OUR VISION IS TO BE AUSTRALIA’S LEADING INTEGRATED RESORT COMPANY
**HIGHLIGHTS**

**FINANCIAL**

**ACTUAL GROSS REVENUE**

$2,358m

**STATUTORY NPAT**

$194m

**EARNINGS PER SHARE**

23.6 cents

**DIVIDEND PER SHARE**

13.0 cents

**FOOTPRINT**

**3 PROPERTIES**

Sydney, Gold Coast, Brisbane

**20 MILLION**

Guests per annum

**8,000+**

Total employees

**QUEEN'S WHARF BRISBANE DEVELOPMENT**

$3b

**THE STAR SYDNEY EXPANSION**

$1b

**JUPITERS GOLD COAST TRANSFORMATION**

$850m

**PROPERTY DEVELOPMENT**

Property capital projects are subject to all approvals. Investments include contributions from joint venture partners.

**UP TO**

**UP TO**

**72%**

Of pre-tax profits paid to all levels of government

**$10m+**

Contributed to partnerships, community groups and charities

**30 YEARS**

Of operations at Jupiters Gold Coast

**FIRST**

Official Partner of the Gold Coast 2018 Commonwealth Games

**3 PROPERTIES 20 MILLION**

Sydney, Gold Coast, Brisbane

**QUEEN'S WHARF BRISBANE DEVELOPMENT**

$3b

**THE STAR SYDNEY EXPANSION**

$1b

**JUPITERS GOLD COAST TRANSFORMATION**

$850m

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**PROPERTY DEVELOPMENT**

Property capital projects are subject to all approvals. Investments include contributions from joint venture partners.
CHAIRMAN’S MESSAGE

Consistent, strong and stable leadership across the Board and executive management team, with a focus on sustained delivery of financial performance and strategic priorities, was a hallmark of the 2016 financial year.

It was another year of earnings growth, improved performance and continuing to position the company for future growth. This robust approach to ‘more of the same’ ensured ongoing momentum in the business while, more broadly, solid progress on projects at each of our properties was intrinsically aligned to the vision of becoming Australia’s leading integrated resort company. We are capitalising on the opportunities presented to us, by nature of great locations in Sydney, Brisbane and Gold Coast for our tourism assets, and macro conditions that point to existing rates of inbound visitation, particularly from China, continuing long-term.

Turning to the financial performance for the year, statutory net profit after tax (NPAT) for the Group was $194.4 million. This was up 14.9% on the prior year and represents a 13% compound annual growth rate over the last three years. Normalised NPAT for the 2016 financial year was $241.3 million, up 23.4%.

Statutory earnings before interest, tax, depreciation and amortisation (EBITDA) increased 7.5% on the prior year to $488.8 million and normalised EBITDA was up 14.1% to $556.2 million (applying the normalised win rate of 1.23%, with margins increasing as a result of good expense management).

The Star Sydney continued to be a strong performer for the Group, with good volume growth across all lines of business continuing to validate the company’s strategic priority to invest in its properties. This included the International VIP refuse business, which experienced a 7% increase in turnover compared with the 2015 financial year and a five-year compound average growth rate of 23.4%.

Across the Group, these results were achieved as transformational projects, either underway or planned at each of the three properties, continued to progress during the 2016 financial year.

In July 2015, the Queensland Government selected The Star Entertainment Group, along with our Destination Brisbane Consortium partners, Hong Kong-based Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, to redevelop the Queen’s Wharf precinct. We were pleased to then achieve contractual close with the Queensland Government in November 2016. Detailed planning is now progressing on this landmark partnership with the Queensland Government.

Development of Queen’s Wharf Brisbane is a critically important strategic step for the Group, securing our long-term position in the Brisbane market and demonstrating our commitment to Queensland and tourism, both domestically and internationally.

We are also developing further opportunities with Chow Tai Fook Enterprises Limited and Far East Consortium International Limited. Together with our partners, we are well advanced in securing additional joint venture investment opportunities to expand and improve the value proposition of our properties in Sydney and the Gold Coast.

This underlines the strength and depth of the relationship, where leveraging our respective capabilities has created a compelling corporate triumvirate.

In Sydney, new hotel and tower expansion plans were announced. The proposal, involving a further partnership investment of up to $500 million at The Star Sydney, is in the planning and development approval stage. This is in addition to the previously announced $500 million of upgrades and refurnishments to be undertaken by The Star Sydney.

At the Gold Coast, a master plan for the property was announced in May 2016. The first stage is a $400 million hotel and apartment tower, funded by The Star Entertainment Group, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, which is in the planning and development approval stage. The magnitude of these projects is underpinned by ongoing growth in the business, long-term tourism forecasts and our desire to deliver world-class integrated resorts with authentic local spirit.

At the outset of the 2016 financial year, Matt Bekier suggested ‘Tourism can be the next mining boom’, referring to the economic impact advantages on offer if Australia leverages the tourism opportunity.

Having the potential to be a key driver and sustainable economic pillar for decades to come, there is also a nation-building element to tourism – investment in infrastructure, supporting growth and creating jobs. The Star Entertainment Group is proud to contribute to that outcome.

We operate in competitive markets and in a highly-competitive industry. We must offer world-class tourism and entertainment destinations with wide-ranging offerings, provide a commitment to excellence in service, support the communities in which we operate and involve ourselves in the events that matter to them.

There is also an imperative to continue delivering benefit to shareholders. The Board has declared a final dividend of 7.5 cents per share (fully franked), taking total dividends for the year to 13.0 cents per share (fully franked), up 18% on the 2015 financial year and reflecting a payout ratio of 53% of statutory NPAT. The strategy of investing in our integrated resorts continues to improve shareholder returns.

To further optimise the property investments and align to our commitment to guests and shareholders, the company changed its name during the 2016 financial year – from Echo Entertainment Group Limited to The Star Entertainment Group Limited – and moved to the implementation stage of a new single brand architecture.

New branding is in place at a corporate level and at The Star Sydney property. During the 2017 financial year, the reinvigorated Jupiters property will become The Star Gold Coast.

On behalf of the Board, I would like to again thank Matt Bekier, his executive team and all team members across our properties. Their hard work, drive and enthusiasm is reflected in the strength of the Group’s results.

Also, I want to extend my gratitude to all our shareholders for their ongoing support. The Board and management of The Star Entertainment Group continue to be focused on maintaining momentum and efficiency in the business operations while progressing delivery of strategic priorities – including the significant pipeline of capital projects with our development partners – for the benefit of shareholders.

John O’Neill AO
CHAIRMAN
CEO’S MESSAGE

Echo Entertainment Group was renamed The Star Entertainment Group during the 2016 financial year, over which time the Group delivered a further year of solid earnings growth.

This change of corporate identity will in time be reflected in a rebranding of all of our properties under The Star. We envision that we will go hand in hand with the articulation of our vision – to become Australia’s leading integrated resort company. To achieve this vision, we will work closely over the coming years to continue delivering shareholder value, improve our customer service, develop our properties, energise our staff and help improve our communities.

OPERATING PERFORMANCE

The 2016 financial year was a good year for the company. We grew revenues by 4.2% and increased EPS by 3.9% over the previous year. This growth was caused by major capital expenditure projects and a strong performance in the second half of the year.

Domestic gaming revenues grew 6.9% to $1,315 million across all of our properties last year, with a good spread across tables and electronic gaming. We attribute the continued growth to incremental improvements in our customer service as well as macro-economic conditions in our markets and continued enhancements to our loyalty program and marketing strategies. The impact of these efforts was moderated by the disruption caused to operations from construction activities at our properties in Sydney and the Gold Coast.

Non-gaming cash revenue grew 4.2% to $2,330 million for the year. This result was impacted again by refurbishment activities which reduced hotel room capacity significantly during the year. The continued growth in the popularity of our loyalty program also reduced cash takings as more customers took advantage of the discounts available to members of this program.

The International VIP debate business reported good growth in the 2016 financial year, with a record $1.65 billion in turnover for the year. Actual revenue was up 11.3% to $1.56 million for the year on a normalised basis. We are pleased to report that the Queensland operation was awarded the Queensland Restaurant & Bar Design Award following its refurbishment.

Our participation in the events that we participate in the events that we organise is a key part of our business strategy. We are proud to work with partnering organisations to deliver events that help local communities. In 2016, our partners included Surf Life Saving Queensland and the Queensland Rugby Union to name a few.

We are focussed on managing our relationships with our suppliers, partners and stakeholders. We engage with our suppliers, partners and stakeholders to ensure that we deliver on our commitments to our customers and employees.

The Star Sydney was awarded the Queensland Restaurant & Bar Design Award for its cutting-edge Japanese restaurant, Seiōbo. It was also celebrated for its stylish and contemporary interior design at the Restaurant & Bar Design Awards.

In the 2016 financial year, the achievements of The Star Entertainment Group include:

- Continued improvement in earnings across the Group
- Deliver on the capital program for the Jupiters Gold Coast project
- Continue to evolve the brand
- Continue expansion and redevelopment of The Star Sydney and Jupiters Gold Coast.
JOHN O’NEILL AO  
CHAIRMAN AND  
NON-EXECUTIVE DIRECTOR

Bachelor of Economics and Commerce, PhD in Finance  
Matt Bekier was previously Chief Financial Officer and Executive Director of the Company. He was also Chief Financial Officer of Tabcorp Holdings Limited from late 2001 until the demerger of the Company and its controlled entities in June 2011. Prior to his role at Tabcorp, Mr Bekier held various roles with McKinsey and Company over 14 years. During that time, he focused on building a substantial practice in both post-merger management and financial services, working across four continents.  
Mr Bekier is currently a member of the Board of Directors of the Australian Gaslight Company (AGL), CFO Australia and New Zealand of Westfield Company (AGL), CFO Australia, Managing Director and Chief Executive Officer of the State Bank of New South Wales, and Chairman of the Australian Wool Exchange Limited.  
Mr O’Neill was formerly a Director of Tabcorp Holdings Limited and Rugby World Cup Limited.  
Mr O’Neill was also the inaugural Chairman of Events New South Wales, which flowed from the independent reviews he conducted into events strategy, convention and exhibition space, and tourism on behalf of the New South Wales Government.

KATIE LAHEY AM  
NON-EXECUTIVE DIRECTOR

Bachelor of Arts (First Class Honours), Master of Business Administration  
Ms Lahey has extensive experience in the retail, tourism and entertainment sectors and previously held chief executive roles in the public and private sectors.  
Ms Lahey is currently the Chair of Tourism & Transport Forum and the Executive Chairman Australasia for Korn Ferry International. She is also a member of the Board of the Australian Brandenburg Orchestra.  
Ms Lahey was previously the Chair of Carnival Australia and a member of the boards of David Jones Limited, Australia Council Major Performing Arts, Hills Motorway Limited, Australia Post and Garvan Research Foundation.  
Mr Sheppard has previously served as Chairman of the Board of Trustees at QSuper. His previous non-executive board memberships also include Funds SA, Queensland Investment Corporation, Suncorp (Insurance & Finance), Queensland Water Infrastructure Pty Ltd, and South Bank Corporation.

RICHARD SHEPPARD  
NON-EXECUTIVE DIRECTOR

Bachelor of Economics (First Class Honours), Fellow of the Australian Institute of Company Directors  
Richard Sheppard has had an extensive executive career in the banking and finance sector including an executive career with Macquarie Group Limited spanning more than 30 years.  
Mr Sheppard was previously the Managing Director and Chief Executive Officer of Macquarie Bank Limited and chaired the boards of a number of Macquarie’s listed entities. He has also served as Chairman of the Commonwealth Government’s Financial Sector Advisory Council.  
Mr Sheppard is currently the Chairman and a Non-Executive Director of Decus Property Group and a Non-Executive Director of Stony Hydro Limited. He is also Treasurer of the Bradman Foundation.

GERARD BRADLEY  
NON-EXECUTIVE DIRECTOR

Bachelor of Commerce; Diploma of Advanced Accounting; Fellow of the Institute of Chartered Accountants; Fellow of CPA Australia, Fellow of the Australian Institute of Company Directors  
Gerard Bradley is currently a Non-Executive Director of Pinnacle Investment Management Group Limited.  
Mr Bradley is also the Chairman of Queensland Treasury Corporation and related companies, having served for 14 years as Under Treasurer and Under Secretary of the Queensland Treasury Department. He has extensive experience in public sector finance in both the Queensland and South Australian Treasury Departments.  
Mr Bradley has previously served as Chairman of the Board of Trustees at QSuper. His previous non-executive board memberships also include Funds SA, Queensland Investment Corporation, Suncorp (Insurance & Finance), Queensland Water Infrastructure Pty Ltd, and South Bank Corporation.

SALLY PITKIN  
NON-EXECUTIVE DIRECTOR

Doctor of Philosophy (Governance); Master of Laws; Bachelor of Laws; Fellow of the Australian Institute of Company Directors  
Sally Pitkin is a Queensland based company director and lawyer with extensive corporate experience and over 20 years’ experience as a non-executive director and board member across a wide range of industries in the private and public sectors.  
Dr Pitkin currently holds various board roles, including as a Non-Executive Director of Super Retail Group Limited, IPH Limited and Link Administration Holdings Limited.  
Dr Pitkin is the President of the Queensland Division, and a member of the National Board of the Australian Institute of Company Directors. She is also a member of the External Advisory Board of the Australian Securities and Investments Commission.  
Dr Pitkin was previously a Non-Executive Director of Aristocrat Leisure Limited.

GREG HAYES  
NON-EXECUTIVE DIRECTOR

Master of Applied Finance; Graduate Diploma in Accounting; Bachelor of Arts; Advanced Management Programme (Harvard Business School, Massachusetts); Member of Institute of Chartered Accountants  
Greg Hayes is an experienced executive and director having worked across a range of industries including energy, infrastructure and logistics. Mr Hayes brings to the Board skills and experience in the areas of strategy, finance, mergers and acquisitions, and strategic risk management, in particular in listed companies with global operations. He is currently a director of Incitec Pivot Limited, Precision Group and Aurrum Holdings Pty Ltd.  
Mr Hayes was previously Chief Financial Officer and Executive Director of Brambles Limited, Chief Executive Officer & Group Managing Director of Tenix Pty Ltd, Chief Financial Officer and later interim CEO of the Australian Gaslight Company (AGL), CFO Australia and New Zealand of Westfield Holdings, and Executive General Manager, Finance of Southcorp Limited.
EXECUTIVE TEAM

The Star Entertainment Group has an experienced and specialised management team focused on utilising investments and partnerships to optimise its integrated resort assets.

Back row (from left to right):
- John De Angelis, Chief Information Officer
- Paula Martin, Group General Counsel and Company Secretary
- Geoff Hogg, Managing Director Queensland
- Matt Bekier, Managing Director and Chief Executive Officer
- Greg Hawkins, Managing Director The Star Sydney
- Kim Lee, Group Executive Human Resources
- John Chong, President International Marketing

Seated (from left to right):
- Geoff Parmenter, Group Executive Marketing and Corporate Affairs
- Chad Barton, Chief Financial Officer
- Paul McWilliams, Chief Risk Officer
GROUP PERFORMANCE

The Star Entertainment Group continued to deliver good results and enhance shareholder value while progressing on strategic priorities throughout the 2016 financial year.

THE STAR SYDNEY

The Star achieved considerable success in the 2016 financial year, continuing the momentum from the prior year. Our guests continue to show appreciation for past investments at The Star, with increased visitation and spend helping to deliver normalised earnings growth of 17.4% to $381.8 million EBITDA.

The Star is one of Sydney’s most awarded entertainment and tourism destinations and welcomes approximately 11 million guests per year. In the 2016 financial year, The Star was the recipient of 26 awards. Momofuku Seiōbo and Sokyo were again named when the Australian Financial Review published its list of Australia’s Top Restaurants for 2016. The Star Event Centre received four awards throughout the year including ‘Specialty Event Venue of the Year’ at the prestigious Meetings and Events Australia Awards for the second consecutive year.

In February 2016, The Star launched the newly renovated Harvest Buffet restaurant, featuring five food stations that offer a selection of international cuisines for breakfast, lunch and dinner, seven days a week. In the 2016 financial year, The Star continued to invest in sporting, event and cultural partnerships that fulfill our brand promise to provide our guests with thrilling experiences that reflect the Sydney local spirit.

The Star’s operating performance for the 2016 financial year was pleasing, with both domestic and International VIP Rebate businesses contributing to actual gross revenue growth to $1.66 billion, a 7.5% improvement on the previous year (or up 8.6% on a normalised basis). EBITDA increased 13.0% to $302.4 million for the year (or up 17.4% on a normalised basis).

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Operating expenses at The Star were up 7.4% to $619.2 million for the 2016 financial year, driven primarily by increased domestic and International VIP Rebate business volumes at the property, as well as investments in the marketing and loyalty program. The Group will continue its focus on investing at The Star as part of its strategic priorities for the 2017 financial year. This includes continued progress on the $500 million capital investment to further enhance the offering at The Star, as well as seeking approvals for a proposed $100 million hotel and residential tower in partnership with our Destination Brisbane Consortium partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited.

The Star Entertainment Group plans to work with The Ritz-Carlton in branding the hotel component of the proposed tower.

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QUEENSLAND PROPERTIES

The Group’s Queensland properties delivered a good performance over the 2016 financial year, with continuing growth at Treasury Brisbane balancing the disruption caused by significant investment for the transformation of Jupiters Hotel & Casino.


