#### **Hoyts (50% interest)**

PBL agreed to sell this business pre demerger. Beneficial ownership was transferred to Crown as part of the demerger and gross proceeds of sale of \$150 million were received by Crown in mid December 2007. The equity profit and the loss on sale (after costs associated with the sale) have been included in discontinued businesses.

## **New Regency: (25% interest)**

Negotiations to sell Crown's 25% stake in New Regency are continuing with the majority shareholder. Crown anticipates a successful outcome from this process.

## **CURRENT TRADING CONDITIONS**

Crown's Australian casinos continue to perform strongly in both VIP and local business.

In Macau, following the commencement of operations by AMA, a junket aggregator, in December 2007, VIP turnover has increased and Crown Macau's performance is now trading ahead of budget.

Crown management remains focussed on the performance of the newly acquired investments in North America.

## **NON-RECURRING ITEMS / DISCONTINUED OPERATIONS**

Discontinued operations include equity accounted contributions and income tax adjustments related to businesses now residing in CMH (post the PBL demerger) and net non-recurring gains from asset sales, both external and as a result of the accounting for the PBL demerger.

## **FINANCIAL**

Net operating cash flow for the six month period (PBL for five months plus Crown businesses for one month) was \$332 million and after capital expenditure of \$99 million, dividend payments of \$169 million, net investments in flow of \$345 million and cashflows associated with the PBL demerger, Crown had \$177 million net cash as at 31 December 2007.

On a pro forma basis (Crown businesses only) net operating cash flow was \$331 million for the six month period.

The net cash comprises \$2,567 million of deposits plus cash on hand but offset by \$2,390 million of drawn debt.

Drawn debt (as disclosed in the recent PBL Scheme demerger documentation) comprises:

	<b>Drawn \$M</b>	<b>Available \$M</b>	<b>Expiry Date</b>
Bank Debt	2,070m	80	September 2010
	20m	196	June 2011
Capital Market Debt	125m	-	March 2011
	175m	-	July 2036

## **DIVIDEND**

The Directors have announced today a dividend on ordinary shares of 25 cents per share, 40% franked, payable to shareholders registered on 11 April 2008, at 5.00pm. While this dividend represents a payout ratio of 82% of the six months' normalised earnings, it is intended that the final dividend will be set to achieve a 100% payout ratio of normalised earnings for the full year FY2008.

## **ENDS**

Media Enquiries – Gary O'Neill (03) 9292 4160

Analyst Enquiries – John Bresnan (03) 9292 8851

## **COPIES OF RELEASES**

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at [www.crownlimited.com](http://www.crownlimited.com).



**CROWN GROUP RESULT**  
Six Months ended 31 December 2007

<b>Normalised Results<sup>(1)</sup></b>			<b>Actual Results</b>			
6 mths ended Dec 2006 \$ M	6 mths ended Dec 2007 \$ M	% movement on Normalised		6 mths ended Dec 2006 \$ M	6 mths ended Dec 2007 \$ M	% movement on Actual
<u>1,876.6</u>	<u>992.7</u>	(47.1)%	OPERATING REVENUE	<u>1,857.4</u>	<u>984.7</u>	(47.0)%
553.2	302.8	(45.3)%	EARNINGS BEFORE INTEREST, TAX & DEPRECIATION	536.6	296.3	(44.8)%
<u>(80.9)</u>	<u>(63.2)</u>		Depreciation & Amortisation	<u>(80.9)</u>	<u>(63.2)</u>	
472.3	239.6	(49.3)%	EARNINGS BEFORE INTEREST & TAX	455.7	233.1	(48.8)%
<u>(67.5)</u>	<u>63.9</u>		Net Interest	<u>(67.5)</u>	<u>63.9</u>	
404.8	303.5	(25.0)%	PROFIT BEFORE TAX	388.2	297.0	(23.5)%
<u>(83.6)</u>	<u>(69.6)</u>		Taxation	<u>(78.6)</u>	<u>(67.6)</u>	
321.2	233.9	(27.2)%	PROFIT AFTER TAX	309.6	229.4	(25.9)%
38.1	(22.5)		Equity Accounted Profit <sup>(2)</sup>	36.4	(33.1)	
<u>(5.7)</u>	<u>0.0</u>		Minority Interests	<u>(5.7)</u>	<u>0.0</u>	
<u>353.6</u>	<u>211.4</u>	(40.2)%	NET PROFIT BEFORE DISCONTINUED OPERATIONS	340.3	196.3	(42.3)%
			Discontinued operations and non recurring items	<u>0.0</u>	<u>3,426.2</u>	
			NET PROFIT	<u>340.3</u>	<u>3,622.5</u>	964.5%

