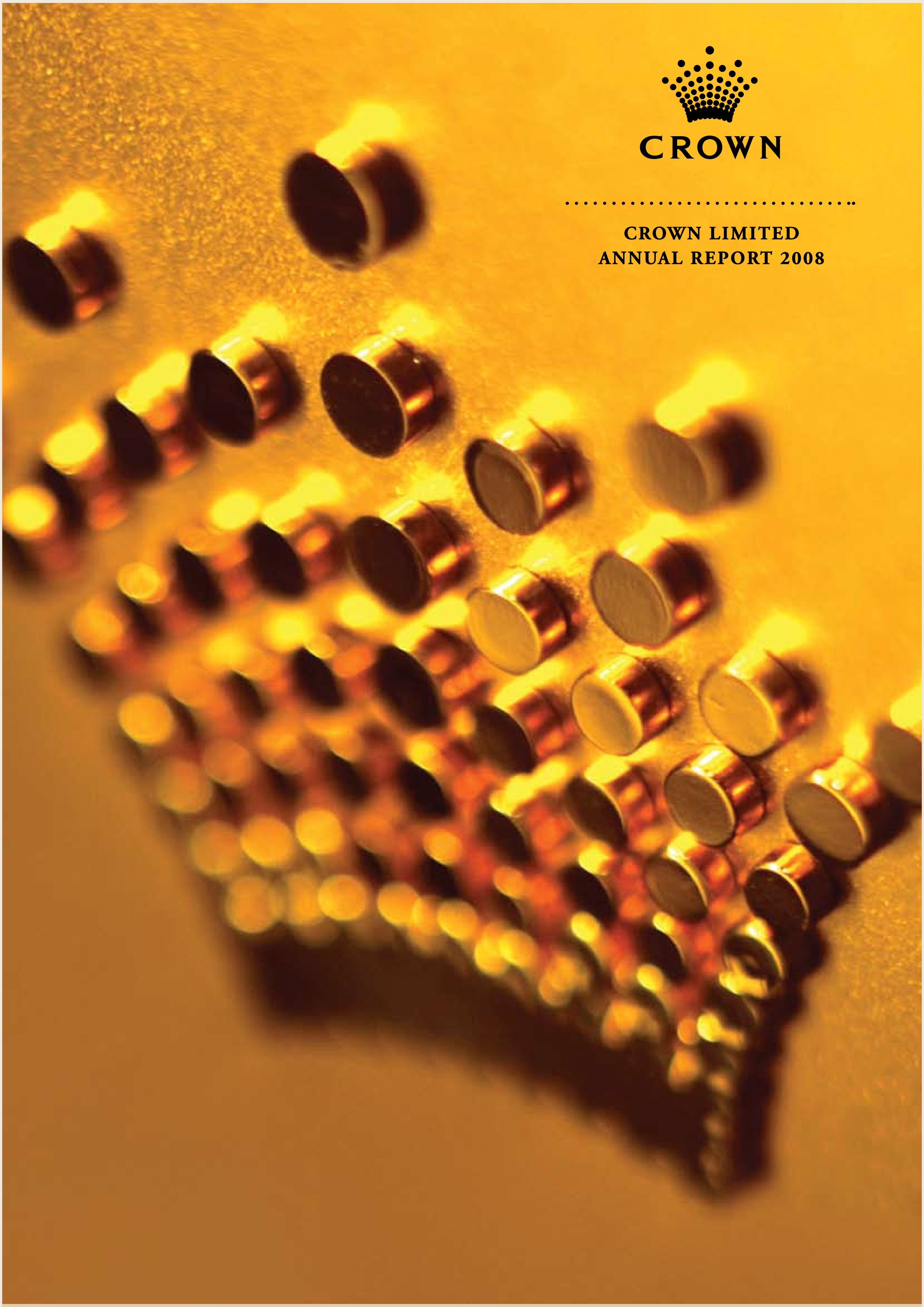
CROWN

# CROWN LIMITED ANNUAL REPORT 2008



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**ANNUAL GENERAL MEETING**

Tuesday 28th October, 11.00am River Room, Level 1, Crown Towers
8 Whiteman Street, Southbank Victoria 3006

**FINANCIAL CALENDAR**

| | |
|---|---|
| Payment of final dividend | 17 October 2008 |
| Annual General Meeting | 28 October 2008 |
| 2009 interim results | Second half of February 2009 |

Crown Limited ABN 39 125 709 953

CROWN

# Executive Chairman's Letter

*Dear fellow shareholder,*

**JAMES PACKER**
EXECUTIVE CHAIRMAN

On behalf of your Board of Directors, I am pleased to present Crown Limited's inaugural annual report as a publicly listed entity in its own right.

The year has marked an important milestone in Crown's history with the separation of PBL into two separately listed companies. The move to a pure play gaming enterprise has allowed Crown to focus on developing its business strategy which is underpinned by high cash generating businesses in Australia, a conservative financial structure and increasing geographical diversification.

Crown announced a full-year normalised net profit of $370.1 million for the financial year ended 30 June 2008. The Group's wholly-owned and operated businesses, Crown Melbourne and Burswood, continue to perform well, delivering solid normalised EBITDA growth of 8.2 percent.

In December 2007, Crown announced it had agreed to acquire 100 percent of Cannery Casino Resorts in the United States, subject to regulatory approval. Cannery has an attractive long-term growth profile which provides entry into the United States "locals" casino market and will further diversify Crown's portfolio.

Melco Crown Entertainment Limited (MPEL) has shown significant improvement during the year. Crown Macau traded well in completing its first full year of operation. MPEL's next development, City of Dreams, is on track to open in the first half of 2009.

The acquisition of Gateway Casinos and Entertainment Inc (Gateway) in Canada was completed under a 50:50 joint venture with Macquarie Bank in November 2007. Gateway operates nine casinos across British Columbia and Alberta.

Since the end of the financial year, Crown has raised $1.0 billion of term debt which has extended the maturity profile of Crown's debt portfolio.

The Directors have announced a final dividend of 29 cents per ordinary share, 40 percent franked, which brings the total dividend for the year to 54 cents per share.

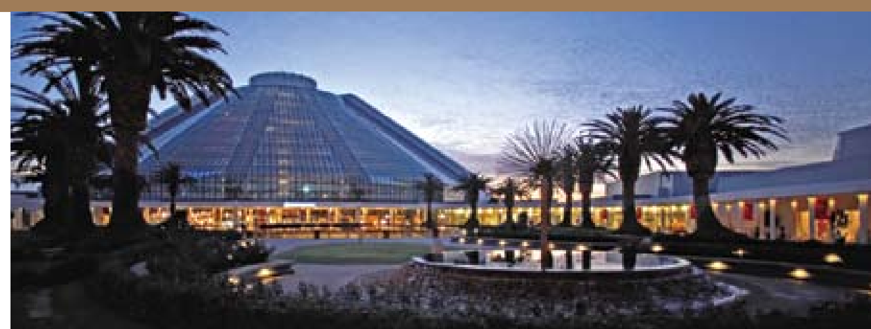
On behalf of the Board, I wish to thank the management and staff of Crown for their contribution to a successful and historic year for Crown Limited. I wish also to thank shareholders for their continued support.

**JAMES PACKER**
EXECUTIVE CHAIRMAN

# *Crown's Gaming Portfolio*

**MELBOURNE AUSTRALIA 100% OWNED**

- 2,500 slot machines
- 350 table games
- Two hotels with 950 rooms
- Third hotel under construction (658 rooms)
- The Palms 900 seat showroom
- The Palladium 2000 seat ballroom
- 50 restaurants and bars
- International designer boutiques
- 13 cinemas



**PERTH AUSTRALIA 100% OWNED**

- 1,750 slot machines
- 170 table games
- Two hotels with 693 rooms
- 20,000 seat Burswood Dome
- Burswood Theatre & Convention Centre
- 14 restaurants and bars
- Retail outlets


**PITTSBURGH AND LAS VEGAS USA. WILL BE 100% OWNED, SUBJECT TO REGULATORY APPROVAL.**

- US "locals" casino operator with one casino in Pittsburgh and three in Las Vegas.
- The Meadows permanent facility in Pittsburgh is due for completion in April 2009.
- Eastside Cannery opened in Las Vegas in August 2008.
- Cannery will operate approximately 9,000 slot machines, 73 table games and 514 hotel rooms on completion of the Meadows permanent facility.



# *Crown's Gaming Portfolio*

**MACAU 37.9% INTEREST**

Crown Macau

- 240 slot machines
- 240 table games

Mocha Clubs

- A portfolio of gaming lounges operating approximately 1,100 slot machines.

City of Dreams

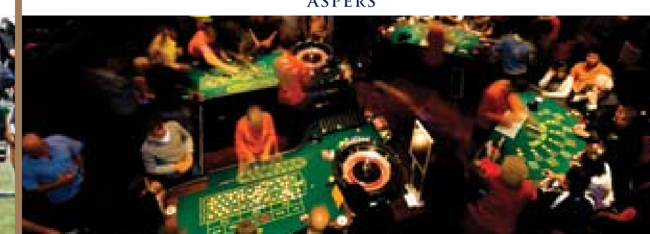
- Upon completion in 2009 it is expected to have 1,500 slot machines and 550 table games.

**CANADA 50% INTEREST**

- Operates nine casinos in Western Canada.
- Gateway will operate more than 5,400 slot machines and over 200 tables together with 277 hotel rooms upon completion of current development projects.

**AUST & NZ 50% INTEREST**

- Betfair Australasia operates a betting exchange for customers who are residents of Australia or New Zealand.



**UK 50% INTEREST**

- Aspinalls operates four casinos in the United Kingdom with a total of 200 slot machines and 120 table games.

# Chief Executive Officer's Report

**ROWEN CRAIGIE**
CHIEF EXECUTIVE OFFICER

In December 2007, Crown began its journey as an independent entity. Through its Australian experience at Crown Melbourne and at Burswood, Crown has a strong track record in the management and operation of world class casinos. This includes expertise in product optimisation, loyalty programs, effective direct marketing and key non-gaming activities. Crown has also built an extensive database of VIP High Roller players across the Asian region supported by an experienced sales network. Over many years, Crown's reputation for high-level service and quality gaming facilities has earned it significant loyalty from this market.

For the 12 months to 30 June 2008, the Group reported a normalised net profit after tax (NPAT) of $370.1 million. The year's reported net profit of $3,563.2 million was impacted by the one-off results from discontinued operations and net non-recurring gains and asset write downs.

| For the year ended 30 June 2008 | $million* |
|---|---|
| Operating revenue | 2,026.2 |
| Net operating expenses | (1,437.4) |
| Earning before interest, taxation, depreciation and amortisation (EBITDA) | 588.8 |
| Earning before interest and taxation (EBIT) | 456.0 |
| Net profit after tax (NPAT) | 370.1 |

*Normalised and excluding discontinued operations and non-recurring items

Operating cash flows generated were $570 million for the 12 months and net debt at 30 June 2008 was $16.0 million.

### Australian casinos

Crown Melbourne and Burswood continued to cement their leadership positions in the Australian casino industry by posting another solid set of results, featuring normalised EBITDA growth of 8.2 percent.

Crown Melbourne reported gains of 6.4 percent in normalised EBITDA to $433.3 million. Reported EBITDA for the period was $444.1 million, reflecting an above theoretical win rate of 1.41 percent. Normalised revenue increased by 4.1 percent to $1,371.0 million, while reported revenue increased to $1,383.3 million.

Normalised EBITDA from Burswood was $195.3 million, up 12.6 percent on the prior year. Reported EBITDA for the period was $188.8 million, reflecting a below theoretical win rate of 1.27 percent which generated a negative impact of $6.5 million. Burswood's normalised revenue increased by 14.2 percent over the previous year to $655.2 million. Reported revenue increased to $647.7 million.



# Chief Executive Officer's Report

*Continued*

Crown Melbourne has been a proven earnings generator over the last decade and in the four years since its acquisition, EBITDA at Burswood has more than doubled (see Figures 1 and 2).

FIGURE 1
CROWN MELBOURNE 10 YEAR NORMALISED REVENUE AND EBITDA PERFORMANCE

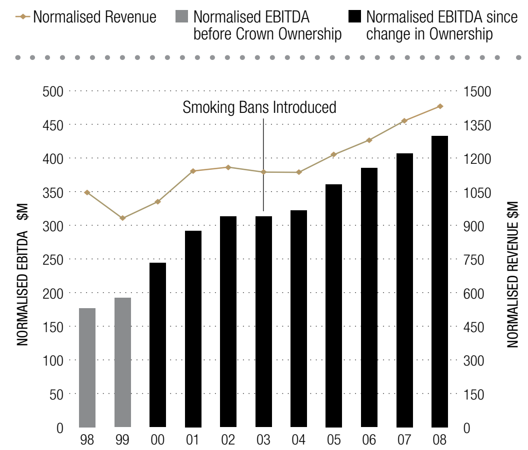
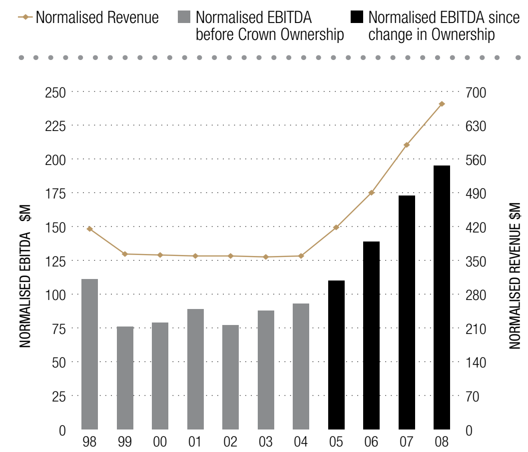



FIGURE 2
BURSWOOD 10 YEAR NORMALISED REVENUE AND EBITDA PERFORMANCE




Crown is committed to maintaining the leading positions of these Australian operations and has a comprehensive capital expenditure program continuing over the next three years to accelerate the growth of both properties.

Construction of a third hotel at Crown Melbourne is well underway and the upgrade of Crown Towers in Melbourne has commenced. Refurbishments of the main casino floors at both Crown Melbourne and Burswood are progressing steadily.

### United States casino acquisition

In December 2007, Crown agreed to acquire Cannery Casino Resorts in the United States (US) for US$1.75 billion on a cash and debt-free basis, subject to regulatory approval. Cannery operates in the "locals" gaming markets of Pittsburgh and Las Vegas, with a portfolio comprising the Meadows (temporary facility) in Pittsburgh, Cannery North, Rampart Casino and Eastside Cannery in Las Vegas. In April 2009, the Meadows permanent facility is due to open in Pittsburgh, in what is proving to be a very strong market.

The licensing process in Nevada and Pennsylvania is progressing well and we are hopeful of settling the Cannery acquisition in the coming months. It is expected to be EPS and cash flow positive in the first full year of ownership, with an EBITDA contribution of approximately US$200 million expected in 2009/10.

### Joint venture businesses

#### *Melco Crown Entertainment Limited*

Melco Crown Entertainment Limited (MPEL) has shown significant improvement during the year. Crown's share of MPEL's financial results for the period was a net loss of $5.4 million which was a significant improvement from a loss of $47.0 million reported in 2007.

# Chief Executive Officer's Report

*Continued*

Crown Macau traded well in completing its first full year of operations. It reported for the 2008 financial year an adjusted EBITDA[1] of US$110.6 million, with trading in the second half generating US$116.8 million of reported adjusted EBITDA.

The Macau market exhibited exceptional growth, with revenue up 49.2 percent for the 12 months to 30 June 2008. MPEL believes the recent announcements by the Central Government of China on visa restrictions are aimed at moderating that strong growth.

The Chief Executive of the Macau SAR has recently announced that the government intends capping the number of licensed casino operators "for the foreseeable future" and is ceasing further land grants for casino developments. It has also indicated a future regime which may cap both the number of tables and commission rates. MPEL is supportive of these changes.

MPEL is on track to open City of Dreams in the first half of 2009. We are very excited about this project and believe it will be a truly spectacular property.

During the year, MPEL issued an additional 37.5 million American Depository Shares, raising approximately US$570 million. This diluted Crown's holding from 41.4 percent to 37.9 percent. 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 was drawn at 30 June 2008.

### *Gateway*

In November 2007, New World Gaming, a 50:50 joint venture between Crown and Macquarie Bank, completed the transaction to buy Canadian casino operator Gateway Casinos. The acquisition was completed with a total Crown outlay of $224 million, structured as $75 million equity and $149 million of subordinated debt. To complete the acquisition, New World Gaming secured seven year debt facilities of approximately C$1.1 billion with recourse solely to the joint venture assets.

Gateway's contribution to Crown's earnings for the year comprises an equity accounted loss of $6.0 million, offset by interest income of $9.2 million on subordinated debt, giving a net contribution of $3.2 million. Performance is expected to improve over the medium term following the implementation of operational improvements and the completion of property expansions and upgrades.

### *Aspinalls*

Crown's share of Aspinalls' reported loss was $9.1 million. The result was impacted by the introduction of smoking bans from July 2007, increased casinos tax, a low win rate at Aspinalls Club in London and pre-opening costs at Swansea and Newcastle. Recent trading has improved with significantly higher VIP volumes at Aspinalls Club and Newcastle has traded profitably in the second half.

### *Betfair Australasia*

Crown holds a 50 percent interest in Betfair Australasia under a joint venture with The Sporting Exchange Limited, the world's largest betting exchange. Betfair is the only licensed betting exchange in Australia and has operated under licence from the Tasmanian Government since February 2006.

The Betfair Australasia business continues to build critical mass and has recently achieved cash break even. This is despite the negative impacts during the year of Equine Influenza and the severe marketing restrictions imposed on the business by legislation in various states. Betfair is in the process of challenging the legality of these restrictions.

(1) Adjusted EBITDA is earnings before interest, taxes, depreciation, amortisation, pre-opening costs, stock based compensation cost and other non-operating income and expenses, as reported by MPEL.




# Chief Executive Officer's Report

*Continued*


### Other US investments

Crown holds a 19.6 percent interest in Fontainebleau Resorts LLC, a United States venture that is developing a major new casino resort and entertainment complex in Las Vegas and redeveloping a hotel resort in Miami. In April 2008, Fontainebleau diluted its interest in Fontainebleau Miami through the sale of a 50 percent interest to Dubai-based Nakheel Hotels.

During the year, Crown purchased a 4.9 percent fully diluted stake in Station Casinos and a 2.5 percent stake in Harrah's Entertainment Inc.

Crown has completed a review of the carrying value of each of the above US casino investments (categorised under Australian Accounting Standards as "Available for Sale Financial Assets"). This review has seen the book value of these assets written down to $462 million, with $181 million expensed and $77 million taken to foreign exchange reserves. Crown remains comfortable with the long-term prospects of each of these investments.

Crown has written off its $45 million investment in LVTI, a joint venture company in which Crown held a 37.5 percent interest, following LVTI's decision not to exercise its option to acquire a 27 acre site in Las Vegas.

### Debt refinancing

In August 2008, Crown announced it had raised $1.01 billion in new debt facilities. These new facilities have been used to partly repay Crown's existing $2.15 billion Syndicated Loan Facility which is due to mature in August 2010.

Crown has commenced a program to fix interest rate exposure for more than 75 percent of its prospective net debt (post–Cannery settlement). Currently approximately $1 billion of debt denominated in US dollars has been fixed for between five and 12 years at a cost of approximately 5.9 percent per annum.

### Outlook

Crown management's focus over the coming twelve months will be on consolidating the performance of recent international acquisitions, delivering forecast earnings and managing the major capital expenditure programs at its existing Australian properties.

I would like to sincerely thank the Board, management and staff for their dedicated contribution in 2008.

Rowen Craigie

**ROWEN CRAIGIE**
CHIEF EXECUTIVE OFFICER

### More information

More information regarding calculations of normalised results is included in **Crown's 2008 Full Year Results Announcement,** which is available on Crown's website at: www.crownlimited.com under the heading Investors – Presentations and Briefings.

AUSTRALIAN CASINO PROPERTIES

# Crown Melbourne

***Melbourne's premier entertainment complex is recognised as one of the largest and most diverse in the southern hemisphere, attracting more than 16 million visitors each year.***

## Overview

Crown Melbourne's integrated facilities feature Crown Casino; the Crown Towers and Crown Promenade hotels; the Palladium, which is Australia's largest ballroom; more than 50 restaurants and bars; an extensive collection of international designer boutiques and 13 cinemas. Crown Melbourne holds a 99 year lease over the Crown Melbourne site to 2092 and is licensed to operate the casino to 2033.

Main floor gaming revenue for the year grew 5.7 percent to $801.8 million. This was in spite of the introduction of full smoking bans in bars on the main gaming floor and an increase in the Victorian Government gaming machine levy during the year.

VIP commission program play decreased 3.5 percent (at theoretical) to $289.3 million on slightly reduced turnover of $21.4 billion. Non-gaming revenue growth of 8.1 percent to $279.9 million was driven by an exceptionally strong result in both hotels and food and beverage. Operating margins increased from 30.9 percent to 31.6 percent during the year, reflecting the strong growth in higher margin businesses.

## Crown Melbourne property update

The staged upgrade of the Crown Melbourne complex continues. On the gaming floor, the table games department opened the first of a series of premium gaming areas which follows on from the opening of the Riverside Gaming Lounge in December 2006. Sho Noodle bar, Crown Melbourne's newest and most exciting gaming floor dining experience, opened in August 2008. In addition, Caffe Corso, Tia To and East2West are the first of a series of new affordable outlets which opened in the complex. Crown Melbourne's central food court also completed its transformation and is now open to the riverside, offering diversity in snacks and meals. During the year, world-class restaurants Nobu, Bistro Guillaume and Giuseppe Arnaldo & Sons, joined Rockpool Bar & Grill and Crown Melbourne's other renowned restaurants to solidify its reputation as Melbourne's pre-eminent dining destination.



View of Crown Melbourne looking south from the CBD with an artist's impression of the third hotel (currently under construction)

# Crown Melbourne

*Continued*

The upgrade of Crown Towers has commenced and construction of a new five star 658-room hotel is advancing steadily, which will bring the total rooms available at the complex to more than 1,600.

These property upgrades will underpin future revenue growth at Crown Melbourne.

## Local gaming and Crown Club

The local table games business grew strongly this year, supported by steady growth in gaming machines. Poker continues its strong growth in popularity. Crown Melbourne is recognised as operating Australia's leading poker room featuring one of the world's largest and most prestigious poker tournaments, The Aussie Millions, which has become a fixture on Melbourne's calendar of big events each January.

Crown Melbourne operates Crown Club, the largest gaming loyalty program in Australia, which promotes patronage across all of Crown Melbourne's facilities.

## Responsible gaming

Crown Melbourne is recognised by government agencies and the gaming industry as a world leader in responsible gaming. Initiatives pioneered at Crown Melbourne, such as its customer support centre, have been adopted by government agencies in Canada and casino operators in Australia and New Zealand because they are accepted as proven measures to help problem gamblers. The customer support centre and its programs continue to be developed, drawing on professional counsellors, leading academics and researchers.

A high priority is placed on employee training in the areas of responsible gaming and casino awareness. A chaplaincy support service complements these activities.

Members of Crown Club who use gaming machines are encouraged to participate in Crown Melbourne's responsible gaming program "Play Safe", where they can nominate predetermined spending and time limits.

Crown Melbourne supports the Victorian Responsible Gambling Ministerial Advisory Council, which was established in 2004 as a direct line of advice to government on problem gambling issues and research priorities. It is represented on various working groups of the Council. Crown Melbourne is also a member of the Australian Gaming Council and the Australasian Casino Association.



AUSTRALIAN CASINO PROPERTIES CONTINUED

Crown Melbourne

Continued

## VIP commission program play

Crown Melbourne has one of the largest single-site VIP gaming operations in the world. The complex is strongly marketed throughout Asia, a feature of which is the promotion of Melbourne and Victoria as attractive tourist destinations.

Along with major events that Melbourne offers, Crown Melbourne hosts its own attractions to stimulate international VIP visitation. This covers activities like concerts, golf and baccarat tournaments, karaoke, gala balls and dinners with world renowned chefs, lucky draws and other competitions and promotions.

Sales resources have been expanded in Greater China, including Hong Kong and Macau to capitalise on emerging opportunities. Select customers have access to Crown Towers Villas, the Crown corporate jet services, the private golf course Capital, as well as Crown Towers luxurious spa, international standard shopping and world class restaurants.

## Hotels and conferences

Crown Towers maintained its leading position in the luxury five-star hotel segment and Crown Promenade has cemented its position as Melbourne's leading four-and-a-half star hotel. Hotel occupancy at Crown Towers was 90 percent with an average room rate of $294 and at the Crown Promenade 94 percent and $203 respectively.

At Crown Towers, the corporate and conferencing segments contributed the most significant increases, and average room rates also grew across all market segments. This year, Crown Towers was awarded Top Hotel – Australia / Pacific in the U.S. Conde Nast Traveller Readers' Choice Awards and the Best Business Hotel in Australia, as judged by readers of Business Asia Magazine.

At Crown Promenade, all market segments recorded increases in room night activity, with the property's average room rate achieving strong growth. The Promenade Conference Centre performed strongly, supported by the combined 900 room inventory across the two hotels. Crown Promenade won both the Victorian and the Australian 2007 Tourism Awards for the Best Deluxe Accommodation.

Crown Melbourne's third hotel is on track for completion mid-2010. It is expected to leverage its prime position next to the Melbourne Convention and Exhibition Centre.

# Crown Melbourne

*Continued*

### Restaurants and bars

Food and beverage operations at Crown Melbourne achieved outstanding growth, particularly from bars and banqueting. At the 2008 Victorian Restaurant and Catering Awards for Excellence, Crown Melbourne's Food and Beverage team was inducted into the Hall of Fame following its third consecutive award for Excellence in Professional Development.

Since year-end, four of Crown Melbourne's high performing restaurants were awarded the 2009 Age Good Food Guide's coveted chef's hats: Bistro Guillame, Rockpool Bar & Grill, the brasserie by Philippe Mouchel and Giuseppe Arnaldo & Sons. In addition, Bistro Guillaume was named Best New Restaurant and Giuseppe Arnaldo & Sons won Best New Interior Design.

Crown Melbourne's more established restaurants continue to demonstrate the quality and breadth of our offering. Koko, Silks, Number 8 and the brasserie by Philippe Mouchel were all recipients of esteemed industry awards during the year.

Crown Melbourne's new entertainment venue, Fusion, opened in November 2007 and the well established Odeon is currently undergoing refurbishment and will reopen in November 2008.

### Entertainment and events

Crown Melbourne presented a diverse range of shows, events, festivals, attractions and exhibitions. The Palladium ballroom hosted a significant number of high profile charity events including the ever popular 'Million Dollar Lunch' and 'Starry Starry Night' with each event attended by over 1,000 guests. It was also venue of choice for the TV Week Logie Awards, the AFL Brownlow Medal, the Cricket Australia Allan Border Medal, the Formula 1 Australian Grand Prix Ball and a variety of Victoria Racing Club Spring Carnival events including the Call of the Card and the Oaks Club Ladies Lunch.

New for the 2007 Melbourne Cup Carnival was Crown Melbourne's "Live Site" at Southbank, which attracted an estimated 80,000 people over the eight days and featured all the racing action on a super screen, live entertainment, celebrities, fashion parades, roving performers, press conferences and giveaways.

Other events included the Christmas Spectacular in the Atrium, Chinese New Year festivities on the riverside, as well as the 'My Last Supper' photography exhibition and associated dining hosted by leading Crown Melbourne chefs as part of the Melbourne Food and Wine Festival.

For the second consecutive year, Crown Melbourne joined the State Government of Victoria and the City of Melbourne as a Venue Partner in the 2008 Melbourne Jazz Festival. Celebrating its 10th anniversary, the festival was an action-packed six day program, featuring legendary jazz performers playing in some of Melbourne's finest venues including The Palms at Crown.

### Our people

Crown Melbourne is Victoria's largest single-site employer. It is focused on attracting and retaining staff, building organisational capability and providing a safe and rewarding workplace for all employees. A key initiative this year was the launch of the Leadership Development Program to develop supervisory and leadership skills for employees in customer facing roles. Crown Melbourne's commitment to the training and development of staff was recognised by the 2008 Minister's Award for Excellence for Employers of Australian Apprentices. Crown Melbourne's Chef Apprentices were also recognised in the prestigious Capaldi Apprentice Challenge, a competition which determines the best apprentices in Victoria.





# Burswood

***Burswood Entertainment Complex is a major Western Australian tourist attraction and a significant tourist revenue earner with one of the best performing casinos in the region.***

### Overview

Established in 1985 and acquired by PBL in 2004, Burswood is the fastest growing earnings contributor in Crown's portfolio. Located on the banks of the Swan River in Perth, the complex features a casino; InterContinental Perth Burswood and Holiday Inn Burswood hotels; seven restaurants; seven bars; a nightclub; a world-class convention centre; a 2,300-seat theatre; a 20,000-seat capacity indoor stadium; a day spa and retail outlets. Burswood owns the land on which the casino is built and is licensed to operate the casino until at least 2060.

Burswood continues to build on its diversified entertainment credentials in the local, national and international markets through the development and expansion of its total offer. The redevelopment and upgrade of the main gaming floor will continue over the next three years.

Main floor gaming revenue grew 11.5 percent to $370.4 million and VIP commission program play was up 23.2 percent to $125.6 million on turnover of $9.3 billion, with the new international gaming salons being well received by patrons. Non-gaming revenue growth of 14.2 percent to $159.2 million was particularly strong.

# Burswood

*Continued*

Operating margins at Burswood decreased slightly from 30.2 percent to 29.8 percent, reflecting the tight labour market in Perth which has increased wage and overtime costs, higher marketing costs and an increase in lower margin VIP commission program business.

## Local gaming and Club Burswood

Local gaming earnings continued to grow, with solid contributions from both table games and electronic games. Underpinning performance was the opening of the Riviera Room in July 2007 and the continuing refurbishment of the main gaming floor.

Electronic gaming continued its new product growth, with approval for 10 new games in 2008. The table games department expanded the Touchbet links, introduced *Texas Hold'Em* Progressive and installed a new Rapid Baccarat product in the second half, which has shown steady results. Membership of Burswood's loyalty program, Club Burswood, grew strongly during the year. The introduction of improved offers and promotions proved successful.

## Responsible gaming

Burswood is committed to providing responsible gaming services through the promotion of effective and responsible gambling programs, information, assistance and services. It has continued to implement initiatives to reinforce this commitment following the appointments of a community relations manager and an experienced adviser.

A new dedicated web site, gambleresponsibly.com.au, was developed and launched. Participation in the national Responsible Gambling Awareness Week, improvements to the self-exclusion program and gaming personnel training were successful in promoting awareness. Work is underway for a new Responsible Service of Gambling Information Centre for patrons of Burswood.

## VIP commission program play

Solid revenue growth was achieved in international gaming through a stronger sales and marketing campaign, together with the introduction of two new $4 million Infinity Suites at InterContinental Perth Burswood to high-end customers from Asia.

A comprehensive international event schedule included a Passport to Golf promotion featuring seven golf tournaments, the annual Baccarat Tournament, and elaborate Chinese New Year festivities.

## Hotel properties

InterContinental Perth Burswood maintained its position as the leading luxury hotel in Perth. The continued integration of Holiday Inn Burswood as the mid-scale accommodation offer contributed also to increased leisure and corporate spend. The extensive global branding and guest loyalty program from both hotels attracted guests to the complex.