Actual gross revenue for the Queensland properties declined 2.2% to $700.9 million compared to the 2015 financial year (a 0.2% fall on a normalised basis). Overall, EBITDA of $186.4 million declined 0.3% on an actual basis, but was up 7.5% on a normalised basis compared to the 2015 financial year.

The table games segment of the business was the strongest performer across the domestic segments, continuing its momentum from the prior year, with revenue growth of 5.2%.

The Queensland slots business experienced revenue growth of 2.4% for the 2016 financial year.

Non-gaming business declined 5.2% for the year. The primary factor impacting non-gaming performance was disruption from expansion and redevelopment works at Jupiters Hotel & Casino.

Cost management at the Queensland properties remained good, with operating expenses declining 1.2% to $341.8 million.

The Group’s Queensland properties achieved significant milestones over the course of the 2016 financial year. In November 2015, The Star Entertainment Group (as part of the Destination Brisbane Consortium) entered into development agreements with the Queensland Government for the delivery of the Queen’s Wharf Brisbane project.

Upgrades of food and beverage offerings were undertaken at both Queensland properties during the 2016 financial year. At Treasury Brisbane, The Lab Restaurant and Bar reopened in January 2016 with a refreshed brand and vision.

At Jupiters Hotel & Casino, multiple projects were executed as part of the expansion and redevelopment program encompassing both gaming and non-gaming offerings.

The Group continued to demonstrate its substantial long-term commitment to South East Queensland during the 2016 financial year. In February 2016, the Group announced a proposed $500 million hotel and residential apartment tower at the Gold Coast, to be developed in partnership with its Destination Brisbane Consortium partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited. This is a part of a master plan concept for the Gold Coast with the potential for further long-term growth.

THE STAR ENTERTAINMENT GROUP THREE YEAR STATUTORY FINANCIAL RESULTS SUMMARY

(For further information please refer to the Financial Report contained in the Annual Report for the relevant financial year.)
On 20 July 2015, the Queensland Government announced that The Star Entertainment Group – as part of the Destination Brisbane Consortium – was the preferred proponent to redevelop Queen’s Wharf Brisbane.

In November 2015, the Destination Brisbane Consortium entered into development agreements with the Queensland Government for the delivery of the transformational project. The Destination Brisbane Consortium is currently progressing through the detailed design phase to deliver its vision for the integrated resort development. Key features of the development include:

- The Star Entertainment Group will be a 50% equity owner of the integrated resort component.
- Construction on the site is expected to commence in early 2017.
- The core integrated resort, including hotels and all public realm spaces, is expected to open in 2022.
- The existing Treasury Casino and Hotel buildings will be subsequently repurposed by The Star Entertainment Group into a hotel, operated by The Ritz-Carlton, and a premium retail precinct. The Star Entertainment Group will retain these buildings under a long-dated lease.
- Fifty restaurants and bars, retail zones, outdoor lifestyle opportunities, as well as other resort facilities and attractions.
- Public infrastructure, including a pedestrian bridge, and development of public area spaces.

The Destination Brisbane Consortium’s proposal also delivers to the State of Queensland:

- Creation of around 2,000 jobs during construction.
- Creation of 8,000 jobs in Queensland once Queen’s Wharf Brisbane is fully operational.
- $1.69 billion projected annual increase in Queensland tourism spend.
- $4 billion projected boost to Gross State Product.
- 1.39 million additional tourist visitors estimated per annum.

© DESTINATION BRISBANE CONSORTIUM. ALL RIGHTS RESERVED. ARTIST’S IMPRESSION. SUBJECT TO PLANNING APPROVALS.
The redevelopment and expansion of the Jupiters Hotel & Casino has seen the following works already delivered:

- A luxury new poolside experience
- New dining and bar experiences with the arrival of Cucina Vivo, Kiyomi and Garden Kitchen & Bar
- Refurbishment of the Penthouses, Suites and Executive Deluxe Rooms
- An exterior refresh of the existing hotel and a rejuvenated events lawn.

With these projects now fully delivered, the next phase of the redevelopment and expansion is advancing. Between now and the Gold Coast 2018 Commonwealth Games the following works are scheduled to be completed:

- The new 17 storey six-star all-suite tower
- A refreshed property arrival experience and external lighting upgrades
- Refurbishment of the existing Superior Hotel Rooms and Hotel Lobby
- Re-energising and expanding the gaming facilities
- Expansion of the food and beverage offering with additional new restaurants and bars.

As part of its commitment to the Gold Coast, The Star Entertainment Group has also unveiled a master plan concept for Jupiters Hotel & Casino to provide future potential development opportunities.

The first phase of the master plan concept includes a new proposed 200 metre, 700-room hotel and residential tower, with proposed construction to commence in 2017 subject to obtaining all necessary approvals. This opportunity has the potential to take the current $345 million redevelopment at Jupiters to a mega-investment of up to $850 million.

The numbers referenced are projected economic benefits of the $345 million transformation and the proposed tower. The proposed tower is subject to approvals.
The investments in The Star Sydney span a range of works including the expansion of food and beverage and gaming offerings, the upgrade of the private gaming rooms, the upgrade of hotel rooms and facilities, and improved customer flow and property access.

The 2016 financial year saw the commencement and delivery of the first phase of projects under this investment. These included:

- The Darling VIP Gaming Salons launch
- The launch of Harvest Buffet
- The commencement of the base-tier and mid-tier gaming works, comprising expansion and refurbishment of the main gaming floor and Oasis gaming levels to include new gaming areas, restaurants and bars
- The commencement of the Astral Tower and Residences refurbishment, comprising the upgrade and refurbishment of the Astral Tower and Residences rooms, access ways and lobbies.

In addition to the previously announced $500 million investment at The Star Sydney, The Star Entertainment Group is working with its Destination Brisbane Consortium joint venture partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, on further proposed developments at The Star Sydney. These would feature a further $500 million of investment.

The proposed development, subject to planning approvals, would include:

- A new hotel and residential tower with luxury VIP villas
- Expansion of the current gaming capacity
- Additional food and beverage, retail, function and event space, as well as other resort facilities and attractions.

The previously announced $500 million investment at The Star Sydney is progressing. The Star is proposing additional development of the integrated resort.
SUSTAINABILITY

The Star Entertainment Group believes in a bright and sustainable future while creating world class places for our guests to enjoy.

Dany Karam Executive Chef at Black By Ezard in the herb garden at The Star, Sydney.

Maintaining gardens across our properties aligns with our sustainable food and beverage strategy encouraging the sourcing of local and more sustainable food options.
SUSTAINABILITY STRATEGY

The Star Entertainment Group’s sustainability program made a significant advancement in late 2016 with the development of a new five-year Sustainability Strategy. ‘Our Bright Future’ is our new framework for sustainability at The Star Entertainment Group.

The Star Entertainment Group’s view of sustainability is broad and focuses on building business capacity and delivering continuous improvement in the management of environmental, social and governance issues.

Our new Sustainability Strategy groups objectives and our future targets in a four pillar framework that supports The Star Entertainment Group’s business plan. Our four sustainability strategic objectives are: we strive to be Australia’s leading integrated resort company; we build and operate world class properties; we actively support guest wellbeing; and we attract, develop and retain talented teams.

The Sustainability Strategy is underpinned by a structured materiality assessment process that was conducted over a three month period to identify potential material environmental, social and governance issues relevant to our business and industry. Through structured workshops, research, and stakeholder consultation, identified sustainability issues were then rated based on their importance to The Star Entertainment Group and its stakeholders. All material issues identified as important to The Star Entertainment Group and its stakeholders will be addressed in the Sustainability Strategy, with progress on the strategy reported to the Board’s People, Culture and Social Responsibility Committee as we pursue implementation.

Source: Soap Aid 2016. As part of The Star Entertainment Group’s sustainability program, The Star Sydney partners with Soap Aid. Soap Aid recycles used soaps from hotel rooms for distribution to disadvantaged communities.

The Star Entertainment Group is proud to be ranked the global leader of the casino and gaming industry in the latest annual assessment for the Dow Jones Sustainability Index. Maximum scores were achieved in the areas of “Anti-Crime Policy & Measures” and “Promoting Responsible Gaming”.

The Star is an ethical corporate citizen leading the way on responsible gaming and maintaining strong relationships with our stakeholders.

The Star attracts, develops and retains a talented, diverse and engaged team.

The Star is committed to giving our guests a safe, secure and comfortable experience.

The Star develops and operates world class liveable, environmentally sustainable and resilient integrated resorts and precincts.

Engage our guests with our sustainability programs, products and services.

Provide our guests with safe and secure environments to enjoy.

The Star is committed to giving our guests a safe, secure and comfortable experience.

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The Star is an ethical corporate citizen leading the way on responsible gaming and maintaining strong relationships with our stakeholders.
The Star Entertainment Group develops and operates world class, liveable, environmentally sustainable and resilient integrated resorts and precincts.

MANAGING OUR RESOURCES

With an active development and refurbishment project pipeline at our three integrated resort properties, The Star Entertainment Group continuously assesses resource use and undertakes projects to retrofit and improve plant and operational controls. It is foreseeable that resource consumption will increase as development plans proceed, additional floor space is utilised and more guests visit our properties. However, our ‘Sustainable Design Guidelines’ are applied in our development and refurbishment projects to guide energy and water efficiency and waste management practices. We have committed to benchmarking the impact of our construction projects on our resource use.

The Star Entertainment Group reports resource consumption usage on an absolute basis and as an intensity metric of consumption per visitor. Energy audits conducted in 2015 had enabled a pipeline of projects over a three-year period to be implemented, prioritised based on their expected return on investment and resource savings. The Star Entertainment Group as parent company of The Star Sydney was proud to be nominated as a finalist in the NSW Green Globe Awards in the category of Excellence in Waste and Recycling. The awards recognise organisations who have demonstrated exceptional environmental and sustainability leadership in NSW.

ENERGY AND CARBON EMISSIONS

The Star Entertainment Group’s total emissions in carbon dioxide equivalents (CO₂-e) from gas and electricity for the 2016 financial year were 683,898 tonnes. This footprint equates to a decrease of 0.3% from 2015. Carbon emissions have remained stable from 2014 over a three-year horizon. The Star Entertainment Group’s total energy consumption from gas and electricity for the 2016 financial year was 612,678 gigajoules (GJ) which was a 2.2% increase from the 2015 financial year.

On an intensity basis, the Star Entertainment Group’s carbon emissions and energy consumption per visitor has decreased consistently each year achieving our target of a 5% reduction in carbon emissions and energy reduction against a 2013 baseline. In the 2015 financial year, energy audits were conducted which assessed over 90% of energy consumption sources. In the 2016 financial year, 12 energy efficiency projects have been implemented, the total number of projects implemented in 2016 was 12 energy efficiency projects have delivered 1,690 tonnes of carbon savings and approximately A$500,000 in cost savings per annum.

The projects contributing to the highest energy saving include an upgrade to the airside plant and chiller controls (near completion), and the replacement of fan coil units and pumps at The Star Sydney.

ENERGY CONSUMPTION

WATER MANAGEMENT

In the 2016 financial year, The Star Entertainment Group’s water consumption increased by 9.0% from the previous financial year and by 23.7% from 2014. The increase is attributed to increased potable water demand as a result of reduced recycled water volumes being made available for on-site use at Jupiters Hotel & Casino and an increase in visitation at all properties.

The installation of water saving devices across The Star Entertainment Group’s properties resulted in savings of approximately 52,282 kL to offset increasing water usage. Commencement of the hotel room upgrade at Jupiters Hotel & Casino has led to 22,000 kL of additional water savings that has assisted in offsetting a reduction in grey water through the recycled water plant in the 2016 financial year. Water consumption on an intensity basis has increased across a three-year horizon and remains a strong focus for the group in the 2017 financial year.

Water consumption on an intensity basis has increased across a three-year horizon and remains a strong focus for the group in the 2017 financial year.

IMPROVING RECYCLING AND WASTE DIVERSION

The Star Entertainment Group has focused strongly on waste reduction and recycling programs since 2013 and the recycling rate has increased significantly over the last three years from 20% to 31%, exceeding our waste reduction target of 10% by 2016 (based on 2013 levels). The Star Sydney has achieved a recycling rate of 41% in 2016 across all operations, up from 33% in 2013. Success is attributed to the implementation of The Star Entertainment Group’s Waste Strategy which includes the following initiatives:

- The rollout of new dual recycling bins for guest use at The Star Sydney
- Dedicated Waste Strategy Groups at each property, focusing on waste minimisation and expanding recycling streams
- New signage and bin systems
- Trialling new recycling initiatives, including collecting oyster shells for OceanaWatch to assist local marine projects, and supporting FungalMIn which diverts coffee grounds from landfill for use in growing gourmet mushrooms in Sydney
- Recycled used soaps from hotel rooms with Soap Aid to generate over 9,900 bars of new soap for distribution to disadvantaged communities.

SUSTAINABLE PROCUREMENT

As part of its supply chain management, The Star Entertainment Group has a Sustainable Procurement Policy in place to ensure all suppliers comply with standards to reduce the demand on natural resources, reduce carbon emissions, and consider ethical, environmental, social and sustainability impacts.

The Star Entertainment Group seeks to encourage suppliers to innovate by making sustainable decisions when procuring goods and services. As a result of working closely with suppliers in 2016, we have achieved the following:

- Expanded the product range and increased the use of biodegradable and plant based packaging in food outlets across our properties by 21%
- By working closely with our cooking oil supplier, our new oil management program resulted in saving over 50,000 litres of used cooking oil annually, and delivered business savings of A$190,000 in the program’s first year
- Herb gardens are being actively managed at each property by chefs, to utilise fresh produce and encourage the sourcing of local and more sustainable food options where possible.
## OUR PERFORMANCE AGAINST FY2016 ENVIRONMENTAL AND SUSTAINABILITY OBJECTIVES

<table>
<thead>
<tr>
<th>STRATEGY AREA</th>
<th>OBJECTIVES</th>
<th>PROJECTS AND PROGRAMS DELIVERED</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OUR GOVERNANCE AND REPORTING</strong></td>
<td>● Identify reportable benefits against the Sustainable Procurement Policy</td>
<td>● Established efficiency programs with Coaker’s Oil and increased spend on biodegradable packaging, delivering waste and cost savings</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>● Improve environmental, social and governance (ESG) disclosures and performance reporting by establishing industry-appropriate sustainability metrics considering business activities’ expansion and development pipelines</td>
<td>● Enhanced sustainability content on corporate website</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Resource consumption data reported and intensity metrics established for benchmarking</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Qualified for inclusion in RobecoSAM’s ‘The Sustainability Yearbook’, the world’s most comprehensive publication on corporate sustainability determined by our score in RobecoSAM’s annual Corporate Sustainability Assessment</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Continued voluntary reporting under the Dow Jones Sustainability Index and membership in the FTSE4GOOD Index Series</td>
<td>✓</td>
</tr>
<tr>
<td><strong>OUR STAKEHOLDERS</strong></td>
<td>● Incorporate green criteria into tenant lease renewals across our casino properties</td>
<td>● Green lease clauses drafted into retail leases</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Develop an external stakeholder communications plan</td>
<td>✓</td>
</tr>
<tr>
<td><strong>OUR TEAM MEMBERS</strong></td>
<td>● Integrate adherence with the Sustainability Strategy into all position descriptions</td>
<td>● Sustainability requirements included in all new position descriptions</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Sustainability ideas have been implemented as part of the ‘Bigger, Brighter, Better’ innovation program</td>
<td>✓</td>
</tr>
<tr>
<td><strong>OUR SUPPLIERS</strong></td>
<td>● Introduce an environmental sustainable design (ESD) scorecard for capital projects to prioritise sustainable outcomes and asset performance</td>
<td>● ESD considerations have been built into business case templates</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Reduce packaging of key food and beverage product lines and promote product stewardship in the supply chain</td>
<td>✓</td>
</tr>
<tr>
<td><strong>OUR ENVIRONMENT</strong></td>
<td>● Implement a minimum of five energy and water savings opportunities identified in building audits across all properties</td>
<td>● Expanded use of biodegradable packaging throughout food and beverage operations</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Assess viability of organics or food waste recycling in Queensland and implement where commercially viable</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Obtain a National Australian Built Environment Rating System (NABERS) tenancy rating for The Star Entertainment Group’s Sydney office</td>
<td>✓</td>
</tr>
<tr>
<td><strong>OUR COMMUNITIES</strong></td>
<td>● Increase the number of sustainability trained professionals across the business, leading to green project outcomes</td>
<td>● Members of The Star Sydney’s Facilities team undertook HVAC (heating, ventilation, air-conditioning) energy efficiency training</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Introduce a giving program for redundant amenities to communities in need</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Charitable partnerships established, and furniture, blankets and office fit-out equipment donated to charitable partners</td>
<td>✓</td>
</tr>
</tbody>
</table>

### SUSTAINABLE DESIGN IN ACTION

**JUPITERS HOTEL & CASINO**

The Star Entertainment Group is committed to future-proofing property developments to achieve more sustainable and resource-efficient outcomes. To achieve these outcomes, our ‘Sustainable Design Guidelines’ are applied in the design and tender processes providing best practice standards and specifications across a range of categories, including energy, water, waste, and materials.

**The refurbishment of the hotel and suite rooms**

Toilets are 4 star WELS rated, saving over 5,200 L of water per annum. The refurbishment of the hotel and suite rooms is estimated to generate approximately $245,000 per year in energy and water savings as a result of the sustainable design features.
THE STAR SYDNEY

The Star has relationships with a variety of different charities and is an active contributor to the wider community.