(1) Adjusted to show underlying NPAT, ie. excluding the impact of the below theoretical win rate on VIP Program Play of \$4.6million ( \$6.6 million pre tax less income tax of \$2.0 million ) in H1 2008 and the below theoretical win rate of \$11.6 million ( \$16.6 million pre tax less income tax of \$5.0 million ) in H1 2007. With theoretical win rate calculated at 1.35% in both years.

- (2) Includes:
- 25% of Foxtel (in 2006)
  - 50% of Premier Media Group (in 2006)
  - 50% of ninemsn (in 2006)
  - 50% Aspinals (two months in 2006 and six months in 2007)
  - 24% of TMS (in 2006)
  - 50% of magazine UK JV (in 2006)
  - 50% of Hoyts (in 2006)
  - 40% of MPEL (in 2006) and 38% (in 2007)
  - 41% of CarSales (in 2006)
  - 50% of Betfair (four months in 2006 and six months in 2007)
  - 50% of Gateway (six weeks in 2007)

Normalised results include an adjustment to equity share of earnings from MPEL excluding the impact of below theoretical win rate on VIP Play of \$10.6 million.





**CROWN GROUP RESULT**  
Six Months ended 31 December 2007

**Summary of Discontinued Operations and Non Recurring Items**

Crown's profit from discontinued operations and non recurring items consists of the following:

	<b>\$'000</b>
Gain on demerger of CMH	2,420,245
Gain on disposal of PBL Media	873,721
Gain on disposal of Ticketing & Events	79,743
Loss on disposal of Hoyts	(5,146)
New Regency write down	(17,000)
Other discontinuing operations <sup>(1)</sup>	74,650
	<b>3,426,213</b>
Profit from discontinued operations and non recurring items (net of tax)	

- (1) Other discontinued operations consists of equity accounted results of entities no longer part of the Crown Group, tax adjustments, and corporate costs of businesses residing in CMH. The net profit from these other discontinued operations is \$74.7 million.

# Crown Limited

A.B.N. 39 125 709 953

## Appendix 4D

### Half year ended 31 December 2007

(Previous corresponding period: half year ended 31 December 2006)

### Results for announcement to the market

				\$A'000
Revenue from continuing operations	up	<b>13.3%</b>	to	<b>1,074,145</b>
Profit from continuing operations after tax attributable to members	up	<b>277.0%</b>	to	<b>196,334</b>
Net profit for the period attributable to members	up	<b>964.7%</b>	to	<b>3,622,547</b>
<b>Dividends</b>		Amount per security		Franked amount per security
Interim dividend:		<b>25 cents</b>		<b>10 cents</b>
Previous corresponding period		<b>30 cents</b>		<b>30 cents</b>
Record date for determining entitlements to the dividend		<b>11 April 2008</b>		
Interim dividend payment date		<b>18 April 2008</b>		
For an explanation of any of the figures reported above, refer to the commentary on the Group's results contained in the accompanying half-year report.				



# Crown Limited

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## Directors' Report

Your directors submit their report for the half-year ended 31 December 2007.

### Directors

The directors of Crown Limited (the "Company") in office during the half-year, and until the date of this Report are as below. Directors were in office for this entire period unless otherwise stated.

James Douglas Packer  
Christopher John Anderson  
John Henry Alexander  
Christopher Darcy Corrigan  
Rowen Bruce Craigie  
Rowena Danziger  
Geoffrey James Dixon  
Ashok Peter Jacob  
Michael Roy Johnston  
David Hillel Lowy  
Christopher John Mackay  
Richard Wallace Turner

### Review and Results of Operations

The consolidated net profit of the economic entity for the half-year after tax and outside equity interests was \$3,622.5 million (2006: \$340.2 million)

A review of operations of the Company is provided on page 3.

