

Appendix 4D

Half year ended 31 December 2021

(previous corresponding period: half year ended 31 December 2020)

Results for announcement to the market

Results in accordance with Australian Accounting Standards				\$m
Revenue from operations	up	34.0%	to	778.6
Net profit/(loss) for the period attributable to members of the parent	down	62.4%	to	(196.3)

	Theoretical Results ⁽¹⁾⁽⁶⁾		Actual Results ⁽²⁾	
	\$m	% Movement	\$m	% Movement
EBITDA before Closure Costs ⁽⁴⁾ & Significant items ⁽⁶⁾	28.8	(79.6%)	26.5	(80.7%)
Costs incurred during mandated closure ⁽⁴⁾	(113.1)		(113.1)	
Profit on disposal of Crown Sydney apartments ⁽³⁾	74.9		74.9	
Crown Sydney pre-opening costs ⁽³⁾	(20.1)		(20.1)	
Profit on disposal of other non-current assets ⁽³⁾	11.4		11.4	
Contribution towards class action settlement ⁽³⁾	(20.0)		(20.0)	
Restructuring costs ⁽³⁾	(7.1)		(7.1)	
EBITDA after Closure Costs ⁽⁴⁾ & Significant items ⁽⁵⁾⁽⁶⁾	(45.2)		(47.5)	
Depreciation & amortisation	(155.1)		(155.1)	
Asset impairment ⁽³⁾	(31.8)		(31.8)	
EBIT ⁽⁶⁾	(232.1)	(76.8%)	(234.4)	(72.9%)
Share of associates' profit/(loss)			7.3	
Net interest expense			(35.8)	
Income tax benefit			66.6	
Net profit/(loss) after tax			(196.3)	(62.8%)
Non-controlling interest			0.0	
Net profit/(loss) attributable to members of the Parent			(196.3)	(62.4%)

(1) Theoretical results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play. The theoretical win rate is the expected hold percentage on VIP program play over time. The theoretical result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Crown believes that theoretical results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue. Refer to note 3 in the attached for more information.

(2) Actual results reflect revenues & expenses at actual win rates.

(3) These items have been classified as Significant items. Refer note 4(e) for further details.

(4) Closure Costs reflect costs incurred at Crown Melbourne, Crown Perth and Crown Sydney whilst the properties were closed due to Government direction. Refer note 3 for further details.

(5) Significant items in 'EBITDA after Closure Costs & Significant items' includes EBITDA related Significant items only.

(6) Non-IFRS measures. Non-IFRS measures have not been subject to audit or review.

Appendix 4D *Continued*

Dividends	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividend	Not applicable	
Interim dividend payment date	Not applicable	
Net Tangible Asset Backing	31 December 2021	31 December 2020
Net tangible asset backing per ordinary security on issue at period end ⁽¹⁾ :	\$4.38	\$4.72

(1) Net tangible assets includes all right-of-use assets.

For additional Appendix 4D disclosures, refer to the accompanying Financial Report for the half-year ended 31 December 2021, which includes the Directors' Report. Crown Resorts Limited's announcement made to the ASX on the same date as this Appendix 4D provides further analysis of the results.

Directors' Report

For the half year ended 31 December 2021

The directors of Crown Resorts Limited ("Crown" or the "Company") submit their report for the half year ended 31 December 2021.

Directors

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

Dr Ziggy Switkowski AO	Chairman (appointed 1 December 2021)
The Hon. Helen A Coonan	Executive Chairman (until 27 August 2021)
Steve McCann	Managing Director and Chief Executive Officer (appointed as Managing Director on 20 October 2021)
Bruce Carter	Non-Executive Director (appointed 25 August 2021)
Jane Halton AO PSM	Non-Executive Director (appointed as Interim Chairman on 27 August 2021 until 1 December 2021)
Antonia Korsanos	Non-Executive Director (until 21 October 2021)
Nigel Morrison	Non-Executive Director
Anne Ward	Non-Executive Director (appointed 13 January 2022)

Review of Operations

For the half year ended 31 December 2021 Crown reported a net loss of \$196.3 million, compared to a net loss of \$120.6 million in the prior comparable period ("pcp"). Total revenue of \$778.6 million increased by 34.0% on the pcp. Crown's results for the first half reflect the severe impact on operations from the COVID-19 pandemic. In particular, Crown Melbourne and Crown Sydney were closed for most of the half due to Government imposed COVID-19 restrictions.

This review of operations includes certain non-IFRS measures, including theoretical results¹, EBITDA, Significant Items and Closure Costs, which are used internally by management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.

CROWN MELBOURNE

Operating Conditions

Crown Melbourne continued to face significant disruption as a result of the COVID-19 pandemic, with gaming operations closed for 96 days during the half². This compared to the pcp where gaming operations were closed for 134 days.

Operating restrictions were progressively lifted from mid-October for fully vaccinated patrons and staff. Whilst open, various operating restrictions applied, including patron capacity and density limits, restrictions on available gaming product and physical distancing protocols.

Financial Performance

Revenue of \$265.0 million compared to \$97.1 million in the pcp, with main floor gaming revenue of \$187.6 million (up \$133.9 million) and non-gaming revenue of \$77.4 million (up \$37.7 million).

Given continued international border restrictions, there was no international VIP program play revenue in the period³.

Overall hotel occupancy across Crown Melbourne's three hotels was approximately 23%, with Crown Towers hotel occupancy 28%, Crown Metropole hotel occupancy 21% and Crown Promenade hotel occupancy 21%.

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- ¹ Theoretical results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play. The theoretical win rate is the expected hold percentage on VIP program play over time. The theoretical result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Refer to note 3 in the attached for more information. Crown believes that theoretical results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue. Note that there was no international VIP program play at Crown Melbourne or Crown Perth during the period, with Crown Perth no longer offering VIP program play. From 1 July 2021, interstate VIP program play revenue is included in main floor revenue, and no longer adjusted for any variance from theoretical win rate.
 - ² During the first half, Crown Melbourne's gaming operations were closed for the periods 16 July to 27 July 2021 and 6 August to 28 October 2021.
 - ³ From 1 July 2021, interstate VIP program play revenue is included in main floor revenue, and no longer adjusted for any variance from theoretical win rate.

Directors' Report

For the half year ended 31 December 2021

EBITDA before Closure Costs and Significant Items was \$7.1 million, compared to \$5.8 million in the pc⁴.

Closure Costs of \$94.5 million were recorded during the period, whilst a net gain from Significant Items of \$7.8 million related to the profit on disposal of other non-current assets (comprising an aircraft and a parcel of land), partly offset by restructuring costs.

Reported EBITDA was a loss of \$79.6 million, compared to a loss of \$87.8 million in the pc⁴.

CROWN PERTH

Operating Conditions

Shortly before the end of the 2021 financial year, Crown Perth was required to close its gaming operations in response to Western Australian Government restrictions due to COVID-19⁵. On 6 July 2021, Crown Perth recommenced trading of gaming and non-gaming operations at a reduced capacity, whilst from 12 July 2021, Crown Perth recommenced trading of all gaming and non-gaming operations, with restrictions transitioning to pre-COVID conditions.

Financial Performance

Revenue of \$402.9 million was down 1.5% on the pc⁴, with main floor gaming revenue of \$236.5 million, down 14.1%, and non-gaming revenue of \$166.4 million, up 24.7%.

There was no VIP program play revenue in the period as Crown no longer offers VIP program play at Crown Perth.

Overall hotel occupancy across Crown Perth's three hotels was approximately 73%, with Crown Towers hotel occupancy 77%, Crown Metropole hotel occupancy 75% and Crown Promenade hotel occupancy 61%.

EBITDA before Closure Costs and Significant Items was \$109.6 million, down 32.6% on the pc⁴. Excluding the impact of JobKeeper payroll subsidies in the pc⁶, EBITDA before Closure Costs and Significant Items was down 20.6%.

Closure Costs of \$3.8 million were recorded during the period.

Reported EBITDA was \$105.8 million, down 34.8% on the pc⁴.

The operating margin (before Closure Costs and Significant Items) decreased from 33.7% to 27.2% (excluding the impact of JobKeeper payroll subsidies received in the prior period). The decrease in margin reflected the normalisation of operating conditions, as well as increased costs and business mix.

CROWN SYDNEY

Operating Update

Non-gaming operations progressively commenced trading at Crown Sydney from late December 2020. During the period, Crown Sydney faced significant disruption as a result of COVID-19, and was closed for 102 days⁷. Non-gaming operations reopened to fully vaccinated guests and staff on 11 October 2021, with operations showing improving trends.

Gaming areas are yet to commence operation as Crown continues to work through the consultation process with the casino's regulator, the Independent Liquor and Gaming Authority (ILGA). Crown are in frequent discussions with ILGA and the independent monitor, and while no official opening date has been confirmed by the regulator, Crown is targeting to be in a position to announce the opening of the gaming floor shortly. Opening is expected to occur on a staged basis given current staffing levels, with further recruitment for gaming-related roles required ahead of a full commencement of gaming operations.

Sales of the Crown Sydney apartments continue to progress, with almost \$1.2 billion in gross sales and pre-sale commitments (inclusive of GST) to date. Based on current progress, Crown is focused on selling all remaining apartments by 30 June 2022. As at 31 December 2021, approximately \$975 million in sale proceeds (net of GST) had been received (including deposits previously released), with receipt of the final approximately \$275 million in expected settlement proceeds (net of GST) subject to timing of the sales.

4 The pc⁴ included \$15.7 million in payroll subsidies under the Commonwealth Government's JobKeeper scheme.

5 During the first half, Crown Perth's gaming operations were closed for the period 1 July to 5 July 2021.

6 The pc⁶ included \$24.7 million in payroll subsidies under the Commonwealth Government's JobKeeper scheme.

7 During the first half, Crown Sydney was closed for the period 1 July to 10 October 2021.

Directors' Report

For the half year ended 31 December 2021

Only limited spend remains on the total project cost of approximately \$2.2 billion. The expected net project cost following completion of all apartment sales, net of tax attributable to the gain on sale of apartments, remains approximately \$1.1 billion.