During the 2016 financial year, The Star announced formal partnerships with the following:

- Barnardos Australia: As a Principal Partner, The Star will donate $1.5 million to Barnardos over three years, providing ongoing support for its services to disadvantaged families.
- Taronga Conservation Society Australia: The Star has entered into a three-year partnership with Taronga Conservation Society, becoming a Principal Partner of Taronga Zoo Sydney. The partnership will see The Star donate $1.5 million over three years to support vital wildlife conservation programs, as well as key fundraising and volunteer initiatives.
- Chris O'Brien Lifehouse: As a Premiere Partner of Chris O'Brien Lifehouse, The Star has committed $1.5 million over three years.

The Star continued to be involved in a variety of event and sporting partnerships including:

- Official Partner of the NSW Rugby League and the Official Home of the NSW Blues: A highlight was the announcement of the NSW Blues State of Origin squad at The Star and the Currimbene Wildlife Hospital Foundation, and was a presenting partner of the Foundation’s ‘Sanctuary Under the Stars’ Gala Event.

JUPITERS HOTEL & CASINO

Jupiters encourages team members to contribute to the local community and also maintains long-term relationships with key charity partners in Queensland.

In the last financial year, Jupiters continued its support of Surf Life Saving Queensland and donated beach shade marquees to all Gold Coast Surf Clubs.

In recognition of its community partnerships and support, Treasury was awarded a prestigious Queensland Hotels Association Award for Excellence in September 2015, taking out the coveted award for ‘Most Outstanding Community Service & Achievement – 100+ Employees’.
The following initiatives also support The Star Entertainment Group's commitment to responsible gambling:

- All new team members are introduced to responsible gambling practices as part of their orientation and complete a bi-annual responsible gambling refresher training session
- Our Security and Surveillance staff are trained to prevent minors and those persons who have chosen to exclude (self-exclude) from gaining access to gaming areas
- Each property operates under a "Responsible Gambling Code of Practice" which sets the standards and requirements to be followed for the responsible delivery of gambling products and services.

The Star Entertainment Group’s Patron Liaison Managers are members of the National Association for Gambling Studies Inc., which is a non-profit organisation that aims to promote discussion and research into all areas of gambling activity.

In Queensland, one of The Star Entertainment Group’s Patron Liaison Managers attends meetings of the Gold Coast Responsible Gambling Network. The meetings are conducted by the Gambling Help service in Queensland and are attended by industry participants and the Queensland Office of Liquor and Gaming Regulation. The Gold Coast Responsible Gambling Network provides a forum to exchange information and views about approaches to responsible gambling and solutions to improve the management of problem gambling.

Each property has conducted responsible gambling awareness weeks in addition to those organised by community support groups.

RESPONSIBLE SERVICE OF ALCOHOL

Each of The Star Entertainment Group’s properties in Sydney, the Gold Coast and Brisbane operate in a highly regulated industry in respect of providing responsible service of alcohol (RSA).

At each property, all staff are required to undertake internal training in RSA policies, procedures and applicable legislative requirements before commencing employment. All team members are trained in the service of alcohol, including those supervising or managing these processes who must have current RSA training certification.

In both Queensland and New South Wales, the provision of alcohol is also required for staff who work in specific areas within the casinos.

For our guests, RSA awareness is promoted through brochures which are available at the casino entrances.

In addition to strict refusal of entry policies, each property has in place processes for:

- Monitoring that patrons on the premises are not under the influence of alcohol
- Mandatory reporting of all serious RSA related incidents to be documented within the approved incident reporting databases and records.

The Star Entertainment Group's properties have also taken the following measures to support responsible service of alcohol:

- The use of tampered or tempered glass for many of the beverages served in the public areas of the Gold Coast and Brisbane casino properties (excluding restaurants)
- The use of tampered [polywine] containers after midnight and the introduction of the practice of decanting glass beer bottles from midnight in all bars at The Star Sydney.

Funds are allocated through the relevant State government to various projects that benefit the community. This includes the provision of grants to community based organisations, the funding of research into gambling behaviours, the provision of specialist counselling services, and other initiatives designed to reduce the effects of problem gambling behaviours on communities. Through its contributions to the Responsible Gambling Fund NSW, The Star Entertainment Group has funded more than 50 gambling research projects since 1995.

The Star Entertainment Group engages BetCare, a dedicated independent counselling service to provide assistance, including crisis intervention (24/7) for distressed patrons. BetCare also assists with gambling assessments for patrons seeking revocation of self-exclusion agreements and provides specialised responsible gambling training to our Responsible Gambling Liaison Officers.

Since 2013, The Star Entertainment Group has conducted responsible gambling awareness weeks in addition to those organised by community support groups.

RESPONSIBLE GAMBLING

The provision of safe, secure and supportive gambling and entertainment environments for our team members and guests is an integral part of the day to day business operations of The Star Entertainment Group. The Star Entertainment Group's responsible gambling initiatives extend beyond the requirements of regulatory compliance and include working with community groups and involvement in research projects. Board oversight of The Star Entertainment Group's responsible gambling program is provided by the People, Culture and Social Responsibility Committee.

The majority of The Star Entertainment Group's patrons are considered to be at risk of having gambling problems while they seek counselling or other appropriate treatment. The objective of the responsible gambling program is to minimise the potential for harm from gambling, and to provide patrons with the means to make informed decisions about managing their gambling behaviours.

Responsibility for the program is shared across the following areas:

- Each property participates in the responsible gambling project with readily accessible information about problem gambling, including symptoms and treatment options
- Working with third party support agencies to provide assistance and information for patrons experiencing problems in controlling their gambling habits
- Providing sensitive and confidential support to patrons seeking to exclude themselves from being able to attend one or more of The Star Entertainment Group's casinos
- Assisting self-excluded patrons to also self-exclude from other gambling venues
- Providing clocks throughout the casinos so that patrons are aware of the time spent on gambling activities
- Encouraging patrons to take regular breaks in play
- Preventing intoxicated patrons from participating in gambling activities
- Prohibiting the cashing of cheques to fund gambling activities (other than by prior arrangement)
- Prohibiting betting on credit terms
- Conducting responsible advertising and marketing campaigns in compliance with applicable regulations and industry codes of practice.

The operational aspects of the responsible gambling program are implemented and operated by The Star Entertainment Group's Responsible Gambling Liaison Officers (RGLOs) who are available at each property to provide on-the-floor support to patrons and their relatives.

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The operational aspects of the responsible gambling program are implemented and operated by The Star Entertainment Group's Responsible Gambling Liaison Officers (RGLOs) who are available at each property to provide on-the-floor support to patrons and their relatives.
The Star Entertainment Group’s properties collectively welcome around 20 million guests per year and deliver a diverse array of offerings including food and beverage, accommodation, theatre, live entertainment and gaming. Providing a safe and enjoyable environment for all guests and staff is of paramount importance to The Star Entertainment Group.

Subject to a far greater level of oversight and regulation than other licensed operators, The Star Entertainment Group’s properties possess industry best-practice security and surveillance operations.

The Star Entertainment Group also works with police and casino regulators to ensure that its properties remain the safest licensed destinations available to local and international guests. The Star Entertainment Group takes a zero tolerance approach to illegal, undesirable and anti-social behaviour and each of its properties follow strict refusal of entry procedures.

Each property of The Star Entertainment Group is supported by 24 hours-a-day, seven days-a-week security and surveillance operations, and $4.5 million has been invested to upgrade the surveillance capabilities at The Star Sydney to a digital system. In addition, each property operates under established internal controls, standard operating procedures, risk assessments and other policies to deal with and respond to any suspected undesirable conduct.

GUEST WELLBEING

The Star Entertainment Group is committed to giving our guests a safe, secure and comfortable experience at all our properties.

24/7 SECURITY AND SURVEILLANCE OPERATIONS AT ALL PROPERTIES

$4.5m INVESTED TO UPGRADE SURVEILLANCE CAPABILITIES AT THE STAR SYDNEY
TALENTED TEAMS

The Star Entertainment Group is committed to the attraction, development and retention of a talented and diverse workforce, equipped with the skills and passion to deliver thrilling, memorable guest experiences.

LEARNING AND DEVELOPMENT

The Star Entertainment Group is committed to developing talent through internal promotion, structured career opportunities and employee engagement. The Star Development Pathway offers a varied program of learning and development opportunities for team members at all stages of their careers. Relevant team members were also provided with the opportunity to train in accredited programs at their property including Certificate III Commercial Cookery graduates receive an approximate level of frontline workforce of Asian background development opportunities for female leaders.

As part of its learning and development program, The Star Entertainment Group has continued to invest in partnerships with the following external tertiary providers:

- The Queensland Hotel and Hospitality School (a partnership with TAFE Queensland) delivered its first tailored training program, the 'International Hospitality Service Program'. The program is designed to develop food and beverage service skills for work in luxury five and six-star properties. At the end of the three-month course, graduates receive an accredited Certificate III in Hospitality.

- The Queensland Tourism Industry Council's Indigenous Employee Network – North Queensland Chapter was launched. It is part of a wider partnership with the Queensland Tourism Industry Council to create and promote Indigenous job and career opportunities via peer mentoring and relationship building across the local community. The new network, for existing and potential Indigenous employees in Queensland's tourism sector, is designed to support and retain staff in the industry and further strengthens the representation of Indigenous employees.

- The Macquarie Graduate School of Management 'Women in MBA (Masters of Business Administration) program launched in 2015 with The Star Entertainment Group as a founding partner. Five female team members in leadership positions are enrolled in the program.

- The ‘Queensland Tourism Industry Council’s Indigenous Employee Network – North Queensland Chapter’ was launched. It is part of a wider partnership with the Queensland Tourism Industry Council to create and promote Indigenous job and career opportunities via peer mentoring and relationship building across the local community. The new network, for existing and potential Indigenous employees in Queensland's tourism sector, is designed to support and retain staff in the industry and further strengthens the representation of Indigenous employees.

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DIVERSITY AND INCLUSION

The Star Entertainment Group is committed to diversity and inclusion in the workplace and recognises the unique insights, perspectives and backgrounds of each team member. Our policies, practices and behaviours foster a safe and inclusive workplace and promote equitable and collaborative relationships and talented teams. This is underpinned by our Diversity and Inclusion Policy and is supported by our Diversity and Inclusion Strategy.

The Star Entertainment Group’s internal Diversity & Inclusion Steering Committee continues to oversee the diversity and inclusion initiatives at The Star Entertainment Group, with input from four Diversity Working Groups that address four key diversity areas: gender, multicultural, age and lesbian, gay, bisexual, transgender and intersex (LGBTI).

Team members at each property have participated in the following local and global events to support diversity and inclusion:

- Gender: International Women’s Day, White Ribbon Day (to raise awareness of and join the national campaign to end domestic violence against women), and internal events to foster careers for female leaders.

- Multicultural: Lunar New Year, Mid-Autumn Festival, and Harmony Day (which celebrates Australia’s cultural diversity).

- LGBTI: The Star Sydney team members in front of the Sea Star’s float at the Martin Place parade. The Star was proud to be an official supporter for the 2016 Mardi Gras.

Education, awareness and training form a key part of The Star Entertainment Group’s Diversity & Inclusion strategy. Our senior leaders have taken part in Unconscious Bias training, on-site training programs are offered to team members in cultural awareness for all employees, and LGBTI-specific training for managers and employees is conducted by our partner in LGBTI inclusion, ‘Pride in Diversity’.
SAFETY:
A focus on critical risk controls will be supported by the redesign of a contemporary and resilient safety management system. This will include the use of technology solutions to provide higher visibility of safety performance.

HEALTH AND WELLBEING:
Wellbeing activities and awareness programs support the physical, mental and overall health culture of our team members.

SAFETY PERFORMANCE:
The Star Entertainment Group experienced a workplace fatality incident in November 2015, when a contractor fell whilst undertaking work at the Gold Coast Convention & Exhibition Centre.

An investigation of the circumstances that caused the contractor to fall have identified opportunities to increase our level of critical risk controls. These improvements included isolation, engineering and administrative controls to prevent reoccurrence. In addition, changes were made to the building by the building owner to further enhance the level of critical risk controls.

We have introduced new safety assurance processes to effectively monitor our construction partners to give us confidence that they have in place safe systems of work to reduce workplace fatalities and serious injuries.

PERFORMANCE INDICATORS:
Our key WHS performance measures continued to see reductions in the lost time injury frequency rate and the total recordable injury frequency rate:

5.1 LOST TIME INJURY FREQUENCY RATE DECREASED FROM FY15
24.4 TOTAL RECORDABLE INJURY FREQUENCY RATE DECREASED FROM FY15

STAND OUT TEAM MEMBERS

JEREMY ALLAN
Executive Sous Chef
Jupiters Hotel & Casino
Jeremy has worked at Jupiters since October 2011, commencing as a Sous Chef, before moving into his senior role as Executive Sous Chef in July 2015. Jeremy is well known within the property for his ability to deliver exceptional culinary experiences for our guests. He took the lead in changing our basquets offerings and was also the driving culinary force in the opening of two new restaurants.

LAUREN CURMI
Sous Chef
Treasury Casino & Hotel
Lauren has displayed abundant abilities and aptitude in her role as Sous Chef. Lauren recently stepped up to oversee the Pastry Kitchen, as well as running the Lab Kitchen. Lauren displays her passion for the business each day, together with a desire to undertake challenges and achieve great results.

CHARLIE MEI
Director of Customer Relations – Vietnamese
Charlie has demonstrated great leadership in mentoring and coaching others as well as providing guidance to the entire domestic team. Charlie has established strong relationships with the Vietnamese community and understands his guests. An example of the extra care he takes in meeting their needs is the checkin travel mode he and his teams use to help guests.

COLIN TAYLOR
HACCP Manager
The Star Sydney
Colin has been a loyal employee of The Star for 20 years. His roles during those two decades have included Chef de Partie, Commissary and Hazard Analysis and Critical Control Point Manager (HACCP) as well as Work Health and Safety (WHS) Committee member and WHS Safety Champion. Colin is a passionate member of the food and beverage team, in a role that is crucial in supporting our venues.
The Directors of The Star Entertainment Group Limited (the Company) (previously known as Echo Entertainment Group Limited) submit their report for the consolidated entity comprising the Group and its controlled entities (collectively referred to as the Group) in respect of the financial year ended 30 June 2016.

1. Directors
The names and titles of the Company’s Directors in office during the financial year ended 30 June 2016 and until the date of this report are set out below. Directors were in office for this entire period.

Director
John O’Neill AO Chair and Non-Executive Director
Matt Bekier Managing Director and Chief Executive Officer
Gerard Bradley Non-Executive Director
Greg Hayes Non-Executive Director
Katie Lahey AM Non-Executive Director
Sally Pitkin Non-Executive Director
Richard Sheppard Non-Executive Director

2. Operating and Financial Review
The Operating and Financial Review for the year ended 30 June 2016 has been designed to provide shareholders with a clear and concise overview of the Group’s operations, financial position, business strategies and prospects. The review also discusses the impact of key transactions and events that have taken place during the reporting period and material business risks faced by the business, to allow shareholders to make an informed assessment of the results and future prospects of the Group. The review complements the Financial Report and has been prepared in accordance with the guidance set out in ASIC’s Regulatory Guide 247.

2.1. Principal activities
The principal activities of the entities within the Group are gaming, entertainment and hospitality.

The Star Entertainment Group Limited owns and operates The Star Sydney (The Star Sydney), Treasury Casino and Hotel, Brisbane (Treasury Brisbane) and Jupiters Hotel and Casino, Gold Coast (Gold Coast). The Group also manages the Gold Coast Convention and Exhibition Centre on behalf of the Queensland Government.

2.2. Business strategies
The key strategic priorities for the Group as initially outlined in the Company’s 2014 Annual Report are to:

- Create “world class casino resorts with local spirit”, including the proposed expansion of the South East Queensland casinos;
- Manage planned capital expenditure programs in Queensland and Sydney to deliver value and returns for shareholders;
- Increase volume of high-value visitation from local, domestic and international markets;
- Grow domestic and International VIP Rebate business;
- Improve customer experience, including providing customers with tailored product and service offerings; and
- Maximise value from technology, including further enhancing gaming and loyalty experience and delivering integrated and new IT platforms.

The Group has continued to make good progress on all these key strategic priorities during the year, with:

- Financial performance improved across all properties;
- Balance sheet strength maintained;
- Overall guest satisfaction scores increased;
- Rebranding of the Company and The Star Sydney property, with The Star Gold Coast scheduled for FY2017;
- Staff engagement improved across all properties and business segments;
- Leadership team in place supported by strengthened functional capability;
- Capital projects (refurbishments and growth) progressing slightly slower than management’s initial expectations but within budget; and
- New hotel and residential tower expansion plans announced at The Star Sydney and the Gold Coast in partnership with Queen’s Wharf Brisbane project partners, Chow Tai Fook Enterprises Limited (CTF) and Far East Consortium International Limited (FEC). These are currently in the planning and development approval stage.
DIRECTORS’ REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Looking forward into FY2017, the focus will be on the following key strategic priorities:

• Improve earnings across the Group through continued focus on operations and efficiency;
• Deliver on the next stage of the capital program (the Queen’s Wharf Brisbane development, the Gold Coast development and masterplan, and The Star Sydney development);
• Secure planning approvals and execute property development plans at the Sydney and Gold Coast properties in partnership with CTP and F&C; and
• Continue to drive differentiation in the value proposition at each of our properties, through brand, loyalty, customer service, and food and beverage.