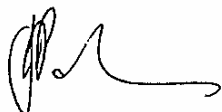
### Auditor's Independence Declaration

A statement of independence has been provided by our auditors, Ernst & Young, and follows this Directors' Report on page 4.

### Rounding of Amounts to Nearest Thousand Dollars

The amounts contained in this report and in the half-year financial reports have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which this Class Order applies.

Signed in accordance with a resolution of the directors.



**J.D. Packer**  
Director



**R.B. Craigie**  
Director

Melbourne, 20th day of February, 2008.

## REVIEW OF OPERATIONS

Crown's NPAT from continuing operations is \$196.3 million (\$52.1 million last period) and from discontinued operations is \$3,426.2 million (\$293.9 million last period), resulting in a total reported NPAT of \$3,622.5 million.

The continuing operations improvement is attributable to 13% growth in Gaming EBITDA (9% improvement at normalised win rates of 1.35%) and a net interest saving of \$131.4 million (\$63.9 million net interest income for the current period vs \$67.5 million net interest expense for the prior period).

### GAMING

Reported gaming EBITDA (excluding a corporate cost allocation) for the period from Crown Melbourne and Burswood was \$310.1 million, reflecting solid growth at both properties. After including a \$13.8 million corporate cost allocation, reported EBITDA was \$296.3 million. A below theoretical win rate of 1.29% had a \$6.6 million adverse impact on reported EBITDA this period. Last period reflected a below theoretical win rate of 1.21% which had an adverse impact on reported EBITDA of \$16.6 million. Reported revenue increased 7.9% to \$984.7 million with VIP Program turnover of \$12.8 billion decreasing by \$0.8 billion compared with the prior six month period. Costs increased by 5.7%.

### INVESTMENTS

The Group's reported equity accounted earnings losses were \$33.1 million reflecting losses from our Macau joint venture (MPEL) due to start up costs, costs associated with subsequent repositioning of Crown Macau and a below theoretical win rate. Additionally Gateway (6 weeks), Aspinalls and Betfair all reported small losses.

### NON-RECURRING ITEMS / DISCONTINUED OPERATIONS

Discontinued operations include equity accounted contributions and income tax adjustments related to businesses now residing in CMH (post the PBL demerger) and net non-recurring gains from asset sales, both external and as a result of the accounting for the PBL demerger.

### CASH FLOW

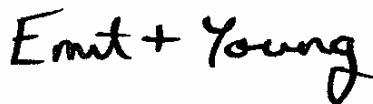
Net operating cash flow for the period of \$331.8 million, was up on the previous corresponding six months. Lower tax payments and net interest income versus interest expense last year, and increased dividends received all contributed to the improvement. After capital expenditure of \$98.6 million, dividend payments of \$169.1 million, and net investment receipts of \$344.3 million and capital reduction of \$2,053.9 million, group net cash on hand was \$177 million at 31 December 2007.

### DIVIDEND

The Directors have declared a dividend on ordinary shares of 25 cents per share franked at 40% payable on 18 April 2008 to shareholders registered on the books close date, at 5.00pm on 11 April 2008.

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

In relation to our review of the financial report of Crown Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Brett Kallio  
Partner  
20 February 2008

## Crown Limited

### Condensed Income Statement

for the half-year ended 31 December 2007

	Note	Consolidated	
		31 December 2007 \$'000	31 December 2006 \$'000
<b>Continuing operations</b>			
Revenues	3	<b>1,074,145</b>	948,279
Other income	3	<b>105</b>	90
Expenses	3	<b>(751,452)</b>	(695,843)
Share of net profits of associates and joint venture entities	15	<b>(33,117)</b>	(14,793)
<b>Profit before tax and finance costs</b>		<b>289,681</b>	237,733
Finance costs	3	<b>(25,789)</b>	(105,032)
<b>Profit before income tax</b>		<b>263,892</b>	132,701
Income tax expense		<b>(67,558)</b>	(80,625)
<b>Net profit for the period</b>		<b>196,334</b>	52,076
<b>Discontinued operations</b>			
Profit and loss from discontinued operations (net of tax)	4	<b>3,426,213</b>	293,884
<b>Profit for the period</b>		<b>3,622,547</b>	345,960
Profit attributable to minority interests		-	5,732
<b>Net profit attributable to members of the parent</b>		<b>3,622,547</b>	340,228