Financial Performance

Non-gaming revenue was \$36.1 million, compared to \$0.9 million in the pcpc.

Hotel occupancy was 17% during the period. Upon re-opening in October 2021, hotel occupancy showed improving trends, averaging nearly 40%, with higher occupancy on weekends and strong average room rates.

EBITDA before Closure Costs and Significant Items was a loss of \$4.3 million compared with a loss of \$0.7 million in the pcpc.

Closure Costs of \$14.8 million were recorded during the period, whilst there was a net gain from Significant Items of \$54.8 million related to the profit on disposal of Crown Sydney apartments, partly offset by pre-opening costs⁸.

Reported EBITDA was \$35.7 million, compared to a loss of \$26.0 million in the pcpc.

CROWN ASPINALLS

Operating Conditions

Crown Aspinalls continued to face challenging operating conditions during the period as a result of the COVID-19 pandemic. The property was required to close for certain periods of time due to operational constraints, and when open, performance was impacted by subdued international travel, staff shortages and reduced operating hours.

Financial Performance

Theoretical EBITDA before Closure Costs and Significant Items was a loss of \$3.2 million, compared to a loss of \$5.3 million in the pcpc.

There were no Closure Costs or Significant Items during the period, as the periods of closure were not due to Government direction.

Reported EBITDA was a loss of \$5.5 million, compared to a loss of \$23.0 million in the pcpc. The reported EBITDA result takes into account the variance from the theoretical VIP program play result which had a negative EBITDA impact of \$2.3 million. This compares to a positive EBITDA impact of \$0.6 million in the pcpc.

CROWN DIGITAL

Revenue from Crown's wagering and online social gaming operations was \$69.5 million, down 12.7% on the pcpc, whilst EBITDA of \$14.3 million was down 38.4% on the pcpc.

Revenues across both Betfair and DGN were lower as both businesses cycled strong performance in the pcpc. Expenses did not decline to the same extent as both businesses continue to invest to drive longer term growth, resulting in an overall decline in margin.

CORPORATE COSTS

During the period, corporate costs before Significant Items were \$94.7 million, \$50.5 million higher than the pcpc.

The increase in corporate costs primarily related to higher legal and consulting fees associated with various regulatory inquiries. With the conclusion of the Victorian Royal Commission and evidentiary hearings of the Perth Casino Royal Commission during the period, corporate costs are expected to be lower in the second half. Crown now expects full year corporate costs to be around \$150 million⁹.

On 29 October 2021, Crown announced it had reached an agreement to settle the shareholder class action commenced against it on 4 December 2017 in the Federal Court of Australia, referenced as Zantran Pty Limited v Crown Resorts Limited. The expected total settlement amount is \$125 million, inclusive of interest and costs. Crown contributed \$20 million towards the settlement amount during the period, which has been recorded as a significant item. Crown is considering its legal rights

⁸ Gaming relating costs (including an appropriate allocation of Support Departments) that continue to be incurred prior to the commencement of gaming operations.

⁹ Excluding costs associated with the Blackstone proposal.

Directors' Report

For the half year ended 31 December 2021

of recovery for this contribution. The settlement of this Proceeding is subject to Federal Court approval and other conditions, and is scheduled for an approval hearing on 28 April 2022.

EQUITY ACCOUNTED INVESTMENTS

Crown's equity accounted result is comprised of its net equity accounted share of profit from Nobu, offset by the net equity accounted shares of losses from Chill Gaming¹⁰. Crown's net equity accounted share of NPAT across these investments was a gain of \$7.3 million, primarily driven by the improved performance of Nobu during the half.

CASH FLOW AND DEBT

Net operating cash flow for the period was an outflow of \$203.5 million, compared to net operating cash inflow of \$72.3 million in the pc, reflecting substantial impacts on operations from the COVID-19 pandemic. Crown also made a number of cash payments during the period relating to items that had been provided for at 30 June 2021, including the payment of an underpayment of casino tax by Crown Melbourne and associated interest, the payment of a shortfall on a minimum gaming tax obligation in Melbourne and payment of a contribution towards the cost of the Bergin Inquiry. Capital expenditure during the period was \$69.0 million, around half of which related to the finalisation of construction of Crown Sydney, offset by \$252.8 million of proceeds received during the period from the settlement of Crown Sydney apartment sales and the sale of other non-current assets.

During the period, Crown reached agreement with its relationship banks regarding a series of modifications to Crown's existing financing arrangements, including:

- An extension of near-term maturities by amending and aligning the maturity date of all of the \$560 million in bilateral facilities to October 2023.
- A waiver of financial covenants in relation to the 31 December 2021 testing date.
- A waiver of certain events of default that would otherwise arise from cancellation or suspension (for a certain period of time) of any of Crown's Australian casino licences. In the event such a licence event occurs, Crown has agreed to a review process providing it with a period of time to negotiate with lenders or otherwise refinance the facilities.

As part of the arrangements agreed with lenders, Crown agreed not to declare or pay dividends in respect of the half year ending 31 December 2021 or where a review event is triggered as a result of a cancellation or suspension of any of Crown's Australian casino licences.

Crown has also reached agreement with its lenders regarding an amendment to its financial covenants for the 30 June 2022 testing date which will now be tested by reference to EBITDA for the six month period ending on 30 June 2022, annualised on a straight-line basis. As a condition of that amendment, Crown has agreed not to declare or pay dividends in respect of the financial year ending 30 June 2022 if any of those financial covenants would not have been met without the benefit of this amendment. Crown will continue to monitor performance against the June 2022 financial covenants and liaise further with key lenders as required.

In addition, Crown entered into the following new debt facilities during the period:

- A new facility provided by one of Crown's relationship banks under which debt funding of up to \$250 million (based on the value of unsold Crown Sydney apartments) is available to partly fund any required redemption of Crown's Euro Medium Term Notes and associated make whole premium or, in certain circumstances, for general corporate purposes. The facility remained undrawn at 31 December 2021.
- Two new \$150 million unsecured term loan facilities which mature in October 2023. The facilities were fully drawn at 31 December 2021.

At 31 December 2021, Crown's net debt position was \$943.9 million (excluding working capital cash of \$116.3 million and net of hedges). This consisted of total debt of \$1,574.6 million and cash (excluding working capital cash) of \$630.7 million.

At 31 December 2021, total liquidity was \$694.9 million, comprising \$524.2 million in available cash¹¹ and \$170.7 million in committed undrawn facilities available for general corporate purposes¹².

¹⁰ As Aspers was classified as held for sale during the period, Crown did not equity account its results.

¹¹ Excludes restricted cash of \$106.5 million.

¹² Excludes the new \$250 million debt facility which, as at 31 December 2021, was only available to partly fund any required redemption of Crown's Euro Medium Term Notes and associated make whole premium.

Directors' Report

For the half year ended 31 December 2021

Based on Crown's performance against the applicable financial ratios for the six months ended 31 December 2021, a 'Mandatory Deferral Event' now exists in relation to the Crown Subordinated Notes II, resulting in the interest payments scheduled to be paid on 14 March 2022 and 14 June 2022 being subject to mandatory deferral and payable at a later date¹³.

NET INTEREST

Net interest expense for the period was \$35.8 million. This compares to net interest expense of \$7.3 million in the pcpc. The increase in net interest expense reflected no capitalisation of interest in the period (following completion of the Crown Sydney project in December 2020) compared with \$36.9 million of capitalised interest in the pcpc.

DIVIDEND

Having regard to the impact of COVID-19 on Crown's businesses from the mandatory closures and restrictions on trade, ongoing regulatory matters and agreement with Crown's lenders not to declare or pay dividends in respect of the half year ending 31 December 2021, Crown has determined not to declare an interim dividend on ordinary shares.

REGULATORY MATTERS

AUSTRAC Enforcement Investigations

As announced by Crown on 19 October 2020 and 7 June 2021 respectively, each of Crown Melbourne and Crown Perth is the subject of an AUSTRAC enforcement investigation. These investigations are ongoing and Crown is fully cooperating with AUSTRAC. While it is at this stage uncertain as to whether AUSTRAC will take enforcement action, or the type of enforcement action it may take, Crown considers that AUSTRAC is very likely to commence civil penalty proceedings against Crown Melbourne and Crown Perth. If it does so, it is likely that Crown Melbourne and Crown Perth will be required to pay significant civil penalties. At this stage it is not possible to reliably estimate the amount that Crown Melbourne and/or Crown Perth may ultimately be required to pay if civil penalty proceedings are commenced. Accordingly, no provision has been raised in respect of these matters.

Victorian Royal Commission

On 26 October 2021, the Report of the Victorian Royal Commission into the Casino Operator and Licence for Crown Melbourne was publicly released after being tabled in the Victorian Parliament. The Commissioner made a number of findings regarding Crown Melbourne and its associates (including Crown Resorts), and made 33 recommendations, including a recommendation that Crown Melbourne be required to operate under the oversight and direction of a Special Manager for a period of two years, with the costs of establishing and implementing the Special Manager to be borne by Crown Melbourne.

The Victorian Government has passed legislation to give effect to nine 'priority' recommendations, including establishing the position of the Special Manager, repealing certain provisions that provided that the State may be liable to pay compensation to Crown Melbourne in certain circumstances, and increasing the maximum penalty that can be imposed for disciplinary action. The Bill also established the new regulator, the Victorian Gambling and Casino Control Commission (VGCCC), which commenced on 1 January 2022.