# Burswood

*Continued*

Hotel occupancy at InterContinental Perth Burswood was 78 percent with an average room rate of $223 and at the Holiday Inn it was 89 percent and $173 respectively. These solid levels across both properties were assisted by growth in city-wide market demand driven by stronger than expected corporate travel and an increase in leisure arrivals by air.

## Restaurants and bars

Burswood's restaurants and bars portfolio continued to deliver exceptional growth. A continued focus on the delivery of contemporary, innovative and diversified product offerings underpinned the result, highlighted by the opening of MINQ Bar and Lounge in August 2007 and Carbon Sports Bar in December 2007.

Effective advertising, additional traffic generated from the main gaming floor and a comprehensive marketing and event programs in all key outlets have contributed to the strong performance. Established restaurants Yú, Victoria Station, Atrium and (A)LURE were all nominated for multiple AHA and industry awards throughout the year.

A key initiative during the year was the introduction of dedicated Responsible Service of Alcohol Officers responsible for patrolling the complex during peak operating hours.

## Entertainment and events

Major events presented at Burswood included the opening and closing parties for Miss Saigon, the launch of the Perth Fashion Festival held in Sirocco Restaurant, the (A)LURE Lawn party at Ascot's Spring Racing Carnival, the 'Zestinations' series in the Atrium, a two-day Hawker's Bazaar and a premium dining series shared across the portfolio. Burswood also hosted various high profile charity events and record cover numbers were achieved during the festive season.

Burswood Dome and Burswood Theatre performed solidly, driven by the strong West Australian economy and high Australian dollar appealing to promoters. Contributing to the success was Burswood Dome's unique position as the only large capacity concert venue with weather protection in Perth, underpinned by comprehensive technical and marketing support. The accomplishments of the entertainment team were recognised by its second consecutive AHA Award for Excellence in Live Entertainment.

Conventions and events saw strong growth continue. The Astral, Burswood's refurbished ballroom, further added to performance credentials in this financial year recording increased revenues significantly.

# Cannery

*(pending – subject to regulatory approval)*

*Cannery Casino Resorts operates casinos in Pennsylvania and Nevada in the United States, catering to "locals" customers.*

### Overview

Crown agreed in December 2007 to acquire 100 percent of Cannery Casino Resorts on a cash and debt-free basis for US$1,752 million plus acquisition costs. This transaction is subject to regulatory approval.

Cannery is a well established US "locals" casino operator, operating the Meadows, Pittsburgh (temporary facility), Cannery North, Rampart (leased property) and the recently opened Eastside Cannery in Las Vegas. A permanent facility for the Meadows is due to open in April 2009.

### Current trading performance

Crown has not yet settled the acquisition and has therefore not reported earnings from Cannery. The existing Cannery management have provided recent trading data.

The Meadows has continued to improve its operating performance as the year has progressed, with revenue in July 2008 up 18 percent on last July (the first available year-on-year monthly comparison). Cannery North and Rampart have performed comparatively well in their markets. Total revenue in the seven months from January to July 2008 is less than one percent below the previous corresponding seven month period, despite the overall Las Vegas "locals" market being down approximately 5 percent in the six months ended 30 June 2008.

### Outlook

On completion of the Meadows development, Cannery will operate approximately 9,000 slot machines and 73 table games, together with 514 hotel rooms. The market in Pennsylvania remains an immature one and is expected to continue to grow strongly in the coming year.

Eastside Cannery is the first new property in 10 years on the Boulder Strip, Las Vegas and we expect it to perform well in that market.

Crown is hopeful of receiving approvals from the Nevada and Pennsylvania Gaming Control Boards in the coming months and finalising this acquisition shortly thereafter. It is expected that the Cannery acquisition will be EPS and cash flow positive in the full first year of ownership. Cannery EBITDA in 2009/10 is expected to be approximately US$200 million.



# Melco Crown Entertainment

*Melco Crown Entertainment (NASDAQ:MPEL) is an owner and developer of casino gaming and entertainment resort facilities that are focused on the rapidly expanding gaming market in Macau.*


### Overview

Crown currently holds a 37.9 percent equity interest in Melco Crown Entertainment (MPEL), a joint venture between Crown and Melco International Development Limited. MPEL was listed on the NASDAQ in December 2006.

MPEL's financial performance has showed significant improvement during the 2007/08 year. Crown's share of MPEL's financial results was a loss of $5.4 million, down from a loss of $47.0 million reported in 2006/07. Crown Macau traded well in completing its first full year of operations.

Macau is a Special Administrative Region of the People's Republic of China located on the southeast coast approximately 60 kms from Hong Kong. As the only Chinese territory where gaming is legal, gaming revenue in Macau has grown substantially. For the year to 30 June 2008 gaming revenue was up 49.2 percent, with visitation to the region up 20.9 percent to 29.3 million visitors. During the year the Central Government of China introduced a number of visa restrictions aimed at moderating that strong growth.

The Chief Executive of the Macau SAR has recently announced that the government intends capping the number of licensed casino operators "for the foreseeable future" and is ceasing further land grants for casino developments. It has also indicated a future regime which may cap both the number of tables and commission rates. MPEL is supportive of these changes.

# Melco Crown Entertainment

*Continued*

## Crown Macau, Taipa

The first of MPEL's casino properties is the six-star Crown Macau, which opened in May 2007. Reported adjusted EBITDA for Crown Macau was US$110.6 million, with trading in the second half generating a pleasing US$116.8 million of reported adjusted EBITDA.

## City of Dreams, Cotai

MPEL is developing a second casino property, City of Dreams, located on the Cotai strip. The first phase of City of Dreams is scheduled to open in the first half of 2009. Over 90 percent of the hard costs associated with phases one and two have been let to subcontractors and all four hotels have topped out, with interior fit out work well underway. Pre-opening costs of approximately US$110 million is expected to be incurred and expensed by MPEL in Crown Limited's 2008/09 financial year. These will have a one-off adverse impact of approximately $45-50 million on Crown Limited's result in that year.

## Macau Peninsula

MPEL has entered into a contract, subject to conditions, to acquire a site on the Macau Peninsula. MPEL continues to review and develop its plans for the development of the Macau Peninsula project and has recently negotiated an extension for its purchase. This extension provides additional flexibility in the timing for the closing of the transaction and preserves the company's ability to complete the transaction through July 2009, subject to various closing conditions. MPEL believes that the Macau government's recent policy announcements will not affect this project.

## Mocha Clubs

Mocha Clubs comprises a number of gaming lounges in Macau operating approximately 1,100 slot machines.



# Gateway

*Gateway Casinos is one of the largest casino and entertainment companies in Western Canada.*

## Overview

Crown holds a 50 percent equity interest in Gateway Casinos following its acquisition in November 2007 by New World Gaming, a 50:50 joint venture between Crown and Macquarie Bank.

Gateway Casinos operates seven casinos in British Columbia and two casinos in Alberta. These are operated under a unique business partnership model required under Canadian law whereby the Provincial Government owns the slot machines and tables, while Gateway collects an agreed share of gross gaming revenue. Additional compensation is received by Gateway in British Columbia to reimburse capital expenditure until the original amount is recovered. This usually takes five to eight years. Gateway retains ownership of the asset.

## Operating performance

Trading at Gateway over the seven months since acquisition was negatively impacted by the introduction of full smoking bans in April 2008, the new Starlight property (which opened in December 2007) trading below expectations and delays in implementing previously identified operational improvements.

## New developments

There are a number of projects in the development pipeline: the new Burnaby Grand Villa Casino, scheduled to open in late 2008; the expanded Cascades Casino, to be completed in late 2008; the new Vernon Casino, opening mid-2009; and expanded Kelowna Casino and new Kamloops Casino, both scheduled for completion in 2010. On completion of these new developments, Gateway will operate more than 5,400 slot machines and over 200 tables, together with 277 hotel rooms.

## Outlook

Crown expects to see improved performance as additional capacity comes on line from new properties and expansions. Crown expects that the Gateway business will be a profitable long-term investment.

# Aspinalls

Crown holds a 50 percent interest in Aspinalls under a joint venture with the Aspinall Group, Britain's longest established gaming operator.

Aspinalls currently operates four casinos in the United Kingdom: Aspinalls Club in London's Mayfair; and three regional casinos in Newcastle, Swansea (opened in September 2007) and Northampton (opened in June 2008 under a joint venture with Kerzner UK).

Trading during the past year was impacted by the introduction of smoking bans in July 2007, an increase in the levels of casino tax, a low win rate at Aspinalls Club and pre-opening costs for Swansea and Northampton.

Recent trading has improved with significantly higher VIP volumes at Aspinalls Club and Newcastle has traded profitably in the second half. Further revenue enhancing strategies are being implemented in order to improve performance.

# Betfair Australasia

Crown holds a 50 percent interest in Betfair Australasia under a joint venture with The Sporting Exchange Limited, the world's largest betting exchange.

Betfair is the only licensed betting exchange in Australia and has operated under licence from the Tasmanian Government since February 2006. For the past 12 months, revenue grew 13 percent to $23.1 million despite some significant challenges. These were the negative impact of Equine Influenza on horse racing, together with a ban on betting exchanges in Western Australia which was unanimously overturned by the High Court of Australia in March 2008.

Betfair has subsequently reinstated its business in Western Australia and has challenged advertising restrictions in New South Wales and Victoria.

Betfair is now experiencing strong underlying growth, with registrations up 94 percent, funded accounts up 62 percent and active customers up 43 percent in June 2008. The company also recently launched the "Tote at Betfair" web interface and has finalised agreements with all major sporting and racing bodies in Australia. Betfair employs 100 people in Hobart and Melbourne.

# Other US Investments



Crown holds a 19.6 percent equity interest in Fontainebleau Resorts, which is constructing a casino resort on the strip in Las Vegas, scheduled to open in late 2009. Fontainebleau also owns a 50 percent interest in a resort hotel complex in Miami, following the sale of 50 percent to Dubai-based Nakheel Hotels for US$375 million in April 2008. Fontainebleau Miami is undergoing a major renovation and will open in late 2008.

Crown purchased a 4.9 percent fully diluted stake in Station Casinos, which pioneered the "locals" gaming market in Las Vegas and caters primarily to local workers and residents. The Station Casinos franchise includes eight major gaming and entertainment complexes and five smaller casinos.

Crown also purchased a 2.5 percent stake in Harrah's Entertainment Inc. Harrah's is the world's largest provider of branded casino entertainment, owning or managing casino resorts on four continents. The company's properties operate primarily under the Harrah's, Caesars and Horseshoe brand names.

# Community and the Environment

## The community

Crown is proud to support the local communities in which it operates through financial and in-kind donations, participation and support of non-profit events, employee volunteer contributions and sponsorships.

### *Crown Melbourne*

Crown Melbourne contributes to the Victorian community through its financial support of community organisations and charities including the Royal Children's Hospital (including the RCH 1000 and the Neonatal Unit programs), the Heartwell Foundation, Make-A-Wish and KOALA Foundation (Kids Oncology and Leukaemia Action Group), Open Family Australia, Challenge, Kids Under Cover and the


Neuroscience Foundation. Crown Melbourne also assists hundreds of community-based associations, from schools and sporting clubs to fire brigades, police units and ethnic groups, by donating in-kind prizes, such as accommodation, for fundraising activities.


A highlight this year included hosting two of Australia's largest and most successful fundraising initiatives: the KOALA Foundation's annual Million Dollar Lunch and the Ilhan Food Allergies Foundation's Rainbow Ball. A combined total of over $3 million dollars was raised to boost research, aid and awareness nationally for both causes.

Crown Melbourne actively participates in numerous community-based projects. One project is the Victorian Safer Communities Network and the Australian Safer Communities Foundation. This year it was a founding member of the ReTALE Project which identifies homeless youth to offer opportunities for training and work experience to enhance their employment prospects for the future.

# Community and the Environment

*Continued*

### *Burswood*

Burswood contributes to the Western Australian community under its community partnerships program, 'A Brighter Future'. With 80 percent of front line staff between 18 and 30 years of age, Burswood's current focus is on supporting this demographic, with the aim of making a sustainable difference to a group that is representative of the future.

'A Brighter Future' targets a cross section of issues and projects relevant to young people. In 2008, Burswood launched Young Artists With Artitude, part of Telethon Speech and Hearing's high

profile Art exhibition held at Burswood and giving local artists a high profile platform to exhibit their work. Burswood also sponsored STYLEAID in 2008, a fashion fundraiser to benefit the Western Australian Aids Council. The WAAC provides a range of services to the Western Australian community, including care and support for HIV positive people and educational programs.

Funds, resources and services continue to be donated to a range of community-based projects, events and local charities. Burswood supported many community partners by hosting their annual gala fund-raising events. This year's highlights were the annual Ronald McDonald House Charities Ball and the annual Youth Focus Ball, which raised funds to assist in the prevention of youth suicide and depression. This year, a record number of staff participated in the annual 'Walk To Cure,' in support of the Juvenile Diabetes Research Foundation.

Burswood continues its sponsorship program to support local businesses and sporting organisations. These included the West Coast Eagles and Fremantle Dockers AFL clubs, the Western Force Super 14 Rugby Union team and the Western Australian Olympic Council in the lead-up to the Beijing Olympic Games. Burswood Dome also hosted the 20th Hyundai Hopman Cup tennis tournament.



# Community and the Environment

*Continued*

## The environment

Crown is committed to make meaningful contributions toward reducing its environmental impact by pursuing sustainable energy, water and waste practices in all of its operations. This commitment is consistent with the objectives to create memorable experiences and enhance shareholder value.

### *Crown Melbourne*

While the business experienced strong operational growth, Crown Melbourne's water consumption remained steady at 2007 levels, which were 20 percent less than the previous year. Crown's updated and approved waterMAP plan continues to improve efficiencies. New initiatives during the year included the introduction of rainwater harvesting systems, which were commissioned to further increase self-sufficiency and meet landscaping and back-of-house requirements. Employees participated in a water-efficient shower head exchange program that was run in conjunction with South East Water.

Energy assessments were carried out in accordance with the Commonwealth Government's Energy Efficiencies Opportunities program and a number of large-scale lighting projects made an important contribution to energy efficiency across the site. One of these was the upgrade of all lights in the 3,400-bay multi-level car park to energy efficient lamps.

Waste reduction efforts continued to build momentum with almost 250 tonnes of food waste diverted to a natural recovery (or composting) facility instead of landfill. Crown Melbourne also hosted a sustainability workshop during the year facilitated by PricewaterhouseCoopers. The workshop generated more than 100 opportunities for energy efficiency that are currently being evaluated.

### *Burswood*

Reducing Burswood's environmental impact remained a core aim throughout this period of significant investment and construction.

Key focuses this year were lighting projects to retrofit energy efficient lighting in addition to the introduction of a building management system to monitor air-conditioning and electrical energy usage across the property.

Water audits by an external agency were conducted across the complex resulting in significant water savings and an increase in water efficiency scores. In addition, a bore was installed which, in conjunction with complex-wide water saving initiatives, will provide a one mega-litre reduction in scheme water usage annually.

# Corporate Governance Statement

The Crown Limited Board is committed to the implementation and maintenance of good corporate governance practices.

Crown was admitted to the official list of the ASX on 3 December 2007 (**Listing**) and has been subject to the ASX Listing Rules since that time.

As a newly listed entity, Crown has taken the opportunity to establish structured corporate governance practices appropriate to Crown and the industry in which it operates.

This Statement sets out the extent to which Crown Limited (**Crown**) has followed the best practice recommendations set by the ASX Corporate Governance Council during the period commencing from its Listing to 30 June 2008.

Crown has elected to report against the Corporate Governance Principles and Recommendations (**Revised Principles**) released by the Council on 2 August 2007.

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

### *Functions reserved for the Board*

The Board is responsible for guiding and monitoring Crown on behalf of its shareholders. In addition, the Board 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 which are reserved for the Board.

### *Functions delegated to Senior Management*

Management has 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).

### *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, commencing at page 33.

### *Induction process for new senior executives*

Crown senior executives are required to undertake formal induction training through Crown's on-site accredited training facility – Crown College.



The program involves training about:

- the history and development of the Crown brand and business;
- the main legal and regulatory obligations affecting the Crown business; and
- the rights and obligations of Crown employees.

As part of the induction program, senior executives are required to successfully complete a series of online training modules and to pass the associated assessment.

### *More information*

A full copy of the Crown **Board Charter** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Charters.

## Principle 2
## Structure the board to add value

### *Composition of the Board*

As at the date of this Statement, the Board comprises the following eleven directors:

- James D Packer
  **Executive Chairman**
- John H Alexander BA
  **Executive Deputy Chairman**
- Christopher J Anderson BEc
  **Non-independent, non-executive Director**
- Christopher D Corrigan
  **Independent, non-executive Director**
- Rowen B Craigie BEc (Hons)
  **Chief Executive Officer and Managing Director**
- Rowena Danziger BA, TC, MACE
  **Independent, non-executive Director**
- Geoffrey J Dixon
  **Independent, non-executive Director**
- Ashok P Jacob MBA
  **Non-independent, non-executive Director**
- Michael R Johnston BEc, CA
  **Non-independent, non-executive Director**
- David H Lowy AM, BCom
  **Independent, non-executive Director**
- Richard W Turner AM, BEc, FCA
  **Independent, non-executive Director**

Information about each director's qualifications, experience and period in office is set out in the Directors' Statutory Report, commencing at page 56.

The roles of Chair and Chief Executive Officer are exercised by separate persons. James Packer acts as Executive Chairman and Rowen Craigie as Chief Executive Officer and Managing Director.

### *Relationships affecting independence*

Of Crown's eleven directors, five are independent directors. 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.

**Departure from Recommendation 2.1:** The Revised Principles recommend that a majority of the Board should be independent directors. Crown does not comply with this recommendation. The Board, however, considers that its shareholders are best served by ensuring that directors have appropriate skills and experience to manage the business of Crown, notwithstanding that they may not be characterised as independent. Almost half of Crown's directors are, however, independent. In addition, all directors have access to independent advice to assist in the discharge of their duties (see further below).

**Departure from Recommendation 2.2:** The Revised Principles recommend that the chair of the Board should be an independent director. Crown's Chairman is not an independent director. The Board believes that the interests of shareholders are best served by a Chairman who would be sanctioned by shareholders and who would act in the best interests of shareholders as a whole. As the Chairman has a significant relevant interest in Crown, he is well placed to act on behalf of shareholders and in their best interests.

### *Procedure for selection and appointment of new directors*

In the event that a new director appointment is required, the Board will adhere to procedures including the following:

- the experience and skills appropriate for an appointee, having regard to those of the existing Board members and 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 their appointment would have on the overall balance and composition of the Board; and
- finally, all existing Board members must consent to the proposed appointment.

**Departure from Recommendation 2.4:** The Revised Principles recommend that the Board should establish a Nomination Committee. The Board has not established a Nomination Committee as it does not consider that the process for determining potential directors would be made more efficient by doing so. The appointment of new directors is a matter specifically reserved to the Board. In appropriate circumstances, the Board may delegate some or all of this process to a relevant Committee.

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

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 Board and Committee member.

The questionnaire covers the role, composition, procedure and practices of the Board and its Committees. The individual responses to the questionnaire are confidential to each Board/Committee member, with questionnaire responses to be provided to the Chairman of the Audit & Corporate Governance Committee for his consideration and provision to the Executive Chairman of the Board.



### *Procedures for taking independent advice*

To enable Crown's Board to fulfil its role, each director may obtain independent advice on relevant matters at Crown's expense. In these circumstances, the director must notify the Executive Chairman of the nature of the advice sought prior to obtaining that advice, so that the Executive Chairman can take steps to ensure that the party from whom advice is sought has no material conflict of interest with Crown. The Executive Chairman is also responsible for approving payment of invoices in relation to the external advice.

In addition, each Board Committee has the full authority of the Board to:

- communicate and consult with external and internal persons and organisations concerning matters delegated to the Committee; and
- appoint independent experts to provide advice on matters delegated to the Committee.

### *Crown Board Committees*

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

| Committees | Current Members | Meetings held since Listing | Attended by |
|---|---|---|---|
| **Audit & Corporate Governance** | Richard Turner (Chair)<br>Michael Johnston<br>Rowena Danziger | 19 February 2008<br>20 May 2008 | All members |
| **Finance*** | Geoffrey Dixon (Chair)<br>Michael Johnston<br>Richard Turner | | |
| **Investment*** | James Packer (Chair)<br>John Alexander<br>Ashok Jacob<br>Rowen Craigie | | |
| **Occupational Health & Safety** | Rowena Danziger (Chair)<br>Michael Johnston<br>Rowen Craigie | 13 March 2008<br>20 May 2008 | All members |
| **Remuneration**** | James Packer (Chair)<br>John Alexander<br>Geoffrey Dixon | | |
| **Risk Management** | Geoffrey Dixon (Chair)<br>Rowena Danziger<br>Rowen Craigie | 13 June 2008 | All members |

* The Investment Committee and the Finance Committee have not met since Listing.
** The primary role of the Remuneration Committee is to review non-executive director remuneration. The Committee meets once a year to review performance for the previous year. Accordingly, the Committee has not met since Listing.

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

### *More information*

A full copy of each of Crown's **Committee Charters** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Charters.

A description of the procedure for selection, appointment and re-election of directors is available on the Crown website at: www.crownlimited.com under the heading Corporate Governance – Policies.

## Principle 3
## Promote ethical and responsible decision-making

### *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.

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

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

### *Policy concerning trading in company securities*

Crown has adopted a formal Securities Trading Policy which details Crown's policy concerning trading in company securities by directors, senior executives and employees.

The Securities Trading Policy:

- includes a requirement that employees do not buy and sell Crown shares and securities within a 12 month period (ie that they do not short trade);
- establishes formal "trading windows" during which Crown employees can and cannot trade in Crown shares and securities;
- sets out Crown's policy on entering into transactions in associated products which limit economic risk; and
- summarises the application of the insider trading provisions of the Corporations Act and the consequences of contravention thereof.

### *More information*

Full copies of Crown's **Code of Conduct for Directors** and **Code of Conduct for Employees** are available on its website at: www.crownlimited.com under the heading Corporate Governance – Codes.

A full copy of Crown's **Securities Trading Policy** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Policies.



## Principle 4
## Safeguard integrity in financial reporting

### *Crown Audit Committee and Charter*

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

The members of the Audit & Corporate Governance Committee are Richard Turner (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 Chairman of the Audit & Corporate Governance Committee, Mr Richard Turner is an independent director who has extensive financial qualifications and experience, having been an audit partner at Ernst & Young and having held the position of Chief Executive Officer of Ernst & Young prior to his retirement in 1994.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report, commencing at page 56.

The Audit & 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 Crown's **Audit & Corporate Governance Committee Charter** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Charters.

## 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, its General Counsel and Company Secretary or a member of the Audit & 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 on its website at: www.crownlimited.com under the heading Corporate Governance – Policies.

## Principle 6
## Respect the rights of shareholders

### *Promotion of effective communication with shareholders*

Crown has designed 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 Full Financial Annual Report;
- disclosures made to ASX; and
- notices of meeting and other explanatory memoranda.

Crown has a dedicated corporate website which includes copies of all communications and other company information.

### *More information*

A full copy of Crown's **Communication Policy** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Policies.

## Principle 7
## Recognise and manage risk

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

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.

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

The Board requires Crown's management to devise and implement risk management systems and to monitor the effectiveness of those systems. The Board convened Risk Management Committee is charged with administering 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.

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.

### *Chief Executive Officer and Chief Financial Officer assurances*

The Crown Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### *More information*

A full copy of Crown's **Risk Management Committee Charter** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Charters.

A full copy of Crown's **Risk Management Policy** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Policies.



## Principle 8
## Remunerate fairly and responsibly

### *Remuneration of Board members and Senior Executives*

As indicated earlier, Crown has established a formal Remuneration Committee. The role of the Remuneration Committee is to review and recommend appropriate Directors' Fees to be paid to non-executive Directors. At the discretion of the Crown Board, the role of this Committee may be extended to the remuneration policies to be applied to executives, including any equity-based remuneration plan that may be considered, subject to shareholder approval (where required).

The current members of the Remuneration Committee are James Packer (Chair), John Alexander and Geoffrey Dixon.

Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report, commencing at page 56.

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

A summary of current remuneration arrangements is set out more fully in the Remuneration Report, commencing at page 33.

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 senior executives' performance and remuneration.

**Departure from Recommendation 8.1:** The Revised Principles recommend that the Remuneration Committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members.

Whilst the composition and responsibilities of the Committee are not consistent with the recommendations in the Revised Principles, the Committee provides an effective and efficient mechanism for consideration of appropriate remuneration policy for Crown, responsibility for which ultimately lies with the Crown Board.

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

Crown's policy on directors and employees entering into transactions in associated products which limit economic risk is referred to in its Securities Trading Policy.

The Policy provides that in accordance with the Rules of the Executive Share Plan (**ESP**) operated by Crown those "Directors and employees of the Crown Group" who hold Crown shares under the ESP 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.

### *More information*

A full copy of Crown's **Remuneration Committee Charter** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Charters.

A full copy of Crown's **Remuneration Policy** is available on its website at: www.crownlimited.com under the heading Corporate Governance – Policies.

# Remuneration Report

## Introduction

### *Content of the Report*

This Remuneration Report outlines the director and executive remuneration arrangements of Crown in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by AASB 124 Related Party Disclosures.

### *Structure of disclosures*

As shareholders are aware, Crown acquired the majority of its gaming assets via two schemes of arrangement between the then Publishing and Broadcasting Limited (**PBL**) (now Consolidated Media Holdings Limited (**CMH**)), Crown and their respective shareholders. Under the first scheme, the "PBL Scheme", Crown acquired all of the shares in PBL. Under the second scheme, the "Demerger Scheme", the non gaming assets of PBL were demerged from the Crown group.

The disclosure document used in connection with the schemes of arrangement (the PBL Scheme Booklet) is available on Crown's website www.crownlimited.com. The PBL Scheme Booklet describes in detail how the PBL Scheme and the Demerger Scheme were effected and provides useful context and background to this Report.

Crown is principally a gaming and entertainment business managed by its Board and key gaming executives. The application of Australian Accounting Standards, however, requires that this Report provide information in relation to persons who at any time during the financial year were members of the consolidated Crown group. Due to the way in which the two schemes were effected, application of Australian Accounting Standards requires Crown to provide information in relation to both "gaming" directors and executives as well as other ex PBL "media" executives who have not participated in the gaming business of Crown during the year but have been part of the "Crown consolidated group" during the year.

Crown has attempted to present the contents of this Report in a way which clearly distinguishes between "gaming" directors and executives who have principally been involved in furthering the business of Crown and "media" directors and executives, so as to provide meaningful and relevant information to shareholders.

### *Persons to whom Report applies*

The remuneration disclosures in this Report cover the following persons:

**Non-executive directors**

- Christopher J Anderson
- Christopher D Corrigan
- Rowena Danziger
- Geoffrey J Dixon
- Ashok P Jacob
- Michael R Johnston
- David H Lowy
- Christopher J Mackay (resigned 7 March 2008)
- Richard W Turner



**Executive directors**

- James D Packer (Executive Chairman)
- John H Alexander (Executive Deputy Chairman)
- Rowen B Craigie (Managing Director and Chief Executive Officer)

**Other company executives and key management personnel**

- David G Courtney (Chief Executive Officer, Crown Melbourne Limited)
- Barry J Felstead (Chief Executive Officer, Burswood Limited)
- Geoffrey R Kleemann (Chief Financial Officer)

**Media company executives and key management personnel**

As mentioned above, due to the application of Australian Accounting Standards, this Report also sets out remuneration disclosures in relation to:

- Martin P Dalgleish
- Guy Jalland

Mr Dalgleish and Mr Jalland held executive roles within the PBL group prior to the PBL Scheme. Following implementation of the two schemes, Mr Dalgleish moved to a different position within the CMH group. Mr Jalland ceased employment with the PBL group on 21 December 2007.

In this Report the group of persons comprised of the Executive Directors and the other company executives and key management personnel (both gaming and media) are referred to as "Senior Executives". The Senior Executives above include the five most highly remunerated executives of the Crown consolidated group.

## Overview of remuneration policy

### *Philosophy*

The performance of the Crown group is dependent upon the quality of its directors, senior executives and employees. Crown seeks to attract, retain and motivate skilled directors and senior executives 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 Remuneration Committee bears the responsibility of determining the appropriate remuneration for non-executive directors. Non-executive directors' fees are reviewed periodically by the Remuneration Committee with reference taken to the fees paid to the non-executive directors of comparable companies. The 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 Committee may also elect to receive advice from independent remuneration consultants if necessary.

Details regarding the composition of the Committee and its main objectives are outlined in the Corporate Governance Statement. The Board deems it appropriate that Mr James Packer, who is not an independent director of Crown and does not receive remuneration from Crown, chair this Committee.

No performance based fees are paid to non-executive directors. Non-executive directors are not entitled to participate in the Executive Share Plan.

Non-executive directors are not provided with retirement benefits other than statutory superannuation at the rate prescribed under the Superannuation Guarantee legislation. Notwithstanding, the Executive Chairman and Executive Deputy Chairman may consider making a payment to a retiring non-executive director having regard to the length of service and contribution of the retiring non-executive director and will consider the appropriateness and reasonableness of the amount in light of payments made by comparable companies.

*Senior Executives*

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

### Details 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 standing 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 calibre of the individual. The company seeks a range of specialist advice to establish the competitive remuneration for its Senior Executives.

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Guarantee legislation and at the election of the Senior Executive, may include other benefits such as a motor vehicle or motor vehicle allowance, car parking, mobile telephone costs and club membership, aggregated with 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 Chief Executive Officer and Managing Director) is reviewed annually by the Chief Executive Officer and Managing Director of Crown and is approved by the Executive Chairman and Executive Deputy Chairman.

The review process includes consideration of the performance of the Senior Executive as measured by achievements against agreed Key Performance Indicators (see further below), performance of Crown and the business in which the Senior Executive is employed, relevant comparative remuneration in the market and external advice.

Fixed remuneration for the Chief Executive Officer and Managing Director is reviewed and set annually following consideration by the Executive Chairman of the performance of the Chief Executive Officer and Managing Director.

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 page 42.

*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 during the year are as follows:

- Short Term Incentives (**STIs**);
- Long Term Incentives (**LTIs**); and
- An Executive Share Plan.

**Short Term Incentives**

The remuneration of the 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 Key Performance Indicators (**KPIs**). The employment contracts of some Senior Executives may specify an indicative STI subject to the Crown group's performance and, if applicable, this indicative STI is set out in the summary of their employment contract below.

The basis for payment of an STI is the achievement of the Senior Executive's KPIs established at the beginning of each financial year. The focus is on the achievement of the Crown group's annual business plan and budget.

Financial performance objectives (including performance against budgeted EBITDA) have been chosen as Crown considers they are the best way to align performance outcomes with shareholder value.

Appropriate non-financial performance objectives (such as strategic goals, operational efficiencies and people development) are also chosen where they are within a Senior Executive's sphere of influence and are relevant to the Senior Executive's area of work, as these metrics are aligned with the achievement of Crown's business plan.