### Earnings per security (EPS)

Basic EPS (cents per share) <sup>(1)</sup>		<b>526.06</b>	49.93
Diluted EPS (cents per share) <sup>(1)</sup>		<b>526.06</b>	49.93

<sup>(1)</sup> Basic/diluted EPS excluding the effect of discontinued operations is 28.51 cps (2006: 7.64 cps)

### Dividends per share

Current year interim dividend proposed (cents per share)	6	<b>25 cents</b>	30 cents
Prior year final dividend paid (cents per share)	6	<b>25 cents</b>	29 cents

# Crown Limited

## Condensed Balance Sheet

as at 31 December 2007

	Note	Consolidated	
		31 December	30 June
		2007	2007
		\$'000	\$'000
<b>Current Assets</b>			
Cash and cash equivalents		2,566,726	2,227,657
Trade and other receivables		116,825	104,956
Inventories		12,135	9,722
Prepayments		18,517	12,729
Other assets		23,412	109
		<b>2,737,615</b>	2,355,172
Assets Classified as held for sale		184,187	447,435
<b>Total Current Assets</b>		<b>2,921,802</b>	2,802,607
<b>Non-Current Assets</b>			
Receivables		269,979	90,101
Available-for-sale financial assets		656,132	398,013
Investments in associates accounted for using the equity method		1,228,873	915,211
Property, plant and equipment		1,811,447	1,831,060
Licences and mastheads		670,603	674,339
Other intangible assets		192,832	210,469
Deferred income tax asset		111,335	184,052
Prepaid casino tax		72,473	73,840
		<b>5,013,674</b>	4,377,085
<b>Total Non-Current Assets</b>		<b>5,013,674</b>	4,377,085
<b>Total Assets</b>		<b>7,935,476</b>	7,179,692
<b>Current Liabilities</b>			
Trade and other payables		284,485	234,821
Interest-bearing loans and borrowings	7	20,000	20,046
Income tax payable		6,230	22,670
Provisions		90,221	137,836
Payables		-	78,619
		<b>400,936</b>	493,992
<b>Total Current Liabilities</b>		<b>400,936</b>	493,992
<b>Non-Current Liabilities</b>			
Interest-bearing loans and borrowings	7	82	114
Deferred income tax liabilities		2,369,234	309,144
Provisions		412,636	477,331
		38,192	33,827
		<b>2,820,144</b>	820,416
<b>Total Non-Current Liabilities</b>		<b>2,820,144</b>	820,416
<b>Total Liabilities</b>		<b>3,221,080</b>	1,314,408
<b>Net Assets</b>		<b>4,714,396</b>	5,865,284
<b>Equity</b>			
Issued capital	10	257,644	2,454,986
Reserves		364,147	350,256
Retained earnings	11	4,092,605	3,060,042
		<b>4,714,396</b>	5,865,284
<b>Total Equity</b>		<b>4,714,396</b>	5,865,284

## Condensed Cash Flow Statement

for the half-year ended 31 December 2007

	Consolidated	
	31 December 2007 \$'000	31 December 2006 \$'000
Note		
<b>Cash flows from operating activities</b>		
Receipts from customers	1,064,543	1,913,288
Payments to suppliers and employees	(827,901)	(1,444,186)
Dividend distribution received	66,659	19,051
Interest received	80,784	37,526
Borrowing costs	(25,905)	(107,641)
Income tax paid	(26,327)	(142,775)
	<b>331,853</b>	275,263
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(98,625)	(145,053)
Proceeds from sale of property, plant and equipment	105	99
Payment for purchases or equity contributions to equity investments	(227,639)	(225,350)
Payment for the acquisition of controlled entities and businesses	-	(58,857)
Purchase of available for sale financial assets	(252,913)	-
Net proceeds from sale of equity investments	828,972	14,211
Loans to associated entities	(4,201)	(126,806)
Other (net)	-	(1,111)
	<b>245,699</b>	(542,867)
<b>Cash flows related to financing activities</b>		
Issue of shares	-	824
Proceeds from borrowings	2,070,000	555,091
Repayment of borrowings	-	(807,381)
Dividends paid	(169,140)	(196,171)
Payment of capital reduction	(2,053,852)	-
Cash disposed from sale of group entities	(85,770)	-
Dividends/distributions paid to outside equity interests	-	(5,203)
	<b>(238,762)</b>	(452,840)
<b>Net (decrease) in cash and cash equivalents held</b>	<b>338,790</b>	<b>(720,444)</b>
Cash and cash equivalents at beginning of period	2,227,657	1,185,135
Effects of exchange rate changes on cash	279	280
<b>Cash and cash equivalents at end of period</b>	<b>2,566,726</b>	464,971

