



CROWN

Crown Limited

Annual Report 2012

Australia's Leading
Integrated Resort Company

Annual General Meeting

Tuesday 30 October 2012
 10.00 am (Perth time)
 Astral Ballroom, Convention Centre
 Crown Perth, Great Eastern Highway, Perth

Financial Calendar

Record date for dividend – 28 September 2012
 Payment of final dividend – 12 October 2012
 Annual General Meeting – 30 October 2012
 2013 interim results – February 2013

Crown has created two of Australia's premier tourism assets, cementing our position as one of the region's leading operators of integrated resorts.

1 Executive Chairman's Letter	14 Crown Perth	21 Sustainability Report	52 Remuneration Report	77 Financial Report
6 Chief Executive Officer's Report	18 Melco Crown Entertainment	29 Corporate Governance Statement	73 Auditor's Independence Declaration	134 Shareholder Information
8 Portfolio of Integrated Resort Assets	20 Aspinall's Club	38 Nevada Information Statement	74 Independent Auditor's Report	136 Additional Information
10 Crown Melbourne	20 Other Investments	42 Directors' Statutory Report	76 Directors' Declaration	137 Corporate Information

Executive Chairman's Letter



"Our goal is to make Crown a leading global luxury brand."

James Packer
 Executive Chairman
 Crown Limited

Dear fellow shareholders,

I am pleased to present Crown Limited's 2012 Annual Report.

For the financial year ended 30 June 2012, Crown announced a net profit of \$513.3 million, an increase of 53% on 2011. A final dividend of 19 cents per share, franked to 50%, was announced, bringing the total dividend for the year to 37 cents per share.

Overall, this was a solid result given softening domestic consumer sentiment and disruptions due to refurbishments at our Australian resorts. Despite ongoing weakness in the tourism sector over the last year, Crown demonstrated that, by providing first class facilities, we can continue to attract a greater number of domestic and international visitors. Crown also benefited from Melco Crown Entertainment's strong result in Macau.

Crown remains focused on delivering the highest quality service in all segments of our business and investing in our employees, who are our most valuable asset. We also continue to invest in Australia's tourism infrastructure, demonstrating our confidence in the future of Australia's economy and in the ability of our integrated resorts to effectively compete as world-class tourist destinations.

Specifically, Crown has shown its long-term commitment to Perth with our decision to re-brand Burswood to Crown Perth, enabling the property to leverage off our internationally recognised Crown brand. In addition, we are investing \$568 million in the development of a new six-star, luxury hotel, to be known as Crown Towers Perth. The 500-room luxury hotel will add to the accommodation offerings at Crown Perth and will be a major boost to the local economy.

In the year ahead, we will be focusing on the performance of Crown Melbourne and Crown Perth and management of their capital expenditure projects. We will continue to work with Melco Crown Entertainment on opportunities for further development of this business in Macau and the region. We are also looking forward to working exclusively with Lend Lease in relation to the proposed development of a world-class, six-star hotel resort at Barangaroo South in Sydney.

To ensure that Crown Melbourne and Crown Perth remain among Australia's most visited tourist destinations, we will continue to work closely with governments at all levels, as well as our other stakeholders.

On behalf of the Board, I wish to thank Crown's management and staff for their valued contributions during 2012. I would also like to thank you for your continued support and interest as a shareholder of Crown Limited.

Yours faithfully,

James Packer
 Executive Chairman
 Crown Limited



Dining

Crown Melbourne and Crown Perth offer customers a full range of dining experiences, and this year served over 14 million meals to our customers. There is a wide range of cuisines, and customers can choose to dine at any one of our numerous cafés and casual restaurants, while for that special occasion, both properties have outstanding premium restaurants.



Hotels

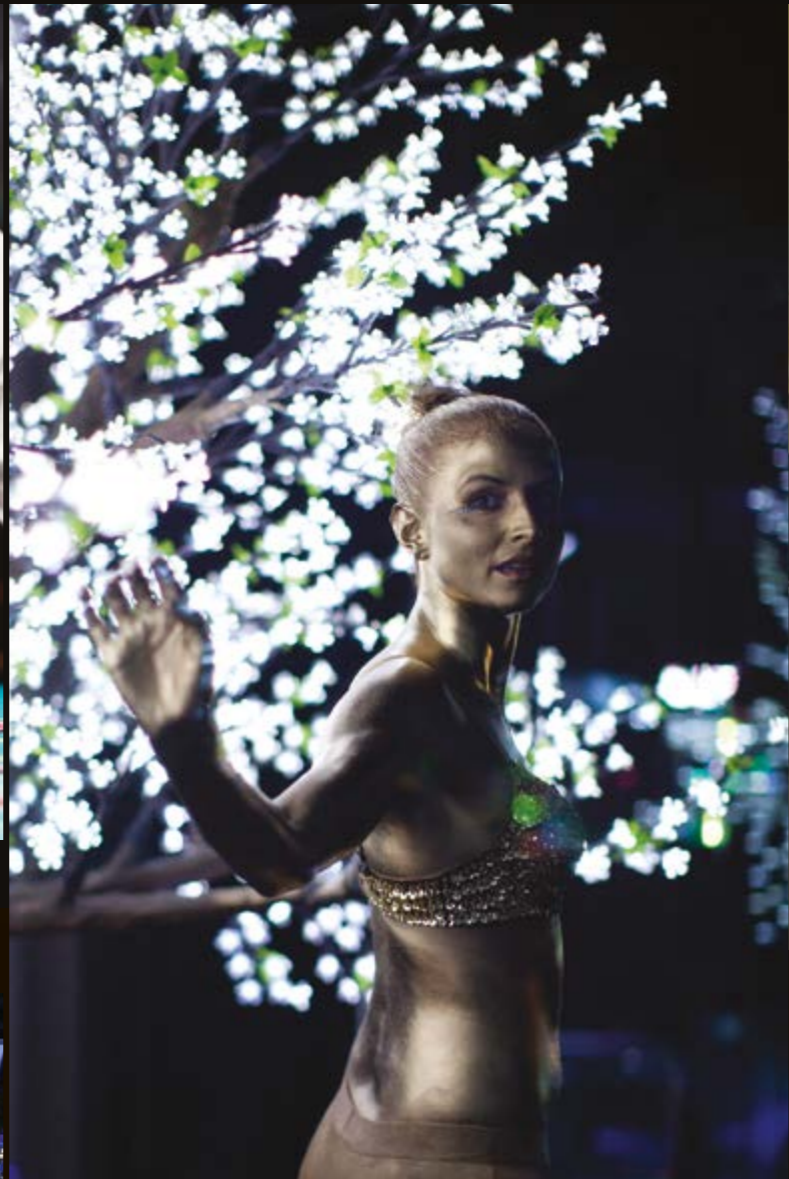
The five hotels at Crown's two integrated resorts offer guests premium to luxury accommodation with world-class amenities that include swimming pools, day spas, and luxury villas. With over one million guest nights¹ this year, Crown's hotels provided our local, interstate and international guests with an excellent range of accommodation options.



1. Guest nights is the sum of the number of nights stayed by each guest.

Gaming

Crown's integrated resorts provide guests with gaming experiences that offer everything from exclusive VIP salons for international guests to the vibrant and exciting main gaming floor.



Entertainment

Our entertainment venues and programs continue to attract audiences and entertainers from throughout Australia and from around the world. With events including rock concerts, musicals, ballets, live theatre and comedy acts, there is always something to appeal to every taste.

Shopping

Crown's collection of the world's leading designers – including Louis Vuitton, Prada, Burberry, Bvlgari, Versace and Omega – offers the ultimate shopping experience.



Events

Crown's outstanding event facilities can host everything from large-scale corporate conferences to exclusive meetings, gala events, weddings and banquets. Our facilities include ballrooms, conference centres and meeting rooms that can be configured according to requirements, ensuring that each guest experiences an impressive and memorable occasion.

Chief Executive Officer's Report



The significant capital expenditure program has ensured that Crown Melbourne and Crown Perth continue to be two of Australia's premier tourist destinations. Our growth capital expenditure is progressively delivering benefits, and is expected to be earnings and value accretive for shareholders.

Rowen Craigie Chief Executive Officer Crown Limited

Overview

Crown reported a normalised net profit after tax (NPAT)¹ of \$415.0 million for the 12 months ended 30 June 2012, an increase of 22% on 2011. Crown Melbourne and Crown Perth achieved normalised revenue growth of 8.9% and normalised EBITDA growth of 5.1%. Crown's operating cash flow was \$570.7 million for the 12 months, and net debt, excluding working capital cash, was \$1,688.7 million at 30 June 2012.

Performance for the year ended 30 June 2012	(\$m) ¹
Group revenue	2,727.5
Expenditure	(2,005.5)
EBITDA ²	722.0
EBIT ³	503.7
Normalised net profit after tax	415.0
Reported net profit	513.3

1. Normalised
2. Earnings before interest, tax, depreciation, and amortisation
3. Earnings before interest and tax

From financial year 2007 to date, more than \$2.0 billion of capital expenditure has been undertaken across both Australian properties, reinforcing our position as one of the region's leading operators of integrated resorts. The complex-wide capital projects completed at Crown Melbourne have included the expansion and redevelopment of our world-class VIP facilities, the upgrade of our premium gaming facilities with the opening of the new Mahogany Room, the construction of Crown Metropol Melbourne, and the redevelopment and expansion of the West End entertainment precinct. At Crown Perth, completed projects have included the expansion of the main gaming floor, significant extension and refurbishment of the VIP facilities, and the extensive upgrade and expansion of the food and beverage offering.

Ongoing projects include the refurbishment of the main gaming floor at Crown Melbourne, completion of the renovation of Crown Metropol Perth, the construction of Crown Perth's multi-storey car park, and the planning for Crown Towers Perth.

The significant capital expenditure program has ensured that Crown Melbourne and Crown Perth continue to be two of Australia's premier tourism destinations, capable of competing with the best in the Asian region. The investment in growth capital expenditure is progressively delivering benefits and is expected to be earnings and value accretive for shareholders.

The re-branding of Burswood to Crown Perth, so as to align it with the internationally recognised Crown brand, is expected to increase the number of international and interstate visitors to Perth, especially from the strategically important China market.

An Exclusive Dealing Agreement was signed with Lend Lease Corporation Limited (LLC) in relation to a proposed development of a world-class, six-star hotel resort at Barangaroo South in Sydney. The Exclusive Dealing Agreement provides Crown with the right to work exclusively with LLC for up to twenty-four months to reach agreement on certain key milestones for the hotel resort and to obtain the necessary approvals for the project, including those from the Barangaroo Delivery Authority and the New South Wales Government.

Crown holds 10% of the shares of Echo Entertainment Group Limited (EGP), and has applied to the New South Wales and Queensland gaming regulators for approval to acquire more than 10% of EGP, subject to a condition that Crown not acquire more than 25% of shares in EGP without first seeking further approval from the gaming regulators. A decision is yet to be made about granting Crown's application.

Internationally, the results from our Macau joint venture, Melco Crown Entertainment, were strong and were a major contributor to the growth in NPAT for the Group.

Australian Integrated Resorts

Overall, the results for Crown's wholly-owned Australian casinos, Crown Melbourne and Crown Perth, were mixed. During the year, we saw reasonable revenue growth at both properties, although in some areas this was offset by higher operating costs. At Crown Melbourne, in particular, we saw a softening of activity in some segments of main floor gaming and non-gaming operations in the second half of the year, as well as the effects on operating margins of disruption due to refurbishments. Crown Perth benefited from the completion of some of the capital refurbishment projects at the property, especially the VIP facilities.

Across the two properties, normalised main floor gaming revenue grew by 6.6%, VIP program play turnover grew by 18.7%, and non-gaming revenue grew by 5.1%.

Normalised EBITDA from Crown Melbourne was \$510.6 million, up 1% on the prior corresponding period (pcp). Reported EBITDA for the period was \$564.2 million, up 10.4% or \$53.1 million on the pcp. This reflected an above theoretical win rate of 1.50%, which generated a positive EBITDA variance of \$53.6 million, compared to a positive EBITDA variance of \$5.4 million in the pcp when the win rate was 1.37%.

A more detailed report on Crown Melbourne appears later in this Annual Report.

Normalised EBITDA from Crown Perth was \$226.3 million, up 15.9% on the pcp. Reported EBITDA for the period was \$270.9 million, up 53.7% or \$94.7 million on the pcp. This reflected an above theoretical win rate of 1.84% which generated a positive EBITDA variance of \$44.6 million, compared to a negative EBITDA variance of \$19.0 million in the pcp when the win rate was 1.10%.

A more detailed report on Crown Perth appears later in this Annual Report.

Melco Crown Entertainment (MCE)

MCE reported strong results for the twelve months to 30 June 2012. Crown's share of MCE's reported result for the year was an equity accounted profit of \$135.8 million. Crown's share of MCE's normalised result for the period was a profit of \$92.1 million, after adjusting for an above theoretical win rate.

This solid result for MCE was primarily driven by improved operating performance in all major segments. There was an increase in gaming volumes, significant improvements in mass table games hold percentages, as well as increasing contributions from the hotel, food and beverage, and entertainment segments.

The Macau gaming market, as a whole, continued to show strong growth, with gross gaming revenues up 29% during the period. In the six months to June 2012, gross gaming revenues were up 19% year-on-year, although VIP revenue growth slowed.

Additional information about MCE and Crown's other investments appears later in this Annual Report.

Outlook

We remain focused on maximising the performance of our Australian operations and we will endeavour to minimise the disruption to customers from our capital expenditure program. We have strengthened our Asian VIP sales force and will continue to promote Crown to the region's VIP market.

We will also continue to work closely with MCE to further build the value of MCE's businesses.

I would like to sincerely thank the Board for its support, and all management and staff for their efforts in 2012.

Rowen Craigie

Rowen Craigie
Chief Executive Officer

Figure 1
Crown Melbourne
Normalised Revenue and EBITDA Performance

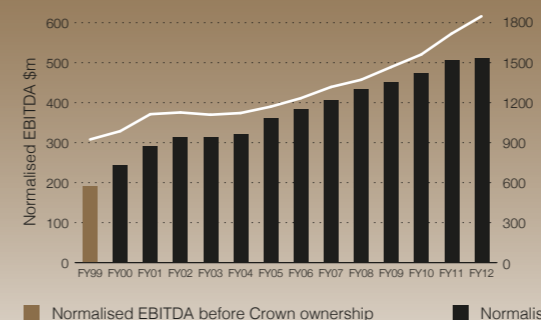
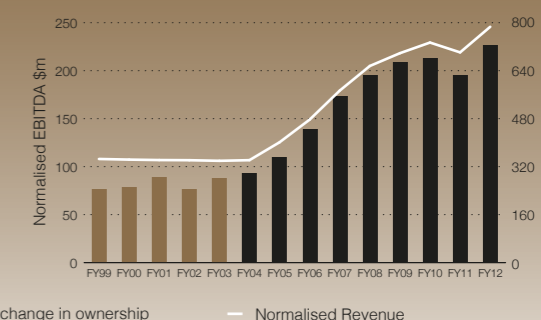


Figure 2
Crown Perth
Normalised Revenue and EBITDA Performance



Figures 1 and 2 show a year by year comparison of the normalised revenue and EBITDA at Crown Melbourne and Crown Perth respectively.

1. Normalised Net Profit After Tax represents results that have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play.

Portfolio of integrated resort assets

Our goal is to create integrated resorts capable of competing with the best in the Asian region.



A WORLD OF ENTERTAINMENT™

Melbourne
100% owned



CROWN MELBOURNE

- Crown Melbourne operates 2,500 gaming machines and has approval to operate 500 table games.
- Crown Towers Melbourne hotel has 480 guest rooms.
- Crown Metropal Melbourne hotel has 658 guest rooms.
- Crown Promenade Melbourne hotel has 465 guest rooms.
- Crown Conference Centre has 7,350 square metres of conference and meeting facilities, across three floors.
- Banqueting facilities include the Palladium's 1,500-seat ballroom and the Palms' 900-seat cabaret venue.
- A broad selection of restaurants and bars are provided in the complex, including many of Melbourne's finest.
- Internationally recognised designer boutiques and retail outlets.
- Entertainment facilities include a multi-screen cinema complex, a bowling alley, and an interactive gaming auditorium.
- Two luxurious day spas.



Perth
100% owned



CROWN PERTH

- Crown Perth has approval to operate 2,000 gaming machines and 220 table games.
- Crown Metropal Perth hotel (formerly InterContinental Perth Burswood) has 395 guest rooms.
- Crown Promenade Perth hotel (formerly Holiday Inn Burswood) has 291 guest rooms.
- Large-scale entertainment facilities include the 20,000-seat Crown Perth Dome and 2,300-seat Crown Theatre Perth.
- World-class conventions and events facilities.
- Twenty-seven restaurants and bars and a nightclub.
- Luxury day spa and retail outlets.



Melco Crown Entertainment
新濠博亞娛樂

Macau
33.6% interest
(as at 30 June 2012)



CITY OF DREAMS

- City of Dreams operates more than 1,350 gaming machines and approximately 440 table games.
- Crown Towers Macau hotel has approximately 300 guest rooms.
- Hard Rock hotel has approximately 300 guest rooms.
- Grand Hyatt hotel has approximately 800 guest rooms.
- More than twenty restaurants and bars.
- Wide range of retail brands.
- Iconic and spectacular show – Franco Dragone's 'The House of Dancing Water' in the Theatre of Dreams.
- Other key attractions include The Bubble audio-visual experience and Club Cubic.

ALTIRA

- The casino and hotel feature approximately 180 table games and approximately 200 guest rooms.

MOCHA CLUBS

- A network of gaming lounges, with approximately 1,600 gaming machines.



The scale and quality of our extensive refurbishment program has further enhanced Crown Melbourne's reputation as a world-class integrated resort.

Greg Hawkins Chief Executive Officer Crown Melbourne

Overview

Crown Melbourne is Australia's leading integrated resort, welcoming approximately 18 million local, interstate, and international visitors each year. The 550,000 square metre complex includes high-end retail outlets, premium and casual restaurants and cafés, gaming options, the Palladium ballroom, a world-class convention centre, a cinema complex, nightclubs, live entertainment venues, and three hotels with more than 1,600 premium to luxury guest rooms.

Crown Melbourne is also Victoria's largest single-site, private sector employer, with more than 8,800 people employed on site.

In this financial year, normalised revenue grew by 7.6% and normalised EBITDA grew by 1.0%. The growth in revenue was largely attributable to increased main floor gaming and VIP activity. EBITDA growth was less than revenue growth due to higher VIP costs, the effects of refurbishment disruptions, an increase in gaming machine tax, and higher fixed costs associated with the expanded footprint of the property in advance of the full benefits of the upgrade being realised.

Main gaming floor revenue grew by 6.6% for the year to \$991.9 million and normalised VIP program play revenue increased by 15.0% to \$481.0 million on turnover of \$35.6 billion. The growth in VIP program play is attributable to the success of Crown's continuing strategy to source new customers from China, combined with its excellent VIP facilities.

Non-gaming revenue grew 1.9% to \$372.1 million. Closures and disruptions during the refurbishment of a number of Crown Melbourne's key bars and restaurants had a significant effect on non-gaming activity. Two of these, Atrium Bar and Conservatory restaurant, were closed for a number of months, and since re-opening in June, have proven to be extremely popular with customers.

Crown Melbourne Property Update

Developments and changes continued throughout the property, the most notable of which were the extensive refurbishment and expansion of the Mahogany Room and the significant redevelopment of the West End.

Work on the Mahogany Room was completed in October 2011. The extension includes world-class gaming facilities, a new Mahogany Restaurant, and three private gaming salons for the exclusive use of Mahogany customers. Taking advantage of the site's superb Yarra River frontage, there are now exterior lounge and bar areas that flow into the naturally-lit gaming floors. These refurbishments have been very well received by customers.

Crown Melbourne's premium facilities were also enhanced by the addition of Club 23 and the significant upgrade of Level 29. Club 23 is a new and luxurious ultra-lounge with an expansive cocktail bar and terrace that provides some of the best views of Melbourne, while the refurbishment of the gaming salons on Level 29 included the development of an intimate 40-seat dining area.

These upgrades ensure that Crown Melbourne continues to provide VIP guests with an exclusive experience in one of the world's best VIP gaming facilities. Crown Melbourne's VIP areas continue to receive international recognition. This year, Crown Melbourne was awarded the International Gaming Awards Casino VIP Room of the Year for its Level 39 salons, and was a finalist in the Victorian Property Council awards in the Best Tourism and Leisure Development category.

At the West End, the gaming floor was transformed and now includes premium and casual gaming, a variety of excellent dining options, live entertainment, and sports streaming. This area has become a vibrant and dynamic precinct, successfully tailored to appeal to a younger demographic.



Mahogany Room, Crown Melbourne



Mahogany Restaurant, Crown Melbourne

The newly-located Crystal Club opened in September 2011, offering guests an exclusive executive lounge, complete with an al fresco dining experience. The extensively refurbished Crown Towers Spa is now one of Melbourne's most exclusive and sophisticated spas, offering dedicated pampering areas and treatment rooms for guests, adding to their luxury experience at Crown Towers.

Other significant work undertaken this year includes the refurbishment of the Monte Carlo gaming room and the refurbishment and expansion of Atrium Bar. Renovations to the Conservatory restaurant added grandeur and a unique English conservatory grace to this popular restaurant. This innovative new approach to traditional buffet dining has been well received by customers.

A project to rejuvenate the retail promenade was completed in November 2011. New and upgraded retail tenancies include Nine West, Bvlgari, LK Jewellery, Omega, Forever New, and Subway. In addition, significant lighting and landscaping upgrades were made to the outdoor riverside boulevard, including a public art project titled "The Wall", which was created by local artists under the direction of Melbourne artist, Adrian Doyle.

In December 2011, Mings was opened in the space previously occupied by the buffet restaurant, Santé. Mings is a light-filled gaming room, complemented by a popular dumpling and noodle bar.

Local Gaming and Crown Signature Club

Crown Melbourne continues to invest in new gaming products and technology to improve the entertainment experience of customers. This year's new products include fully automated Grand Baccarat and multi-wheel Rapid Roulette, while new ticket-in ticket-out technology complements the range of electronic table games and has increased customer satisfaction.

In partnership with Caesar's Entertainment, Crown Melbourne will be hosting the first World Series of Poker championship in Australasia. To be held during April 2013, this event will be televised on the cable sports channel ESPN.

Crown Melbourne continued to enhance its premium facilities, adding gaming machines to VIP gaming rooms and upgrading The Riverside Café to offer a full à la carte service. Further enhancements to The Riverside Café's seating and décor will be made in the first half of 2013.

The Crown Signature Club loyalty program was expanded so that members now enjoy benefits beyond Crown, and a number of processes were revised to make it easier for members to accumulate membership credits. Other benefits provided to members and their guests included invitations to several Crown events, the Spring Racing Carnival, and the Australian Open Tennis Championship.

VIP Program Play

VIP Program Play turnover for the year was \$35.6 billion, an increase of 15.0% on the previous year. The rate of growth of our VIP Program Play turnover slowed in the second half of the year, which is consistent with the lower growth rates reported in Macau and Singapore over the same period.

Hotels, Conferences and Retail

This year, Crown Melbourne's three hotels provided over 750,000 guest nights, which is a 6% increase on the previous financial year. The Conference Centre hosted over 580 events, which is a pleasing increase of approximately 10% on the previous year.

Crown Towers Melbourne was awarded the 2012 Gourmet Traveller Reader's Choice Award for Best Large Luxury Hotel, and was a finalist in the Tourism Accommodation Australia (TAA) State Awards for Excellence – Deluxe Accommodation Hotel of the Year.



Club 23, Crown Melbourne

Crown Metropol Melbourne was awarded the 2011 Victorian Tourism Award for Luxury Accommodation and was a finalist in the 2011 Best Tourism and Leisure Development, awarded by the Property Council of Australia. Developments at Crown Metropol Melbourne included the opening of Mr Hive Kitchen and Bar in December 2011, the re-launch of "28" (announced as a finalist in the Hotel Bar of the Year in the 2012 TAA State Awards for Excellence) for a broader clientele, and an upgrade of the Crown Metropol Melbourne website. In addition, the ISIKA Day Spa and Urban Retreat was a nominee for Best Spa in the Australian Gourmet Traveller awards.

Crown Promenade Melbourne's lobby underwent a significant upgrade and refurbishment, which included the installation of contemporary sculptures and other artworks, along with new carpet and furnishings. Crown Promenade Melbourne was the winner of the 2012 Superior Accommodation Hotel of the Year, and Tonic Bar was a finalist in the 2012 Hotel Bar of the Year, both awarded by the TAA State Awards for Excellence.

Two new luxury brands, Bvlgari and Omega, opened at Crown Melbourne this year, and LK Boutique expanded and moved into a new location. Another three luxury brands have been confirmed to open at Crown Melbourne later this year: Hugo Boss, IM Lingerie, and Paspaley Pearls.

Restaurants and Bars

Crown Melbourne expanded its food and beverage offering significantly this year with the opening of four new food and beverage outlets in the West End. Designed to appeal to a younger demographic, these new dining options include: The Merrywell, with a contemporary pub menu; Cotta, an upmarket café; the Common Room, where guests can watch sporting action on any of the twelve TV screens; and the Premium Room. Café Baci re-opened after a significant refurbishment, and Lucky Chan expanded and moved to a more central location.



Crown Metropol Melbourne pool, Crown Melbourne

At the eastern end of the property, the refurbished and upgraded Atrium Bar and Conservatory restaurant opened in June 2012. Atrium Bar now offers an extensive beverage menu and Conservatory has a variety of international cuisines available from an array of interactive culinary stations. Other developments included a refurbishment of Lagerfeld, an upgrade and expansion to Emporio della Pasta, and the conversion of Santé buffet to Mings Dim Sum.

Crown Melbourne's restaurants and bars continued to receive numerous awards. Nobu was awarded 2011 Best Asian Restaurant, and the Banqueting and Events Department was awarded Best Events Caterer, both presented by Restaurant & Catering Victoria Awards for Excellence. Other awards included both the Australian and Victorian George Mure Memorial Professional Development Award 2011 for the professional development and training of chefs undertaken at Crown Melbourne, as well as the Hall of Fame Award 2011, awarded to Crown Melbourne by Restaurant & Catering Victoria. Most recently, four of Crown Melbourne's restaurants received awards in the 2012 Restaurant & Catering Victoria Awards for Excellence: Nobu – Best Modern Asian Restaurant; Silks – Best Chinese Restaurant; Conservatory – Best New Restaurant; and Crown Melbourne's apprentice chef program won the George Mure Memorial Professional Development Award.

Rockpool Bar & Grill was awarded two hats in the recently released Age Good Food Guide Awards, whilst both Bistro Guillaume and Spice Temple were awarded one hat. Six of Crown Melbourne's restaurants also feature in the guide: the Atlantic; Giuseppe Arnaldo & Sons; Koko; Mr Hive; Nobu; and Silks. In addition, Spice Temple, Rockpool Bar & Grill, Sho Noodle Bar, and The Waiting Room received recognition across a number of categories.

Many of Crown Melbourne's apprentice chefs received recognition in a number of awards and competitions, including first prize in the Les Toques Blanches Award, the 2011 La Chaîne des Rôtisseurs Award, the 2011 Thierry Marx Award, and the Best 2nd Year Cookery Apprentice. Other awards included a silver and a bronze medal in the State final of the 2011 AUSTAFE.

In addition, one of Crown Melbourne's culinary trainers was awarded second place in the highly respected Bocuse d'Or competition. Crown Melbourne's external Commercial Cookery apprenticeship program won the 2012 Victorian Skills Training Awards in the category Apprentice Development and is now an entrant in the 2012 Australian Training Awards, the winner of which will be announced in November 2012.

Crown remains focused on providing responsible service of alcohol in order to ensure a safe and pleasant environment for all customers and employees. Demonstrating our ongoing diligence in this area, we have increased the number of RSA officers and continue to provide relevant staff training.

Entertainment and Events

This year, the Palladium ballroom again hosted some of Australia's most notable events, including the 54th TV Week Logie Awards, the Cricket Australia Allan Border Medal, and the prestigious 2011 Presidents Cup Gala Dinner.

One of the highlights was the hosting of the AFL Brownlow Medal at the Palladium, attended by over 900 guests and televised live nationally. In September 2011, Crown Melbourne and the AFL signed a landmark deal, securing the Brownlow Medal at the Palladium for a further six years, with this year's event the first of these.

During Victoria's annual Spring Racing Carnival, the Palladium was home to a number of Victoria Racing Club's official events, including the Crown Oaks Club Ladies Luncheon, and the Call of the Card.

In conjunction with the Victoria Racing Club and its official partners, Crown Melbourne again hosted the official 'Live Site' on the Crown Riverwalk during the Spring Racing Carnival, where an estimated 80,000 people enjoyed live entertainment, big screen racing action, give-aways, and the Riverside Carnival Bar.

The Palms and Crown Melbourne's two nightclubs, Co. and Fusion, showcased a diverse range of artists, including New Kids on the Block, Timomatic, Havana Brown, Wayne Brady, The Voice, Burn the Floor, and Andrew Wishart.

This year, Crown Conference Centre hosted over 580 conferences, providing a world-class service to more than 370 businesses and associations who chose to hold their events at Crown Melbourne. Notable events included the Shell Conference 2012, the Australian Grains Industry Conference, the Chartered Institute of Purchasing and Supply Australia (CIPSA) Conference, the Annual Conference of the Industrial Electronic Engineers Society, the ANZ Small Business Summit, and the Pfizer National Sales Conference.

Continuing a strong and long-standing partnership, Crown Melbourne also participated in the 20th Melbourne Food and Wine Festival held at the Royal Exhibition Building. The most prestigious event in the festival's program was the Gala Dinner, which was developed by event organisers in conjunction with Crown Melbourne who provided food, staff, and equipment, as well as arranging for four international guest chefs to attend and prepare a three-course meal for over 1,000 guests.



The Palladium ballroom, Crown Melbourne



The Merrywell, West End, Crown Melbourne



Crown backs Perth with a \$568 million investment in a new luxury hotel project, Crown Towers Perth.

Barry Felstead Chief Executive Officer Crown Perth

Overview

Crown Perth is one of Western Australia's largest tourist destinations, attracting more than seven million local, interstate, and international visitors each year. With approximately 5,600 people employed on site, it is also the state's largest single-site employer.

Comprised of two quality hotels, a world-class convention centre, gaming options, twenty-seven restaurants and bars, a nightclub, a 2,300-seat theatre, a 20,000-seat indoor stadium, a day spa, and retail outlets, Crown Perth provides customers with an exceptional range of entertainment and tourism offerings.

This year, Crown Perth has undergone a significant transformation. The large-scale and complex-wide capital expenditure program has given Crown Perth a range of hotel and VIP facilities that are among the best in the region. In addition, to leverage off the internationally recognised Crown brand, Burswood was re-branded as Crown Perth in September 2012.