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors have reasonable grounds to believe that to include such information will be likely to result in unreasonable prejudice to the Group.

2.3. Group performance

Gross revenue of $2,357.7 million was up 4.4% on the prior comparable period (pcp). Good domestic gaming revenue growth offset the disruption impact of capital works on non-gaming revenue and a low win rate in the International VIP Rebate business in the first half of the year. Normalised1 revenues grew 6.0% for the period to $2,431.0 million, up from $2,294.0 million in the pcp. Revenue growth was driven by a combination of improved marketing, loyalty program, sales activity, product offering, and stronger macro-economic conditions in each of the Group’s markets. As disclosed in the results for the first half of the year, normalised EBITDA has been calculated by applying a 1.35% win rate to actual International VIP Rebate turnover in the period in line with the Group’s win rate experience and consistent with the Australia and New Zealand market practice.

Effective cost control with operating costs up 4.2% on the pcp, including marketing and loyalty investment. There were no significant items within the period. The prior period results include $3.7 million of significant cost items.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of $488.8 million was up 7.5% on the pcp. Normalised EBITDA (excluding significant items) of $566.2 million was up 14.1% on the pcp. Normalised EBITDA margin of 22.9% is up from 21.2% in the pcp as a result of good expense management across the Group, offset by higher average gaming taxes at The Star Sydney.

Depreciation and Amortisation expense of $163.8 million was flat on the pcp. Finance costs of $45.8 million were down 8.2% on the pcp.

Net profit after tax (NPAT) was $194.4 million, 14.9% up on the pcp. Normalised NPAT, excluding significant items, was $241.3 million, up 23.4% on the pcp.

Basic and diluted earnings per share (EPS) was 23.6 cents, up 14.9% on the pcp. A final dividend of 7.5 cents fully franked was declared, totalling 12.0 cents per share for the year, up 18.2% on the pcp and reflecting a payout ratio of 55.2% of statutory NPAT for the year ended 30 June 2016.

2.4. Group financial position

The Group’s net assets increased by 3.7% compared with the previous year.

Receivables remain well managed, with receivables past due not impaired greater than one year comprising 95% of the total. Net receivables past due not impaired greater than 30 days of $33.2 million, up from $16.2 million at 30 June 2015, reflected increased volumes and a high win rate in the second half of the year.

Net debt2 was $473.8 million (30 June 2015: $400.3 million) with $450.0 million in undrawn facilities and an average drawn debt maturity of 3.5 years. Gearing levels remain conservative at 1.0 times FY2016 net debt to actual EBITDA, positioning the Group well to execute on its growth projects. Operating cash flow before interest and tax was $477.4 million (30 June 2015: $506.5 million) with an EBITDA to cash conversion ratio of 98% (30 June 2015: 112%).

Trade and other payables of $261.9 million were up 12.0% from June 2015 as a result of higher gaming activity, representing players’ funds deposited and chips in circulation at 30 June 2016.

...
2.6. Significant changes in the state of affairs and future developments

Other than those stated within this report, there were no significant changes in the state of affairs of the Group during the financial year. The section below discusses the impact of key transactions and events that have taken place during the reporting period.

Treasury Brisbane

In November 2015 contractual close was reached between the Queensland Government and Destination Brisbane Consortium (DBC) on the Queen’s Wharf Brisbane development. DBC’s Integrated Resort ownership structure requires capital to be contributed 50% by the Group and 25% each by CTF and FEC. The Group will act as the operator under a long dated casino management agreement.

The Group currently holds a perpetual casino licence in Queensland that is attached to the lease of the current Treasury site that expires in 2070. Upon opening of the Integrated Resort, the Group’s casino licence will be surrendered and DBC will be granted a casino licence for 99 years including an exclusivity period of 25 years.

CTF and FEC will each contribute 50% of the capital to undertake the residential and related components of the broader Queen’s Wharf Brisbane development. The Group is not a party to the residential development joint venture.

Gold Coast

The Group currently holds a perpetual casino licence to operate the Jupiters Hotel and Casino on the Gold Coast. The Group owns Broadbeach Island on which the casino is located. The Group has previously disclosed a major redevelopment of the property of up to $845 million capital spend (subject to various approvals), including a $400 million new tower with joint venture partners CTF and FEC. The scale of the property is proposed to be expanded to approximately 1,400 hotel rooms and residences with signature gaming facilities, over 20 restaurants and bars, and substantial resort facilities and attractions. The Group’s share is expected to be approximately $578 million (prior to the sale of any apartments).

Progress on the redevelopment project includes the completion of the VIP gaming salons, pool and new restaurants. Capital expenditure in the current year was $132 million, including construction costs for the new 6 star hotel and refurbishment of the existing main gaming floor, lobby, hotel rooms and food and beverage offerings.

The Group continues to manage the Gold Coast Convention and Exhibition Centre adjacent to the casino.

The Star Sydney

The Star Sydney’s casino licence continues until 2093 and includes exclusivity arrangements with the New South Wales Government that support the operation of a single casino in NSW until November 2019.

The Group has previously disclosed a proposed investment of up to $1 billion (subject to various approvals) which includes a new tower to be developed with joint venture partners CTF and FEC. The scale of the property is proposed to be expanded to approximately 1,000 hotel rooms and residences with signature gaming facilities, over 20 restaurants and bars, and over 50 food and beverage offerings. The Group’s share is expected to be approximately $867 million (prior to the sale of any apartments).

Capital expenditure in the current year was $150 million, including the completion of the Oasis Private Gaming Room expansion, The Darling VIP Salons and Harvest Buffet. The redevelopment and expansion of the Astral Tower and Residences, Astral Lobby and Porte Cochere, and Main Gaming Floor continues.

On 8 July 2014, Liquor and Gaming NSW (formerly the Independent Liquor and Gaming Authority) issued a restricted gaming licence to Crown Resorts Limited (Crown) to operate a restricted gaming facility at Barangaroo South, Crown Sydney Hotel Resort (Crown Sydney) from November 2019 onwards. On 28 June 2016, Crown announced that conditional planning approval had been received from the NSW Planning Assessment Commission, and that Crown is expecting to complete construction and open Crown Sydney in early 2021.

Shareholder Activity – applications to increase shareholding/voting power above 10%

The application made by the Genting group of companies on 27 June 2012 for approval to increase their potential voting power in the Company up to an effective maximum of 23% (which may be adjusted in certain circumstances) was approved by the New South Wales Independent Liquor and Gaming Authority and the Queensland Attorney General and Minister for Justice on 3 December 2015.

2.7. Risk management

The Group takes a structured approach to identifying, evaluating and managing those risks which have the potential to materially affect achievement of its strategic objectives. The commentary under Principle 7 of the Company’s Corporate Governance Statement describes the risk management framework in place to underpin the enterprise wide approach to effective risk management. The Corporate Governance Statement can be viewed on the Company’s website.

The major risks facing the Group are set out below. The Group may also face a range of other risks from time to time in conducting its business activities. While it aims to manage risks in order to avoid adverse impacts on its financial standing, some risks are outside the control of the Group.

Strategic risks

- The potential effect of increased competition in the Group’s key markets of Sydney, Brisbane and the Gold Coast;
- The failure to realise expected financial benefits from key growth projects;
- Loss of key management personnel; and
- Geopolitical risks affecting the ability of foreign nationals to travel to, or bring funds to, Australia.

Operational risks

- Loss of data security;
- Business interruptions, including a failure of core IT systems or other events which limit the ability to operate from our properties; and
- Matters affecting the health, safety and security of our employees and customers.

Regulatory risks

- A failure to comply with applicable laws; and
- Changes in law affecting the operation of casinos in New South Wales or Queensland.

Financial risks

- An inability to access capital on reasonable terms.

2.8. Environmental regulation and performance

The Group is committed to leadership of energy and waste reduction in the entertainment sector and increasing its sustainability performance in the communities in which it operates. The Group’s vision for sustainability is to demonstrate clear evidence of its environmental values, activities and commitments embedded throughout the organisation.

A materiality assessment was conducted during the year to identify the key material environmental impacts of energy consumption, water use, carbon emissions and waste generation from the Group’s 24/7 operations. These material impacts are managed through the Group’s Environmental and Sustainability Strategy and through its sustainability policies and programs.

The Group’s five year Environment and Sustainability Strategy is aligned to the business strategy, incorporating a range of objectives, projects and programs to ensure continuous improvement in environmental management. Management reports annually to the People, Culture and Social Responsibility Committee on the Group’s delivery of its commitments under the five year Environment and Sustainability Strategy. The strategy focuses on six areas (Governance, Our Team Members, Our Stakeholders, Our Suppliers, Our Environment and Our Communities) and reports the Group’s performance on the Company’s website.

The Group identifies and manages sustainability risks across the organisation by focusing efforts on material impacts and has set targets to manage performance. To support the delivery of these targets, the Group audited over 90% of its total energy consumption within the year to identify opportunities for energy and water savings. The Group has implemented twenty projects to achieve cost and carbon savings and has a roadmap to implement further projects.

The Group has also implemented Sustainable Design Guidelines to achieve greener buildings through the refurbishment and development processes by specifying energy efficient technologies and best practice water and waste management.

The Company is registered under the National Greenhouse Energy Reporting System (NGERS) and reports all energy consumption and greenhouse gas emissions to the Federal Government every year. The Company’s Environment and Sustainability Strategy, Objectives and Targets and Sustainable Design Guidelines can be found on the Company’s website.

3. Earnings per share (EPS)

Basic and diluted EPS for the financial year was 23.6 cents (2015: 20.5 cents), 14.9% up on the prior year as a result of the improved operational performance across the Group. EPS is disclosed in note 3 of the Financial Report.
4. Dividends

4.1. Dividend payout

An interim dividend of 5.5 cents per share (fully franked) was paid on 22 March 2016. A final dividend per share of 7.5 cents fully franked was declared, totalling 13.0 cents per share for the year, up 18.2% on the previous year and reflecting a payout ratio of 55.2% of statutory NPAT for the year ended 30 June 2016.

4.2. Dividend Reinvestment Plan (DRP)

The Company’s DRP is in operation for the final dividend. The last date for receipt of election notices to enable participation for the final dividend is 2 September 2016. The price at which shares are allocated under the DRP is the daily volume weighted average market price of the Company’s shares sold in the ordinary course of trading on the ASX over a period of 10 trading days beginning on (and including) the fourth trading day after the Record Date (1 September 2016). Shares allocated under the DRP will rank equally with the Company’s existing fully paid ordinary shares.

5. Significant events after the end of the financial year

Other than those events that have already been disclosed in this report or elsewhere in the Financial Report, there have been no other significant events occurring after 30 June 2016 and up to the date of this report that have not already affected or may materially affect the Group’s operations, the results of those operations or the Group’s state of affairs.

6. Directors’ qualifications, experience and special responsibilities

The details of the Company’s Directors in office during the financial year and until the date of this report (except as otherwise stated) are set out below.

Current Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience</th>
<th>Special Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>John O’Neill AO</td>
<td>Chairman (from 8 June 2012); Non-Executive Director (from 28 March 2011)</td>
<td>Diploma of Law; Foundation Fellow of the Australian Institute of Company Directors</td>
<td>Mr O’Neill was formerly Managing Director and Chief Executive Officer of Australian Rugby Union Limited, Chief Executive Officer of Football Federation Australia, Managing Director and Chief Executive Officer of the State Bank of New South Wales, and Chairman of the Australian Wool Exchange Limited. Mr O’Neill was also formerly a Director of Tabcorp Holdings Limited and Rugby World Cup Limited. Mr O’Neill was also the inaugural Chairman of Events New South Wales, which flowed from the independent reviews he conducted into events strategy, convention and exhibition space, and tourism on behalf of the New South Wales Government.</td>
</tr>
<tr>
<td>Matt Bekier</td>
<td>Managing Director and Chief Executive Officer (from 11 April 2014); Executive Director (from 2 March 2011)</td>
<td>Master of Economics and Commerce; PhD in Finance</td>
<td>Matt Bekier is a member of the Board of the Australasian Gaming Council. Mr Bekier was previously Chief Financial Officer and Executive Director of the Company and also previously Chief Financial Officer of Tabcorp Holdings Limited from late 2005 until the demerger of the Company and its controlled entities in June 2011. Prior to his role at Tabcorp, Mr Bekier previously held various roles with McKinsey &amp; Company.</td>
</tr>
<tr>
<td>Gerard Bradley</td>
<td>Non-Executive Director (from 20 May 2013)</td>
<td>Bachelor of Commerce; Diploma of Advanced Accounting; Fellow of the Institute of Chartered Accountants; Fellow of CPA Australia; Fellow of the Australian Institute of Company Directors; Fellow of the Australian Institute of Management</td>
<td>Gerard Bradley is currently the Chairman of Queensland Treasury Corporation and related companies, having served for 14 years as Under Treasurer and Under Secretary of the Queensland Treasury Department. He has extensive experience in public sector finance in both the Queensland and South Australian Treasury Departments. Mr Bradley has consented to be a Non-Executive Director of Pinnacle Investment Management Limited (currently Wilson Group Limited). Mr Bradley has previously served as Chairman of the Board of Trustees at QSuper. His previous non-executive board memberships also include Funds SA, Queensland Investment Corporation, Suncorp (Insurance &amp; Finance), Queensland Water Infrastructure Pty Ltd, and South Bank Corporation. Special Responsibilities: • Chair of the Risk and Compliance Committee (1 September 2015 to present) • Member of the Audit Committee • Member of the Investment and Capital Expenditure Review Committee • Member of the Remuneration Committee Directorships of other Australian listed companies held during the last 3 years: Nil</td>
</tr>
<tr>
<td>Greg Hayes</td>
<td>Non-Executive Director (from 24 April 2015)</td>
<td>Master of Applied Finance; Graduate Diploma in Accounting; Bachelor of Arts; Advanced Management Programme (Harvard Business School, Massachusetts); Member of Institute of Chartered Accountants</td>
<td>Greg Hayes is an experienced executive and director having worked across a range of industries including energy, infrastructure and logistics. Mr Hayes brings to the Board skills and experience in the areas of strategy, finance, mergers and acquisitions, and strategic risk management, in particular in listed companies with global operations. He is currently a director of Incitec Pivot Limited, Precision Group and Aurum Holdings Pty Ltd. Mr Hayes was previously Chief Financial Officer and Executive Director of Brambles Limited, Chief Executive Officer &amp; Group Managing Director of Tenix Pty Ltd, Chief Financial Officer and later interim CEO of the Australian Gaslight Company (AGL), CFO Australia and New Zealand of Westfield Holdings, and Executive General Manager, Finance of Southcorp Limited. Special Responsibilities: • Chair of the Audit Committee (1 September 2015 to present) • Member of the Investment and Capital Expenditure Review Committee • Member of the People, Culture and Social Responsibility Committee (to 3 March 2016) • Member of the Risk and Compliance Committee Directorships of other Australian listed companies held during the last 3 years: • Incitec Pivot Limited (1 October 2014 to present)</td>
</tr>
</tbody>
</table>
### Current Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position Details</th>
<th>Current Shareholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Katie Lahey AM</strong></td>
<td>Non-Executive Director (from 1 March 2013)</td>
<td>507,873</td>
</tr>
<tr>
<td></td>
<td>Bachelor of Arts (First Class Honours); Master of Business Administration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Experience:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Katie Lahey has extensive experience in the retail, tourism and entertainment sectors and previously held chief executive roles in the public and private sectors.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ms Lahey is currently the Chair of Tourism &amp; Transport Forum and the Executive Chairman Australasia for Korn Ferry International. She is also a member of the Australian Brandenburg Orchestra Board.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ms Lahey was previously the Chair of Carnival Australia and a member of the boards of David Jones Limited, Australia Council Major Performing Arts, Hills Motorway Limited, Australia Post and Garvan Research Foundation.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Special Responsibilities:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Chairman of the People, Culture and Social Responsibility Committee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Member of the Remuneration Committee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Member of the Risk and Compliance Committee</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Directorships of other Australian listed companies held during the last 3 years:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nil</td>
<td></td>
</tr>
</tbody>
</table>

| **Sally Pitkin**      | Non-Executive Director (from 19 December 2014)       | 1,029,690             |
|                       | Doctor of Philosophy (Governance); Master of Laws; Bachelor of Laws; Fellow of the Australian Institute of Company Directors |                       |
|                       | Experience:                                          |                       |
|                       | Sally Pitkin is a Queensland based company director and lawyer with extensive corporate experience and over 20 years’ experience as a non-executive director and board member across a wide range of industries in the private and public sectors. |                       |
|                       | Dr Pitkin is the President of the Queensland Division, and a member of the National Board of the Australian Institute of Company Directors. She is also a member of the External Advisory Board of the Australian Securities and Investments Commission. |                       |
|                       | **Special Responsibilities:**                         |                       |
|                       | • Chairman of the Remuneration Committee              |                       |
|                       | • Member of the Audit Committee                       |                       |
|                       | • Member of the People, Culture and Social Responsibility Committee |                       |
|                       | **Directorships of other Australian listed companies held during the last 3 years:** |                       |
|                       | Nil                                                   |                       |

7. **Directors’ interests in securities**

At the date of this report (except as otherwise stated), the Directors had the following relevant interests in the securities of the Company:

<table>
<thead>
<tr>
<th>Name</th>
<th>Ordinary Shares</th>
<th>Performance Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>John O’Neill AO</td>
<td>51,172</td>
<td>Nil</td>
</tr>
<tr>
<td>Matt Bekier(1)</td>
<td>507,873</td>
<td>1,029,690</td>
</tr>
<tr>
<td>Gerard Bradley</td>
<td>25,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Greg Hayes</td>
<td>10,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Katie Lahey AM</td>
<td>27,080</td>
<td>Nil</td>
</tr>
<tr>
<td>Sally Pitkin</td>
<td>26,900</td>
<td>Nil</td>
</tr>
<tr>
<td>Richard Sheppard</td>
<td>50,000</td>
<td>Nil</td>
</tr>
</tbody>
</table>

(1) 146,733 Ordinary Shares held by Matt Bekier are subject to a holding lock that ends on 15 September 2016.