## Crown Limited

### Condensed Statement of Recognised Income and Expense

for the half-year ended 31 December 2007

	Consolidated	
	31 December 2007 \$'000	31 December 2006 \$'000
Foreign currency translation	(70,778)	7,115
Movement in asset revaluation reserve	(869)	(2,193)
Unrealised gain on investment in associates	110,624	341,701
Fair value movement on cash flow hedges	-	(10,800)
<b>Net income recognised directly in equity</b>	<b>38,977</b>	335,823
Profit for the period	<b>3,622,547</b>	345,960
<b>Total recognised income and expense for the period</b>	<b>3,661,524</b>	681,783
<b>Attributable to:</b>		
Equity holders of the parent	<b>3,661,524</b>	676,051
Minority interest	-	5,732
	<b>3,661,524</b>	681,783

## Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2007

### 1. CORPORATE INFORMATION

The financial report of Crown Limited for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 19 February 2008. Crown Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full report.

The half-year financial report should be read in conjunction with the annual financial report of Publishing and Broadcasting Limited as at 30 June 2007. It is also recommended that the half-year financial report be considered together with any public announcements made by Publishing and Broadcasting Limited and Crown Limited and its controlled entities during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### (a) Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value and investments in associates accounted for using the equity method. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The half-year financial report is presented in Australian dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### (b) Changes in accounting policies

The accounting policies adopted in the preparation of the half-year report are consistent with those applied and disclosed in the 2007 annual financial report.

No Australian Accounting Standards issued but not yet effective have been early adopted. It is not considered early adoption of these standards would have a material impact on the results of the Group.

#### (c) Use of estimates

In conforming with generally accepted accounting principles, the preparation of financial statements for the Group requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.



**Notes to the Half-Year Financial Statements**

for the half-year ended 31 December 2007

<b>Consolidated</b>	
<b>31 December</b>	31 December
<b>2007</b>	2006
<b>\$'000</b>	\$'000

**3. REVENUE AND EXPENSES**

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

**(i) Revenue**

Revenue from services	<b>814,607</b>	771,663
Revenue from sale of goods	<b>160,680</b>	128,561
Interest received	<b>89,721</b>	37,521
Dividends received	<b>29</b>	77
Other operating revenue	<b>9,108</b>	10,457
	<b>1,074,145</b>	948,279

**(ii) Other Income**

Profit on disposal of non-current assets	<b>105</b>	90
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**(iii) Expenses**

Cost of sales	<b>49,817</b>	49,227
Gaming activities	<b>687,351</b>	645,381
Other ordinary activities	<b>14,284</b>	1,235
	<b>751,452</b>	695,843

*Depreciation of non-current assets*

(included in Expenses above)

Buildings	<b>20,618</b>	19,452
Plant and equipment	<b>34,517</b>	31,004
	<b>55,135</b>	50,456

*Amortisation of non-current assets*

(included in Expenses above)

Casino licence fee and management agreement	<b>7,237</b>	7,237
Other assets	<b>814</b>	1,755
	<b>8,051</b>	8,992

Total depreciation and amortisation expense	<b>63,186</b>	59,448
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**(iv) Other Income and Expense Disclosures**