Crown Perth's financial results indicate the success of the significant expansion and refurbishment program, which has proved to be popular with local and international guests. In this financial year, normalised revenue grew by 12.1% and normalised EBITDA grew by 15.9%.

Main gaming floor revenue grew by 6.5% for the year to \$440.8 million. Normalised VIP program play revenue increased by 32.1% to \$154.3 million on turnover of \$11.4 billion. The increase was primarily a result of the completion of world-class VIP accommodation, and Crown's ongoing strategy to source new players from China.

Non-gaming revenue grew by 12.0% to \$190.1 million, growth that is attributable to improved trading at both hotels, a strong line-up of shows at the Crown Theatre Perth, and the refurbishment and expansion of the food and beverage offering.

As announced in August 2012, the planned development of the six-star Crown Towers Perth hotel will further enhance Crown Perth's offering, enabling it to effectively compete with integrated resorts throughout the Asia-Pacific region. Including the initial acquisition price of the resort, the development of the new hotel will take Crown's total investment in the Crown Perth resort to over \$2.2 billion.

Crown Perth Property Update

Crown Perth has undergone a significant transformation this year, including upgrades to the VIP facilities, hotels, restaurants, and gaming areas. This transformation has firmly established Crown Perth's ability to successfully operate in the international tourism market.

Of particular note was the construction and opening of the two unique and exclusive VIP Mansions at Crown Perth, the expansion of the main gaming floor, and the enhancement of the food and beverage offerings.

The much anticipated opening of the Infinity Sky Gaming Salon took place in October 2011. Providing premium gaming facilities and world-class service, the salon has been well received by customers, with its magnificent views of the Swan River and the city skyline.

The completion of the Mansions, two six-star VIP villas, has reinvigorated VIP interest in the property, as they provide an exceptional level of quality and exclusivity. The level of luxury experienced by guests at the Mansions clearly showcases Crown Perth's capacity to provide world-class products and services, particularly for international VIPs. Exceptionally well-appointed and positioned beside the new pool area, the Mansions enhance Crown Perth's international gaming offering.

The extension to the main gaming floor was opened in September 2012, accommodating new gaming product and complementing the contemporary entertainment facilities now offered at Crown Perth. These upgraded areas have been well received by customers and reflect the new



The Mansions and Crown Metropol Perth pool, Crown Perth



The Mansions' private pool, Crown Perth

level of vibrancy that Crown Perth provides to a diverse range of guests. To complement the significant upgrades to the property, we are constructing a new multi-storey car park, expected to open early in 2014.

Crown Metropol Perth (formerly the InterContinental hotel) now offers a five-star luxury accommodation experience, as the complete refurbishment and refit of all foyers, guest rooms, suites, and a stunning new lobby area is almost complete. Another exciting project completed this year was the extensive upgrades to Crown Metropol Perth's luxurious pool and spa area.

Crown Towers Perth

Crown Towers Perth will add another dimension to Crown Perth's already extensive offering. When complete, it will be the largest hotel in Perth and will increase hotel room capacity at Crown Perth to nearly 1,200 rooms. Construction is expected to commence in early 2013, and the hotel, which will take approximately three years to complete, will comprise 500 luxury rooms as well as restaurants, bars, and resort and convention facilities.

This is a timely development for Perth, as the luxury accommodation that Crown Towers Perth will provide is expected to satisfy the requirements of domestic



Artist's impression of Crown Towers Perth, Crown Perth

and international business travellers, as well as Crown Perth's VIP guests. It will also provide a new standard of accommodation in Perth, and firmly position Perth as a leading tourism destination providing resort-style experiences.

Additionally, the state government has agreed not to oppose Crown Perth's application for 500 additional gaming machines and 130 additional gaming tables, including new private gaming salons. This increase in gaming product would be rolled out over the next five years, subject to the approval of the Gaming and Wagering Commission of Western Australia.

Crown Perth will be working with the state government over the next three years to facilitate the smooth implementation of this significant and exciting project.



Artist's impression of Crown Towers Perth, Crown Perth



Infinity Suite, Crown Perth

Local Gaming and Crown Club

This year, the local gaming operation achieved revenue growth of 6.5%. The upgraded premium facilities were the primary contributors to this growth, including the newly refurbished and relocated Riviera Room, which features high-limit table games, and the expanded Meridian Room that offers a premium gaming machine experience and a dedicated café.

Investment in new gaming machine product has been well received by customers, as has the introduction of variations on traditional table games.

As part of the rebranding of Crown Perth, the loyalty program has been renamed Crown Club, and now offers greater rewards and benefits for members. During the year, membership continued to steadily increase.

VIP Program Play

Recently completed luxury facilities, including the Infinity Sky Gaming Salon and the two luxury Mansions, have positioned Crown Perth as one of the best VIP gaming destinations in the world. As a result of the development of these world-class facilities, VIP Program Play experienced solid growth in the financial year, despite the strong competition from integrated resorts in South East Asia.

Hotels

The two hotels at Crown Perth were both re-branded in June 2012 to become Crown Metropol Perth and Crown Promenade Perth respectively. Together, they provided approximately 290,000 guest nights, with Crown Metropol maintaining its position as the leading luxury hotel in Perth, despite the extensive refurbishment program.



Private dining at Crown Metropol Perth, Crown Perth

The Crown Metropol Perth refurbishment included the development of the exclusive Infinity Suites and significant extensions to the main pool, taking advantage of Perth's natural environment and temperate climate. The newly constructed Vegas-style outdoor pool facilities include The Enclave, comprised of six lavish, private cabanas with personal plunge pool and dedicated hosts, a quiet adult-only area, and a separate children's pool complete with waterslides.

To further enhance Crown Perth's luxury product offerings, ISIKA Spa and ISIKA Fitness were both opened in early 2012, providing guests with the chance to indulge in a range of special treatments and consultations.

Restaurants and Bars

Asian restaurant Nobu opened this year and was recently awarded Best Asian Restaurant at the prestigious 2012 Savour Australia Restaurant & Catering HOSTPLUS Awards for Excellence.

The Food Court also opened this year, offering an extensive and varied range of options for guests. Final upgrades are scheduled to be completed in the second half of 2012.

Also in the second half of 2012, there will be several new inclusions to the restaurant and bar portfolio, including Bistro Guillaume, The Merrywell, Fusion and Groove bars, Cotta café on the main gaming floor, and the Junction Grill. Silks Restaurant will open in the first half of 2013, replacing the current Cantonese offering, Yú.

Atrium Buffet and Lobby Lounge have continued to perform well since their refurbishment and relaunch in 2010, and Carbon Sports Bar continued to trade successfully, capitalising on key events such as the Rugby World Cup and Euro 2012.

Crown Perth hosted a number of specialty dining experiences during the year, including the Nobu Omakase dinner and ceremonial Nobu launch, and several highly successful promotions undertaken in collaboration with Crown Perth's premium beverage partners. During the year, a number of special offers have continued to increase customer numbers at Crown Perth's casual restaurants Carvers, Snax, 88 Noodle Bar, and The Food Court.

The quality of Crown Perth's restaurants and bars has been recognised by several industry awards. Neil Perry's Rockpool Bar & Grill Perth won Best Hospitality Venue and Restaurant Within a Hotel in the Australian Hotels Association's (AHA) Hospitality Awards for Excellence, as well as Best New Restaurant, awarded by the Catering Institute of WA. Modo Mio and Yú both received Good Food Guide Gala Awards, with Modo Mio being awarded a 'one star', as well as winning Best Italian Restaurant – Formal in the 2012 Savour Australia Restaurant & Catering HOSTPLUS Awards for Excellence.

Having won the National AHA Award for Excellence three years in a row, Carbon Sports Bar was this year inducted into the Hall of Fame as Best Sporting Entertainment Venue. One of Crown Perth's young chefs was the national winner of La Chaîne des Rôtisseurs Jeune Commis Chef Award and represented Australia in the world finals in Berlin in September 2012.

Crown Perth's restaurants and bars focus on responsible service of alcohol (RSA), and continue to lead Perth's hospitality and tourism industry in RSA policies and practices, ensuring that all guests and employees enjoy a safe and pleasant environment.

Entertainment and Events

Entertainment and Events produced strong year-on-year growth, driven predominately by presentation of the highly successful shows *Wicked!* and *Mary Poppins*.

Both The Dome at Crown Perth and Crown Theatre Perth held a range of major events during the year that attracted more than 726,000 customers across both venues. This is an increase of more than 29% on the previous period.

The Dome at Crown Perth hosted top national and international artists including Top Gear Live, Roger Waters, Nitro Circus, Taylor Swift, Miley Cyrus, Elton John, Dolly Parton, Hyundai Hopman Cup, and the Holden Netball Test Series.

Crown Theatre Perth enjoyed another record year, hosting successful musicals and many live concerts with well-known performers such as Janet Jackson and John Farnham, and several performances of the British comedy quiz show, QI Live. Show packages continued to be popular, and contributed to driving business across the complex.

This year, Crown Perth focused on strengthening the brand with competitive event pricing, and promotion of the complex as a one-stop destination for all event business.

Major events held at Crown Perth this year included the Commonwealth Business Forum – part of the Commonwealth Heads of Government Meeting (CHOGM) – Queensland Rules Challenge Corporate Boxing, StyleAID, Amanda Young Foundation Ball, and West Coast Eagles Club Champion Awards & 25 Year Ball. Crown Perth has also sponsored numerous local events, cultural activities, and other community-based programs.



Infinity Sky Gaming Salon, Crown Perth



Production of Mary Poppins at Crown Theatre Perth, Crown Perth

Melco Crown Entertainment

MCE's solid trading result was primarily driven by the improvement in City of Dreams' mass market table games operations, which is providing a more stable and profitable gaming mix.



City of Dreams, Macau

As at 30 June 2012, Crown held a 33.6% equity interest in Melco Crown Entertainment (MCE), a joint venture between Crown and Melco International Development Limited. MCE has a dual listing, it was listed on the NASDAQ in December 2006, and completed a listing by introduction to the Stock Exchange of Hong Kong in December 2011. The joint venture has two premium properties (City of Dreams and Altira Macau), operates Mocha Clubs, and has a 60% equity interest in Macau Studio City.

MCE reported strong results for the twelve months to 30 June 2012. Crown's share of MCE's normalised profit for the period was \$92.1 million, after adjusting for an above theoretical win rate. Crown's share of MCE's reported profit for the period was \$135.8 million. MCE's net debt, as at 30 June 2012, was US\$531.8 million, and its net debt to shareholders equity was approximately 15%.

The solid trading result was primarily driven by improved operating performance in all major segments. There was an increase in gaming volumes, significant improvements in mass table games hold percentages, and increased contributions from the hotel, food and beverage, and entertainment segments.

In the twelve months to 30 June 2012, the Macau gaming market as a whole continued to show strong growth, with gross gaming revenues up by 29%. However, the rate of growth in VIP revenues slowed in the second half, particularly in the fourth quarter. MCE's 2012 June quarter results highlighted the strong year-on-year improvements in the operating fundamentals of MCE's mass market segments, with mass market table games operations providing a more stable and profitable gaming mix, particularly at City of Dreams.



Macau Harbour, Macau

MCE remains confident of the future of Macau, and believes its outlook is well supported by the long-term growth and increasing consumerism in its core feeder market, China, as well as a progressive and stable regulatory environment. Similarly, the infrastructure and development blueprint for Macau and the broader region will further support Macau's position as the leading leisure and tourism destination in Asia. These developments include the Intercity Mass Rapid Transit rail network in China, Hong Kong-Zuhai-Macau Bridge, the permanent ferry terminal in Taipa, the Hengqin Island development, and the Macau Light Rail.

In the first six months of 2012, Chinese visitors to Macau increased by 8.5% on the pcp, which represents approximately 60% of all visitors to Macau, while visitors from Hong Kong and Taiwan contributed 26% and 4% respectively.

City of Dreams

MCE opened several differentiated entertainment and dining offerings at City of Dreams this year, aimed at enhancing its appeal to the mass market. The City of Dreams Signature Club opened a new premium mass gaming area, located in the lobby of the Grand Hyatt Macau, that delivers a customised and luxurious gaming experience to key customers while setting a new standard for premium mass gaming in Macau. The first Hard Rock Café in Macau was opened, providing a new and exciting dining option, and Taboo, a cabaret style, Franco Dragone inspired show, opened at Club Cubic in July 2012. These new offerings demonstrate a commitment to diversify the leisure and entertainment options available to Macau's visitors.

MCE continues to evaluate the next phase of its development plan at City of Dreams, which, subject to government approvals, will include another luxury hotel.

Studio City

MCE has a 60% equity interest in Studio City. In August 2012, MCE announced that the Macau Government has given formal land grant approval and permit to restart construction of the Studio City project. Studio City, a large-scale integrated resort, will include significant gaming capacity, five-star hotel offerings, and numerous entertainment, retail, and food and beverage outlets. It will aim to attract a diverse range of customers, focusing on the increasingly important mass market segment in Asia, particularly from China.

MCE estimates that the construction cost of the Studio City project will be approximately US\$1.9 billion. MCE is currently working through the financing plans, which are expected to include a bank loan and other forms of debt financing.

With its destination theming, unique and innovative interactive attractions, and strong Asian focus, Studio City is designed to capture the increasingly important mass market segment. MCE believes that the location of Studio City, adjacent to the Lotus Bridge immigration checkpoint and one of the proposed light rail stations, is a key competitive advantage.

Philippines Development

In July 2012, MCE entered a memorandum of agreement with SM Group, Belle Corporation, and Premium Leisure and Amusement Inc., to form a consortium to develop and operate a casino, hotel, and retail and entertainment complex in Manila, in the Philippines. The formation of the consortium remains subject to a number of conditions precedent. MCE believes that entering a new jurisdiction offers the company an opportunity to diversify its exposure in Asia and deliver incremental sources of earnings and cash flow.

Subject to realising the conditions of the memorandum of agreement, MCE's contribution to the cost of this project up to its opening is estimated to be approximately US\$580 million, consisting of cash, group cash flows, and debt financing.



Map showing location of the Studio City Project

The Aspinall's Club is a high-end London casino. It is one of only five licensed casinos in London's prime West End entertainment district. This year represents the first full year of Crown's ownership of Aspinall's Club.

Normalised EBITDA from Aspinall's Club was \$20.6 million. Reported EBITDA for the period was \$1.7 million, due to a below theoretical win rate.

To offer world-class service, we invest in our people – we recruit, develop and retain the best talent within the industry.



Aspinall's Club, London

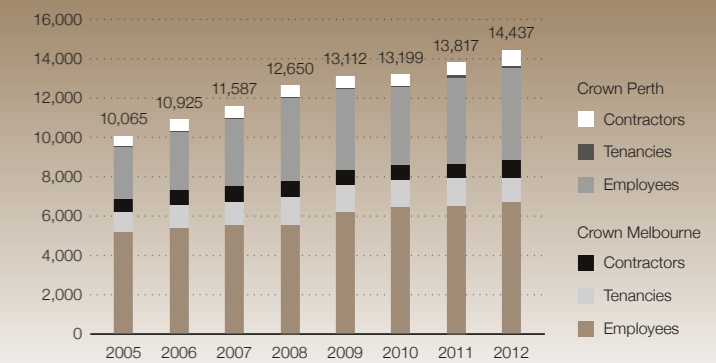


Aspinall's Club, London



Crown College, Crown Melbourne

Employment Headcount FY05 – FY12



Other Investments

Tabcorp Holdings Limited (TAH)

Crown acquired a 4.9% economic interest in TAH prior to the Tabcorp demerger. Subsequent to year end, Crown has disposed of its remaining economic interest in TAH.

Echo Entertainment Group Limited (EGP)

Crown acquired a 4.9% economic interest in EGP as part of the Tabcorp demerger. On 24 February 2012, Crown increased its interest in EGP to 10% and applied to the Independent Liquor and Gaming Authority of New South Wales and the Queensland Attorney General (Regulators) seeking consent to increase its voting power in EGP beyond 10%.

In July 2012, Crown amended its application for regulatory approval from the Regulators to acquire more than 10% of the shares in EGP, subject to a condition that Crown not acquire more than 25% of the shares in EGP without first seeking and obtaining a further approval from the Regulators. The Regulators have accepted the amendment to Crown's application, but no decision has yet been made as to whether to grant Crown's application.

Cannery

Crown continues to hold a 24.5% equity share in Cannery Casino Resorts, LLC. Crown did not receive a distribution of any profits, nor did Crown recognise any earnings from Cannery during the period, as the investment is not equity accounted.

Betfair

Crown's equity accounted share of Betfair's net profit was \$3.1 million. The profit includes the benefit of a refund of overpaid GST as a result of a settlement with the Australian Tax Office (ATO). Betfair's appeal to the High Court against the judgement of the Full Federal Court in its case against Racing NSW and Harness Racing NSW was unsuccessful. Betfair remains optimistic about its position in the Australasian marketplace.

Aspers Group

In December 2011, the Aspers Group opened a new casino in Stratford, London, within the new Westfield shopping complex, which is adjacent to the 2012 Olympic Games site. Trading at the new casino has been encouraging. The Aspers Group recently won its bid for a new casino licence in Milton Keynes, and plans are underway to commence the fit-out of the property. The casino is expected to open by the end of the 2013 financial year.

More than 14,400 people contribute to providing world-class service at Crown's two Australian integrated resorts. In both Victoria and Western Australia, Crown is the largest single-site private sector employer and focuses on recruiting, developing, and retaining quality employees.

Our Indigenous Employment Programs at both properties continued to work towards accomplishment of the pledge that Crown undertook as a signatory to the Australian Employment Covenant (AEC), which supports the federal government's 'Closing the Gap' strategy. We have again won awards that recognise our commitment and achievements in the employment of Indigenous Australians, including the prestigious Australian Business Awards' Community Contribution Award 2012.

This year we have seen significant developments in Crown Melbourne's Disability Employment Program, which is run in collaboration with WISE Employment. We are very pleased to report that Crown Perth also commenced a Disability Employment Program this year, and is now positioned to grow and provide quality services in this important area.

Crown Melbourne

With more than 8,800 people working on site at Crown Melbourne and total employment expenditure of more than \$460 million, we remain Victoria's largest single-site private sector employer. We continue to invest in training and development, providing employees with a career pathway aligned to qualifications, through Crown College's Learning Pathways. More than 1,200 employees, including supervisors

and managers, are currently undertaking training within the Australian Qualifications Framework. The Learning Pathways program won B-HERT's 2011 Best Vocational Education and Training Collaboration award.

Over 800,000 hours of training was delivered in financial year 2012, which is a 62% increase on 2011, and there was a 12% increase in the number of employees completing a Certificate III qualification. In total, there were over 50,000 training enrolments, which is an increase of 8.9%.

Crown Melbourne has enjoyed success with a number of human resources awards. We won the 2012 Victorian Training Award in the Apprentice Development category, as well as the Organisational and Staff Development category at the Learning and Technology Impacts Awards, and the Recommended Employer award at the 2012 Australian Business Awards. We also had a trainee who was one of just four finalists in the Victorian Trainee of the Year award. We were a finalist for Best Learning and Development Strategy 2011 and Most Innovative New Media Recruitment Campaign 2011 in the Australian HR awards, the Fairfax People's Choice for Employer of Choice 2011, and in the 2012 Victorian Training Awards – Employer of the Year.

A growing number of employees have been recruited through our Indigenous Employment Program. This year, we hired fifteen Indigenous employees, bringing the total number to sixty-six. Our program is considered a model program by Generation One and the AEC, and was featured in Generation One's Case Studies for Success report. It has also received

a number of awards, including the 2011 Wurreker Best Employer of the Year, the 2011 Fairfax Employment Media Award for Best Diversity Marketing Strategy, and the Individual Laureate Award for Diversity & Inclusion 2011.

We have implemented a number of new initiatives to attract quality employees, including Crown's largest ever employment brand campaign – Be a Part of What Makes Us Shine – which reached an audience of approximately 800,000 people. A dedicated Crown Careers website and mobile phone site were launched this year and we made widespread use of social media platforms including LinkedIn, Twitter, and Facebook.

There was a significant increase in the number of employees recruited through our Disability Employment. The program began in 2009 and has assisted more than forty-five people to gain employment, and has achieved a very pleasing retention rate of 95%. The program was a finalist in the 2011 Diversity@Work awards in the category of Disability Employment.

Health and Safety at Crown Melbourne remains of critical importance to the leadership team and this year's focus has been on injury prevention and management, aimed at reducing the frequency and severity of workplace injuries through the continued emphasis on early intervention and return to work initiatives.

Crown Perth

With approximately 5,600 people working on site, Crown Perth remains Western Australia's largest single-site private sector employer. Crown Perth continues to implement successful recruitment strategies as well as a solid learning and development strategy that delivers talented and skilled employees.

Crown Perth currently has more than 720 apprentices and trainees completing nationally accredited training, as well as nearly 200 employees participating in the Leadership Development Program. These programs not only ensure that we have employees with the skills and knowledge needed to operate a world-class tourism destination, they also provide employees with a qualification that is recognised throughout Australia and well regarded in many other countries. Programs such as these also demonstrate Crown Perth's commitment to the professional development of our employees.

The Indigenous Employment Program also continues to be successful: we currently have sixty-five Indigenous Australians employed across the business in many different roles. We are immensely proud of our contribution to the achievement of Crown's AEC pledge, and we look forward to continued success as we liaise closely with the local Indigenous communities as well as other community bodies with whom we work in this important area.

Crown Perth has successfully satisfied the employment needs of the business, despite the increasingly competitive labour market in Western Australia. This success has been due to a number of concerted and sustained recruitment campaigns that have emphasised the benefits and advantages of working at Crown Perth. By focusing on the employee value proposition, these campaigns have resulted in a significant increase in the level of interest in careers at Crown Perth, and we are now in a strong position to recruit and develop candidates of an increasingly higher calibre.

Early in 2012, Crown Perth implemented a Disability Employment Program. Amongst several noteworthy achievements was the signing of a Memorandum of Understanding with the National Disability Recruitment Coordinator service (NDRC). The NDRC promotes our job vacancies to Disability Employment Services providers, which has been of considerable benefit to Crown Perth. Having now established the program, Crown Perth is looking forward to further success as it develops.

Sustainability Report: Responsible Gaming

Crown is a world leader in responsible gaming initiatives. We allocate significant resources to raising awareness of responsible gaming, and to helping customers to successfully manage and enjoy their gaming at Crown. We are immensely proud of our long-standing commitment to responsible gaming, and continue to lead the development and implementation of new initiatives in this area.

Crown Melbourne's Responsible Gaming Support Centre was a world-first initiative when first introduced in 2002. Staffed by specially trained Responsible Gaming Liaison Officers, the Centre offers its counselling and other services twenty-four hours a day, seven days a week, and provides a range of brochures, in English and other languages. Crown Perth also offers a similar range of services, and is available to support customers around the clock at its dedicated facility.

As an industry leader, we take our responsibility in this area very seriously, and this is clearly demonstrated by our establishment of a Board Committee, chaired by Crown Director, Professor John Horvath. The Responsible Gaming Committee meets regularly to review and monitor the effectiveness of Crown's responsible gaming programs, and to promote awareness of responsible gaming issues.

The comprehensive training and education that every employee receives is the cornerstone of our responsible gaming program. All employees begin their responsible gaming training on their first day of employment at Crown in the corporate induction program, and continue to receive training throughout their employment at Crown. The training focuses on compliance with legislative and policy requirements, and ensures that employees can identify observable signs that a customer may be experiencing difficulty, and can then direct the customer to the Responsible Gaming Support Centre or a Responsible Gaming Liaison Officer.

Crown has also implemented the Play Safe Limit Program, a world-first responsible gaming initiative at Crown Melbourne and Crown Perth. This is a voluntary pre-commitment system that we introduced at Crown Melbourne in 2003, and then at

Crown Perth. It allows Crown Signature Club members who play gaming machines and fully automated table games to select their own time and/or spend limit.

Crown's Self-Exclusion Program is a legally binding system that enables a customer to ban themselves from entering or remaining on the gaming floor.

Our Responsible Gambling Code of Conduct, is available in numerous locations on and around the gaming floors at Crown Melbourne and Crown Perth. The Code is specific to each property, and is regularly reviewed by the relevant regulators.

Crown has implemented many effective programs to raise awareness of responsible gaming, and continues to be pro-active in our business-wide approach to responsible gaming.

Crown Melbourne

Crown Melbourne's Responsible Gaming Support Centre marked its 10th anniversary in 2012, providing an opportunity to reflect on the Centre's numerous and significant initiatives and achievements. Staffed by a dedicated Responsible Service of Gaming (RSG) team, comprised of managers, Responsible Gaming Liaison Officers, psychologists, and a chaplain, the Centre provides a range of specialised services for customers. These include the Self-Exclusion Program, the Play Safe Limit Program, the Chaplaincy Support Service, and counselling by experienced psychologists.

The team engages at many levels with government and community, including the Responsible Gambling Advocacy Centre, and Gambler's Help, and is represented on steering committees and working groups in the Victorian Government's Responsible Gaming Ministerial Advisory Council.

The RSG team also trains employees in responsible gaming policies and practices, helps to communicate the importance of responsible gaming to individuals and the community, and makes a considerable contribution to ensuring that Crown Melbourne adheres to regulatory and legislative requirements.



Crown College, Crown Melbourne



Crown Perth Employee of the Year presentation



Crown Melbourne's Responsible Gaming Support Centre celebrated its 10th anniversary in 2012

Since its inception, Crown Melbourne has participated in Responsible Gambling Awareness Week, and this year we hosted an event, which was attended by Crown Melbourne CEO Mr Greg Hawkins, players from the National Rugby League's Melbourne Storm, many Crown employees, and representatives from various community organisations, including Gambler's Help. Our Chaplaincy Support Service Chaplain, Father James Grant, spoke about the key themes of the week and Crown's commitment to responsible gaming.

During the year, the Centre received visits from government officials from Singapore, and representatives from Gambler's Help and other community groups who are keen to learn about the work conducted by the Centre.

Crown Melbourne co-sponsored and hosted the 21st International Conference of the National Association for Gambling Studies. During the conference, the Hon. Michael O'Brien MP, Victorian Minister for Gaming, launched the Monash and Melbourne University Problem Gambling and Treatment Centre's *Guideline for Screening, Assessment and Treatment in Problem Gambling*.

Crown Melbourne was also represented at the Auckland University of Technology Think Tank on Gambling Research, Policy and Practice, bringing together gambling researchers, officials and regulators, industry executives, and service providers from around the world.

Other initiatives and activities undertaken this year include the introduction of the responsible gaming message "Have you had a break?" on gaming machines and fully automated table games, the inclusion of information about the Responsible Gaming Support Centre in guest information folders in all three hotels, new Table Games Limit signage, and participation in the Responsible Gambling Advocacy Centre's activities.

Crown Melbourne continues to commit to a whole-of-property approach to RSG that includes multiple points of customer information, a responsible gaming culture, continuous improvement of our employee training programs, and

a dedicated and professional team within the Responsible Gaming Support Centre. Our specialised services, along with our resolute involvement in community and government programs, reflect the strong commitment that Crown Melbourne has to RSG.

Crown Perth

Crown Perth's Responsible Gaming Information Centre now proudly offers support and assistance twenty-four hours a day, seven days a week, giving our team the capability to provide an increased level of support and advice to customers, including referral services, self-exclusions, and third party exclusions.

This year, we have focused on improving employees' understanding of responsible gaming policies and practices, and promoting RSG across the complex. A critical element of this strategy is our active and highly successful participation in the Leadership Program that is delivered to senior gaming managers and supervisors. This program focuses on how to identify behaviours that indicate that a customer may be experiencing problems with their gambling, and how to report to the RSG team. We have received very positive feedback about the program, and we are looking forward to continued success.

Crown Perth has continued to promote Player Activity Statements, encouraging customers who play gaming machines to review their gaming activity over a self-nominated period of time. We encourage all customers to make wise decisions about their gaming and to seek help if they feel that our team will be able to assist them.

As in past years, the RSG team has continued to engage with many stakeholders and agencies in the community. Once again, we actively participated in the Responsible Gambling Awareness Week, helping to raise awareness of the importance of responsible gambling, and of our RSG programs.

Sustainability Report: Community

Crown has again made many valuable contributions to help local communities, individuals, and charitable organisations.

We are proud to support numerous organisations that provide services and support in many different areas, as well as individuals who are suffering from severe illnesses or traumatic events, such as natural disasters and homelessness.

Through our sponsorship arrangements, use of facilities, and donations of items such as food, equipment and employees' time, Crown continues to demonstrate a genuine desire to support those most in need in our many communities.

This year, Crown donated \$300,000 to the Balibo House Trust, a Victorian Government initiative to preserve Balibo House as a memorial and Community Learning Centre run by the local community. Balibo House facilities include a library, computer classes, sewing machines, carpentry and mechanics workshop, and a crèche for thirty children.

Many of our people also donate their time and expertise to support a range of charities and charitable programs in their capacity as Crown employees.

Crown Melbourne

Crown Melbourne provides assistance, donations, and support to a broad range of worthy community activities and charities, driven by the belief that Crown Melbourne has both the responsibility and the opportunity to assist local communities, charitable organisations, and individuals touched by tragedy. This year, as in past years, Crown Melbourne's contributions included sponsorship arrangements, employee time, use of facilities, and the donation of Crown Melbourne packages.

For more than seven years, Crown Melbourne has sponsored and hosted the My Room Ball. Formed in 1993 by three families whose children had undergone chemotherapy, My Room supports the Oncology Unit at The Royal Children's Hospital in Melbourne.

Crown Melbourne sponsors and hosts Starry Starry Night, which this year raised more than \$700,000 for The Alannah and Madeline Foundation.

Crown Melbourne also supported Challenge's Robert Allenby Gala Dinner, the Diamonds are a Girl's Best Friend Dinner for children living with cancer and other life-threatening blood disorders, the Epworth Medical Foundation Dinner attended by 1,000 guests, and Raelene Boyle's 60th Birthday Dinner, which raised money for the Breast Cancer Network Australia.

Over the past six years, the KOALA Foundation (Kids Oncology And Leukaemia Action Foundation) has received more than \$8 million from its annual fundraising event that Crown Melbourne hosts and sponsors, bringing together some of Australia's most influential people. This year's Million Dollar Lunch raised \$1,212,000. Crown Melbourne again donated food, prizes, raffle items, and use of the Palladium, and managers and employees assisted in the organisation and set up of the event.

Crown partnered with several other national charities to support their annual gala balls and events, including the Kids Under Cover Umbrella Ball, the Ronald McDonald House Charity Ball, and Lillian Frank's Royal Children's Hospital Fashion Luncheon.

Crown Melbourne continues to sponsor and host The Shane Warne Foundation, which holds a number of events to raise money for charities that work with seriously ill and underprivileged Australian children. Crown sponsored and hosted the Foundation's Boxing Day Breakfast, and the Joe Hachem and Shane Warne Charity Poker Tournament.