Following the passage of that legislation, Mr Stephen O'Bryan QC has been appointed as the Special Manager and has commenced his work. Mr O'Bryan is required to investigate a range of matters identified by the Royal Commission (and any other matters he considers require investigation) and to report to the VGCCC and the Minister on an interim basis and at the end of the second year of his appointment. Upon receipt of the Special Manager's final report, the VGCCC may determine that it is clearly satisfied that Crown Melbourne is a suitable person to continue to hold a casino licence and that it is in the public interest for the licence to continue in force. Unless the VGCCC makes such a determination, the casino licence will be cancelled.

The Victorian Government has expressed its support for the remaining 24 recommendations of the Victorian Royal Commission, subject to further detailed analysis and consultation being undertaken. Those recommendations cover a broad range of areas, including the minimisation of gambling harm, structural reforms to Crown Melbourne and the addressing of anti-money laundering risks. The Victorian Government is consulting with a range of stakeholders (including Crown) about those recommendations and Crown expects that further legislation addressing these recommendations will be introduced by the Victorian Government this year.

Crown will continue to work cooperatively and constructively with the Victorian Government in relation to the findings and recommendations of the Report of the Victorian Royal Commission, and the Government's response.

¹³ Refer to Crown's announcement of the Key Financial Ratios released on the same date as this announcement for further information.

Directors' Report

For the half year ended 31 December 2021

Perth Casino Royal Commission

Evidentiary hearings of the Perth Casino Royal Commission concluded in November 2021, with written submissions from Crown (and other interested parties) lodged in January 2022 and closing oral submissions made earlier this month. All hearings have now concluded and the Perth Casino Royal Commission is required to deliver its final report to the Western Australian Government by 4 March 2022. Crown is committed to working collaboratively with the Western Australian Government and the regulator in relation to the findings and any recommendations of the Perth Casino Royal Commission.

Other Regulatory Matters

Crown has also been, and remains, involved in a number of other regulatory investigations. Crown will fully cooperate in relation to these matters and will continue to engage with regulators in relation to Crown's Remediation Plan and any further remedial steps identified.

BLACKSTONE TRANSACTION¹⁴

On 14 February 2022, Crown announced that it had entered into a scheme implementation deed with a company on behalf of funds managed and advised by Blackstone Inc. and its affiliates (together, Blackstone), under which Blackstone will acquire all of the shares in Crown by way of a scheme of arrangement (Scheme) at a price of \$13.10 cash per share (Blackstone Transaction). The Blackstone Transaction is subject to various conditions including, an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Crown shareholders, approval from the Foreign Investment Review Board (FIRB), approval from Crown's various gaming regulatory authorities and counterparties to Framework Agreements, certain agreed Gaming Regulatory Events in respect of Crown's key licences in Victoria, Western Australia and New South Wales having not occurred, no Material Adverse Change having occurred, and approval from Crown's shareholders. Full details of the conditions to the Scheme and other agreed terms are set out in the implementation deed, a copy of which was attached to Crown's announcement on 14 February 2022.

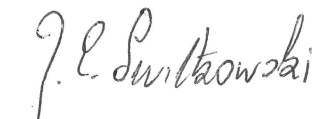
Auditor's Independence Declaration

Attached is a copy of the auditor's independence declaration in relation to the review for the half year ended 31 December 2021. This auditor's independence declaration forms part of this Directors' report.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Crown is an entity to which this Instrument applies.

Signed in accordance with a resolution of the directors.



Dr Ziggy Switkowski AO
Chairman

17th February 2022.

¹⁴ Unless otherwise defined, capitalised terms in this section have the meaning given to them in the Scheme Implementation Deed, a copy of which was attached to Crown's announcement on 14 February 2022.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Crown Resorts Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Crown Resorts Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten-style 'KPMG' logo in blue ink.

KPMG

A handwritten signature in blue ink that reads 'Rachel Milum'.

Rachel Milum

Partner

Sydney

17 February 2022

Statement of Profit or Loss

For the half year ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$m	\$m
Revenues	4	778.6	581.0
Other income	4	86.3	-
Expenses	4	(1,098.9)	(716.1)
Share of profits/(losses) of associates		7.3	(7.3)
Profit/(loss) before income tax and finance costs		(226.7)	(142.4)
Finance costs	4	(36.2)	(7.8)
Profit/(loss) before income tax		(262.9)	(150.2)
Income tax benefit/(expense)		66.6	29.6
Net profit/(loss) after tax		(196.3)	(120.6)
Attributable to:			
Equity holders of the Parent		(196.3)	(120.9)
Non-controlling interests		-	0.3
		(196.3)	(120.6)

The above Statement of Profit or Loss should be read in conjunction with the accompanying notes.

	31 December 2021	31 December 2020
	Cents per share	Cents per share
Earnings/(loss) per share (EPS)		
Basic EPS attributable to ordinary equity holders of the Parent	(28.99)	(17.85)
Diluted EPS attributable to ordinary equity holders of the Parent	(28.99)	(17.85)
EPS calculation is based on the weighted average number of shares on issue throughout the period		
Dividends per share		
Current year interim dividend declared	-	-
Prior year final dividend paid	-	-

Statement of Comprehensive Income

For the half year ended 31 December 2021

	31 December 2021	31 December 2020
	\$m	\$m
Net profit/(loss) after tax	(196.3)	(120.6)
Other Comprehensive Income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	7.4	(24.0)
Movement in cash flow hedge reserve	7.9	(25.7)
Other comprehensive income/(loss) for the period, net of income tax	15.3	(49.7)
Total comprehensive income/(loss) for the period	(181.0)	(170.3)
Attributable to:		
Equity holders of the Parent	(181.0)	(169.7)
Non-controlling interests	-	(0.6)
	(181.0)	(170.3)

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

Statement of Financial Position

As at 31 December 2021

		31 December 2021	30 June 2021
	Note	\$m	\$m
Current assets			
Cash and cash equivalents	6	747.0	476.0
Trade and other receivables		16.7	19.6
Income tax receivable		65.1	65.3
Inventories		27.4	21.5
Prepayments		49.5	45.4
Assets held for sale	7	219.2	425.8
Total current assets		1,124.9	1,053.6
Non-current assets			
Other financial assets		23.4	12.7
Investments in associates		133.3	127.4
Property, plant and equipment		4,194.6	4,316.6
Intangible assets - licences		1,022.3	1,030.6
Other intangible assets		298.9	330.4
Deferred tax assets		227.3	183.5
Other assets		47.1	45.6
Total non-current assets		5,946.9	6,046.8
Total assets		7,071.8	7,100.4
Current liabilities			
Trade and other payables		372.9	429.4
Interest-bearing loans and borrowings	8	6.3	314.3
Provisions		217.9	304.1
Other financial liabilities		-	0.1
Total current liabilities		597.1	1,047.9
Non-current liabilities			
Other payables		179.7	177.2
Interest-bearing loans and borrowings	8	1,573.2	974.1
Deferred tax liabilities		408.3	406.7
Provisions		27.3	28.7
Total non-current liabilities		2,188.5	1,586.7
Total liabilities		2,785.6	2,634.6
Net assets		4,286.2	4,465.8
Equity			
Contributed equity	9	(203.3)	(203.3)
Reserves		(7.1)	(23.8)
Retained earnings		4,496.6	4,692.9
Total equity		4,286.2	4,465.8

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

Statement of Cash Flows

For the half year ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$m	\$m
Cash flows from operating activities			
Receipts from customers		840.8	577.8
Payments to suppliers and employees		(1,014.1)	(426.5)
Dividends received		6.5	-
Interest received		0.3	0.6
Borrowing costs paid		(58.1)	(40.0)
Income tax paid		21.1	(39.6)
Net cash flows from/(used in) operating activities		(203.5)	72.3
Cash flows from investing activities			
Purchase of property, plant and equipment		(69.0)	(330.8)
Proceeds from sale of property, plant and equipment		252.8	-
Investment in equity accounted associates		(1.2)	(0.8)
Net cash flows from/(used in) investing activities		182.6	(331.6)
Cash flows from financing activities			
Proceeds from borrowings		293.3	571.8
Repayment of borrowings		(1.9)	(4.3)
Net cash flows from/(used in) financing activities		291.4	567.5
Net increase/(decrease) in cash and cash equivalents		270.5	308.2
Cash and cash equivalents at the beginning of the period		476.0	286.9
Effect of exchange rate changes on cash		0.5	(1.4)
Cash and cash equivalents at the end of the period	6	747.0	593.7

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the half year ended 31 December 2021

	Ordinary Shares \$m	Retained Earnings \$m	Reserves \$m	Total \$m	Non- Controlling Interest \$m	Total Equity \$m
31 December 2021						
Balance at 1 July 2021	(203.3)	4,692.9	(23.8)	4,465.8	-	4,465.8
Profit/(loss) for the period	-	(196.3)	-	(196.3)	-	(196.3)
Other comprehensive income/(loss)	-	-	15.3	15.3	-	15.3
Total comprehensive income/(loss) for the period	-	(196.3)	15.3	(181.0)	-	(181.0)
Movement in non-controlling put option	-	-	-	-	-	-
Share based payments	-	-	1.4	1.4	-	1.4
Balance at 31 December 2021	(203.3)	4,496.6	(7.1)	4,286.2	-	4,286.2
31 December 2020						
Balance at 1 July 2020	(203.3)	4,954.5	3.1	4,754.3	-	4,754.3
Profit/(loss) for the period	-	(120.9)	-	(120.9)	0.3	(120.6)
Other comprehensive income/(loss)	-	-	(48.8)	(48.8)	(0.9)	(49.7)
Total comprehensive income/(loss) for the period	-	(120.9)	(48.8)	(169.7)	(0.6)	(170.3)
Movement in non-controlling put option	-	-	(1.4)	(1.4)	0.6	(0.8)
Share based payments	-	-	1.7	1.7	-	1.7
Balance at 31 December 2020	(203.3)	4,833.6	(45.4)	4,584.9	-	4,584.9

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

Notes to the Financial Statements

For the half year ended 31 December 2021

1. Corporate Information

The consolidated interim financial report of Crown Resorts Limited (Crown or the Company) and its controlled entities (the Group) for the half year ended 31 December 2021 was authorised for issue, subject to final approval by the Chairman, in accordance with a resolution of the directors on 16 February 2022. Crown is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The half year financial report for the six months ended 31 December 2021 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001 (Cth).