The performance of each Senior Executive against the financial and non-financial KPIs is reviewed on an annual basis. Whether KPIs have been achieved is determined by the Chief Executive Officer and Managing Director having regard to the operational performance of the business in which the Senior Executive is involved and the Chief Executive Officer and Managing Director's assessment of the attainment of the individual's KPIs.

The Chief Executive Officer and Managing Director reviews performance based remuneration entitlements and determines the STI payments subject to final approval by the Executive Chairman.

The Chief Executive Officer and Managing Director's eligibility for an STI is determined by the Executive Chairman on behalf of the Board.

As at the date of this Report, the approval process for STI payments for gaming Senior Executives for the 2008 financial year has not been completed. Accordingly, the remuneration tables set out in this Report do not disclose an STI payment for the 2008 financial year. STI payments, if any, will therefore be disclosed in Crown's 2009 Annual Report.

**Long Term Incentive Plan (Gaming LTI)**

This incentive was established in June 2005 whilst Crown's principal gaming businesses were owned by PBL. It was introduced following review of long term incentive plans operated by major competitors of the gaming business and as a means of retaining and motivating selected executives. The Gaming LTI was initially designed so that selected executives would be entitled to a cash bonus where the then "PBL Gaming Division" comprising Crown Melbourne and Burswood achieved its internal EBITDA targets in three, four and five years.

Selected participating Senior Executives may earn the maximum EBITDA cash bonus apportioned over the financial years 2008, 2009 and 2010, subject to the achievement of relevant EBITDA targets.

If the EBITDA target is not reached in any financial year, the amount of the EBITDA Cash Bonus for that year may be held over to the following year or until financial year 2010 and will be payable if the total aggregate EBITDA for Crown Melbourne and Burswood for all three financial years exceeds the aggregate sum of the EBITDA internal targets for financial years 2008, 2009 and 2010.

The Chief Executive Officer and Managing Director determines if the EBITDA target has been met by reference to the audited financial reports of the Crown group and provides the data to the Executive Chairman for his ratification.

Crown has achieved the aggregate EBITDA internal targets for Crown Melbourne and Burswood for financial year 2008. A cash payment has therefore been made to participating executives referrable to the 2008 financial year.

Of the Senior Executives named in this Report, three participate in the Gaming LTI. Details of potential Gaming LTI cash bonuses are as follows:

| Senior Executive | Maximum Amount | 30 June 2008 (30%) | 30 June 2009 (20%) | 30 June 2010 (50%) |
|---|---|---|---|---|
| **Rowen Craigie** | $5,000,000 | $1,500,000 | $1,000,000 | $2,500,000 |
| **David Courtney** | $2,250,000 | $675,000 | $450,000 | $1,125,000 |
| **Barry Felstead** | $1,000,000 | $300,000 | $200,000 | $500,000 |

**Executive Share Plan**

Certain Crown executives participate in an Executive Share Plan (**ESP**) which was approved by PBL Shareholders at the 1994 Annual General Meeting. A total of 1,190,000 ESP Shares (which includes the issue to Mr Craigie on 23 November 2007 identified below) were issued to selected executives in financial year 2008.

Prior to the approval of the PBL Scheme, the executives participating in the ESP (**ESP Participants**) held, in total, 10,680,000 PBL ESP shares (**PBL ESP Shares**), in respect of which there were outstanding loans totalling $185,642,300 (**PBL ESP Loans**) due to PBL. This included a further 1,150,000 PBL ESP Shares issued to Mr Rowen Craigie on 23 November 2007. These additional shares were subject to a PBL ESP Loan of $22,004,500.



**Variations to the ESP and the key ESP terms:** As disclosed in the PBL Scheme Booklet (at page 133), the rules governing the operation of the ESP were varied to enable ESP Participants to participate in the PBL Scheme (and continue to participate in the ESP) as follows:

**Restrictions were lifted to permit ESP Participants to participate in the PBL Scheme:** The restrictions on transfer of the PBL ESP Shares were lifted to allow the PBL ESP Shares to participate in the PBL Scheme in the same manner as all PBL shareholders. A total of 10,680,000 PBL ESP Shares participated in the PBL Scheme.

**ESP Participants now hold Crown ESP shares and CMH ESP shares under the ESP:** Subject to the consideration election made by the ESP Participants under the PBL Scheme, ESP Participants were issued with Crown shares under the PBL Scheme and they had CMH shares transferred to them under the Demerger Scheme. ESP Participants no longer hold PBL ESP Shares.

**ESP Participants receiving standard consideration saw a reduction in their PBL ESP Loan by the cash consideration amount:** For those ESP Participants electing the standard consideration (1 Crown ESP share and $3 for each PBL ESP Share), the cash component of the PBL Scheme consideration that ESP Participants received in respect of their PBL ESP Shares was applied to reduce the PBL ESP Loan. ESP Participants that elected the maximum share consideration did not receive cash consideration and accordingly there was no reduction of their PBL ESP Loan.

**The PBL ESP Loans were then apportioned 75 percent to Crown and 25 percent to CMH:** The PBL ESP Loan for each ESP Participant was then apportioned 75 percent to Crown (**Crown ESP Loan**) and 25 percent to CMH (**CMH ESP Loan**). Each of the Crown ESP Loan and CMH ESP Loan is repayable the earlier of five years from the original date of issue of the PBL ESP Shares (Expiry Date) or when the ESP Participant ceases employment. The loan funds are on a limited recourse basis.

**The Crown ESP Loan is applied against the Crown ESP shares:** Where an ESP Participant sells all or a portion of their Crown ESP shares, the proceeds of sale of those Crown shares must be applied to repay the equivalent proportion of their outstanding Crown ESP Loan. When an ESP Participant sells all or a portion of their CMH ESP shares, the proceeds of sale of those shares must be applied to repay the equivalent proportion of the outstanding CMH ESP Loan. In each case, the ESP Participant is entitled to retain the net proceeds of sale after the respective Crown ESP Loan or CMH ESP Loan repayment.

**The share price performance hurdle of seven percent was retained:** The share price performance hurdles requiring a compound share price appreciation of seven percent per annum based on the issue price of the PBL ESP Shares were retained and substituted with equivalent performance hurdles (seven percent compounding share price accumulation) imposed separately on the Crown shares and the CMH shares.

A determination that hurdles have been achieved is provided to the Chief Executive Officer and Managing Director by the Crown Company Secretary (for Crown) and to the Executive Chairman by the CMH Company Secretary (for CMH), following a review by each Company Secretary of the volume weighted average price (**VWAP**) of the Crown and the CMH shares for the 20 days up to and including the anniversary of the issue date of the ESP Participant's PBL ESP Shares.

**Remaining key terms:** All other key terms of the ESP remain and apply to the Crown ESP shares and the CMH ESP shares:

- The restrictions which permit only 25 percent of the PBL ESP shares to be released from vesting conditions each year after issue will continue to apply to the Crown ESP shares and the CMH ESP shares that ESP Participants received under the Demerger.
- Interest payable on the Crown ESP Loan and CMH ESP Loan is equal to dividends received on the relevant Crown ESP shares and CMH ESP shares respectively from time to time.
- ESP Participants may only sell their vested Crown ESP shares and CMH ESP shares within a period 28 days after the relevant company lodges its Appendix 4D or Appendix 4E with ASX. ESP Participants may only sell their Crown ESP shares and CMH ESP shares during this time if they are capable of repaying the equivalent proportion of their Crown ESP Loan or and CMH ESP loan. Crown executives are also bound by the terms of the Crown Securities Trading Policy when trading their Crown ESP shares.
- The total number of Crown ESP shares and CMH ESP shares issued under the ESP is limited to a maximum of two percent of the issued capital of Crown, and a maximum of two percent of the issued capital of CMH.
- An ESP Participant must not, without the prior written consent of Crown in writing, sell, create a security interest in (for instance, create a lien, pledge, charge, mortgage or other encumbrance of whatever nature) or otherwise dispose of their Crown ESP shares or any of the ESP Participant's interest in his or her Crown ESP shares. Should an ESP Participant wish to limit his or her exposure to risk in relation to the Crown ESP shares, he or she must contact the Company Secretary immediately, with consent in writing only provided following the assessment and approval by the Board or a delegate of its choosing.

At the date of this Report, a total of 66 ESP Participants hold, in total, 11,449,826 Crown ESP shares or 1.66 percent of Crown's issued capital. There are outstanding Crown ESP Loans totalling $125,751,938 due to Crown. It is not proposed that any further issues will be made under the ESP.

No Crown ESP Loans were repaid by the Senior Executives or lapsed this year. The Senior Executives who have Crown ESP shares for which Crown ESP Loans are still outstanding are as follows:



| Senior Executive | Issue Date | Issue Price (per share) | PBL ESP Shares issued[5] | PBL ESP Loan | PBL Scheme Election[1] | Crown ESP Shares | Crown ESP Loan (75 %) | A | B | C | Shares sold during year | Loan Expiry Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gaming Senior Executives** | | | | | | | | | | | | |
| **John Alexander** | 30-Oct-06 | $16.16 | 300,000 | $4,848,000 | Std | 300,000 | $2,961,000 | $9.87 | 25 | 25 | Nil | 30-Oct-11 |
| | 30-Oct-06 | $17.82 | 1,000,000 | $17,820,000 | | 1,000,000 | $11,115,000 | $11.12 | 25 | 25 | Nil | 30-Oct-11 |
| **Chris Anderson** | 30-Oct-06 | $16.16 | 300,000 | $4,848,000 | Std | 300,000 | $2,961,000 | $9.87 | 25 | 25 | Nil | 30-Oct-11 |
| **Rowen Craigie** | 30-Oct-06 | $16.16 | 350,000 | $5,656,000 | Sh | 409,694 | $4,242,000 | $10.35 | 25 | 25 | Nil | 30-Oct-11 |
| | 30-Oct-06 | $17.82 | 500,000 | $8,910,000 | | 585,276 | $6,682,500 | $11.42 | 25 | 25 | Nil | 30-Oct-11 |
| | 23-Nov-07[3] | $18.97 | 250,000 | $4,742,500 | | 292,638 | $3,556,875 | $12.15 | 0 | 0 | Nil | 23-Nov-12 |
| | 23-Nov-07[3] | $19.18 | 900,000 | $17,262,000 | | 1,053,494 | $12,946,500 | $12.29 | 0 | 0 | Nil | 23-Nov-12 |
| **David Courtney** | 23-Feb-06 | $16.16 | 175,000 | $2,828,000 | Sh | 204,847 | $2,121,000 | $10.35 | 25 | 50 | Nil | 23-Feb-11 |
| | 30-Aug-06[4] | $17.82 | 225,000 | $4,009,500 | | 263,374 | $3,007,125 | $11.42 | 25 | 25 | Nil | 30-Aug-11 |
| | 06-Mar-07 | $18.97 | 150,000 | $2,845,500 | | 175,581 | $2,134,125 | $12.15 | 0 | 0 | Nil | 06-Mar-11 |
| **Geoff Kleemann** | 23-Feb-06 | $16.16 | 240,000 | $3,878,400 | Std | 240,000 | $2,368,800 | $9.87 | 25 | 50 | Nil | 23-Feb-11 |
| **Barry Felstead** | 30-Aug-06[4] | $17.82 | 100,000 | $1,782,000 | Sh | 117,055 | $1,336,500 | $11.42 | 25 | 25 | Nil | 30-Aug-11 |
| | 06-Mar-07 | $18.97 | 100,000 | $1,897,000 | Sh | 117,055 | $1,422,750 | $12.15 | 0 | 0 | Nil | 06-Mar-12 |
| **Media Senior Executives** | | | | | | | | | | | | |
| **Martin Dalgleish** | 23-Feb-06 | $16.16 | 240,000 | $3,878,400 | Std | 240,000 | $2,368,800 | $9.87 | 25 | 50 | Nil | 23-Feb-11 |
| **Guy Jalland** | 23-Feb-06 | $16.16 | 240,000 | $3,878,400 | Std | 240,000 | $2,368,800 | $9.87 | 25 | 50 | Nil | 23-Feb-11 |

A. Min. share price required to sell Crown ESP shares (per share)[2]
B. Released from limitations during the year (%)
C. Total percentage of shares released from limitations under Plan Rules (%)

Notes:

1 This column provides detail on the consideration election of each executive under the PBL Scheme of Arrangement. "Std" means the PBL Scheme Standard Consideration; "Sh" means the PBL Scheme Maximum Share Consideration.

2 The ESP Plan Rules require that, if an ESP Participant wishes to sell his or her Crown ESP shares during a trading window, he or she must repay the equivalent proportion of the outstanding Crown ESP Loan. If the ESP Participant cannot repay the equivalent proportion of the Crown ESP Loan, he or she cannot trade in his or her Crown ESP shares.

3 In accordance with ASX Listing Rule 10.14, PBL shareholders approved the issue of 1,150,000 PBL ESP Shares to Mr Rowen Craigie at the PBL AGM on 23 November 2007, with those PBL ESP Shares issued to him following the AGM on that day.

4 The executives issued shares on 30 August 2006 did not meet their share price performance hurdle at their second anniversary. The consequence of this is the second 25 percent of their issued ESP Shares were not released from limitations under the Plan Rules. These ESP Shares shall remain subject to the limitations under the Plan Rules unless or until the share price performance condition is satisfied on a subsequent anniversary and the executive remains an employee of the relevant company.

5 The fair value per Crown ESP share for each allotment date under the ESP is as follows: 23 February 2006: $1.92; 30 August 2006: $2.51; 6 March 2007: $3.72; 21 June 2007: $3.77. The relevant allotment dates for the shares subject to shareholder approval in 2006: Mr Alexander's 300,000 ESP Shares, Mr Anderson's 300,000 ESP Shares and Mr Craigie's 350,000 ESP Shares is 23 February 2006; Mr Alexander's 1,000,000 ESP Shares and Mr Craigie's 500,000 ESP Shares, 30 August 2006. The relevant allotment dates for the shares subject to shareholder approval in 2007: Mr Craigie's 250,000 ESP Shares, 6 March 2007; Mr Craigie's 900,000 ESP Shares, 21 June 2007.

6 The revised Crown performance hurdles were calculated as follows: Revised Hurdle Price = [(Original Issue Price – $3 cash consideration) * 75 percent] * 7 percent compounding share price accumulation.

As described above, all securities received by selected Senior Executives under the ESP are subject to performance hurdles. There have been no issues of securities as part of remuneration that are not subject to performance conditions.

### *Relationship between policy and performance*

As detailed above, various elements of Crown's remuneration policy are linked to company performance, either by requiring the achievement of a predetermined share price or level of EBITDA. In summary:

- An STI may be payable if Crown achieves its budgeted financial objectives and where an individual achieves his or her KPIs, assessed using a combination of financial measures and non-financial measures;
- The Gaming LTI may be payable where Crown Melbourne and Burswood achieves predetermined EBITDA targets; and
- The terms of the ESP include share price performance hurdles.

This year, normalised EBITDA generated by Crown Melbourne and Burswood, Crown's wholly owned Australian casinos, grew by 8.2%. The compound average normalised EBITDA growth for Crown's wholly owned Australian casinos for the five year period commencing from financial year 2003 through to financial year 2008 was 15.8%. Please note that during financial years 2003 and 2004 Crown Melbourne was the only gaming asset of PBL. Burswood was acquired by PBL in September 2004 and the impact of the Burswood acquisition on normalised EBITDA growth is included within the five year number above.

Shareholder wealth, measured by earnings per Crown share (excluding the effect of discontinued operations and specific items), grew during financial year 2008 by 9.2%. Prior to the PBL Scheme, PBL operated a mix of gaming and media businesses. Crown is now a stand alone gaming and entertainment business. A five year earnings per share comparison of the two different companies would not produce a meaningful result.

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

Crown's policy on directors and Senior Executives entering into transactions in associated products which limit economic risk is described earlier in the Corporate Governance Statement.

### Remuneration details for non-executive directors and Senior Executives

#### *Non-executive directors*

During the year the non-executive directors received a base fee of $100,000 per annum for acting as a director of Crown.

A non-executive director who acts on the Board of Crown Melbourne Limited received a further Directors' fee of $60,000 per annum.



In addition, non-executive directors of Crown are entitled:

- $20,000 per annum for acting as Chair of a Board Committee; or
- $10,000 per annum for acting as a member of a Board Committee.

In accordance with Crown's constitution, non-executive directors' fees are determined within an aggregate non-executive directors' fee cap of $1,000,000 per annum.

#### *Senior Executives*

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

- an annual review of the executive's fixed remuneration, with any increases at the discretion of the Chief Executive Officer and Managing Director or Executive Chairman and dependent on Crown's financial performance and the individual's KPI 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 KPIs;
- Crown may ask the executive to act as an officer of Crown or as an officer or 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 three months following termination and a requirement that the executive maintain licences required and issued by relevant regulatory authorities (such as the Victorian Commission for Gambling 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, notice may be given in writing or payment may be made (wholly or partly) in lieu of notice; and
- all contracts may be terminated without notice by Crown for serious misconduct.

Specific details of each Senior Executive's contract of employment are summarised below. Where a Senior Executive has had more than one contract of employment during the year the most recent contract is listed and changes from the previous contract are noted. Where a key clause in a Senior Executive's contract has been updated (for instance, remuneration (TEC)) the change is noted. The summaries should be read in conjunction with the Remuneration Policy above.

## Gaming Senior Executives

| **James D Packer** | | | |
|---|---|---|---|
| *Position* | **Executive Chairman** | | |
| *Remuneration* | The Executive Chairman, Mr Packer does not receive any remuneration for his services to Crown. Mr Packer acts as a director of Melco Crown Entertainment Ltd, a company in which Crown has a significant investment. Mr Packer does not receive a fee from Crown for these services. | | |
| **John H Alexander** | | | |
| *Current Position* | **Executive Deputy Chairman (commenced 1 December 2007):** Mr Alexander currently has a five year employment agreement with Crown Limited which is due to expire in December 2012.<br>Mr Alexander was previously Chief Executive Officer and Managing Director for the then PBL until 30 November 2007 when he resigned. This contract summary focuses on the terms of Mr Alexander's current contract and notes the material differences between Mr Alexander's current contract and his contract with PBL. | | |
| *Fixed Remuneration* | | | |
| – base salary | $1,486,871 per annum, from 1 December 2007 (previously $3,200,000 per annum). | | |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,129 per annum (previously $28,800 per annum). | | |
| – non-monetary benefits and other | Complimentary privileges at Crown's facilities and mobile telephone. (Previously mobile telephone, use of motor vehicle and driver and applicable fringe benefits tax). | | |
| *Performance based remuneration* | Not applicable. | | |
| *2008 Percentage breakdown of remuneration* | **Fixed remuneration[2]** | **STI** | **LTI** |
| | 97% | 0% | 3% |
| *Post employment benefits* | Nil. | | |
| *Post-employment restraint* | Crown may impose a restraint for the five year term of Mr Alexander's employment agreement up to 30 November 2012. (Under Mr Alexander's contract with PBL, PBL could impose a restraint period of up to 12 months and if PBL did so, Mr Alexander would have been entitled to be paid his net base salary and superannuation during the restraint period). | | |
| *Termination* | | | |
| – by the Senior Executive | 12 months' notice (previously 6 months' notice). | | |
| – by Crown | 12 months' notice without cause; one months' notice for performance issues (following three months' notice to improve); three months' notice due to incapacity. (Previously 12 months' notice without cause; six months' notice for performance issues without an opportunity to improve provided; three months' notice for performance issues where at least three months' opportunity to improve provided; one months' notice for incapacity where absent for 16 weeks in any 12-month period). | | |
| *Termination benefits* | Nil. | | |
| *Payments made prior to commencement* | Nil. | | |
| *Directors' Fees* | Nil. | | |
| *Other* | The terms of the Executive Share Plan to which Mr Alexander is a member have been altered during the previous financial year. A summary of the amendments and details of Mr Alexanders's participation is set out on page 37. | | |



| **Rowen B Craigie** | | | |
|---|---|---|---|
| *Current Position* | **Chief Executive Officer and Managing Director (commenced 1 December 2007):** Mr Craigie commenced employment with Crown Limited on 1 December 2007 on a five year contract. He resigned as Chief Executive Officer, PBL Gaming on 30 November 2007. He had previously been an executive Director of the then PBL since 9 January 2002.<br>This contract summary focuses on the terms of Mr Craigie's current contract and notes the material differences between Mr Craigie's current contract and his contract with PBL. | | |
| *Fixed Remuneration* | | | |
| – base salary | $2,986,871 per annum (previously $2,186,871 per annum). | | |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,129 per annum. | | |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone, salary sacrifice arrangements for motor vehicle. | | |
| *Performance based remuneration*<br>– STI | Discretionary up to a maximum of $2,000,000 of which up to a maximum of $1,000,000 is assessed by the Executive Chairman based on the achievement of KPIs. A further $1,000,000 may be paid at the discretion of the Crown Board if Crown's performance substantially exceeds that set out in Crown's business plan and represents an exemplary outcome. (Previously, discretionary based on achievement of KPIs). | | |
| – LTI | Subject to achieving internal EBITDA targets in FY08, FY09 and FY10, Mr Craigie is eligible to receive up to $5,000,000 (30% for FY08, 20% for FY09 and 50% for FY10). See further page 36.<br>On 1 July 2008, Mr Craigie received a deferred cash bonus of $1,475,000 under a Notional Share Plan (NSA) put in place by Crown Melbourne in June 2005 (at which time Crown Melbourne was a wholly owned subsidiary of PBL) and cancelled in 2006. The payment is representative of the value which had accrued in the NSA to 30 August 2006. As explained to PBL shareholders as part of its 2006 Notice of Annual General Meeting, it was agreed that the amount would crystallise and be paid to Mr Craigie on 1 July 2008, being the third anniversary of Mr Craigie's participation in the NSA. Crown has agreed to honour PBL's obligations with respect to the NSA. As the payment to Mr Craigie has been disclosed to shareholders in previous PBL Annual Reports as remuneration referable to previous financial years, the payment is not included again in this year's remuneration tables. | | |
| *2008 Percentage breakdown of remuneration* | **Fixed remuneration** | **STI[1]** | **LTI** |
| | 47% | 0% | 53% |
| *Post employment benefits* | Nil. | | |
| *Post-employment restraint* | Crown may impose a restraint for various periods up to 36 months. Depending on the circumstances, Mr Craigie may be entitled to an additional payment in consideration for the restraint. Mr Craigie may also be paid an amount equivalent to his monthly fixed remuneration for any period during which a restraint applies. | | |
| *Termination* | | | |
| – by the Senior Executive | 12 months' notice. | | |
| – by Crown | 12 month's notice without cause; one month's notice for performance issues (following least three months' notice to improve); three months' notice for incapacity. | | |
| *Termination benefits* | Provided that Mr Craigie complies with any restraints imposed on him: If Mr Craigie terminates his employment with Crown or Crown terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid Crown LTI. Thereafter, Mr Craigie will cease to be involved in the Crown LTI. If Crown terminates Mr Craigie's employment without cause, Mr Craigie will be entitled to any unpaid LTI. Mr Craigie may also elect either to end his participation in the Crown LTI and receive a payment of 24 months' fixed remuneration at the date of termination or continue a pro-rated participation (calculated by reference to the number of completed months in the five year term) in the Crown LTI. | | |

| | | | |
|---|---|---|---|
| *Payments made prior to commencement* | Nil. | | |
| *Directors' Fees* | Nil. | | |
| *Other* | The terms of the Executive Share Plan to which Mr Craigie is a member have been altered during the previous financial year. A summary of the amendments and details of Mr Craigie's participation is set out on page 37. | | |
| **David G Courtney** | | | |
| *Current Position* | **Chief Executive Officer, Crown Melbourne Limited (from 6 March 2007)**: Mr Courtney has been an executive Director of Crown Melbourne Limited since 6 March 2007 and an executive Director of Burswood Limited since 6 September 2004. His current employment contract commenced on 6 March 2007 and expires 5 March 2012. | | |
| *Fixed Remuneration* | | | |
| – base salary | $1,236,871 per annum (from 6 March 2007). | | |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,129 per annum. | | |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone and salary sacrifice arrangements for motor vehicle. | | |
| *Performance based remuneration* | | | |
| – STI | Discretionary STI based on the performance of Crown Limited, and the achievement of KPIs. | | |
| – LTI | Subject to achieving internal EBITDA targets in FY08, FY09 and FY10, Mr Courtney is eligible to receive up to $2,250,000 (30% for FY08, 20% for FY09 and 50% for FY10). See further page 36. | | |
| *2008 Percentage breakdown of remuneration* | **Fixed remuneration** | **STI[1]** | **LTI** |
| | 52% | 0% | 48% |
| *Post employment benefits* | Nil. | | |
| *Post-employment restraint* | Crown may impose various restraint periods up to a period of 36 months post employment. Depending on the circumstances, Mr Courtney may be entitled to an additional payment in consideration for the restraint. Mr Courtney may also be paid an amount equivalent to his monthly total employment cost for any period during which a restraint applies. | | |
| *Termination* | | | |
| – by the Senior Executive | 12 months' notice. | | |
| – by Crown | 12 months' notice without cause; one months' notice for performance issues (following three months' notice to improve); three months' notice due to incapacity. | | |
| *Termination benefits* | Provided that Mr Courtney complies with any restraints imposed on him: If Mr Courtney terminates his employment with Crown Melbourne or Crown Melbourne terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid Crown LTI. Thereafter, Mr Courtney will cease to be involved in the Crown LTI. If Crown Melbourne terminates Mr Courtney's employment without cause, Mr Courtney will be entitled to any unpaid LTI. Mr Courtney may also elect either to end his participation in the Crown LTI and receive a payment of 24 months' total employment cost or continue a pro-rated participation (calculated by reference to the number of completed months in the five year term) in the Crown LTI. | | |
| *Payments made prior to commencement* | Nil. | | |
| *Directors' Fees* | Nil. | | |



| | | | |
|---|---|---|---|
| *Other* | The terms of the Executive Share Plan to which Mr Courtney is a member have been altered during the previous financial year. A summary of the amendments and details of Mr Courtney's participation is set out on page 37. | | |
| **Barry J Felstead** | | | |
| *Current Position* | **Chief Executive Officer, Burswood Limited (from 6 March 2007)**: Mr Felstead has been an executive Director of Burswood Limited since 6 March 2007 when he was appointed Chief Executive Officer, Burswood Limited. His current employment contract with Burswood commenced on 6 March 2007, and expires on 5 March 2012. | | |
| *Fixed Remuneration* | | | |
| – base salary | $686,871 per annum (from 6 March 2007). | | |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,129 per annum. | | |
| – non-monetary benefits and other | Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone and salary sacrifice arrangements for motor vehicle. | | |
| *Performance based remuneration* | | | |
| – STI | Discretionary STI based on the performance of Crown, and the achievement of KPIs. | | |
| – LTI | Subject to achieving internal EBITDA targets in FY08, FY09 and FY10 Mr Felstead is eligible to receive up to $1,000,000 (30% for FY08, 20% for FY09 and 50% for FY10). See further page 36. | | |
| *2008 Percentage breakdown of remuneration* | **Fixed remuneration** | **STI[1]** | **LTI** |
| | 60% | 0% | 40% |
| *Post employment benefits* | Nil. | | |
| *Post-employment restraint* | Crown may impose various restraint periods up to a period of 36 months post employment. Depending on the circumstances, Mr Felstead may be entitled to an additional payment in consideration for the restraint. Mr Felstead may also be paid an amount equivalent to his monthly Fixed Remuneration for any period during which a restraint applies. | | |
| *Termination* | | | |
| – by the Senior Executive | 12 months' notice. | | |
| – by Crown | 12 months' notice without cause; one months' notice for performance issues (following three months' notice to improve); three months' notice due to incapacity. | | |
| *Termination benefits* | Provided that Mr Felstead complies with any restraints imposed on him: If Mr Felstead terminates his employment with Burswood or Burswood terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid Crown LTI. Thereafter, Mr Felstead will cease to be involved in the Crown LTI. If Burswood terminates Mr Felstead's employment without cause, Mr Felstead will be entitled to any unpaid LTI. Mr Felstead may also elect either to end his participation in the Crown LTI and receive a payment of 24 months' fixed remuneration or continue a pro-rated participation (calculated by reference to the number of completed months in the five year term) in the Crown LTI. | | |
| *Payments made prior to commencement* | Nil. | | |
| *Directors' Fees* | Nil. | | |
| *Other* | The terms of the Executive Share Plan to which Mr Felstead is a member have been altered during the previous financial year. A summary of the amendments and details of Mr Felstead's participation is set out on page 37. | | |

| **Geoffrey R Kleemann** | | | |
|---|---|---|---|
| *Current Position* | **Chief Financial Officer**: Mr Kleemann joined Crown Limited on 21 January 2008 on a one year contract. His previous appointment was Chief Financial Officer for the then PBL until 21 December 2007.<br>With effect from 20 October 2008 Mr Kleemann will step down from the position of Chief Financial Officer and has agreed to take on the role of head of Investor Relations at Crown. The terms of his contract with Crown will remain unchanged until the expiration of its one year term. Details of the terms of Mr Kleemann's employment with PBL may be obtained from the CMH Annual Report. | | |
| *Fixed Remuneration* | | | |
| – base salary | $686,871 per annum from 21 January 2008. | | |
| – superannuation | Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to $13,129 per annum. | | |
| – non-monetary benefits and other | Complimentary privileges at Crown's facilities. Mobile telephone. $80,016 per annum "Living Away from Home Allowance". | | |
| *Performance based remuneration* | | | |
| – STI | Discretionary STI based on the performance of Crown Limited, and the achievement of KPIs. | | |
| – LTI | Nil. | | |
| *2008 Percentage breakdown of remuneration* | **Fixed remuneration[2]** | **STI[1]** | **LTI** |
| | 98% | 0% | 2% |
| *Post employment benefits* | Nil. | | |
| *Post-employment restraint* | Crown may impose various restraint periods up to a period of 6 months post employment. Depending on the circumstances, Mr Kleemann may be entitled to an additional payment in consideration for the restraint. Mr Kleemann may also be paid an amount equivalent to his monthly fixed remuneration for any period during which a restraint applies. | | |
| *Termination* | | | |
| – by the Senior Executive | 3 months' notice. | | |
| – by Crown | 3 months' notice without cause; one months' notice for performance issues (following three months' notice to improve); three months' notice due to incapacity. | | |
| *Termination benefits* | Nil. | | |
| *Payments made prior to commencement* | Nil. | | |
| *Other* | The terms of the Executive Share Plan to which Mr Kleemann is a member have been altered during the previous financial year. A summary of the amendments and details of Mr Kleemann's participation is set out on page 37. | | |

Notes:

1. As at the date of this Report, the approval process for STI payments for gaming Senior Executives for the 2008 financial year has not been completed.
2. Includes voluntary and compulsary superannuation, post employment and redundancy payments following approval of the PBL Scheme.