Crown Melbourne is proud of the many employees who enthusiastically volunteer their time and efforts in a number of ways to benefit the community. Each Christmas Day, our employees support the Open Family Australia Christmas program by packing and distributing more than 250 hampers filled with ingredients donated by Crown Melbourne. This year, employees also personally delivered hampers and other special items, such as toys, to families and individuals



Crown Melbourne's Responsible Gaming Support Centre



Launch of Responsible Gambling Awareness Week at Crown Perth



Crown supports Balibo House Trust



Melbourne Food & Wine Week presentation, Crown Melbourne

throughout the broader Melbourne metropolitan area. Hundreds of employees also purchased tickets in the Cadbury Easter Egg Hunt, the proceeds of which contributed to the Royal Children's Hospital Good Friday Appeal.

Crown Melbourne employees also participate in numerous sporting events that raise money for charity, including the Variety Club of Victoria's Santa Fun Run, Around The Bay in a Day 100 km bike ride for The Smith Family, and the MS Melbourne Summer Cycle 46 km ride to assist people with multiple sclerosis.

Crown Perth

Crown Perth is proud of the funding, support, and employee assistance that we provide to many worthwhile charities, organisations, and individuals throughout Western Australia. With more than forty community and corporate partnerships, we are able to make a difference to many people's lives.

Crown Perth's Community Partnership Program includes support of several not-for-profit charity events, including a number of gala balls that are always highly successful. In October 2011, Crown Perth pledged another \$1 million to the state's largest fundraising initiative, Telethon, helping its efforts to support a wide range of child health services across Western Australia, and \$100,000 to Parkerville Child Youth Care to support a new Youth Village to be built at the 18-acre campus at Parkerville.

Crown Perth continued its partnership with Foodbank WA, providing daily donations of soup that Foodbank distributes to more than 600 charitable organisations and schools across Western Australia. Foodbank WA does a magnificent job and we are proud of our long association and the benefits that this partnership brings to so many people.

As part of the Global Illumination Project that supports the National Breast Cancer Foundation, Crown Perth glowed pink for the whole of October 2011. We also hosted the inaugural Pink Poker Tournament attended by numerous local personalities and media. An outstanding success, the Pink Poker Tournament raised over \$25,000 for the Foundation, and we look forward to future events that will support this very worthy cause.

Crown Perth's employees also support many charitable organisations, actively participating in numerous events in our diverse community support program, including Anglicare's Winter Appeal and The Salvation Army's Easter Appeal. Crown Perth's CEO, Barry Felstead, participated once again in the St Vincent De Paul's CEO Sleepout to raise awareness and funding for the homeless across Australia. Barry's individual efforts raised over \$65,000, making him the highest fundraiser in Western Australia for the third consecutive year.

Crown Perth also connects many of our Corporate Partners with Community Partners to raise awareness of those in need, and to help increase the vital contributions to worthy organisations. One example is the popular 'Catch the Cash for Charity' event which raised nearly \$60,000 for Telethon Adventurers and Ronald McDonald House.

Sustainability Report: Environment

Crown's continued commitment to implement environmental programs and initiatives resulted in many changes across both Australian properties this year.

Our remote monitoring of energy consumption continued to help us review our use of gas, electricity, and water, then take appropriate measures to reduce consumption as much as possible.

Crown proudly participated in the global Earth Hour, by turning off all non-essential lighting, and we also participated in World Environment Day.

Crown Melbourne

Crown Melbourne continued to demonstrate a strong commitment to reducing its environmental impact by pursuing a range of sustainable practices across all operations. Crown Melbourne's long-term goal is to be recognised as the leader in sustainable business practice in the gaming and entertainment industry.

This year, we invested over \$500,000 in a monitoring and reporting system that provides live data of electricity, gas, and water consumption throughout the complex. Daily, weekly, and monthly reports provide relevant time-of-use data to each business unit, allowing them to monitor consumption levels, then implement effective measures to reduce consumption.

Crown's Eco-Shoots was formed to help all employees reduce their environmental footprint through a range of practical and well publicised campaigns. Eco-Shoot's major campaigns for the year included World Oceans Day, battery recycling, Corks for the Zoo, and mobile phone recycling.

Crown Melbourne also introduced a Carbon Offset Program for hotel guests. This program has achieved certification under the Australian Government's National Carbon Offset Standard, which is a first in the hospitality and entertainment industry.

Our recycling programs continue to be effective in recycling a wide range of products, including green waste, polystyrene, e-waste, organics, metal, fluorescent tubes, oil, CDs, DVDs, and corks.

Energy Efficiency

This year, Crown Melbourne continued its focus on energy efficiency by committing \$4.5 million to energy reduction projects. With funding assistance from AusIndustry's Green Building Fund, the project's aim was to reduce greenhouse gas emissions by 3 million kg CO₂, a 22% reduction. To achieve this, more than 9,000 lights were replaced with LED and fluoro technology; optimised controls for heating, cooling, and ventilation were implemented; and housekeeping and maintenance procedures were improved. The project was completed in March 2012 and achieved a 25% reduction in energy use. With some fine-tuning planned, it is anticipated that further reductions will be achieved.

Crown Melbourne also upgraded the controls and lighting systems servicing the Clarke Street Administration and Car Park building. It is anticipated that these works will result in an energy reduction of approximately 15% for the building.

Other improvements at Crown Melbourne included upgrading more than 50,000 lamps to energy-efficient technology, installing more than 1,000 occupancy and daylight harvesting sensors, and installing ninety-one variable speed drives (VSD) on fan equipment across the property which will reduce fan energy consumption by an estimated 25%.

The total energy projects for the year resulted in a CO₂ abatement of more than 14,000 tonnes, which is the equivalent to powering 1,100 homes or removing 3,500 cars from the streets.

Water Conservation

Crown Melbourne upgraded the majority of the water taps throughout the complex by fitting them with sensors and low-flow fittings.

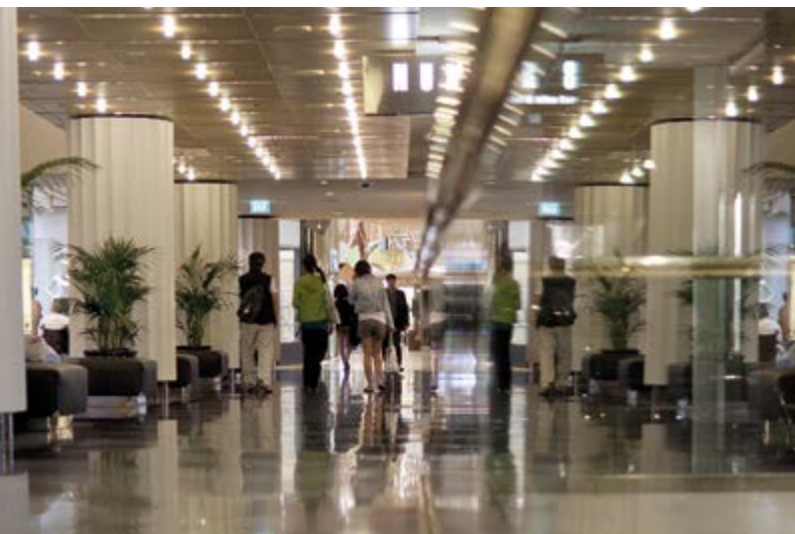
Continued operation of our on-site water recycling system generated 1.4 million litres of recycled water used for toilet flushing over the year. We also expanded our rainwater harvesting system by upgrading three rainwater collection and re-use systems, resulting in an annual saving of 1.5 million litres of drinking water.



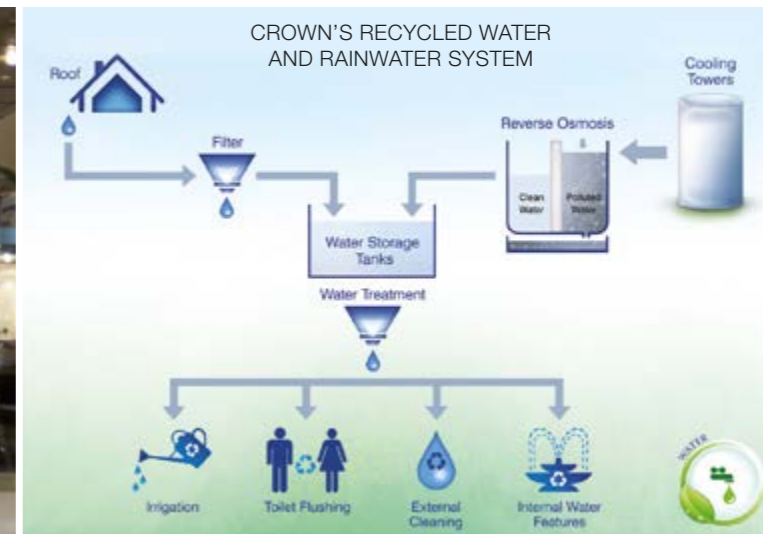
Crown Perth employees supporting the Anglicare Winter Appeal



Crown Perth employees supporting The Salvation Army's Easter Appeal



Crown Melbourne's new energy-efficient LED and fluoro technology lights



Crown Melbourne's water recycling system

Life Cycle Management

Life Cycle Management (LCM) is an integrated approach to achieving more sustainable consumption and production patterns, by considering the total life cycle of products and services. LCM involves working with suppliers to ensure appropriate production and distribution methods are deployed, working with employees and customers around consumption of products, and working with our waste management contractors around how our waste is disposed.

With funding assistance from the Australian Packaging Covenant, Crown Melbourne installed 380 recycling bins across the complex, potentially resulting in more than 300 tonnes of waste being diverted from landfill each year.

Another innovation implemented this year was the soft plastic recycling scheme run in partnership with the Red Group. This scheme ensures that all of the plastic wrapping that arrives in our loading dock is collected every day and recycled into outdoor furniture, signage, and other items.

Crown Perth

Crown Perth continued to work towards a more sustainable environment by monitoring and measuring energy consumption and performance. Our environmental committee, with representatives from each major business unit, drives environmental initiatives in the areas of energy conservation, water conservation, and waste management.

In recognition of our efforts in this area, we were announced as a finalist in the Department of Environment WA Environmental Awards in the Corporate Business Leading by Example category.

Energy Efficiency

As part of Crown Perth's ongoing energy monitoring program, further energy-saving initiatives were undertaken this year, including the under-croft lighting project, the continued rollout of sub-metering and the recently completed chilled water survey on Crown Events & Conferences. The continued installation of voltage reduction transformers resulted in a 24% reduction in kilowatts per hour (kWh) consumption.

Water Conservation

Crown Perth continued its strong focus on water conservation and this year received a five-star rating from the Water Corporation in the One-2-Five™ water management assessment.

A number of water saving initiatives were successfully implemented, including the installation of 2.5-litre tapware restrictors/aerators to hand basins. The main cooling towers were independently audited, and the efficiency rating was assessed as excellent.

Crown Perth received the Silver Award from the Water Corporation for improving water efficiency by 25-35%, and was a finalist in the Western Australian Water Awards in the category "Waterwise Business".

Life Cycle Management

This year, Crown Perth implemented a complex-wide public recycling program and an organic waste recycling program. This will divert an estimated 12 tonnes of waste from landfill each year, reducing CO₂ emissions by 36 tonnes per annum.

An audit of The Dome at Crown Perth resulted in increased recycling rates at that venue, contributing to a reduction in landfill, and raising public awareness of the role that everyone can play in reducing waste.

Crown Perth continues to improve employee awareness by providing environmental information through a number of effective and innovative communication strategies.

NATIONAL CARBON OFFSET STANDARD
CARBON NEUTRAL CERTIFIED

CROWN'S CARBON OFFSET PROGRAM

Crown's vision for the environment is to be a leader in sustainable business practices in the entertainment and hospitality industry. As part of this, Crown has implemented a significant number of initiatives that reduce its environmental impact. Crown's Carbon Offset Program has achieved certification under the Australian Government's National Carbon Offset Standard (NCOS). We are partnering with Climate Friendly to provide Crown customers the opportunity to voluntarily offset their hotel stay, function or conference event.

Climate Friendly is a pioneer in providing innovative carbon management solutions by investing in renewable energy projects that effectively keep carbon where it belongs, in the ground. Climate Friendly is consistently rated at the top of its field in local and international surveys for the quality of its carbon solutions.

The voluntary program allows you to "Opt In" to offset your visit to Crown. Crown will offset your emissions by purchasing carbon credits in wind farm projects.

Crown participates in the National Carbon Offset Scheme

Corporate Governance Statement

The Crown Limited Board is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which Crown Limited (Crown) has followed the best practice recommendations set by the ASX Corporate Governance Council (the Principles and Recommendations) during the twelve month period ending 30 June 2012.

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 (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

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

Board appointments are made pursuant to formal terms of appointment.

Functions delegated to Senior Executives

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

Process for evaluating performance of Senior Executives

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

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

Induction process for new executives

Crown executives are required to undertake formal induction training through either the Crown Melbourne on-site accredited training facility – Crown College, or Crown Perth's on-site training program.

The program involves training about:

- the history and development of the Crown brand and businesses;
- the main legal and regulatory obligations affecting the Crown businesses;
- Crown's responsible gaming policies and procedures;
- Crown's responsible service of alcohol policies and
- the rights and obligations of Crown employees.

As part of the induction program, 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 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 twelve Directors:

- James D Packer
Executive Chairman
- John H Alexander BA
Executive Deputy Chairman
- Benjamin A Brazil BCom LLB
Independent, Non-Executive Director
- Helen A Coonan BA, LLB
Independent, Non-Executive Director
- Christopher D Corrigan
Independent, Non-Executive Director
- Rowen B Craigie BEc (Hons)
Chief Executive Officer and Managing Director
- Rowena Danziger AM, BA, TC, MACE
Independent, Non-Executive Director
- Geoffrey J Dixon
Independent, Non-Executive Director
- Professor John S Horvath AO, MB, BS (Syd), FRACP
Independent, Non-Executive Director
- Ashok Jacob MBA
Non-independent, Non-Executive Director
- Michael R Johnston BEc, CA
Non-independent, Non-Executive Director
- Harold C Mitchell AC
Independent, Non-Executive Director

Ms Coonan was appointed a director on 2 December 2011.

Information about each current Director's qualifications, experience and period in office is set out in the Directors' Statutory Report.

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

The Crown Board is currently comprised of twelve Directors, seven of whom are independent Directors. A majority of Directors are therefore independent.

During the year, there was one Board change (the appointment of Ms Coonan), however, the Board was at all times comprised of a majority of 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 2.2: The Principles and Recommendations 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 is sanctioned by shareholders and who will 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

Where a new Director appointment is required, Crown adheres to procedures (Selection Procedure) 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 are considered;
- upon identifying a potential appointee, specific consideration is 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.

The duties, responsibilities and powers of Crown's Nomination and Remuneration Committee extend to reviewing the Selection Procedure and making appropriate recommendations to the Board in relation to the Selection Procedure. The Committee is responsible for implementing the Selection Procedure and developing succession plans in order for the Board to maintain appropriate experience, expertise and diversity.

The re-appointment procedures for incumbent Directors are as outlined in Crown's Constitution. In summary, subject to the specific matters described in the Constitution, an election of Directors must take place each year at which one third of Directors must retire. Any Director who has been in office for three or more years and for three or more annual general meetings must also retire. Directors who retire are generally eligible for re-election.

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

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

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

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

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

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 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 during financial year 2012
Audit & Corporate Governance	Benjamin Brazil (Chair) Rowena Danziger Michael Johnston	3
Finance ¹	Geoffrey Dixon (Chair) Benjamin Brazil Michael Johnston	2
Investment ²	James Packer (Chair) John Alexander Rowen Craigie Ashok Jacob	0
Nomination and Remuneration	Geoffrey Dixon (Chair) Christopher Corrigan Harold Mitchell	2
Occupational Health, Safety & Environment	Rowena Danziger (Chair) Rowen Craigie John Horvath Michael Johnston	4
Responsible Gaming	John Horvath (Chair) Rowen Craigie Rowena Danziger	6
Risk Management	Geoffrey Dixon (Chair) Rowen Craigie Rowena Danziger	2

1. In addition to its two formal meetings, there were two written resolutions assented to by the Committee during financial year 2012.

2. The Investment Committee did not meet this financial year, however there were two written resolutions assented to by the Committee during financial year 2012.

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

**More information**

A full copy of the Crown Board Charter is available 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;
- legal obligations of employees and the reasonable expectations of their stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Policy concerning diversity

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

In accordance with the policy, Crown has established the measurable objectives for achieving gender diversity set out below. These objectives have been set in relation to employees of Crown Limited, Crown Melbourne and Crown Perth groups. An assessment of Crown's progress in achieving those objectives has also been included.

Objective	Crown's Progress
<ul style="list-style-type: none"> • To require that at least one female candidate is presented on candidate short lists for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken. 	<p>During the year, there were a total of eight recruitment processes commenced for Senior Management and Senior Executive positions within the group.</p> <p>Except in relation to one of those positions, where, following a world-wide search, there were no suitable and available female candidates, all short lists included a female candidate.</p>
<ul style="list-style-type: none"> • To increase the number of female participants in leadership and development programs across the group so that by 2015 females represent at least 45% of all participants. 	<p>During the year, 43% of participants in leadership and development programs across the group were female.</p> <p>Crown will continue its work towards increasing that percentage in a bid to meeting its objective of 45% female participation by 2015.</p>
<ul style="list-style-type: none"> • To incorporate a targeted mentoring program for women into existing group leadership and development programs. 	<p>Leadership development programs conducted across the group all included a mentoring component.</p> <p>Crown is continually developing relevant leadership and development programs so that, where appropriate, female participants on those programs are able to receive targeted mentoring.</p>
<ul style="list-style-type: none"> • To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps. 	<p>Crown has conducted an annual review of the remuneration of key roles within the group.</p> <p>Based on that review, the average total male remuneration was \$182,094 and the average total female remuneration was \$159,172.</p> <p>Crown is in the process of breaking down the data to ascertain whether a gap exists within equivalent "pay grades", as key roles encompass several "pay grades".</p>
<ul style="list-style-type: none"> • To recruit at least one further female director for Crown Limited within the next two years. 	<p>On 2 December 2011, The Honourable Helen Coonan joined the Crown Board. Accordingly, the Crown Board is now comprised of two female directors and ten male directors.</p>

The proportion of women employees in the group, women in senior executive positions and women on the Board as at 30 June 2012 is as follows:

Measure	Result
<ul style="list-style-type: none"> Proportion of women employees in the group: 	There were 4,957 women in the group. This represents 44% of the total workforce of 11,280 employees.
<ul style="list-style-type: none"> Proportion of women in senior executive positions in the group: 	There were 27 women in senior executive positions in the group. This represents 28% of senior positions in the group.
<ul style="list-style-type: none"> Proportion of women on the Board: 	Two women out of twelve directors, or 16.7%.

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

Policy concerning trading in company securities

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

The Securities Trading Policy:

- includes a requirement that employees do not buy and sell Crown shares within a 12 month period (i.e. that they do not short trade);
- establishes formal "trading windows" during which Crown employees can and cannot trade in Crown shares;
- includes restrictions and clearance procedures as to when trading can and cannot occur;
- 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 2001* and the consequences of contravention thereof.

A copy of the Securities Trading Policy has been given to Australian Securities Exchange and released to the market.

Policy concerning political donations

Crown has adopted a formal Political Donations Policy which details Crown's policy regarding donations to political parties.

The policy imposes annual monetary limits on political donations and sets up a framework to ensure Crown is able to comply with relevant State based and Commonwealth reporting requirements.

In summary, the policy provides that Crown may make political donations, provided that:

- the contributions support public policy which is aligned to the best interests of Crown's shareholders, customers, staff and the broader community;
- no particular political party is unduly favoured; and
- contributions are approved, made and recorded in compliance with the requirements of the policy and any other legislative requirements.

Policy concerning anti-corruption and bribery

Crown's anti-corruption and bribery policies are enshrined in a number of internal policies which span the required standards of employee behaviour through to purchasing policies and procedures.

Crown's Employee Code of Conduct specifically provides that employees must not solicit, encourage or accept any form of bribe from anyone, including a supplier, customer or fellow employee as an inducement for business, information or any other purpose.

Employees who are required to deal with external suppliers of goods and services to Crown must avoid placing themselves in situations of a potential conflict of interest.

It is a fundamental principle of Crown that all of its business affairs be conducted legally, ethically and with strict observance of the highest standards of integrity and professionalism.



More information

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

A full copy of Crown's Diversity Policy is available at: www.crownlimited.com under the heading Corporate Governance – Policies.

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

Principle 4 Safeguard Integrity in Financial Reporting

Crown Audit & Corporate Governance 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 current members of the Audit & Corporate Governance Committee are Ben Brazil (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 Ben Brazil is an independent Director who has extensive financial qualifications and experience. He holds a Bachelor of Commerce degree and holds a senior role at Macquarie Bank in the Corporate and Asset Finance Group.

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

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. This year will mark the fifth anniversary of the appointment of Crown's audit partner. A new audit partner will be appointed from financial year 2013.

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

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

Crown has a dedicated corporate website which includes copies of all communications and other company information. Advance notification of results announcements is made via Crown's website.



More information

A full copy of Crown's Communication Policy is available 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

As required by the Board, Crown's management have devised and implemented risk management systems appropriate to Crown.

Management are charged with monitoring the effectiveness of risk management systems and are required to report to the Board via the Risk Management Committee. The Board convened Risk Management Committee administers Crown's Risk Management Policy.

The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and requires that the results of those procedures are reported to the Crown Board. A formal Risk Management Plan has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines. The Plan identifies specific Head Office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group.

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 2001* 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 at:
www.crownlimited.com under the heading Corporate Governance – Charters.
A full copy of Crown's Risk Management Policy is available at:
www.crownlimited.com under the heading Corporate Governance – Policies.

Principle 8 Remunerate Fairly and Responsibly

Remuneration of Board members and Senior Executives

Crown has established a formal Nomination and Remuneration Committee. The role of the Nomination and Remuneration Committee includes:

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

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

- the remuneration for senior executives which will apply during the financial year ending 30 June 2013; and
- the short term bonus payments made to senior executives referable to the financial year ending 30 June 2012.

The current members of the Nomination and Remuneration Committee are Geoffrey Dixon (Chair), Christopher Corrigan and Harold Mitchell who are each independent, Non-Executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report. The Nomination and 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. 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.

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

Directors and employees of the Crown group who held Crown shares under the Executive Share Plan were not permitted to hedge or create derivative arrangements in respect of their Executive Share Plan shares or any of their interests in any of those shares. The Executive Share Plan was formally wound up in September 2011.

The rules of the 2010 Crown Long Term Incentive Plan specifically provide that a participant must not grant or enter into any Security Interest in or over any Crown shares that may be acquired under the Plan (Participant Shares) or otherwise deal with any Participant Shares or interest in them until the relevant Participant Shares are transferred from the Trustee to the participant in accordance with the Plan rules. Security Interests are defined to extend to any mortgage, charge, pledge or lien or other encumbrance of any nature, and includes any derivative relating to or involving a Participant Share. Any Security Interest, disposal or dealing made by a participant in contravention of the Plan rules will not be recognised by Crown.



More information

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

Nevada Information Statement

The gaming industry in Nevada is highly regulated and Crown Limited (Crown) must maintain relevant licences to continue its investments in entities with gaming operations in Nevada. Each of the casinos in which Crown has an interest is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers and persons with financial interest in gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

Crown is registered as a publicly traded corporation in the state of Nevada. One of the conditions of that registration requires Crown to summarise relevant Nevada gaming law requirements in this Report. Crown Melbourne and Crown Perth are regulated in a similar manner by the Victorian Commission for Gambling and Liquor Regulation and the Western Australian Department of Racing Gaming and Liquor, respectively. We are not, however, required to summarise the regulations specific to Victoria and Western Australia in this Report.

Nevada Government Regulation

The ownership and operation of casino gaming facilities in Nevada are subject to the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the Nevada Act) and various local regulations. Gaming operations are subject to the licensing and regulatory control of the Nevada Gaming Commission (the Nevada Commission), the Nevada State Gaming Control Board (the Nevada Board) and various county and city licensing agencies (the local authorities). The Nevada Commission, the Nevada Board and the local authorities are collectively referred to as the "Nevada Gaming Authorities".

The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy that are concerned with, among other things:

- the prevention of unsavoury or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity;
- the establishment and maintenance of responsible accounting practices;
- the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;
- the prevention of cheating and fraudulent practices; and
- providing a source of state and local revenues through taxation and licensing fees.

Each of the entities in which Crown holds an investment and which currently operate casinos in Nevada (the casino licensees) is required to be licensed by the Nevada Gaming Authorities. Certain of Crown's subsidiaries in the Cannery ownership chain have also been licensed or found suitable as shareholders, members or general partners, as relevant, of the casino licensees. The casino licensees and the foregoing subsidiaries are collectively referred to as the "licensed subsidiaries".

Registration as a Publicly Traded Corporation

Crown is required to be registered by the Nevada Commission as a publicly traded corporation and, as such, is required periodically to submit detailed financial and operating reports to the Nevada Commission and to furnish any other information that the Nevada Commission may require. No person may become a shareholder or member of, or receive any percentage of profits from, the licensed subsidiaries without first obtaining licences and approvals from the Nevada Gaming Authorities.

Additionally, local authorities have taken the position that they have the authority to approve all persons owning or controlling the shares of any corporation controlling a gaming licensee. Crown and the licensed subsidiaries have obtained from the Nevada Gaming Authorities the various registrations, approvals, permits and licences required in order to engage in gaming activities in Nevada.

Suitability of Individuals

Power to investigate

The Nevada Gaming Authorities may investigate any individual who has a material relationship to, or material involvement with, Crown or any of the licensed subsidiaries to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee.

Officers, Directors and certain key employees of the licensed subsidiaries must file applications with the Nevada Gaming Authorities and may be required to be licensed by the Nevada Gaming Authorities. Crown's officers, Directors and key employees who are actively and directly involved in the gaming activities of the licensed subsidiaries may be required to be licensed or found suitable by the Nevada Gaming Authorities.

The Nevada Gaming Authorities may deny an application for licensing or a finding of suitability for any cause they deem reasonable. A finding of suitability is comparable to licensing and both require submission of detailed personal and financial information followed by a thorough investigation. The applicant for licensing or a finding of suitability, or the gaming licensee by which the applicant is employed or for whom the applicant serves, must pay all the costs of the investigation.

Changes in licensed positions must be reported to the Nevada Gaming Authorities and, in addition to their authority to deny an application for a finding of suitability for a licence, the Nevada Gaming Authorities have jurisdiction to disapprove a change in a corporate position.

Consequences of finding of unsuitability

If the Nevada Gaming Authorities were to find an officer, Director or key employee unsuitable for licensing or to continue having a relationship with Crown or the licensed subsidiaries, such company or companies would have to sever all relationships with that person. In addition, the Nevada Commission may require Crown or the licensed subsidiaries to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or of questions pertaining to licensing are not subject to judicial review in Nevada.

Reporting requirements

Crown and the licensed subsidiaries are required to submit detailed financial and operating reports to the Nevada Commission. Substantially all of Crown and the licensed subsidiaries' material loans, leases, sales of securities and similar financing transactions must be reported to or approved by the Nevada Commission.

Consequences of Violation of the Nevada Act

If the Nevada Commission determined that Crown or a licensed subsidiary violated the Nevada Act, it could limit, condition, suspend or revoke, subject to compliance with certain statutory and regulatory procedures, Crown's Nevada gaming licences and those of Crown's licensed subsidiaries. In addition, Crown and the licensed subsidiaries and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act at the discretion of the Nevada Commission.

Certain Beneficial Holders of Shares Required to be Licensed

Generally

Any beneficial holder of Crown's voting securities, regardless of the number of shares owned, may be required to file an application, be investigated and have his or her suitability as a beneficial holder of the voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

The Nevada Act requires any person who acquires more than 5% of any class of Crown's voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of any class of Crown's voting securities apply to the Nevada Commission for a finding of suitability within thirty days after the Chairman of the Nevada Board mails a written notice requiring such filing.

Institutional investors

Under certain circumstances, an “institutional investor” as defined in the Nevada Act, who acquires more than 10% but not more than 25% of any class of Crown’s voting securities, may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only.

An institutional investor will be deemed to hold voting securities for investment purposes if it acquires and holds the voting securities in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of Crown’s Board of Directors, any change in Crown’s Constitution, management, policies or operations or any of Crown’s gaming affiliates or any other action that the Nevada Commission finds to be inconsistent with holding Crown’s voting securities for investment purposes only.

Activities that are deemed to be consistent with holding voting securities for investment purposes only include:

- voting on all matters voted on by shareholders;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in its management, policies or operations; and
- such other activities as the Nevada Commission may determine to be consistent with such investment intent.

Corporations and trusts

If the beneficial holder of voting securities who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners. The applicant is required to pay all costs of investigation.

Consequences of finding of unsuitability

Any person who fails or refuses to apply for a finding of suitability or a licence within 30 days after being ordered to do so by the Nevada Commission or the Chairman of the Nevada Board may be found unsuitable. The same restrictions apply to a nominee if the nominee, after request, fails to identify the beneficial owner. Any shareholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of Crown’s shares beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offence in Nevada. Crown will be subject to disciplinary action if, after Crown receives notice that a person is unsuitable to be a shareholder or to have any other relationship with Crown or a licensed subsidiary, Crown or any of the licensed subsidiaries:

- pays that person any dividend or interest upon any of Crown’s voting securities;
- allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;
- pays remuneration in any form to that person for services rendered or otherwise; or
- fails to pursue all lawful efforts to require such unsuitable person to relinquish his or her voting securities including, if necessary, the immediate purchase of the voting securities for cash at fair market value.

Certain Debt Holders Required to be Licensed

The Nevada Commission may, in its discretion, require the holder of any of Crown’s debt securities to file an application, be investigated and be found suitable to hold the debt security. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, Crown can be sanctioned, including the loss of its approvals, if without the prior approval of the Nevada Commission, it:

- pays to the unsuitable person any dividend, interest or any distribution whatsoever;
- recognises any voting right by such unsuitable person in connection with such securities;
- pays the unsuitable person remuneration in any form; or
- makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction.

Maintenance of Share Register

Crown is required to maintain a current share register in Nevada that may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. Crown is also required to render maximum assistance in determining the identity of the beneficial owner. The Nevada Commission has the power to require Crown’s holding statements or share certificates bear a legend indicating that such securities are subject to the Nevada Act. To date, however, the Nevada Commission has not imposed such a requirement on Crown.

Actions Requiring Prior Approval of the Nevada Commission

Public offerings to fund Nevada gambling activities

Crown may not make a public offering of any securities without the prior approval of the Nevada Commission if the securities or the proceeds there from are intended to be used to construct, acquire or finance gaming facilities in Nevada or to retire or extend obligations incurred for those purposes or for similar purposes. An approval, if given, does not constitute a finding, recommendation or approval by the Nevada Commission or the Nevada Board as to the accuracy or adequacy of the prospectus or the investment merits of the securities. Any representation to the contrary is unlawful.