8. **Company Secretary**

Paula Martin holds the position of Group General Counsel and Company Secretary. She holds a Bachelor of Business (Int. Bus.) and a Bachelor of Laws and a Graduate Diploma in Applied Corporate Governance. She has extensive commercial legal experience having worked with King & Wood Mallesons (formerly Mallesons Stephen Jaques) prior to joining the Company. Ms Martin is a member of the Queensland Law Society, Association of Corporate Counsel (Australia) and the Governance Institute of Australia.
9. Board and Committee meeting attendance

During the financial year ended 30 June 2016, the Company held 9 meetings of the Board of Directors (including one unscheduled meeting which was attended by a majority of Directors). The numbers of Board and Committee meetings attended by each of the Directors during the year are set out in the table below.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Board of Directors</th>
<th>Audit Committee</th>
<th>Risk and Compliance Committee</th>
<th>Remuneration Committee</th>
<th>People, Culture &amp; Social Responsibility Committee</th>
<th>Investment &amp; Capital Expenditure Review Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>John O'Neill AO</td>
<td>A 9 9</td>
<td>A 5 5</td>
<td>A 4 4</td>
<td>A 4 4</td>
<td>A 4 4</td>
<td>A 4 4</td>
</tr>
<tr>
<td>Gerard Bradley</td>
<td>A 9 9</td>
<td>A 5 5</td>
<td>A 4 4</td>
<td>A 4 4</td>
<td>A -</td>
<td>A 4 4</td>
</tr>
<tr>
<td>Greg Hayes</td>
<td>A 8 9</td>
<td>A 4 5</td>
<td>A 4 4</td>
<td>A -</td>
<td>2 2</td>
<td>A 4 4</td>
</tr>
<tr>
<td>Katie Lahey AM</td>
<td>A 8 9</td>
<td>A -</td>
<td>A 4 4</td>
<td>A 4 4</td>
<td>A 4 4</td>
<td>-</td>
</tr>
<tr>
<td>Sally Pliton</td>
<td>A 8 9</td>
<td>A 5 5</td>
<td>A -</td>
<td>A 4 4</td>
<td>A 4 4</td>
<td>-</td>
</tr>
</tbody>
</table>

A - Number of meetings attended as a Director or Committee member
B - Maximum number of meetings available for attendance as a Committee member
(i) The Managing Director and Chief Executive Officer is not a member of any Board Committee but may attend Board Committee meetings upon invitation, however this attendance is not recorded here.

Details of the functions and memberships of the Committees of the Board and the terms of reference for each Board Committee are available from the Corporate Governance section of the Company’s website.

10. Indemnification and insurance of Directors and Officers

The Directors and Officers of the Company are indemnified against liabilities pursuant to agreements with the Company. The Company has entered into insurance contracts with third party insurance providers, in accordance with normal commercial practices. Under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

11. Non-audit services

Ernst & Young, the external auditor to the Company and the Group, provided non-audit services to the Company during the financial year ended 30 June 2016. The Directors are satisfied that the provision of non-audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth). The nature and scope of each type of non-audit service provided did not compromise auditor independence. These statements are made in accordance with advice provided by the Audit Committee.

The Audit Committee reviews the activities of the independent external auditor and reviews the auditor’s performance on an annual basis. The Chair of the Audit Committee (or authorised delegate) must approve all non-statutory audit and other work to be undertaken by the auditor. Further details relating to the Audit Committee and the engagement of auditors are available in the Corporate Governance Statement.

Ernst & Young, acting as the Company’s external auditor, received or is due to receive the following amounts in relation to the provision of non-audit services to the Company:

- **Description of services**
  - $000
  - Other assurance related services in relation to the Company and any other entity in the consolidated group
  - Other non-audit services including taxation services: 302.0

**Total of all non-audit and other services**: 302.0

Amounts paid or payable by the Company for audit and non-audit services are disclosed in note F11 of the Financial Report.

12. Rounding of amounts

The Star Entertainment Group Limited is a company of the kind specified in the Australian Securities and Investments Commission’s ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191. In accordance with that Instrument, amounts in the Financial Report and the Directors’ Report have been rounded to the nearest hundred thousand dollars unless specifically stated to be otherwise.

13. Auditor’s independence declaration

Attached is a copy of the auditor’s independence declaration provided under section 307C of the Corporations Act 2001 (Cth) in relation to the audit of the Financial Report for the year ended 30 June 2016. The auditor’s independence declaration forms part of this Directors’ Report.

This report has been signed in accordance with a resolution of directors.

John O’Neill AO
Chairman
Sydney
26 August 2016
AUDITOR’S INDEPENDENCE DECLARATION

Ernst & Young
205 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5999
Fax: +61 2 9248 5999
ey.com.au

Auditor’s Independence Declaration to the Directors of The Star Entertainment Group Limited

As lead auditor for the audit of The Star Entertainment Group Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Star Entertainment Group Limited and the entities it controlled during the financial year.

Ernst & Young
John Robinson
Partner
26 August 2016
Introduction from the Remuneration Committee Chair

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2016 (FY16).

This report is prepared on a consistent basis to previous years and follows a similar format to the FY15 Remuneration Report. The FY15 Remuneration Report received positive shareholder support at the 2015 AGM, with a vote in favour of 97.53%.

The Group’s Reward Strategy is designed to attract, motivate and retain the talent necessary to run the business and achieve outcomes that align with the creation of sustainable shareholder value.

The Group exceeded both financial and non-financial targets set by the Board for FY16. Normalised Net Profit after Tax (NPAT) of $241.3m was 23.4% up on the prior comparable period (pcp). Total dividends paid to shareholders in FY16 were 13 cents per share, up 18.2% on the pcp. The Group also exceeded its non-financial targets in the key areas of Guest Service Excellence and Employee Engagement.

Based on these superior outcomes for FY16 and the Board’s assessment of performance against the measures outlined in the Corporate Scorecard set out further on in this Report, performance payments will be made to Executives and managerial staff totalling $16.4m ($11.7m in FY15), with $3.9m ($2.1m in FY15) deferred into restricted shares which are subject to a holding lock for twelve months from the date of grant. The increase reflects increased employee participation in incentive programs and changes made to gradually align eligibility and participation levels across the Group.

Consistent with FY15, one-third of all short term incentives awarded to General Managers for FY16 will be deferred into restricted shares which are subject to a holding lock for twelve months from the date of grant. The increase reflects increased employee participation in incentive programs and changes made to gradually align eligibility and participation levels across the Group.

There was no testing of performance hurdles under the Group’s long term incentive plan during the financial year as the Group changed the vesting period from three years to four years in FY13.

Following a review of remuneration for all Executives relative to comparable ASX-listed organisations and industry peers, the remuneration arrangements for the Managing Director and Chief Executive Officer and other Executives were adjusted for FY16. A review of Non-Executive Director (NED) fees did not result in any changes being made for FY16.

The maximum aggregate fees payable to NEDs remained unchanged for the fifth consecutive year.

We welcome your feedback on our Remuneration Report.

Yours sincerely,

Sally Pāw
Remuneration Committee Chair

The Directors of The Star Entertainment Group Limited (The Star Entertainment Group or the Company) have approved this Remuneration Report for the consolidated entity comprising the Company and its controlled entities (collectively referred to as the Group) in respect of the financial year ended 30 June 2016.

This Remuneration Report outlines the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent. This report has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (the Corporations Act) and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act where indicated.

For purposes of this report, the term ‘Executives’ includes the executive director (Managing Director and Chief Executive Officer) and senior executives (the Chief Financial Officer and the Managing Directors of The Star Sydney and Queensland properties), but excludes Non-Executive Directors (NEDs).

This Remuneration Report is comprised of the following sections:

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## 1. Key Management Personnel

The names and titles of the Company’s KMP for the year ended 30 June 2016 are set out below. KMP were in office for the entire duration of the financial year, unless otherwise stated. There have been no changes to KMP since the end of the financial year.

<table>
<thead>
<tr>
<th>Non-Executive Directors</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>John O’Neill AO</td>
<td>Chairman and Non-Executive Director</td>
</tr>
<tr>
<td>Gerard Bradley</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Greg Hayes</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Katie Lahey AM</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Sally Pitkin</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Richard Sheppard</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Executives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Matt Bakier</td>
<td>Managing Director and Chief Executive Officer</td>
</tr>
<tr>
<td>Chad Barton</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Greg Hawkins</td>
<td>Managing Director, The Star</td>
</tr>
<tr>
<td>Geoff Hogg</td>
<td>Managing Director, Queensland</td>
</tr>
</tbody>
</table>

## 2. Highlights for FY16

**Fixed Remuneration**

In accordance with its reward strategy, the Company assesses the remuneration levels and mix for Executives to identify where adjustments are appropriate based on market benchmarking. Following the remuneration review completed in September 2015, three Executives received an increase to their fixed remuneration, with the fixed remuneration for the remaining Executive remaining unchanged.

**Short term performance plan (STPP)**

To ensure that the STPP pool was appropriately aligned to the Group’s strategic priorities, two non-financial measures were formally introduced in addition to the existing financial measures for determining the STPP pool for the year ended 30 June 2016. The measures used to determine the STPP pool for FY16 were Normalised Net Profit After Tax (NFAT) for the Group, Guest Satisfaction Scores and Employee Engagement Scores.

The STPP pool in FY16 was larger than in FY15. The increase reflects increased employee participation in incentive programs and changes made to gradually align eligibility and participation levels across the Group.

STPP awards that were delivered as restricted shares with a twelve month holding lock increased from $2.1m to $3.8m to increase equity participation of management and ensure remuneration is risk aligned.

**Long Term Performance Plan (LTTP)**

There were no performance rights due for testing in September 2015 as the vesting period of long term incentives was changed from three years to four years in FY13. The next test date for performance rights granted in FY13 will be in September 2016.

**Non-Executive Director fees**

The maximum aggregate fees payable to Non-Executive Directors has remained unchanged from the $2 million limit (including superannuation contributions) approved by shareholders at the time of the Company’s demerger from Tabcorp Holdings Limited in 2011.

## 3. Remuneration Governance

The Remuneration Committee (the Committee) considers matters relating to the remuneration of KMP as well as the remuneration policies of the Group generally. The Committee is comprised of at least three members appointed by the Board.

According to the Remuneration Committee Terms of Reference, the majority of Committee members must be independent non-executive directors and the Chair of the Committee must be an independent non-executive director. Currently all members of the Remuneration Committee (including the Chair of the Committee) are independent non-executive directors.

The main responsibilities of the Committee are:

- Establishing and maintaining fair and reasonable remuneration policies and practices that apply to the Group;
- Reviewing and recommending to the Board the remuneration of Executives, taking into account comparable ASX-listed organisations with similar market capitalisation (range 70% to 160% of The Star Entertainment Group’s market capitalisation) as well as appropriate industry peers;
- Reviewing and recommending to the Board the terms and conditions of reward programs for Executives, including performance-based payments;
- Reviewing and recommending to the Board the remuneration of the Chairman and NEDs, taking into account the level of fees paid to Board members of comparable ASX-listed organisations, determined based on similar market capitalisation (range 70% to 160% of The Star Entertainment Group’s market capitalisation) as well as appropriate gaming and entertainment industry peers;
- Engaging a remuneration consultant on remuneration matters when required; and
- Agreeing benchmarks against which annual salary reviews are evaluated.

**Use of remuneration advisors**

The Committee seeks external advice from time to time to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by, and report directly to, the Committee.

PricewaterhouseCoopers (PwC) are the Group’s appointed independent external remuneration consultants. No remuneration recommendations as defined by the Corporations Act were provided by PwC during FY16.

Remuneration Report approval at 2015 Annual General Meeting (AGM)

The FY15 Remuneration Report received positive shareholder support at the 2015 AGM, with a vote of 97.53% in favour.
4. Remuneration Strategy and Programs

The remuneration strategy at The Star Entertainment Group is designed to support a high performance culture, achieve superior performance and as a result, sustainable value for shareholders. The reward programs are designed to promote individual accountability and entrepreneurship in employees.

To achieve these objectives, the reward principles are shaped around:

- being market competitive in order to attract and retain high performing individuals (fixed remuneration). Fixed remuneration is set taking into account the level of remuneration paid to Executives of comparable ASX-listed organisations, determined based on similar market capitalisation and appropriate industry peers. Fixed pay and total target remuneration (fixed pay plus target variable pay) are targeted at the median of the relevant market, with an opportunity to earn above median pay, up to the 75th percentile, where higher levels of performance are realised.
- paying for performance behaviours (variable – at risk pay) that drive sustainable value for shareholders. Balanced scorecards are used to focus individuals on targets that support the Group’s key operational and strategic priorities.

The figure below illustrates how components of Executives’ Total Annual Reward (TAR) opportunity are linked to strategic priorities.

### Figure 1: Components of Executive TAR Opportunity

<table>
<thead>
<tr>
<th>Component</th>
<th>Delivery</th>
<th>Performance alignment</th>
<th>Strategic objective</th>
<th>Performance period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration</td>
<td>Cash and superannuation</td>
<td>Market median</td>
<td>Attraction and retention</td>
<td>July 2015 to June 2016</td>
</tr>
<tr>
<td>Variability (at risk)</td>
<td>Cash and restricted shares (ii)</td>
<td>Group or property performance and individual performance (iii)</td>
<td></td>
<td>July 2015 to June 2016</td>
</tr>
<tr>
<td>Long-term incentive (LTI)</td>
<td>Performance rights</td>
<td>Relative Total Shareholder Return and Earnings per Share</td>
<td>Sustainable Shareholder value creation (5 year period)</td>
<td>September 2015 to September 2019</td>
</tr>
</tbody>
</table>

### Fixed and Variable (at risk) Remuneration

The Star Entertainment Group balances the level of fixed versus variable remuneration based on the industry’s market for talent, the views of shareholders and the need for effective reward mechanisms to connect short and long-term performance against the Group’s strategic priorities.

The figure below illustrates the remuneration mix for the Managing Director and Chief Executive Officer and senior executives (the Chief Financial Officer and the Managing Directors of The Star Sydney and Queensland properties) respectively.

### Figure 2: Remuneration mix for FY16

#### Fixed vs. At Risk

- **Cash and Deferred Equity**
  - **STI Cash:** 25%
  - **LTI Cash:** 50%
  - ** Deferred:** 20%

- **LTI**
  - **STI Deferred:** 25%
  - **LTI Deferred:** 25%
  - **Fixed:** 10%

#### Cash vs. Equity

- **Cash:** 30%
- **Equity:** 70%

#### Total ‘Target’ Annual Reward

- **Cash and Deferred Equity**
  - **STI Cash:** 25%
  - **LTI Cash:** 50%
  - **Deferred:** 20%

- **LTI**
  - **STI Deferred:** 25%
  - **LTI Deferred:** 25%
  - **Fixed:** 10%

### 4.1 Fixed remuneration

The fixed remuneration received by Executives may comprise base salary, superannuation and non-monetary benefits. The amount of fixed remuneration an Executive receives is based on:

- scope and responsibilities of the role;
- reference to the level of remuneration paid to Executives of comparable ASX-listed organisations, determined based on similar market capitalisation (range 70% to 160% of The Star Entertainment Group’s market capitalisation) as well as appropriate industry peers; and
- level of international and domestic gaming knowledge, skills and experience of the individual.

### 4.2 Variable (at risk) remuneration

The Star Entertainment Group has two variable reward programs which drive short-term earnings and long-term value creation for shareholders. They are the Short Term Performance Plan (STPP) and the Long Term Performance Plan (LTPP).

---

(i) Employees may voluntarily elect to salary sacrifice for additional superannuation contributions and motor vehicle novated leases (from fixed remuneration component only).
(ii) A mandatory one-third of the Executives’ short-term incentive award is deferred into restricted shares which are subject to a holding lock for a period of twelve months from the date of the award.
(iii) Metrics used to assess performance are included in the Group Key Performance Summary in Table 4.
4.2.1 Short Term Performance Plan
The STTPP is designed to reward Executives for their contribution to the Group's financial and non-financial performance, against a weighted scorecard. For payments to be made, the Board first reviews the Group’s performance against budget to determine if awards will be available. For FY16, the number of employees invited to participate in the plan was approximately 451, for FY15 this was 317.