## Media Senior Executives

The following contract summaries for "media" Senior Executives have been provided to Crown for inclusion in this Report by CMH. At no time during the financial year were Mr Dalgleish or Mr Jalland employed by Crown or a ***current*** member of the Crown group.

| **Martin Dalgleish** | CEO PBL New Media (to 30 November 2007)<br>Senior Executive CMH (part-time from 1 July 2008) |
|---|---|
| *Position* | Mr Dalgleish was employed by PBL as the Chief Executive Officer – PBL New Media (ceased employment with PBL 30 November 2007). Mr Dalgleish was employed as an Executive of CMH from December 2007 (part-time from 1 July 2008). |
| *Term* | Until 30 December 2008 (amended by agreement 16 June 2008 from a previous term of four years expiring 3 December 2011) and then ongoing. |
| *Fixed Remuneration* | |
| – Base Salary | $300,000 gross per annum (reduced from $600,000 per annum by agreement on 16 June 2008 and with effect 1 July 2008). When employed by PBL as Chief Executive Officer PBL New Media, Mr Dalgleish had a Base Salary of $600,000 per annum. |
| – Superannuation | Nine percent of Base Salary and any STI. |
| – Other benefits | Mobile telephone. Use of car park. Applicable fringe benefits tax. |
| *Performance based Remuneration* | |
| – STI | Mr Dalgleish received an STI of $100,000 on 15 July 2008 for his performance in FY08 (Mr Dalgleish had been eligible for an STI of up to $600,000 under his employment arrangements with PBL). No ongoing contractual entitlement to STI. |
| – ESP | Details of Mr Dalgleish's participation in the ESP are outlined at section 3.3.3 of the CMH Annual Report. |
| *Termination* | |
| – By Mr Dalgleish | Mr Dalgleish may terminate the Agreement with effect 30 December 2008 without notice. From 1 January 2009 with one month's notice. |
| – By CMH | One month's notice without cause (from 1 January 2009); one month's notice at any time where certified unfit to continue working. |
| – Restraint | CMH may impose a restraint of up to six months. Mr Dalgleish is entitled to be paid an amount to be agreed during the restraint period or, in the absence of agreement, his monthly remuneration each month. |
| – Redundancy Payment | Following approval of the PBL Scheme of Arrangement, Mr Dalgleish was paid $2,848,000 (less applicable taxes) upon termination of his employment as Chief Executive Officer PBL New Media. |
| *Senior Executives* | |
| **Guy Jalland** | Group General Counsel and Joint Company Secretary PBL<br>(ceased employment 21 December 2007) |
| *Position* | Group General Counsel and Joint Company Secretary PBL. |
| *Term* | Mr Jalland ceased employment with PBL on 21 December 2007. |
| *Fixed Remuneration* | |
| – Base Salary | $1,388,416 per annum. |
| – Superannuation | CMH contributed $11,584 per annum. |
| – Other benefits | Mobile telephone. |

| | |
|---|---|
| ***Performance based Remuneration*** | |
| – STI | Discretionary STI based on the achievement of his KPIs. Mr Jalland received an STI of $1,000,000 on 15 December 2007. |
| – ESP | Details of Mr Jalland's participation in the ESP are outlined at section 3.3.3 of the CMH Annual Report. |
| ***Termination*** | |
| – By Mr Jalland | Six months' notice. |
| – By CMH | Six months' notice without cause; three months' notice for performance issues (following three months' notice to improve); one month's notice due to incapacity. |
| – Restraint | CMH may impose a restraint period of up to 12 months. If CMH does so, Mr Jalland is entitled to be paid his net Base Salary and superannuation during the restraint period.<br>CMH did not impose the restraint. |
| – Redundancy Payment | Following approval of the PBL Scheme of Arrangement, Mr Jalland was paid $4,275,000 (less applicable taxes) upon termination of his employment with PBL. |

In addition, CMH has provided the following broad relative weightings between fixed and variable components of remuneration of Mr Dalgleish and Mr Jalland. These are inclusive of termination payments made by PBL under the approved PBL Scheme:

| Media Senior Executive | Fixed | STI | ESP | Post employment[1] and redundancy |
|---|---|---|---|---|
| Martin Dalgleish | 17% | 3% | 3% | 77% |
| Guy Jalland | 14% | 15% | 2% | 69% |

Notes:

1. Post employment and redundancy payments includes redundancy payments to Mr Dalgleish and Mr Jalland following approval of the PBL Scheme in December 2007. The figures also include superannuation contributions by CMH to the executive during the year.



## Remuneration tables

As explained earlier Crown is required under Australian Accounting Standards to report a full 12 month period of remuneration of each Senior Executive, notwithstanding that Crown has only traded since December 2007. To assist shareholders, disclosures have been split between remuneration earned whilst a member of the PBL consolidated group (now CMH) and remuneration earned from Crown. For comparative purposes, annual totals have been included.

The tables include lump sum payments as a result of contract variation or redundancy as a result of the PBL Scheme and the Demerger Scheme.

### *Non-executive directors*

| | | | Short Term Benefits | | Post-employment Benefits | | Share based payments | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Financial Year* | | *Salary & Fees* | *Non – Monetary* | *Super* | *Termination Benefits* | *Other* | *Cash Based*[2] | *Equity Based*[3,4] | *Total* |
| **Christopher Anderson**[1] Non-executive director | | Fees from CMH **(until 30 November 2007)** | 572,200 | 8,784 | 45,000 | 5,000,000 | – | – | 60,362 | 5,686,346 |
| | | Fees from Crown **(from 1 December 2007)** | 33,334 | – | 30,250 | – | – | – | 62,729 | 126,313 |
| | **2008** | **Annual Total** | **605,534** | **8,784** | **75,250** | **5,000,000** | **–** | **–** | **123,091** | **5,812,659** |
| | **2007** | | **1,200,000** | **5,164** | **108,000** | **–** | **–** | **–** | **96,263** | **1,409,427** |
| **Christopher Corrigan** Non-executive director | | Fees from CMH **(until 30 November 2007)** | 46,110 | – | 4,150 | – | – | – | – | 50,260 |
| | | Fees from Crown **(from 1 December 2007)** | 58,333 | – | 4,500 | – | – | – | – | 62,833 |
| | **2008** | **Annual Total** | **104,443** | **–** | **8,650** | **–** | **–** | **–** | **–** | **113,093** |
| | **2007** | | **110,000** | **–** | **9,900** | **–** | **–** | **–** | **–** | **119,900** |
| **Rowena**[4] **Danziger** Non-executive director | | Fees from CMH **(until 30 November 2007)** | 83,836 | | 3,521 | | | | | 87,357 |
| | | Fees from Crown **(from 1 December 2007)** | 105,000 | – | 2,700 | – | – | – | – | 107,700 |
| | **2008** | **Annual Total** | **188,836** | **–** | **6,221** | **–** | **–** | **–** | **–** | **195,057** |
| | **2007** | | **200,000** | **–** | **–** | **–** | **–** | **–** | **–** | **200,000** |
| **Geoffrey Dixon** Non-executive director | | Fees from CMH **(until 30 November 2007)** | 50,301 | – | 4,806 | – | – | – | – | 55,107 |
| | | Fees from Crown **(from 1 December 2007)** | 74,311 | – | 5,733 | – | – | – | – | 80,044 |
| | **2008** | **Annual Total** | **124,612** | **–** | **10,539** | **–** | **–** | **–** | **–** | **135,151** |
| | **2007** | | **127,391** | **–** | **11,465** | **–** | **–** | **–** | **–** | **138,856** |
| **Ashok Jacob** Non-executive director | **2008** | | – | – | – | – | – | – | – | – |
| | **2007** | | – | – | – | – | – | – | – | – |
| **Michael Johnston** Non-executive director | **2008** | | – | – | – | – | – | – | – | – |
| | **2007** | | – | – | – | – | – | – | – | – |
| **David Lowy** Non-executive director | | Fees from CMH **(until 30 November 2007)** | 46,110 | – | 8,579 | – | – | – | – | 54,689 |
| | | Fees from Crown **(from 1 December 2007)** | 68,478 | – | 6,163 | – | – | – | – | 74,641 |
| | **2008** | **Annual Total** | **114,588** | **–** | **14,742** | **–** | **–** | **–** | **–** | **129,330** |
| | **2007** | | **117,391** | **–** | **10,565** | **–** | **–** | **–** | **–** | **127,956** |
| **Richard Turner**[4] Non-executive director | | Fees from CMH **(until 30 November 2007)** | 79,644 | – | – | – | – | – | – | 79,644 |
| | | Fees from Crown **(from 1 December 2007)** | 105,000 | – | 1,350 | – | – | – | – | 106,350 |
| | **2008** | **Annual Total** | **184,644** | **–** | **1,350** | **–** | **–** | **–** | **–** | **185,994** |
| | **2007** | | **190,000** | **–** | **–** | **–** | **–** | **–** | **–** | **190,000** |

## *Non-executive directors continues*

| | | | Short Term Benefits | | Post-employment Benefits | | Share based payments | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Financial Year* | | *Salary & Fees* | *Non – Monetary* | *Super* | *Termination Benefits* | *Other* | *Cash Based* [2] | *Equity Based* [3,4] | *Total* |
| **Chris Mackay** Non-executive director | | Fees from CMH **(until 30 November 2007)** | 50,301 | – | 4,527 | – | – | – | – | 54,828 |
| | | Fees from Crown **(from 1 December 2007 to 7 March 2008)** | 29,831 | – | 2,685 | – | – | – | – | 32,516 |
| | **2008** | **Annual Total** | **80,132** | **–** | **7,212** | **–** | **–** | **–** | **–** | **87,344** |
| | **2007** | | **120,000** | **–** | **10,800** | **–** | **–** | **–** | **–** | **130,800** |

Notes:

1. Mr Anderson was an executive director of PBL until 30 November 2007. He is currently a non-executive officer of Crown. Remuneration disclosures made up to 30 November 2007 represent amounts earned in an executive capacity. Mr Anderson receives a director's fee from SEEK Limited. He was not required to reimburse CMH his net director's fees from SEEK this year ($32,372).

2. AASB 2 "Share-Based Payment" requires an entity to recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. As the modification to the ESP post Demerger reduced the total fair value of the share-based payment arrangement, Crown continues to account for the services rendered as consideration for the equity instruments granted as if the modification had not occurred.

3. The allocation of the expenses for Equity Based Payments to the Senior Executives is consistent with the split of the PBL ESP Loan as between CMH and Crown Limited (25 percent/75 percent). Mr Anderson: 100 percent of the ESP expense to 30 November 2007, 75 percent from 30 November 2007 (from 30 November 2007, 25 percent of the expense recorded by CMH).

4. Mrs Rowena Danziger and Mr Richard Turner each receive directors' fees of $60,000 per annum and superannuation for their participation on the Crown Melbourne Limited Board.



## *Senior Executives*

| | | | Short Term Benefits | | | | Post Employment Benefits | | | Share Based Payments | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Financial Year* | | *Salary & Fees* | *Non – Monetary* | *STI* | *% of max STI* | *Super* | *Termination Benefits* | *Other* | *Cash Based* [2] | *Equity Based* [3,4] | *Total* |
| **James Packer** Executive Chairman | **2008** | | – | – | – | – | – | – | – | – | – | – |
| | **2007** | | – | – | – | – | – | – | – | – | – | – |
| **John Alexander** Executive Deputy Chairman | | Salary from CMH **(until 30 November 2007)** | 2,488,764 | 33,414 | – | – | 120,000 | 15,000,000 | – | – | 323,396 | 17,965,574 |
| | | Salary from Crown **(from 1 December 2007)** | 870,904 | – | – | | 9,847 | – | – | – | 336,078 | 1,216,829 |
| | **2008** | **Annual Total** | **3,359,668** | **33,414** | **–** | **–** | **129,847** | **15,000,000** | **–** | **–** | **659,474** | **19,182,403** |
| | **2007** | | **3,207,575** | **157,372** | | **–** | **278,693** | **–** | **–** | **2,513,313** | **515,742** | **6,672,695** |
| **Rowen Craigie** Chief Executive Officer & Managing Director | | Salary from CMH **(until 30 November 2007)** | 867,047 | 9,380 | – | – | 41,667 | – | – | – | 654,966 | 1,573,060 |
| | | Salary from Crown **(from 1 December 2007)** | 1,666,639 | 24,580 | – | – | 55,998 | – | – | 1,666,667 | 680,651 | 4,094,535 |
| | **2008** | **Annual Total** | **2,533,686** | **33,960** | **–** | **–** | **97,665** | **–** | **–** | **1,666,667** | **1,335,617** | **5,667,595** |
| | **2007** | | **1,916,102** | **23,514** | **1,000,000** | **100** | **12,686** | **–** | **–** | **210,714** | **322,047** | **3,485,063** |
| **David Courtney** Chief Executive Officer Crown Melbourne Limited | | Salary from CMH **(until 11 December 2007)** | 497,953 | 141 | – | – | 5,471 | – | – | – | 157,502 | 661,067 |
| | | Salary from Crown **(from 12 December 2007)** | 664,329 | 188 | – | – | 28,176 | – | – | 750,000 | 195,186 | 1,637,879 |
| | **2008** | **Annual Total** | **1,162,282** | **329** | **–** | **–** | **33,646** | **–** | **–** | **750,000** | **352,688** | **2,298,945** |
| | **2007** | | **955,078** | **65,937** | **580,000** | **100** | **12,686** | **–** | **–** | **94,821** | **242,848** | **1,951,370** |
| **Barry Felstead** Chief Executive Officer Burswood Limited | | Salary from CMH **(until 11 December 2007)** | 347,812 | 10,731 | – | – | 7,049 | – | – | – | 65,982 | 431,574 |
| | | Salary from Crown **(from 12 December 2007)** | 331,868 | 10,223 | – | – | 6,564 | – | – | 333,333 | 81,768 | 763,756 |
| | **2008** | **Annual Total** | **679,680** | **20,954** | **–** | **–** | **13,613** | **–** | **–** | **333,333** | **147,750** | **1,195,330** |
| | **2007** | | **489,802** | **26,718** | **230,000** | **–** | **12,686** | | | **295,000** | **–** | **1,054,206** |
| **Geoff Kleemann** Chief Financial Officer | | Salary from CMH **(until 21 December 2007)** | 888,384 | – | – | – | 82,986 | 3,975,000 | 176,796 | – | 54,917 | 5,178,083 |
| | | Salary from Crown **(from 21 January 2008)** | 292,336 | – | – | – | 24,440 | – | – | – | 60,283 | 377,059 |
| | **2008** | **Annual Total** | **1,180,720** | **–** | **–** | **–** | **107,426** | **3,975,000** | **176,796** | **–** | **115,200** | **5,555,142** |
| | **2007** | | **1,146,398** | **16,085** | **200,000** | **60** | **171,960** | **–** | **–** | **–** | **115,200** | **1,649,643** |

Notes:

1. As at the date of this Report, the approval process for STI payments for gaming Senior Executives for the 2008 financial year has not been completed. Accordingly, no STI is able to be disclosed in the 2008 financial year. STI payments, if any, will be disclosed in Crown's 2009 Annual Report.
2. Representing average PBL Gaming LTI cash bonus payments for FY08, FY09 and FY10.
3. The allocation of the expenses for Equity Based Payments to the Senior Executives is consistent with the split of the PBL ESP Loan as between CMH and Crown Limited (25 percent/75 percent). Mr Alexander, Mr Craigie: 100 percent of the ESP expense to 30 November 2007, 75 percent from 1 December 2007 (from 1 December 2007, 25 percent of the expense recorded by CMH). Mr Kleemann: 100 percent of the ESP expense to the date he ceased employment with PBL (21 December 2007); then 100 percent recorded by Crown Limited to the end of the year. Mr Courtney, Mr Felstead 100 percent of the ESP expense to 11 December 2007; then 100 percent recorded by Crown Limited to the end of the year.
4. AASB 2 "Share-Based Payment" requires an entity to recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. As the modification to the ESP post Demerger reduced the total fair value of the share-based payment arrangement, Crown continues to account for the services rendered as consideration for the equity instruments granted as if the modification had not occurred.

### *Media senior executives*

| | Short Term Benefits | | | | | Post Employment Benefits | | | Share Based Payments | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Financial Year* | *Salary & Fees* | *Non – Monetary* | *STI* | *% of max STI* | *Super* | *Termination Benefits* | *Other Long Term Benefits* | *Cash Based* | *Equity Based*[1,2] | *Total* |
| **Martin Dalgleish** Chief Executive Officer, New Media, PBL | 2008 | 264,890 | 8,733 | 41,918 | 100 | 10,217 | 2,848,000 | – | – | 48,289 | 3,222,048 |
| | **2007** | **649,900** | **5,164** | **200,000** | **50** | **112,500** | **–** | **–** | **–** | **115,200** | **1,082,764** |
| **Guy Jalland** PBL Group General Counsel and Company Secretary | 2008 **(until 21 Dec 07)** | 903,346 | – | 1,000,000 | 100 | 12,868 | 4,275,000 | 211,471 | – | 115,200 | 6,517,885 |
| | **2007** | **1,351,777** | **–** | **–** | **–** | **12,868** | **–** | **–** | **–** | **115,200** | **1,479,845** |

Notes:

1. The allocation of the expenses for Equity Based Payments to the Senior Executives is consistent with the split of the PBL ESP Loan as between CMH and Crown Limited (25 percent/75 percent). Mr Dalgleish, Mr Jalland: 100 percent of the ESP expense for the year (no expense recorded by Crown Limited).
2. AASB 2 "Share-Based Payment" requires an entity to recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. As the modification to the ESP post Demerger reduced the total fair value of the share-based payment arrangement, CMH continues to account for the services rendered as consideration for the equity instruments granted as if the modification had not occurred.



# Directors' Statutory Report

Crown Limited was incorporated on 31 May 2007. On incorporation, the company's name was Arterial Limited. The company changed its name to Crown Limited on 15 June 2007.

As previously mentioned, Crown was admitted to the official list of the ASX on 3 December 2007 (**Listing**) and has been subject to the ASX Listing Rules since that time. Accordingly, where the Corporations Act requires this Report to include specific information for listed entities, that information has been provided for Crown in respect of the period commencing from Listing.

## Company Information

### *Review of operations*

A review of operations of the Crown group for the financial year ended 30 June 2008 and the results of those operations is detailed on pages 4 to 23.

The principal activity of the entities within the Crown group is gaming and entertainment.

Prior to the PBL Scheme Crown's business operated within the PBL group of companies. PBL's activities extended to:

- television and broadcasting and program production;
- magazine publishing and distribution; and
- investment in the internet, subscription television and other media and entertainment sectors.

### *Significant changes in state of affairs*

The PBL Scheme was effected on 10 December 2007. The gaming and entertainment activities of the current Crown group have only traded since that time. In accordance with Australian Accounting Standards and the Corporations Act, Crown's 2008 Financial Report reflects the activities of the PBL group until the date the scheme of arrangement was effected and the activities of the newly formed Crown group from demerger until 30 June 2008. The results relating to the non gaming activities have been disclosed as discontinued operations.

Accordingly, the following are some of the significant changes in the state of affairs of the consolidated group since 1 July 2007:

- In September 2007, Melco Crown Entertainment Limited (**MPEL**) secured US$1.75 billion of senior secured debt facilities to be utilised to finance construction of the City of Dreams project. The facilities are non recourse to Crown. However, Crown and Melco International Development Limited (which currently owns 37.9% of MPEL along with Crown) have each provided a Letter of Credit for US$125 million which will be able to be used, if necessary, to support completion of the City of Dreams should the facilities and MPEL's internally generated cash flow be insufficient to fund completion;
- In November 2007, MPEL issued American Depositary Shares to the public, raising approximately US$570 million for MPEL, and reducing Crown's stake to 37.9%;
- In November 2007, Crown completed the acquisition of a 50% interest in Gateway Casinos and Entertainment Inc in Canada, under a joint venture with Macquarie Bank;

- On 3 December 2007, Crown was admitted to the official list of the ASX;
- On 12 December 2007, the separation of PBL into two separately listed companies was completed by way of two court ordered schemes of arrangement;
- In December 2007, Crown completed the sale of the PBL group's interest in Hoyts. Beneficial ownership was transferred to Crown as part of the PBL Scheme 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;
- In December 2007, Crown announced, subject to regulatory approval, its agreement to purchase 100% of Cannery Casino Resorts in the United States; and
- In April 2008 Crown announced that it had sold its 25.4% stake in Monarchy Enterprise Holdings B.V. (the owner of New Regency Productions) for US$189.4 million (including interest) which will be paid in broadly equal instalments over five years with Crown having already received the initial instalment.

### *Significant events after Balance Date*

Subsequent to 30 June 2008, the directors of Crown announced a final dividend on ordinary shares in respect of the year ending 30 June 2008. The total amount of the dividend is $196.7 million, which represents 29 cents per share. The final dividend will be 40% franked and the unfranked component of the dividend will be conduit foreign income. The dividend has not been provided for in the 30 June 2008 financial statements.

On 13 August 2008, Crown announced that it had raised A$1.01 billion of new debt facilities. The refinancing was undertaken so as to extend the maturity profile of Crown's debt portfolio. The new debt finance comprises the following new facilities:

| | | |
|---|---|---|
| A$600 million Syndicated Loan Facility | **Lender(s):** | Fully syndicated among 11 Australian and International banks |
| | **Maturity:** | 5 years |
| A$200 million Bilateral Loan Facility | **Lender:** | National Australia Bank |
| | **Maturity:** | 5 years |
| US$200 million US Private Placement | **Arrangers:** | Bank of America and Royal Bank of Scotland as co lead arrangers with Westpac and Commonwealth Bank as co agents |
| | **Maturity:** | 7, 10 and 12 years |

### *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.

### *Environmental regulation*

The Crown group is not 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 on page 21.



### *Dividends and distributions*

**Interim Dividend:** Crown paid an interim dividend of 25 cents per ordinary share on 18 April 2008. The dividend was 40% franked and the unfranked component was conduit foreign income.

**Final Dividend:** The directors of Crown have announced a final dividend of 29 cents per ordinary share to holders registered as at 10 October 2008. The final divided will be 40% franked and the unfranked component of the dividend will be conduit foreign income.

| In summary: | Dividend per share | $'000 |
|---|---|---|
| Interim Dividend paid | 25 cents per share | $169,521 |
| Final Dividend payable | 29 cents per share | $196,687 |
| **Total** | | **$366,208** |

PBL paid shareholders a final dividend in respect of the 2007 financial year of $169.7 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 eleven current directors.

| Name | Date Appointed | Date Ceased |
|---|---|---|
| James Douglas Packer | 6 July 2007 | – |
| John Henry Alexander | 6 July 2007 | – |
| Christopher John Anderson | 6 July 2007 | – |
| Christopher Darcy Corrigan | 6 July 2007 | – |
| Rowen Bruce Craigie | 31 May 2007 | – |
| Rowena Danziger | 6 July 2007 | – |
| Geoffrey James Dixon | 6 July 2007 | – |
| Ashok Peter Jacob | 6 July 2007 | – |
| Michael Roy Johnston | 6 July 2007 | – |
| Geoffrey Raymond Kleemann | 31 May 2007 | 6 July 2007 |
| David Hillel Lowy | 6 July 2007 | – |
| Christopher John Mackay | 6 July 2007 | 7 March 2008 |
| Michael James Neilson | 31 May 2007 | 6 July 2007 |
| Richard Wallace Turner | 6 July 2007 | – |

The details of each of each director's qualifications, experience and special responsibilities in office as at the date of this Report are set out below. Details of all directorships of other listed companies held in the three years before the end of the financial year have been included.

**James D Packer,** *Executive Chairman*

Mr Packer is also Executive Chairman of Consolidated Press Holdings Limited and Executive Deputy Chairman of Consolidated Media Holdings Limited. Mr Packer is the Chairman of SEEK Limited (appointed 31 October 2003). He is also a director of the Sunland Group Limited (appointed 20 July 2006), Crown Melbourne Limited (appointed 22 July 1999) and Ellerston Capital Limited (appointed 6 August 2004) and a director of Melco Crown Entertainment Limited.

Mr Packer was previously a director of Qantas Airways Limited until 31 August 2007.

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

- Challenger Financial Services Group Limited: from 6 November 2003 to current
- Consolidated Media Holdings Limited[1]: from 28 April 1992 to current
- Crown Melbourne Limited[2]: from 22 July 1999 to current
- Ellerston Capital Limited[3]: from 6 August 2004 to current
- Qantas Airways Limited: from 1 August 2000 to 31 August 2007
- SEEK Limited: from 31 October 2003 to current
- Sunland Group Limited: from 20 July 2006 to current

**John Alexander BA,** *Executive Deputy Chairman*

Mr Alexander became Executive Chairman of Consolidated Media Holdings Limited in November 2007. Mr Alexander had previously been Chief Executive Officer and Managing Director of PBL since June 2004.

Mr Alexander joined ACP Magazines as Group Publisher in 1998 and was appointed Chief Executive Officer of that division in March 1999, a position he held until April 2006. In January 2002, he was appointed Chief Executive Officer of PBL's media businesses which included ACP Magazines and Nine Network – then owned by PBL. Prior to joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher & Editor of The Sydney Morning Herald, and Editor-in-Chief of The Australian Financial Review.

Mr Alexander is a director of various companies including Crown Melbourne Limited, Burswood Limited, Melco Crown Entertainment Limited, Aspinalls Holdings (Jersey) Limited, FOXTEL Management Pty Limited, PBL Media Holdings Pty Limited, Premier Media Group Pty Limited and The International Federation of the Periodical Press Limited.

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

- Crown Melbourne Limited[2]: from 17 August 2004 to current
- Consolidated Media Holdings Limited[1]: from 16 December 1999 to current

**Christopher J Anderson BEc,** *Non Independent, Non-Executive Director*

Mr Anderson is also a non-executive director of Consolidated Media Holdings Limited. In this capacity he monitors the performance of a number of CMH investments including FOXTEL, Premier Media Group (Fox Sports), PBL Media, SEEK and Sky News.

Mr Anderson was previously the Chief Executive Officer of Optus and stepped down from that role in late 2004. Prior to joining Optus in 1997, Mr Anderson was the Group Chief Executive of Television New Zealand Limited. Previously, he was the Managing Editor of the Australian Broadcasting Corporation and was Chief Executive Officer & Editorial Director of John Fairfax Limited Group. Mr Anderson was employed by John Fairfax Limited from 1966 to 1991 in various editorial and magazine positions.

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

- SEEK Limited: from 25 November 2004 to current
- Consolidated Media Holdings Limited[1]: 9 June 2004 to current



**Christopher D Corrigan,** *Independent, Non-Executive Director*

Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. Prior to that, he had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region.

Mr Corrigan sponsored the formation of a development capital business of A$220 million known as Jamison Equity Limited in 1990, which became a wholly owned subsidiary, in December 1996, of the then publicly listed company Patrick Corporation Limited.

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

- Consolidated Media Holdings Limited[1]: from 8 March 2006 to current
- Patrick Corporation Limited[4]: from 22 March 1990 to 11 May 2006
- Oriental Technologies Investments Limited5: from 26 July 2000 to 31 December 2005
- Virgin Blue Holdings Limited: from 27 May 2002 to 11 May 2006
- Webster Limited: from 30 November 2007 to current

**Rowen B Craigie BEc (Hons),** *Chief Executive Officer and Managing Director*

Mr Craigie is also a director of Crown Melbourne Limited, Burswood Limited, Melco Crown Entertainment Limited, Aspinalls Holdings (Jersey) Limited, New World Gaming Partners Holdings British Columbia Limited and Consolidated Media Holding Limited.

Mr Craigie previously served from 2007 to 2008 as the Chief Executive Officer, PBL Gaming and from 2002 to 2007 as the Chief Executive Officer of Crown Melbourne Limited. Mr Craigie joined Crown Melbourne Limited in 1993 and was appointed as the Executive General Manager of its Gaming Machines department in 1996, and was promoted to Chief Operating Officer in 2000.

Prior to joining Crown Melbourne Limited, Mr Craigie was the Group General Manager for Gaming at the TAB in Victoria from 1990 to 1993, and held senior economic policy positions in Treasury and the Department of Industry in Victoria from 1984 to 1990.

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

- Crown Melbourne Limited[2]: from 9 January 2002 to current
- Consolidated Media Holdings Limited[1]: from 9 January 2002 to current

**Rowena Danziger BA, TC, MACE,** *Independent, non-executive Director*

Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. She was the Headmistress at Ascham School in Sydney from 1973 to 2003. She is currently a director of Opera Australia and a board member of Sydney Writers' Festival and Chairperson of The Foundation of the Art Gallery of NSW.

Mrs Danziger is also a director of Consolidated Media Holdings Limited and Crown Melbourne Limited.

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

- Consolidated Media Holdings Limited[1]: 17 September 1997 to current
- Crown Melbourne Limited[2]: 21 October 2003 to current

**Geoffrey J Dixon,** *Independent, non-executive Director*

Mr Dixon is the Managing Director and Chief Executive Officer of Qantas Airways Limited. Mr Dixon joined Qantas in 1994 and has had responsibility at the airline for all commercial activities. Mr Dixon is due to step down as Qantas CEO on 28 November 2008. Before joining Qantas, Mr Dixon was Director of Marketing and Industry Sales at Ansett Australia Airlines and General Manager Marketing and Corporate Affairs at Australian Airlines.

Mr Dixon is on the Governing Board of IATA. Prior to his career in the airline industry, Mr Dixon worked for an arm of the Australian Government Overseas Service in Australia and on postings to Australian Missions in The Hague, New York and San Francisco. He has also worked in the mining and media sectors.

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

- Qantas Airways Limited: from 1 August 2000 to current
- Leighton Holdings Limited: from 19 August 1999 to 31 May 2006
- Consolidated Media Holdings Limited[1]: from 31 May 2006 to current

**Ashok Peter Jacob MBA,** *Non-independent, non-executive Director*

Mr Jacob is Chief Executive Officer of Consolidated Press Holdings Limited (CPH). Prior to joining CPH in 1998, Mr Jacob was the Managing Director of the investment arm of the Pratt group of companies.

Mr Jacob is a director of Consolidated Media Holdings Limited (appointed 9 November 1998), Crown Melbourne Limited (appointed 22 July 1999) and Ellerston Capital Limited (appointed 6 August 2004).

Mr Jacob holds a Master of Business Administration from the Wharton School and a Bachelor of Science from the University of Pennsylvania.

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

- Consolidated Media Holdings Limited[1]: from 9 November 1998 to current
- Challenger Financial Services Group Limited: from 6 November 2003 to current
- Crown Melbourne Limited[2]: from 22 July 1999 to current
- Ellerston Capital Limited[3]: from 6 August 2004 to current

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

Mr Johnston is the Finance Director of Consolidated Press Holdings Limited (CPH), having previously been an advisor to the CPH group for 17 years. As Finance Director, he oversees a large number of operational businesses within the CPH group and its controlled associates. Mr Johnston was also the Chief Financial Officer of Ellerston Capital (a subsidiary of Consolidated Press Holdings) until 30 June, 2008. He is currently on the Board of Consolidated Media Holdings Limited. He is alternate director of Challenger Financial Services Group Limited.

Prior to his appointment with the CPH group, he was a senior partner in the Australian member firm of Ernst & Young. Mr Johnston 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 in Australia.

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

- Challenger Financial Services Group Limited[6]: from 24 February 2006 to current
- Ellerston Capital Limited[3]: from 6 August 2004 to current
- Consolidated Media Holdings Limited[1]: from 16 December 2005 to current



**David H Lowy AM, BCom,** *Independent, non-executive Director*

David Lowy is a principal of LFG Holdings, non-executive deputy chairman of Westfield Holdings Limited and a Director of Consolidated Media Holdings Limited. He is also the Founder and President of the Temora Aviation Museum and a director of The Lowy Institute for International Policy. He holds a Bachelor of Commerce degree from the University of NSW.