The half year financial report does not include all the information and disclosures required in the annual financial report and should be read in conjunction with the annual financial report of Crown as at 30 June 2021. It is also recommended that the half year financial report be considered together with any public announcements made by Crown during the half year ended 31 December 2021 and up to the date of this report in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Cth) and the ASX Listing Rules.

The half year financial report is presented in Australian dollars and all values have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Crown is an entity to which this Instrument applies. For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

Going concern

At 31 December 2021, the Group is in a net current asset position of \$527.8 million (June 2021: \$5.7 million). At 31 December 2021, the Group had \$524.2 million in available cash and cash equivalents (excluding working capital and restricted cash) (refer note 6) and \$420.7 million in committed un-drawn bank facilities (refer note 8). The financial statements have been prepared on a going concern basis. In determining the appropriateness of the basis of preparation, the Group have considered the impact of the COVID-19 pandemic on the Group's financial position at 31 December 2021 and its operations in future periods.

During the period, in response to the COVID-19 pandemic, Crown was directed by relevant State Governments, at various times, to suspend its gaming activities and other non-essential services at Crown Melbourne, Crown Perth and Crown Sydney. All properties are currently open and operating under various restrictions including the number of patrons allowed onsite and strict adherence to health and safety standards. Given the nature of the pandemic, uncertainty surrounds the impacts of COVID-19 on Crown's ongoing operations. The impact of COVID-19 and the potential outcomes of the various regulatory inquiries and investigations, including the AUSTRAC enforcement investigations as detailed in note 13, has created material uncertainty in relation to the Group's cash flow forecast and its forecast liquidity position and ability to comply with financial covenant requirements under the Group's financing arrangements at future measurement dates.

In preparing the financial report on a going concern basis, Crown has performed detailed scenario planning on the Group's cash flow forecast, liquidity position and financial covenant requirements at key future measurement dates. The covenant calculations are highly sensitive to adverse changes that may arise from these material uncertainties to the Group's forecast financial results.

To address the uncertainty, measures taken by the Group during the period include:

- Crown has reached agreement with its relationship banks for an amendment to its financial covenants under the Group's financing arrangements in relation to the 30 June 2022 testing date, which will now be tested by reference to EBITDA for the 6 month period ending on 30 June 2022 annualised on a straight line basis. As a condition of that amendment, Crown has agreed not to declare or pay dividends in respect of the financial year ending 30 June 2022 if any of those financial covenants would not have been met without the benefit of this amendment. Crown will continue to actively manage its covenant compliance and work with its lenders on this as and when required.
- The Group extended \$410 million of bank facilities with relationship banks that were due to mature in April 2022 to October 2023. At the same time the \$150 million bank facility previously maturing in April 2024 has been aligned with the October 2023 maturities.
- A waiver of certain events of default that would otherwise arise from cancellation or suspension (for a certain period of time) of any of Crown's Australian casino licences. In the event such a licence event occurs, Crown has agreed to a review process providing it with a period of time to negotiate with lenders or otherwise refinance the facilities.

Notes to the Financial Statements

For the half year ended 31 December 2021

2. Basis of preparation and changes to the Group's accounting policies *continued*

- One of Crown's relationship banks agreed to provide a new \$250 million debt facility. The facility provides Crown with debt funding of up to \$250 million (based on the value of unsold Crown Sydney apartments) which is available to partly fund any required redemption of Crown's Euro Medium Term Notes and associated make whole premium, or in certain circumstances, for general corporate purposes. The facility remained undrawn at 31 December 2021.
- Crown obtained an additional \$300 million in unsecured term loan facilities, which have been fully drawn, due to mature in October 2023.

Further to the above, on 14 February 2022, Crown announced that it had entered into a scheme implementation deed with Blackstone, under which Blackstone will acquire all of the shares in Crown by way of a scheme of arrangement at a price of A\$13.10 cash per share which indicates an implied equity value for Crown of \$8.9 billion.

Based on the above, the Group is satisfied that it will be able to continue to meet its liabilities as and when they fall due, over the next twelve months.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the half year financial report are consistent with those followed in the preparation of the annual financial report of Crown for the year ended 30 June 2021, except for the adoption of new or amended standards effective as of 1 July 2021. The adoption of the new or amended standards did not have a material impact on the financial position or performance of the Group during the period.

Notes to the Financial Statements

For the half year ended 31 December 2021

3. Segment Information

The Group's operating segments have been determined based on geographic location, management reporting structure and the nature of the products and services offered by the Group. Crown has identified the Board of Directors as its chief operating decision maker that allocates resources and assesses the performance of the operating segments. The segment information presented below is consistent with internal management reporting. The Group believes that theoretical results are the relevant measure of viewing the performance of the business. The theoretical results presented below are reconciled to the reported results. The Group has five operating segments being Crown Melbourne, Crown Perth, Crown Sydney, Crown Aspinalls and Wagering & Online.

Closure of Crown's Operations

During the period, in response to the COVID-19 pandemic, Crown was directed by relevant State Governments to suspend its gaming activities and other non-essential services at Crown Melbourne, Crown Perth and Crown Sydney.

Government mandated closures that occurred during the period are detailed below:

Property	Dates of Closure
Crown Melbourne	16 Jul 21 – 27 Jul 21
Crown Melbourne	6 Aug 21 – 28 Oct 21
Crown Perth	1 Jul 21 – 5 Jul 21 ⁽¹⁾
Crown Sydney	1 Jul 21 – 10 Oct 21 ⁽²⁾

⁽¹⁾ Gaming activities ceased at Crown Perth on 29 June 2021.

⁽²⁾ Crown Sydney was substantially closed on 26 June 2021.

At Crown Melbourne and Crown Perth, the closure dates reflect the periods when no gaming activities were permitted. If gaming activities were permitted for a part day, the entire day has been excluded from Closure Costs, which is consistent with treatment in prior periods. In some instances, during the closure periods when gaming activities were not permitted at the properties, Crown was able to continue operating certain Food & Beverage and Hotel operations in a severely limited capacity. Given the restrictions in place in the relevant cities at the time, as well as a large portion of the properties being closed, volumes in Food & Beverage and Hotels were minimal.

Crown Sydney was substantially closed for a large portion of the period due to COVID-19 restrictions imposed by the NSW Government. As Crown Sydney only received nominal revenue during this period, but continued to incur costs relating to the property, it has been determined that the net costs incurred during this period should be disclosed as Closure Costs, consistent with other properties in the Group. Gaming costs, and a portion of gaming related support department costs, continued to be treated as pre-opening costs in advance of the commencement of gaming. Pre-opening costs include gaming related costs incurred through the entire period, including when Crown Sydney was closed (i.e. Closure Costs do not include gaming pre-opening costs).

Crown's businesses ordinarily operate each day of the year and, apart from minor exceptions, 24 hours each day. Due to the unprecedented nature of the Government mandated closures during the period, the circumstances surrounding Crown's closures were exceptional. During the closure periods for Crown Melbourne, Crown Perth and Crown Sydney, whilst Crown only generated minimal revenue from these businesses, the properties continued to incur expenses to maintain their operations.

Net costs incurred at Crown's properties whilst gaming facilities were closed due to Government orders for the period were \$113.1 million (Dec 2020: \$82.6 million).

Notes to the Financial Statements

For the half year ended 31 December 2021

3. Segment Information *continued***31 December 2021****Operating revenue**

Main floor tables
Main floor machines
VIP program play
Wagering & Non gaming
Intersegment

Operating revenue

Interest revenue

Total revenueEBITDA before Closure Costs ⁽²⁾ & Significant items ⁽³⁾Costs incurred during mandated closure ⁽²⁾EBITDA related significant items ⁽³⁾**EBITDA after Closure Costs ⁽²⁾ & Significant items ⁽⁴⁾⁽⁵⁾**

Depreciation and amortisation

Asset impairment ⁽³⁾**Earnings before interest and tax "EBIT" ⁽⁵⁾**

Equity accounted share of associates' net profit/(loss)

Net interest income/(expense)

Profit/(loss) before tax

Income tax benefit/(expense)

Profit/(loss) after tax

Non-controlling interest

Profit/(loss) attributable to equity holders of the Parent

Theoretical Result ⁽¹⁾⁽⁵⁾							VIP Win Rate & Commission	ACTUAL
Crown Melbourne \$m	Crown Perth \$m	Crown Sydney \$m	Crown Aspinalls \$m	Wagering & Online \$m	Unallocated \$m	Crown Group \$m	Adjust-ment ⁽¹⁾ \$m	Crown Group \$m
115.2	79.3	-	-	-	-	194.5	-	194.5
72.4	157.2	-	-	-	-	229.6	-	229.6
-	-	-	7.4	-	-	7.4	(2.3)	5.1
77.4	166.4	36.1	0.5	69.5	-	349.9	-	349.9
-	-	-	-	-	-	(0.9)	-	(0.9)
265.0	402.9	36.1	7.9	69.5	-	780.5	(2.3)	778.2
-	-	-	-	-	-	0.4	-	0.4
265.0	402.9	36.1	7.9	69.5	-	780.9	(2.3)	778.6
7.1	109.6	(4.3)	(3.2)	14.3	(94.7)	28.8	(2.3)	26.5
(94.5)	(3.8)	(14.8)	-	-	-	(113.1)	-	(113.1)
7.8	-	54.8	-	-	(23.5)	39.1	-	39.1
(79.6)	105.8	35.7	(3.2)	14.3	(118.2)	(45.2)	(2.3)	(47.5)
(82.2)	(37.2)	(25.1)	(2.2)	(7.0)	(1.4)	(155.1)	-	(155.1)
-	-	-	-	(31.8)	-	(31.8)	-	(31.8)
(161.8)	68.6	10.6	(5.4)	(24.5)	(119.6)	(232.1)	(2.3)	(234.4)
								7.3
								(35.8)
								(262.9)
								66.6
								(196.3)
								-
								(196.3)

(1) Theoretical results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play. The theoretical win rate is the expected hold percentage on VIP program play over time. The theoretical result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Revenue from gaming transactions that include complimentary goods or services being provided to customers is not allocated from gaming revenue to the good or service provided. Note that there was no international VIP program play at Crown Melbourne or Crown Perth during the period, with Crown Perth no longer offering VIP program play. From 1 July 2021, interstate VIP program play revenue is included in main floor revenue, and no longer adjusted for any variance from theoretical win rate.