Table 1: Key design features of the STPP

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Gateway</th>
<th>Pool size</th>
<th>Incentive opportunity levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>To motivate, assess and reward Executives based on their short-term (twelve month) contribution to the Group’s performance and property/team results.</td>
<td>The level of Group performance required before the gateway is opened is determined by the threshold being 95% of the budgeted Normalised NPAT of the Group as approved by the Board. This gateway applies to all Executives and participants in the plan. The Board may use its discretion to make payments to reward for significant non-financial performance.</td>
<td>The pool size is determined by the Board through an assessment of the following: 1. Group performance (Normalised NPAT) 2. property performance (Normalised EBITDA) 3. other non-financial and strategic priorities</td>
<td>Individual performance is determined by using a weighted scorecard of measures (Figure 3) to arrive at a performance rating. Performance ratings link to payment ranges as follows: • Outstanding: 125 – 150% of target • Exceeds: 100 – 125% of target • Meets: 75 – 100% of target • Meets some: 0 – 75% of target • Did not meet: 0% of target</td>
</tr>
</tbody>
</table>

Payment calculation
Individual performance is determined by using a weighted scorecard of measures (Figure 3) to arrive at a performance rating. Performance ratings link to payment ranges as follows:
- Outstanding: 125 – 150% of target
- Exceeds: 100 – 125% of target
- Meets: 75 – 100% of target
- Meets some: 0 – 75% of target
- Did not meet: 0% of target
An Executive’s individual STI award is based on the following calculation:

\[
\text{Individual STI award} = \text{Individual Target STI} \times \text{Fixed Remuneration} \times \left( \frac{\text{Group Performance Multiplier}}{100} \right) \times \left( \frac{\text{Individual STI Performance Multiplier}}{100} \right)
\]

Payments are capped at 150% of the Executive’s STPP target. Where performance and/or behaviours have been deemed unsatisfactory, no incentives are awarded.

Delivery of payments
Two-thirds of payments are delivered in cash in September. One-third of all payments are held in restricted shares for a period of twelve months from the date of the award. These shares are forfeited in the event that the Executive voluntarily terminates from the Group. Executives are entitled to receive dividends and have voting rights during the restriction period, however they are unable to vote on remuneration resolutions at the AGM.

Clawback
Incentives may be clawed back where there has been a material misrepresentation of the financial outcomes on which the payment had been assessed and/or the Executive’s actions have been found to be fraudulent, dishonest or in breach of the Group’s Code of Conduct (e.g. misconduct). This provision may extend up to the prior three financial years of STPP payments.

Remuneration x Fixed Remuneration x Individual Target STI % x Group Performance Multiplier % x Individual STI Performance Multiplier % = Individual STI award (Capped at 150% of target)

4.2.2 Long Term Performance Plan
The LTPP is principally designed to reward Executives for their contributions to sustainable shareholder value creation. Equity awards are granted annually and may vest after four years (subject to performance). Performance is measured at the test date against two criteria – Relative Total Shareholder Return (TSR) and Earnings per Share (EPS). There were 9 participants in the plan for FY16 and 8 participants in FY15.

Table 2: Key design features of the LTPP

<table>
<thead>
<tr>
<th>Type of equity award</th>
<th>Determination of the number of rights</th>
<th>Visitng schedule (horizon)</th>
</tr>
</thead>
</table>
| Performance rights. When the performance rights vest, ordinary shares in The Star Entertainment Group are automatically registered in the participant’s name and the participant will have voting and dividend rights corresponding to the rights of all other ordinary holders of The Star Entertainment Group shares. | The number of performance rights allocated to an Executive is based on the following calculation: Target LTI ($) = Moderate face value of a performance right = Number of performance rights allocated | TSR (50% of the award) = EPS (50% of the award)
| TSR (50% of the award) has been included to focus the Executives on the Group’s relative TSR ranking. EPS has been included to drive line of sight between the Group’s TSR and EPS performance against the Group's business plan. It measures growth in accounting-based earnings per ordinary share. | EPS performance outcome | Percentage of performance rights that will vest | Between threshold and stretch
| EPS growth to FY19 | Below threshold: 0% | Above 50th and below 75th percentile | Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile) |
| FY9 to EPS target | At or above 75th percentile: 100% | Above 50th and below 75th percentile | Pro-rata between threshold and stretch |
| The Star Entertainment Group will disclose the actual EPS stretch target on a retrospective basis to ensure that the Group’s competitive position is not undermined. | At stretch: 100% | At stretch: 100% | 100% |

Determination of the number of rights
The number of performance rights allocated to an Executive is based on the following calculation:

\[
\text{Number of performance rights allocated} = \left( \frac{\text{Target LTI} (\text{TSR})}{\text{Moderate face value of a performance right}} \right)
\]

Test and vesting date
Performance rights are vested on the fourth anniversary of the grant and are not subject to vesting. When the performance rights vest, ordinary shares in The Star Entertainment Group are automatically registered in the participant’s name and the participant will have voting and dividend rights corresponding to the rights of all other ordinary holders of The Star Entertainment Group shares. These ordinary shares are free of restrictions but are still subject to The Star Entertainment Group’s Securities Trading Policy.

Cessation of employment
All unvested performance rights lapse immediately upon cessation of employment with The Star Entertainment Group. However, the Board has discretion in special circumstances to determine the number of performance rights retained and the terms applicable. Special circumstances include events such as retirement, redundancy, death and permanent disability.
5. Performance and Reward Outcomes under the STPP

5.1 Group performance
In determining whether any incentives are being paid and the size of the incentive pool, the Board considers both financial and non-financial performance against targets.

- **Financial performance**
  The financial performance measure driving the size of the STPP pool is Normalised NPAT of the Group.
  The following chart shows The Star Entertainment Group’s reported Normalised NPAT relative to target over the last five financial years and the percentage of STIs awarded relative to the ‘on target’ amount. For FY16 the Normalised NPAT target was exceeded.

Figure 3: Normalised NPAT relative to target and percentage STI paid

- **Non-financial performance**
  The two non-financial measures taken into account for FY16 are Guest Service and Employee Engagement. For FY16, the Group met its Guest Service target and exceeded its Employee Engagement target.

- **Outcome**
  Based on the above-target financial performance and satisfactory non-financial performance, the Board approved the creation of an ‘above-target’ incentive pool at 120%. The total incentive pool amounted to approximately $16.4m including $3.9m to be delivered in restricted shares which are subject to a twelve month holding lock.

5.2 Individual performance
In determining the individual STPP outcomes for Executives, their performance is assessed against their weighted balanced scorecard objectives as shown in the figure below. The objectives are based on the Group’s key performance indicators (outlined in Table 4). Executives’ behaviour, relative to the qualities and values of The Star Entertainment Group, is also taken into account when determining their individual performance rating and outcomes for the purposes of the STPP.

Figure 4: Weighted balanced scorecard

5.3 Individual outcomes
The table below summarises the individual STPP outcomes of Executives in FY16.

Table 3: FY16 STI Awards

<table>
<thead>
<tr>
<th>Details</th>
<th>Matt Bekier Managing Director and Chief Executive Officer</th>
<th>Chad Burton Chief Financial Officer</th>
<th>Greg Hawkins Managing Director, The Star Sydney</th>
<th>Geoff Hogg Managing Director, Queensland</th>
</tr>
</thead>
<tbody>
<tr>
<td>STI awarded as % of target</td>
<td>144%</td>
<td>120%</td>
<td>117%</td>
<td>115%</td>
</tr>
<tr>
<td>Total award $</td>
<td>$2,379,000</td>
<td>$515,070</td>
<td>$945,000</td>
<td>$346,500</td>
</tr>
<tr>
<td>Cash $</td>
<td>$1,584,000</td>
<td>$243,980</td>
<td>$832,000</td>
<td>$201,000</td>
</tr>
<tr>
<td>Restricted shares $</td>
<td>$792,000</td>
<td>$171,090</td>
<td>$315,000</td>
<td>$115,500</td>
</tr>
</tbody>
</table>
Remuneration Report (Audited)
For the Year Ended 30 June 2016

6. Performance and Reward Outcomes under the LTPP

Annual grants are made to Executives under the Group's LTPP to, predominantly, reward Executives for their contributions to sustainable shareholder value creation and to encourage retention.

6.1 Statutory performance indicators

The table below outlines the performance of the Group and shareholder returns over the last five financial years, noting the improved share price performance of the Company on the pop and since FY12.

Table 5: Statutory key performance indicators over the last five financial years

<table>
<thead>
<tr>
<th>Performance metric</th>
<th>FY12 Grant</th>
<th>FY13 Grant</th>
<th>FY14 Grant</th>
<th>FY15 Grant</th>
<th>FY16 Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory NPAT</td>
<td>$42.2m</td>
<td>$33.5m</td>
<td>$105.3m</td>
<td>$169.3m</td>
<td>$196.4m</td>
</tr>
<tr>
<td>EPS</td>
<td>5.8c</td>
<td>10.1c</td>
<td>12.5c</td>
<td>20.5c</td>
<td>25.5c</td>
</tr>
<tr>
<td>Full-year dividend (fully franked, cents per share)</td>
<td>4.6c</td>
<td>2.6c</td>
<td>9.5c</td>
<td>11.0c</td>
<td>13.5c</td>
</tr>
<tr>
<td>Share price at year end</td>
<td>$4.26</td>
<td>$3.16</td>
<td>$3.14</td>
<td>$4.36</td>
<td>$5.40</td>
</tr>
<tr>
<td>Increase/decrease in share price</td>
<td>NA (29%)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

6.2 Performance rights issued to date and cumulative performance rights held by Executives

The following two tables provide details of performance rights granted under the LTPP since inception of the Company and the respective number of unvested performance rights held by Executives as at the end of the financial year.

Table 6: Details of performance rights issued to date

<table>
<thead>
<tr>
<th>Detail</th>
<th>FY12 Grant</th>
<th>FY13 Grant</th>
<th>FY14 Grant</th>
<th>FY15 Grant</th>
<th>FY16 Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant date</td>
<td>30 Sep 2014</td>
<td>19 Sep 2015</td>
<td>1 Oct 2015</td>
<td>26 Sep 2016</td>
<td>21 Sep 2016</td>
</tr>
<tr>
<td>Test date</td>
<td>30 Sep 2014</td>
<td>19 Sep 2015</td>
<td>1 Oct 2017</td>
<td>26 Sep 2018</td>
<td>21 Sep 2019</td>
</tr>
<tr>
<td>Voting hurdle(s)</td>
<td>TSR</td>
<td>TSR</td>
<td>TSR &amp; EPS</td>
<td>TSR &amp; EPS</td>
<td>TSR &amp; EPS</td>
</tr>
<tr>
<td>Test result</td>
<td>0% vested</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

During FY16, there were no performance rights due for testing as the Group changed the vesting period from three to four years to FY13. The next test date will be in September 2016, for performance rights granted in FY13.

Table 7: Performance rights by grant held by Executives as at 30 June 2016

<table>
<thead>
<tr>
<th>Executive</th>
<th>FY13 Grant</th>
<th>FY14 Grant</th>
<th>FY15 Grant</th>
<th>Total performance rights held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matt Baker</td>
<td>237,272</td>
<td>158,503</td>
<td>352,112</td>
<td>1,303,890</td>
</tr>
<tr>
<td>Chris Butter</td>
<td>91,345</td>
<td>62,903</td>
<td>154,458</td>
<td></td>
</tr>
<tr>
<td>Greg Hetherington</td>
<td>109,914</td>
<td>111,593</td>
<td>278,207</td>
<td></td>
</tr>
<tr>
<td>Geoff Hogg</td>
<td>63,839</td>
<td>62,903</td>
<td>70,422</td>
<td>247,761</td>
</tr>
<tr>
<td>Total performance rights</td>
<td>290,009</td>
<td>258,042</td>
<td>682,077</td>
<td>1,711,498</td>
</tr>
</tbody>
</table>

The FY12 Grant was tested in September 2014 and as performance hurdles were not met there is no re-testing of hurdles, these rights lapsed.

Remuneration Report (Audited)
For the Year Ended 30 June 2016
### 7. Executive Remuneration

#### Table 8: Statutory Executive Remuneration

<table>
<thead>
<tr>
<th>Executive</th>
<th>Financial year</th>
<th>Salary &amp; Fees ($)</th>
<th>Bonus ($)</th>
<th>Non-monetary benefits ($)</th>
<th>Long-service bonus ($)</th>
<th>Post-Employment Superannuation ($)</th>
<th>Performance rights ($)</th>
<th>Restricted shares ($)</th>
<th>Total remuneration ($)</th>
<th>Performance related (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matt Bekier</td>
<td>2016</td>
<td>1,973,000</td>
<td>1,854,000</td>
<td>2,388</td>
<td>19,459</td>
<td>20,924</td>
<td>665,914</td>
<td>769,200</td>
<td>4,692,571</td>
<td>66%</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>1,965,462</td>
<td>1,997,000</td>
<td>1,337</td>
<td>24,959</td>
<td>20,924</td>
<td>665,914</td>
<td>769,200</td>
<td>4,692,571</td>
<td>66%</td>
</tr>
<tr>
<td>Chad Barton</td>
<td>2016</td>
<td>431,954</td>
<td>363,265</td>
<td>194</td>
<td>11,940</td>
<td>20,000</td>
<td>673,939</td>
<td>171,010</td>
<td>2,647,036</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>329,200</td>
<td>312,000</td>
<td>1,260</td>
<td>18,985</td>
<td>21,760</td>
<td>643,250</td>
<td>91,050</td>
<td>1,201,500</td>
<td>42%</td>
</tr>
<tr>
<td>Greg Hawkins</td>
<td>2016</td>
<td>691,918</td>
<td>343,980</td>
<td>194</td>
<td>11,961</td>
<td>30,000</td>
<td>97,649</td>
<td>171,990</td>
<td>1,347,692</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>655,206</td>
<td>312,000</td>
<td>1,049</td>
<td>10,831</td>
<td>24,783</td>
<td>77,941</td>
<td>225,756</td>
<td>1,201,924</td>
<td>42%</td>
</tr>
<tr>
<td>Geoff Hogg</td>
<td>2016</td>
<td>1,223,119</td>
<td>630,000</td>
<td>299,509</td>
<td>20,008</td>
<td>39,608</td>
<td>176,620</td>
<td>315,000</td>
<td>2,703,864</td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>1,000,137</td>
<td>458,236</td>
<td>384,091</td>
<td>16,601</td>
<td>34,953</td>
<td>77,641</td>
<td>229,118</td>
<td>2,200,777</td>
<td>35%</td>
</tr>
</tbody>
</table>

#### 7. Executive Remuneration cont.

The table below summarises the Executives’ remuneration for FY16 based on awards made in respect of FY16 performance. These outcomes differ to the statutory remuneration disclosed in the preceding table that are based on Australian Accounting Standard principles.

#### Table 9: Remuneration outcomes for the year ended 30 June 2016 – Executives

<table>
<thead>
<tr>
<th>Executive</th>
<th>Total Remuneration ($)</th>
<th>Short-term incentives</th>
<th>Long-term incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>Cash ($)</td>
<td>Shares ($)</td>
</tr>
<tr>
<td>Matt Bekier</td>
<td>4,026,000</td>
<td>1,584,000</td>
<td>-</td>
</tr>
<tr>
<td>Chad Barton</td>
<td>1,198,470</td>
<td>343,980</td>
<td>-</td>
</tr>
<tr>
<td>Greg Hawkins</td>
<td>2,145,000</td>
<td>630,000</td>
<td>-</td>
</tr>
<tr>
<td>Geoff Hogg</td>
<td>896,500</td>
<td>231,000</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL FY16</td>
<td>8,265,970</td>
<td>2,788,980</td>
<td>1,394,490</td>
</tr>
</tbody>
</table>

(i) Comprises all variable and benefits excluding motoring allowance and annual leave expense.
(ii) Represents discretionary performance share awards. For accounting purposes, the charge relating to the grant of restricted shares is recognised as a share based payment expense in the income statement over the vesting period.
(iii) Comprises contributions to superannuation schemes.
(iv) Includes all cash payments for short-term incentives.
(v) There were no performance rights due for testing in FY16 due to the change from a three year testing period to a four year testing period in FY13.
8. Executive Contracts

Remuneration arrangements for Executives are formalised in employment contracts. The following table sets out details of contracts with Executives.

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Contract Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matt Bekier</td>
<td>Managing Director and Chief Executive Officer</td>
<td>Fixed remuneration $1,650,000, Superannuation $800,000, Short-term incentive target $1,650,000, Long-term incentive (annual grant value) $1,100,000, Total Target Annual Reward $4,400,000, Notice by the Group 12 months, Restraint 12 months, Non solicitation 12 months, Contract duration Open ended</td>
</tr>
<tr>
<td>Chad Barton</td>
<td>Chief Financial Officer</td>
<td>Fixed remuneration $682,500, Superannuation $340,000, Short-term incentive target $409,500, Long-term incentive (annual grant value) $273,000, Total Target Annual Reward $1,365,000, Notice by the Group 6 months, Restraint 12 months, Non solicitation 12 months, Contract duration Open ended</td>
</tr>
<tr>
<td>Greg Hawkins</td>
<td>Managing Director, The Star</td>
<td>Fixed remuneration $1,200,000, Superannuation $600,000, Short-term incentive target $720,000, Long-term incentive (annual grant value) $480,000, Total Target Annual Reward $2,400,000, Notice by the Group 9 months, Restraint 12 months, Non solicitation 12 months, Contract duration Open ended</td>
</tr>
<tr>
<td>Geoff Hogg</td>
<td>Managing Director, Queensland</td>
<td>Fixed remuneration $550,000, Superannuation $275,000, Short-term incentive target $330,000, Long-term incentive (annual grant value) $220,000, Total Target Annual Reward $1,100,000, Notice by the Group 6 months, Restraint 12 months, Non solicitation 12 months, Contract duration Open ended</td>
</tr>
</tbody>
</table>

9. NED Remuneration

Remuneration Policy

- NEDs receive a Board fee and a Committee fee for their participation as Chair or member of each Committee.
- NEDs do not receive any performance or incentive payments and are not eligible to participate in any of The Star Entertainment Group’s reward programs. This policy aligns with the principle that NEDs act independently and impartially.
- Board fees are not paid to the Managing Director and Chief Executive Officer. Executives do not receive fees for directorships of any subsidiaries.