Finance costs expensed:		
Debt facilities	<b>25,789</b>	105,032

# Crown Limited

## Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2007

### 4. SEGMENT REPORTING

#### 31 December 2007

Business segments	Gaming	Media	Unallocated	Crown Group	Less: Discontinued Operations	Continuing Operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating revenue</b>						
Total	985,099	-	8,760	993,859	8,731	985,128
Intersegment	(704)	-	-	(704)	-	(704)
External customers	984,395	-	8,760	993,155	8,731	984,424
Other income	105	-	273,933	274,038	273,933	105
Interest revenue				89,721	-	89,721
<b>Total revenue</b>	<b>984,500</b>	<b>-</b>	<b>282,693</b>	<b>1,356,914</b>	<b>282,664</b>	<b>1,074,250</b>
<b>Segment result</b>						
Earnings before interest, tax, depreciation and amortisation "EBITDA"	310,547	-	(25,352)	285,195	(11,068)	296,263
Depreciation and amortisation	(61,951)	-	(2,578)	(64,529)	(1,343)	(63,186)
Earnings before interest and tax "EBIT"	248,596	-	(27,930)	220,666	(12,411)	233,077
Specific items	-	-	3,351,563	3,351,563	3,351,563	-
Equity accounted share of associates' net profit				24,353	57,470	(33,117)
Net interest (income)				63,932	-	63,932
Profit from operating activities before income tax and minority interests	248,596	-	3,323,633	3,660,514	3,396,622	263,892
Income tax expense				(37,967)	29,591	(67,558)
<b>Profit after tax</b>	<b>248,596</b>	<b>-</b>	<b>3,323,633</b>	<b>3,622,547</b>	<b>3,426,213</b>	<b>196,334</b>

#### 31 December 2006

Business segments	Gaming	Media	Unallocated	Crown Group	Less: Discontinued Operations	Continuing Operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating revenue</b>						
Total	912,005	893,067	56,175	1,861,247	949,242	912,005
Intersegment	(1,247)	(4,618)	(2,223)	(8,088)	(6,841)	(1,247)
External customers	910,758	888,449	53,952	1,853,159	942,401	910,758
Other income	90	13,948	-	14,038	13,948	90
Interest revenue				37,599	78	37,521
<b>Total revenue</b>	<b>910,848</b>	<b>902,397</b>	<b>53,952</b>	<b>1,904,796</b>	<b>956,427</b>	<b>948,369</b>
<b>Segment result</b>						
Earnings before interest, tax, depreciation and amortisation "EBITDA"	274,453	281,577	(19,530)	536,500	262,047	274,453
Depreciation and amortisation	(58,213)	(16,190)	(6,524)	(80,927)	(21,479)	(59,448)
Earnings before interest and tax "EBIT"	216,240	265,387	(26,054)	455,573	240,568	215,005
Specific items	-	-	-	-	-	-
Equity accounted share of associates' net profit				36,446	51,239	(14,793)
Net interest (expense)				(67,511)	-	(67,511)
Profit from operating activities before income tax and minority interests	216,240	265,387	(26,054)	424,508	291,807	132,701
Income tax expense				(78,548)	2,077	(80,625)
<b>Profit after tax</b>	<b>216,240</b>	<b>265,387</b>	<b>(26,054)</b>	<b>345,960</b>	<b>293,884</b>	<b>52,076</b>

**Notes to the Half-Year Financial Statements**

for the half-year ended 31 December 2007

<b>Consolidated</b>	
<b>31 December</b>	31 December
<b>2007</b>	2006
<b>\$'000</b>	\$'000

**5. CASH AND CASH EQUIVALENTS**

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

Cash on hand and at bank	<b>148,476</b>	281,260
Deposits at call	<b>2,418,250</b>	183,711
	<b>2,566,726</b>	464,971

**6. DIVIDENDS PAID AND PROPOSED**

Equity dividends on ordinary shares:

(a) Dividends paid during the half-year

Final franked dividend for the financial year 30 June 2007:  
25 cents per share paid on 13 October 2006 fully franked  
(2006: 29 cents per share fully franked)

	<b>169,739</b>	196,474
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(b) Dividends proposed and not recognised as a liability

Interim franked dividend for the half-year 31 December 2007:  
25 cents per share franked at 40% (expected to be paid on 18 April 2008)  
(2006: 30 cents per share fully franked)

	<b>172,419</b>	202,669
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No shareholders' dividend plans are in operation.