(2) Closure Costs reflect all costs incurred at Crown Melbourne, Crown Perth and Crown Sydney whilst the properties were closed due to Government direction (refer commentary above).

(3) These items have been classified as Significant items. Refer note 4(e) for further details. Significant items are transactions that are not in the ordinary course of business or are material and unexpected due to their size and nature.

(4) Significant items in 'EBITDA after Closure Costs & Significant items' includes EBITDA related Significant items only.

(5) Non-IFRS measures.

Notes to the Financial Statements

For the half year ended 31 December 2021

3. Segment Information *continued*

31 December 2020

	Theoretical Result ^{(1) (6)}						VIP Win Rate & Commission Adjustment ^{(1) (2)}	Actual Crown Group
	Crown Melbourne	Crown Perth	Crown Sydney	Crown Aspinalls	Wagering & Online	Unallocated		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Operating revenue								
Main floor tables	30.3	103.5	-	-	-	-	-	133.8
Main floor machines	23.4	171.6	-	-	-	-	-	195.0
VIP program play	3.7	0.4	-	1.2	-	-	(4.6)	0.7
Wagering & Non gaming	39.7	133.5	0.9	0.1	79.5	-	-	253.7
Commission adjustment							(2.0)	(2.0)
Intersegment							-	(0.7)
Operating revenue	97.1	409.0	0.9	1.3	79.5	-	(6.6)	580.5
Interest revenue							-	0.5
Total revenue	97.1	409.0	0.9	1.3	79.5	-	(6.6)	581.0
EBITDA before Closure Costs ⁽³⁾ & Significant items ⁽⁶⁾	5.8	162.7	(0.7)	(5.3)	23.2	(44.2)	(4.3)	137.2
Costs incurred during mandated closure ⁽³⁾	(80.4)	-	-	(2.2)	-	-	-	(82.6)
One off allowance for expected credit losses ⁽⁴⁾	(8.1)	(0.7)	-	(16.1)	-	-	-	(24.9)
Crown Sydney pre-opening costs ⁽⁴⁾	-	-	(25.3)	-	-	-	-	(25.3)
EBITDA after Closure Costs ⁽³⁾ & Significant items ⁽⁵⁾⁽⁶⁾	(82.7)	162.0	(26.0)	(23.6)	23.2	(44.2)	(4.3)	4.4
Depreciation and amortisation	(88.2)	(38.8)	(1.9)	(2.3)	(5.4)	(1.4)	-	(138.0)
Reassessment of contingent consideration - DGN ⁽⁴⁾	-	-	-	-	(2.0)	-	-	(2.0)
Earnings before interest and tax "EBIT" ⁽⁶⁾	(170.9)	123.2	(27.9)	(25.9)	15.8	(45.6)	(4.3)	(135.6)
Equity accounted share of associates' net profit/(loss)								(7.3)
Net interest income/(expense)								(7.3)
Profit/(loss) before tax								(150.2)
Income tax benefit/(expense)								29.6
Profit/(loss) after tax								(120.6)
Non-controlling interest								(0.3)
Profit/(loss) attributable to equity holders of the Parent								(120.9)

(1) Theoretical results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play. The theoretical win rate is the expected hold percentage on VIP program play over time. The theoretical result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Revenue from gaming transactions that include complimentary goods or services being provided to customers is not allocated from gaming revenue to the good or service provided. Note that VIP Program Play includes both international and interstate VIP program play. Theoretical interstate VIP program play revenue for the period was \$4.1 million.

(2) During the period Crown incurred \$2.0 million of actual interstate VIP program play commission expenses. In the actual results, the commission expenses have been allocated out of operating expenses and recognised as a reduction to revenue. This difference between the theoretical and actual result is included in the VIP Win Rate & Commission Adjustment column above.

(3) Closure Costs reflect all costs incurred at Crown Melbourne and Crown Aspinalls whilst the properties were closed due to Government direction, excluding costs in relation to hotel quarantine services at Crown Melbourne.

(4) These items have been classified as Significant items. Refer note 4(e) for further details. Significant items are transactions that are not in the ordinary course of business or are material and unexpected due to their size and nature.

(5) Significant items in 'EBITDA after Closure Costs & Significant items' includes EBITDA related Significant items only.

(6) Non-IFRS measures.

Notes to the Financial Statements

For the half year ended 31 December 2021

4. Revenue and Expenses

	31 December 2021 \$m	31 December 2020 \$m
Profit before income tax expense includes the following revenues and expenses:		
(a) Revenue		
Crown Melbourne	259.9	90.3
Crown Perth	401.2	408.3
Crown Sydney	36.0	0.9
Crown Aspinalls	5.6	2.0
Wagering & Online	68.8	79.0
Less Commissions	-	(2.0)
Total Revenue from Contracts with Customers	771.5	578.5
Tenancy revenue	6.7	2.0
Interest	0.4	0.5
	778.6	581.0
(b) Other income		
Profit on disposal of Crown Sydney apartments	74.9	-
Profit on disposal of other non-current assets	11.4	-
	86.3	-
(c) Expenses		
Employment costs ⁽¹⁾	434.6	263.8
Depreciation and amortisation (refer below)	155.1	138.0
Taxes & levies	167.1	105.3
Cost of sales	61.4	38.8
Property costs	47.6	41.2
Net credit loss expense	-	24.9
Goodwill impairment - DGN	31.8	-
Other expenses ⁽²⁾	201.3	104.1
	1,098.9	716.1
Depreciation of non-current assets (included in 3(c))		
Buildings	63.1	46.2
Plant and equipment	77.4	76.8
Right-of-use assets	3.7	4.1
	144.2	127.1
Amortisation of non-current assets (included in 3(c))		
Casino licence fee and management agreement	10.2	10.2
Other assets	0.7	0.7
	10.9	10.9
Total depreciation and amortisation expense	155.1	138.0

(1) Employment costs include salaries, wages, bonuses, redundancies and other benefits, net of government grants.

(2) Other expenses include corporate expenses (including legal and regulatory related costs), marketing and promotional costs, IT costs and operating supplies.

Notes to the Financial Statements

For the half year ended 31 December 2021

4. Revenue and Expenses *continued*

	31 December 2021 \$m	31 December 2020 \$m
(d) Other income and expense disclosures		
Finance costs expensed:		
Debt facilities	34.8	43.2
Lease liabilities	1.4	1.5
Capitalised interest	-	(36.9)
	36.2	7.8
(e) Significant items - income / (expense)⁽¹⁾		
Profit on disposal of Crown Sydney apartments ⁽²⁾	74.9	-
Profit on disposal of other non-current assets ⁽³⁾	11.4	-
Crown Sydney pre-opening costs ⁽⁴⁾	(20.1)	(25.3)
Contribution towards class action settlement ⁽⁵⁾	(20.0)	-
Restructuring costs ⁽⁶⁾	(7.1)	-
One-off allowance for expected credit losses	-	(24.9)
EBITDA related Significant items	39.1	(50.2)
Goodwill impairment - DGN ⁽⁷⁾	(31.8)	-
Reassessment of contingent consideration - DGN	-	(2.0)
Income tax benefit/(expense) on significant items	(10.0)	10.2
	(2.7)	(42.0)

(1) Significant items are transactions that are not in the ordinary course of business or are material and unexpected due to their size and nature.

(2) Profit on disposal of Crown Sydney apartments represents the proceeds received for apartments settled during the period less construction and selling costs.

(3) Profit on disposal of other non-current assets relates to the sale of an Aircraft and a parcel of land at 15-23 Kings Way Southbank.

(4) The pre-opening costs primarily relate to payroll and other ancillary operating costs incurred before the opening of Crown Sydney including recruitment and training expenses. The pre-opening costs also include Gaming relating costs (including an appropriate allocation of Support Departments) that continue to be incurred prior to the commencement of gaming operations.

(5) Contribution towards the settlement of the shareholder class action commenced against Crown on 4 December 2017 in the Federal Court of Australia (Zantran Pty Limited v Crown Resorts Limited) of \$125 million (inclusive of interest and costs).

(6) Restructuring and redundancy costs relating to changes in senior management personnel during the period and other corporate costs.

(7) Impairment of goodwill in DGN. Refer note 11 for further information.

Notes to the Financial Statements

For the half year ended 31 December 2021

5. Dividends Paid and Declared

During the period, the Group did not pay any dividends. Having regard to the impact of COVID-19 on Crown's businesses from the mandatory closures and restrictions on trade, ongoing regulatory matters and agreement with Crown's lenders not to declare or pay dividends in respect of the half year ending 31 December 2021, Crown has determined not to declare an interim dividend on ordinary shares.