NED Fees

The aggregate fees payable to NEDs for their services as directors are limited to the maximum annual amount approved by shareholders, currently set at $2,000,000 including superannuation contributions. Since the adoption of The Star Entertainment Group’s Constitution on 6 June 2011, the Company has not sought shareholder approval to increase this limit.

Board and Committee fees effective from 1 January 2016 are shown in the table below. There was no increase in fees for FY16.

<table>
<thead>
<tr>
<th>NED</th>
<th>Board and Committee Fees</th>
<th>Superannuation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>John O’Neill AO</td>
<td>$475,000</td>
<td>$35,524</td>
<td>$510,524</td>
</tr>
<tr>
<td>Gerard Bradley</td>
<td>$227,917</td>
<td>$19,308</td>
<td>$247,225</td>
</tr>
<tr>
<td>Greg Hayes</td>
<td>$222,083</td>
<td>$18,944</td>
<td>$241,027</td>
</tr>
<tr>
<td>Katie Lutey AM</td>
<td>$211,250</td>
<td>$18,219</td>
<td>$229,469</td>
</tr>
<tr>
<td>Sally Pibbs</td>
<td>$212,500</td>
<td>$18,436</td>
<td>$230,936</td>
</tr>
<tr>
<td>Richard Sheppard</td>
<td>$220,000</td>
<td>$19,510</td>
<td>$239,510</td>
</tr>
</tbody>
</table>

The Star Entertainment Group remunerates NEDs for the full month of fees irrespective of their commencement date. Observer fees are paid where the NED appointment is subject to regulatory approval being obtained. Observer fees are equivalent to applicable Board and Committee fees.

<table>
<thead>
<tr>
<th>NED</th>
<th>Financial year</th>
<th>Board and Committee Fees</th>
<th>Superannuation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>John O’Neill AO</td>
<td>2016</td>
<td>439,476</td>
<td>35,524</td>
<td>$475,000</td>
</tr>
<tr>
<td>Gerard Bradley</td>
<td>2015</td>
<td>440,000</td>
<td>35,000</td>
<td>$475,000</td>
</tr>
<tr>
<td>Greg Hayes</td>
<td>2016</td>
<td>233,129</td>
<td>18,944</td>
<td>$252,073</td>
</tr>
<tr>
<td>Katie Lutey AM</td>
<td>2015</td>
<td>198,782</td>
<td>18,219</td>
<td>$216,991</td>
</tr>
<tr>
<td>Sally Pibbs</td>
<td>2015</td>
<td>194,844</td>
<td>18,436</td>
<td>$213,280</td>
</tr>
<tr>
<td>Richard Sheppard</td>
<td>2015</td>
<td>196,979</td>
<td>18,510</td>
<td>$215,489</td>
</tr>
<tr>
<td>TOTAL FY16</td>
<td>2016</td>
<td>1,433,468</td>
<td>129,922</td>
<td>$1,563,389</td>
</tr>
<tr>
<td>TOTAL FY15</td>
<td>2015</td>
<td>1,294,035</td>
<td>114,823</td>
<td>$1,408,858</td>
</tr>
</tbody>
</table>

(i) Comprises superannuation contributions per Superannuation Guarantee legislation and salary sacrificed superannuation.
10. Other information

10.1. KMP shareholdings

To align the interests of the Board and Executives with the interests of shareholders generally, the Board has approved minimum shareholding policies that apply to all KMP.

Minimum Shareholding Policy for Executives

Executives who are classified as KMP are encouraged to progressively acquire shares over a five year period from the date of their appointment (for new Executives), or within five years from the date of commencement of the policy (for existing Executives).

The Managing Director and Chief Executive Officer is encouraged to acquire and hold a minimum number of shares which is of equal value to 150% of one year’s base salary at the time of his unconditional appointment.

Other Executives who are classified as KMP are encouraged to acquire and hold a minimum number of shares which is of equal value to 100% of one year’s base salary at the time of their unconditional appointment.

Direct and indirect holdings in shares or performance rights will each count towards the minimum shareholding target.

Minimum Shareholding Policy for NEDs

NEDs are encouraged to hold shares of equal value to their respective annual base fees applicable at the time of their unconditional appointment.

The shares are to be acquired progressively over three years from the date of their unconditional appointment (for new directors), or within three years from the date of commencement of the policy (for existing directors).

Direct and indirect holdings will both count towards the minimum shareholding target. The tables below show the number of shares and performance rights held by KMP at the beginning and end of the financial year.

Table 13: Shares held by NEDs at 30 June 2016

<table>
<thead>
<tr>
<th>NED</th>
<th>Balance at start of the year</th>
<th>Number acquired</th>
<th>Number divested</th>
<th>Balance at the end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>John O'Neill AO</td>
<td>46,120</td>
<td>5,052</td>
<td></td>
<td>51,172</td>
</tr>
<tr>
<td>Gerard Bradley</td>
<td>20,000</td>
<td>5,000</td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>Greg Hayes</td>
<td>10,000</td>
<td></td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>Kelle Leary AM</td>
<td>11,425</td>
<td>10,249</td>
<td></td>
<td>21,674</td>
</tr>
<tr>
<td>Sally Pilloon</td>
<td>26,900</td>
<td></td>
<td></td>
<td>26,900</td>
</tr>
<tr>
<td>Richard Sheppard</td>
<td>50,000</td>
<td></td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>Total ordinary shares</td>
<td>154,856</td>
<td>35,296</td>
<td></td>
<td>190,152</td>
</tr>
</tbody>
</table>

Table 14: Shares and Performance Rights held by Executives at 30 June 2016

<table>
<thead>
<tr>
<th>Executive</th>
<th>Holding</th>
<th>Balance at start of year</th>
<th>Acquired or granted as compensation</th>
<th>Disposed of or lapsed during the year</th>
<th>Balance at the end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matt Baker</td>
<td>Performance Rights</td>
<td>776,234</td>
<td>233,456</td>
<td></td>
<td>1,020,689</td>
</tr>
<tr>
<td></td>
<td>Ordinary Shares</td>
<td>230,853</td>
<td>130,287</td>
<td></td>
<td>361,140</td>
</tr>
<tr>
<td></td>
<td>Restricted Shares</td>
<td>122,322</td>
<td>146,733</td>
<td>(122,322)</td>
<td>146,733</td>
</tr>
<tr>
<td>Chad Barton</td>
<td>Performance Rights</td>
<td>91,549</td>
<td>82,000</td>
<td></td>
<td>154,450</td>
</tr>
<tr>
<td></td>
<td>Ordinary Shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Restricted Shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Restricted Shares</td>
<td></td>
<td></td>
<td></td>
<td>32,266</td>
</tr>
<tr>
<td>Greg Hawkins</td>
<td>Performance Rights</td>
<td>189,014</td>
<td>130,287</td>
<td></td>
<td>279,215</td>
</tr>
<tr>
<td></td>
<td>Ordinary Shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Restricted Shares</td>
<td></td>
<td></td>
<td></td>
<td>47,854</td>
</tr>
<tr>
<td>Geoff Hogg</td>
<td>Performance Rights</td>
<td>197,652</td>
<td>82,452</td>
<td></td>
<td>241,741</td>
</tr>
<tr>
<td></td>
<td>Ordinary Shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Restricted Shares</td>
<td></td>
<td></td>
<td></td>
<td>32,366</td>
</tr>
<tr>
<td></td>
<td>Restricted Shares</td>
<td></td>
<td></td>
<td></td>
<td>146,733</td>
</tr>
</tbody>
</table>

Note: The closing balances of restricted shares are subject to a holding lock that ends on 15 September 2017.

1 Includes 713 ordinary shares acquired through salary sacrifice under the General Employee Share Plan Offer that are subject to a holding lock for three years from the acquisition date.

2 Restricted shares that are no longer subject to a holding lock are transferred into Ordinary Shares.

10.2. Loans and other transactions with KMP

There have been no loans or other transactions with KMP during the year.
### 10.3. Variable Remuneration

#### Table 15: Variable Remuneration

<table>
<thead>
<tr>
<th>Executive</th>
<th>Financial year</th>
<th>Cash award</th>
<th>Restricted share grant</th>
<th>As a % of total remuneration</th>
<th>STI not achieved as a % of target</th>
<th>Number of performance rights granted</th>
<th>Face value of performance rights granted</th>
<th>Face value per right at grant date</th>
<th>Grant date</th>
<th>Test date</th>
<th>As a % of total remuneration</th>
<th>Number of performance rights vested</th>
<th>Number of performance rights expired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matt Bekier</td>
<td>2016</td>
<td>1,584,000</td>
<td>792,000</td>
<td>51%</td>
<td>0%</td>
<td>252,656</td>
<td>1,145,000</td>
<td>6.34</td>
<td>21/09/2015</td>
<td>21/09/2019</td>
<td>13%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Chad Barton</td>
<td>2015</td>
<td>1,400,000</td>
<td>700,000</td>
<td>0%</td>
<td>0%</td>
<td>352,112</td>
<td>1,000,000</td>
<td>2.56</td>
<td>26/09/2019</td>
<td>26/09/2019</td>
<td>10%</td>
<td>-</td>
<td>(225,558)</td>
</tr>
<tr>
<td>Greg Hawkins</td>
<td>2016</td>
<td>630,000</td>
<td>315,000</td>
<td>0%</td>
<td>0%</td>
<td>190,550</td>
<td>400,000</td>
<td>6.25</td>
<td>21/09/2015</td>
<td>21/09/2019</td>
<td>13%</td>
<td>-</td>
<td>(232,558)</td>
</tr>
<tr>
<td>Geoff Hogg</td>
<td>2016</td>
<td>231,000</td>
<td>115,500</td>
<td>0%</td>
<td>0%</td>
<td>50,691</td>
<td>220,000</td>
<td>4.34</td>
<td>21/09/2015</td>
<td>21/09/2019</td>
<td>13%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total FY16</td>
<td></td>
<td>2,788,980</td>
<td>1,394,490</td>
<td>477,649</td>
<td>2,073,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total FY15</td>
<td></td>
<td>2,458,236</td>
<td>1,229,118</td>
<td>683,097</td>
<td>1,940,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(i) Maximum opportunity available is 150% of the Executive’s target incentive level.

(ii) Percentage calculation is based on accounting LTI expense and total remuneration as reported in Table 8.

(iii) Performance rights granted in FY12 were tested in September 2015 and resulted in no vesting of performance rights. No performance rights were due for testing in FY16 as the vesting period was changed from three years to four years in FY13.
### Consolidated Income Statement

**For the Year Ended 30 June 2016**

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 $m</th>
<th>2015 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>A2</td>
<td>2,268.1</td>
</tr>
<tr>
<td><strong>Government taxes and levies</strong></td>
<td>A3</td>
<td>504.6</td>
</tr>
<tr>
<td><strong>Commissions and fees</strong></td>
<td>A3</td>
<td>313.7</td>
</tr>
<tr>
<td><strong>Employment costs</strong></td>
<td>A3</td>
<td>600.5</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>A3</td>
<td>163.8</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>A3</td>
<td>81.8</td>
</tr>
<tr>
<td><strong>Property costs</strong></td>
<td></td>
<td>77.8</td>
</tr>
<tr>
<td><strong>Advertising and promotions</strong></td>
<td></td>
<td>88.7</td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td></td>
<td>116.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share of net profits and losses of associates and joint ventures</strong></td>
<td>D5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Earnings before interest and tax (EBIT)</strong></td>
<td></td>
<td>325.0</td>
</tr>
<tr>
<td><strong>Net finance costs</strong></td>
<td>A5</td>
<td>(45.8)</td>
</tr>
<tr>
<td><strong>Profit before income tax (PBT)</strong></td>
<td></td>
<td>279.2</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>F2</td>
<td>(84.8)</td>
</tr>
<tr>
<td><strong>Net profit after tax (NPAT)</strong></td>
<td></td>
<td>194.4</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Items that may be reclassified subsequently to profit or loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Change in fair value of cash flow hedges taken to equity, net of tax</strong></td>
<td>F1</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td>204.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earnings per share:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic and diluted earnings per share</strong></td>
<td>F3</td>
<td>23.6 cents</td>
</tr>
<tr>
<td><strong>Dividends per share:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fully franked dividend per share</strong></td>
<td>A6</td>
<td>13.0 cents</td>
</tr>
</tbody>
</table>

The above consolidated income statement should be read in conjunction with accompanying notes.

### Consolidated Balance Sheet

**For the Year Ended 30 June 2016**

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 $m</th>
<th>2015 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>B1</td>
<td>159.0</td>
</tr>
<tr>
<td><strong>Trade and other receivables</strong></td>
<td>B2</td>
<td>130.3</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>B3</td>
<td>9.0</td>
</tr>
<tr>
<td><strong>Derivative financial instruments</strong></td>
<td>B3</td>
<td>14.5</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>F4</td>
<td>38.5</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>351.3</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>B4</td>
<td>2,120.9</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td>B5</td>
<td>1,836.7</td>
</tr>
<tr>
<td><strong>Derivative financial instruments</strong></td>
<td>B3</td>
<td>242.0</td>
</tr>
<tr>
<td><strong>Investment in associates and joint ventures</strong></td>
<td>D5</td>
<td>29.3</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>F4</td>
<td>15.2</td>
</tr>
<tr>
<td><strong>Total non current assets</strong></td>
<td></td>
<td>4,244.1</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>4,595.4</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade and other payables</strong></td>
<td>F5</td>
<td>261.9</td>
</tr>
<tr>
<td><strong>Income tax payable</strong></td>
<td>F2</td>
<td>20.8</td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td>F6</td>
<td>58.3</td>
</tr>
<tr>
<td><strong>Derivative financial instruments</strong></td>
<td>B3</td>
<td>17.8</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>F7</td>
<td>20.9</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>379.7</td>
</tr>
<tr>
<td><strong>Total non current liabilities</strong></td>
<td></td>
<td>1,068.0</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>1,447.7</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>3,147.7</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share capital</strong></td>
<td>F8</td>
<td>2,580.5</td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td>F8</td>
<td>561.8</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td>F8</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>3,147.7</td>
</tr>
</tbody>
</table>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

Cash flows from operating activities
Net cash receipts from customers (inclusive of GST) 2,287.6 2,174.5
Payments to suppliers and employees (inclusive of GST) (1,307.7) (1,202.4)
Payment of government levies, gaming taxes and GST (502.5) (465.6)
Interest received 1.3 2.3
Income taxes paid F2 (100.8) (23.3)
Net cash inflow from operating activities F9 377.9 485.5

Cash flows from investing activities
Payments for property, plant, equipment and intangibles (292.5) (207.7)
Proceeds from sale of subsidiary D6 - 67.5
Payments for investment in associates and joint ventures D6 (29.3) -
Net cash (outflow) used in investing activities (321.8) (140.2)

Cash flows from financing activities
Proceeds from interest bearing liabilities B7 160.0 40.0
Repayment of interest bearing liabilities B7 (110.0) (210.0)
Dividends paid A6 (94.9) (74.3)
Finance costs (48.8) (53.4)
Net cash (outflow) used in financing activities (93.7) (297.7)

Net (decrease)/increase in cash and cash equivalents (37.6) 47.6
Cash and cash equivalents at beginning of the year 196.6 144.9
Net cash and cash equivalents relating to assets held for sale - 4.1
Cash and cash equivalents at end of the year B1 159.0 196.6

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

Ordinary shares Retained earnings Hedging reserve Share based payment Total
Note $m $m $m $m $m

2016
Balance at 1 July 2015 2,580.5 462.3 (10.0) 2.6 3,035.4
Profit for the year - 194.4 - - 194.4
Other comprehensive income F1 - - 9.6 - 9.6
Total comprehensive income - 184.4 9.6 - 204.0
Dividends paid A6 - (94.9) - - (94.9)
Employee share based payments F10 - - - 3.2 3.2
Balance at 30 June 2016 2,580.5 561.8 (0.4) 5.8 3,147.7

2015
Balance at 1 July 2014 2,580.5 367.3 (18.0) 1.8 2,931.6
Profit for the year - 169.3 - - 169.3
Other comprehensive loss F1 - - 8.0 - 8.0
Total comprehensive income - 169.3 8.0 - 177.3
Dividends paid A6 - (74.3) - - (74.3)
Employee share based payments F10 - - - 0.8 0.8
Balance at 30 June 2015 2,580.5 462.3 (10.0) 2.6 3,035.4

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Refer to the Operating Financial Review (OFR) within the Directors’ Report for details of the key transactions during the year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

A Key income statement disclosures
A1 Segment information
The Group’s operating segments have been determined based on the internal management reporting structure and the nature of products and services provided by the Group. They reflect the business level at which financial information is provided to the executive decision makers, being the Managing Director and Chief Executive Officer and the Chief Financial Officer, for decision making regarding resource allocation and performance assessment.
The Group has three reportable segments:
The Star Sydney Comprises The Star Sydney’s casino operations, including hotels, apartment complex, restaurants, bars and night club.
Gold Coast Comprises Jupiters’ casino operations, including hotel, theatre and bars.
Treasury Brisbane Comprises Treasury’s casino operations, including hotels, restaurants and bars.