Transactions effecting a change in control

Changes in control of Crown through merger, consolidation, share or asset acquisitions, management or consulting agreements or any act or conduct by a person whereby he or she obtains control, may not occur without the prior approval of the Nevada Commission. Entities seeking to acquire control of a registered corporation must satisfy the Nevada Board and the Nevada Commission concerning a variety of stringent standards prior to assuming control of the registered corporation. The Nevada Commission may also require controlling shareholders, officers, Directors and other persons having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed as part of the approval process relating to the transaction.

Share buy-backs and other arrangements

Approvals are, in certain circumstances, required from the Nevada Commission before Crown can make exceptional repurchases of voting securities above the current market price and before a corporate acquisition opposed by management can be consummated. The Nevada Act also requires prior approval of a plan of recapitalisation proposed by a registered corporation’s Board of Directors in response to a tender offer made directly to the registered corporation’s shareholders for the purpose of acquiring control of that corporation.

Investigation and Monitoring of “Foreign Gaming Operations”

Because Crown is involved in gaming ventures outside of Nevada, Crown is required to deposit with the Nevada Board and thereafter maintain a revolving fund in the amount of US\$10,000 to pay the expenses of investigation by the Nevada Board of Crown’s participation in such gaming.

The Nevada Board refers to any of Crown’s operations outside of Nevada as “foreign gaming operations”. The revolving fund is subject to increase or decrease at the discretion of the Nevada Commission. Crown is also required to comply with certain reporting requirements imposed by the Nevada Act. Crown would be subject to disciplinary action by the Nevada Commission if Crown:

- knowingly violates any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fails to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engages in any activity or enters into any association that is unsuitable because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect discredit or disrepute upon the State of Nevada or gaming in Nevada or is contrary to the gaming policies of Nevada;
- engages in any activity or enters into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or
- employs, contracts with or associates with any person in the foreign gaming operation who has been denied a license or a finding of suitability in Nevada on the ground of personal unsuitability or who has been found guilty of cheating at gambling.

Directors' Statutory Report

Company Information

Review of operations

A review of operations of the Crown Limited (Crown) group for the financial year ended 30 June 2012 and the results of those operations is detailed on pages 6 to 28.

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

Significant changes in state of affairs

Some of the significant changes in the state of affairs of the consolidated group since 1 July 2011 include:

- In July 2011, Melco Crown Entertainment (MCE) completed the acquisition of a 60% equity interest in Macau Studio City, a large scale integrated gaming, retail and entertainment resort to be developed in Macau jointly by MCE and New Cotai Holdings, LLC.
- In August 2011, MCE announced that it had applied to the Stock Exchange of Hong Kong (SEHK) for a proposed dual listing of its shares and was evaluating a possible global offering of SEHK listed shares to local and international investors. The dual listing completed on 7 December 2011.
- On 25 August 2011, Crown announced its intention to conduct an on market share buy-back of up to 30 million of its ordinary shares. This number represented approximately 4% of Crown shares then on issue. The on market buy-back completed on 7 October 2011. The consideration paid for the 30 million shares bought back was approximately \$238 million.
- On 20 September 2011, it was announced that the Crown Board had resolved to wind up its existing Executive Share Plan and to replace that Plan with a new Long Term Incentive Plan, details of which are more fully described in the Remuneration Report. The wind-up of the Executive Share Plan completed in October 2011.
- On 24 February 2012, it was announced that Crown held a 10% interest in Echo Entertainment Group Limited by way of a derivative to be settled by the delivery of Echo shares. It was further announced that, on account of restrictions in the Echo Constitution, Crown had sought relevant regulatory approvals to increase its voting power in Echo beyond 10%.
- On 8 March 2012, Crown announced that the transfer of shares in Echo Entertainment Group Limited to it had completed, resulting in Penwin Pty Ltd (a wholly-owned subsidiary of Crown) becoming the registered holder of 68,801,000 Echo shares.

Significant events after Balance Date

Subsequent to 30 June 2012, the Directors of Crown announced a final dividend on ordinary shares in respect of the year ending 30 June 2012. The total amount of the dividend is \$138.4 million, which represents 19 cents per share. The final dividend will be 50% franked. None of the unfranked component of the dividend will be conduit foreign income. The dividend has not been provided for in the 30 June 2012 financial statements.

In addition:

- On 1 August 2012, it was announced that Crown will develop a new luxury six star hotel at its Crown Perth integrated resort.
- On 2 August 2012, Crown announced that it had signed an Exclusive Dealing Agreement with Lend Lease Corporation Limited in relation to a proposed development of a world class, six star resort at Barangaroo South, Sydney.
- On 3 August 2012, Crown announced that it had recently raised \$300 million through a new five year bond issue, which was distributed predominantly to institutional investors in Australia and Asia. The proceeds from the issue were used to repay existing debt, diversify Crown's funding sources and extend its debt maturity profile.
- On 13 August 2012, Crown announced that it had launched an offer of dated, unsecured, subordinated, cumulative notes (Crown Subordinated Notes) to raise approximately \$400 million, with the ability to raise more or less. Following the completion of the bookbuild process for Crown Subordinated Notes, the Margin was set at 5.00%. On 14 September 2012 it was announced that the offer of Crown Subordinated Notes had closed, with Crown successfully raising \$532 million.

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

Key features of the NGER Act are:

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

The Federal Government's Clean Energy Legislation was introduced on 1 July 2012. Under this legislation, Crown Melbourne is considered a 'liable entity' and is required to register with the Clean Energy Regulator and surrender carbon units on an annual basis.

Crown is also subject to the Energy Efficiency Opportunities Act 2006 which encourages large energy-using businesses to improve their energy efficiency. It does this by requiring businesses to identify, evaluate and report publicly on cost effective energy savings opportunities. Crown submits reports in line with the required reporting schedule.

At a state level, Crown Melbourne is subject to the Victorian Government's Environment & Resource Efficiency Plans (EREP), which requires all large commercial and industrial facilities to prepare a plan identifying actions to reduce energy and water use and waste generation. Under the Western Australian Water By-laws legislation, Crown Perth is required to complete annual water management assessments and submit water efficiency management plans.

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

Dividends and distributions

Interim Dividend: Crown paid an interim dividend of 18 cents per ordinary share on 17 April 2012. The dividend was 50% franked. None of the unfranked component was conduit foreign income.

Final Dividend: The Directors of Crown have announced a final dividend of 19 cents per ordinary share to shareholders registered as at 28 September 2012. The final dividend will be 50% franked. None of the unfranked component of the dividend will be conduit foreign income.

In summary:	Dividend per share	\$'000
Interim Dividend paid	18 cents per share	131,111
Final Dividend payable	19 cents per share	138,395
Total	37 cents per share	269,506

Crown paid shareholders a final dividend in respect of the 2011 financial year of \$141.6 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 twelve current Directors.

Name	Date	Appointed Date	Ceased
James Douglas Packer		06-Jul-07	—
John Henry Alexander		06-Jul-07	—
Benjamin Alexander Brazil		26-Jun-09	—
Helen Anne Coonan		2-Dec-11	—
Christopher Darcy Corrigan		06-Jul-07	—
Rowen Bruce Craigie		31-May-07	—
Rowena Danziger		06-Jul-07	—
Geoffrey James Dixon		06-Jul-07	—
John Stephen Horvath		09-Sep-10	—
Ashok Jacob		06-Jul-07	—
Michael Roy Johnston		06-Jul-07	—
Harold Charles Mitchell		10-Feb-11	—

At Crown's 2011 Annual General Meeting, Mr John Alexander, Mr Christopher Corrigan and Mr Geoffrey Dixon stood for re-election as Directors. As required by Crown's Constitution, having been appointed a director in February 2011, Mr Harold Mitchell also stood for election at Crown's 2011 AGM. Each was re-elected as a Director at that time.

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

James D Packer, Executive Chairman

Mr Packer is the Executive Chairman of Consolidated Press Holdings Limited, a family company. Consolidated Press Holdings Limited is a 48.09% shareholder in Crown Limited and is a 50% shareholder in ASX listed Consolidated Media Holdings Limited, owner of interests in FOXTEL and FOX SPORTS.

Mr Packer is Deputy Chairman of Consolidated Media Holdings Limited and is a director of various companies including Crown Melbourne Limited, Burswood Limited and Melco Crown Entertainment Limited.

Mr Packer is the Chair of the Crown Investment Committee.

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

- Challenger Limited: from 6 November 2003 to 8 September 2009
- Consolidated Media Holdings Limited¹: from 28 April 1992 to current
- SEEK Limited: from 31 October 2003 to 26 August 2009
- Sunland Group Limited: from 20 July 2006 to 13 August 2009
- Ten Network Holdings Limited: from 13 December 2010 to 2 March 2011

John H Alexander BA, Executive Deputy Chairman

Mr Alexander is the Executive Deputy Chairman of Crown Limited, Executive Chairman of Consolidated Media Holdings Limited and is also a director of a number of companies, including Crown Melbourne Limited, Burswood Limited, Aspers Holdings (Jersey) Limited, Foxtel Management Pty Limited and FOX SPORTS Australia Pty Limited.

Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002.

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

Mr Alexander is a member of the Crown Investment Committee.

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

- Consolidated Media Holdings Limited¹: from 16 December 1999 to current
- SEEK Limited: from 17 April 2009 to 26 August 2009

Benjamin A Brazil BCom LLB, Independent, Non-Executive Director

Mr Brazil is an Executive Director of Macquarie Bank Limited and is Co-Head of its Corporate and Asset Finance Group. He originally commenced employment at Macquarie in 1994 and has operated across a range of geographies and business lines during the course of his career. He holds a Bachelor of Commerce and a Bachelor of Laws from the University of Queensland.

Mr Brazil is the Chairman of the Crown Audit & Corporate Governance Committee and a member of the Crown Finance Committee.

The Honourable Helen A Coonan BA, LLB, Independent, Non-Executive Director

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

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

In Parliament, Ms Coonan served as the Deputy Leader of the Government in the Senate. She was appointed to Cabinet as the Minister for Communications, Information Technology and the Arts and was shareholder Minister for Telstra Corporation and Australia Post. She also served as the Minister for Revenue and Assistant Treasurer and had portfolio oversight of the Australian Taxation Office and the Australian Prudential Regulation Authority.

Ms Coonan is a member of the Advisory Council of J.P. Morgan, a Trustee of the Sydney Opera House Trust, Chair of the Conservation Council of the Opera House Trust, Member of the Australian World Heritage Advisory Committee and a Non-Executive Director of Obesity Australia Limited. She is also a member of Chief Executive Women.

Christopher D Corrigan, Independent, Non-Executive Director

From March 1990 to July 2006, Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest container terminal operator and stevedore. Patrick Corporation Limited also had interests in land-based logistics, freight rail transportation and aviation through Virgin Blue.

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

Prior to that, Mr Corrigan had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and then the Asia-Pacific region.

In September 2011, Mr Corrigan became the Chairman of Qube Logistics Holdings Limited. He is also a Director of Consolidated Media Holdings Limited.

Mr Corrigan is a member of the Crown Nomination and Remuneration Committee.

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

- Consolidated Media Holdings Limited¹: from 8 March 2006 to current
- Qube Logistics Holdings Limited: from 23 March 2011 to current
- Webster Limited: from 30 November 2007 to 9 July 2010

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

Mr Craigie was appointed Chief Executive Officer and Managing Director in 2007. He is also a director of Crown Melbourne Limited, Burswood Limited, Melco Crown Entertainment Limited and Aspers Holdings (Jersey) Limited.

Mr Craigie previously served from 2005 to 2007 as the Chief Executive Officer of PBL Gaming and as the Chief Executive Officer of Crown Melbourne Limited from 2002 to 2007. 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.

Mr Craigie is a member of Crown's Investment, Occupational Health, Safety & Environment, Responsible Gaming and Risk Management Committees.

Rowena Danziger AM, BA, TC, MACE, Independent, Non-Executive Director

Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. Mrs Danziger was the Headmistress at Ascham School in Sydney from 1973 to 2003. She is currently 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 and is Chair of the Crown Occupational Health, Safety & Environment Committee and a member of the Crown Audit & Corporate Governance, Responsible Gaming and Risk Management Committees.

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

- Consolidated Media Holdings Limited¹: 17 September 1997 to current

Geoffrey J Dixon, Independent, Non-Executive Director

Mr Dixon is Chairman of the Australian Government's major tourism marketing organisation, Tourism Australia, and Chairman of the Garvan Medical Research Foundation.

Mr Dixon also sits on the boards of publicly listed Australian companies, Consolidated Media Holdings Limited and Facilitate Digital Holdings Limited.

He is on the boards of Voyages Indigenous Tourism Australia, the Museum of Contemporary Art and the Great Barrier Reef Foundation and is an Ambassador for the Australian Indigenous Education Foundation. Mr Dixon has also worked in the media, mining and government sectors.

Mr Dixon was Managing Director and Chief Executive Officer of Qantas Airways Limited from 2001 to 2008. He joined Qantas Airways Limited in 1994 and was also Chief Commercial Officer and, for two years, Deputy Chief Executive.

Mr Dixon is the Chair of the Crown Finance, Nomination and Remuneration and Risk Management Committees.

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

- Consolidated Media Holdings Limited¹: from 31 May 2006 to current
- Facilitate Digital Holdings Limited: from 9 July 2009 to current

Professor John S Horvath AO, MB, BS (Syd), FRACP, Independent, Non-Executive Director

Professor Horvath was the Australian Government Chief Medical Officer from 2003 to 2009. He is currently continuing to advise the Department of Health & Ageing and the School of Medicine, University of Sydney, and holds the position of Honorary Professor of Medicine.

Professor Horvath is a Fellow of the Royal Australasian College of Physicians and is a distinguished practitioner, researcher and teacher. Professor Horvath sits on the Board of the Garvan Research Foundation, the Centenary Institute of Medical Research and Health Workforce Australia. He is a member of the Advisory Board to the World Health Organisation Influenza Collaborating Centre, a member of the Advisory Council to the Australian Organ and Tissue Donation Agency and a member of the Finance and Administration Committee of the School of Medicine at the University of Sydney.

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

Professor Horvath is the Chair of the Crown Responsible Gaming Committee and a member of the Crown Occupational Health, Safety & Environment Committee.

Ashok Jacob BSc, MBA, Non-independent, Non-Executive Director

Mr Jacob is a Non-Executive Director of Crown Limited as well as a Director of Consolidated Media Holdings Limited.

Mr Jacob is the Chairman of Ellerston Capital. Mr Jacob was the CEO of Consolidated Press Holdings Limited from 2006 to 2011 and previously the Joint CEO from 1998 to 2006.

Mr Jacob is a director of Consolidated Press Holdings Limited and a director of MRF Limited.

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

Mr Jacob is a member of the Crown Investment Committee.

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

Consolidated Media Holdings Limited¹: from 9 November 1998 to 8 April 2009, reappointed on 10 September 2009 to current
Challenger Financial Services Group Limited: from 6 November 2003 to 8 September 2009

Michael R Johnston BEc, CA, Non-independent, Non-Executive Director

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

Prior to his appointment with the Consolidated Press Holdings Group, Mr Johnston 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 of Australia. Mr Johnston is a member of the Crown Audit & Corporate Governance, Finance and Occupational Health, Safety & Environment Committees.

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

- Consolidated Media Holdings Limited¹: from 16 December 2005 to 8 April 2009 (from 8 April 2009, alternate director to Mr James Packer and Mr Guy Jalland; from 10 September 2009 to current, alternate director to Mr Ashok Jacob)
- Challenger Financial Services Group Limited: from 24 February 2006 to 8 September 2009 (alternate director to Mr James Packer and Mr Ashok Jacob)
- Living and Leisure Australia Group: from 23 August 2011 to 10 February 2012

Harold C Mitchell AC, Independent, Non-Executive Director

Harold Mitchell is the founder of Mitchell & Partners and Executive Chairman of Aegis Media Pacific. Since he started Mitchell & Partners in 1976, the company has evolved to become the largest media and communications group in Australia today, with a growing presence in New Zealand and across the Asia-Pacific region.

In December 2000, he launched the Harold Mitchell Foundation which distributes funds between health and the arts. He has been Chairman of the National Gallery of Australia, President of the Melbourne International Festival of Arts, Director of Deakin Foundation, President of the Museums Board of Victoria and a Board Member of the Opera Australia Council.

Mr Mitchell holds a large number of community roles including Chairman CARE Australia, Chairman of the Melbourne Symphony Orchestra, Chairman of ThoroughVision, Chairman and Owner of the Melbourne Rebels Rugby Union team, Chairman of TVS (University of Western Sydney's television service for Greater Sydney), Chairman of Art Exhibitions Australia, Chairman of the Florey Institute of Neuroscience and Mental Health and Vice President of Tennis Australia.

In December 2002, Deakin University conferred on him an honorary degree of Doctor of Laws. In 2003, he delivered the Andrew Olle Memorial Lecture on Media.

In January 2004, he was awarded the Officer of the Order of Australia for his services as a benefactor and fundraiser in support of artistic and cultural endeavour.

On 28 July 2005, he was awarded the Richard Pratt Business Leader Award given by the Australian Business Arts Foundation in recognition of excellence in arts leadership.

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

In December 2011, Mr Mitchell was awarded an Honorary Doctorate – Doctor of Business Honoris Causa, by RMIT University and in 2012 he was inducted into the Adnews Hall of Fame.

Mr Mitchell is a member of the Crown Nomination and Remuneration Committee.

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

- Mitchell Communication Group Limited – From 10 March 2000 to 24 November 2010 (removed from ASX)

Notes:

1. Consolidated Media Holdings Limited (previously Publishing and Broadcasting Limited, ASX Code: PBL).

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.

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

Mary Manos BCom, LLB (Hons), GAICD

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. Ms Manos is a Graduate of the Australian Institute of Company Directors.

Other officer details

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

- Kenneth M Barton
Chief Financial Officer
- W Todd Nisbet
Executive Vice President, Strategy and Development
- Greg F Hawkins
Chief Executive Officer, Crown Melbourne (from 5 December 2011)
- Barry J Felstead
Chief Executive Officer, Crown Perth

Relevant interests of Directors

Details of relevant interests of current Directors in Crown shares as at 30 June 2012 were as follows:

Director	Total number of ordinary shares ¹
John Alexander	506,047
Rowen Craigie	35,217 ²
Rowena Danziger	30,896
Harold Mitchell	114,887
James Packer	350,311,967

Notes:

1. For more information on relevant interests of current Directors, please see the Remuneration Report and the key management personnel disclosures set out in the Notes to the Financial Statements.
2. The registered holder of these shares is Australian Executor Trustees Limited as trustee under the 2010 Crown Limited Long Term Incentive Plan. Mr Craigie may become entitled to have those shares transferred to him after 30 June 2014 if certain conditions in the 2010 Crown Limited Long Term Incentive Plan are met.

Other than in connection with Crown's Long Term Incentive Plan which is described in the Remuneration Report, none of Crown's Directors is party to any contract which would give that Director the right to call for the delivery of shares in Crown.

Board and Committee meetings

Set out below are details of the number of Board meetings and Committee meetings held by Crown during the 2012 financial year together with each Director's attendance details.

	Board		Audit & Corporate Governance Committee		Finance Committee		Nomination and Remuneration Committee		Occupational Health, Safety & Environment Committee		Responsible Gaming Committee		Risk Management Committee	
	Meetings		Meetings		Meetings		Meetings		Meetings		Meetings		Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J D Packer	7	7												
J H Alexander	7	7												
B A Brazil	7	7	3	3	2	2								
H L Coonan*	4	4												
C D Corrigan	7	7					2	2						
R B Craigie	7	7	3	3					4	4	6	6	2	2
R Danziger	7	7	3	3					4	4	6	6	2	2
G J Dixon	7	7			2	2	2	2					2	2
J S Horvath	7	6							4	4	6	6		
A P Jacob	7	6												
M R Johnston	7	7	3	3	2	2			4	4				
H C Mitchell	7	7					2	2						

* Appointed 2 December 2011

The Corporate Governance Statement includes details on Committee structure and membership during the year.

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

Directors' and officers' insurance

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

The insurance contract prohibits disclosure of the nature of the insurance cover and the amount of the insurance 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 28 of the Financial Report.

Crown acquires non-audit services from Ernst & Young, largely in respect of taxation matters relating to pre-demerger and ongoing taxation items. These include, but are not limited to, matters in respect of the financial years ending on or prior to 30 June 2007, which at the time of the de-merger of Crown and Consolidated Media Holdings Limited (then Publishing and Broadcasting Limited (PBL)) agreed they would share as follows:

- Crown: 75 per cent; and
- CMH: 25 per cent.

The ratio of non-audit to audit services provided by Ernst & Young to Crown is approximately 4.9:1. This ratio reflects that:

- Ernst & Young advised Crown on matters relating to Crown's involvement in the listing of MCE on SEHK, Crown's acquisition of its interest in Echo Entertainment Group Limited, the Exclusive Dealing Agreement with Lend Lease Corporation Limited; and
- The fees paid by Crown to Ernst & Young in respect of non-audit services, largely taxation advisory services, mostly reflect taxation matters pre-dating the PBL de-merger (which occurred in December 2007).

In the absence of pre-demerger matters, the ratio of non-audit services to audit services provided by Ernst & Young would be lower.

The Directors are satisfied that the non-audit services are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. 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.

Remuneration Report

This Remuneration Report for the year ended 30 June 2012, outlines the Director and executive remuneration arrangements of Crown in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Crown group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Crown group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company. For further details of KMP, refer to note 30 of the Financial Report. The disclosures in the Remuneration Report have been audited.

The Remuneration Report is presented under the following sections:

1. Introduction
2. Response to Vote Against 2011 Remuneration Report
3. Overview of Remuneration Policy
4. Details of Senior Executive Remuneration Structure
 - Fixed Remuneration
 - Performance Based Remuneration
 - *Short Term Incentives*
 - *Long Term Incentive: 2010 Crown LTI*
 - Relationship between Remuneration Policy and Company Performance
 - Policy on entering into transactions in associated products which limit economic risk
5. Remuneration details for Non-Executive Directors (including statutory remuneration disclosures)
6. Remuneration details for Senior Executives
 - Executive Contract Summaries
 - Statutory Remuneration Disclosures

Introduction

Persons to whom Report applies

The remuneration disclosures in this Report cover the following persons:

Non-Executive Directors

- Benjamin A Brazil
- Helen A Coonan (appointed 2 December 2011)
- Christopher D Corrigan
- Rowena Danziger
- Geoffrey J Dixon
- John S Horvath
- Ashok Jacob
- Michael R Johnston
- Harold C Mitchell

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

- Kenneth M Barton (Chief Financial Officer)
- Barry J Felstead (Chief Executive Officer, Crown Perth)
- Greg F Hawkins (Chief Executive Officer, Crown Melbourne from 5 December 2011)
- W Todd Nisbet (Executive Vice President – Strategy and Development)

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

Response to vote Against 2011 Remuneration Report

At Crown’s 2011 Annual General Meeting, Crown received votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. In other words, Crown received a “First Strike” against its 2011 Remuneration Report.

In these circumstances, the *Corporations Act 2001* requires Crown to include in this year’s Remuneration Report, an explanation of the Board’s proposed action in response to that First Strike or, alternatively, if the Board does not propose any action, the Board’s reason for such inaction.

Crown’s response to the First Strike was to arrange for senior management to meet with proxy advisers and key institutional investors to discuss and to understand the main reasons why Crown received the vote against the 2011 Remuneration Report.

In summary, the common theme identified was the need for a more extensive explanation of the rationale behind the new Crown Long Term Incentive Scheme (the Crown LTI) and for more visibility on the actual performance against the relevant hurdles for the Crown LTI. In last year’s Remuneration Report, the Crown LTI was described as a mechanism for rewarding relevant senior executives for achieving certain “earnings per share targets”. Crown has been requested to provide further disclosure about:

- how the earnings per share targets are developed and set;
- why “earnings per share” is an appropriate target for the Crown LTI (as opposed to other available measures);
- what the earnings per share targets over the life of the Crown LTI are; and
- certain features of the Crown LTI such as the right of participants to receive dividends, the ability of the Plan to respond to control or capital reconstruction events and factors in the Crown LTI which are designed to ameliorate “cliff’s edge” vesting of bonus tranches.

In addition, Crown has been asked to provide a response to the perceived high level of fixed remuneration of the Chief Executive Officer and Managing Director.

Crown’s 2012 Remuneration Report has been amended and expanded to respond to the feedback referred to above.

Crown has not, however, amended its overall remuneration policy. The Crown Board remains confident that Crown’s remuneration policy and the level and structure of its executive remuneration are suitable for the company and its shareholders.

Subsequent to the 2011 Annual General Meeting, the Crown Board and the Crown Nomination and Remuneration Committee has not engaged any remuneration consultants to advise on remuneration policy or the level or structure of its executive remuneration. A consultant, Egan & Associates, has, however, reviewed this Remuneration Report and provided advice on the drafting of the Report.

Overview of Remuneration Policy

Philosophy

Crown is a company that provides outstanding customer service and to remain competitive Crown must continue to enhance the experience of all customers who visit Crown’s properties. As a result, the performance of the Crown group is highly dependent upon the quality of its Directors, senior executives and employees.

Crown seeks to attract, retain and motivate skilled Directors and senior executives in leadership positions of the highest calibre.

Crown’s remuneration philosophy is to ensure that remuneration packages properly reflect a person’s duties and responsibilities, that remuneration is appropriate and competitive both internally and as against comparable companies and that there is a direct link between remuneration and performance.

Crown has differing remuneration structures in place for Non-Executive Directors and senior executives.

Non-Executive Directors

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

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

In forming a view of the appropriate level of Board fees to be paid to Non-Executive Directors, the 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 Nomination and Remuneration Committee is comprised solely of Non-Executive independent directors.

No performance based fees are paid to Non-Executive Directors. Non-Executive Directors are not entitled to participate in Crown's long term incentive plan (described more fully below) and were not entitled to participate in Crown's 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.

Senior Executives

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

Crown's key strategies and business focuses are to:

- continue to maximise the performance of Crown Melbourne and Crown Perth and to manage the significant capital expenditure programs currently underway to deliver value for shareholders;
- work with MCE to maximise the value of MCE's Macau business;
- improve the profitability of Crown's international joint ventures; and
- assess other relevant growth opportunities.

Senior Executive remuneration structure is tied to these strategies and focuses.

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 qualifications and experience of the individual. From time to time, Crown 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, mobile telephone costs, complimentary privileges at Crown Melbourne and Crown Perth and may include, at the election of the Senior Executive, other benefits such as a motor vehicle, additional contribution to superannuation, car parking and staff gym membership, aggregated with associated fringe benefits tax to represent the total employment cost (TEC) of the relevant Senior Executive to Crown.

Fixed remuneration for the Senior Executives (except the Chief Executive Officer and Managing Director) is reviewed annually by the Chief Executive Officer and Managing Director and the Executive Chairman of Crown and is approved by the Nomination and Remuneration Committee.

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

Fixed remuneration for the Chief Executive Officer and Managing Director is reviewed by the Executive Chairman and approved annually following consideration by the Nomination and Remuneration Committee of his or her performance against his or her annual KPOs.

The fixed remuneration for Crown's Chief Executive Officer and Managing Director, Mr Rowen Craigie, was determined in 2007 as part of the de-merger of the gaming businesses of Publishing and Broadcasting Limited and listing of Crown Limited in December 2007. Details of Mr Craigie's remuneration, including his fixed remuneration, were included in the Demerger Scheme Booklet issued by Publishing and Broadcasting Limited and considered by Publishing and Broadcasting Limited shareholders at the Scheme meeting on 30 November 2007. Mr Craigie's fixed remuneration has not changed since that date.

Mr Craigie's fixed remuneration is in the top quartile of ASX top 50 listed companies. Mr Craigie's maximum short term incentive, however, is at the 75th percentile for the same group and below the median level on a realised basis. In addition, Mr Craigie's fixed remuneration is comparable to the CEOs of global gaming companies with operations across several jurisdictions. When taken together with his potential STI payment, Mr Craigie's remuneration is below the average of his peers in the global gaming industry.

The global gaming industry is highly competitive and the Board believes Mr Craigie's skills and experience in developing and operating major integrated resorts are in high demand in this industry. The Board believes that these capabilities, together with Mr Craigie's longstanding association with Crown's Australian businesses, are valuable to the group and that accordingly, Mr Craigie's remuneration (which was negotiated in 2007) remains appropriate.

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 67.

Performance based remuneration

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

- Short Term Incentives (STI); and
- Long Term Incentives (the Crown LTI).

The predecessor to the Crown LTI was the Executive Share Plan (ESP). Whilst the ESP was still in operation at the commencement of financial year 2012, it was subsequently wound up and provided no practical benefit to Senior Executives.

A key focus of the Crown Board is the achievement of the Crown group's annual business plan and budget and the long term financial plan. In order to provide incentives to executives, each of the STI and the Crown LTI link back to elements of the business plan and budget and long term financial plan. It is therefore important to understand how that business plan and budget and long term financial plan are developed.

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

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

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

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

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

Each department's four year forecast is consolidated into the relevant business's four year forecast which is then reviewed by the CEO and CFO of the relevant business.

In turn, each business's four year forecast is then incorporated into the Four Year Financial Plan and reviewed by the Crown Limited CEO and CFO. The Four Year Financial Plan is then reviewed by the Executive Chairman before it is submitted to the Crown Board for review and approval.

Development of Annual Business Plan and Budget

Crown's annual business plan and budget (Annual Business Plan and Budget) is prepared following approval by the Crown Board of the Crown Four Year Financial Plan.

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

Short Term Incentives (STI)

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 annual KPOs. Senior Executives have a potential or target STI, which is subject to the Crown group's performance and the achievement of the Senior Executive's KPOs established at the beginning of each financial year. In summary, the typical KPO structure might comprise the following elements:

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

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

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

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

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

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

The Chief Executive Officer and Managing Director and the Executive Chairman review performance based remuneration entitlements and recommend the STI payments, subject to final approval by the Nomination and Remuneration Committee and the Board.

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

In financial year 2012, Crown Limited's NPAT budget was exceeded and Crown Perth met its financial performance objectives for its non-VIP businesses, however, Crown Melbourne's financial performance objectives were not met. Accordingly, the group's financial performance objectives were only met in part. As a result, STI bonuses were reduced. In addition, given the achievement of some important non-financial objectives, the Board exercised its discretion and favourably adjusted the STI bonuses for some senior executives.

The CEO received 80% of his target STI bonus of \$1 million and did not receive any part of his further "discretionary bonus" of \$1 million for exceptional performance.

For a more detailed commentary on financial year 2012 STI bonuses see page 71.