6. Cash and Cash Equivalents

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

	31 December 2021	30 June 2021
	\$m	\$m
Cash on hand and at bank	741.5	471.7
Deposits on call	5.5	4.3
	747.0	476.0

The above closing cash balances includes \$116.3 million (June 2021: \$85.9 million) of cash on the company's premises and cash held in bank accounts needed to run the day to day operations of the businesses, \$106.5 million of restricted cash and cash (including deposits on call) of \$524.2 million (June 2021: \$390.1 million) for other purposes. Restricted cash is proceeds received from apartment sales that are held in a restricted account, pending the completion of the security arrangements for the new \$250 million debt facility.

7. Assets held for Sale

During the 2021 financial year, Crown committed to a plan to divest its interest in Aspers. Crown expects the transaction to be completed in the coming months.

During the period, Crown continued settling Crown Sydney apartments. There are still apartments that are yet to be sold and are being actively marketed for sale. Crown expects the apartments to be settled within the next twelve months. Accordingly, Crown has reclassified the construction costs of the apartments from Property, Plant and Equipment to Assets Held for Sale.

In addition, Property, Plant and Equipment Assets Held for Sale includes an Aircraft relating to Crown's VIP operations. The sale of the Aircraft was settled subsequent to 31 December 2021.

The major classes of assets associated with the assets classified as held for sale are detailed below.

	31 December 2021	30 June 2021
	\$m	\$m
Assets		
Investments in associates	35.3	34.9
Property, plant and equipment	183.9	390.9
Total assets	219.2	425.8

Notes to the Financial Statements

For the half year ended 31 December 2021

8. Interest-Bearing Loans and Borrowings

	31 December 2021	30 June 2021
	\$m	\$m
Current		
Bank Loans	-	307.5
Lease Liabilities	6.3	6.8
	6.3	314.3
Non-current		
Bank Loans	420.0	112.5
Non-Bank Debt ⁽¹⁾	293.4	-
Capital Markets Debt ⁽¹⁾⁽²⁾	795.6	795.9
Lease Liabilities	64.2	65.7
	1,573.2	974.1

⁽¹⁾ Loans are stated net of capitalised facility finance costs. At reporting date, the balance of the non-bank loans is \$300.0 million net of capitalised costs of \$6.6 million to be amortised over the facility period. The capital markets debt includes the Subordinated Notes of \$630.0 million net of capitalised costs of \$13.9 million to be amortised over the facility period.

⁽²⁾ Includes Euro Medium Term Notes of \$179.5 million based on the prevailing exchange rate at 31 December 2021. Crown has in place a hedging arrangement whereby the ultimate amount payable at maturity for the notes is \$174.6 million.

At 31 December 2021, Crown had total credit facilities (net of hedging arrangements and capitalised facility finance costs) of \$2,024.1 million (June 2021: \$1,485.9 million), with \$1,504.1 million drawn (June 2021: \$1,215.9 million), letters of credit issued of \$99.3 million (June 2021: \$99.3 million) and \$420.7 million undrawn (June 2021: \$170.7 million).

During the period, Crown extended \$410 million of bank facilities with relationship banks that were due to mature in April 2022 to October 2023. At the same time the \$150 million bank facility previously maturing in April 2024 has been aligned with the October 2023 maturities. In addition, as part of this process, Crown obtained a waiver of financial covenants in relation to the 31 December 2021 testing date.

During the period, Crown entered into the following new debt facilities:

- A new facility provided by one of Crown's relationship banks under which debt funding of up to \$250 million (based on the value of unsold Crown Sydney apartments) is available to partly fund any required redemption of Crown's Euro Medium Term Notes and associated make whole premium, or in certain circumstances, for general corporate purposes. The facility remained undrawn at 31 December 2021.
- Two \$150 million unsecured term loan facilities which have been fully drawn. The facilities will mature in October 2023.

Based on Crown's performance against the applicable financial ratios for the six months ended 31 December 2021, a 'Mandatory Deferral Event' now exists in relation to the Crown Subordinated Notes II, resulting in the interest payments scheduled to be paid on 14 March 2022 and 14 June 2022 being subject to mandatory deferral and payable at a later date.

Subsequent to 31 December 2021, Crown repaid \$140 million of revolving bank facility debt.

Notes to the Financial Statements

For the half year ended 31 December 2021

9. Contributed Equity

	31 December 2021 \$m	30 June 2021 \$m
Issued share capital		
Ordinary shares fully paid	(203.3)	(203.3)

	31 December 2021 No.	30 June 2021 No.
Issued share capital		
Ordinary shares fully paid	677,158,271	677,158,271

Due to share buy-backs in prior periods being undertaken at higher prices than the original subscription prices, the balance of contributed equity is reflected as a negative balance, which shows the excess value of shares bought over the original amount of subscribed capital.

10. Crown Sydney gaming tax guarantees

Under the terms of the Financial Arrangements Agreement dated 8 July 2014, Crown agreed to provide two gaming tax guarantees to the NSW Government relating to Crown Sydney. Crown guaranteed that over the three consecutive financial years, beginning with the financial year in which Crown Sydney commences gaming operations, the aggregate of normalised gaming taxes generated by Crown and The Star is at least equal to three times the normalised gaming taxes generated by The Star in the financial year prior to commencement of gaming at Crown Sydney. In addition, Crown guaranteed that over the first 15 years of Crown Sydney's full operations, the NSW Government will receive from Crown at least \$1 billion in normalised gaming taxes and license payments, which includes the licence fee of \$100 million previously paid.

Notes to the Financial Statements

For the half year ended 31 December 2021

11. Impairment Testing of CGUs

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

The Group performs impairment testing for goodwill and indefinite life intangible assets on an annual basis (at 30 June each year) or more frequently if there are other indicators of impairment. At 31 December 2021, potential indicators of impairment existed for the Crown Melbourne, Crown Perth, Crown Sydney and DGN CGUs, and updated impairment testing was undertaken for these CGUs. No potential indicators of impairment were identified for the Crown Aspinalls and Betfair CGUs at 31 December 2021 and therefore updated impairment analysis was not undertaken.

The recoverable amount of a CGU is defined as the higher of the value in use and the fair value less cost of disposal. This implied value is then compared with the carrying value of the CGU to determine any impairment required. The recoverable amount of the Crown Melbourne, Crown Perth and Crown Sydney CGUs has been determined based on a value in use calculation using a discounted cash flow methodology covering a four and a half year period, with an appropriate terminal value at the end of that period. The methodology utilises cash flow forecasts that are based on the latest business plans and financial forecasts prepared, reflecting current market conditions.

The recoverable amount of the DGN CGU, in both the current and prior years, has been determined based on fair value less costs of disposal, utilising a combination of indicative offer prices cross-checked to trading multiples of entities of a similar nature to the CGU.

Value in use assessment

The following describes each key assumption on which the Group has based its cash flow projections to undertake impairment testing under the value in use method.

- Cash flow forecasts are based on past performance and expectations for the future using a four and a half year cash flow period, risk adjusted where applicable. COVID-19 continues to have a major impact on Australian and international economies. A level of uncertainty previously unseen has resulted in increased difficulty in developing cash flow forecasts. Therefore, the Group considered the uncertainty around the duration of the current restricted operating conditions and border restrictions in determining cash flow forecasts.
- For the purposes of impairment testing, allowances have been made in order to reflect the ongoing impact of COVID-19 on Crown's businesses. Based on information available at 31 December 2021, with respect to Crown Melbourne, Crown Perth and Crown Sydney the impairment modelling assumed Crown Sydney's gaming operations commence in the period prior to 30 June 2022, prevailing regulatory and licence conditions at Crown Melbourne and Crown Perth continue and that the properties remain under social distancing and capacity restrictions for the remainder of the financial year, with international travel remaining uncertain. International borders are assumed to fully reopen from 1 July 2022, leading to tourism into Australia recommencing, no further COVID-19 related lockdowns, and a recovery to pre COVID-19 levels of economic activity over the short to medium term within the context of the four and a half year forecast period.
- Terminal value is calculated using a perpetuity growth formula based on cash flow forecasts using a weighted average cost of capital (after tax) and forecast growth rate.
- Forecast growth rates are based on past performance and management's expectations of future performance as at 31 December 2021, based on the current circumstances, nature of the products and industries in which each business operates. The terminal growth rates for beyond the four and a half year period do not exceed the forecasted long term Australian inflation rate of 2.50% (June 2021: 2.50%).
- A weighted average cost of capital (before tax) of between 9.8% and 11.4% (June 2021: between 9.8% and 13.6%) was used by the Group in impairment testing, risk adjusted where applicable.

Fair value less costs of disposal assessment

The following describes each key assumption on which management has based its recoverable amount calculations under the fair value less costs of disposal method.

For calculations using indicative offer prices, market acquisition prices and current trading multiples of entities of a similar nature to each CGU the key assumptions are:

- Acquisition multiples of around 6.0x last twelve months EBITDA have been utilised.
- Trading multiples of publicly listed companies and entities of a similar nature to the CGU of between 8.0x and 9.0x next twelve months EBITDA have been utilised.
- Cost of disposal of between 5.0% and 6.0% have been utilised to discount the implied fair value.

The fair value measurement for the DGN CGU is considered to be level 3 in the fair value hierarchy, as it is based on using inputs that are not based on observable market data. Where available, applicable level 2 information has been taken into account (refer to note 12 for explanation of the valuation hierarchy).

Notes to the Financial Statements

For the half year ended 31 December 2021

11. Impairment Testing of CGUs *continued*

Outcome of impairment tests

Based on the valuation techniques performed, an impairment loss of \$31.8 million related to the DGN CGU has been recorded against the Group's intangible assets during the period.