<b>Consolidated</b>	
<b>31 December</b>	30 June
<b>2007</b>	2007
<b>\$'000</b>	\$'000

**7. INTEREST BEARING LOANS AND BORROWINGS**

**Current**

Bank facilities	<b>20,000</b>	20,000
Lease liabilities	-	46
	<b>20,000</b>	20,046

**Non-Current**

Other senior debt	<b>2,369,234</b>	308,878
Lease liabilities	-	266
	<b>2,369,234</b>	309,144

**Notes to the Half-Year Financial Statements**

for the half-year ended 31 December 2007

**8. CONTINGENT ASSETS AND LIABILITIES**

Since the last annual reporting date contingent liabilities have reduced by \$215 million from \$567 million to \$352 million due to some contingent liabilities having ceased since the last reporting date.

Contingent Liabilities related primarily to the following:

**\$'000**

Letters of credit issued to the State of Victoria	185,000
Letter of credit re contingent equity commitment under MPEL debt facility	142,694
Victorian Workcover	17,500
Other	6,500
	<u>351,694</u>

**9. EVENTS AFTER THE BALANCE SHEET DATE**

Subsequent to 31 December 2007, the directors of Crown declared an interim dividend on ordinary shares in respect of the half-year ending 31 December 2007. The total amount of the dividend is \$172.4 million, which represents a dividend of 25 cents per share franked at 40%

On 25 January 2008 Crown invested \$172 million for a 2.5% stake in Harrah's Entertainment Inc.

<b>Consolidated</b>	
<b>31 December</b>	<b>30 June</b>
<b>2007</b>	<b>2007</b>
<b>\$'000</b>	<b>\$'000</b>

**10. CONTRIBUTED EQUITY**

**ISSUED SHARE CAPITAL**

Ordinary share fully paid	<b>257,644</b>	2,454,986
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**MOVEMENTS IN ISSUED SHARE CAPITAL**

	<b>No.</b>	<b>\$'000</b>
<b>At 1 January 2007</b>	687,236,925	2,452,235
Issue of shares through Executive Share Plan	1,250,000	2,751
<b>At 30 June 2007</b>	688,486,925	2,454,986
Capital reduction	-	(2,069,032)
Return of capital by way of CMH demerger	-	(131,560)
Issue of shares through Executive Share plan	1,190,000	3,250
<b>At 31 December 2007</b>	<b>689,676,925</b>	<b>257,644</b>

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.

**Notes to the Half-Year Financial Statements**

for the half-year ended 31 December 2007

<b>Consolidated</b>	
<b>31 December</b>	30 June
<b>2007</b>	2007
<b>\$'000</b>	\$'000

**11. RETAINED EARNINGS**

Balance at the beginning of the period	<b>3,060,042</b>	1,498,996
Net profit from continuing operations	<b>196,334</b>	267,928
Net profit from discontinuing operations	<b>3,426,213</b>	1,689,324
Dividend paid	<b>(169,739)</b>	(399,143)
Internal demerger distribution	<b>(2,420,245)</b>	-
Transfer from reserves	-	2,937
<b>Balance at the end of the period</b>	<b>4,092,605</b>	3,060,042

<b>Consolidated</b>	
<b>31 December</b>	30 June
<b>2007</b>	2007

**12. NET TANGIBLE ASSETS BACKING**

Net tangible asset backing per ordinary security	<b>\$5.58</b>	\$7.13
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**13. CONTROL GAINED OVER ENTITIES HAVING A MATERIAL EFFECT**

On 12 December as part of a court approved scheme of arrangement Crown acquired 100% of the issued capital of Publishing and Broadcasting Limited. The consideration for this acquisition was 1 Crown share plus \$3 cash. The total cash paid was \$2,069 million which has been treated in the consolidated accounts as a return of capital.

**14. LOSS OF CONTROL OF ENTITIES HAVING A MATERIAL EFFECT**

**Discontinuing Operations**

Demerger of CMH

On 12 December 2007, Crown disposed of its Media businesses by way of a demerger of Consolidated Media Holdings Limited. The demerger was effected by returning 1 CMH share to shareholders for each Crown share held.

The net assets of CMH at the time of demerger were \$131.6 million. The value of CMH at the demerger date was \$2,551.8 million. A gain of \$2,420.2 million was therefore recorded on demerger. The \$131.6 million has been recorded as a reduction of capital in the consolidated accounts and the \$2,420.2 million has been accounted for as an internal distribution in the consolidated accounts.