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

- Westfield Group: from 5 July 2004 to current
- Westfield America Management Limited: from 13 July 2004 to current
- Consolidated Media Holdings Limited[1]: from 31 May 2006 to current

**Richard W Turner AM, BEc, FCA,** *Independent, non-executive Director*

Before his retirement in 1994, Mr Turner had been the Chief Executive Officer of Ernst & Young, having had a successful 36 year career as an audit partner. Mr Turner is a Fellow of the Institute of Chartered Accountants in Australia. He is a director of HBOS Australia Limited, Bankwest Limited, Mirvac Ltd and its group companies. He was past President and director of The Smith Family and past Chairman and a current director of the Institute of Pain Management Limited.

Mr Turner is also a director of Consolidated Media Holdings Limited, Crown Melbourne Limited, and is Chairperson of Crown Limited's Audit & Corporate Governance Committee.

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

- Crown Melbourne Limited[2]: from 21 October 2003 to current
- Consolidated Media Holdings Limited[1]: from 9 November 1998 to current
- The Mirvac Group: from 7 January 2005 to current

Notes:

1. Consolidated media Holdings Limited (previously Publishing and Broadcasting Limited, ASX Code: PBL).
2. Crown Melbourne Limited (previously Crown Limited, "Crown Melbourne") was classified as a listed company while it had a series of unsecured notes (ASX Code: CROHB) quoted on the ASX. These notes were redeemed on 15 August 2005 and Crown Melbourne was removed from the ASX's official list on 2 September 2005.
3. Ellerston Capital Limited is the manager and responsible entity for the Ellerston Gems Fund (EGF), admitted to the Official List of ASX Limited on 29 June 2007.
4. Removed from the ASX's official list on 3 July 2006.
5. Removed from the ASX's official list on 17 March 2006.
6. Alternate director to Mr James Packer and Mr Ashok Jacob.

## *Company secretary details*

**Michael J Neilson BA, LLB:** Mr Neilson is Crown's General Counsel and Joint Company Secretary. Prior to his appointment with Crown, he was General Counsel for Crown Melbourne Limited, a position he held from 2004 to 2007.

Prior to 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.

**Mary Manos BCom, LLB (Hons):** Ms Manos was appointed joint Company Secretary in April 2008. She commenced employment with the Crown Group in October 2007 just prior to implementation of the PBL Scheme and the Demerger Scheme. Prior to joining Crown, Ms Manos was a Senior Associate in a Melbourne law firm, specialising in mergers and acquisitions and corporate law.

### *Other officer details*

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

- Geoffrey Kleemann
  **Chief Financial Officer**
- David Courtney
  **Chief Executive Officer, Crown Melbourne Limited**
- Barry Felstead
  **Chief Executive Officer, Burswood Limited**

### *Relevant interests of directors*

Details of relevant interests of current directors in Crown shares are as follows:

| Director | Total number of ordinary Shares |
|---|---|
| John Alexander | 1,827,133[1] |
| Chris Anderson | 315,194[2] |
| Rowen Craigie | 2,341,102[3] |
| Rowena Danziger | 28,876 |
| David Lowy | 137,250 |
| James Packer | 261,500,000 |
| Richard Turner | 27,000 |

Notes:

1. Of which 1,300,000 shares are Crown ESP shares.
2. Of which 300,000 shares are Crown ESP shares.
3. Comprised entirely of Crown ESP shares.
* For more information regarding Crown ESP shares, please see page 36 of the Remuneration Report.

None of Crown's directors are 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 since Listing together with each director's attendance details. The Crown Board held a number of meetings prior to Listing, particularly in connection with the PBL Scheme and the Demerger Scheme.

| | Board | | Audit & Corporate Governance Committee | | OH&S Committee | | Risk Management Committee | |
|---|---|---|---|---|---|---|---|---|
| | H* | A | H | A | H | A | H | A |
| James Packer | 4 | 4 | | | | | | |
| John Alexander | 4 | 4 | | | | | | |
| Christopher Anderson | 4 | 4 | | | | | | |
| Christopher Corrigan | 4 | 3 | | | | | | |
| Rowen Craigie | 4 | 4 | | | 2 | 2 | 1 | 1 |
| Rowena Danziger | 4 | 4 | 2 | 2 | 2 | 2 | 1 | 1 |
| Geoffrey Dixon | 4 | 2 | | | | | 1 | 1 |
| Ashok Jacob | 4 | 3 | | | | | | |
| Michael Johnston | 4 | 4 | 2 | 2 | 2 | 2 | | |
| David Lowy | 4 | 4 | | | | | | |
| Christopher Mackay** | 2 | 2 | | | | | | |
| Richard Turner | 4 | 3 | 2 | 2 | | | | |

**H** Number of meetings held

**A** Number of meetings attended

* Two meetings were held shortly after Listing by a quorum of directors, primarily to deal with administrative matters of updating the company's registered address and officer details. No other substantive matters were considered. R Craigie and J Alexander attended both meetings and A Jacob attended one.

** Resigned 7 March 2008.

The primary role of the Remuneration Committee is to review non-executive director remuneration. The Committee meets once a year to review performance for the previous year. Accordingly, the Committee has not met since Listing. The Investment Committee and the Finance Committee also have not met since Listing.

Page 27 of the Corporate Governance Statement includes details on Board committee structure and membership during the year.

Under Crown's Constitution, documents containing written resolutions assented to by directors are to be taken as a minute of a meeting of directors. There were no additional written resolutions assented to by the Board or a Committee this financial year.

## Shares and Options

Crown has not granted any options over unissued shares. There are no unissued shares or interests under option. No shares or interests have been issued during 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.

### *D&O 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 payable.

## Auditor Information

### *Auditor details*

Ernst & Young has been appointed Crown's auditor.

Mr Brett Kallio is the Ernst & Young partner responsible for the audit of Crown's accounts.

### *True and fair information*

There is no additional true and fair information included in the financial report.

### *Non-audit services*

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 30.

The directors are satisfied that the non-audit services are compatible with the general standard of independence for auditors imposed by the Corporations Act. The board considers that the nature and scope of the services provided do not affect auditor independence.

### *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 98/0100. Crown is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



**J D Packer**
Director

**R B Craigie**
Director

Melbourne, 17th day of September, 2008

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

In relation to our audit of the financial report of Crown Limited for the financial year ended 30 June 2008, 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

Ernst & Young

Brett Kallio

Brett Kallio
Partner

17 September 2008

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# Independent auditor's report to the members of Crown Limited

## Report on the Financial Report

We have audited the accompanying financial report of Crown Limited (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the 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 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. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit we have met 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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

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ERNST & YOUNG

### *Auditor's Opinion*

In our opinion:

1. the financial report of Crown Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Crown Limited and the consolidated entity at 30 June 2008 and of their 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*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## Report on the Remuneration Report

We have audited the Remuneration Report included on pages 32 to 52 of the directors' report for the year ended 30 June 2008. 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.

### *Auditor's Opinion*

In our opinion the Remuneration Report of Crown Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
17 September 2008

# Directors' Declaration

In accordance with a resolution of the directors, we declare as follows:

1. In the directors' opinion:

   a) there are reasonable grounds to believe that Crown will be able to pay its debts as and when they become due and payable; and

   b) the financial statements and notes are in accordance with the Corporations Act, including:

      (i) Section 296 (compliance with accounting standards); and

      (ii) Section 297 (true and fair view); and

2. The directors have received declarations in relation to Crown's financial statements for the financial year ended 30 June 2008, by its Chief Executive Officer and its Chief Financial Officer in accordance with section 295A of the Corporations Act.

In the opinion of Directors, at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 35 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

**J D Packer**
Director

Rowen Craigie

**R B Craigie**
Director

Melbourne, 17th day of September, 2008

# Financial Report

## CONTENTS



## MORE INFORMATION

More information regarding calculations of normalised results is included in Crown's 2008 Full Year Results Announcement, which is available on Crown's website at: www.crownlimited.com under the heading Investors – Presentations and Briefings.

# Income Statement

for the year ended 30 June 2008

| | Note | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|---|
| **Continuing Operations** | | | | | |
| Revenues | 3 | 2,215,930 | 2,016,604 | 175,000 | – |
| Other income | 3 | 701 | 164 | – | – |
| Expenses | 3 | (1,807,029) | (1,427,421) | (3,168,144) | – |
| Share of profits of associate and joint venture entities | 2,11 | (21,999) | (50,976) | – | – |
| **Profit/(loss) from continuing operations before income tax and finance costs** | | 387,603 | 538,371 | (2,993,144) | – |
| Finance costs | 2,3 | (132,989) | (151,204) | – | – |
| **Profit /(loss) from continuing operations before income tax** | | 254,614 | 387,167 | (2,993,144) | – |
| Income tax (expense)/benefit | 2,5 | (117,608) | (18,767) | 462 | – |
| **Profit/(loss) from continuing operations after income tax** | | **137,006** | **368,400** | (2,992,682) | **–** |
| **Discontinued operations** | | | | | |
| Profit/(loss) from discontinued operations after income tax | 2 | 3,426,213 | 1,611,831 | – | – |
| **Profit/(loss) for the period** | | **3,563,219** | **1,980,231** | **(2,992,682)** | **–** |
| Attributable to minority interests | 24 | – | 22,979 | – | – |
| Attributable to members of the parent | | 3,563,219 | 1,957,252 | (2,992,682) | – |

| | Note | 2008 Cents per share | 2007 Cents per share |
|---|---|---|---|
| **Earnings per share (EPS)** | 31 | | |
| Basic EPS* | | 517.00 | 285.87 |
| Diluted EPS* | | 517.00 | 285.87 |
| **Dividends per share** | 4 | | |
| Final dividend proposed | | 29.0 | 25.0 |
| Current year interim dividend paid | | 25.0 | 30.0 |

* Basic/diluted EPS excluding the effect of discontinued operations is 19.88 cps (2007: 42.46).
Basic/diluted EPS excluding the effect of discontinued operations and specific items is 54.58 cps (2007: 49.97).



# Balance Sheet

At 30 June 2008

| | Note | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash and cash equivalents | 26(a) | 2,362,964 | 2,227,657 | – | – |
| Trade and other receivables | 7 | 146,524 | 104,956 | – | – |
| Inventories | 8 | 11,835 | 9,722 | – | – |
| Prepayments | | 11,253 | 12,729 | – | – |
| Other assets | 9 | 70 | 108 | – | – |
| | | 2,532,646 | 2,355,172 | – | – |
| Assets classified as held for sale | 10 | – | 447,435 | – | – |
| **Total current assets** | | **2,532,646** | **2,802,607** | **–** | **–** |
| **Non-current assets** | | | | | |
| Receivables | 7 | 443,202 | 90,101 | 178,160 | – |
| Available-for-sale financial assets | 12 | 507,489 | 398,013 | – | – |
| Other financial assets | 13 | – | – | 8,628,413 | – |
| Investments in associates accounted for using the equity method | 11 | 1,130,164 | 915,211 | – | – |
| Property, plant and equipment | 14 | 1,854,977 | 1,831,060 | – | – |
| Licences | 15 | 666,868 | 674,339 | – | – |
| Other intangible assets | 16 | 189,301 | 210,469 | – | – |
| Deferred tax assets | 5 | 136,573 | 184,052 | 13,870 | – |
| Prepaid casino tax | 9 | 71,106 | 73,840 | – | – |
| **Total non-current assets** | | **4,999,680** | **4,377,085** | **8,820,443** | **–** |
| **Total assets** | | **7,532,326** | **7,179,692** | **8,820,443** | **–** |
| **Current liabilities** | | | | | |
| Trade and other payables | 18 | 255,108 | 234,821 | 13,408 | – |
| Interest-bearing loans and borrowings | 19 | 20,000 | 20,046 | – | – |
| Current income tax liabilities | | 37,178 | 22,670 | – | – |
| Provisions | 20 | 105,750 | 137,836 | – | – |
| Liabilities directly associated with the assets classified as held for sale | 21 | – | 78,619 | – | – |
| **Total current liabilities** | | **418,036** | **493,992** | **13,408** | **–** |
| **Non-current liabilities** | | | | | |
| Other payables | 18 | 24,059 | 114 | – | – |
| Interest-bearing loans and borrowings | 19 | 2,359,234 | 309,144 | 2,224,936 | – |
| Deferred tax liabilities | 5 | 394,709 | 477,331 | – | – |
| Provisions | 20 | 38,157 | 33,827 | – | – |
| **Total non-current liabilities** | | **2,816,159** | **820,416** | **2,224,936** | **–** |
| **Total liabilities** | | **3,234,195** | **1,314,408** | **2,238,344** | **–** |
| **Net assets** | | **4,298,131** | **5,865,284** | **6,582,099** | **–** |
| **Equity** | | | | | |
| Equity attributable to equity holders of the parent | | | | | |
| Contributed equity | 22 | 258,149 | 2,454,986 | 9,738,590 | – |
| Reserves | 23 | 176,223 | 350,256 | 5,712 | – |
| Retained earnings/(accumulated losses) | 23 | 3,863,759 | 3,060,042 | (3,162,203) | – |
| **Total equity** | | **4,298,131** | **5,865,284** | **6,582,099** | **–** |

# Cash Flow Statement

For the year ended 30 June 2008

| | | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|---|
| | Note | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Cash flows from operating activities** | | | | | |
| Receipts from customers | | 2,072,949 | 3,868,967 | – | – |
| Payments to suppliers and employees | | (1,564,942) | (2,818,243) | – | – |
| Dividends received | | 66,659 | 29,828 | – | – |
| Interest received | | 191,725 | 117,672 | – | – |
| Borrowing costs | | (127,625) | (257,931) | – | – |
| Income tax paid | | (68,745) | (215,593) | – | – |
| **Net cash flows from/(used in) operating activities** | 26 | **570,021** | **724,700** | **–** | **–** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | | (203,142) | (239,730) | – | – |
| Proceeds from sale of property, plant and equipment | | 3,486 | 13,036 | – | – |
| Payment for purchases of equity investments | | (233,072) | (617,343) | – | – |
| Payment for the acquisition of controlled entities | | – | (309,357) | – | – |
| Purchase of available for sale financial assets | | (434,023) | – | – | – |
| Net proceeds from sale of equity investments | | 828,972 | 12,591 | – | – |
| Net proceeds from sale of controlled entities | | – | 897,811 | – | – |
| Net proceeds from sale of available for sale investments (inc. held for sale) | | 35,832 | – | – | – |
| Loans to associated entities | | (12,322) | (104,074) | – | – |
| Repayment of loans to associated entities | | – | 31,716 | – | – |
| Loans to other entities | | – | (30,551) | – | – |
| Other (net) | | (2,652) | (13,952) | – | – |
| **Net cash flows from/(used in) investing activities** | | **(16,921)** | **(359,853)** | **–** | **–** |
| **Cash flows from financing activities** | | | | | |
| Issue of shares | | – | 3,473 | – | – |
| Proceeds from borrowings | | 2,070,000 | 3,685,660 | 2,238,576 | – |
| Repayment of borrowings | | (10,000) | (2,602,513) | – | – |
| Dividends paid | | (338,694) | (398,778) | (169,544) | – |
| Payment of capital reduction | | (2,053,852) | – | (2,069,032) | – |
| Cash disposed from sale of group entities | | (85,770) | – | – | – |
| Dividends/distributions paid to minority interests | | – | (10,654) | – | – |
| **Net cash flows from/(used in) financing activities** | | **(418,316)** | **677,188** | **–** | **–** |
| **Net increase/(decrease) in cash and cash equivalents** | | **134,784** | **1,042,035** | **–** | **–** |
| Cash and cash equivalents at the beginning of the financial year | | 2,227,657 | 1,185,135 | – | – |
| Effect of exchange rate changes on cash | | 523 | 487 | – | – |
| **Cash and cash equivalents at the end of the financial year** | 26 | **2,362,964** | **2,227,657** | **–** | **–** |



# Statement of Recognised Income and Expense

for the year ended 30 June 2008

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| Foreign currency translation | (279,548) | 947 | – | – |
| Unrealised gain on investment in associates | 110,624 | 341,701 | – | – |
| **Net income recognised directly in equity** | **(168,924)** | **342,648** | **–** | **–** |
| Profit/(loss) for the period | 3,563,219 | 1,980,231 | (2,992,682) | – |
| **Total recognised income and expense for the period** | **3,394,295** | **2,322,879** | **(2,992,682)** | **–** |
| **Attributable to:** | | | | |
| Equity holders of the parent | 3,394,295 | 2,299,900 | (2,992,682) | – |
| Minority interest | – | 22,979 | – | – |
| | **3,394,295** | **2,322,879** | **(2,992,682)** | **–** |

# Notes to the Financial Statements

For the year ended 30 June 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(a) 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* and Australian Accounting Standards. The financial report has also 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 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 98/100. The Company is an entity to which the class order applies.

The financial report of Crown Limited and its controlled entities for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of directors on 18 August 2008 subject to final approval by a sub committee which approval was received on 17 September 2008.

**(b) 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.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the reporting period ending 30 June 2008. These are outlined in the table below.

| Reference | Title | Application date of standard* | Impact on Group financial report | Application date for Group* |
|---|---|---|---|---|
| AASB Int. 13 | Customer Loyalty Programmes | 1 July 2008 | The Group accounts for its customer loyalty programmes in such a manner that this standard is not expected to have any material impact on the Group's financial report. | 1 July 2008 |
| AASB 8 and AASB 2007-3 | Operating Segments and consequential amendments to other Australian Accounting Standards | 1 January 2009 | AASB 8 is a disclosure standard so therefore will have no direct impact on the amounts included in the Group's financial statements. In addition, the amendments may have an impact on the Group's segment disclosures. | 1 July 2009 |
| AASB 123 (Revised) and AASB 2007-6 | Borrowing Costs and consequential amendments to other Australian Accounting Standards | 1 January 2009 | These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group already capitalises borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report. | 1 July 2009 |
| AASB 101 (Revised) and AASB 2007-8 | Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards | 1 January 2009 | These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements. | 1 July 2009 |



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

**(b) Statement of compliance** *continued*

| Reference | Title | Application date of standard* | Impact on Group financial report | Application date for Group* |
|---|---|---|---|---|
| AASB 2008-1 | Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations | 1 January 2009 | The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any. | 1 July 2009 |
| AASB 2008-2 | Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation | 1 January 2009 | These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments. | 1 July 2009 |
| AASB 3 (Revised) | Business Combinations | 1 July 2009 | The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt. | 1 July 2009 |
| AASB 127 (Revised) | Consolidated and Separate Financial Statements | 1 July 2009 | If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement. | 1 July 2007 |
| AASB 2008-7 | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2009 | Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments.<br>In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value. | 1 July 2007 |
| AASB 2008-5 and 2008-6 | Improvements to IFRSs | 1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009. | The Group has not yet determined the extent of the impact of the amendments, if any. | 1 July 2009 |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(b) **Statement of compliance** *continued*

| Reference | Title | Application date of standard* | Impact on Group financial report | Application date for Group* |
|---|---|---|---|---|
| IFRIC 16** | Hedges of a Net Investment in a Foreign Operation | 1 January 2009 | The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held. | 1 July 2009 |
| AASB Int. 12 and AASB 2007-2 | Service Concession Arrangements and consequential amendments to other Australian Accounting Standards | 1 January 2008 | Unless the Group enters into service concession arrangements or public-private-partnerships (PPP), the amendments are not expected to have any impact on the Group's financial report. | 1 July 2008 |

* Designates the beginning of the applicable annual reporting period unless otherwise stated

** Pronouncements that have been issued by the IASB and IFRIC but have not yet been issued by the AASB. Entities must disclose the impact of these pronouncements in order to make the statement of compliance with IFRS under AASB 101.14.

The Group has adopted AASB 7 'Financial Instruments: Disclosures' and all consequential amendments which became applicable on 1 July 2007. The adoption of this standard has only impacted the disclosure in these financial statements. There has been no impact on profit and loss or the financial position of the entity.

(c) **Basis of consolidation**

The consolidated financial statements are those of the consolidated entity, comprising Crown Limited (the parent entity) and all entities that Crown Limited controlled from time to time during the year and at reporting date.

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.

Subsidiary acquisitions are accounted for using the purchase 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.

Investments in subsidiaries, as recorded in the parent entity (Crown Limited) accounts, are carried at cost.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

The accounting policies adopted have been applied consistently throughout the two reporting periods.

(d) **Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key 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 goodwill and casino licences with indefinite useful lives***

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 17.

***Share-based payment transactions***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer, using the assumptions detailed in note 28.

***Specific Items***

Management determines specific items based on the nature and size.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(e) **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 balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income 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, except where 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 income 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 where the deferred income 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 not 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 only recognised 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 income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised.

Deferred income 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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(f) **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.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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.

(g) **Foreign currency translation**

Both the functional and presentation currency of Crown Limited and its Australian subsidiaries is Australian dollars (A$). 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.

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 balance sheet date. All differences in the consolidated financial report are taken to the income statement.

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.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

**(g) Foreign currency translation** *continued*

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Limited at the rate of exchange ruling at the balance sheet date and the income statements are 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 income statement.

**(h) Cash and cash equivalents**

Cash and short term deposits in the balance sheet comprise cash at bank and on hand, and short term deposits.

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.

**(i) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when there is objective evidence that the full amount may not be collected. Bad debts are written off when identified.

Receivables from associates and other related parties are carried at amortised cost. Interest, when charged is taken up as income on an accrual basis.

**(j) 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:

Gaming inventories which include food, beverages and general stores are costed on a weighted average basis.

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.

**(k) Investments in associates**

The Group's investment in its associates are accounted for under the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence and which are not subsidiaries.

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 the associates, as recorded in the parent entity (Crown Limited) accounts, are carried at cost.

The investment in the associates is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement 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 consolidated statement of recognised income and expense.

**(l) Investments**

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as available-for-sale, are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

**(m) 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
Plant and equipment – 2 to 15 years



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

**(m) Property, plant and equipment** *continued*

***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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 income statement in the period the item is derecognised.

**(n) Intangible assets**

***Licences***

Licences are carried at cost.

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 licence premiums 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 from the time PBL acquired Crown Melbourne, being 34 years. The Burswood licence is perpetual and, as such, no amortisation is charged. The Burswood licence is subject to an annual impairment assessment.

***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.

***Development costs***

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

***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 income statement.

Intangible assets, excluding development costs, 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 in the case of indefinite lived intangibles annually, 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 income statement when the net asset is derecognised.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

**(o) 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. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(p) Trade and other payables**

Liabilities 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.

**(q) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

*Borrowing costs*

Borrowing costs are capitalised on qualifying assets. Other borrowing costs are recognised as an expense when incurred.

**(r) Provisions**

Provisions are recognised when the economic entity has a legal or constructive obligation 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.

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 borrowing cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

**(s) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to balance 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.

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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(t) Share-based payment transactions**

*Equity settled transactions*

The Group provides benefits to senior executives in the form of share-based payments, whereby executives render services in exchange for shares or rights over shares (equity-settled transactions).

The plan in place to provide these benefits is the Executive Share Plan (ESP).

The cost of these equity-settled transactions with executives is measured by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by an external valuer using the Monte Carlo model, further details of which are given in note 30.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Crown Limited, further details of which are given in note 28.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

**(t) Share-based payment transactions** *continued*

***Equity settled transactions*** *continued*

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant executives become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting dates reflects:

(i) the extent to which the vesting period has expired and

(ii) the Groups best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

**(u) 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 leased 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 income statement on a straight-line basis over the lease term.

**(v) 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.

**(w) Derivative financial instruments**

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

In relation to cash flow hedges (forward foreign exchange contracts) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement. When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

**(x) Impairment of financial assets**

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

**(x) Impairment of financial assets** ***continued***

***(i) Financial assets carried at amortised cost***

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 assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate (ie: 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 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.

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 profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

***(ii) Financial assets carried at cost***

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the current market rate of return for a similar financial asset.

***(iii) Available-for-sale investments***

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instruments fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**(y) Contributed equity**

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Company, less transaction costs.

**(z) Revenue**

Revenue is recognised 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 passed to the buyer at the time of delivery of the goods to the customer.

***Rendering of services***

Control of the right to be compensated for the services and the stage of completion can be reliably measured.

Casino 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.

**(aa) Earnings per share**

Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share 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.

## 2. SEGMENT INFORMATION

Crown operated one distinct segment, being:

- Gaming – operation of fully integrated gaming and entertainment facilities.

Intersegment trading, where appropriate, is eliminated on consolidation. Any such transactions are based on market values.

**30 June 2008**

**(a) Industry segment**

| | Note | Gaming $'000 | Un-allocated $'000 | Crown Group $'000 | Less: Dis-continued Operations $'000 | Continuing Operations $'000 |
|---|---|---|---|---|---|---|
| **Operating revenue** | | | | | | |
| Total | | 2,028,924 | 9,480 | 2,038,404 | 8,731 | 2,029,673 |
| Intersegment | | (2,233) | – | (2,233) | – | (2,233) |
| External customers | 3 | 2,026,691 | 9,480 | 2,036,171 | 8,731 | 2,027,440 |
| Other income | 3 | 701 | 273,933 | 274,634 | 273,933 | 701 |
| Interest revenue | 3 | | | 188,490 | – | 188,490 |
| **Total revenue** | | **2,027,392** | **283,413** | **2,499,295** | **282,664** | **2,216,631** |
| **Segment result** | | | | | | |
| Earnings before interest, tax, depreciation and amortisation "EBITDA" | | 632,924 | (50,907) | 582,017 | (11,068) | 593,085 |
| Depreciation and amortisation | 3 | (130,287) | (3,866) | (134,153) | (1,343) | (132,810) |
| Earnings before interest and tax "EBIT" | | 502,637 | (54,773) | 447,864 | (12,411) | 460,275 |
| Specific items | 3 | – | 3,112,400 | 3,112,400 | 3,351,563 | (239,163) |
| Equity accounted share of associates' net profit/(loss) | 11 | (21,999) | 57,470 | 35,471 | 57,470 | (21,999) |
| Net interest income/(expense) | 3 | | | 55,501 | – | 55,501 |
| Profit from operating activities before income tax and minority interests | | 480,638 | 3,115,097 | 3,651,236 | 3,396,622 | 254,614 |
| Less: tax expense | 5 | | | (88,017) | 29,591 | (117,608) |
| **Profit after tax** | | **480,638** | **3,115,097** | **3,563,219** | **3,426,213** | **137,006** |
| **Total assets employed ^** | | **4,991,457** | **2,540,869** | **7,532,326** | **–** | **7,532,326** |
| **Total liabilities** | | **752,833** | **2,481,362** | **3,234,195** | **–** | **3,234,195** |
| **Acquisition of Non-current assets** | | **199,086** | **–** | **199,086** | **–** | **199,086** |
| **Investments in associates** | 11 | **1,130,164** | **–** | **1,130,164** | **–** | **1,130,164** |
| **Non-cash (income)/expenses** (other than depn & amort) | | **–** | **239,163** | **239,163** | **–** | **239,163** |

^ Unallocated assets include unallocated cash on deposit of $2,215.2 million (2007: $2,086.2 million).

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 2. SEGMENT INFORMATION *continued*

**30 June 2007**

**(a) Industry segment** *continued*

| | Note | Gaming $'000 | Media (Discontinued) $'000 | Unallocated $'000 | Crown Group $'000 | Less: Discontinued Operations $'000 | Continuing Operations $'000 |
|---|---|---|---|---|---|---|---|
| **Operating revenue** | | | | | | | |
| Total | | 1,915,496 | 1,667,128 | 5,677 | 3,588,301 | 1,672,805 | 1,915,496 |
| Intersegment | | (6,953) | (10,878) | (4,460) | (22,291) | (15,338) | (6,953) |
| External customers | 3 | 1,908,543 | 1,656,250 | 1,217 | 3,566,010 | 1,657,467 | 1,908,543 |
| Other income | 3 | 164 | 13,948 | 1,543,378 | 1,557,490 | 1,557,326 | 164 |
| Interest revenue | 3 | | | | 112,803 | 4,742 | 108,061 |
| **Total revenue** | | **1,908,707** | **1,670,198** | **1,544,595** | **5,236,303** | **3,219,535** | **2,016,768** |
| **Segment result** | | | | | | | |
| Earnings before interest, tax, depreciation and amortisation "EBITDA" | | 603,810 | 478,443 | (76,431) | 1,005,822 | 402,012 | 603,810 |
| Depreciation and amortisation | 3 | (120,053) | (37,580) | (7,284) | (164,917) | (42,393) | (122,524) |
| Earnings before interest and tax "EBIT" | | 483,757 | 440,863 | (83,715) | 840,905 | 359,619 | 481,286 |
| Specific items | 3 | – | (62,100) | 1,389,663 | 1,327,563 | 1,327,563 | – |
| Equity accounted share of associates' net profit/(loss) | 11 | (50,976) | 113,433 | – | 62,457 | 113,433 | (50,976) |
| Net interest (expense) | 3 | | | | (150,284) | (107,141) | (43,143) |
| Profit from operating activities before income tax and minority interests | | 432,781 | 492,196 | 1,305,948 | 2,080,641 | 1,693,474 | 387,167 |
| Less: tax expense | 5 | | | | (100,410) | (81,643) | (18,767) |
| **Profit after tax** | | **432,781** | **492,196** | **1,305,948** | **1,980,231** | **1,611,831** | **368,400** |
| **Total assets employed ^** | | **4,684,385** | **103,248** | **2,392,059** | **7,179,692** | **550,683** | **6,629,009** |
| **Total liabilities** | | **849,632** | **78,619** | **386,157** | **1,314,408** | **202,996** | **1,111,412** |
| **Acquisition of Non-current assets** | | **897,391** | **324,434** | **93,183** | **1,315,008** | **324,434** | **990,574** |
| **Investments in associates** | 11 | **1,180,996** | **–** | **(122,785)** | **1,058,211** | **143,000** | **915,211** |
| **Non-cash (income)/ expenses (other than depn & amort)** | | **12,030** | **(8,098)** | **40,258** | **44,190** | **(8,098)** | **52,288** |

**(b) Geographical segment**

The consolidated entity operates principally within Australia.