As at 30 June 2021, goodwill relating to the acquisition of DGN was \$30.9 million (US\$23.1 million). At 31 December 2021, indicators of impairment were identified for the DGN CGU. These indicators were considered taking into account the re-forecast of cash flows of DGN, along with indications of a likely fair value of the CGU in the current market. Based on the impairment testing undertaken, the carrying amount of the CGU exceeded its recoverable amount at 31 December 2021. As a result, Crown has reduced goodwill relating to the acquisition of DGN by \$31.8 million (US\$23.1 million). This impairment loss has been included in the Statement of Profit or Loss.

Sensitivity analysis

The key estimates and assumptions used to determine the value in use or fair value less costs of disposal for each CGU are based on management's current expectations based on past experience, prevailing regulatory and licence conditions, prevailing COVID-19 conditions, future plans and external market information. They are considered to be reasonably achievable, however significant changes in any of the key estimates and assumptions or regulatory environments may result in a CGUs carrying value exceeding its recoverable value, resulting in an impairment charge.

With respect to Crown Sydney, based on the cash flows adopted in the calculation of recoverable amount, an increase in the discount rate (weighted average cost of capital after tax) of 80bps, a decrease in terminal growth rate of 110bps or a decrease in EBITDA by 10% per annum throughout the plan period, in isolation and with all other assumptions held constant, could give rise to an impairment.

In the case of DGN where an impairment charge was taken, an adverse change in any of the assumptions utilised to determine the recoverable amount would lead to a further impairment charge of the CGU.

Crown is currently subject to regulatory processes regarding the suitability of Crown Melbourne, Crown Perth and Crown Sydney to hold casino licences. The outcome of these processes remains uncertain.

The key estimates and assumptions used to determine the recoverable amounts of the CGUs assumes prevailing regulatory and licence conditions at Crown Melbourne and Crown Perth, and the issuance of the casino licence following the consultation process at Crown Sydney. Given the uncertainty regarding the outcome of the current regulatory processes, Crown considered the impact on the carrying amount of each CGU in the event that Crown is found not suitable and the casino licence at each property cancelled. The outcome of the sensitivity analysis of the cancellation of the Crown Melbourne casino licence would result in the impairment of the Crown Melbourne licence (\$481.9 million), the casino management agreement asset (\$106.2 million) and prepaid casino tax asset (\$43.1 million).

The outcome of the sensitivity analysis of the cancellation of the Crown Perth casino licence would be an impairment of the Crown Perth licence (\$440.4 million).

In both CGUs, cancellation of the licence could result in the potential impairment of the goodwill intangible as well as adjustments to any deferred tax balances relating to the licences.

The outcome of the analysis of Crown Sydney not being found suitable to hold the Restricted Gaming Licence and not able to commence gaming would result in an impairment of the Crown Sydney licence (\$100.0 million) and a probable impairment to the property, plant and equipment relating to the CGU.

The Group will continue to monitor the performance of all CGUs going forward and consider the impact on the impairment testing assumptions and carrying value.

Notes to the Financial Statements

For the half year ended 31 December 2021

12. Financial Instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2021:

	Loans and receivables at amortised cost \$m	Fair value profit or loss \$m	Fair value other comprehensive income \$m	Present value equity reserve \$m
31 December 2021				
Financial assets:				
Trade and other receivables	16.7	-	-	-
Total current	16.7	-	-	-
Cross currency swap contracts	-	-	23.4	-
Total non-current	-	-	23.4	-
Total	16.7	-	23.4	-
Financial liabilities:				
Trade and other payables	372.9	-	-	-
Interest bearing loans and borrowings	6.3	-	-	-
Total current	379.2	-	-	-
Other long term payables	179.7	-	-	-
Interest bearing loans and borrowings	1,573.2	-	-	-
Total non-current	1,752.9	-	-	-
Total	2,132.1	-	-	-
30 June 2021				
Financial assets:				
Trade and other receivables	19.6	-	-	-
Total current	19.6	-	-	-
Cross currency swap contracts	-	-	12.7	-
Total non-current	-	-	12.7	-
Total	19.6	-	12.7	-
Financial liabilities:				
Trade and other payables	429.4	-	-	-
Interest bearing loans and borrowings	314.3	-	-	-
Interest rate swap contracts	-	-	0.1	-
Total current	743.7	-	0.1	-
Other long term payables	177.2	-	-	-
Interest bearing loans and borrowings	974.1	-	-	-
Total non-current	1,151.3	-	-	-
Total	1,895.0	-	0.1	-

Instruments allocated to the column 'fair value other comprehensive income' are derivative financial instruments designated as cash flow hedges.

Notes to the Financial Statements

For the half year ended 31 December 2021

12. Financial Instruments *continued*

Risk management activities

The Group's business activities expose it to the following risks; market risks (interest rate, share price 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.

During the period, the Group maintained interest rate swap contracts and cross currency swap contracts, which were designated in hedge accounting relationships. These hedges were assessed to be highly effective as at 31 December 2021.

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, including cash flow forecasts, implied growth rates and implied discount rates.

As at 31 December 2021, the Group held the following classes of financial instruments measured at fair value:

	Valuation Technique			Total \$m
	Quoted market price	Observable inputs	Non market observable	
	Level One \$m	Level Two \$m	Level Three \$m	
31 December 2021				
Financial Assets				
Cross currency swap contracts	-	23.4	-	23.4
	-	23.4	-	23.4
Financial Liabilities				
Interest rate swap contracts	-	0.0	-	0.0
	-	0.0	-	0.0

30 June 2021

Financial Assets				
Cross currency swap contracts	-	12.7	-	12.7
	-	12.7	-	12.7
Financial Liabilities				
Interest rate swap contracts	-	0.1	-	0.1
	-	0.1	-	0.1

Notes to the Financial Statements

For the half year ended 31 December 2021

13. Contingent Liabilities and Related Matters

Litigation matters

As announced on 29 October 2021, Crown reached an agreement to settle the shareholder class action commenced against it on 4 December 2017 in the Federal Court of Australia, referenced as *Zantran Pty Limited v Crown Resorts Limited* ats, Federal Court Proceeding VID 1317/2017. The expected total settlement amount is \$125 million, inclusive of interest and costs, of which Crown has contributed \$20 million. Crown is considering its legal rights of recovery for this contribution. The settlement of this Proceeding is subject to Federal Court approval and other conditions, and is scheduled for an approval hearing on 28 April 2022.

As announced by Crown on 14 December 2020, Maurice Blackburn Lawyers commenced a class action proceeding against Crown in the Supreme Court of Victoria. The claim alleges that, in the period from 11 December 2014 to 18 October 2020, Crown had inadequate systems and processes for ensuring compliance with its obligations under anti-money laundering laws and that Crown engaged in misleading and deceptive conduct, breached its continuous disclosure obligations and conducted its affairs contrary to the interests of members as a whole in the period. Maurice Blackburn has announced that the class action aims to recover compensation from Crown, seeks the potential buy-back of investors' shares at a fair value, and seeks that Crown implement a proper anti-money laundering training program. Crown is defending the proceeding. The potential outcome and total costs related to the above matters remain uncertain.

In addition to the above matters, 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.

Regulatory matters

AUSTRAC enforcement investigations

As announced by Crown on 19 October 2020 and 7 June 2021 respectively, each of Crown Melbourne and Crown Perth is the subject of an AUSTRAC enforcement investigation. Crown Melbourne and Crown Perth are fully cooperating with AUSTRAC in relation to these enforcement investigations.

Each of these investigations is ongoing and AUSTRAC has not informed Crown Melbourne or Crown Perth whether it will take any enforcement action.

While it is at this stage uncertain as to whether AUSTRAC will take enforcement action, or the type of enforcement action it may take, Crown considers that AUSTRAC is very likely to commence civil penalty proceedings against Crown Melbourne and Crown Perth. If it does so, it is likely that Crown Melbourne and Crown Perth will be required to pay significant civil penalties.

Crown notes that AUSTRAC has commenced civil penalty proceedings on three occasions against other reporting entities, each of which concluded with the Federal Court ordering that the respondent pay significant civil penalties. These civil penalties were: \$45 million (ordered in 2017); \$700 million (ordered in 2018); and \$1.3 billion (ordered in 2020). As the judgments in each of the three civil penalty proceedings AUSTRAC has commenced make clear, the Federal Court's determination of the appropriate penalty was very specific to the facts in each case, and was arrived at only after consideration of the detailed Statement of Agreed Facts and Admissions and joint submissions filed by AUSTRAC and the respondents.

If AUSTRAC does commence proceedings against Crown Melbourne and/or Crown Perth, in determining the appropriate penalty, the Federal Court would be required to have regard to all relevant matters, including the nature and extent of the contraventions and any loss and damage suffered as a result, the efforts Crown has made to date to address potential gaps in our systems and processes, as well as the size of Crown Melbourne and/or Crown Perth. Until there is greater certainty as to each of the relevant matters, Crown considers that this is one of the extremely rare circumstances in which it is not possible to reliably estimate the amount that Crown Melbourne and/or Crown Perth may ultimately be required to pay if civil penalty proceedings are commenced. Accordingly, no provision has been raised in respect of these matters.

If AUSTRAC does commence proceedings, the time by which Crown Melbourne and/or Crown Perth will be required to pay any civil penalty will depend on a number of factors, including the date on which AUSTRAC commences proceedings, the timetable ordered by the Federal Court and whether the parties are able to agree any proposed settlement, to be put to the Federal Court for approval.

Further information in relation to the enforcement investigations into Crown Melbourne and Crown Perth is set out below.

The Crown Melbourne enforcement investigation

AUSTRAC has informed Crown that its enforcement investigation into Crown Melbourne concerns potential non-compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act) and the *Anti-Money Laundering and Counter-Terrorism Financing Rules 2007* (Cth) (AML/CTF Rules). AUSTRAC has informed Crown Melbourne that the potential non-compliance includes concerns in relation to ongoing customer due diligence, and adopting, maintaining and complying with an anti-money laundering and counter-terrorism financing (AML/CTF) program. The concerns were identified in the course of a compliance assessment that commenced in September 2019 and focussed on Crown Melbourne's management of customers identified as high risk and politically exposed persons.