2010 Crown LTI (Crown LTI)

The Crown LTI has been made available to selected senior executives with effect from 1 July 2010. All Senior Executives together with approximately 20 other senior executives in the Crown group participate in the Crown LTI. Most participants commenced participating in the Crown LTI with effect from 1 July 2010, but some executives who joined the Crown group after this date are participating on a pro rata basis.

Operation of the Crown LTI

The award of a long term incentive bonus under the Crown LTI is dependent on Crown achieving certain earnings per share hurdles (EPS Hurdles) in respect of, or in relation to, the four financial years ending 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 (each a Plan Year).

For the purposes of the Crown LTI, earnings per share (EPS) excludes contribution from Melco Crown Entertainment Limited (MCE) and is calculated in accordance with the following formula:

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

where:

Crown Profit means, in respect of a Plan Year, the normalised net profit after tax of the group for that Plan Year (excluding the contribution made by MCE); and

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

How EPS Hurdles are derived

The EPS Hurdles adopted in the Crown LTI were derived directly from EPS forecasts put in place in respect of the 2011 Four Year Financial Plan (each an EPS Target). Accordingly, the Crown LTI is specifically designed to provide an incentive to senior executives participating in the Crown LTI (Participants) to ensure the Four Year Financial Plan from financial year 2011 to financial year 2014 is met. The way in which Crown's Four Year Financial Plans are developed has been described in detail above.

The EPS Hurdles in financial year 2011, financial year 2012 and financial year 2013 are 98% of the EPS Target for the relevant year in the Four Year Financial Plan. The EPS Hurdle in financial year 2014 is 100% of the EPS Target for the relevant year in the Four Year Financial Plan.

The Four Year Financial Plan upon which EPS Hurdles are based has not been varied and remains the basis for determining the Crown LTI bonus payments.

Why EPS has been used as the single measure for Crown LTI

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

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

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

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

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

Crown acknowledges that its EPS Targets are, to a large degree, an internal measure. However, Crown has disclosed in this report its historical EPS Targets and EPS Hurdles as well as actual EPS, so that shareholders are able to see the "stretch" nature of these targets.

How bonuses accrue

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

Plan Year	Percentage
Plan Year 1	15%
Plan Year 2	20%
Plan Year 3	25%
Plan Year 4	40%

Bonuses are only ultimately paid at the end of financial year 2014 either by way of the transfer of shares acquired under the Crown LTI or the payment of cash. See further below.

Effect of achieving an EPS Hurdle

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

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

If the Plan Year is Plan Year 4, Crown will pay the Plan Year 4 Plan Year Bonus to the Participant in cash. Crown will also advise the Trustee, who will arrange for any shares held in trust to be transferred to the relevant Participant.

Effect of not achieving one or more EPS Hurdles

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

- if an EPS Hurdle in respect of Plan Year 1, Plan Year 2 or Plan Year 3 is not met, Crown will calculate the Plan Year Bonus which would have been applied to the purchase of Participant Shares had the relevant EPS Hurdle been met (Carried Over Plan Year Bonus);
- if the EPS Hurdle in respect of Plan Year 4 is met:
 - the Plan Year 4 Bonus will be paid by Crown to the relevant Participant in cash;
 - the Trustee will arrange for any shares held in trust to be transferred to the relevant Participant; and
 - if the sum of the EPS Targets for financial year 2011, financial year 2012, financial year 2013 and financial year 2014 (Cumulative EPS Hurdle) has also been met, any Carried Over Plan Year Bonuses will also be paid to the relevant Participant in cash.
- if the EPS Hurdle in respect of Plan Year 4 is not met but both the Fallback Plan Year 4 EPS Hurdle (i.e. 98% of the Plan Year 4 EPS Target) and the Cumulative EPS Hurdle are met:
 - the Plan Year Bonus in respect of Plan Year 4 will be paid by Crown to the relevant Participant in cash;
 - any Carried Over Plan Year Bonuses will be paid to the relevant Participant in cash; and
 - the Trustee will arrange for any shares held in trust to be transferred to the relevant Participant.
- if neither the EPS Hurdle in respect of Plan Year 4 nor the Fallback Plan Year 4 EPS Hurdle are met but the Cumulative EPS Hurdle is met:
 - the Plan Year Bonus in respect of Plan Year 4 will not be paid in cash by Crown to the relevant Participant;
 - any Carried Over Plan Year Bonuses will be paid to the relevant Participant in cash; and
 - the Trustee will arrange for any shares held in trust to be transferred to the relevant Participant.
- if neither the EPS Hurdle in respect of Plan Year 4 nor the Cumulative EPS Hurdle are met (whether or not the Fallback Plan Year 4 EPS Hurdle is met):
 - the Plan Year Bonus in respect of Plan Year 4 will not be paid in cash by Crown to the relevant Participant;
 - any Carried Over Plan Year Bonuses will lapse and will not be paid by Crown to the relevant Participant; and
 - the Trustee will arrange for any shares held in trust to be transferred to the relevant Participant.

Illustration

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

Key:

- ✓ = Achieved
- ✗ = Not achieved.

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

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

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

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

What happens if an executive's employment with Crown ceases

If a Participant's employment with Crown ceases, then the Participant would not be entitled to any part of his or her Crown LTI bonus, except for where the Participant's employment has been terminated by Crown without cause, in which case the Participant will be entitled to any tranche (in the form of shares held on trust) which has vested prior to the date of termination. The shares will only be transferred to the Participant after the end of financial year 2014, in accordance with the terms of the Crown LTI.

How EPS Hurdles can be amended

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

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

In financial year 2012, Crown undertook a share buy back during which Crown bought back 30 million Crown shares or 4% of Crown's shares then on issue for approximately \$238.1 million. The Crown Board has considered the impact of the financial year 2012 share buy back along with the impact of other corporate activity undertaken during financial year 2012 and determined not to adjust the EPS Targets as a result of the financial year 2012 share buy-back.

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

As noted above, Crown was requested to provide more information about the nature of vesting, particularly whether the bonuses paid under the Crown LTI are in the nature of "cliff's edge" (i.e., all or nothing) outcomes or graduated outcomes.

As described above, key features of the Crown LTI are that:

- the EPS Hurdles for Plan Years 1, 2 and 3 are set at 98% of the EPS Targets in the 2011 Four Year Financial Plan; and
- if at the end of financial year 2014, on a cumulative basis, the EPS Hurdles over all four years are met, then any Carried Over Plan Year Bonuses will vest and be paid to the relevant senior executive in cash.

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

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

Disclosure of prospective EPS Targets and historical EPS Targets

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

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

Set out below are the EPS Targets and EPS Hurdles which applied for financial year 2011 and financial year 2012 together with Crown's actual EPS for financial year 2011 and financial year 2012.

	EPS Target (2011 Four Year Financial Plan)	EPS Target Growth (2011 Four Year Financial Plan)	EPS Hurdle (Crown LTI)*	Actual EPS	Actual EPS Growth (from previous year)	Tranche Vested?
Financial Year 2011	44.1 cents	N/A	43.2 cents	42.3 cents	(3.0%)	No
Financial Year 2012	48.7 cents	10.4%	47.7 cents	43.9 cents	3.7%	No

* In financial year 2011, financial year 2012 and financial year 2013, the EPS Hurdle is 98% of the 2011 Four Year Financial Plan EPS Target.

All references in the above table to "EPS" exclude the contribution made by MCE.

Given that the financial year 2011 and financial year 2012 EPS Hurdles were not met, participants have lost the opportunity to acquire the maximum proportion of shares (60%) under the Crown LTI.

The range of outcomes available to a Participant are now reduced. The potential maximum proportion of shares which may now be achieved has reduced to 25%.

Set out below are some further illustrations of possible future outcomes (recognising that the financial year 2011 and financial year 2012 EPS Hurdles were not met). Again, the following does not represent the full range of outcomes which might be achieved.

Year 1 EPS Hurdle Met? 15%	Year 2 EPS Hurdle Met? 20%	Year 3 EPS Hurdle Met? 25%	Year 4 EPS Hurdle Met? 40%	Fallback Year 4 EPS Hurdle Met? 40%	Cumulative EPS Hurdle Met?	
x	x	✓	✓		✓ 25% shares 75% cash	x 25% shares 40% cash
x	x	✓	x	✓	✓ 25% shares 75% cash	x 25% shares No cash
				x	✓ 25% shares No cash	x 25% shares No cash

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

MCE Contribution Bonus

At the commencement of the Crown LTI, the Crown Board considered it of high importance to the Crown group that MCE achieve the MCE "Contribution" targets in Crown's Four Year Financial Plan and that certain executives who played a key role in Crown's relationship with MCE be provided with an extra incentive to ensure this goal was achieved. Mr Craigie and Mr Nisbet are Crown nominees on the MCE Board and Mr Barton works with the MCE CFO in providing assistance on MCE financial matters.

Accordingly, in the case of Mr Craigie, Mr Barton and Mr Nisbet, part of the Maximum Bonus to which they are eligible (the MCE Contribution Bonus) is dependent on MCE achieving certain MCE Contribution hurdles (MCE Contribution Hurdles). Mr Craigie's maximum potential MCE Contribution Bonus is approximately 15% of his Maximum Bonus and for Mr Barton it is approximately 11% and for Mr Nisbet it is approximately 17%.

The MCE Contribution Hurdles are derived from the MCE Contribution targets in Crown's 2011 Four Year Financial Plan (MCE Contribution Targets). MCE Contribution is defined as Crown's percentage interest in MCE from time to time, multiplied by the normalised net profit after tax of MCE.

If an MCE Contribution Hurdle is achieved in respect of a Plan Year, a Participant will become entitled to a portion of their potential Maximum Bonus. The rules on the effect of achieving or not achieving MCE Contribution Hurdles are the same as for the EPS Bonus.

The MCE Contribution Bonus is independent of the portion of the bonus which is referable to meeting the EPS Hurdles (EPS Bonus). Accordingly, Mr Craigie, Mr Barton and Mr Nisbet may achieve some or all of their entitlement to the MCE Contribution Bonus without achieving any part of the EPS Bonus and the converse also applies.

Disclosure of MCE Contribution Targets

For the same reasons set out above, Crown elects not to publicly disclose prospective MCE Contribution Targets.

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

Set out below are the MCE Contribution Targets and MCE Contribution Hurdles for financial year 2011 and financial year 2012 and MCE's actual Contribution for financial year 2011 and financial year 2012.

	MCE Contribution Target (2011 Four Year Financial Plan)	MCE Contribution Target Growth (2011 Four Year Financial Plan)	MCE Contribution Hurdle*	Actual MCE Contribution	Actual MCE Contribution Growth	Tranche Vested?
Financial year 2011	(US\$30.9 million)	N/A	(US\$31.5 million)	US\$20.4 million	154.7%	Yes
Financial year 2012	US\$37.2 million	220.4%	US\$36.5 million	US\$95.0 million	365.7%	Yes

* In financial year 2011, financial year 2012 and financial year 2013, the MCE Contribution Hurdle is 98% of the 2011 Four Year Financial Plan MCE Contribution Target.

Given that the financial year 2011 and financial year 2012 MCE Contribution Hurdles were met, participants maintain the opportunity to acquire the maximum proportion of shares as part of the MCE Contribution Bonus portion of the Crown LTI.

Details of Participation of Senior Executives in Crown LTI

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

Senior Executive	Maximum Value over four year period	30 June 2011 (15%)	30 June 2012 (20%)	30 June 2013 (25%)	30 June 2014 (40%)
Rowen Craigie	\$12,300,000	\$1,845,000	\$2,460,000	\$3,075,000	\$4,920,000
Ken Barton	\$4,500,000	\$675,000	\$900,000	\$1,125,000	\$1,800,000
Barry Felstead	\$3,600,000	\$540,000	\$720,000	\$900,000	\$1,440,000
Greg Hawkins*	\$3,000,000	\$271,500	\$642,000	\$802,500	\$1,284,000
Todd Nisbet	\$5,250,000	\$787,500	\$1,050,000	\$1,312,500	\$2,100,000

* Mr Hawkins' commencement date with Crown Melbourne Limited was 6 December 2010. Accordingly, his first year entitlement to an EPS Bonus has been reduced on a pro rata basis to approximately seven months of participation in the Crown LTI. Had Mr Hawkins been a participant from 1 July 2010, his Maximum Value over the four year period would have been \$3,210,000. The entitlements for 30 June 2012, 30 June 2013 and 30 June 2014 have been determined by reference to that Maximum Value. On account of the pro rata reduction, the total possible EPS Bonus which Mr Hawkins may achieve is \$3,000,000.

As noted in the tables above:

- in financial year 2011, Crown did not meet the relevant EPS Hurdle and accordingly, EPS Bonuses for financial year 2011 have not vested. The MCE Contribution Hurdle for financial year 2011 was, however, achieved. Accordingly, an entitlement to 15% of their potential MCE Contribution Bonus for each of Mr Craigie, Mr Barton and Mr Nisbet has vested; and
- in financial year 2012, Crown did not meet the relevant EPS Hurdle and accordingly, EPS Bonuses for financial year 2012 have not vested. The MCE Contribution Hurdle for financial year 2012 was, however, achieved. Accordingly, an entitlement to 20% of their potential MCE Contribution Bonus for each of Mr Craigie, Mr Barton and Mr Nisbet has vested.

Set out below are the vested bonus amounts for the above participants in respect of financial year 2011 and financial year 2012:

Senior Executive	Maximum Bonus over four year period	Vested in relation to the financial year ended 30 June 2011	Vested in relation to the financial year ended 30 June 2012
Rowen Craigie	\$12,300,000	\$270,000	\$360,000
Ken Barton	\$4,500,000	\$75,000	\$100,000
Barry Felstead	\$3,600,000	Nil	Nil
Greg Hawkins	\$3,000,000	Nil	Nil
Todd Nisbet	\$5,250,000	\$135,000	\$180,000

In accordance with the rules of the Crown LTI, the vested component of the cash bonus for financial year 2011 has been (and in the case of financial year 2012 will be) applied by Crown to fund the purchase of Crown shares on market, which are to be held on trust for each of Mr Craigie, Mr Barton and Mr Nisbet until the end of financial year 2014.

Details of shares held on trust for Mr Craigie, Mr Barton and Mr Nisbet are set out below:

Senior Executive	Shares Acquired with financial year 2011 Bonus*
Rowen Craigie	35,217
Ken Barton	9,782
Todd Nisbet	17,608

* Shares acquired for an average price of \$7.65 per share.

Executive Share Plan (ESP)

As noted earlier, the predecessor to the Crown LTI was the Executive Share Plan (ESP). Whilst the ESP was still on foot at the commencement of financial year 2012, it was wound up in September 2011 and no longer operates.

The net impact over the life of the ESP and on winding up of the ESP on those Crown executives who participated in the ESP was that no Crown shares which had been issued under the ESP were retained by Crown executives and no cash bonuses were received. All dividends paid on the Crown shares issued under the ESP were repaid to Crown and used to pay interest on the loans provided to ESP participants. On winding up, all Crown ESP shares issued to participants were forfeited to Crown, sold and the proceeds used to repay the loans provided to ESP participants.

A detailed description of how the ESP operated and its features has been included in previous Annual Reports. Given that the ESP provided no practical benefit to Senior Executives, that description has not been replicated here.

Relationship between policy and company performance

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

The Crown Board has sought to achieve this link by requiring the achievement of an annual level of normalised EBITDA and net profit after tax (in the case of STI) or predetermined EPS Targets and the achievement of MCE Contribution Targets (in the case of the Crown LTI).

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

- An STI may be payable if Crown achieves its budgeted financial objectives and where an individual achieves his or her annual KPOs, assessed using a combination of financial and non-financial measures;
- The Crown LTI may be payable where Crown achieves predetermined EPS Hurdles in financial year 2011, financial year 2012, financial year 2013 and financial year 2014; and
- A component of the Crown LTI may be payable to key senior executives involved in managing the performance of MCE, where MCE has achieved predetermined MCE Contribution Targets.

This year, normalised EBITDA generated by Crown Melbourne and Crown Perth, Crown's wholly owned Australian casinos, grew by 5.1%. The compound average normalised EBITDA growth for Crown Melbourne and Crown Perth for the five year period commencing from financial year 2007 through to financial year 2012 was 4.9%. Normalised Crown group NPAT grew by 22.0% in financial year 2012. The compound average normalised NPAT growth for the Crown group for the four year period commencing from financial year 2008 through to financial year 2012 was 2.9%.

The table below sets out information about movements in shareholder wealth for the years ended 30 June 2008, 30 June 2009, 30 June 2010, 30 June 2011 and 30 June 2012.

	Year ended 30 June 2008	Year ended 30 June 2009	Year ended 30 June 2010	Year Ended 30 June 2011	Year Ended 30 June 2012
Share price at start of period	NA ¹	\$9.29	\$7.27	\$7.77	\$8.93
Share price at end of period	\$9.29	\$7.27	\$7.77	\$8.93	\$8.49
Full year dividend	54 cents ²	37 cents ³	37 cents ³	37 cents ⁴	37 cents ⁵
Basic/diluted earnings per share ⁶	54.58 cps	33.74 cps	38.54 cps	44.29 cps	69.78 cps

Notes:

1. As Crown was admitted to the official list of the ASX on 3 December 2007, there is no trading data for 1 July 2007.
2. Franked to 40% with unfranked component made up of conduit foreign income.
3. Franked to 60% with none of the unfranked component comprising conduit foreign income.
4. Interim dividend franked to 60% and final dividend franked to 50% with none of the unfranked components comprising conduit foreign income.
5. Franked to 50% with none of the unfranked component comprising conduit foreign income.
6. Excluding the effect of discontinued operations and significant items.

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

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

Remuneration Details for Non-Executive Directors

Non-Executive Directors

Non-Executive Directors are entitled to a base fee of \$100,000 per annum for acting as a Director of Crown.

Non-Executive Directors acting on the Board of Crown Melbourne Limited are entitled to receive a further fee of \$60,000 per annum.

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

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

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

In accordance with Crown's constitution, Non-Executive Directors' fees are currently determined within an aggregate Non-Executive Directors' fee cap of \$1,300,000 per annum.

There is no intention to seek an increase of the Non-Executive Directors' fee cap at the 2012 Annual General Meeting.

Set out below is a table showing Non Executive Director remuneration for financial years 2012 and 2011.

Remuneration Table – Non-Executive Directors

	Financial Year	Short Term Benefits			Post-employment Benefit – Superannuation	Long Term Incentives		Termination Benefits	Total
		Salary & Fees	Non Monetary	Other		Cash Based	Equity Based		
Ben Brazil	2012	120,000	–	–	10,800	–	–	–	130,800
Non-Executive Director	2011	103,333	–	–	9,300	–	–	–	112,633
Helen Coonan¹	2012	58,333	–	–	5,250	–	–	–	63,583
Non-Executive Director	2011	–	–	–	–	–	–	–	–
Christopher Corrigan	2012	110,000	–	–	9,900	–	–	–	119,900
Non-Executive Director	2011	110,000	–	–	9,900	–	–	–	119,900
Rowena Danziger²	2012	210,000	–	–	–	–	–	–	210,000
Non-Executive Director	2011	208,107	–	–	–	–	–	–	208,107
Geoffrey Dixon	2012	140,000	–	–	–	–	–	–	140,000
Non-Executive Director	2011	140,000	–	–	–	–	–	–	140,000
David Gyngell⁵	2012	–	–	–	–	–	–	–	–
Non-Executive Director	2011	21,970	–	–	1,977	–	–	–	23,947
John Horvath²	2012	190,000	–	–	15,775	–	–	–	205,775
Non-Executive Director	2011	151,288	–	–	13,616	–	–	–	164,904
Ashok Jacob³	2012	–	–	–	–	–	–	–	–
Non-Executive Director	2011	–	–	–	–	–	–	–	–
Michael Johnston³	2012	–	–	–	–	–	–	–	–
Non-Executive Director	2011	–	–	–	–	–	–	–	–
Harold Mitchell	2012	77,000	–	–	42,900	–	–	–	119,900
Non-Executive Director	2011	2,237	–	–	40,000	–	–	–	42,237
Richard Turner⁴	2012	–	–	–	–	–	–	–	–
Non-Executive Director	2011	150,000	–	–	–	–	–	–	150,000
2012 TOTALS		905,333	–	–	84,625	–	–	–	989,958
2011 TOTALS		886,935	–	–	74,793	–	–	–	961,728

- Notes:**
- Ms Coonan was appointed on 2 December 2011.
 - Mrs Danziger and Professor Horvath each received Directors' fees at a rate of \$60,000 per annum for their participation on the Crown Melbourne Limited Board.
 - Neither Mr Jacob nor Mr Johnston receives remuneration for their services to Crown.
 - Mr Turner resigned 1 May 2011.
 - Mr Gyngell resigned as a director on 25 November 2010. His fees are representative of the period commencing 13 September 2010 through to 25 November 2010.

Remuneration details for Senior Executives

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 requiring approval of the Chief Executive Officer and Managing Director and the Nomination and Remuneration Committee and dependent on Crown's financial performance, the individual's KPO performance and market changes;
- competitive performance based incentive payments annually and in the long term, dependent upon Crown achieving its objectives and the Senior Executive achieving his or her KPOs;
- Crown may ask the executive to act as a Director of a member or associate of the Crown group for no additional remuneration;
- a prohibition from gambling at any property within the Crown group during the term of employment and for three months following termination and a requirement that the executive maintains licences required and issued by relevant regulatory authorities (such as the Victorian Commission for Gambling and Liquor Regulation and the Western Australian Gaming and Wagering Commission);

- where post-employment restraints apply, a restraint covering, amongst other things, competitive activities to those of the Crown group. Restraint periods vary and have been noted in each instance;
- where an employment agreement is terminated by Crown, notice may be given in writing or payment may be made (wholly or partly) in lieu of notice;
- all contracts may be terminated without notice by Crown for serious misconduct; and
- all Senior Executives are entitled to complimentary privileges at Crown Melbourne and Crown Perth facilities.

Specific details of each Senior Executive's contract of employment which applied during the financial year ending 30 June 2012 are summarised in the tables on the following pages. Where a Senior Executive has had more than one contract of employment during the year, or where a new contract of employment has been entered into post year end, this has been noted in those tables.

Summary of Contracts of Employment Applicable During the Year Ended 30 June 2012

	James D Packer	John H Alexander
Current Position	Executive Chairman	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.
Fixed Remuneration		
Base salary:	Nil. 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 Limited, a company in which Crown has a significant investment. Mr Packer does not receive a fee from Crown for these services.	\$1,484,225 per annum (increasing annually by CPI) ¹
Superannuation		Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$15,775 per annum.
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities.	Complimentary privileges at Crown Melbourne and Crown Perth facilities and superannuation.
Performance based remuneration	Not applicable	Not applicable
2012 Percentage breakdown of remuneration	Not applicable	Fixed remuneration² 100% STI 0% LTI 0%
Post employment benefits	Not applicable	Nil
Post-employment restraint	Not applicable	Crown may impose a restraint for the five year term of Mr Alexander's employment agreement up to 30 November 2012.
Termination		
By Senior Executive:	Not applicable	12 months' notice.
By Crown:	Not applicable	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.
Termination benefits	Not applicable	Nil
Payments made prior to commencement	Not applicable	Nil
Directors' Fees	Nil	Nil

1. Mr Alexander's CPI review in the 2008–2012 financial years has been deferred with his consent.
2. Includes voluntary and compulsory superannuation.

	Rowen B Craigie	Kenneth M Barton
Current Position	Chief Executive Officer and Managing Director (commenced 1 December 2007): Mr Craigie's five year employment agreement with Crown Limited which was due to expire in December 2012 was extended on 15 September 2011 and will expire on 30 November 2015.	Chief Financial Officer (commenced 9 March 2010): Mr Barton's employment contract with Crown Limited commenced on 9 March 2010 and expires in March 2015.
Fixed Remuneration		
Base salary:	\$2,984,225 per annum.	\$1,284,225 per annum.
Superannuation	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$15,775 per annum.	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$15,775 per annum.
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation.	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Until Mr Barton relocates to Melbourne, Crown will meet the weekly travel costs of his Melbourne/Sydney commuting and will provide hotel accommodation while in Melbourne.
Performance based remuneration		
STI:	A maximum of \$1,000,000, assessed by the Executive Chairman based on the achievement of personal KPOs. 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.	Mr Barton's annual target STI is \$500,000 and payment depends on meeting agreed personal KPOs. The STI may, at the discretion of the Nomination and Remuneration Committee, be increased to a maximum of \$750,000 if Mr Barton exceeds his KPOs and Crown also achieves its performance objectives.
LTI:	Mr Craigie participates in the Crown LTI. See further page 55.	Mr Barton participates in the Crown LTI. See further page 55.
2012 Percentage breakdown of remuneration	Fixed remuneration¹ 43% STI 12% LTI 45%	Fixed remuneration¹ 45% STI 18% LTI 37%
Post employment benefits	Nil	Nil
Post-employment restraint	Crown may impose a restraint for various periods up to 24 months.	Nil
Termination		
By Senior Executive:	12 months' notice.	6 months' notice.
By Crown:	12 months' notice without cause; one month's notice for performance issues (following at least three months' notice to improve); three months' notice for incapacity.	6 months' notice without cause; one month's notice for performance issues (following at least three months' notice to improve); three months' notice for incapacity.
Termination benefits	Subject to the receipt of shareholder approval, Mr Craigie will be entitled to receive a severance payment equal to 24 months' fixed remuneration in the event of early termination of his employment by Crown. The imposition of Mr Craigie's post employment restraint is conditional upon receipt of this severance payment.	Nil
Payments made prior to commencement	Nil	A \$400,000 sign on payment in 2010 less applicable taxes in order to compensate Mr Barton for unvested incentives forfeited on cessation of employment with his previous employer.
Directors' Fees	Nil	Nil

1. Includes voluntary and compulsory superannuation.

	Greg F Hawkins	Barry J Felstead
Current Position	Chief Executive Officer, Crown Melbourne (from 5 December 2011): Mr Hawkins' employment contract with Crown Melbourne in the role of Deputy Chief Executive Officer commenced on 6 December 2010 and will expire in accordance with its terms. Mr Hawkins commenced the role of Chief Executive Officer of Crown Melbourne on 5 December 2011.	Chief Executive Officer, Crown Perth (from 6 March 2007): Mr Felstead entered into his current contract of employment on 24 June 2011 which will expire in accordance with its terms.
Fixed Remuneration		
Base salary:	\$1,034,225 per annum.	\$1,014,225 per annum.
Superannuation	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$15,775 per annum.	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$15,775 per annum.
Non-monetary benefits and other:	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Mr Hawkins was previously employed by Crown Melbourne Limited to act in a Chief Executive Role on a secondment basis at Crown's investment properties in Macau. Under that contract of employment, upon his return to Australia, Mr Hawkins was entitled reasonable relocation expenses for Mr Hawkins and his family. The value of that benefit has been included in the Senior Executive remuneration table.	Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation. Mr Felstead is entitled to one annual economy airfare between Perth and Melbourne for himself and his family.
Performance based remuneration		
STI:	Discretionary STI based on the performance of Crown Limited and the achievement of personal KPOs. Mr Hawkins' annual target STI is 40% of his TEC.	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Felstead's annual target STI is 40% of his TEC.
LTI:	Mr Hawkins participates in the Crown LTI. See further page 55.	Mr Felstead participates in the Crown LTI. See further page 55.
2012 Percentage breakdown of remuneration	Fixed remuneration¹ 54% STI 5% LTI 41%	Fixed remuneration¹ 40% STI 25% LTI 35%
Post employment benefits	Nil	Nil
Post-employment restraint	Crown may impose various restraint periods for a period of up to 12 months post employment.	Crown may impose various restraint periods for a period of up to 12 months post employment.
Termination		
By Senior Executive:	6 months' notice.	6 months' notice.
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.
Termination benefits	Nil	Nil
Payments made prior to commencement	Nil	Nil
Directors' Fees	Nil	Nil

1. Includes voluntary and compulsory superannuation.

W. Todd Nisbet

Current Position	Executive Vice President – Strategy and Development (from 9 August 2010): Mr Nisbet's three year employment agreement with Crown Limited which was due to expire in August 2013 was extended on 30 August 2011 and will expire on 30 November 2014.		
Fixed Remuneration			
Base salary:	\$1,560,025 per annum.		
Superannuation	Compulsory Superannuation Guarantee Contributions up to the maximum contribution base, equating to \$15,775 per annum.		
Non-monetary benefits and other:	<p>Complimentary privileges at Crown Melbourne and Crown Perth facilities, mobile telephone and salary sacrifice arrangements for motor vehicle and superannuation.</p> <p>Mr Nisbet is entitled to Relocation Benefits to assist with the relocation of him and his family from Nevada, USA to Melbourne.</p> <p>During Mr Nisbet's employment with Crown, he will also be entitled to additional customary expatriate benefits for himself and his family.</p> <p>Upon cessation of employment Mr Nisbet will be entitled to relocation benefits for him and his family to Las Vegas.</p>		
Performance based remuneration			
STI:	Discretionary STI based on the performance of Crown and the achievement of personal KPOs. Mr Nisbet's annual target STI is 50% of his base salary.		
LTI:	Mr Nisbet participates in the Crown LTI. See further page 55.		
2012 Percentage breakdown of remuneration	Fixed remuneration¹	STI	LTI
	44%	24%	32%
Post employment benefits	Nil		
Post-employment restraint	Crown may impose various restraint periods for a period of up to 12 months post employment.		
Termination			
By Senior Executive:	6 months' notice.		
By Crown:	12 months' notice without cause; one month's notice for performance issues; three months' notice due to incapacity.		
Termination benefits	Nil		
Payments made prior to commencement	Nil		
Directors' Fees	Nil		

1. Includes voluntary and compulsory superannuation.

Remuneration table for Senior Executives

The structure of senior executive remuneration has been described in detail in this Report, both generically and specifically in relation to each named Senior Executive. In addition, a table summarising all remuneration to be attributed to each Senior Executive for the financial years ending 30 June 2012 and 30 June 2011 is set out below. Accounting Standards are prescriptive in relation to the required presentation of remuneration tables. Accordingly, as an aid to understanding, the following additional information should be read in conjunction with the table set out below.

Fixed Remuneration

Neither of Mr Alexander nor Mr Craigie received an increase to their fixed remuneration in financial year 2012 as compared with financial year 2011.

Messrs Nisbet and Hawkins commenced new roles with the group in financial year 2011. Each of Mr Nisbet and Mr Hawkins was required to relocate with their families to Melbourne, Australia to take up their respective roles. In Mr Nisbet's case, he relocated from Las Vegas in the USA and, in Mr Hawkins' case, he relocated from Macau. Crown met the once off costs associated with Mr Nisbet's and Mr Hawkins' respective relocations and these were reported as part of their financial year 2011 fixed remuneration. Going forward, Mr Nisbet will also be entitled to additional customary benefits relating to his relocation as described in the summary of his employment contract.