As part of the demerger the following material entities were disposed:

- Consolidated Media Holdings Ltd (formally PBL)
- Windfyr Pty Ltd (and controlled entities)
- PBL Media Holdings Shareholder Pty Ltd (and controlled entities)
- PBL Pay TV Pty Ltd (and controlled entities)

# Crown Limited

## Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2007

### PBL Media

On 10 September 2007 Crown disposed half of its 50% investment (25%) in PBL Media for proceeds of \$526.4 million. The cost base disposed by Crown relating to the share disposed was negative \$347.3 million resulting in a profit on disposal of \$873.7 million.

### Ticketing and Events

On 17 July 2007, Crown sold its Ticketing and Events business to PBL Media for \$210.0 million in cash. Crown's cost base in the Ticketing and Events business at the time of the sale was \$50.5 million. At the time of the transaction Crown owned 50% of PBL Media, therefore 50% of these net assets and 50% of the debt funding that PBL Media used for the acquisition were transferred to Crown's investment in PBL Media (\$79.7 million). The residual 50% was disposed, resulting in a gain on disposal of \$79.7 million.

The material entities disposed as part of this transaction were:

- Ticketek Pty Limited
- Sydney Superdome Pty Limited; and
- Events Management Catering Pty Limited

### Hoyts

On 5 December 2007 Crown sold its investment in Hoyts for \$145.4 million. Costs of \$3.2 million were incurred in relation to the sale. At the time the carrying value of Hoyts was \$147.3 million resulting in a loss on disposal of Hoyts of \$5.1 million.

### New Regency

During the period, Crown wrote down its investment in New Regency by \$17.0 million, reflecting a recoverable value of \$184.5 million.

### Other Discontinued Operations

Other discontinued operations consists of equity accounted results of entities no longer part of the Crown Group, tax adjustments, and corporate costs of businesses residing in CMH. The net profit from these other discontinued operations is \$74.7 million.

### Summary of Discontinued Operations

In summary, Crown's profit from discontinued operations of \$3,426.2 million consists of the following:

	<b>\$'000</b>
Gain on demerger of CMH	2,420,245
Gain on disposal of PBL Media	873,721
Gain on disposal of Ticketing & Events	79,743
Loss on disposal of Hoyts	(5,146)
New Regency write down	(17,000)
Other discontinued operations	74,650
	<u>3,426,213</u>

# Crown Limited

## Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2007

### 15. EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURE ENTITIES

Name of entity	Ownership interest		Contribution to net profit	
	31 December	31 December	31 December	31 December
	2007	2006	2007	2006
	%	%	\$'000	\$'000
<b>Continuing operations</b>				
Melco PBL Entertainment (Macau) Ltd	<b>37.9%</b>	41.4%	<b>(27,858)</b>	(11,000)
Other non-material interests			<b>(5,259)</b>	(3,793)
			<b>(33,117)</b>	(14,793)
<b>Dicontinued operations</b>				
Premier Media Group		50.0%	<b>21,883</b>	19,070
PBL Media		0.0%	<b>10,513</b>	-
ninemsn Pty Ltd		50.0%	-	6,762
Foxtel		25.0%	<b>12,693</b>	6,776
Hoyts Cinemas Group		50.0%	<b>4,299</b>	7,679
SEEK Ltd		27.2%	<b>8,082</b>	6,219
Other non-material interests			-	4,733
			<b>57,470</b>	51,239
<b>Total</b>			<b>24,353</b>	36,446


**Directors' Declaration**

In accordance with a resolution of the directors of Crown Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and the performance for the half-year ended 31 December 2007; and
  - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**J.D. Packer**  
Director



**R.B. Craigie**  
Director

Melbourne, 20th day of February, 2008.



To the members of Crown Limited

## **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Crown Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of recognised income and expense and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year or from time to time during the half-year.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Crown Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

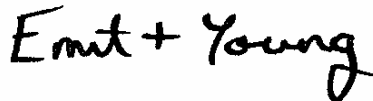
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Crown Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the six months ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Brett Kallio  
Partner  
Melbourne  
20 February 2008