## 3. REVENUE AND EXPENSES

| | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|
| Profit before income tax expense includes the following revenues and expenses: | | | | |
| **(i) Revenue from continuing operations** | | | | |
| Revenue from services | 1,744,585 | 1,638,374 | – | – |
| Revenue from sale of goods | 263,737 | 270,135 | – | – |
| Interest | 188,490 | 108,061 | – | – |
| Dividends | 40 | 34 | 175,000 | – |
| Other operating revenue | 19,078 | – | – | – |
| | **2,215,930** | **2,016,604** | **175,000** | **–** |
| **(ii) Other income from continuing operations** | | | | |
| Profit on disposal of non-current assets | 701 | 164 | – | – |
| **(iii) Expenses from continuing operations** | | | | |
| Cost of sales | 101,829 | 95,484 | – | – |
| Gaming activities | 1,423,675 | 1,329,466 | – | – |
| Specific Items | 239,163 | – | – | – |
| Other activities | 42,362 | 2,471 | – | – |
| | **1,807,029** | **1,427,421** | **–** | **–** |
| *Depreciation of non-current assets* (included in expenses above) | | | | |
| Buildings | 42,941 | 39,228 | – | – |
| Plant and equipment | 72,019 | 65,359 | – | – |
| | 114,960 | 104,587 | – | – |
| *Amortisation of non-current assets* (included in expenses above) | | | | |
| Casino licence fee and management agreement | 14,436 | 14,417 | – | – |
| Other assets | 3,414 | 3,520 | – | – |
| | 17,850 | 17,937 | – | – |
| **Total depreciation and amortisation expense** | **132,810** | **122,524** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 3. REVENUE AND EXPENSES *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **(iv) Specific items** | | | | |
| **Continuing operations** | | | | |
| Write down of LVTI | 44,699 | – | – | – |
| Write down of available for sale assets – equity securities | 181,330 | – | – | – |
| Write down of deferred debt security | 13,134 | – | – | – |
| Impairment write down of non-current assets | – | – | 3,168,144 | – |
| | 239,163 | – | 3,168,144 | – |
| **Discontinued operations** | | | | |
| Gain on demerger of CMH | (2,420,245) | – | – | – |
| Net profit on disposal of investments | (948,318) | (1,530,896) | – | – |
| Impairment and write down of non-current assets | 17,000 | 79,734 | – | – |
| Restructuring costs | – | 80,399 | – | – |
| Other provisions | – | 43,200 | – | – |
| | (3,351,563) | (1,327,563) | – | – |
| **Total specific items** | **(3,112,400)** | **(1,327,563)** | **3,168,144** | **–** |
| **(v) Other income and expense disclosures** | | | | |
| Finance costs expensed: | | | | |
| Debt facilities | 132,989 | 151,172 | – | – |
| Finance leases | – | 32 | – | – |
| | **132,989** | **151,204** | **–** | **–** |
| Bad and doubtful debts – trade debtors | (11,185) | 6,901 | – | – |
| Rentals – operating leases | 8,652 | 8,387 | – | – |
| Defined benefit superannuation plan expenses | – | (575) | – | – |
| Defined contribution plan expense | 33,930 | 60,220 | – | – |
| Other employee benefits expense | 530,545 | 699,207 | – | – |
| Executive share plan expenses | 3,672 | 9,509 | – | – |
| Net foreign currency gains/(losses) | 781 | 2,194 | – | – |



## 4. DIVIDENDS PAID AND PROPOSED

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **(a) Dividends appropriated during the financial year** | | | | |
| ***Current year interim dividend (paid 18 April 2008)*** | | | | |
| Paid at 25 cents (2007: 30 cents) per share franked at 40% (2007: fully franked) at the Australian tax rate of 30% (2007: 30%) | 169,521 | 202,669 | 169,521 | – |
| ***Prior year final dividend (paid 15 October 2007)*** | | | | |
| Paid at 25 cents (2006: 29 cents) per share and fully franked (2006: fully franked) at the Australian tax rate of 30% (2006: 30%) | 169,736 | 196,474 | – | – |
| **Total dividends appropriated** | **339,257** | **399,143** | **169,521** | **–** |
| **(b) Dividends announced and not recognised as a liability** | | | | |
| ***Current year final dividend on ordinary shares (expected to be paid 17 October 2008)*** | | | | |
| Announced at 29 cents (2007: 25 cents) per share and franked at 40% (2007: fully franked) at the Australian tax rate of 30% (2007: 30%) | **196,687** | **169,718** | **196,687** | **–** |
| **(c) Franking credits** | | | | |
| The tax rate at which the final dividend will be franked is 30% (2007: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2008 | | | | |
| The amount of franking credits available for the subsequent financial year: | | | | |
| Franking account balance as at the end of the financial year at 30% (2007: 30%) | 9,445 | 49,049 | 9,445 | – |
| Franking credits that will arise from the payment of income taxes payable as at the end of the financial year | 22,554 | 22,670 | 22,554 | – |
| **Total franking credits** | **31,999** | **71,719** | **31,999** | **–** |
| 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 | (34,287) | (72,736) | (34,287) | – |
| | **(2,288)** | **(1,017)** | **(2,288)** | **–** |

The company will pay tax instalments before the payment of the final dividend to ensure the dividends can be franked to 40%.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 5. INCOME TAX

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **(a) Income tax expense** | | | | |
| The prima facie tax expense, using tax rates applicable in the country of operation, on profit differs from income tax provided in the financial statements as follows: | | | | |
| Profit/(loss) before income tax | 3,651,236 | 2,080,641 | (2,993,144) | – |
| Prima facie income tax expense/(benefit) on profit/(loss) at the Australian rate of 30% (2007: 30%) | 1,095,371 | 624,192 | (897,943) | – |
| Tax effect of: | | | | |
| Rebatable dividends | – | (3,198) | (52,500) | – |
| Non deductible depreciation and amortisation | 1,506 | 2,584 | – | – |
| Non taxable net capital loss/(gain) | (1,031,337) | (465,057) | 950,443 | – |
| Share of associates' net (profits) | (10,641) | (18,737) | – | – |
| Tax losses previously not recognised now brought to account | – | (70,062) | – | – |
| Dividends from associated entities | – | 8,500 | – | – |
| Other items – net | (7,263) | (801) | – | – |
| Impairment and write down of investments | 71,739 | 23,920 | – | – |
| Deferred income tax on temporary differences | (6,966) | 338 | (462) | – |
| Income tax (over)/under provided in prior years | 675 | (1,269) | – | – |
| Deferred tax adjustment | (25,067) | – | – | – |
| **Income tax expense/(benefit)** | **88,017** | **100,410** | **(462)** | **–** |
| Income tax expense/(benefit) comprises – | | | | |
| Current expense | 94,308 | 101,341 | – | – |
| Deferred expense/(benefit) | (6,966) | 338 | (462) | – |
| Adjustments for current income tax of prior periods | 675 | (1,269) | – | – |
| | **88,017** | **100,410** | **(462)** | **–** |
| **(b) Deferred income taxes** | | | | |
| Deferred income tax assets | 136,573 | 184,052 | 13,870 | – |
| Deferred income tax liabilities | 394,709 | 477,331 | – | – |
| **Net deferred income tax liabilities** | **(258,136)** | **(293,279)** | **13,870** | **–** |



## 5. INCOME TAX *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **(c) Deferred income tax assets and liabilities at the end of the financial year** | | | | |
| Doubtful debt provision | 7,803 | 18,287 | – | – |
| Employee benefits provision | 18,222 | 18,218 | – | – |
| Revenue losses carried forward | 13,500 | 33,241 | 13,500 | – |
| Other receivables | 49,353 | 34,296 | – | – |
| Other provisions | 47,695 | 38,606 | – | – |
| *Revaluation to fair value of:* | | | | |
| Investments | (155,490) | (224,857) | – | – |
| Prepaid casino tax | (563) | (22,152) | – | – |
| Licences, mastheads and intangibles | (149,797) | (145,384) | – | – |
| Land and buildings | (86,960) | (45,179) | – | – |
| Accelerated depreciation for tax purposes | (3,764) | (10,650) | – | – |
| Other | 1,865 | 12,295 | 370 | – |
| **Net deferred income tax assets/(liabilities)** | **(258,136)** | **(293,279)** | **13,870** | **–** |
| **(d) Movements in deferred income tax assets and liabilities during the financial year, reflected in deferred income tax expense/(benefit) –** | | | | |
| *Revaluation to fair value of:* | | | | |
| Prepaid casino tax | (820) | (820) | – | – |
| Adjustment to the carrying value of assets | (6,146) | 1,158 | (462) | – |
| **Net deferred income tax expense/(benefit)** | **(6,966)** | **338** | **(462)** | **–** |
| **(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable –** | | | | |
| The Group has tax losses arising in Australia that are available indefinitely for offset against future capital gains of the companies in which the losses arose. | | | | |
| Capital gains tax – no expiry date | 199,000 | 1,344,492 | 199,000 | – |
| **Total tax losses not brought to account** | **199,000** | **1,344,492** | **199,000** | **–** |
| **Potential tax benefit at respective tax rates** | **59,700** | **403,348** | **59,700** | **–** |

**(f) Withholding taxes payable**

At 30 June 2008, there is no recognised or unrecognised deferred income tax liability (2007: $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.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 5. INCOME TAX *continued*

**(g) Tax consolidation**

Crown Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Limited in order to allocate income tax expense between Crown 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 intercompany accounts with the tax consolidated group head company, Crown Limited.

## 6. DISCONTINUED OPERATIONS

**(a) Details of discontinued 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)

**PBL Media**

On 10 September 2007 PBL disposed half of its 50% investment (25%) in PBL Media for proceeds of $526.4 million. The cost base disposed by PBL 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, PBL sold its Ticketing and Events business to PBL Media for $210.0 million in cash. PBL'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 PBL 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 PBL'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



## 6. DISCONTINUED OPERATIONS *continued*

**(a) Details of discontinued operations** *continued*

**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.

**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 gain from discontinued operations of $3,426.2 million consists of the following:

| | $'000 |
|---|---|
| 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 |
| | **3,426,213** |

**(b) Cashflow information – discontinued operations**

The net cash flows of discontinued operations for the period until disposal were as follows:

| | CONSOLIDATED | |
|---|---|---|
| | 2008 $'000 | 2007 $'000 |
| Operating activities | (3,641) | 438,700 |
| Investing activities | 671,872 | (299,853) |
| Financing activities | (2,139,622) | 677,188 |
| | **(1,471,391)** | **816,035** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 6. DISCONTINUED OPERATIONS *continued*

**(c) Assets and liabilities – held for sale operations**

The major classes of assets and liabilities of Ticketek Pty Limited and Sydney Superdome Pty Limited at 30 June 2007 are as follows:

| | Ticketek and Sydney Superdome $'000 |
|---|---|
| **Assets** | |
| Intangibles | 63,069 |
| Property, plant and equipment | 27,715 |
| Inventories | 915 |
| Trade and other receivables | 4,556 |
| Other assets | 6,992 |
| Assets classified as held for sale | 103,247 |
| **Liabilities** | |
| Trade and other payables | 71,967 |
| Other liabilities | 6,652 |
| Liabilities directly associated with assets classified as held for sale | 78,619 |
| **Net assets/liabilities attributable to discontinued operations** | **24,628** |

**(d) Cashflow information – held for sale operations**

The net cash flows of held for sale operations are as follows:

| | Ticketing and Events $'000 | Hoyts $'000 | New Regency $'000 | Total $'000 |
|---|---|---|---|---|
| Operating activities | 26,103 | – | – | 26,103 |
| Net cash inflow | 10,622 | – | – | 10,622 |



## 7. TRADE AND OTHER RECEIVABLES

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Current** | | | | |
| Trade receivables | 114,844 | 103,568 | – | – |
| Provision for doubtful debts [a] | (13,983) | (44,242) | – | – |
| | 100,861 | 59,326 | – | – |
| Loans to associated entities | 314 | 384 | – | – |
| Loans to directors | – | 92 | – | – |
| Other receivables | 45,349 | 45,154 | – | – |
| | 45,663 | 45,630 | – | – |
| | **146,524** | **104,956** | – | – |

**(a) Allowance for Doubtful Debts**

Trade debtors are non-interest bearing and are generally 30 day terms.
An allowance for doubtful debts is recognised when there is objective evidence that an individual trade debt is impaired.

**Movements in the allowance for doubtful debts:**

| | CONSOLIDATED | |
|---|---|---|
| | 2008 $'000 | 2007 $'000 |
| Allowance for doubtful debts at the beginning of the year | (44,242) | (41,412) |
| Discontinued Operations (Transferred Out) | 369 | 1,858 |
| Net doubtful debt (expense)/reversal for the year [i] | 11,185 | (6,901) |
| Amounts written off | 18,705 | 2,213 |
| | **(13,983)** | **(44,242)** |

(i) Amounts are included in other expenses

**Ageing analysis of trade debtors**

| | 0–30 days | >30 days | Total $'000 |
|---|---|---|---|
| **2008 – consolidated** | | | |
| Current | 62,049 | – | 62,049 |
| Past due not impaired | – | 38,812 | 38,812 |
| Considered impaired | 1,184 | 12,799 | 13,983 |
| | **63,233** | **51,611** | **114,844** |
| **2007 – consolidated** | | | |
| Current | 36,884 | – | 36,884 |
| Past due not impaired | – | 22,442 | 22,442 |
| Considered impaired | 563 | 43,679 | 44,242 |
| | **37,447** | **66,121** | **103,568** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 7. TRADE AND OTHER RECEIVABLES *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Non Current** | | | | |
| Loans to associated entities | 248,079 | 73,339 | – | – |
| Derivatives | 11,200 | – | – | – |
| Loans to controlled entities | – | – | 178,160 | – |
| Other receivables | 188,923 | 21,762 | – | – |
| Provision for doubtful debts | (5,000) | (5,000) | – | – |
| | **443,202** | **90,101** | **178,160** | **–** |

## 8. INVENTORIES

| | | | | |
|---|---|---|---|---|
| **Current** | | | | |
| Finished goods (at cost) | 11,835 | 9,722 | – | – |
| | **11,835** | **9,722** | **–** | **–** |

## 9. OTHER ASSETS

| | | | | |
|---|---|---|---|---|
| **Current** | | | | |
| Deposits | 70 | 108 | – | – |
| | **70** | **108** | **–** | **–** |
| **Non Current** | | | | |
| Prepaid casino tax at cost | 100,800 | 100,800 | – | – |
| Accumulated amortisation | (29,694) | (26,960) | – | – |
| | **71,106** | **73,840** | **–** | **–** |

## 10. ASSETS CLASSIFIED AS HELD FOR SALE

| | | | | |
|---|---|---|---|---|
| **Current** | | | | |
| Ticketek and Sydney Superdome | – | 103,247 | – | – |
| Hoyts | – | 143,000 | – | – |
| New Regency | – | 201,188 | – | – |
| | **–** | **447,435** | **–** | **–** |



## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Non Current** | | | | |
| ***Investments at equity accounted amount:*** | | | | |
| Associated entities – unlisted shares | 151,876 | 824,426 | – | – |
| Associated entities – listed shares | 978,288 | 90,785 | – | – |
| **Total investments in associates** | **1,130,164** | **915,211** | **–** | **–** |
| ***Fair value of listed investments:*** | | | | |
| SEEK Ltd | – | 568,027 | – | – |
| Melco Crown Entertainment Ltd | 1,613,685 | 2,466,517 | – | – |
| | **1,613,685** | **3,034,544** | **–** | **–** |

| Investments in Associates | Reporting Date | Principal Activity | Country of Incorporation or Residence | % Interest[1] 2008 | % Interest[1] 2007 |
|---|---|---|---|---|---|
| Melco Crown Entertainment Ltd | 31 Dec [2] | Resort/Casino and gaming machine operator | Macau | 37.9 | 41.4 |
| Sky Cable Pty Ltd | 30 June | Investment in Pay TV | Australia | – | 50.0 |
| Premier Media Group | 30 June | Pay TV sport service | Australia | – | 50.0 |
| SEEK Ltd | 30 June | Online job search service | Australia | – | 27.2 |
| Aspinalls | 30 June | Casino and gaming machine operator | U.K. | 50.0 | 50.0 |
| PBL Media | 30 June | Magazine publishing and broadcast services | Australia | – | 50.0 |
| Betfair Australasia Pty Ltd | 30 April [2] | Betting exchange | Australia | 50.0 | 50.0 |
| Gateway Casinos | 31 Dec [2] | Casino and gaming machine operator | Canada | 50.0 | – |

1 The proportion of ownership interest is equal to the proportion of voting power held.
2 The Group uses 30 June results to equity account for the investments.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *continued*

| | | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|---|
| | Note | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Share of associates' revenue and profits** | | | | | |
| Share of associates': | | | | | |
| Revenue | | 654,845 | 637,529 | – | – |
| Operating profit before income tax | | 37,964 | 80,002 | – | – |
| Income tax expense | | (2,493) | (17,545) | – | – |
| **Share of associates' net profit after income tax** | 2 | **35,471** | **62,457** | **–** | **–** |
| **Carrying amount of investments in associates** | | | | | |
| Balance at the beginning of the financial year | | 915,211 | 1,026,325 | – | – |
| Carrying amount of investments in associates acquired during the year | | 79,586 | 340,249 | – | – |
| Share of associates' net profit/(loss) for the year | | 35,471 | 62,457 | – | – |
| Dividends received or receivable | | (66,659) | (28,332) | – | – |
| Gain on issue of shares by associate | | 158,035 | 488,145 | – | – |
| Impairment and fx write down of investments | | (266,453) | (66,235) | – | – |
| Recognition of PBL Media on deconsolidation | | – | (642,375) | – | – |
| Transfer to assets held for sale | | – | (143,000) | – | – |
| Carrying amount of investments in associates disposed of during the year | | 274,973 | (122,023) | – | – |
| **Carrying amount of investment in associates at the end of the financial year** | | **1,130,164** | **915,211** | **–** | **–** |
| Represented by: | | | | | |
| Investments at equity accounted amount: | | | | | |
| • Melco Crown Entertainment Ltd | | 978,287 | 1,052,642 | – | – |
| • Aspinalls | | 85,489 | 109,923 | – | – |
| • Betfair Australasia Pty Ltd | | 16,948 | 18,430 | – | – |
| • Gateway | | 49,440 | – | – | – |
| • Sky Cable Pty Ltd | | – | 138,757 | – | – |
| • Premier Media Group | | – | 117,930 | – | – |
| • SEEK Ltd | | – | 90,785 | – | – |
| • PBL Media[1] | | – | (613,256) | – | – |
| | | **1,130,164** | **915,211** | **–** | **–** |

1 The negative carrying value of the investment in PBL Media reflects 50% of the cost of net assets sold by PBL to PBL Media, offset by the 50% share of PBL Media's debt.



## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **The consolidated entity's share of the assets and liabilities of associates in aggregate** | | | | |
| Current assets | 377,684 | 617,632 | – | – |
| Non-current assets | 2,102,728 | 4,969,001 | – | – |
| Current liabilities | (255,979) | (486,692) | – | – |
| Non-current liabilities | (1,138,693) | (2,531,121) | – | – |
| **Net assets** | **1,085,740** | **2,568,820** | **–** | **–** |
| **Retained profits/(accumulated losses) of the consolidated entity attributable to associates** | | | | |
| Balance at the beginning of the financial year | 79,641 | 58,656 | – | – |
| Share of associates' net profits/(losses) | 35,471 | 62,457 | – | – |
| Disposal of associated entities | (190,436) | (41,472) | – | – |
| **Balance at the end of the financial year** | **(75,324)** | **79,641** | **–** | **–** |

## 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **At fair value** | | | | |
| Shares – unlisted (Australia) | 37,014 | 37,014 | – | – |
| Shares – unlisted (US) | 470,475 | 359,757 | – | – |
| Shares – listed | – | 1,242 | – | – |
| | **507,489** | **398,013** | **–** | **–** |

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques and recorded in the balance sheet and the related changes in fair values recorded in the income statement are reasonable and the most appropriate at the balance sheet date.

## 13. OTHER FINANCIAL ASSETS

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Non current** | | | | |
| Unlisted shares in controlled entities | – | – | 8,628,413 | – |
| | **–** | **–** | **8,628,413** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 14. PROPERTY, PLANT AND EQUIPMENT

| | CONSOLIDATED | | | | | | | PARENT ENTITY |
|---|---|---|---|---|---|---|---|---|
| | Freehold land and buildings $'000 | Buildings on leasehold land $'000 | Leasehold improve-ments $'000 | Plant and equipment $'000 | Construction work in progress $'000 | Leased plant and equipment $'000 | Total property, plant and equipment $'000 | Total $'000 |
| **Year ended 30 June 2008** | | | | | | | | |
| At 1 July 2007, net of accumulated depreciation and impairment | 694,185 | 654,001 | 5,374 | 451,806 | 25,485 | 209 | 1,831,060 | – |
| Additions | 7,187 | 43,103 | – | 46,274 | 102,522 | – | 199,086 | – |
| Disposals | (2,933) | – | – | (1,191) | – | – | (4,124) | – |
| Disposal of entities | (40,828) | – | (5,374) | (5,152) | (3,600) | (209) | (55,163) | – |
| Depreciation expense | (16,776) | (26,662) | – | (72,444) | – | – | (115,882) | – |
| Amortisation expense | – | – | – | – | – | – | – | – |
| Reclassification/transfer | 33,716 | 116 | – | 25,534 | (59,366) | – | – | – |
| **At 30 June 2008, net of accumulated depreciation and impairment** | **674,551** | **670,558** | **–** | **444,827** | **65,041** | **–** | **1,854,977** | **–** |
| **At 1 July 2007** | | | | | | | | |
| Cost (gross carrying amount) | 820,225 | 947,206 | 5,838 | 1,146,271 | 25,485 | 10,981 | 2,956,006 | – |
| Accumulated depreciation and impairment | (126,040) | (293,205) | (464) | (694,465) | – | (10,772) | (1,124,946) | – |
| **Net carrying amount** | **694,185** | **654,001** | **5,374** | **451,806** | **25,485** | **209** | **1,831,060** | **–** |
| **At 30 June 2008** | | | | | | | | |
| Cost (gross carrying amount) | 812,165 | 987,441 | – | 1,184,250 | 65,041 | 10,679 | 3,059,576 | – |
| Accumulated depreciation and impairment | (137,614) | (316,883) | – | (739,423) | – | (10,679) | (1,204,599) | – |
| **Net carrying amount** | **674,551** | **670,558** | **–** | **444,827** | **65,041** | **–** | **1,854,977** | **–** |



## 14. PROPERTY, PLANT AND EQUIPMENT *continued*

| | CONSOLIDATED | | | | | | | PARENT ENTITY |
|---|---|---|---|---|---|---|---|---|
| | Freehold land and buildings $'000 | Buildings on leasehold land $'000 | Leasehold improve-ments $'000 | Plant and equipment $'000 | Construction work in progress $'000 | Leased plant and equipment $'000 | Total property, plant and equipment $'000 | Total $'000 |
| **Year ended 30 June 2007** | | | | | | | | |
| At 1 July 2006, net of accumulated depreciation and impairment | 733,275 | 660,748 | 8,901 | 481,478 | 24,061 | 1,719 | 1,910,182 | – |
| Additions | 38,206 | 17,290 | 5,141 | 165,991 | 10,846 | 120 | 237,594 | – |
| Disposals | (383) | – | (493) | (1,246) | – | (24) | (2,146) | – |
| Disposal of entities | (60,976) | – | (6,290) | (71,544) | (9,306) | (1,295) | (149,411) | – |
| Depreciation expense | (17,287) | (24,037) | – | (93,921) | – | – | (135,245) | – |
| Amortisation expense | – | – | (1,885) | – | – | (311) | (2,196) | – |
| Reclassification/transfer | 1,350 | – | – | (1,234) | (116) | – | – | – |
| Transfer (to)/from assets held for sales | – | – | – | (27,718) | – | – | (27,718) | – |
| **At 30 June 2007, net of accumulated depreciation and impairment** | **694,185** | **654,001** | **5,374** | **451,806** | **25,485** | **209** | **1,831,060** | **–** |
| **At 1 July 2006** | | | | | | | | |
| Cost (gross carrying amount) | 847,434 | 929,916 | 19,681 | 1,391,122 | 24,061 | 16,828 | 3,229,042 | – |
| Accumulated depreciation and impairment | (114,159) | (269,168) | (10,780) | (909,644) | – | (15,109) | (1,318,860) | – |
| **Net carrying amount** | **733,275** | **660,748** | **8,901** | **481,478** | **24,061** | **1,719** | **1,910,182** | **–** |
| **At 30 June 2007** | | | | | | | | |
| Cost (gross carrying amount) | 820,225 | 947,206 | 5,838 | 1,146,271 | 25,485 | 10,981 | 2,956,006 | – |
| Accumulated depreciation and impairment | (126,040) | (293,205) | (464) | (694,465) | – | (10,772) | (1,124,946) | – |
| **Net carrying amount** | **694,185** | **654,001** | **5,374** | **451,806** | **25,485** | **209** | **1,831,060** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 15. LICENCES

| | Consolidated | | | | Parent Entity |
|---|---|---|---|---|---|
| | Television licences[1] $'000 | Casino licence[1] $'000 | Magazine Mastheads[1] $'000 | Total $'000 | Total $'000 |
| **Year ended 30 June 2008** | | | | | |
| At 1 July 2007, net of accumulated depreciation and impairment | – | 674,339 | – | 674,339 | – |
| Amortisation expense | – | (7,471) | – | (7,471) | – |
| **At 30 June 2008, net of accumulated amortisation and impairment** | **–** | **666,868** | **–** | **666,868** | **–** |
| **At 1 July 2007** | | | | | |
| Cost (gross carrying amount) | – | 774,899 | – | 774,899 | – |
| Accumulated depreciation and impairment | – | (100,560) | – | (100,560) | – |
| **Net carrying amount** | **–** | **674,339** | **–** | **674,339** | **–** |
| **At 30 June 2008** | | | | | |
| Cost (gross carrying amount) | – | 774,899 | – | 774,899 | – |
| Accumulated depreciation and impairment | – | (108,031) | – | (108,031) | – |
| **Net carrying amount** | **–** | **666,868** | **–** | **666,868** | **–** |
| **Year ended 30 June 2007** | | | | | |
| At 1 July 2006, net of accumulated depreciation and impairment | 894,555 | 681,810 | 846,613 | 2,422,978 | – |
| Acquisition of entities | 127,400 | – | – | 127,400 | – |
| Disposal of entities | (1,021,955) | – | (846,613) | (1,868,568) | – |
| Amortisation expense | – | (7,471) | – | (7,471) | – |
| **At 30 June 2007, net of accumulated amortisation and impairment** | **–** | **674,339** | **–** | **674,339** | **–** |
| **At 1 July 2006** | | | | | |
| Cost (gross carrying amount) | 894,555 | 774,899 | 846,613 | 2,516,067 | – |
| Accumulated depreciation and impairment | – | (93,089) | – | (93,089) | – |
| **Net carrying amount** | **894,555** | **681,810** | **846,613** | **2,422,978** | **–** |
| **At 30 June 2007** | | | | | |
| Cost (gross carrying amount) | – | 774,899 | – | 774,899 | – |
| Accumulated depreciation and impairment | – | (100,560) | – | (100,560) | – |
| **Net carrying amount** | **–** | **674,339** | **–** | **674,339** | **–** |

1 Purchased as part of a business combination

The casino licence premiums are carried at cost and amortised on a straight line basis over their useful lives. The Crown licence is being amortised over 34 years. The Burswood licence is perpetual and no amortisation is charged.



## 16. OTHER INTANGIBLE ASSETS

| | Consolidated | | | | Parent Entity |
|---|---|---|---|---|---|
| | Goodwill[1] $'000 | Casino management agreement[1] $'000 | Venue ticketing rights[2] $'000 | Total $'000 | Total $'000 |
| **Year ended 30 June 2008** | | | | | |
| At 1 July 2007, net of accumulated depreciation and impairment | 27,043 | 183,426 | – | 210,469 | – |
| Disposal of entities | (14,203) | – | – | (14,203) | – |
| Transfer to held for sale | – | – | – | – | – |
| Additions | – | – | – | – | – |
| Amortisation expense | – | (6,965) | – | (6,965) | – |
| **At 30 June 2007, net of accumulated amortisation and impairment** | **12,840** | **176,461** | **–** | **189,301** | **–** |
| **At 1 July 2007** | | | | | |
| Cost (gross carrying amount) | 27,043 | 245,279 | – | 272,322 | – |
| Accumulated depreciation and impairment | – | (61,853) | – | (61,853) | – |
| **Net carrying amount** | **27,043** | **183,426** | **–** | **210,469** | **–** |
| **At 30 June 2008** | | | | | |
| Cost (gross carrying amount) | 12,840 | 245,279 | – | 258,119 | – |
| Accumulated depreciation and impairment | – | (68,818) | – | (68,818) | – |
| **Net carrying amount** | **12,840** | **176,461** | **–** | **189,301** | **–** |
| **Year ended 30 June 2007** | | | | | |
| At 1 July 2006, net of accumulated depreciation and impairment | 413,969 | 190,372 | 12,271 | 616,612 | – |
| Disposal of entities | (556,729) | – | – | (556,729) | – |
| Transfer to held for sale | – | – | (7,102) | (7,102) | – |
| Additions | 169,803 | – | – | 169,803 | – |
| Amortisation expense | – | (6,946) | (5,169) | (12,115) | – |
| **At 30 June 2007, net of accumulated amortisation and impairment** | **27,043** | **183,426** | **–** | **210,469** | **–** |
| **At 1 July 2006** | | | | | |
| Cost (gross carrying amount) | 413,969 | 245,279 | 30,136 | 689,384 | – |
| Accumulated depreciation and impairment | – | (54,907) | (17,865) | (72,772) | – |
| **Net carrying amount** | **413,969** | **190,372** | **12,271** | **616,612** | **–** |
| **At 30 June 2007** | | | | | |
| Cost (gross carrying amount) | 27,043 | 245,279 | – | 272,322 | – |
| Accumulated depreciation and impairment | – | (61,853) | – | (61,853) | – |
| **Net carrying amount** | **27,043** | **183,426** | **–** | **210,469** | **–** |

1 Purchased as part of a business combination
2 Asset purchase

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 17).

The useful life of the casino management agreement is 34 years, and is amortised on a straight line basis.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 17. IMPAIRMENT TESTING OF GOODWILL AND CASINO LICENCES

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 fair value less costs to sell. Fair value less costs to sell is calculated 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 goodwill and casino licences.

**(i) Cash flow forecasts**

Cash flow forecasts are based on five year financial forecasts presented to and approved by the board.

**(ii) 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.

**(iii) Forecast growth rates**

Forecast growth rates are based on past performance and management's expectations for future performance in each segment.

**(iv) Discount rates**

Discount rates used are the weighted average cost of capital (after tax) for the Group in each segment, risk adjusted where applicable.

The carrying value of goodwill is allocated to the following CGU's or groups of CGU's:

| | 2008 $M | 2007 $M |
|---|---|---|
| Gaming | 12.8 | 12.8 |
| Other | – | 14.2 |
| | **12.8** | **27.0** |

## 18. TRADE AND OTHER PAYABLES

| | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|
| **Current – unsecured** | | | | |
| Trade and other payables | 249,296 | 223,776 | 13,408 | – |
| Deferred income | 5,812 | 11,045 | – | – |
| | **255,108** | **234,821** | **13,408** | **–** |
| **Non Current – unsecured** | | | | |
| Other | 59 | 114 | – | – |
| Deferred Income | 24,000 | – | – | – |
| | **24,059** | **114** | **–** | **–** |



## 19. INTEREST-BEARING LOANS AND BORROWINGS

| | Note | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|---|
| **Current – secured** | | | | | |
| Lease liabilities | 25(b) | – | 46 | – | – |
| | | – | 46 | – | – |
| **Current – unsecured** | | | | | |
| Bank Loans – unsecured | | 20,000 | 20,000 | – | – |
| | | 20,000 | 20,000 | – | – |
| **Total current** | | **20,000** | **20,046** | **–** | **–** |
| **Non Current – secured** | | | | | |
| Lease liabilities | 25(b) | – | 266 | – | – |
| | | – | 266 | – | – |
| **Non Current – unsecured** | | | | | |
| Bank Loans – unsecured | | 2,070,000 | – | – | – |
| Capital Markets Debt – unsecured | | 281,634 | 299,234 | – | – |
| Derivatives | | 7,600 | – | – | – |
| Loans from associated entities | | – | 9,644 | – | – |
| Loans from controlled entities | | – | – | 2,224,936 | – |
| | | 2,359,234 | 308,878 | 2,224,936 | – |
| **Total non-current** | | **2,359,234** | **309,144** | **2,224,936** | **–** |

**Fair Value Disclosures**

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 1.