Notes to the Financial Statements

For the half year ended 31 December 2021

13. Contingent Liabilities and Related Matters *continued*

When informing Crown Melbourne of the enforcement investigation, AUSTRAC stated that it had not made a decision regarding the appropriate regulatory response, including whether enforcement action will be taken, and that Crown Melbourne would be advised in due course as to the outcomes of the investigation.

AUSTRAC has so far issued ten statutory notices to Crown Melbourne requiring the provision of extensive information and the production of a significant volume of documents. Crown Melbourne is continuing to provide information and documents in response. The statutory notices request information and documents concerning a range of matters, including matters made public during the Bergin inquiry.

The Crown Perth enforcement investigation

AUSTRAC has informed Crown that its enforcement investigation into Crown Perth concerns potential serious non-compliance with the AML/CTF Act and the AML/CTF Rules. The potential serious non-compliance was identified by AUSTRAC as a result of its review of information and documents provided by Crown Perth in response to a number of requests from AUSTRAC since August 2020, as well as information made public during the Bergin inquiry.

When informing Crown Perth of the enforcement investigation, AUSTRAC stated that it had not made a decision regarding the appropriate regulatory response that it may apply to Crown Perth, including whether or not enforcement action will be taken.

AUSTRAC has so far issued eight statutory notices to Crown Perth requiring the provision of information and the production of documents concerning a range of matters, including matters made public during the Bergin inquiry, the Victorian Royal Commission and the Perth Royal Commission. Crown Perth is continuing to provide information and documents in response.

Other regulatory matters

Regulators, including Crown's gaming regulators, and other bodies routinely conduct investigations and reviews of Crown's operations in the normal course of regulatory oversight and of matters disclosed by Crown to regulators and those disclosed to the market. Crown regularly receives various notices and requests for information from regulators regarding a wide variety of matters and some of these remain open and subject to further review, investigation and possible action. During the period, the Victorian Government passed the *Casino and Gambling Legislation Amendment Act 2021*. The Act imposes new regulatory obligations on Crown and increases the maximum fine under the Act to \$100 million from \$1 million. As such the potential quantum and timing for any future action, fines and penalties remains uncertain.

In addition, Crown is undertaking a review of various indirect tax matters across local and overseas operations and will engage with relevant authorities as required.

Victoria

On 22 February 2021, a Royal Commission was established into the suitability of Crown Melbourne Limited to hold a casino licence. The Hon. Ray Finkelstein AO QC was appointed as Commissioner and Chairperson of the Royal Commission. On 15 October 2021, the Commissioner delivered his report to Government, and the report was tabled and released publicly on 26 October 2021. The Commissioner made a number of findings regarding Crown Melbourne and its associates (including Crown Resorts), including that Crown Melbourne is not a suitable person to continue to hold a casino licence under the Casino Control Act 1991 (Vic) (CCA). The Commissioner did not recommend the immediate cancellation of Crown Melbourne's casino licence. Instead, the Commissioner recommended that Crown Melbourne be required to operate under the oversight and direction of a Special Manager for a period of two years, with the costs of establishing and implementing the office of the Special Manager to be borne by Crown Melbourne.

The Commissioner made 33 recommendations in total, addressing a broad range of areas affecting Crown Melbourne's structure and operations. The Victorian Government has since enacted legislation giving effect to nine 'priority' recommendations, including establishing the position of the Special Manager; repealing certain provisions that provided that the State may be liable to pay compensation to Crown in certain circumstances; and increasing the maximum penalty that can be imposed for disciplinary action. The legislation also provides for the establishment of the Victorian Gambling and Casino Control Commission (VGCCC), which commenced operations on 1 January 2022.

Following the passage of that legislation, Mr Stephen O'Bryan QC was appointed as the Special Manager from 1 January 2022. The relevant Instrument of Appointment provides that Mr O'Bryan is appointed for two years and six months, and has the functions, powers and reporting obligations set out in sections 36C to 36G of the CCA. The Instrument further provides that the Special Manager is to investigate any matter concerning the conduct of Crown Melbourne which he identifies during his period of appointment and which he considers requires investigation, including the matters listed in Appendix I of the Report of the Victorian Royal Commission.

The Special Manager is required to provide interim reports to the VGCCC and the Minister, and a final report at the end of the second year of his appointment. The VGCCC must consider each report of the Special Manager and take whatever action the VGCCC considers appropriate in light of the findings and recommendations of the report. Within 90 days of receiving the Special Manager's final report, the VGCCC may determine in its sole discretion that it is clearly satisfied that Crown is a suitable person to continue to hold a casino licence and that it is in the public interest for the licence to continue in force. Unless the VGCCC makes such a determination, the casino licence will be cancelled, with the cancellation taking effect 180 days after the day on which the Special Manager's final report is received by the VGCCC.

Notes to the Financial Statements

For the half year ended 31 December 2021

13. Contingent Liabilities and Related Matters *continued*

The Government has expressed its support for the remaining 24 recommendations of the Victorian Royal Commission subject to further detailed analysis and consultation being undertaken. Those recommendations cover a range of areas, including the minimisation of gambling harm; structural reforms to Crown Melbourne; and the addressing of anti-money laundering risks. The Victorian Government is consulting with a range of stakeholders (including Crown) about those recommendations and Crown expects that further legislation addressing these recommendations will be introduced by the Victorian Government this year. These legislative and regulatory changes, if implemented, may have an adverse impact on Crown's operational and financial performance.

Crown will continue to work cooperatively and constructively with the Victorian Government in relation to the findings and recommendations of the Report of the Victorian Royal Commission, and the Government's response.

New South Wales

On 9 February 2021, the Commissioner's report of the inquiry under section 143 of the *Casino Control Act 1992* (NSW) (Inquiry Report) was released. The New South Wales Independent Liquor and Gaming Authority (ILGA) wrote to Crown stating that, having regard to the contents of the Inquiry Report, it presently considered that Crown Sydney Gaming Pty Ltd (Crown Sydney Gaming) is no longer a suitable person to give effect to the Restricted Gaming Licence in New South Wales and that Crown Sydney Gaming had breached clause 14(a) of the VIP Gaming Management Agreement (VIP GMA) and had given Crown a notice to that effect.

Since that notification, and as part of the consultation process contemplated under the VIP GMA, Crown has developed a comprehensive remediation plan which is designed to address matters raised in the Inquiry Report. Crown is substantially advanced in the delivery of that remediation plan and continues to engage collaboratively with ILGA as it works toward the commencement of gaming operations in Sydney.

Western Australia

On 5 March 2021, the Honourable Neville Owen (AO), the Honourable Lindy Jenkins and Mr Colin Murphy (PSM), were appointed Royal Commissioners to inquire into the suitability of Crown Perth to continue holding a casino gaming licence in Western Australia. The Commissioners are also examining the State's regulatory framework for casino gaming, including any matters that might enhance the Gaming and Wagering Commission's future capability and effectiveness. The initial hearing took place on 12 April 2021, and the first public hearings occurred over the period from 10 May 2021 to 27 May 2021. The final phase of hearings of evidence occurred over the period 26 July 2021 to 17 November 2021. The hearings concluded on 1 and 2 February 2022, with closing addresses from certain interested parties, including Crown. The Commissioners' report is required to be delivered to the government by 4 March 2022.

The range of possible consequences is broad and could include (without limitation) remediation plans, changes to Crown's current regulatory framework, or suspension, restriction or cancellation of Crown's licence.

14. Events After the Reporting Period

On 13 January 2022, Crown announced that it had received a revised non-binding proposal from Blackstone, to acquire all of the shares in Crown by way of a scheme of arrangement at a price of A\$13.10 cash per share. On 14 February 2022, Crown announced that it had entered into a scheme implementation deed with Blackstone, under which Blackstone will acquire all of the shares in Crown by way of a scheme of arrangement (Scheme) at a price of \$13.10 cash per share (Blackstone Transaction). The Blackstone Transaction is subject to various conditions including, an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Crown shareholders, approval from the Foreign Investment Review Board (FIRB), approval from Crown's various gaming regulatory authorities and counterparties to Framework Agreements, certain agreed Gaming Regulatory Events in respect of Crown's key licences in Victoria, Western Australia and New South Wales having not occurred, no Material Adverse Change having occurred, and approval from Crown's shareholders. Full details of the conditions to the Scheme and other agreed terms are set out in the implementation deed, a copy of which was attached to Crown's announcement on 14 February 2022.¹⁵

Additionally, on 13 January 2022, the appointment of Ms Anne Ward as a Director of Crown became effective, following the receipt of all necessary regulatory approvals.

As outlined in note 8, subsequent to 31 December 2021, Crown repaid \$140 million of revolving bank facility debt.

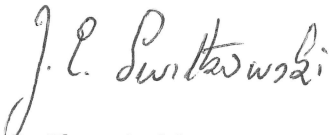
¹⁵ Unless otherwise defined, capitalised terms in this section have the meaning given to them in the Scheme Implementation Deed, a copy of which was attached to Crown's announcement on 14 February 2022.

Directors' Declaration

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* (Cth); and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Dr Ziggy Switkowski AO
Chairman

17th February 2022.



Independent Auditor's Review Report

To the shareholders of Crown Resorts Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Crown Resorts Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Crown Resorts Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the **Half-year** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Statement of financial position as at 31 December 2021
- Statement of profit or loss, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the Half-year ended on that date
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Crown Resorts Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2, "Going Concern" in the Half-year Financial Report. The events or conditions disclosed in Note 2, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



Rachel Milum

Partner

Sydney

17 February 2022