Short Term Incentives (STI)

In financial year 2012, Crown Limited's NPAT budget was exceeded and Crown Perth met its financial performance objectives for its non-VIP businesses, but Crown Melbourne's financial performance objectives were not met. The group achieved its normalised NPAT budget, largely as a result of the performance of MCE's businesses in Macau. Accordingly, the group's financial performance objectives were only met in part.

As a result, STI bonuses were reduced. In addition, given the achievement of some important non-financial objectives, including the successful management of major capital expenditure projects at both Crown Melbourne and Crown Perth, the important restructure of some key business units, the successful implementation of a number of margin improvement projects and the management of key stakeholders associated with major projects, the Board exercised its discretion and favourably adjusted STI bonuses for some senior executives.

In recognition of the partial achievement of financial performance objectives at the group level, STI bonuses were generally reduced by 30% and at Crown Melbourne and Crown Perth they were reduced by 80% and 20% respectively.

In the case of Mr Craigie, he received 80% of his target STI bonus of \$1 million and did not receive the second discretionary tranche of \$1 million for exceptional performance by the group. Messrs Barton, Felstead and Nisbet all received discretionary STI bonuses based, in part, on the partial achievement of financial performance objectives, but largely on the achievement of significant non-financial performance objectives, including progress on refinancing Crown's debt, the commencement of the Crown Towers Perth project (including reaching agreement with the WA Government) and the successful delivery of a number of major capital expenditure projects. Messrs Craigie, Barton and Nisbet provide significant support to MCE, with Messrs Craigie and Nisbet representing Crown on the MCE Board and a number of MCE subsidiary boards. Mr Hawkins' STI bonus covers a 19 month period from when he commenced his employment with Crown Melbourne. Mr Hawkins did not receive an STI bonus in financial year 2011.

Long Term Incentives (LTI)

As summarised earlier, Senior Executives participate in the Crown LTI.

In accordance with relevant accounting standards, the Crown LTI is included in the remuneration for each Senior Executive on the basis that it is considered more likely than not at the date of this financial report that the performance condition and service condition will occur evenly over the life of the Crown LTI, notwithstanding that the benefits will vest for the Senior Executives at a different rate. Accordingly, 25% of the total Crown LTI bonus for which each Senior Executive is potentially eligible will be included in the remuneration table for each of the four active years of the plan, regardless of whether a bonus has vested or not.

As explained earlier, the first and second tranches of the Crown LTI represents 15% and 20% (respectively) of the total Crown LTI bonus for which each Senior Executive is eligible. The EPS Hurdle of the Crown LTI for financial year 2011 and financial year 2012 were not met, but the MCE Contribution Hurdles were met, resulting in 15% and 20% (respectively) of the MCE Contribution Bonus of the Crown LTI for eligible Senior Executives vesting. Detail of the actual sums vested to relevant Senior Executives has been provided earlier.

Auditor's Independence Declaration


	Financial Year	Short Term Benefits				Post-employment Benefits – Super-annuation ¹	Long Term Incentives				Total
		Salary & Fees	Non Monetary	Other	STI		% of max STI	Cash Based	Equity Based – Crown LTI ²	Equity Based – ESP ³	
James Packer Executive Chairman	2012	-	-	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-	-	-
John Alexander Executive Deputy Chairman	2012	1,484,225	-	-	-	-	15,775	-	-	-	1,500,000
	2011	1,484,801	-	-	-	-	15,199	-	-	-	1,500,000
Ken Barton Chief Financial Officer	2012	1,284,225	56,753	-	550,000	110%	15,775	1,125,000	-	-	3,031,753
	2011	1,234,801	44,220	-	400,000	80%	15,199	1,125,000	-	-	2,819,220
Rowen Craigie Chief Executive Officer & Managing Director	2012	2,984,225	-	-	800,000	80%	15,775	3,075,000	-	-	6,875,000
	2011	2,984,801	-	-	600,000	60%	15,199	3,075,000	1,035,275	-	7,710,275
Barry Felstead Chief Executive Officer Burswood Limited	2012	1,014,225	-	-	650,000	158%	15,775	900,000	-	-	2,580,000
	2011	984,801	-	-	400,000	100%	15,199	900,000	68,211	-	2,368,211
Greg Hawkins ¹ Deputy Chief Executive Officer Crown Melbourne Limited	2012	970,588	-	-	84,000	20%	15,775	750,000	-	-	1,820,363
	2011	522,836	-	87,320	101,000	50%	11,400	750,000	-	-	1,472,556
Todd Nisbet ² Executive Vice President – Strategy & Development	2012	1,560,025	-	240,876	985,000	125%	15,775	1,312,500	-	-	4,114,176
	2011	1,346,587	-	326,053	750,000	100%	15,199	1,312,500	-	-	3,750,339
David Courtney ³	2012	-	-	-	-	-	-	-	-	-	-
	2011	1,335,000	-	-	74,521	50%	25,000	-	110,161	3,790,845	5,335,527
2012 TOTALS		9,297,513	56,753	240,876	3,069,000	-	94,650	7,162,500	-	-	19,921,292
2011 TOTALS		9,893,627	44,220	413,373	2,325,521	-	112,395	7,162,500	1,213,647	3,790,845	24,956,128

- Notes:**
- Mr Hawkins commenced in his role as Deputy Chief Executive Officer on 6 December 2010. On 5 December 2011, Mr Hawkins became Chief Executive Officer of Crown Melbourne. Mr Hawkins received a total STI payment of \$185,000 which, in accordance with his contract of employment, relates to performance for both the 2011 and 2012 financial years on a pro rata basis. The STI has therefore been split over the two years in the above table.
 - Mr Nisbet commenced in his role as Executive Vice President – Strategy and Development on 9 August 2010. Refer to the summary of Mr Nisbet's contract of employment for a description of the short term entitlements to which Mr Nisbet is entitled.
 - Mr Courtney ceased performing the role of Chief Executive Officer of Crown Melbourne Limited on 8 October 2010. In accordance with the terms of his Employment Agreement, Mr Courtney remained an employee of the Crown group until 8 October 2011 (representing a 12 month notice period) at which time he was be paid a severance payment in accordance with his Employment Agreement which included an entitlement to a payment of 24 months fixed remuneration upon cessation of employment. Those amounts were accrued in the 2011 financial year and were included in the 2011 Termination Benefits. Mr Courtney's STI represented 50% of his maximum target STI on a pro rata basis over the period 1 July 2010 to 8 October 2010 when he ceased performing the role of Chief Executive Officer of Crown Melbourne Limited.
 - Long service leave accrued balances have increased during the financial year ended 30 June 2012 for the following Senior Executives: Mr Alexander \$24,983, Mr Barton \$21,738, Mr Craigie \$49,967, Mr Felstead \$17,167, Mr Hawkins \$18,605, Mr Nisbet \$26,349.
 - The Crown LTI has been included in total remuneration on the basis that it is considered more likely than not at the date of this financial report that the performance condition and service condition will occur evenly over the life of the Crown LTI, notwithstanding that the benefits will vest for the Senior Executives at a different rate.
 - 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 continued to account for the services rendered as consideration for the equity instruments granted as if the modification had not occurred. The allocation of the expenses for Equity Based payments to the Senior Executives made following the PBL Scheme and the Demerger Scheme was consistent with the split of the PBL ESP Loan as between CMH and Crown Limited (25 percent/75 percent).

Signed in accordance with a resolution of the Directors.




J D Packer
Director



R B Craigie
Director

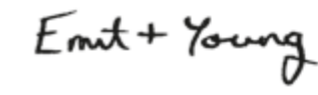
Melbourne, 19th day of September, 2012




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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 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Brett Kallio
Partner
Melbourne
19 September 2012

Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's Report



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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 consolidated statement of financial position as at 30 June 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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 complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Legislation



Opinion

In our opinion:

- a. the financial report of Crown Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial positions as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion, the Remuneration Report of Crown Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Brett Kallio
Partner
Melbourne
19 September 2012

Directors' Declaration

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

In the opinion of the directors:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
2. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1 of the Financial Report;
3. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;
4. this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2012; and
5. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 32 of the Financial Report will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



J D Packer
Director



R B Craigie
Director

Melbourne, 19th day of September, 2012

Contents

78
Income Statement

79
Statement of
Comprehensive
Income

80
Statement of
Financial Position

81
Cash Flow
Statement

82
Statement of
Changes in Equity

83
Notes to the
Financial Statements

Income Statement

For the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Continuing Operations			
Revenues	3	2,808,870	2,409,241
Other income	3	426	403
Expenses	3	(2,214,766)	(1,959,351)
Share of profits/(losses) of associates and joint venture entities	2,10	138,872	32,366
Profit before income tax and finance costs		733,402	482,659
Finance costs	3	(113,584)	(75,545)
Profit before income tax		619,818	407,114
Income tax expense	2,5	(106,493)	(71,259)
Net profit after tax		513,325	335,855

The above Income Statement should be read in conjunction with the accompanying notes.

	Note	2012 Cents per share	2011 Cents per share
Earnings per share (EPS)			
Basic EPS	29	69.78	44.29
Diluted EPS	29	69.78	44.29
EPS calculation is based on the weighted average number of shares on issue throughout the period			
Dividends per share			
Current year final dividend proposed	4	19.00	19.00
Current year interim dividend paid	4	18.00	18.00

Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Net profit after tax		513,325	335,855
Other Comprehensive Income			
Foreign currency translation ⁽¹⁾	21	40,385	(205,916)
Movement in cashflow hedge reserve	21	32,941	(19,230)
Unrealised gain/(loss) on investments in associates	21	(328)	500
Other comprehensive income/(loss) for the period, net of income tax		72,998	(224,646)
Total comprehensive income/(loss) for the period		586,323	111,209

(1) The movement in the foreign currency translation reserve is largely attributable to foreign exchange movements relating to Crown's equity accounted investment in Melco Crown.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

At 30 June 2012

	Note	2012 \$'000	2011 \$'000
Current Assets			
Cash and cash equivalents	24	149,353	183,699
Trade and other receivables	6	201,734	123,756
Inventories	7	11,850	18,070
Prepayments		18,693	17,122
Other financial assets	8	337	7,775
Total current assets		381,967	350,422
Non-current assets			
Receivables	6	102,867	131,477
Other financial assets	8	–	24,051
Investments	9	454,338	98,658
Investments in associates	10	1,088,744	851,721
Property, plant and equipment	11	2,804,379	2,514,905
Licences	12	656,983	664,455
Other intangible assets	13	207,772	213,030
Deferred tax assets	5	112,640	108,731
Other assets	15	62,840	66,325
Total non-current assets		5,490,563	4,673,353
Total assets		5,872,530	5,023,775
Current Liabilities			
Trade and other payables	16	325,731	237,889
Interest-bearing loans and borrowings	17	29,077	19,752
Income tax payable		100,598	39,025
Provisions	18	101,977	102,917
Other financial liabilities	19	22,221	2,276
Total current liabilities		579,604	401,859
Non-current liabilities			
Other payables	16	138	–
Interest-bearing loans and borrowings	17	1,665,589	1,049,707
Deferred tax liabilities	5	205,605	209,925
Provisions	18	38,183	27,699
Other financial liabilities	19	8,661	74,225
Total non-current liabilities		1,918,176	1,361,556
Total liabilities		2,497,780	1,763,415
Net assets		3,374,750	3,260,360
Equity			
Contributed equity	20	446,763	645,475
Treasury shares	20	(480)	–
Reserves	21	298,786	225,788
Retained earnings	21	2,629,681	2,389,097
Total equity		3,374,750	3,260,360

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers		2,764,378	2,438,649
Payments to suppliers and employees		(2,027,218)	(1,833,769)
Dividends received		4,628	19
Interest received		7,124	5,377
Borrowing costs		(122,459)	(86,002)
Income tax paid		(55,753)	(73,305)
Net cash flows from/(used in) operating activities	24b	570,700	450,969
Cash flows from investing activities			
Purchase of property, plant and equipment		(464,403)	(351,537)
Proceeds from sale of property, plant and equipment		461	454
Payment in respect of licences		–	(20,000)
Payment for purchases of equity investments		–	(15,106)
Payment for the acquisition of controlled entities	22	–	(55,134)
Payment for purchases of investments		(261,676)	–
Net proceeds from sale of equity investments		6,632	–
Loans to associated entities		(27,364)	(51,188)
Repayment of loans from associated entities		–	28,051
Other (net)		(3,300)	(2,686)
Net cash flows from/(used in) investing activities		(749,650)	(467,146)
Cash flows from financing activities			
Proceeds from borrowings		962,542	660,341
Repayment of borrowings		(347,786)	(384,600)
Dividends paid		(272,741)	(278,622)
Payment for share buy-back		(238,057)	–
ESP proceeds received		39,345	6,785
Net cash flows from/(used in) financing activities		143,303	3,904
Net increase/(decrease) in cash and cash equivalents		(35,647)	(12,273)
Cash and cash equivalents at the beginning of the financial year		183,699	196,395
Effect of exchange rate changes on cash		1,301	(423)
Cash and cash equivalents at the end of the financial year	24a	149,353	183,699

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2012

	Ordinary Shares \$'000	Shares Held in Trust \$'000	Retained Earnings \$'000	Net Unrealised Gains Reserve \$'000	Foreign Currency Translation Reserve \$'000	Cashflow Hedge Reserve \$'000	Employee Benefits Reserve \$'000	Total Equity \$'000
Year ended 30 June 2012								
Balance at 1 July 2011	645,475	–	2,389,097	629,032	(363,804)	(52,450)	13,010	3,260,360
Profit for the period	–	–	513,325	–	–	–	–	513,325
Other comprehensive income	–	–	–	(328)	40,385	32,941	–	72,998
Total comprehensive income for the period	–	–	513,325	(328)	40,385	32,941	–	586,323
Dividends paid	–	–	(272,741)	–	–	–	–	(272,741)
ESP proceeds received	39,345	–	–	–	–	–	–	39,345
Share buy-back	(238,057)	–	–	–	–	–	–	(238,057)
Shares acquired under Long Term Incentive Plan	–	(480)	–	–	–	–	–	(480)
Balance at 30 June 2012	446,763	(480)	2,629,681	628,704	(323,419)	(19,509)	13,010	3,374,750
Year ended 30 June 2011								
Balance at 1 July 2010	638,690	–	2,331,864	628,532	(157,888)	(33,220)	11,327	3,419,305
Profit for the period	–	–	335,855	–	–	–	–	335,855
Other comprehensive income	–	–	–	500	(205,916)	(19,230)	–	(224,646)
Total comprehensive income for the period	–	–	335,855	500	(205,916)	(19,230)	–	111,209
Dividends paid	–	–	(278,622)	–	–	–	–	(278,622)
ESP proceeds received	6,785	–	–	–	–	–	–	6,785
Share based payments expense	–	–	–	–	–	–	1,683	1,683
Balance at 30 June 2011	645,475	–	2,389,097	629,032	(363,804)	(52,450)	13,010	3,260,360

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year ended 30 June 2012

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*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and investments that have been measured at fair value and investments in associates accounted for using the equity method.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 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 2012 was authorised for issue in accordance with a resolution of the directors on 19 September 2012 subject to final approval by a subcommittee.

(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.

The Group has adopted the following accounting standards, which became applicable from 1 July 2011:

- AASB 124 (revised) – Related Party Disclosures
- AASB 2010-4 – Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-5 – Amendments to Australian Accounting Standards

The adoption of these standards did not have a material effect on the financial position or performance of the Group during the period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ending 30 June 2012 are outlined in the table below.

Reference	Title	Application date of standard ⁽¹⁾	Impact on Group financial report	Application date for Group ⁽¹⁾
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income	1 January 2012	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The amendment may result in additional disclosure in the Statement of Comprehensive Income.	1 July 2012
AASB 10	Consolidated Financial Statements	1 January 2013	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation – Special Purpose Entities</i> . Crown does not expect any significant impact on the Group.	1 July 2013

(1) Designates the beginning of the applicable annual reporting period unless otherwise stated.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

1. Summary of Significant Accounting Policies *continued***(b) Statement of compliance** *continued*

Reference	Title	Application date of standard ⁽¹⁾	Impact on Group financial report	Application date for Group ⁽¹⁾
AASB 11	Joint Arrangements	1 January 2013	AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly-controlled Entities – Non-monetary Contributions by Ventures</i> . AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition AASB 11 removes the option to account for jointly-controlled entities using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Crown does not expect any significant impact on the Group.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	1 January 2013	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. This standard may result in additional or changes in disclosure.	1 July 2013
AASB 13	Fair Value Measurement	1 January 2013	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.	1 July 2013
AASB 119	Employee Benefits	1 January 2013	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. Crown does not expect any significant impact on the Group.	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	1 July 2013	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements. Crown does not expect any significant impact on the Group.	1 July 2013

(1) Designates the beginning of the applicable annual reporting period unless otherwise stated.

1. Summary of Significant Accounting Policies *continued***(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 acquisition method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. 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 14.

Fair value of investments

In accordance with accounting standards the Group uses the Level Three method in estimating the fair value of financial assets. Accordingly, the fair value is estimated using inputs for the asset that are not based on observable market data.

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 26.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Doubtful debts

An allowance for doubtful debts is recognised when there is objective evidence that an individual trade debt is impaired.

Significant Items

Management determines significant items based on the nature, size and generally accepted accounting principles.

(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 reporting date.

Deferred income tax is provided on all temporary differences at the reporting 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
- when 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.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

1. Summary of Significant Accounting Policies *continued*

(e) Income tax *continued*

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:

- when 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 nor taxable profit or loss; or
- when the 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred 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 reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not 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 Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Foreign currency translation

Both the functional and presentation currency of Crown Limited and its Australian subsidiaries is Australian dollars.

Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency, which is translated to the presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Limited at the rate of exchange ruling at the reporting date and the profit or loss is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

(h) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises of cash at bank and on hand, and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in future value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1. Summary of Significant Accounting Policies *continued*

(i) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable 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 less an allowance for impairment. 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 other consumables are costed on a weighted average basis; and
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Investments in associates

The financial statements of the associates are used by the Group to apply the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

Investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The 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 Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

(l) Investments and other financial assets

Financial assets are classified based on:

- The objective of the entity's business model for managing the financial assets; and
- The characteristics of the contractual cash flow.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. An irrevocable election is made by instrument to determine if the instrument is measured at fair value either through Other Comprehensive Income (OCI) or the Income Statement.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets at fair value through OCI, directly attributable transaction costs.

The best evidence of fair value is quoted prices in an active market. The fair value of the investments and other financial assets that do not have a price quoted in an active market have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The fair value is reassessed each reporting period.

If the fair value through Income Statement approach is adopted, increments and decrements on the fair value of the financial asset at each reporting date are recognised through the Income Statement.

If the fair value through OCI approach is adopted, increments and decrements on the fair value are recognised in OCI, without recycling of gains and losses between Income Statement and OCI, even on disposal of the investment. Dividends in respect of these investments that are a return on investment are recognised in the Income Statement.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(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; and
- Plant and equipment – 2 to 15 years.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

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

De-recognition

An item of property, plant and equipment is de-recognised 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 de-recognition 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 de-recognised.

(n) Intangible assets

Licences

Licences are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The directors regularly assess the carrying value of casino licences so as to ensure they are not carried at a value greater than their recoverable amount.

The casino 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 Crown Perth licence is assessed as perpetual and, as such, no amortisation is charged. The Crown Perth 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.

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 created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from de-recognition 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 de-recognised.

(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.

1. Summary of Significant Accounting Policies *continued*

(o) Recoverable amount of assets *continued*

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(p) Trade and other payables

Trade and other payables are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

(q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly associated with qualifying assets are capitalised, including any other associated costs directly attributable to the borrowing. The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year, in this case 6.9%.

All other borrowing costs are expensed in the period they are incurred.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

(s) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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 26.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

1. Summary of Significant Accounting Policies *continued*

(t) Share-based payment transactions *continued*

Equity settled transactions *continued*

In valuing equity-settled transactions, only conditions linked to the price of the shares of Crown Limited are taken into account, further details of which are given in note 26.

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 Group's 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 charge to the Income Statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

(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 lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

(v) De-recognition of financial instruments

The de-recognition 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 and hedging

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

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

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

(ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Income Statement.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll-over, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

1. Summary of Significant Accounting Policies *continued*

(x) Impairment of financial assets

(i) Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the Income Statement.

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 the Income Statement, 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.

(y) Contributed equity

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

(z) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

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.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

1. Summary of Significant Accounting Policies *continued***(aa) Earnings per share (EPS)**

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

Diluted EPS is calculated as net profit after tax, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ab) Segment Information

The Group's operating segments have been determined based on internal management reporting structure and the nature of the products provided by the Group. They reflect the business level at which financial information is provided to management for decision making regarding resource allocation and performance assessment. The segment information presented is consistent with internal management reporting.

The Group has three operating segments being Crown Melbourne, Crown Perth and Aspinall's Club.

(ac) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

2. Segment Information

30 June 2012

	Normalised Result ⁽¹⁾						Actual	
	Note	Crown Melbourne \$'000	Crown Perth \$'000	Aspinall's Club \$'000	Unallocated \$'000	Crown Group \$'000		Adjustment ⁽¹⁾ \$'000
Operating revenue								
Main floor gaming		991,915	440,774	253	–	1,432,942	–	1,432,942
VIP program play		481,013	154,267	91,402	–	726,682	70,636	797,318
Non Gaming		372,074	190,068	1,138	4,627	567,907	–	567,907
Intersegment						(393)	–	(393)
Operating revenue		1,845,002	785,109	92,793	4,627	2,727,138	70,636	2,797,774
Interest revenue	3					11,522		11,522
Total revenue		1,845,002	785,109	92,793	4,627	2,738,660	70,636	2,809,296⁽²⁾
Segment result								
Gaming taxes & commissions		(580,959)	(195,946)	(48,839)	–	(825,744)	8,619	(817,125)
Operating expenses		(753,457)	(362,884)	(23,310)	(40,123)	(1,179,774)	–	(1,179,774)
Intersegment						393	–	393
Earnings before interest, tax, depreciation and amortisation "EBITDA"		510,586	226,279	20,644	(35,496)	722,013	79,255	801,268
Depreciation and amortisation	3	(168,519)	(45,916)	(1,195)	(2,630)	(218,260)	–	(218,260)
Earnings before interest and tax "EBIT"		342,067	180,363	19,449	(38,126)	503,753	79,255	583,008
Equity accounted share of associates' net profit/(loss)						95,133	43,739	138,872
Net interest income/(expense)						(102,062)	–	(102,062)
Income tax benefit/(expense)						(81,864)	(24,629)	(106,493)
Profit/(loss) after tax		342,067	180,363	19,449	(38,126)	414,960	98,365	513,325
Capital expenditure		249,418	238,611	1,827	33	489,889	–	489,889
Investments in associates	10	–	–	–	1,088,744	1,088,744	–	1,088,744

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth, Aspinall's Club and Melco Crown). The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, income tax expense and equity accounted share of associates' result.

(2) Total revenue of \$2,809.3 million includes \$0.4 million of profit on disposal of non-current assets, which is not included in revenue in the Income Statement.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

2. Segment Information *continued*

30 June 2011

	Normalised Result ⁽¹⁾						Actual	
	Crown Melbourne Note	Crown Perth \$'000	Aspinall's Club \$'000	Unallo- cated \$'000	Crown Group \$'000	Adjust- ment ⁽¹⁾ \$'000	Crown Group \$'000	
Operating revenue								
Main floor gaming	930,657	413,770	–	–	1,344,427	–	1,344,427	
VIP program play	418,236	116,772	30,583	–	565,591	(44,219)	521,372	
Non Gaming	365,179	169,728	145	19	535,071	–	535,071	
Intersegment					(194)	–	(194)	
Operating revenue	1,714,072	700,270	30,728	19	2,444,895	(44,219)	2,400,676	
Interest revenue	3				8,968	–	8,968	
Total revenue	1,714,072	700,270	30,728	19	2,453,863	(44,219)	2,409,644⁽²⁾	
Segment result								
Gaming taxes & commissions	(503,406)	(157,044)	(21,469)	–	(681,919)	16,251	(665,668)	
Operating expenses	(704,955)	(348,073)	(5,339)	(39,906)	(1,098,273)	–	(1,098,273)	
Intersegment					194	–	194	
Earnings before interest, tax, depreciation and amortisation "EBITDA"	505,711	195,153	3,920	(39,887)	664,897	(27,968)	636,929	
Depreciation and amortisation	3	(155,238)	(37,437)	(308)	(195,603)	–	(195,603)	
Earnings before interest and tax "EBIT"	350,473	157,716	3,612	(42,507)	469,294	(27,968)	441,326	
Equity accounted share of associates' net profit/(loss)					16,640	15,726	32,366	
Net interest income/(expense)					(66,578)	–	(66,578)	
Income tax benefit/(expense)					(79,074)	7,815	(71,259)	
Profit/(loss) after tax	350,473	157,716	3,612	(42,507)	340,282	(4,427)	335,855	
Capital expenditure	231,054	125,657	26	8	356,745	–	356,745	
Investments in associates	10	–	–	–	851,721	851,721	–	851,721

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth, Aspinall's Club and Melco Crown) and pre-opening costs in respect of City of Dreams. The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, income tax expense and equity accounted share of associates' result.

(2) Total revenue of \$2,409.6 million includes \$0.4 million of profit on disposal of non-current assets, which is not included in revenue in the Income Statement.

3. Revenue and Expenses

	2012 \$'000	2011 \$'000
Profit before income tax expense includes the following revenues and expenses:		
(a) Revenue from continuing operations		
Revenue from services	2,433,817	2,063,289
Revenue from sale of goods	339,402	315,947
Interest	11,522	8,968
Dividends	4,627	19
Other operating revenue	19,502	21,018
	2,808,870	2,409,241
(b) Other income from continuing operations		
Profit on disposal of non-current assets	426	403
(c) Expenses from continuing operations		
Cost of sales	127,210	119,623
Gaming activities	2,044,803	1,797,202
Other ordinary activities	42,753	42,526
	2,214,766	1,959,351
Depreciation of non-current assets <i>(included in expenses above)</i>		
Buildings	70,394	54,757
Plant and equipment	130,182	120,810
	200,576	175,567
Amortisation of non-current assets <i>(included in expenses above)</i>		
Casino licence fee and management agreement	14,437	14,417
Other assets	3,247	5,619
	17,684	20,036
Total depreciation and amortisation expense	218,260	195,603
(d) Other income and expense disclosures		
Finance costs expensed:		
Debt facilities	125,705	86,440
Capitalised interest	(12,121)	(10,895)
	113,584	75,545
Bad and doubtful debts – trade debtors	17,326	11,210
Rentals – operating leases	7,002	5,262
Superannuation expense	45,219	41,872
Other employee benefits expense	683,951	628,921
Executive share plan expenses	–	1,683
Net (gain)/loss on listed investments & total return swaps	(20,111)	(7,775)
Net foreign currency (gains)/losses	(1,214)	2,885

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

4. Dividends Paid and Announced

	2012 \$'000	2011 \$'000
(a) Dividends declared and paid during the financial year		
Prior year final dividend (paid 14 October 2011)		
Paid at 19 cents (2010: 19 cents) per share and franked at 50% (2010: 60% franked) at the Australian tax rate of 30% (2010: 30%)	141,630	144,095
Current year interim dividend (paid 17 April 2012)		
Paid at 18 cents (2011: 18 cents) per share franked at 50% (2011: 60% franked) at the Australian tax rate of 30% (2011: 30%)	131,111	136,511
Total dividends appropriated	272,741	280,606
(b) Dividends announced and not recognised as a liability		
Current year final dividend (expected to be paid 12 October 2012)		
Announced at 19 cents (2011: 19 cents) per share and franked at 50% (2011: 50% franked) at the Australian tax rate of 30% (2011: 30%)	138,395	144,095
(c) Franking credits		
The tax rate at which the final dividend will be franked is 30% (2011: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2012.		
The amount of franking credits available for the subsequent financial year:		
Franking account balance as at the end of the financial year at 30% (2011: 30%)	6,550	24,612
Franking credits that will arise from the payment of income taxes payable as at the end of the financial year	42,955	16,846
Franking debits that will arise from the refund of income taxes receivable as at the end of the financial year	(528)	(7,975)
Total franking credits	48,977	33,483
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	(29,656)	(30,877)
Total franking credits available for future reporting periods	19,321	2,606

5. Income Tax

	2012 \$'000	2011 \$'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 before income tax	619,818	407,114
Prima facie income tax expense on profit at the Australian rate of 30% (2011: 30%)	185,945	122,134
Tax effect of:		
Non deductible depreciation and amortisation	2,242	2,247
Share of associates' net losses/(profits)	(41,662)	(9,710)
Differences in foreign tax rates	(34,850)	(30,335)
Non assessable income sheltered by capital losses	–	(14)
Other items – net	(8,764)	2,201
Deferred income tax on temporary differences	(8,238)	4,779
Income tax (over)/under provided in prior years	11,820	(20,043)
Income tax expense	106,493	71,259
Income tax expense comprises:		
Current expense	102,912	86,523
Deferred expense	(8,456)	4,779
Deferred expense/(benefit) due to change in tax rate	217	–
Adjustments for current income tax of prior periods	11,820	(20,043)
	106,493	71,259
(b) Deferred income taxes		
Deferred income tax assets	112,640	108,731
Deferred income tax liabilities	205,605	209,527
Acquisitions	–	398
Net deferred income tax assets/(liabilities)	(92,965)	(101,194)
(c) Deferred income tax assets and liabilities at the end of the financial year		
The balance comprises temporary differences attributable to:		
Doubtful debt provision	8,851	9,060
Employee benefits provision	26,442	24,647
Revenue losses carried forward	3,241	7,422
Other receivables	33,474	38,905
Other provisions	23,289	19,133
Prepaid casino tax	(18,050)	(18,870)
Licences and intangibles	(109,565)	(117,351)
Land and buildings	(77,653)	(71,593)
Property, plant & equipment	6,683	6,770
Other	10,323	683
Net deferred income tax assets/(liabilities)	(92,965)	(101,194)

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

5. Income Tax *continued*

	2012 \$'000	2011 \$'000
(d) Movements in deferred income tax assets and liabilities during the financial year		
Carrying amount at the beginning of the year	(101,194)	(96,017)
Charged/(credited) to the income statement	8,239	(4,779)
Acquisitions	–	(398)
Exchange differences	(10)	–
Carrying amount at the end of the year	(92,965)	(101,194)
(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.		
Capital gains tax – no expiry date	1,190,351	801,389
Total tax losses not brought to account	1,190,351	801,389
Potential tax benefit at respective tax rates	357,105	240,417

(f) Unrecognised temporary differences

At 30 June 2012, there is no recognised or unrecognised deferred income tax liability (2011: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

(g) Tax consolidation

Crown 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 inter-company accounts with the tax consolidated group head company, Crown Limited.