**Financial Risk Management**

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 36.

**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 Date |
|---|---|---|---|---|---|
| Bilateral Multi Option Facility | 20,000 | 20,000 | – | – | August 2009 |
| Syndicated Multi Option Facility | 2,150,000 | 2,070,000 | – | 80,000 | August 2010 |
| Bilateral Multi Option Facility | 100,000 | – | 38,680 | 61,320 | October 2010 |
| Medium Term Note | 114,600 | 114,600 | – | – | May 2011 |
| Syndicated Multi Option Facility | 450,000 | – | 315,507 | 134,493 | August 2010 |
| Syndicated Revolving and Term Loan Facility | 600,000 | – | – | 600,000 | June 2013 |
| Euro Medium Term Note | 174,634 | 174,634 | – | – | July 2036 |
| **Total** | **3,609,234** | **2,379,234** | **354,187** | **875,813** | |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 19. INTEREST-BEARING LOANS AND BORROWINGS *continued*

The syndicated facilities are provided on an unsecured basis by a syndicate of domestic and international banks with the Australia New Zealand Banking Group acting as Agent.

The bilateral multi option facilities are provided on an unsecured basis by one of the syndicate banks.

Crown is able to make advances and issue letters of credit under the syndicated facilities and the bilateral facilities which are multi option in nature. For details relating to letters of credit issued, refer to note 29.

Each of the above mentioned facilities is supported by a Group guarantee from Crown and certain of its subsidiaries and impose various affirmative covenants on Crown, including compliance with certain ratios and covenants, various negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

| | | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|---|
| | Note | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Assets pledged as security** | | | | | |
| The carrying amounts of assets pledged as security for interest bearing liabilities are: | | | | | |
| **Finance lease** | | | | | |
| Plant and equipment | 14 | – | 209 | – | – |
| **Total assets pledged as security** | | **–** | **209** | **–** | **–** |

## 20. PROVISIONS

| | Employee entitlements $'000 | Restruct-uring $'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|
| **Consolidated** | | | | |
| At 1 July 2007 | 62,219 | 51,583 | 57,861 | 171,663 |
| Disposal of entities | (2,629) | (51,583) | (3,952) | (58,164) |
| Arising during the year | 35,566 | – | 52,018 | 87,584 |
| Utilised during the year | (31,338) | – | (25,896) | (57,234) |
| Amount reversed during the year | – | – | 58 | 58 |
| **At 30 June 2008** | **63,818** | **–** | **80,089** | **143,907** |
| Current 2008 | 57,171 | – | 48,579 | 105,750 |
| Non-current 2008 | 6,647 | – | 31,510 | 38,157 |
| | **63,818** | **–** | **80,089** | **143,907** |
| Current 2007 | 54,664 | 51,583 | 31,589 | 137,836 |
| Non-current 2007 | 7,555 | – | 26,272 | 33,827 |
| | **62,219** | **51,583** | **57,861** | **171,663** |



## 20. PROVISIONS *continued*

| | Employee entitlements $'000 | Restruct-uring $'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|
| **Parent entity** | | | | |
| Current 2008 | – | – | – | – |
| Non-current 2008 | – | – | – | – |
| | – | – | – | – |
| Current 2007 | – | – | – | – |
| Non-current 2007 | – | – | – | – |
| | – | – | – | – |

## 21. LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Current** | | | | |
| Ticketek | – | 59,372 | – | – |
| Sydney Superdome | – | 19,247 | – | – |
| | **–** | **78,619** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 22. CONTRIBUTED EQUITY

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Issued share capital** | | | | |
| Ordinary shares fully paid | 258,149 | 2,454,986 | 9,738,590 | – |
| **Movements in issued share capital** | | | | |
| Carrying amount at the beginning of the financial year | 2,454,986 | 2,359,614 | – | – |
| Issue of shares on acquisition of PBL | – | – | 14,345,281 | – |
| Issue of shares through Executive Share Plan* | 3,250 | 3,572 | – | – |
| Capital Reduction | (2,069,032) | – | (2,069,032) | – |
| Return of capital by way of CMH Demerger | (131,560) | – | (2,551,805) | – |
| Other | 505 | – | 14,146 | – |
| Issue of shares at $17.00 to CPH (in relation to acquisition of Aspinalls) | – | 91,800 | – | – |
| **Carrying amount at the end of the financial year** | **258,149** | **2,454,986** | **9,738,590** | **–** |

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 No. | 2007 No. | 2008 No. | 2007 No. |
| **Issued share capital** | | | | |
| Ordinary shares fully paid | 689,676,925 | 688,486,925 | 689,676,925 | 8 |
| **Movements in issued share capital** | | | | |
| Initial share issue | – | – | – | 8 |
| Balance at the beginning of the financial year | 688,486,925 | 677,496,925 | 8 | – |
| Issue of shares through Executive Share Plan* | 1,190,000 | 5,590,000 | – | – |
| Share buyback | – | – | (8) | – |
| Transfer on demerger | – | – | 689,676,925 | – |
| Issue of shares to CPH (in relation to acquisition of Aspinalls) | – | 5,400,000 | – | – |
| **Balance at the end of the financial year** | **689,676,925** | **688,486,925** | **689,676,925** | **8** |

*Shares issued through the Executive Share Plan are accounted for as share based payments. Refer to Note 28.



**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.

Effective 1 July 1998, the Corporations Legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent entity does not have authorised capital nor par value in respect of its issued shares.

## 23. RESERVES AND RETAINED EARNINGS

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| Foreign currency translation reserve | (280,576) | (388) | – | – |
| Asset revaluation reserve | – | – | – | – |
| Capital profits reserve | – | – | – | – |
| Employee equity benefits reserve | 5,712 | 10,340 | 5,712 | – |
| Net unrealised gains reserve | 451,087 | 340,304 | – | – |
| Cash flow hedge reserve | – | – | – | – |
| | **176,223** | **350,256** | **5,712** | **–** |
| **Foreign currency translation reserve** | | | | |
| The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. | | | | |
| Balance at the beginning of the financial year | (388) | (8,811) | – | – |
| Net exchange difference on translation of foreign operations | (279,548) | 8,423 | – | – |
| Disposal of entities | (640) | – | – | – |
| **Balance at the end of the financial year** | **(280,576)** | **(388)** | **–** | **–** |
| **Asset revaluation reserve** | | | | |
| The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances. | | | | |
| Balance at the beginning of the financial year | – | 10,338 | – | – |
| Transfer to retained earnings | – | (2,937) | – | – |
| Disposal of entities | – | (7,401) | – | – |
| **Balance at the end of the financial year** | **–** | **–** | **–** | **–** |
| **Capital profits reserve** | | | | |
| The capital profits reserve is able to be used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares | | | | |
| Balance at the beginning of the financial year | – | 405 | – | – |
| Disposal of entities | – | (405) | – | – |
| **Balance at the end of the financial year** | **–** | **–** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 23. RESERVES AND RETAINED EARNINGS *continued*

| | Note | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|---|
| **Employee equity benefits reserve** | | | | | |
| 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 | | 10,340 | 831 | – | – |
| Disposal of entities | | (8,300) | – | – | – |
| Charged to the income statement | | 3,672 | 9,509 | – | – |
| Transfer on demerger | | – | – | 3,081 | – |
| Transfer to controlled entities | | – | – | 2,631 | – |
| **Balance at the end of the financial year** | | **5,712** | **10,340** | **5,712** | – |
| **Net unrealised gains reserve** | | | | | |
| The net unrealised gains reserve records the movement in fair value of derivative financial instruments | | | | | |
| Balance at the beginning of the financial year | | 340,304 | 3,236 | – | – |
| Disposal of entities | | 159 | (3,236) | – | – |
| Revaluation of equity accounted investments due to change in associates equity | | 110,624 | 340,304 | – | – |
| Movement in fair value of available-for-sale assets | | – | – | – | – |
| **Balance at the end of the financial year** | | **451,087** | **340,304** | – | – |
| **Cash flow hedge reserve** | | | | | |
| 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 | | – | 3,221 | – | – |
| Disposal of entities | | – | (3,221) | – | – |
| **Balance at the end of the financial year** | | – | – | – | – |
| **Retained earnings** | | | | | |
| Balance at the beginning of the financial year | | 3,060,042 | 1,498,996 | – | – |
| Net profit attributable to members of Crown | | 3,563,219 | 1,957,252 | (2,992,682) | – |
| Total available for appropriation | | 6,623,261 | 3,456,248 | (2,992,682) | – |
| Dividends provided for or paid | 4 | (339,257) | (399,143) | (169,521) | – |
| Transfer from reserves | | – | 2,937 | – | – |
| Internal Demerger distribution | | (2,420,245) | – | – | – |
| **Balance at the end of the financial year** | | **3,863,759** | **3,060,042** | **(3,162,203)** | – |

## 24. MINORITY INTERESTS

| | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|
| Reconciliation of minority interests | | | | |
| Balance at the beginning of the financial year | – | 3,334 | – | – |
| Share of operating profit | – | 22,979 | – | – |
| Acquisition of minority interests | – | 29,164 | – | – |
| Less dividends/distributions | – | (12,362) | – | – |
| Less disposal of minority interests | – | (43,115) | – | – |
| **Balance at the end of the financial year** | – | – | – | – |

## 25. EXPENDITURE COMMITMENTS

**(a) Capital expenditure commitments**

| | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|
| ***Estimated capital expenditure contracted for at balance date, but not provided for, payable:*** | | | | |
| • within one year | 321,821 | 69,226 | – | – |
| • after one year but not more than five years | 118,632 | 947 | – | – |
| | **440,453** | **70,173** | – | – |

At 30 June 2008, the Group has capital expenditure commitments principally relating to funding various projects at Burswood and Crown Melbourne casinos.

In December 2007, Crown entered an agreement to acquire Cannery Casino Resorts for US 1.7 billion plus costs. The agreement is subject to a pre condition, namely, Crown obtaining regulatory approval to complete the acquisition. For this reason, we have not included the agreement to acquire Cannery Casino Resorts in the table above.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 25. EXPENDITURE COMMITMENTS *continued*

**(b) Lease expenditure commitments**

*(i) Finance lease commitments:*

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

| | 2008 Minimum lease payments | 2008 Present value of lease payments | 2007 Minimum lease payments | 2007 Present value of lease payments |
|---|---|---|---|---|
| Consolidated | | | | |
| • within one year | – | – | 72 | 46 |
| • after one year but not more than five years | – | – | 288 | 266 |
| Total minimum lease payments | – | – | 360 | 312 |
| Less amounts representing finance charges | – | – | (48) | – |
| **Present value of minimum lease payments** | **–** | **–** | **312** | **312** |
| Parent Entity | | | | |
| • within one year | – | – | – | – |
| • after one year but not more than five years | – | – | – | – |
| Total minimum lease payments | – | – | – | – |
| Less amounts representing finance charges | – | – | – | – |
| **Present value of minimum lease payments** | **–** | **–** | **–** | **–** |

*(ii) Non-cancellable operating lease commitments:*

| | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|
| Payable within one year | 2,479 | 6,787 | – | – |
| Payable after one year but not more than five years | 10,351 | 29,011 | – | – |
| Payable more than five years | 1,918 | 25,204 | – | – |
| | **14,748** | **61,002** | **–** | **–** |

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 (2007: 5 years). Operating leases include telecommunications rental agreements and leases on assets including aircraft, 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.



## 26. CASH FLOW STATEMENT RECONCILIATION

| | CONSOLIDATED 2008 $'000 | CONSOLIDATED 2007 $'000 | PARENT ENTITY 2008 $'000 | PARENT ENTITY 2007 $'000 |
|---|---|---|---|---|
| **(a) Cash balance represents:** | | | | |
| • cash on hand and at bank | 134,419 | 158,271 | – | – |
| • deposits at call | 2,228,545 | 2,069,386 | – | – |
| | **2,362,964** | **2,227,657** | **–** | **–** |
| **(b) Reconciliation of the profit after tax to the net cash flows from operating activities** | | | | |
| Profit/(loss) after tax | 3,563,219 | 1,980,231 | (2,992,682) | – |
| Depreciation and amortisation | | | | |
| • property, plant and equipment | 115,882 | 137,441 | – | – |
| • intangibles | 18,271 | 27,476 | – | – |
| Program rights amortisation and usage | – | 159,700 | – | – |
| Payments to program contract creditors | – | (183,204) | – | – |
| (Profit)/loss on sale of property, plant and equipment | 2,229 | (882) | – | – |
| Unrealised foreign exchange (gain)/loss | (523) | (4,705) | – | – |
| Program related inventory write down | – | 2,244 | – | – |
| (Profit)/loss on disposal of investments | (3,381,154) | (1,524,861) | | – |
| Share of associates' net (profit) | (35,471) | (62,457) | – | – |
| Impairment and write down of investments | 239,163 | 66,234 | 3,168,144 | – |
| Investment distribution | – | 909 | – | – |
| Dividends received from associates | 66,659 | 29,794 | – | – |
| Executive Share Plan expense | 2,692 | 9,613 | – | – |
| Changes in assets and liabilities | | | | |
| (Increase)/decrease in trade and other receivables | (28,246) | (667) | (175,462) | – |
| (Increase)/decrease in doubtful debts | (3,359) | 1,483 | – | – |
| (Increase)/decrease in inventories | (2,773) | 11,586 | – | – |
| (Increase)/decrease in prepayments | 1,504 | (2,970) | – | – |
| (Increase)/decrease in development costs | – | (1,500) | – | – |
| (Increase)/decrease in deferred income tax asset | 302 | (29,471) | – | – |
| (Increase)/decrease in other assets | (3,517) | (1,688) | – | – |
| (Decrease)/increase in payables | 117,495 | 37,267 | – | – |
| (Decrease)/increase in current income tax liability | (37,191) | 28,156 | – | – |
| (Decrease)/increase in provisions for employee entitlements | 3,196 | 8,134 | – | – |
| (Decrease)/increase in other provisions | (69,287) | 36,228 | – | – |
| (Decrease)/increase in deferred income tax liability | 930 | 1,459 | – | – |
| Exchange rate charge on conversion of assets and liabilities of overseas controlled entities | – | (850) | – | – |
| **Net cash flows from operating activities** | **570,021** | **724,700** | **–** | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 26. CASH FLOW STATEMENT RECONCILIATION *continued*

**Bank Overdraft Facilities**

The consolidated entity has bank overdraft facilities available as follows:

| Bank | 2008 | 2007 |
|---|---|---|
| ANZ Banking Group Limited | A$10 million | A$10 million |
| Citibank NA | US$10 million | US$10 million |

There were no drawn down amounts at 30 June 2008.

## 27. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 30 June 2008, the directors of Crown announced a final dividend on ordinary shares in respect of the year ended 30 June 2008. The total amount of the dividends is $196.7 million, which represents a 40% franked dividend of 29 cents per share. The dividend has not been provided for in the 30 June 2008 financial statements.

On 13 August 2008, Crown announced that it had raised A$1.01 billion of new debt facilities, so as to extend the maturity profile of Crown's debt portfolio. The new debt comprises the following new facilities:

- **A$600 million Syndicated Loan Facility**

  Lender(s): Fully syndicated among 11 Australian and International banks

  Maturity: 5 years

- **A$200 million Bilateral Loan Facility**

  Lender: National Australia Bank

  Maturity: 5 years

- **US$200 million US Private Placement**

  Arrangers: Bank of America and Royal Bank of Scotland as co lead arrangers with Westpac and Commonwealth Bank as co agents

  Maturity: 7, 10 and 12 years



## 28. EXECUTIVE SHARE PLAN

Crown operates an Executive Share Plan (ESP) which was approved at the 1994 Annual General Meeting. A total of 1,190,000 ESP shares (which includes the issue to Mr Craigie on 23 November 2007 identified below) were issued to executives in the current financial year.

Prior to the approval of the PBL Scheme, the executives participating in the ESP held, in total, 10,680,000 PBL ESP shares in respect of which there were outstanding loans totalling $185,642,300 due to PBL. This included 1,150,000 ESP shares issued to Mr Rowen Craigie on 23 November 2007. These additional shares were subject to a PBL ESP loan of $22,004,500.

The terms of the ESP were varied during the year to enable ESP participants to participate in the PBL Scheme and to continue to participate in the ESP. A full summary of the variations made to the ESP this year is provided in the Remuneration Report.

The share price performance condition requiring a 7 percent compound share price appreciation on the issue price of the PBL ESP shares was retained and substituted with equivalent performance hurdles (7 percent compounding share price appreciation) imposed separately on the Consolidated Media Holdings Limited ESP shares and the Crown ESP shares.

At the date of this Report, a total of 66 ESP participants hold, in total, 11,449,826 Crown ESP shares or 1.66 percent of Crown's issued capital.

| ESP share movement | 2008 No. | 2007 No. |
|---|---|---|
| Shares at the beginning of the financial year | 9,655,000 | 4,380,000 |
| Granted (i.e. issued) during the year | 1,190,000 | 5,590,000 |
| Granted (i.e. issued) during the year as a consequence of PBL Scheme election | 958,469 | – |
| Forfeited | (308,643) | (200,000) |
| Vested (and sold) during the year | (45,000) | (115,000) |
| **Shares on issue at the end of the financial year** | **11,449,826** | **9,655,000** |
| Loans to executives at the beginning of the financial year | $165,839,800 | $70,621,050 |
| ESP loans issued during the year | $22,717,300 | $99,815,800 |
| Cash consideration paid under PBL scheme | ($15,180,000) | – |
| Loan balance transferred to CMH | ($42,615,575) | – |
| Loans repaid during the year | ($3,358,950) | ($2,918,762) |
| Loans forfeited | ($1,650,637) | ($1,678,288) |
| **Loans to executives at year end** | **$125,751,938** | **$165,839,800** |

**Methodology**

External valuers have used a Monte Carlo simulation model combined with a Black Scholes option pricing model to value the ESP this year. The value per share granted for each allotment incorporates the share price growth performance conditions.

The Monte Carlo simulation is a technique used to simulate future TSRs. The assumptions that underpin Black Scholes are used in a Monte Carlo simulation. The key assumptions are:

– Share price movement conforms to a lognormal distribution

– Market efficiency

– Risk neutral valuation

Using an estimate of the future standard deviation (volatility) of returns and the risk neutral valuation assumption (allowing the use of the risk free interest rate), the share price return distribution of a company at a future date is estimated. The Monte Carlo simulation technique simulates possible share price returns conforming to that distribution. At each simulation, the share price is also simulated, meaning an equity instrument can be valued at that date.

The share price simulated at one vesting date is used to simulate the share price at the next vesting date. If the target was not met at the earlier date, the unvested portion is carried to the next vesting date in the simulation.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 28. EXECUTIVE SHARE PLAN *continued*

The Monte Carlo simulation model uses the following inputs for the issuance on 23 November 2007.

| | |
|---|---|
| Grant date | 23 November 2007 |
| Issue price | $18.97 & $19.18 |
| Dividend yield | 3.17% |
| Risk from rate | 6.21% |
| Volatility | 23% |
| Expected life | 5 years |

**Non transferability of the plans**

During the period from grant date to vesting, executives cannot sell their plan rights. However, no adjustment is made to the fair values for this, as non-transferability is due to the executive having not yet earned the right to the plan (through the provision of their services), rather than a restriction on the underlying value of the plan rights.

After vesting, the holders have until expiry to "exercise" the plan. Since the plan rights are not transferable, liquidity can only be obtained by exercising the plan rights and selling the underlying shares. In the case of the ESP, given the seniority of the holders and the benefit of the limited recourse feature, it is assumed the ESP will be held until expiry.

**Dilution**

When an investor exercises an exchange traded option, there is no change in either the company's assets or the number of shares outstanding. However, when a company issued option is exercised, the number of shares outstanding will increase and the underlying assets of the company will be increased by the amount of the exercise proceeds. Any dilution of the share price of Crown which might arise on the issue of new shares following exercise of the ESP would be immaterial, given the number of existing shares on issue. Accordingly, no adjustment to the value of the ESP has been made for potential dilution.

**Other assumptions**

- PBL's share price was the loan amount per share as advised by management at the grant date for the ESP;
- The risk free rate is the yield on an Australian Government Bond with a life similar to the expected life at the valuation date;
- Expected volatility was based on PBL's historical share price movement preceding the valuation date and the implied volatility on exchanged traded options;
- The dividend yield was calculated based on the consensus broker EPS forecast divided by PBL's share price.



## 29. CONTINGENT LIABILITIES AND RELATED MATTERS

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Unsecured** | **354,187** | **567,720** | **354,187** | **–** |
| Contingent liabilities related primarily to the following: | | | | |
| *Controlled Entities* | | | | |
| (i) Under the terms of a deed entered into in accordance with the ASIC Class Order 98/1418, the parent entity has undertaken to meet any shortfall which might arise on the liquidation of controlled entities which are party to the deed. | – | – | – | – |
| (ii) The consolidated entity and parent entity have issued letters of credit to the State of Victoria in respect of obligations of Crown Melbourne Limited | 185,000 | 185,000 | 185,000 | – |
| (iii) The consolidated entity and parent entity have made guarantees in relation to commitments of certain of its associated entities | 150,961 | 382,668 | 150,961 | – |
| (iv) The consolidated entity and parent entity have made certain guarantees regarding contractual, performance and other commitments | 18,226 | 52 | 18,226 | – |

The probability of having to meet these contingent liabilities is remote, and therefore it is not practicable to disclose an indication of the uncertainties relating to each amount or the timing of any outflows.

## 30. AUDITORS' REMUNERATION

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Amounts received, or due and receivable, by the auditor of the parent entity for:** | | | | |
| Auditing the accounts | 764 | 1,254 | – | – |
| Taxation services | 2,061 | 3,194 | – | – |
| Other services | | | | |
| • Assurance related | 2 | 333 | – | – |
| • Assurance services relating to restructuring | 642 | 3,050 | – | – |
| • Due diligence | 334 | 3,645 | – | – |
| **Amounts received, or due and receivable, by other member firms of Ernst & Young International for:** | | | | |
| Auditing the accounts of controlled entities | 24 | 187 | – | – |
| Other services | | | | |
| • Taxation services | 383 | 373 | – | – |
| • Assurance Related | 25 | – | – | – |
| • Due Diligence | 354 | – | – | – |
| | **4,589** | **12,036** | | **–** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 31. EARNINGS PER SHARE (EPS)

| | CONSOLIDATED | |
|---|---|---|
| | 2008<br>$'000 | 2007<br>$'000 |
| **The following reflects the income and share data used in the calculations of basic and diluted EPS:** | | |
| Net profit | 3,563,219 | 1,980,231 |
| Net (profit) attributable to minority interests | – | (22,979) |
| Earnings used in calculating basic and diluted EPS | 3,563,219 | 1,957,252 |
| Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000) | 689,206 | 684,666 |
| **The following reflects the income and share data used in the calculations of basic and diluted EPS:** | | |
| **Excluding the effect of discontinued operations:** | | |
| Net profit attributable to members of the parent | 3,563,219 | 1,957,252 |
| Discontinued operations | 3,426,213 | 1,666,522 |
| Net profit excluding discontinued operations and specific items | 137,006 | 290,730 |
| Earnings used in calculating basic and diluted EPS | 137,006 | 290,730 |
| Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000) | 689,206 | 684,666 |
| **Excluding the effect of discontinued operations and specific items:** | | |
| Net profit attributable to members of the parent | 3,563,219 | 1,957,252 |
| Discontinued operations | 3,426,213 | 1,666,522 |
| Specific items after tax | (239,163) | (51,379) |
| Net profit excluding discontinued operations and specific items | 376,169 | 342,109 |
| Earnings used in calculating basic and diluted EPS | 376,169 | 342,109 |
| Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000) | 689,206 | 684,666 |



## 32. KEY MANAGEMENT PERSONNEL DISCLOSURES

The Company has applied the exemption under Corporations Amendments Regulation 2006 which exempts listed companies from providing remuneration in their annual report as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 Related Party Disclosures. These remuneration disclosures have been transferred to the remuneration report in pages 32 to 52, and have been audited.

**(a) Details of key management personnel**

***(i) Directors***

| | |
|---|---|
| James D Packer | Executive Chairman |
| John H Alexander | Executive Deputy Chairman |
| Christopher J Anderson | Non Executive Director |
| Rowen B Craigie | Chief Executive Officer and Managing Director |
| Christopher D Corrigan | Non Executive Director |
| Rowena Danziger | Non Executive Director |
| Geoffrey J Dixon | Non Executive Director |
| Ashok P Jacob | Non Executive Director |
| Michael R Johnston | Non Executive Director |
| David H Lowy | Non Executive Director |
| Christopher J Mackay | Non Executive Director (resigned 7 March 2008) |
| Richard W Turner | Non Executive Director |

***(ii) Executives***

| | |
|---|---|
| Geoffrey Kleemann | Chief Financial Officer – Crown Limited |
| Guy Jalland | PBL Group General Counsel and Joint Company Secretary (until 21 December 2007) |
| Martin Dalgleish | Chief Executive Officer, PBL New Media (until 30 November 2007) |
| David Courtney | Chief Executive Officer – Crown Melbourne Limited |
| Barry Felstead | Chief Executive Officer – Burswood Limited |

**(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:

| Remuneration by category | 2008<br>$ | 2007<br>$ |
|---|---|---|
| Short term | 11,223,580 | 27,672,994 |
| Post employment | 405,282 | 850,401 |
| Other long term | 388,267 | 249,004 |
| Termination | 26,098,000 | 1,500,000 |
| Share based payments | 5,524,218 | 5,063,239 |
| | **43,639,347** | **35,335,638** |

Further details are contained in the Remuneration Report.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 32. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

**(c) Shareholdings of key management personnel**

**2008**

**Ordinary shares held in Crown (directly and indirectly)**

| Directors (Including directors who left the Board during the year) | Balance 1 July 2007 (PBL Shares) | Issued under Executive Share Plan | Net Change | Balance 30 June 2008 |
|---|---|---|---|---|
| James D Packer | 261,500,000 | – | – | 261,500,000 |
| Christopher J Anderson | 315,194[3] | – | – | 315,194 |
| John H Alexander | 1,812,500[3] | – | 14,633[2] | 1,827,133 |
| Rowen B Craigie | 850,000[3] | 1,150,000 | 341,102[2] | 2,341,102 |
| Rowena Danziger | 22,876 | – | 6,000[1] | 28,876 |
| David H Lowy | 117,253 | – | 19,997[2] | 137,250 |
| Christopher J Mackay (resigned 7 March 2008) | 100 | – | – | 100 |
| Richard W Turner | 27,000 | – | – | 27,000 |

Directors not listed did not hold any Crown shares during the financial year.

| Executives | Balance 1 July 2007 (PBL Shares)[4] | Issued under Executive Share Plan | Net Change | Balance 30 June 2008 |
|---|---|---|---|---|
| Geoffrey R Kleemann | 350,000 | – | – | 350,000 |
| Guy Jalland | 240,000 | – | – | 240,000 |
| Martin P Dalgleish | 240,000 | – | – | 240,000 |
| David G Courtney | 550,000 | – | 93,802[2] | 643,802 |
| Barry J Felstead | 200,000 | – | 34,110[2] | 234,110 |

1. Change is as a result of an on-market transaction.
2. Additional shares issued as a result of the shareholder electing the PBL Scheme Maximum Share Consideration under the PBL Scheme. Mr John Alexander elected the PBL Scheme Maximum Share Consideration, in relation to only one parcel of shares (87,000).
3. 300,000 of Mr Chris Anderson's shares are ESP shares, 1,300,000 of Mr John Alexander's shares are ESP shares and all of Mr Rowen Craigie's shares are ESP shares.
4. All the Executives' shares are ESP shares except for Mr Geoff Kleemann. 240,000 of Mr Kleemann's shares are ESP shares.

The Company does not have any options on issue.



## 32. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

**(c) Shareholdings of key management personnel** *continued*

**2007**

**Ordinary shares held in PBL (directly and indirectly)**

| Directors (Including directors who left the Board during the year) | Balance 1 July 2006 | Issued under Executive Share Plan | Net Change Other | Balance 30 June 2007 |
|---|---|---|---|---|
| James D Packer | 258,782,250 | – | 2,717,750 | 261,500,000 |
| Christopher J Anderson | 15,194 | 300,000 | – | 315,194 |
| John H Alexander | 512,500 | 1,300,000 | – | 1,812,500 |
| Rowen B Craigie | – | 850,000 | – | 850,000 |
| Rowena Danziger | 22,876 | – | – | 22,876 |
| David H Lowy | 117,253 | – | – | 117,253 |
| Christopher J Mackay | 100 | – | – | 100 |
| Richard W Turner | 27,000 | – | – | 27,000 |

Directors not listed did not hold any PBL shares during the financial year.

| Executives | Balance 1 July 2006[1] | Issued under Executive Share Plan | Net Change Other | Balance 30 June 2007 |
|---|---|---|---|---|
| Geoffrey R Kleemann | 350,000 | – | – | 350,000 |
| Guy Jalland | 240,000 | – | – | 240,000 |
| Martin P Dalgleish | 240,000 | – | – | 240,000 |
| David G Courtney | 175,000 | 375,000 | – | 550,000 |

1. All the Executives' shares are ESP shares except for Mr Geoff Kleemann. 240,000 of Mr Kleemann's shares are ESP shares.

All changes disclosed under "Other" are the result of on-market transactions.
The Company does not have any options on issue.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 32. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

**(d) Loans to key management personnel**

| Directors | Balance as at 01-Jul-07 $ | Net Change $ | Interest charged $ | Balance as at 30-Jun-08 $ | Highest owing in period $ |
|---|---|---|---|---|---|
| Christopher J Anderson | 4,848,000 | (1,887,000) | 157,597 | 2,961,000 | 4,848,000 |
| John H Alexander | 22,668,000 | (8,592,000) | 909,908 | 14,076,000 | 22,668,000 |
| Rowen B Craigie | 14,566,000 | 12,861,875 | 797,775 | 27,427,875 | 27,427,875 |
| **Total directors** | **42,082,000** | **2,382,875** | **1,865,280** | **44,464,875** | **54,943,875** |

| Executives | Balance as at 01-Jul-07 $ | Net Change $ | Interest charged $ | Balance as at 30-Jun-08 $ | Highest owing in period $ |
|---|---|---|---|---|---|
| Geoffrey Kleemann | 3,878,400 | (1,509,600) | 175,000 | 2,368,800 | 3,878,400 |
| Guy Jalland | 3,878,400 | (1,509,600) | 120,000 | 2,368,800 | 3,878,400 |
| Martin Dalgleish | 3,878,400 | (1,509,600) | 120,000 | 2,368,800 | 3,878,400 |
| David Courtney | 9,683,000 | (2,420,750) | 298,451 | 7,262,250 | 9,683,000 |
| Barry Felstead | 3,679,000 | (919,750) | 108,528 | 2,759,250 | 3,679,000 |
| **Total executives** | **24,997,200** | **(7,869,300)** | **821,979** | **17,127,900** | **24,997,200** |

All loan amounts for directors and executives relate to monies advanced by PBL to purchase PBL shares issued under PBL's ESP. The conditions under which ESP issues are made are set out in the Remuneration Report. Interest is charged on ESP loans and is equal to the dividends received on shares held from time to time. The reduction in loan balances in the financial year arose as a result of the application of the PBL Scheme Consideration, in accordance with the amended terms of the executive share plan as detailed in the Remuneration Report.