6. Trade and Other Receivables

	2012 \$'000	2011 \$'000
Current		
Trade receivables	203,532	122,776
Provision for doubtful debts (a)	(31,389)	(30,704)
	172,143	92,072
Loans to associated entities	209	426
Other receivables	29,382	31,258
	29,591	31,684
	201,734	123,756

6. Trade and Other Receivables *continued***(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

	2012 \$'000	2011 \$'000
Allowance for doubtful debts at the beginning of the year	(30,704)	(26,897)
Net doubtful debt expense ⁽¹⁾	(17,326)	(11,210)
Amounts written off	16,659	7,403
Exchange differences	(18)	–
	(31,389)	(30,704)

(1) Amounts are included in other expenses.

Ageing analysis of trade debtors

	0–30 days \$'000	>30 days \$'000	Total \$'000
2012 – consolidated			
Current	22,137	–	22,137
Past due not impaired	–	150,006	150,006
Considered impaired	136	31,253	31,389
	22,273	181,259	203,532
2011 – consolidated			
Current	25,873	–	25,873
Past due not impaired	–	66,199	66,199
Considered impaired	130	30,574	30,704
	26,003	96,773	122,776

	2012 \$'000	2011 \$'000
Non-current		
Loans to associated entities ⁽¹⁾	92,713	120,399
Other receivables	10,154	11,078
	102,867	131,477

(1) Loan terms are outlined in note 31.

7. Inventories

	2012 \$'000	2011 \$'000
Current		
Finished goods (at cost)	11,850	18,070

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

8. Other Financial Assets

	2012 \$'000	2011 \$'000
Current		
Receivable on forward exchange contracts	337	–
Receivable on total return swaps	–	7,775
	337	7,775
Non-current		
Receivable on forward exchange contracts	–	24,051
	–	24,051

Details of the Group's exposure to interest rate risk and foreign currency changes are provided in note 35.

9. Investments

	2012 \$'000	2011 \$'000
At fair value		
Shares – listed (Australia)	353,362	–
Shares – unlisted (Australia)	37,305	37,633
Shares – unlisted (North America)	63,671	61,025
	454,338	98,658

Investments consist of shares, and therefore have no fixed maturity date or coupon rate. On 14 June 2012 Echo announced a 1 for 5 renounceable entitlement offer for new Echo ordinary shares at a price of \$3.30 per share. Crown participated in the retail component of the entitlement offer which settled on 18 July. Listed investments include Crown's share of Echo's renounceable entitlement offer which was settled subsequent to year end for \$45.4 million.

The fair value of listed investments have been determined by reference to published price quotations in an active market.

The fair value of the unlisted investments have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes that the estimated fair values resulting from the valuation techniques and recorded in the Statement of Financial Position and the related changes in fair value recorded in the Income Statement are reasonable and the most appropriate at the reporting date.

Based on the valuation techniques performed, the fair value movement on listed investments is as disclosed in note 3. There has been no fair value movement on unlisted investments during the year (2011: \$nil).

10. Investments in Associates

	2012 \$'000	2011 \$'000
Investment details:		
Associated entities – unlisted shares	6,800	3,669
Associated entities – listed shares	1,081,944	848,052
Total investments in associates	1,088,744	851,721
Fair value of listed investments:		
Melco Crown Entertainment Ltd ⁽¹⁾	2,087,261	2,129,988
	2,087,261	2,129,988

(1) Reflects Melco Crown share price at balance date, converted to Australian dollars. In accordance with Crown's accounting policies, recoverable amount is the greater of fair value less costs to sell and value in use. The Melco Crown carrying amount does not exceed its recoverable amount.

10. Investments in Associates *continued*

Investments in Associates	Reporting Date	Principal Activity	Principal Place of Business	% Interest	
				30 June 2012	30 June 2011
Melco Crown Entertainment Ltd	31 Dec ⁽²⁾	Resort/Casino and gaming machine operator	Macau ⁽³⁾	33.6	33.4
Betfair Australasia Pty Ltd	30 April ⁽²⁾	Betting exchange	Australia	50.0	50.0
Aspers Holdings (Jersey) Ltd	30 June	Casino and gaming machine operator	U.K.	50.0	50.0

(2) The Group uses 30 June results to equity account for the investments.

(3) Melco Crown Entertainment Ltd was incorporated in the Cayman Islands.

	2012 \$'000	2011 \$'000
Share of associates' revenue and profits/(losses)		
Share of associates':		
Revenue	1,759,465	1,523,293
Operating profit/(loss) before income tax	140,214	31,681
Income tax benefit/(expense)	(1,342)	685
Share of associates' net profit/(loss) after income tax	138,872	32,366

	2012 \$'000	2011 \$'000
Carrying amount of investments in associates		
Balance at the beginning of the financial year	851,721	1,029,669
Carrying amount of investments in associates acquired during the year	57,550	15,106
Share of associates' net profit/(loss) for the year	138,872	32,366
Foreign exchange movements	40,601	(225,420)
Carrying amount of investment in associates at the end of the financial year	1,088,744	851,721
Represented by:		
• Melco Crown	1,081,944	848,052
• Betfair	6,800	3,669
	1,088,744	851,721

	2012 \$'000	2011 \$'000
The consolidated entity's share of the assets and liabilities of associates in aggregate		
Current assets	744,152	402,997
Non-current assets	1,517,125	1,372,854
Current liabilities	(490,183)	(164,696)
Non-current liabilities	(648,641)	(775,949)
Net assets	1,122,453	835,206
Retained profits/(accumulated losses) of the consolidated entity attributable to associates		
Balance at the beginning of the financial year	(238,374)	(270,740)
Share of associates' net profits/(losses)	138,872	32,366
Balance at the end of the financial year	(99,502)	(238,374)

The investment in Aspers Holdings (Jersey) Ltd was previously written down to \$nil and Crown has therefore discontinued recognising its share of further losses. The Group's share of unrecognised losses as at 30 June 2012 for Aspers Group is \$10.4 million (2011: \$6.4 million).

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

10. Investments in Associates *continued***Impairment Testing**

Based on detailed impairment testing performed, there has been no impairment charge during the year (2011: \$nil).

For the purposes of impairment testing, management estimated the present value of the future cash flows expected to be generated from operations and the proceeds from ultimate disposal. These calculations use cash flow projections based on past performance and expectations for the future using a five year cash flow period. The implied terminal growth rate beyond the five year period does not exceed the forecasted long term inflation rates of up to 3.5% (2011: 4.3%). Post-tax discount rates of between 10% and 12% were used in the impairment review calculations (2011: 9% – 11%).

Any reasonable possible change in key assumptions used would not cause the carrying amount of the investments to exceed their recoverable amounts.

11. Property, Plant and Equipment

	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Plant & equipment \$'000	Construction work in progress \$'000	Leased plant & equipment \$'000	Total property, plant and equipment \$'000
Year ended 30 June 2012						
At 1 July 2011, net of accumulated depreciation and impairment	906,013	685,752	746,534	176,606	–	2,514,905
Additions	326	214,978	67,832	206,753	–	489,889
Disposals	–	(74)	(25)	–	–	(99)
Depreciation expense	(23,812)	(46,582)	(130,182)	–	–	(200,576)
Exchange differences	–	108	152	–	–	260
Reclassification/transfer	139,666	–	115,587	(255,253)	–	–
At 30 June 2012, net of accumulated depreciation and impairment	1,022,193	854,182	799,898	128,106	–	2,804,379
At 1 July 2011						
Cost (gross carrying amount)	1,103,774	1,098,679	1,729,766	176,606	10,679	4,119,504
Accumulated depreciation and impairment	(197,761)	(412,927)	(983,232)	–	(10,679)	(1,604,599)
Net carrying amount	906,013	685,752	746,534	176,606	–	2,514,905
At 30 June 2012						
Cost (gross carrying amount)	1,248,223	1,312,721	1,901,664	128,106	–	4,590,714
Accumulated depreciation and impairment	(226,030)	(458,539)	(1,101,766)	–	–	(1,786,335)
Net carrying amount	1,022,193	854,182	799,898	128,106	–	2,804,379

11. Property, Plant and Equipment *continued*

	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Plant & equipment \$'000	Construction work in progress \$'000	Leased plant & equipment \$'000	Total property, plant and equipment \$'000
Year ended 30 June 2011						
At 1 July 2010, net of accumulated depreciation and impairment	966,556	675,132	535,942	142,829	–	2,320,459
Additions	1,120	34,043	165,483	156,099	–	356,745
Disposals	–	–	(92)	–	–	(92)
Depreciation expense	(22,376)	(32,381)	(120,810)	–	–	(175,567)
Acquisition of subsidiary	–	9,156	4,497	–	–	13,653
Exchange differences	–	(198)	(95)	–	–	(293)
Reclassification/transfer	(39,287)	–	161,609	(122,322)	–	–
At 30 June 2011, net of accumulated depreciation and impairment	906,013	685,752	746,534	176,606	–	2,514,905
At 1 July 2010						
Cost (gross carrying amount)	1,137,453	1,046,742	1,409,420	142,829	10,679	3,747,123
Accumulated depreciation and impairment	(170,897)	(371,610)	(873,478)	–	(10,679)	(1,426,664)
Net carrying amount	966,556	675,132	535,942	142,829	–	2,320,459
At 30 June 2011						
Cost (gross carrying amount)	1,103,774	1,098,679	1,729,766	176,606	10,679	4,119,504
Accumulated depreciation and impairment	(197,761)	(412,927)	(983,232)	–	(10,679)	(1,604,599)
Net carrying amount	906,013	685,752	746,534	176,606	–	2,514,905

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

12. Licences

	Casino Licence ⁽¹⁾ \$'000
Year ended 30 June 2012	
At 1 July 2011, net of accumulated amortisation and impairment	664,455
Amortisation expense	(7,472)
At 30 June 2012, net of accumulated amortisation and impairment	656,983
At 1 July 2011	
Cost (gross carrying amount)	794,899
Accumulated amortisation and impairment	(130,444)
Net carrying amount	664,455
At 30 June 2012	
Cost (gross carrying amount)	794,899
Accumulated amortisation and impairment	(137,916)
Net carrying amount	656,983
Year ended 30 June 2011	
At 1 July 2010, net of accumulated amortisation and impairment	651,926
Additions	20,000
Amortisation expense	(7,471)
At 30 June 2011, net of accumulated amortisation and impairment	664,455
At 1 July 2010	
Cost (gross carrying amount)	774,899
Accumulated amortisation and impairment	(122,973)
Net carrying amount	651,926

(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 Melbourne licence is being amortised over 34 years. The Crown Perth licence is assessed as perpetual and no amortisation is charged.

13. Other Intangible Assets

	Goodwill ⁽¹⁾ \$'000	Casino Management Agreement ⁽¹⁾ \$'000	Other \$'000	Total \$'000
Year ended 30 June 2012				
At 1 July 2011, net of accumulated amortisation and impairment	56,518	155,624	888	213,030
Additions	–	–	1,787	1,787
Exchange differences	432	–	–	432
Amortisation expense	–	(6,965)	(512)	(7,477)
At 30 June 2012, net of accumulated amortisation and impairment	56,950	148,659	2,163	207,772
At 1 July 2011				
Cost (gross carrying amount)	56,518	245,279	1,025	302,822
Accumulated amortisation and impairment	–	(89,655)	(137)	(89,792)
Net carrying amount	56,518	155,624	888	213,030
At 30 June 2012				
Cost (gross carrying amount)	56,950	245,279	2,812	305,041
Accumulated amortisation and impairment	–	(96,620)	(649)	(97,269)
Net carrying amount	56,950	148,659	2,163	207,772
Year ended 30 June 2011				
At 1 July 2010, net of accumulated amortisation and impairment	11,892	162,570	908	175,370
Business acquisitions	45,853	–	–	45,853
Exchange differences	(1,227)	–	–	(1,227)
Amortisation expense	–	(6,946)	(20)	(6,966)
At 30 June 2011, net of accumulated amortisation and impairment	56,518	155,624	888	213,030
At 1 July 2010				
Cost (gross carrying amount)	11,892	245,279	1,025	258,196
Accumulated amortisation and impairment	–	(82,709)	(117)	(82,826)
Net carrying amount	11,892	162,570	908	175,370

(1) Purchased as part of a business combination

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 14). \$45.1 million of the goodwill balance at 30 June 2012 is attributable to Aspinall's Club.

The useful life of the Crown Melbourne 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 2012

14. Impairment Testing of Intangible Assets

Impairment tests for intangible assets

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGU's) identified according to business segment.

The recoverable amount of a CGU is determined based on 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 implied terminal growth rate beyond the five year period does not exceed the forecasted long term Australian inflation rate of 2.2% (2011: 2.8%).

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and casino licences.

(a) Cash flow forecasts

Cash flow forecasts are based on past performance and expectations for the future using a five year cash flow period.

(b) Residual value

Residual value is calculated using a perpetuity growth formula based on the cash flow forecast using a weighted average cost of capital (after tax) and forecast growth rate.

(c) Forecast growth rates

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

(d) Discount rates

A weighted average cost of capital (after tax) of between 8% and 10% was used by the Group in impairment testing, risk adjusted where applicable.

15. Other Assets

	2012 \$'000	2011 \$'000
Non-current		
Prepaid casino tax at cost	100,800	100,800
Accumulated amortisation	(40,634)	(37,899)
	60,166	62,901
Other prepayments	2,674	3,424
	62,840	66,325

16. Trade and Other Payables

	2012 \$'000	2011 \$'000
Current – unsecured		
Trade and other payables	324,561	237,207
Deferred Income	1,170	682
	325,731	237,889
Non-current – unsecured		
Other	138	–
	138	–

17. Interest-Bearing Loans and Borrowings

	2012 \$'000	2011 \$'000
Current – unsecured		
Bank Loans – unsecured	29,077	19,752
	29,077	19,752
Non-current – unsecured		
Bank Loans – unsecured	1,295,509	688,401
Capital Markets Debt – unsecured	370,080	361,306
	1,665,589	1,049,707

Fair Value Disclosures

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 35.

Financial Risk Management

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 35.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

17. Interest-Bearing Loans and Borrowings *continued***Financing and Credit Facilities**

Unsecured credit facilities are provided as part of the overall debt funding structure of the Crown Group as follows:

Facility Type	Facility Amount \$'000	Drawn Amount \$'000	Letters of Credit Issued \$'000	Available \$'000	Expiry Dates
Bank Facilities					
Bilateral Multi Option Facilities	170,000	49,077	19,498	101,425	Feb-13/Oct 13
Syndicated Revolving Facility	750,000	345,000	–	405,000	2015 – 2016
Syndicated Revolving and Term Loan Facility ⁽¹⁾	600,000	600,000	–	–	July 2013
GBP Syndicated Facility	130,509	130,509	–	–	2015 – 2016
Letter of Credit Facility	185,000	–	185,000	–	June 2021
Australian Dollar Bilateral Facilities	200,000	200,000	–	–	July 2013
	2,035,509	1,324,586	204,498	506,425	
Debt Capital Markets					
Euro Medium Term Note	174,634	174,634	–	–	July 2036
US Private Placement	195,446	195,446	–	–	2015 – 2020
	370,080	370,080	–	–	
Total at 30 June 2012	2,405,589	1,694,666	204,498	506,425	
Total at 30 June 2011	2,230,948	1,069,707	202,728	958,513	

(1) The \$600 million bank facility has been extended to July 2013. This facility is being refinanced.

The bank facilities are provided on an unsecured basis by domestic and international banks.

The debt capital markets drawn amounts represent unsecured notes issued to international debt investors.

Crown is able to make advances and issue letters of credit under the letter of credit facility, syndicated facilities and the bilateral facilities which are multi option in nature.

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

During the current and prior year, there were no defaults or breaches on any of the loans or borrowings.

Refer to note 24(b) for a summary of Crown's overdraft facilities.

18. Provisions

	Employee Entitlements \$'000	Other \$'000	Total \$'000
At 1 July 2011	115,223	15,393	130,616
Arising during the year	75,432	6,472	81,904
Utilised during the year	(67,718)	(4,642)	(72,360)
At 30 June 2012	122,937	17,223	140,160
Current 2012	84,754	17,223	101,977
Non-current 2012	38,183	–	38,183
At 30 June 2012	122,937	17,223	140,160
Current 2011	91,888	11,029	102,917
Non-current 2011	23,335	4,364	27,699
At 30 June 2011	115,223	15,393	130,616

19. Other Financial Liabilities

	2012 \$'000	2011 \$'000
Current		
Payables on forward exchange contracts	–	2,276
Payables on interest rate swaps	11,185	–
Payables on total return swaps	11,036	–
	22,221	2,276
Non-current		
Payables on interest rate swaps	146	10,970
Payables on cross currency swaps	8,515	63,255
	8,661	74,225

Other financial liabilities are outlined in note 35.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

20. Contributed Equity

	2012 \$'000	2011 \$'000
Issued share capital		
Ordinary shares fully paid	446,763	645,475
Movements in issued share capital		
Carrying amount at the beginning of the financial year	645,475	638,690
ESP proceeds	39,345	6,785
Share buy-back	(238,057)	–
Carrying amount at the end of the financial year	446,763	645,475
Shares held in Trust		
Balance at beginning of the financial year	–	–
Shares acquired by the Crown Limited Long Term Incentive Plan	(480)	–
Balance at the end of the financial year	(480)	–

	2012 No.	2011 No.
Issued share capital		
Ordinary shares fully paid	728,394,185	758,394,185
Movements in issued share capital		
Balance at the beginning of the financial year	758,394,185	758,394,185
Share buy-back	(30,000,000)	–
Balance at the end of the financial year	728,394,185	758,394,185

Terms and Conditions of Contributed Equity

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

Capital Management

When managing capital, the Group's objective is to maintain optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

During 2012, the Group paid dividends of \$272.7 million. The Group's dividend policy going forward is to pay the higher of 37 cents per share or 65% of normalised full year NPAT (excluding non-cash profits from associates), subject to the Group's financial position.

21. Reserves and Retained Earnings

	2012 \$'000	2011 \$'000
Foreign currency translation reserve	(323,419)	(363,804)
Employee equity benefits reserve	13,010	13,010
Net unrealised gains reserve	628,704	629,032
Cash flow hedge reserve	(19,509)	(52,450)
	298,786	225,788

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	(363,804)	(157,888)
Net exchange difference on translation of foreign operations	40,385	(205,916)
Balance at the end of the financial year	(323,419)	(363,804)

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	13,010	11,327
Charged to the income statement	–	1,683
Balance at the end of the financial year	13,010	13,010

Net Unrealised Gains Reserve

The net unrealised gains reserve records the movement from changes in investments and associates equity.

Balance at the beginning of the financial year	629,032	628,532
Change in net unrealised gains reserve	(328)	500
Balance at the end of the financial year	628,704	629,032

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	(52,450)	(33,220)
Movement in interest rate swaps	(361)	6,130
Movement in cross currency swaps	54,740	(39,755)
Movement in forward exchange contracts	2,399	14,395
Transfer to statement of financial position/statement of comprehensive income	(23,837)	–
Balance at the end of the financial year	(19,509)	(52,450)

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

21. Reserves and Retained Earnings *continued*

	2012 \$'000	2011 \$'000
Retained Earnings		
Balance at the beginning of the financial year	2,389,097	2,331,864
Net profit after tax	513,325	335,855
Total available for appropriation	2,902,422	2,667,719
Dividends provided for or paid	(272,741)	(278,622)
Balance at the end of the financial year	2,629,681	2,389,097

22. Business Combinations

There were no business combinations in the 2012 financial year.

In 2011, Crown Limited acquired ACL (Aspinall's Club Limited), the owner and operator of the Aspinall's Club in London, from the Aspers Group (a 50:50 joint venture between Crown and the Aspinall family). The consideration transferred was \$58.9 million (£38.1 million). The transaction resulted in Crown Limited owning 100% of the shares in ACL.

The fair value of the identifiable assets and liabilities of ACL as at the date of acquisition were:

	2011 \$'000
Cash and cash equivalents	3,807
Trade and other receivables	1,095
Inventories	238
Prepayments	1,799
Property, plant and equipment	13,653
	20,592
Trade and other payables	6,416
Deferred tax liabilities	407
	6,823
Fair value of identifiable net assets	13,769
Goodwill arising on acquisition	45,172
Consideration transferred for acquisition of identifiable net assets	58,941
Net Cash Flow – Acquisition of subsidiary	
Cash Paid	58,941
Cash Acquired	(3,807)
Net Cash Flow – Acquisition of subsidiary	55,134

23. Expenditure Commitments

(a) Capital expenditure commitments

	2012 \$'000	2011 \$'000
Estimated capital expenditure contracted for at balance date, but not provided for:		
Payable within one year	213,043	325,630
Payable after one year but not more than five years	20,683	64,494
	233,726	390,124

At 30 June 2012, the Group has capital expenditure commitments principally relating to funding various projects at Crown Perth and Crown Melbourne.

(b) Non-cancellable operating lease commitments

	2012 \$'000	2011 \$'000
Payable within one year	2,672	1,924
Payable after one year but not more than five years	6,022	2,475
Payable more than five years	11,911	16,959
	20,605	21,358

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 11 years (2011: 12 years). Operating leases include telecommunications rental agreements and leases on assets including motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

In addition, in 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which Crown Melbourne Entertainment Complex is located. For years one to forty inclusive the annual rent payable by the parent entity is one dollar per annum. For years forty-one to ninety-nine inclusive the annual rent payable will be the then current market rent for the site. The aggregate lease expenditure contracted for at balance date but not provided for which is disclosed in this report does not include an estimate for the rent payable for years forty-one to ninety-nine inclusive due to the uncertainty of these amounts.

24. Cash Flow Statement Reconciliation

	2012 \$'000	2011 \$'000
(a) Cash balance represents:		
• cash on hand and at bank	131,545	165,919
• deposits at call	17,808	17,780
	149,353	183,699

The above closing cash balances includes \$143.4 million (2011: \$130.3 million) of cash on the company's premises and cash held in bank accounts (including deposits on call) needed to run the day to day operations of the businesses and cash of \$6.0 million (2011: \$53.4 million) for other purposes.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

24. Cash Flow Statement Reconciliation *continued*

	2012 \$'000	2011 \$'000
(b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities		
Profit after tax	513,325	335,855
Depreciation and amortisation:		
• property, plant and equipment	200,576	175,567
• intangibles	17,684	20,036
(Profit)/loss on sale of property, plant and equipment	(426)	(403)
Unrealised foreign exchange (gain)/loss	(816)	4,015
Share of associates' net (profit)/loss	(138,872)	(32,366)
Executive Share Plan expense	–	1,683
Net (gain)/loss on listed investments & total return swaps	(20,111)	(7,775)
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(77,942)	(10,137)
Increase/(decrease) in doubtful debts	685	8,417
(Increase)/decrease in inventories	6,220	(1,504)
(Increase)/decrease in prepayments	(820)	(6,550)
(Increase)/decrease in deferred income tax asset	(3,909)	2,350
(Increase)/decrease in other assets	(9,329)	5
(Decrease)/increase in payables	17,639	(51,229)
(Decrease)/increase in current income tax liability	61,573	5,908
(Decrease)/increase in provisions	9,543	288
(Decrease)/increase in deferred income tax liability	(4,320)	6,809
Net cash flows from operating activities	570,700	450,969

Bank Overdraft Facilities

The consolidated entity has bank overdraft facilities available as follows:

Bank	2012	2011
ANZ Banking Group Limited	A\$20 million	A\$20 million
Citibank NA	US\$10 million	US\$10 million
Royal Bank of Scotland PLC	£20 million	£10 million

As at 30 June 2012 the Royal Bank of Scotland PLC overdraft was drawn to £8.0m. There were no drawn down amounts on the remaining overdraft facilities at 30 June 2012.

25. Events After the Reporting Period

Subsequent to 30 June 2012, the directors of Crown announced a final dividend on ordinary shares in respect of the year ending 30 June 2012. The total amount of the dividend is \$138.4 million, which represents a dividend of 19 cents per share franked at 50%. The dividend has not been provided for in the 30 June 2012 financial statements.

26. Executive Share Plan

During the year the Executive Share Plan (ESP) which was approved at the 1994 PBL Annual General Meeting was wound up. No ESP shares were issued to executives in the current financial year.

Crown ESP shares were subject to a performance condition, requiring a 7% compound annual growth in the Crown share price in order for the relevant portion of shares to vest and be released from restrictions under the ESP.

At 30 June 2012, there were no remaining ESP shares on issue. A summary of the movement in ESP shares during the year is as follows:

	2012 No.	2011 No.
Shares at the beginning of the financial year	4,952,807	5,748,815
Forfeited	(4,952,807)	(796,008)
Shares on issue at the end of the financial year	–	4,952,807
Loans to executives at the beginning of the financial year	\$57,726,075	\$66,559,688
Loans repaid and satisfied during the year	(\$57,726,075)	(\$8,833,613)
Loans to executives at year end	–	\$57,726,075

Methodology

In accordance with Australian Accounting Standards the ESP shares are accounted for as share based payments (see note 1(t)) and as such the loan values are not recorded in Crown's Statement of Financial Position until they become due.

The value that forms the basis was established at the time each ESP share was granted. As ESP shares were issued prior to the de-merger the valuation was performed using assumptions relevant to PBL before de-merger.

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; and
- 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.

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.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

26. Executive Share Plan *continued*

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 applied by external valuer

- PBL's share price was the loan amount per share as advised by Crown to the external valuer 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; and
- The dividend yield was calculated based on the consensus broker EPS forecast divided by PBL's share price.

New Long Term Incentive Plan (Crown LTI)

In 2010, Crown established a new LTI. The Crown LTI was designed as a successor long term incentive to the Employee Share Plan which was wound up during the year. The Crown LTI has been made available to selected senior executives with effect from 1 July 2010. The Crown LTI rewards relevant senior executives for achieving certain earnings per share targets over the four year period from 1 July 2010 to 30 June 2014. Further detail regarding the operation of the Crown LTI and the Senior Executives (or KMPs) who participate in the Crown LTI can be found in the Remuneration Report.

27. Contingent Liabilities and Related Matters

The Group has no contingent liabilities at 30 June 2012.

Legal Actions

Entities within the group are defendants from time to time in legal proceedings arising from the conduct of their business. The group does not consider that the outcome of any proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

28. Auditors' Remuneration

	2012 \$'000	2011 \$'000
Amounts received, or due and receivable, by Ernst & Young (Australia) for:		
Auditing the accounts	873	817
Taxation services	4,716	3,482
Amounts received, or due and receivable, by other member firms of Ernst & Young International for:		
Auditing the accounts	165	30
Other services:		
• Taxation services	171	321
• Consulting services	184	44
	6,109	4,694
Amounts received, or due and receivable, by non Ernst & Young audit firms for:		
Auditing services	49	71

29. Earnings Per Share (EPS)

	2012 \$'000	2011 \$'000
The following reflects the income and share data used in the calculations of basic and diluted EPS:		
Net profit/(loss) after tax used in calculating basic and diluted EPS	513,325	335,855
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	735,634	758,394

There are no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

30. Key Management Personnel Disclosures

(a) Details of key management personnel

(i) Directors

James D Packer	Executive Chairman
John H Alexander	Executive Deputy Chairman
Benjamin A Brazil	Non-Executive Director
Helen A Coonan	Non-Executive Director (appointed 2 December 2011)
Christopher D Corrigan	Non-Executive Director
Rowen B Craigie	Chief Executive Officer and Managing Director
Rowena Danziger	Non-Executive Director
Geoffrey J Dixon	Non-Executive Director
John S Horvath	Non-Executive Director
Ashok Jacob	Non-Executive Director
Michael R Johnston	Non-Executive Director
Harold C Mitchell	Non-Executive Director

(ii) Executives

Kenneth M Barton	Chief Financial Officer
Barry J Felstead	Chief Executive Officer – Crown Perth
Greg F Hawkins	Chief Executive Officer – Crown Melbourne (from 5 December 2011)
W Todd Nisbet	Executive Vice President – Strategy and Development

(b) Remuneration of key management personnel

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

	2012 \$	2011 \$
Remuneration by category		
Short term benefits	12,664,142	12,676,741
Post employment benefits	94,650	112,395
Termination benefits	–	3,790,845
Long term incentives	7,162,500	8,376,147
	19,921,292	24,956,128

Further details are contained in the Remuneration Report.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

30. Key Management Personnel Disclosures *continued***(c) Shareholdings of key management personnel****Ordinary shares held in Crown (directly and indirectly)**

30 June 2012

Directors (including directors who left the Board during the year)	Balance	Issued under	Other Net Change	Balance
	1 July 2011	Executive Share Plan		30 June 2012
James D Packer ⁽¹⁾	326,129,244	–	24,182,723	350,311,967
John H Alexander	506,047	–	–	506,047
Rowen B Craigie ^{(2) (3)}	2,341,102	35,217	(2,341,102)	35,217
Rowena Danziger	30,896	–	–	30,896
Harold C Mitchell	114,887	–	–	114,887

Executives	Balance	Issued under	Other Net Change	Balance
	1 July 2011	Executive Share Plan		30 June 2012
Ken M Barton ⁽²⁾	–	9,782	–	9,782
Barry J Felstead ⁽³⁾	234,110	–	(234,110)	–
Greg F Hawkins	1,509	–	–	1,509
Todd W Nisbet ⁽²⁾	–	17,608	–	17,608

(1) Change is a result of an on market trade.

(2) The registered holder of these shares is Australian Executor Trustees Limited as trustee under the 2010 Crown Limited Long Term Incentive Plan. Mr Craigie, Mr Barton and Mr Nisbet may become entitled to have those shares transferred to them after 30 June 2014 if certain conditions in the 2010 Crown Limited Long Term Incentive Plan are met.

(3) The other net change reflects the sale of ESP shares as part of the wind up of the ESP which completed during the year.

The Company does not have any options on issue.

Ordinary shares held in Crown (directly and indirectly)

30 June 2011

Directors (including directors who left the Board during the year)	Balance	Issued under	Other Net Change	Balance
	1 July 2010	Executive Share Plan		30 June 2011
James D Packer ⁽¹⁾	303,505,290	–	22,623,954	326,129,244
John H Alexander	506,047	–	–	506,047
Rowen B Craigie ⁽²⁾	2,341,102	–	–	2,341,102
Rowena Danziger	30,896	–	–	30,896
Harold C Mitchell ⁽³⁾	–	–	114,887	114,887
Richard W Turner ⁽⁴⁾	19,373	–	–	19,373

(1) Change is a result of an on market trade.

(2) All of these shares are ESP shares.

(3) Appointed 10 February 2011.

(4) Resigned 1 May 2011.

30. Key Management Personnel Disclosures *continued***(c) Shareholdings of key management personnel** *continued***Ordinary shares held in Crown (directly and indirectly)** *continued*

30 June 2011

Executives	Balance	Issued under	Other Net Change	Balance
	1 July 2010	Executive Share Plan		30 June 2011
David G Courtney ^{(1) (3)}	700,377	–	(56,575)	643,802
Barry J Felstead ⁽²⁾	234,110	–	–	234,110
Greg F Hawkins	1,509	–	–	1,509

(1) Change is a result of an on market trade. The balance of shares held at 30 June 2011 were all ESP shares. Those shares were sold during the 2012 financial year as part of the wind up of the ESP.