**(e) Other transactions with director, key management personnel and their personally related entities**

Consolidated Press Holdings Limited ("CPH"), an entity related to Mr James Packer, provides management and consulting services to Crown and its controlled entities. The charges for the year ended 30 June 2008 were $27,000 (2007: $190,000). In addition, CPH provided leased premises, car parking and other facilities at a charge of $5,187,000 (2007: $1,693,000).

A controlled entity of CPH provided customs clearance services to Crown and its controlled entities in prior years. The charge for these services for the year ended 30 June 2008 was $Nil (2007: $2,136,000).

Crown and its controlled entities provided television air-time to controlled entities of CPH in prior years. The charge for television air-time for the year ended 30 June 2008 was $Nil (2007: $49,000). Crown and its controlled entities also provided CPH with hotel rooms for $426,000 (2007: $151,000), Banqueting and other services of $240,000 (2007: $138,000), information technology services of $Nil (2007: $285,000) and leased premises of $423,000 (2007: $670,000).

All transactions between the consolidated entity and its director related entities are conducted under normal commercial terms and conditions unless otherwise noted.



## 33. RELATED PARTY DISCLOSURES

**Parent entity**

Crown Limited is the ultimate parent entity of the Group at 30 June 2008. However, during the year Publishing and Broadcasting Limited was the ultimate parent up until the separation of PBL and Crown into two separate listed companies in December 2007. The related party transactions include transactions entered into with PBL related parties up until 11 December 2007 and Crown Limited related parties transactions from 12 December 2007 to 30 June 2008.

**Controlled entities, associates and joint ventures**

Interests in significant controlled entities are set out in note 34.

Investments in associates and joint ventures are set out in note 11.

**Entity with significant influence over the Group**

Consolidated Press Holdings Limited ("CPH"), an entity related to Mr James Packer, holds 37.92% (2007: 38.42%) of the Company's fully paid ordinary shares.

**Key management personnel**

Disclosures relating to key management personnel are set out in note 32, and in the Remuneration Report.

**Transactions with related parties**

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

| | CONSOLIDATED | |
|---|---|---|
| | 2008 $'000 | 2007 $'000 |
| **Rendering of services and other revenue from:** | | |
| *Entities with significant influence over the Group* | | |
| CPH | 1,089 | 1,243 |
| Controlled entities of CPH | – | 49 |
| *Associates* | | |
| SEEK Ltd | 38 | 721 |
| Hoyts Cinemas Group | 350 | 592 |
| Foxtel | 77 | 6,456 |
| PBL Media (inc. ninemsn) | 5,061 | 3,132 |
| Australian News Channel Pty Ltd | – | 197 |
| Premier Media Group | – | 668 |
| MPEL | 1,599 | 700 |
| Betfair | 331 | – |
| Aspers | 1,500 | 500 |
| Gateway | 9,170 | – |
| CMH | 7 | – |
| **Receiving of services from related parties:** | | |
| *Entities with significant influence over the Group* | | |
| CPH | 5,214 | 1,883 |
| Controlled entities of CPH | – | 2,136 |
| *Associates* | | |
| SEEK Ltd | 47 | 138 |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 33. RELATED PARTY DISCLOSURES *continued*

| | CONSOLIDATED | |
|---|---|---|
| | 2008 $'000 | 2007 $'000 |
| **Receiving of services from related parties:** ***continued*** | | |
| ***Entities with significant influence over the Group continued*** | | |
| Hoyts Cinemas Group | 233 | 1,445 |
| Foxtel | 333 | 3,232 |
| PBL Media (inc. ninemsn) | 1,732 | 3,884 |
| Premier Media Group | – | 332 |
| Global Television Limited | – | 4,411 |
| MPEL | 86 | – |
| Aspers | 191 | – |
| Gateway | 26 | – |
| CMH | 1,082 | – |

**Terms and conditions of transactions with related parties**

All of the above transactions were conducted under normal commercial terms and conditions.

Under the terms of the ninemsn joint venture agreement, PBL was to provide to ninemsn Pty Ltd the use of brands, including registered trademarks and logos, and personalities at no charge. An amount of advertising and ongoing promotional airtime was also provided free of charge as per the agreement. The market value of this advertising and promotional service was $Nil (2007: $1.2 million). This condition does not apply to Crown Limited and will not apply in future years.

Under the terms and conditions of the agreement with Seek Limited, PBL previously provided via its wholly owned subsidiaries advertising at no charge. This condition did not apply this year and will not apply in future years. Crown received dividends from SEEK of $5.9 million during the year (2007: $8.0 million).

Crown received dividends from Foxtel of $50.0 million during the year (2007: $Nil)

Crown has advanced loans to MPEL of $73.8m. Interest received on the loan was $1.6m for the year (2007: $0.7m).

Crown owes $29.9m in other payables to CMH relating to taxation matters.

Crown received dividends from Premier Media Group ("PMG") during the year of $10.7m (2007: $20.4 million). PMG loaned Crown $Nil during the year (2007: $9.6 million). No interest was charged on the loan.

The PBL Media services of $1.7m (2007: $3.9 million) provided to Crown relate to wireless and website costs, subscriptions, advertising, publicity and ticketing. Crown provided leased premises of $4.6 million and other services of $0.5 million during the year to PBL Media.

Subsequent to the investment in Aspinalls Holdings (Jersey) Limited, Crown made further equity contributions of $1.8 million. Crown also provided loans to Aspinalls of $1.8 million during the financial year. Interest of $1.5 million (2007: $0.5 million) was charged on the loan for the year.

No further amounts were invested in Betfair Australasia during the reporting period. The loan balance at 30 June 2008 was $7.7 million (2007: $7.7 million). No interest is payable on the loan.

In November 2007, Crown invested $74.6m for 50% interest in Gateway Casinos and Entertainment Inc. Subsequent to the investment Crown made further equity contributions of $3.2m during the year. Crown also provided a loan to Gateway of $155.1m. Interest of $9.2m was charged on the loan for the year.

Outstanding balances at year end are unsecured and settlement occurs in cash.

For the year ended 30 June 2008, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties as there have been no default of payment terms and conditions (2007: $Nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.



## 34. INVESTMENT IN CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Crown Limited and its controlled entities. Significant controlled entities and those included in a class order with the parent entity are:

| | Footnote | | Place of Incorporation | Beneficial Interest Held by the Consolidated Entity* | |
|---|---|---|---|---|---|
| | 2008 | 2007 | | 2008 % | 2007 % |
| **Crown Limited** | | | **Australia** | **Parent Entity** | |
| Artra Pty Ltd | | | Australia | 100 | 100 |
| Burswood Limited | A | A | Australia | 100 | 100 |
| Burswood Nominees Ltd | A | A | Australia | 100 | 100 |
| Burswood Resort (Management) Ltd | A | A | Australia | 100 | 100 |
| Crown CCR Group Holdings One Pty Ltd | D | | Australia | 100 | 100 |
| Crown Entertainment Group Holdings Pty Ltd | A | | Australia | 100 | 100 |
| Crown Group Finance Limited | A | | Australia | 100 | 100 |
| Crown Melbourne Limited | | C | Australia | 100 | 100 |
| Crown North America Holdings One Pty Ltd | D | | Australia | 100 | – |
| Crown North America Investments LLC | | | USA | 100 | 100 |
| Crown Services (US) LLC | D | | USA | 100 | – |
| Events Management Catering Pty Ltd | F | A | Australia | – | 100 |
| Flienn Pty Ltd | A | A,D | Australia | 100 | 100 |
| Jade West Entertainment Pty Ltd | A | A | Australia | 100 | 100 |
| Jemtex Pty Ltd | A | A | Australia | 100 | 100 |
| Mancon Nominees Pty Ltd | F | A | Australia | – | 100 |
| Manden Productions Pty Ltd | F | A | Australia | – | 100 |
| Nine Television (Netherlands Antilles) Pty Ltd | | | Australia | 100 | 100 |
| PBL Asia Investments Limited | | | Cayman Islands | 100 | 100 |
| PBL Capital Pty Ltd | | | Australia | 100 | 100 |
| PBL (CI) Finance Limited | | | Cayman Islands | 100 | 100 |
| PBL Cinema Holdings Pty Ltd | | A | Australia | 100 | 100 |
| PBL Enterprises Ltd | F | A | Australia | – | 100 |
| PBL Film Holdings Pty Ltd | F | A | Australia | – | 100 |
| PBL Gateway (Luxembourg) Sarl | D | | Luxembourg | 100 | – |
| PBL GC (Cyprus) Limited | | | Cyprus | 100 | 100 |
| PBL International Partnership | | D | – | 100 | 100 |
| PBL Overseas Investments Pty Ltd | | D | Australia | 100 | 100 |
| PBL Management Pty Ltd | F | A | Australia | – | 100 |
| PBL Media Shareholder Pty Ltd | F | A,D | Australia | – | 100 |
| PBL Pay TV Pty Ltd | F | A | Australia | – | 100 |
| PBL Property Pty Ltd | F | A | Australia | – | 100 |
| PBL Securities Ltd | A | | Australia | 100 | 100 |
| PBL (WA) Pty Ltd | A | A | Australia | 100 | 100 |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 34. INVESTMENT IN CONTROLLED ENTITIES *continued*

| | Footnote | | Place of Incorporation | Beneficial Interest Held by the Consolidated Entity* | |
|---|---|---|---|---|---|
| | 2008 | 2007 | | 2008 % | 2007 % |
| Publishing and Broadcasting (Finance) Ltd | A | A | Australia | 100 | 100 |
| Publishing and Broadcasting International Holdings Ltd | B | B | Bahamas | 100 | 100 |
| Renga Pty Ltd | A | A | Australia | 100 | 100 |
| Robbdoc Pty Ltd | F | A | Australia | – | 100 |
| Sydney Superdome Pty Ltd | F | A,E | Australia | – | 100 |
| Ticketek Pty Ltd | F | E | Australia | – | 100 |
| Windfyr Pty Limited | F | A | Australia | – | 100 |

* The proportion of ownership interest is equal to the proportion of voting power held

A These controlled entities have entered into a deed of cross guarantee with the parent entity under ASIC Class Order 98/1418 – the "Closed Group" (refer note 35).

B Controlled entities which are audited by other member firms of Ernst & Young International.

C Members of the "Extended Closed Group" only.

D Entity acquired or incorporated during the financial year.

E These entities are held for sale.

F. Entity disposed during the financial year.

## 35. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418, certain controlled entities of Crown have been granted relief from the Corporations Act 2001 requirements for preparation, audit and publication of accounts.

The consolidated profit and loss statement and balance sheet of the entities which are members of the "Closed Group" for the year ended 30 June 2008 are detailed below. Crown does not have an Extended Closed Group as at 30 June 2008.

| | CLOSED GROUP | | EXTENDED CLOSED GROUP | |
|---|---|---|---|---|
| **Consolidated income statement** | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| Profit/(loss) before income tax | (1,510,339) | (1,249,745) | – | (905,874) |
| Income tax (expense)/benefit | (52,602) | 104,780 | – | (14,614) |
| Net profit/(loss) after income tax | (1,562,941) | (1,144,965) | – | (920,488) |
| Retained earnings at the beginning of the financial year | 2,039,793 | 3,583,901 | – | 4,360,756 |
| Retained earnings of entities entering Closed Group | 96,936 | – | – | – |
| Retained earnings of entities removed from Closed Group | (1,982,502) | – | – | – |
| Dividends provided for or paid | (169,521) | (399,143) | – | (399,143) |
| **Retained earnings/(accumulated losses) at the end of the financial year** | **(1,578,235)** | **2,039,793** | **–** | **3,041,125** |



## 35. DEED OF CROSS GUARANTEE *continued*

| | CLOSED GROUP | | EXTENDED CLOSED GROUP | |
|---|---|---|---|---|
| **Consolidated balance sheet** | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Current Assets** | | | | |
| Cash and cash equivalents | 2,282,780 | 1,937,598 | – | 2,060,259 |
| Trade and other receivables | 33,480 | 20,278 | – | 64,809 |
| Inventories | 4,138 | 437 | – | 5,613 |
| Tax asset | – | 98,691 | – | – |
| Other | 7,446 | 339 | – | 6,697 |
| **Total Current Assets** | **2,327,844** | **2,057,343** | **–** | **2,137,378** |
| **Non Current Assets** | | | | |
| Receivables | 1,670,748 | 3,274,225 | – | 3,565,717 |
| Investment in associates | 102,437 | (15,429) | – | (15,429) |
| Available for sale assets | 8,100 | 55 | – | 55 |
| Other financial assets | 9,553,562 | 8,814,868 | – | 8,267,191 |
| Property, plant and equipment | 559,789 | 77,962 | – | 1,302,688 |
| Licences | 420,426 | 112,736 | – | 371,764 |
| Other intangible assets | 11,892 | – | – | – |
| Deferred tax assets | 82,793 | 98,616 | – | 142,747 |
| Other | – | – | – | 73,840 |
| **Total Non Current Assets** | **12,409,747** | **12,363,033** | **–** | **13,708,573** |
| **Total Assets** | **14,737,591** | **14,420,376** | **–** | **15,845,951** |
| **Current Liabilities** | | | | |
| Payables | 105,428 | 76,437 | – | 201,530 |
| Interest-bearing loans and borrowings | 20,000 | 46 | – | 46 |
| Income tax payable | 13,618 | – | – | 5,704 |
| Provisions | 42,828 | 57,147 | – | 108,646 |
| **Total Current Liabilities** | **181,874** | **133,630** | **–** | **315,926** |
| **Non Current Liabilities** | | | | |
| Payables | | – | – | 60 |
| Interest-bearing loans and borrowings | 6,330,865 | 9,747,630 | – | 9,531,290 |
| Deferred tax liability | 42,327 | 32,868 | – | 152,952 |
| Provisions | 23,059 | 1,129 | – | 339,272 |
| **Total Non Current Liabilities** | **6,396,251** | **9,781,627** | **–** | **10,023,574** |
| **Total Liabilities** | **6,578,125** | **9,915,257** | **–** | **10,339,500** |
| **Net Assets** | **8,159,466** | **4,505,119** | **–** | **5,506,451** |
| **Equity** | | | | |
| Contributed equity | 9,738,590 | 2,454,986 | – | 2,454,986 |
| Reserves | (889) | 10,340 | – | 10,340 |
| Retained earnings/(accumulated losses) | (1,578,235) | 2,039,793 | – | 3,041,125 |
| **Total Equity** | **8,159,466** | **4,505,119** | **–** | **5,506,451** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans and capital market debt, available for sale 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), price risk, 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 Treasury 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.

Risk management is carried out by the Treasury Group under policies approved by the Board of Directors. The Treasury Group identifies, evaluates and hedges financial risks in accordance with approved policies. The Board are informed on a regular basis of Treasuries 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 long term debt obligations as outlined in note 19.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated in cash flow hedges.

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 2,362,964 | 2,227,657 | – | – |
| | 2,362,964 | 2,227,657 | – | – |
| **Financial Liabilities** | | | | |
| Bank loans | 2,090,000 | 20,000 | – | – |
| | 2,090,000 | 20,000 | – | – |
| **Net Exposure** | **272,964** | **2,207,657** | **–** | **–** |

As at balance date, the Group maintained floating rate borrowings of $2,090m (2007: $20m) and the associated interest rate risk is mitigated by net cash and cash equivalents of $2,363m (2007: $2,228m). Under the bank loans, the Group pays the Bank Bill Swap rate (BBSW) plus a margin (45 basis points), and the cash and cash equivalents are invested at approximately BBSW.

*Group Sensitivity*

The sensitivity to fair value movements through equity or profit and loss as a result of interest rates increasing or decreasing by 50% is immaterial as at balance date.

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.



## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

**(a) Market Risk** *continued*

***(i) Interest rate risk – cash flow*** *continued*

As at balance date the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Cash flow hedge** | | | | |
| Maturity 1-5 years | – | – | – | – |
| Maturity over 5 years | 174,634 | 174,634 | – | – |
| **Closing Balance** | **174,634** | **174,634** | **–** | **–** |

Under the swap contract (maturing July 2036), the Group has the right to receive interest at a fixed rate of 4.76% (2007: 4.76%) semi-annually and pay interest at fixed rate of 7.05% (2007: 7.05%) quarterly. The terms of the swap contract are matched directly against the appropriate loan and interest expense and as such are highly effective. The change in value of the swap at balance date was negative $22.2m US dollars (2007: negative $11.8m US Dollars).

***(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 $114.6m (2007: $124.6m).

As at balance date the Group had the following interest rate swap in place to hedge the medium term note issuance.

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Fair value hedge** | | | | |
| Maturity 1-5 years | 124,600 | 124,600 | – | – |
| Maturity over 5 years | – | – | – | – |
| **Closing Balance** | **124,600** | **124,600** | **–** | **–** |

Under the terms of the contract (maturing May 2011) the Group has the right to receive a fixed rate of interest of 6% semi-annually and pay floating rate of interest (i.e. bank bill swap rate) plus 39.5 basis points. The value of the swap currently exceeds the medium term note by $10m. The fair value of the swap at balance date was negative $7.6m Australian dollars.

*Group Sensitivity*

The sensitivity to fair value movements through equity or profit and loss as a result of interest rates increasing or decreasing by 50% is immaterial as at balance date.

***(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.

Treasury, on behalf of the operating units, 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 100% of its foreign currency receivables and payables that are firm commitments.

As at balance date, the Group had the following foreign exchange exposures that were not designated as cash flow hedges:

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

**(a) Market Risk** *continued*

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **US Dollars** | | | | |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 502,702 | | | |
| Trade and other receivables | 22,162 | – | – | – |
| Available-for-sale financial assets | 138,828 | – | – | – |
| | **663,692** | **–** | **–** | **–** |
| **Financial Liabilities** | **500,000** | **–** | **–** | **–** |
| **Net exposure** | **163,692** | **–** | **–** | **–** |

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **GBP Exposure** | | | | |
| **Financial Assets** | | | | |
| Loans to associates | 11,393 | 8,003 | – | – |
| | **11,393** | **8,003** | **–** | **–** |
| **Financial Liabilities** | – | – | – | – |
| **Net exposure** | **11,393** | **8,003** | **–** | **–** |

*Group sensitivity – US dollar*

Based on the financial instruments held at balance date, had the Australian dollar strengthened by 5c or weakened by 10c against the US dollar with all other variables held constant, the Group's post-tax-profit for the year would have been $9.0m lower or $21.0m higher (2007: no exposure).

The sensitivity to fair value movements through equity as a result of the Australian dollar strengthening by 5c or weakening by 10c against the US dollar would not be material.

*Group sensitivity – GBP*

The sensitivity to fair value movements through equity or profit and loss as a result of the Australian dollar strengthening or weakening by 5c against the GBP would not be material. This sensitivity analysis was conducted based on the foreign exchange risk exposures in existence at the balance sheet date.

*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.



## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

**(a) Market Risk** *continued*

*Cash flow hedges*

**At balance date details of outstanding contracts are:**

| | CONSOLIDATED | | | | PARENT | | | |
|---|---|---|---|---|---|---|---|---|
| | Notional Amounts $AUD | | Average Rate | | Notional Amounts $AUD | | Average Rate | |
| | 2008 $'000 | 2007 $'000 | 2008 | 2007 | 2008 $'000 | 2007 $'000 | 2008 | 2007 |
| **Buy USD/Sell AUD** | | | | | | | | |
| Maturity under 1 year | 2,728 | 2,701 | 0.7330 | 0.7404 | – | – | – | – |
| Maturity 1-5 years | 2,063 | 4,791 | 0.7271 | 0.7305 | – | – | – | – |
| **Buy AUD/Sell USD** | | | | | | | | |
| Maturity under 1 year | 37,635 | 15,533 | 0.8822 | 0.7523 | – | – | – | – |
| Maturity 1-5 years | 151,236 | – | 0.8133 | – | – | – | – | – |

The change in fair value of cash flow hedges as at balance date was negative $2.3m Australian dollars (2007: negative $1.4m)

*Fair value hedges*

**At balance date details of outstanding contracts are:**

| | CONSOLIDATED | | | | PARENT | | | |
|---|---|---|---|---|---|---|---|---|
| | Notional Amounts $AUD | | Average Rate | | Notional Amounts $AUD | | Average Rate | |
| | 2008 $'000 | 2007 $'000 | 2008 | 2007 | 2008 $'000 | 2007 $'000 | 2008 | 2007 |
| **Buy AUD/Sell USD** | | | | | | | | |
| Maturity 1-5 years | 82,689 | – | 0.7758 | – | – | – | – | – |
| **Buy AUD/Sell CAD** | | | | | | | | |
| Maturity 1-5 years | 161,671 | – | 0.8041 | – | – | – | – | – |

The change in fair value of fair value hedges as at balance date was negative $11.2m Australian dollars (2007: no exposure).

The forward exchange contracts 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.

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

### (b) Price Risk

The Group is exposed to equities securities price risk. Equity securities price risk arises from investments held by the Group and classified on the balance sheet as available-for-sale financial assets.

Neither the Group nor the parent entity is exposed to commodity price risk.

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| Shares – unlisted | 507,489 | 396,771 | – | – |
| Shares – listed | – | 1,242 | – | – |
| **Net exposure** | **507,489** | **398,013** | **–** | **–** |

*Group sensitivity*

The Group's sensitivity to price risk has been estimated using valuation techniques based on the fair value of securities held. Had the value of securities held decreased by 5%, the Group's post tax profit and loss would have been $24.2m lower as at balance date. Had the value of securities held increased by 10%, Equity would have increased by $50.7m as at balance date.

### (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.

### (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.

The Group's policy is that no more than 30% or $500 million of borrowings should mature in any 12 month period. At balance date 0.55% or $20 million of the Group's debt will mature in less than 12 months (2007: 6.6%).

As at balance date the Group had $875.8 million in undrawn committed bank lines.

***Maturity analysis of financial assets and liabilities***

The table below analyses the Group's contractual undiscounted cash flows of 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.



## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

| | 1 year or less | | 1 to 5 years | | More than 5 years | | Total carrying amount as per the Balance Sheet | |
|---|---|---|---|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Consolidated Group** | | | | | | | | |
| ***Financial Liabilities*** | | | | | | | | |
| Trade and other payables | 255,108 | 234,821 | 24,059 | 114 | – | – | 279,167 | 234,935 |
| Capital markets | – | – | 114,600 | 124,600 | 174,634 | 174,634 | 289,234 | 299,234 |
| Bank loans | 20,000 | 20,000 | 2,070,000 | – | – | – | 2,090,000 | 20,000 |
| Finance lease/Hire purchase liability | – | 46 | – | 266 | – | – | – | 312 |
| Forward exchange contracts | 34,906 | 22,117 | 393,533 | 16,462 | – | 5,655 | – | – |
| Interest rate swaps | – | – | 124,600 | 124,600 | – | – | – | – |
| Cross currency interest rate swaps | – | – | – | – | 174,634 | 174,634 | – | – |
| **Total Financial Liabilities** | **310,014** | **276,984** | **2,726,792** | **266,042** | **349,268** | **354,923** | **2,658,401** | **554,481** |
| ***Financial Assets*** | | | | | | | | |
| Cash and cash equivalents | 2,362,964 | 2,227,657 | – | – | – | – | 2,362,964 | 2,227,657 |
| Receivables – trade | 146,210 | 104,572 | 183,923 | 16,762 | – | – | 330,133 | 121,334 |
| Receivables – associates | 314 | 384 | 228,921 | – | 30,358 | 73,339 | 259,593 | 73,723 |
| Assets held for sale | – | 447,435 | – | – | – | – | – | 447,435 |
| Available for sale assets | – | – | – | – | 507,489 | 398,013 | 507,489 | 398,013 |
| Forward exchange contracts | 34,906 | 22,117 | 393,533 | 16,462 | – | 5,655 | | |
| Interest rate swaps | – | – | 124,600 | 124,600 | – | – | | |
| Cross currency interest rate swaps | – | – | – | – | 174,634 | 174,634 | | |
| **Total Financial Assets** | **2,544,394** | **2,802,165** | **930,977** | **157,824** | **712,481** | **651,641** | **3,460,179** | **3,268,162** |
| **Net Maturity** | **2,234,380** | **2,525,181** | **(1,795,815)** | **(108,218)** | **363,213** | **296,718** | **801,778** | **2,713,681** |

# Notes to the Financial Statements *continued*

For the year ended 30 June 2008

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

| | 1 year or less | | 1 to 5 years | | More than 5 years | | Total carrying amount as per the Balance Sheet | |
|---|---|---|---|---|---|---|---|---|
| | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Parent** | | | | | | | | |
| *Financial Liabilities* | | | | | | | | |
| Trade and other payables | 13,408 | – | – | – | – | – | 13,408 | – |
| **Total Financial Liabilities** | **13,408** | **–** | **–** | **–** | **–** | **–** | **13,408** | **–** |
| *Financial Assets* | | | | | | | | |
| Loans to controlled entities | _ | – | – | – | 178,160 | – | 178,160 | – |
| **Total Financial Assets** | **_** | **–** | **–** | **–** | **178,160** | **–** | **178,160** | **–** |

**(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.

# Shareholder Information

### Substantial shareholders as at 12 September 2008:

The following information is extracted from substantial shareholder notices received by Crown Limited.

| Shareholder | Number of Ordinary Shares | % of Issued Capital |
|---|---|---|
| Consolidated Press Holdings Limited | 261,500,000 | 37.92 |
| Janus Capital Management LLC | 54,398,725 | 7.98 |
| Perpetual Limited | 58,444,366 | 8.58 |

### Holders of each class of securities

Crown only has Ordinary Shares on issue. The total number of ordinary shares on issue is 689,676,925 held by 62,834 shareholders.

### Voting rights of ordinary shares

Crown Limited's Constitution sets out the information in relation to the voting rights attached to shares. In summary, at a general meeting on a show of hands, every member present has one vote; and on a poll, every member present has:

(a) one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and

(b) 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 12 September 2008:

| Size of Holdings | Number of Shareholders | % of Issued Capital |
|---|---|---|
| 1 – 1,000 | 42,167 | 2.67 |
| 1,001 – 5000 | 18,363 | 5.54 |
| 5,001 – 10,000 | 1,461 | 1.48 |
| 10,001 – 100,000 | 734 | 2.76 |
| 100,001+ | 109 | 87.55 |
| Total | 62,834 | 100.00 |
| Holding less than a marketable parcel | 3,219 | |

## Shareholder Information *continued*

**The 20 largest shareholders as at 12 September 2008:**

| Name | No. of Shares | % of Issued Capital |
|---|---|---|
| 1. Bareage Pty Limited | 158,486,104 | 23.26 |
| 2. HSBC Custody Nominees (Australia) Limited | 104,690,189 | 15.37 |
| 3. Consolidated Press Holdings Limited | 88,286,136 | 12.96 |
| 4. JP Morgan Nominees Australia Limited | 54,906,424 | 8.06 |
| 5. National Nominees Limited | 34,800,223 | 5.11 |
| 6. RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C> | 30,560,500 | 4.49 |
| 7. ANZ Nominees Limited <CASH INCOME A/C> | 20,238,534 | 2.97 |
| 8. Citicorp Nominees Pty Limited | 16,853,648 | 2.47 |
| 9. Samenic Limited | 11,136,925 | 1.63 |
| 10. RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C> | 9,074,473 | 1.33 |
| 11. UBS Nominees Pty Ltd | 7,024,351 | 1.03 |
| 12. WIN Television NSW Pty Ltd | 5,486,845 | 0.81 |
| 13. Cogent Nominees Pty Limited | 4,645,238 | 0.68 |
| 14. RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C> | 3,695,166 | 0.54 |
| 15. Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 4 A/C> | 3,507,176 | 0.51 |
| 16. Queensland Investment Corporation | 3,220,451 | 0.47 |
| 17. UBS Wealth Management Australia Nominees Pty Ltd | 2,525,874 | 0.37 |
| 18. Perpetual Trustee Company Limited | 2,417,003 | 0.35 |
| 19. Consolidated Press Investments Pty Ltd | 2,069,387 | 0.30 |
| 20. Birketu Pty Ltd | 2,000,001 | 0.29 |
| Total | 565,624,648 | 83.00 |
| Others | 124,052,277 | 17.00 |

### Details of unquoted equity securities

Crown Limited has 8,380,821 Shares on issue which are currently unquoted. These shares are held by participants in the Executive Share Plan (as described more fully in the Remuneration Report) and represent shares which are yet to be released from restriction in accordance with the terms of the Plan.

### Use of cash and assets

Crown was admitted to the official list of the ASX on 3 December 2007. The company used (and continues to use) the cash and assets in a form readily convertible to cash that it had at the time of admission in a manner consistent with its business objectives.



# Additional Information

### Shareholder enquiries

Shareholders may access their details by visiting the Share Registry's website at www.computershare.com. For security reasons, shareholders need to enter their Security holder Reference Number (SRN) or Holding Identification Number (HIN) and postcode to access personal information. Security holding information may be updated online. Alternatively, download the relevant forms and have the completed forms mailed to the Share Registry.

Shareholders with queries about their shareholdings should contact the Share Registry, Computershare Investor Services, on telephone number 1300 659 795 or if calling from outside Australia, (61 3) 9415 4000 or by fax (61 3) 9473 2500.

### Electronic shareholder communications

Shareholders who wish to receive email alerts informing them of significant announcements, dividend payment advices and the availability of reports on Crown Limited's website, www.crownlimited.com, may either contact the Share Registry or lodge such instructions online at the Share Registry's website at www.computershare.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 should advise the Share Registry in writing.

### Tax File Numbers

Crown is obliged to deduct tax at the top marginal rate plus 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.

### 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.

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# Corporate Information

## Directors

- James D Packer *Executive Chairman*
- John H Alexander BA *Executive Deputy Chairman*
- Rowen B Craigie BEc (Hons) *Chief Executive Officer and Managing Director*
- Christopher J Anderson BEc
- Christopher D Corrigan
- Rowena Danziger BA, TC, MACE
- Geoffrey J Dixon
- Ashok P Jacob MBA
- Michael R Johnston BEc, CA
- David H Lowy AM, BCom
- Richard W Turner AM, BEc, FCA

## Chief Financial Officer

Geoffrey R Kleemann CA

## Chief Executive Officer, Crown Melbourne

David G Courtney BBus, F Fin, MBA, ACA, GDipAppFin

## Chief Executive Officer, Burswood

Barry J Felstead

## General Counsel/Joint Company Secretary

Michael J Neilson BA, LLB

## Joint Company Secretary

Mary Manos BCom, LLB (Hons)

## Crown Limited's registered office and principal corporate office

Level 3
Crown Towers
8 Whiteman Street
Southbank VIC 3006
Australia

## Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 850 505 (within Australia)
(61 3) 9415 4000 (outside Australia)
Fax: (61 3) 9473 2500
Website: www.computershare.com

## Stock Exchange Listing

Crown Limited's ordinary shares are listed on the Australian Stock Exchange under the code "CWN". The home exchange is Melbourne.

## Website

Visit our website www.crownlimited.com for media releases and financial information

## Auditor

Ernst & Young

## Banker

Australia and New Zealand Banking Group Limited

DESIGN: COLLIER & ASSOCIATES THE STRATEGIC DESIGN COMPANY #13012

CROWN

crownlimited.com