(2) All of these shares are ESP shares.

(3) Ceased performing role of Chief Executive Officer of Crown Melbourne Limited on 8 October 2010.

The Company does not have any options on issue.

31. Related Party Disclosures

(a) Parent entity

Crown Limited is the ultimate parent entity of the Group.

(b) Controlled entities, associates and joint ventures

Interests in significant controlled entities are set out in note 32.

Investments in associates and joint ventures are set out in note 10.

(c) Entity with significant influence over the Group

At balance date Consolidated Press Holdings Group ("CPH"), a group related to Mr James Packer, holds 48.09% (2011: 43.00%) of the Company's fully paid ordinary shares.

(d) Director related entities

Consolidated Media Holdings ("CMH") is an entity classified as a related party due to Crown and CMH having a number of common directors.

(e) Key management personnel

Disclosures relating to key management personnel are set out in note 30, and in the Remuneration Report.

(f) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms, unless otherwise stated.

(g) Transactions with related parties

The continuing operations have had the following transactions with related parties:

(i) Director related entities and entities with significant influence over the Group

CPH provided corporate secretarial and administrative services to Crown and its controlled entities of \$0.2 million during the year (2011: \$0.2 million). In addition CPH paid costs on behalf of Crown to third parties totalling \$0.7 million during the year (2011: \$1.3 million). At 30 June 2012 there were no amounts owing to CPH (2011: \$nil).

Crown and its controlled entities provided CPH with hotel and banqueting services of \$41,000 during the year (2011: \$39,000). At 30 June 2012 there were no amounts owing from CPH (2011: \$nil).

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

31. Related Party Disclosures *continued*

(g) Transactions with related parties *continued*

(i) Director related entities and entities with significant influence over the Group *continued*

Crown and CMH jointly engaged certain legal and other advisers in relation to certain matters arising prior to the PBL de-merger. Costs of these advisers are shared in a manner consistent with Section 14 of the PBL Scheme Booklet, generally Crown – 75% and CMH – 25%. Similarly, payments in relation to liabilities arising from activities prior to the PBL demerger were shared on the same basis. At 30 June 2012 \$0.2 million (2011: \$0.1 million) was owing to CMH in relation to pre-demerger matters.

(ii) Associates

Crown acquired additional equity in Melco Crown for an amount of \$57.5 million (2011: \$nil) arising from the conversion of previously outstanding shareholder loans to Melco Crown. Crown did not acquire any additional equity in Melco Crown from Melco Crown SPV Limited (2011: \$15.1 million).

Interest charged on loans previously advanced to Melco Crown was \$45,000 for the year (2011: \$0.1 million). Crown provided Melco Crown IT and related services of \$1.5 million (2011: \$0.6 million) at cost during the year. Amounts receivable from Melco Crown at 30 June 2012 in relation to all charges made were \$0.7 million (2011: \$0.1 million).

Melco Crown provided \$38,000 (2011: \$40,000) in Hotel and other services to Crown during the year. In addition Melco Crown paid costs of \$0.1 million (2011: \$0.1 million) on behalf of Crown during the year which has subsequently been reimbursed in full.

Crown provided additional loans of \$27.4 million (2011: \$51.2 million) to Aspers Holdings (Jersey) Ltd during the year. There were no loan repayments to Crown during the year (2011: \$28.1 million). Interest charged on loans advanced to Aspers was \$7.5 million for the year (2011: \$5.8 million). At 30 June 2012 \$81.2 million (2011: \$49.2 million) was owing by Aspers. There were no costs paid by Aspers on behalf of Crown during the year (2011: \$20,000). At 30 June 2012 there were no amounts owing to Aspers (2011: \$nil).

Crown did not pay any costs on behalf of Gateway during the year (2011: \$0.3 million). At 30 June 2012 there were no amounts owing to or from Gateway (2011: \$nil).

Crown made no further loans to Betfair during the year (2011: \$nil). The loan balance with Betfair at 30 June 2012 was \$11.7 million (2011: \$11.7 million). No interest is payable on the loan. Crown provided Betfair Hotel and Banqueting services of \$71,000 (2011: \$40,000) during the year.

For the year ended 30 June 2012, 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 (2011: \$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. During the financial year Crown has assessed there is no impairment to related party receivables.

32. 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		Country of Incorporation	Beneficial Interest Held by the Consolidated Entity ⁽¹⁾	
	2012	2011		2012 %	2011 %
Crown Limited			Australia	Parent Entity	
Artra Pty Ltd			Australia	100	100
Aspinall's Club Limited			United Kingdom	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 Asia Investments Limited	A	A	Australia	100	100
Crown Capital Golf Pty Ltd			Australia	100	100
Crown Cyprus Limited			Australia	100	100
Crown CCR Group Holdings One Pty Ltd	A	A	Australia	100	100
Crown CCR Group Holdings Two Pty Ltd			Australia	100	100
Crown CCR Group Holdings General Partnership			USA	100	100
Crown CCR Group Investments One LLC			USA	100	100
Crown CCR Group Investments Two LLC			USA	100	100
Crown CCR Holdings LLC			USA	100	100
Crown CPS Holdings Pty Ltd	A	A	Australia	100	100
Crown Entertainment Group Holdings Pty Ltd	A	A	Australia	100	100
Crown Gaming Management Pty Ltd			Australia	100	100
Crown Gateway Luxembourg Pty Ltd	A		Australia	100	100
Crown Group Finance Limited	A	A	Australia	100	100
Crown Group Securities Ltd	A	A	Australia	100	100
Crown Management Holdings Pty Ltd	A	A	Australia	100	100
Crown Management Pty Ltd	A	A	Australia	100	100
Crown Melbourne Limited	A	A	Australia	100	100
Crown North America Holdings One Pty Ltd			Australia	100	100
Crown North America Investments LLC			USA	100	100
Crown Overseas Investments Pty Ltd	A	A	Australia	100	100
Crown Services (US) LLC			USA	100	100
Crown UK Investments Ltd			United Kingdom	100	100
Crown (Western Australia) Pty Ltd	A	A	Australia	100	100
Flienn Pty Ltd	A	A	Australia	100	100
Jade West Entertainment Pty Ltd	A	A	Australia	100	100
Jemtex Pty Ltd	A	A	Australia	100	100
Nine Television (Netherlands Antilles) Pty Ltd			Australia	100	100
PBL (CI) Finance Limited			Cayman Islands	100	100
Pennwin Pty Ltd	A		Australia	100	100
Publishing and Broadcasting (Finance) Ltd	A	A	Australia	100	100
Publishing and Broadcasting International Holdings Ltd			Bahamas	100	100
Renga Pty Ltd	A	A	Australia	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

A These controlled entities have entered into a deed of cross guarantee with the parent entity under ASIC Class Order 98/1418 – the "Closed Group" (refer note 33).

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

33. Deed of Cross Guarantee

Certain controlled entities of Crown Limited, as detailed in note 32, are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.

By entering into the deed, 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 income statement and balance sheet of the entities which are members of the "Closed Group" are detailed below.

	Closed Group	
	2012 \$'000	2011 \$'000
Consolidated income statement		
Profit/(loss) before income tax	622,722	1,205,637
Income tax (expense)/benefit	(89,961)	(45,514)
Net profit/(loss) after income tax	532,761	1,160,123
Retained earnings/(accumulated losses) at the beginning of the financial year	(222,182)	(2,286,505)
Retained earnings/(accumulated losses) of entities entering Closed Group	(182,201)	1,182,822
Dividends provided for or paid	(272,741)	(278,622)
Retained earnings/(accumulated losses) at the end of the financial year	(144,363)	(222,182)

33. Deed of Cross Guarantee *continued*

	Closed Group	
	2012 \$'000	2011 \$'000
Consolidated balance sheet		
Current assets		
Cash and cash equivalents	159,027	167,574
Trade and other receivables	176,908	122,562
Inventories	11,613	17,834
Prepayments	16,225	18,798
Other financial assets	337	–
Total current assets	364,110	326,768
Non-current assets		
Receivables	1,080,508	1,259,496
Other financial assets	2,511,130	2,390,577
Investments	357,327	–
Investment in associates	1,088,744	851,721
Property, plant and equipment	2,790,405	2,501,567
Licences	656,983	555,426
Other intangible assets	162,714	169,165
Deferred tax assets	101,734	95,824
Other assets	62,840	62,901
Total non-current assets	8,812,385	7,886,677
Total assets	9,176,495	8,213,445
Current liabilities		
Trade and other payables	292,679	221,204
Interest-bearing loans and borrowings	29,077	19,752
Income tax payable	83,695	38,997
Provisions	99,213	100,154
Other financial liabilities	22,221	2,276
Total current liabilities	526,885	382,383
Non-current liabilities		
Other payables	138	–
Interest-bearing loans and borrowings	3,384,382	2,657,007
Deferred tax liability	205,481	138,864
Provisions	38,183	27,699
Other financial liabilities	8,661	74,225
Total non-current liabilities	3,636,845	2,897,795
Total liabilities	4,163,730	3,280,178
Net assets	5,012,765	4,933,267
Equity		
Contributed equity	4,809,818	5,447,104
Treasury shares	(480)	–
Reserves	347,790	(291,655)
Retained earnings	(144,363)	(222,182)
Total equity	5,012,765	4,933,267

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

34. Parent Entity Disclosures

	Crown Limited	
	2012 \$'000	2011 \$'000
Results of the parent entity		
Profit after tax for the period	419,503	280,287
Other comprehensive income/(loss)	–	–
Total comprehensive income for the period	419,503	280,287
Financial position of the parent entity		
Current assets	3	1
Non-current assets	9,787,154	9,482,802
Total assets	9,787,157	9,482,803
Current liabilities	83,192	39,073
Non-current liabilities	2,764,065	2,451,880
Total liabilities	2,847,257	2,490,953
Total equity of the parent entity comprising of:		
Issued capital	9,927,204	10,125,916
Employee equity benefits reserve	13,010	13,010
Accumulated losses	(3,000,314)	(3,147,076)
Total equity	6,939,900	6,991,850

Contingent liabilities

There are no contingent liabilities for the parent entity at 30 June 2012 (2011: \$nil).

Capital expenditure

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2012 (2011: \$nil).

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in notes 32 and 33.

35. Financial Risk Management Objectives and Policies

The Group's principle financial instruments comprise receivables, payables, bank loans and capital market debt, investments, cash and short term deposits and derivatives.

The Group's business activities expose it to the following risks; market risks (interest rate and foreign exchange), credit risk and liquidity risk. For each of these risks, the Group considers the counterparties, geographical area, currency and markets as applicable to determine whether there are concentrations of risk. Other than as described in this note, the Group is satisfied that there are no material concentrations of risk.

The Group has policies in place to manage different types of risks to which it is exposed. Policies include monitoring the level of interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates. Ageing analysis of and monitoring of exposures to counterparties are undertaken to manage credit risk. Liquidity risk is monitored through the employment of rolling cash flow forecasts.

35. Financial Risk Management Objectives and Policies *continued*

Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks in accordance with approved policies. The Board are informed on a regular basis of risk management activities.

(a) Market Risk

(i) Interest rate risk – cash flow

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and long term debt obligations as outlined in note 17.

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

	2012 \$'000	2011 \$'000
Financial assets		
AUD cash at bank	15,460	42,402
AUD deposits at call	17,808	17,780
GBP cash at bank	(9,555)	10,980
USD cash at bank	15	17
Total financial assets	23,728	71,179
Financial liabilities		
AUD Bank loans	865,000	349,756
HKD Bank Loans	29,077	–
GBP Bank Loans	15,354	58,401
Total financial liabilities	909,431	408,157
Net exposure	(885,703)	(336,978)

As at balance date, the Group maintained floating rate borrowings of \$909.4 million (2011: \$408.2 million) that were not hedged by interest rate swaps. The associated interest rate risk is partially mitigated by total financial assets of \$23.7 million (2011: \$71.2 million). Under the bank loans outstanding, for AUD facilities, the Group pays the Bank Bill Swap rate (BBSW) plus a margin of between 100 and 190 basis points, for GBP facilities, the Group pays LIBOR plus a margin of 155 basis points and for HKD facilities, the Group pays HIBOR plus a margin of 62.5 basis points.

Of the AUD cash on hand and at bank \$15.5 million is interest bearing and is invested at approximately BBSW. Deposits at call of \$17.8 million are invested at approximately BBSW. The Group maintains cash and cash equivalents on hand of \$125.6 million for operational purposes and is non-interest bearing (2011: \$112.5 million).

As at balance date, the Group maintained no floating rate borrowings in USD (2011: \$nil) and had minimal cash and cash equivalents (2011: minimal).

As at balance date, the Group maintained floating rate borrowings of \$15.4 million in GBP (2011: \$58.4 million) and had cash and cash equivalents of negative \$9.6 million (2011: \$11.0 million) with positive balances invested at the UK daily cash rate and overdrafts charged at UK base rate plus a margin of 150 basis points.

As at balance date, the Group maintained floating rate borrowings in HKD of \$29.1m (2011: \$nil) and had minimal interest earning cash and cash equivalents (2011: minimal).

Group Sensitivity

If there was an increase of 75 basis points in AUD interest rates, an increase of 100 basis points in GBP and USD interest rates, and an increase of 50 basis points in HKD interest rates, the Group's post-tax-profit for the year would have decreased by \$6.6 million (2011: an increase of 150 basis points in AUD, GBP and USD interest rates would have decreased the Group's post-tax-profit by \$3.6 million).

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

35. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(i) Interest rate risk – cash flow** *continued***Group Sensitivity** *continued*

If there was a decrease of 50 basis points in AUD and GBP interest rates, and a decrease of 25 basis points in USD and HKD interest rates, the Group's post-tax-profit for the year would have increased by \$4.4 million (2011: a decrease of 150 basis points in AUD interest rates, a decrease of 25 basis points in USD interest rates and a decrease of 50 basis points in GBP interest rates would have increased the Group's post-tax-profit by \$3.2 million).

The Group, where appropriate, uses interest rate swaps to manage the risk of adverse movements in interest rates for its long term floating rate borrowings which are subject to variable rates.

The Group uses cross-currency interest rate swaps to manage the risk of adverse movements in interest rates for its long term foreign currency denominated borrowings which are subject to variable rates.

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

	2012 \$'000	2011 \$'000
Cash flow hedge		
Maturity under 1 year	300,000	–
Maturity 1–5 years	115,155	300,000
Maturity over 5 years	174,634	174,634
Closing Balance	589,789	474,634

Under the interest swap contracts maturing June 2013, the Group has the right to receive floating rate (i.e. BBSW) quarterly and pay fixed rate of 6.99% quarterly. The terms of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective. The fair value of the swap at balance date was negative \$11.2 million (2011: negative \$11.0 million).

Under the interest rate swap contracts (maturing December 2015 and December 2016), the Group has the right to receive LIBOR and pay GBP interest at a fixed rate of 1.00% and 1.19%, respectively (2011: n/a). The terms of the swap contracts are matched directly against the appropriate loan and interest expense and as such are highly effective. The fair value of the swap at balance date was negative \$0.1m (2011: n/a).

Under the cross currency swap contract (maturing July 2036), the Group has the right to receive USD interest at a fixed rate of 4.76% (2011: 4.76%) semi-annually and pay AUD interest at fixed rate of 7.05% (2011: 7.05%) quarterly. The term of the cross currency swap contract are matched directly against the appropriate loan and interest expense and as such is highly effective. The fair value of the swap at balance date was negative \$8.5 million (2011: negative \$63.3 million).

(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 \$785.2 million (2011: \$661.3 million).

As at balance date the Group had no interest rate swaps in place to hedge fixed rate debt issuances.

(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.

35. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(iii) Foreign exchange risk** *continued*

All forward exchange contracts must be in the same currency as the firm commitment and the Group negotiates the terms of the hedges to exactly match the underlying commitment to maximise hedge effectiveness. As at balance date, the Group had hedged the majority of its foreign currency receivables and payables that are firm commitments.

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

	2012 \$'000	2011 \$'000
USD Exposure		
Financial assets		
Cash and cash equivalents	1,442	353
Total financial assets	1,442	353
Financial liabilities		
US Private Placement	195,446	186,672
Total financial liabilities	195,446	186,672
Net exposure	(194,004)	(186,319)
	2012 \$'000	2011 \$'000
GBP Exposure		
Financial assets		
Cash and cash equivalents	2,780	29
Loans to associates	81,222	49,237
Total financial assets	84,002	49,266
Financial liabilities		
GBP Loan Facilities	110,241	58,401
Total financial liabilities	110,241	58,401
Net exposure	(26,239)	(9,135)
	2012 \$'000	2011 \$'000
HKD Exposure		
Financial assets		
Cash and cash equivalents	5,811	6,115
Trade and other receivables	29,072	–
Total financial assets	34,883	6,115
Financial liabilities		
Trade and other payables	2,440	–
HKD Debt Facilities	29,077	–
Total financial liabilities	31,517	–
Net exposure	3,366	6,115
	2012 \$'000	2011 \$'000
SGD Exposure		
Financial assets		
Cash and cash equivalents	3,023	38
Total financial assets	3,023	38
Net exposure	3,023	38

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

35. Financial Risk Management Objectives and Policies *continued***(a) Market Risk** *continued***(iii) Foreign exchange risk** *continued***Group sensitivity – USD**

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity if the AUD strengthened or weakened by 10c against the USD would be \$17.4 million higher or \$21.2 million lower (2011: \$15.9 million higher or \$19.2 million lower).

The sensitivity to fair value movements through profit and loss if the AUD strengthened or weakened by 10c against the USD would not be material as at balance date (2011: not material).

Group sensitivity – GBP

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity if the AUD strengthened or weakened by 5c against the GBP would be \$2.1 million higher or \$2.4 million lower (2011: not material).

The sensitivity to fair value movements through profit and loss if the AUD strengthened or weakened by 5c against the GBP would not be material as at balance date (2011: not material).

Group sensitivity – HKD

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity if the AUD strengthened or weakened by 50c against the HKD would not be material as at balance date (2011: not material).

The sensitivity to fair value movements through profit and loss if the AUD strengthened or weakened by 50c against the HKD would not be material as at balance date (2011: not material).

Group sensitivity – SGD

Based on the financial instruments held at balance date, the sensitivity to fair value movements through equity if the AUD strengthened or weakened by 10c against the SGD would not be material as at balance date (2011: not material).

The sensitivity to fair value movements through profit and loss if the AUD strengthened or weakened by 10c against the SGD would not be material as at balance date (2011: not material).

Foreign Exchange Contracts

The Group uses derivative instruments such as forward exchange contracts to manage the currency risks arising from the Group's operations and its sources of finance.

Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. These derivatives qualify for hedge accounting and are based on limits set by the Board.

Cash flow hedges

At balance date details of outstanding contracts denominated in AUD was:

	Notional Amounts		Average Rate	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Buy USD/Sell AUD				
Maturity under 1 year	14,881	20,128	1.0169	0.9290
Maturity 1–5 years	–	–	–	–
Buy AUD/Sell USD				
Maturity under 1 year	–	–	–	–
Maturity 1-5 years	–	91,754	–	0.6992

The change in fair value of cash flow hedges as at balance date was not material (2011: positive \$21.8 million).

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.

35. Financial Risk Management Objectives and Policies *continued***(b) Price Risk****(i) Equity Securities Price Risk**

The Group is exposed to equity securities price risk. Equity securities price risk arises from investments held by the Group and classified on the balance sheet as investments.

	2012 \$'000	2011 \$'000
Shares – listed	353,362	–
Shares – unlisted	100,976	98,658
Net exposure	454,338	98,658

Group sensitivity

The Group's sensitivity to equity securities price risk for the listed investments has been estimated by reference to published price quotations in an active market. The sensitivity to movement in fair value of the listed investments on the after-tax profit and loss of the Group as a result of a 10% movement in the share price of the listed shares would be \$24.7 million (2011: n/a).

The Group's sensitivity to equity securities price risk for the unlisted investments has been estimated using valuation techniques based on the fair value of securities held. The sensitivity to fair value movements through equity or profit and loss as a result of movement in value of the securities was not material as at balance date (2011: not material).

(ii) Commodity Price Risk

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

(iii) Total Return Swaps Price Risk

During the 2011 financial year, the Group entered into a series of cash settled total return swap contracts. The Group entered into these contracts for the purpose of gaining exposure to Tabcorp (pre de-merger). In June 2011, Tabcorp de-merged its casino businesses to Echo Entertainment Group. Following the de-merger, the cash settled total return swap contracts were replaced by separate Tabcorp swaps and Echo swaps.

During 2012, the Echo swaps were settled and the Group acquired equity derivatives to be settled in Echo shares and subsequently converted those equity derivatives into physical shares in Echo. A portion of the Tabcorp swaps were cash settled during the period. The remaining Tabcorp swaps were marked-to-market at balance date as these swaps did not qualify for hedge accounting. As such, all unrealised gains and losses related to those swaps were recorded directly to the Income Statement and are classified as other income/(expense). The remaining Tabcorp swaps were cash settled subsequent to balance date.

	2012 \$'000	2011 \$'000
Total return swap derivative asset	–	7,775
Total return swap derivative liability	(11,036)	–
Net fair value	(11,036)	7,775

Group sensitivity

The sensitivity to movement in fair value of the total return swaps on the after-tax profit and loss of the Group as a result of a 10% movement in Tabcorp's share price would be \$3.2 million.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

35. Financial Risk Management Objectives and Policies *continued***(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.

35. Financial Risk Management Objectives and Policies *continued***(d) Liquidity Risk**

It is the Group's objective to maintain a balance between continuity of funding and flexibility through the use of cash reserves, committed bank lines and capital markets debt in order to meet its financial commitments in a timely manner.

At balance date 1.7% or \$29 million of the Group's debt will mature in less than 12 months (2011: 1.8%).

As at balance date the Group had \$506 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 assets and financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	1 year or less		1 to 5 years		more than 5 years		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assets								
Cash and cash equivalents	149,353	183,699	–	–	–	–	149,353	183,699
Receivables – trade	201,525	123,330	10,154	11,078	–	–	211,679	134,408
Receivables – associates	209	426	92,713	71,575	–	48,824	92,922	120,825
Total return swap contracts	–	7,775	–	–	–	–	–	7,775
Forward exchange contracts receivable	14,789	17,453	–	91,754	–	–	14,789	109,207
Cross currency interest rate swaps receivable	6,058	5,787	24,233	23,148	115,109	115,740	145,400	144,675
Total financial assets	371,934	338,470	127,100	197,555	115,109	164,564	614,143	700,589
Financial liabilities								
Trade and other payables	325,731	237,889	138	–	–	–	325,869	237,889
Capital markets	–	–	14,658	–	355,422	361,306	370,080	361,306
Bank loans	29,077	19,752	1,295,509	688,401	–	–	1,324,586	708,153
Total return swap contracts	11,036	–	–	–	–	–	11,036	–
Forward exchange contracts payable	14,881	20,128	–	59,875	–	–	14,881	80,003
Interest rate swaps payable	10,809	5,882	1,630	5,883	–	–	12,439	11,765
Cross currency interest rate swaps payable	12,312	12,312	49,248	49,248	233,928	246,240	295,488	307,800
Total financial liabilities	403,846	295,963	1,361,183	803,407	589,350	607,546	2,354,379	1,706,916
Net maturity	(31,912)	42,507	(1,234,083)	(605,852)	(474,241)	(442,982)	(1,740,236)	(1,006,327)

(e) Fair Value of Financial Instruments

The fair value of the Group's financial assets and financial liabilities approximates the carrying value as at balance date.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level One – the fair value is calculated using quoted prices in active markets;

Level Two – the fair value is estimated using inputs other than quoted prices included in Level One that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level Three – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Notes to the Financial Statements *continued*

For the Year ended 30 June 2012

35. Financial Risk Management Objectives and Policies *continued***(e) Fair Value of Financial Instruments** *continued*

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Valuation Technique				Total \$'000
	Quoted market price	Observable inputs	Non market observable		
	Level One \$'000	Level Two \$'000	Level Three \$'000		
Year ended 30 June 2012					
Financial Assets					
<i>Derivative Instruments</i>					
Receivable on forward exchange contracts	–	337	–		337
<i>Investments</i>					
Shares – listed (Australia)	353,362	–	–		353,362
Shares – unlisted (Australia)	–	–	37,305		37,305
Shares – unlisted (North America)	–	–	63,671		63,671
	353,362	337	100,976		454,675
Financial Liabilities					
<i>Derivative Instruments</i>					
Payables on interest rate swaps	–	11,331	–		11,331
Payables on cross currency swaps	–	8,515	–		8,515
Payables on total return swaps	–	11,036	–		11,036
	–	30,882	–		30,882
Year ended 30 June 2011					
Financial Assets					
<i>Derivative Instruments</i>					
Receivable on total return swaps	–	7,775	–		7,775
Receivable on forward exchange contracts	–	24,051	–		24,051
<i>Investments</i>					
Shares – unlisted (Australia)	–	–	37,633		37,633
Shares – unlisted (North America)	–	–	61,025		61,025
	–	31,826	98,658		130,484
Financial Liabilities					
<i>Derivative Instruments</i>					
Payables on interest rate swaps	–	10,970	–		10,970
Payables on cross currency swaps	–	63,255	–		63,255
Payables on forward exchange contracts	–	2,276	–		2,276
	–	76,501	–		76,501

There have been no transfers during the financial year ended 30 June 2012.

35. Financial Risk Management Objectives and Policies *continued***(e) Fair Value of Financial Instruments** *continued*

Reconciliation of Level Three fair value movements:

	2012 \$'000	2011 \$'000
Opening balance	98,658	106,634
Other Comprehensive Income	2,318	(7,976)
Closing Balance	100,976	98,658

Shareholder Information

Substantial shareholders as at 14 September 2012:

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

Shareholder	Number of ordinary Shares	% of Issued Capital
Consolidated Press Holdings Limited	350,311,967	48.09%
Perpetual Limited	62,245,378	8.55%

Holder of each class of securities

Crown only has ordinary shares on issue. The total number of ordinary shares on issue is 728,394,185 held by 48,349 shareholders.

Voting rights of ordinary shares

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

- one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and
- 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 14 September 2012:

Size of Holdings	Number of Shareholders	% of Issued Capital
1 – 1,000	31,472	1.74
1,001 – 5,000	14,975	4.30
5,001 – 10,000	1,270	1.20
10,001 – 100,000	550	1.59
100,001+	82	91.17
Total	48,349	100.00
Holding less than a marketable parcel	2,833	

The 20 largest shareholders as at 14 September 2012:

Name	Number of Shares	% of Issued Capital
1. BAREAGE PTY LIMITED	158,486,104	21.76
2. CONSOLIDATED PRESS HOLDINGS LIMITED	153,863,935	21.12
3. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	85,941,969	11.80
4. NATIONAL NOMINEES LIMITED	55,196,554	7.58
5. J.P. MORGAN NOMINEES AUSTRALIA LIMITED	54,758,113	7.52
6. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	25,612,703	3.52
7. CITICORP NOMINEES PTY LIMITED	17,255,631	2.37
8. CAVALANE HOLDINGS PTY LTD	15,250,723	2.09
9. BNP PARIBAS NOMS PTY LTD <MASTER CUST DRP>	13,827,073	1.90
10. J.P. MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	12,037,019	1.65
11. SAMENIC LIMITED	10,188,370	1.40
12. CAIRNTON HOLDINGS LIMITED	8,932,000	1.23
13. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	8,712,095	1.20
14. AMP LIFE LIMITED	3,964,242	0.54
15. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PIIC A/C>	3,799,751	0.52
16. UBS NOMINEES PTY LTD	3,231,027	0.44
17. ARGO INVESTMENTS LIMITED	2,084,184	0.29
18. CONSOLIDATED PRESS INVESTMENTS PTY LTD	2,069,387	0.28
19. BNP PARIBAS NOMS PTY LTD <SMP ACCOUNTS DRP>	2,019,116	0.28
20. UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,975,879	0.27
Total	639,205,875	87.76
Others	89,188,310	12.24

Details of equity securities

Crown has 728,394,185 shares currently on issue, all of which are quoted.

Additional Information

Shareholder enquiries

Shareholders may access their details by visiting the Share Registry's website at www.investorcentre.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

Receiving shareholder communications electronically, instead of by post enables you to:

- Receive important shareholder and company information faster
- Reduce your impact on the environment
- Securely store important shareholder documents online, reducing clutter in your home or office
- Access all documents conveniently 24/7

Shareholders who wish to receive email alerts informing them of Annual Report, Notice of Meeting, Issuer Holding Statements, Payment Advices and other company related information on Crown's website, www.crownlimited.com may either contact the Share Registry or lodge such instructions online at the Share Registry's website at www.investorcentre.com.

Change of address

Issuer sponsored shareholders should notify the Share Registry immediately in writing or by telephone upon any change in their address quoting their SRN. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate HIN.

Direct payment to shareholders' accounts

Dividends may be paid directly to any bank, building society or credit union account in Australia. Payments are electronically credited on the dividend date with advisory confirmation containing payment details mailed to shareholders. Shareholders who wish to have their dividends paid directly to their account may advise the Share Registry in writing or may update their payment instructions online on www.investorcentre.com prior to the dividend record date.

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.

Crown website

Crown has a dedicated corporate website, www.crownlimited.com which includes Crown's Annual Report, disclosures made to the ASX and Notices of Meeting and other Explanatory Memoranda.

Investment Warning

All information provided in the Annual Report is provided as of the date stated or otherwise as at the date of the Report. The Annual Report has not taken into account any particular investor's investment objectives or other circumstances.

Investors are encouraged to make an independent assessment of Crown or seek independent professional advice.

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
- Benjamin Brazil BCom, LLB
- The Honourable Helen A Coonan BA, LLB
- Christopher D Corrigan
- Rowena Danziger BA, TC, MACE
- Geoffrey J Dixon
- John S Horvath AO, MB, BS (Syd), FRACP
- Ashok Jacob BSc, MBA
- Michael R Johnston BEc, CA
- Harold C Mitchell AC

Company Secretaries

- Michael J Neilson BA, LLB
- Mary Manos BCom, LLB (Hons), GAICD

Crown's registered office and principal corporate office

Level 3
Crown Towers
8 Whiteman Street
Southbank VIC 3006
Australia
Phone: (61 3) 9292 8824

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 659 795 (within Australia)
(61 3) 9415 4000 (outside Australia)
Fax: (61 3) 9473 2500
Website: www.computershare.com.au

Stock Exchange Listing

Crown's ordinary shares are listed on the Australian Stock Exchange under the code "CWN". Crown's Subordinated Notes are listed on the Australian Stock Exchange under the code "CWNHA". 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



CROWN

crownlimited.com