<table>
<thead>
<tr>
<th></th>
<th>The Star Sydney</th>
<th>Gold Coast</th>
<th>Treasury Brisbane</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Gross revenues - VIP a</td>
<td>555.1</td>
<td>39.9</td>
<td>1.3</td>
<td>596.3</td>
</tr>
<tr>
<td>Gross revenues - domestic b</td>
<td>1,101.7</td>
<td>321.1</td>
<td>338.6</td>
<td>1,761.4</td>
</tr>
<tr>
<td>Segment revenue (refer to note A2)</td>
<td>1,656.8</td>
<td>361.0</td>
<td>339.9</td>
<td>2,357.7</td>
</tr>
<tr>
<td>Segment earnings before interest, tax and significant items (EBIT excluding significant items)</td>
<td>200.7</td>
<td>49.1</td>
<td>75.2</td>
<td>325.0</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>101.7</td>
<td>35.2</td>
<td>26.9</td>
<td>163.8</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>150.2</td>
<td>132.4</td>
<td>23.6</td>
<td>306.2</td>
</tr>
</tbody>
</table>

2015
<table>
<thead>
<tr>
<th></th>
<th>The Star Sydney</th>
<th>Gold Coast</th>
<th>Treasury Brisbane</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Gross revenues - VIP a</td>
<td>517.9</td>
<td>68.9</td>
<td>1.6</td>
<td>588.4</td>
</tr>
<tr>
<td>Gross revenues - domestic b</td>
<td>1,023.2</td>
<td>324.4</td>
<td>321.6</td>
<td>1,669.2</td>
</tr>
<tr>
<td>Segment revenue (refer to note A2)</td>
<td>1,541.1</td>
<td>393.9</td>
<td>323.2</td>
<td>2,257.6</td>
</tr>
<tr>
<td>Segment earnings before interest, tax and significant items (EBIT excluding significant items)</td>
<td>169.1</td>
<td>60.5</td>
<td>61.2</td>
<td>290.8</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>98.5</td>
<td>38.0</td>
<td>27.2</td>
<td>163.7</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>119.9</td>
<td>75.5</td>
<td>30.4</td>
<td>225.8</td>
</tr>
</tbody>
</table>

a Gross revenue is presented as the gross gaming win before player rebates and promotional allowances.
b The Group sold its Jupiters Townsville complex on 1 October 2014. The Gold Coast segment includes the results from 1 July 2014 to 30 September 2014 for the Jupiters Townsville operations (refer to note D6).

Reconciliation of reportable segment profit to profit before income tax
Segment earnings before interest and tax, excluding significant items (EBIT) 325.0 290.8
Significant items (refer to note A7) - (3.7)
Unallocated items:
  - net finance costs (45.8) (49.9)
Profit before income tax (PBT) 279.2 237.7
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

A2 Revenue

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming</td>
<td>$2,111.1</td>
<td>$2,006.5</td>
</tr>
<tr>
<td>Non-gaming and other</td>
<td>$246.6</td>
<td>$251.1</td>
</tr>
<tr>
<td><strong>Total gross revenue</strong></td>
<td><strong>$2,357.7</strong></td>
<td><strong>$2,257.6</strong></td>
</tr>
<tr>
<td>Less provision for impairment</td>
<td>(89.6)</td>
<td>(117.3)</td>
</tr>
<tr>
<td><strong>Net revenue</strong></td>
<td><strong>$2,268.1</strong></td>
<td><strong>$2,140.3</strong></td>
</tr>
</tbody>
</table>

Revenue is up $127.8$m or 6.0% on the prior comparable period (pcp) with the main revenue growth driven by the domestic gaming businesses. The International VIP Rebate business also showed growth of 1.3%.

Revenue

Revenue is measured at the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised to the extent that it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue and associated costs incurred can be reliably measured. Revenue comprises net gaming win less player rebates and promotional allowances, as well as other non-gaming revenue from the hotels, restaurants and bars.

Customer loyalty programs

The Group operates customer loyalty programs enabling customers to accumulate award credits for gaming and on-property spend. A portion of the spend, equal to the fair value of the award credits earned and reduced for expected breakage, is treated as deferred revenue (refer to note F7). Revenue from the award credits is recognised in the income statement when the award is redeemed or expires.

A3 Expenses

Profit before income tax is stated after charging the following expenses and significant items:

Other income/(expenses)

- Net foreign exchange gain: $0.8 million and $2.3 million for the years ended 30 June 2016 and 2015 respectively
- Gain on sale of Jupiters Townsville (refer to note D6): $- million and $8.0 million for the years ended 30 June 2016 and 2015 respectively
- Other: $- million and $(2.2) million for the years ended 30 June 2016 and 2015 respectively

- Total: $0.8 million and $10.1 million for the years ended 30 June 2016 and 2015 respectively

Government taxes and levies (including gaming GST):

- New South Wales: $350.0 million and $321.2 million for the years ended 30 June 2016 and 2015 respectively
- Queensland: $154.6 million and $152.3 million for the years ended 30 June 2016 and 2015 respectively

- Total: $504.6 million and $473.5 million for the years ended 30 June 2016 and 2015 respectively

Government taxes and levies is up $31.1$m or 6.6% on the pcp driven by increased volumes across the domestic and International VIP Rebate business as well as a higher average gaming tax rate in The Star Sydney.

Employment costs:

- Salaries, wages, bonuses and other benefits: $551.9 million and $532.1 million for the years ended 30 June 2016 and 2015 respectively
- Defined contribution plan expense (superannuation guarantee charges): $43.0 million and $37.5 million for the years ended 30 June 2016 and 2015 respectively
- Share based payment expense (refer to note F10): $5.6 million and $0.8 million for the years ended 30 June 2016 and 2015 respectively

- Total: $600.5 million and $570.4 million for the years ended 30 June 2016 and 2015 respectively

Cost of inventories recognised as an expense during the year:

- $81.8 million for the year ended 30 June 2016
- $79.5 million for the year ended 30 June 2015

Movement in provision for impairment of trade receivables (refer to note B2):

- $23.1 million for the year ended 30 June 2016
- $17.9 million for the year ended 30 June 2015

Operating lease charges:

- $12.3 million for the year ended 30 June 2016
- $15.6 million for the year ended 30 June 2015

Significant items (refer to note A7):

- $- million for the year ended 30 June 2016
- $3.7 million for the year ended 30 June 2015

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

A4 Depreciation and amortisation

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment (refer to note B4)</td>
<td>$135.6 million</td>
<td>$140.1 million</td>
</tr>
<tr>
<td>Intangible assets (refer to note B5)</td>
<td>$27.1 million</td>
<td>$22.4 million</td>
</tr>
<tr>
<td>Other</td>
<td>$1.1 million</td>
<td>$1.2 million</td>
</tr>
</tbody>
</table>

Depreciation is calculated using a straight line method. The useful lives over which the assets are depreciated are as follows (for further details of the useful lives of intangible assets refer to note B5):

- Freehold and leasehold buildings: 10 - 95 years
- Leasehold improvements: 4 - 75 years
- Plant and equipment: 5 - 20 years
- Software: 3 - 10 years
- Licences: Until expiry

Operating equipment (which includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen) is recognised as a depreciation expense based on usage. The period of usage depends on the nature of the operating equipment and varies between 1 to 3 years.

The residual values and useful lives are reviewed annually, and adjusted if appropriate, at each financial reporting date.

A5 Net finance costs

- Interest paid on borrowings: $44.6 million and $47.0 million for the years ended 30 June 2016 and 2015 respectively
- Capitalised to property, plant and equipment: $(1.7) million and $0 million for the years ended 30 June 2016 and 2015 respectively
- Borrowing costs: $4.2 million and $5.1 million for the years ended 30 June 2016 and 2015 respectively
- Finance costs: $47.1 million and $52.1 million for the years ended 30 June 2016 and 2015 respectively
- Interest income: $(1.3) million and $(2.2) million for the years ended 30 June 2016 and 2015 respectively
- Total net finance costs recognised in the income statement: $(45.8) million and $(49.9) million for the years ended 30 June 2016 and 2015 respectively

- a Borrowing costs of $1.7 million were capitalised during the year and are included in ‘Additions’ in note B4. The capitalisation rate was equal to the Group’s weighted average cost of borrowings applicable to the Group’s outstanding borrowings during the year.

Net finance costs of $(45.8) million were down 8.2% on the pcp as a result of a decrease in average debt year on year, capitalised interest and a reduction in the average interest rate on bank debt (a decrease from 7.5% to 7.4%).

A6 Dividends

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends per share</td>
<td>Cents per share</td>
<td>Cents per share</td>
</tr>
<tr>
<td>Interim dividend</td>
<td>5.5$m</td>
<td>5.0$m</td>
</tr>
<tr>
<td>Final dividend</td>
<td>7.5$m</td>
<td>6.0$m</td>
</tr>
<tr>
<td>Total dividend</td>
<td>13.0$m</td>
<td>11.0$m</td>
</tr>
</tbody>
</table>

A final dividend per share of 7.5 cents fully franked was declared, totalling 13.0 cents per share for the year, up 18.2% on the pcp and reflecting the improved performance and financial position of the Group.
## Notes to the Financial Statements

### For the Year Ended 30 June 2016

#### Dividends Declared and Paid during the Year on Ordinary Shares

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final dividend paid during the year in respect of the year ended 30 June 2015 a</td>
<td>49.5</td>
<td>33.0</td>
</tr>
<tr>
<td>Interim dividend paid during the year in respect of the half year ended 31 December 2015 b</td>
<td>45.4</td>
<td>41.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>94.9</strong></td>
<td><strong>74.3</strong></td>
</tr>
</tbody>
</table>

- **a** A final dividend of 6 cents per share fully franked for the year ended 30 June 2015 (30 June 2014: 4 cents) was declared on 11 August 2015 and paid on 16 September 2015 (2014: declared on 12 August 2014 and paid on 30 September 2014).
- **b** An interim dividend of 5.5 cents per share fully franked for the half year ended 31 December 2015 (31 December 2014: 5 cents) was declared on 15 February 2016 and paid on 22 March 2016 (2015: declared on 3 February 2015 and paid on 11 March 2015).

#### Dividends Declared after Balance Date

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final dividend declared during the year ended 30 June 2016 c</td>
<td>61.9</td>
<td>49.5</td>
</tr>
</tbody>
</table>

- **c** Since the end of the financial year, the Directors have declared a final dividend of 7.5 cents per ordinary share (2015: 6 cents), fully franked. The aggregate amount is expected to be paid on 30 September 2016 out of retained earnings at 30 June 2016, but not recognised as a liability at the end of the year.

#### A7 Significant Items

**Earnings before interest and tax (EBIT) is stated after charging the following significant items:**

- Queen’s Wharf Brisbane bid process a
- Gain on sale of Jupiters Townsville b

Net significant items - 3.7

- **a** Costs relating to the Queen’s Wharf Brisbane bid process, including master planning, architects, civil, financial, legal, consortium set up, communications, bid production and other administration costs.
- **b** Other income includes the gain on sale of Jupiters Townsville (refer to note D6).

Significant items are determined by management based on their nature and size. They are items of income or expense which are, either individually or in aggregate, material to the Group or to the relevant business segment and:
- not in the ordinary course of business, such as the cost of significant reorganisations or restructuring; or
- part of the ordinary activities of the business but unusual due to their size and nature, such as impairment of assets.

### B Key Balance Sheet Disclosures

#### Assets

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>49.5</td>
<td>43.0</td>
</tr>
<tr>
<td>Short term deposits, maturing within 30 days</td>
<td>10.4</td>
<td>12.3</td>
</tr>
</tbody>
</table>

#### B1 Cash and Cash Equivalents

- **Cash and cash equivalents**
- **Short term deposits, maturing within 30 days**
- **Total**

#### B2 Trade and Other Receivables

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables a</td>
<td>123.2</td>
<td>107.6</td>
</tr>
<tr>
<td>Less provision for impairment</td>
<td>(12.8)</td>
<td>(9.4)</td>
</tr>
<tr>
<td>Net trade receivables</td>
<td>110.4</td>
<td>98.2</td>
</tr>
<tr>
<td>Other receivables</td>
<td>19.9</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>130.3</td>
<td>110.5</td>
</tr>
</tbody>
</table>

- **a** Includes patron cheques not deposited of $69.6 million (2015: $77.9 million).

Past due not impaired receivables of $33.2 million were up from $16.2 million in the pcp reflective of the underlying growth of the business and high 1.50% win rate in the second half of the year.

#### (i) Provision for Impairment Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>(9.4)</td>
<td>(18.3)</td>
</tr>
<tr>
<td>Provision for impairment recognised during the year b</td>
<td>(23.1)</td>
<td>(17.9)</td>
</tr>
<tr>
<td>Less amounts written off as uncollectible</td>
<td>19.7</td>
<td>26.8</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>(12.8)</td>
<td>(9.4)</td>
</tr>
</tbody>
</table>

- **b** These amounts are included in other expenses in the income statement (refer to note A3).

Trade receivables are non-interest bearing and are generally on 30 day terms.

#### (ii) Ageing of Trade and Other Receivables

<table>
<thead>
<tr>
<th></th>
<th>0 - 30 days</th>
<th>30 days - 1 year</th>
<th>1 - 3 years</th>
<th>3 years +</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not yet due</td>
<td>77.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>77.2</td>
</tr>
<tr>
<td>Past due not impaired</td>
<td>-</td>
<td>31.5</td>
<td>1.7</td>
<td>-</td>
<td>33.2</td>
</tr>
<tr>
<td>Considered impaired</td>
<td>-</td>
<td>11.5</td>
<td>1.3</td>
<td>-</td>
<td>12.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>77.2</td>
<td>43.0</td>
<td>3.0</td>
<td>-</td>
<td>123.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not yet due</td>
<td>82.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>82.0</td>
</tr>
<tr>
<td>Past due not impaired</td>
<td>-</td>
<td>10.5</td>
<td>5.7</td>
<td>-</td>
<td>16.2</td>
</tr>
<tr>
<td>Considered impaired</td>
<td>-</td>
<td>5.3</td>
<td>4.1</td>
<td>-</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>82.0</td>
<td>15.8</td>
<td>9.8</td>
<td>-</td>
<td>107.6</td>
</tr>
</tbody>
</table>
Notwithstanding, the balances are expected to be collected within the normal course of business as the Group has always been able to recover past due trade receivables in a timely manner.

The chart below compares the trade receivables by fall due and by amounts considered impaired as at 30 June 2016 and 30 June 2015 respectively.

### Trade receivables ageing profile

- **2016**
  - Total trade receivables: $82.0m
  - Not yet due (0-30 days): $147.3m
  - 0-30 days: $33.2m
  - 30 days - 1 year: $107.6m
  - 1-3 years: $110.5m
  - 3+ years: $16.7m
- **2015**
  - Total trade receivables: $98.2m
  - Not yet due (0-30 days): $77.2m
  - 0-30 days: $196.6m
  - 30 days - 1 year: $196.6m
  - 1-3 years: $110.5m
  - 3+ years: $55.5m

Provision for impairment of trade receivables

The Group recognises a provision for impairment of trade receivables when there is objective evidence that an individual trade debt is impaired. Factors considered when determining if an impairment exists include the age of the debt, management’s experienced judgement, and other specific facts related to the debt.

### Net derivative assets

Net derivative assets up $33.4 million due to an increase in the value of the cross currency swap used to hedge the USPP loan as a result of a reduction in value of the AUD vs USD exchange rate.

**Valuation of derivatives and other financial instruments**

The valuation of derivatives and financial instruments is based on market conditions at the balance sheet date. The value of the instrument fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the balance sheet date.

Refer to note E2 for additional financial instruments disclosure.
Property, plant and equipment is comprised of the following assets:
- Freehold land - Gold Coast property;
- Leasehold buildings - Treasury Brisbane and The Star Sydney properties;
- Leasehold improvements - Treasury Brisbane property; and
- Plant and equipment - operational and other equipment.

Asset useful lives and residual values
For the accounting policy on depreciation and useful lives of property, plant and equipment refer to note A4.

Capital works in progress
Major ongoing projects include the refurbishment at The Star Sydney and the expansion and refurbishment in the Gold Coast. Minor refurbishment is also being undertaken at the Treasury Brisbane property.

Impairment
Refer to note B6 for details of the accounting policy and key assumptions included in the impairment calculation.

### B5 Intangible assets

<table>
<thead>
<tr>
<th>The Star Sydney and Casino licences</th>
<th>The Star casino concessions</th>
<th>Goodwill</th>
<th>Treasury concessions</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>2016 Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance at beginning of the year</td>
<td>1,442.2</td>
<td>294.7</td>
<td>100.0</td>
<td>139.4</td>
<td>27.2</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25.2</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Reclassification / transfer b</td>
<td>-</td>
<td>-</td>
<td>(1.4)</td>
<td>-</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Closing balance at end of the year</td>
<td>1,442.2</td>
<td>294.7</td>
<td>100.0</td>
<td>162.4</td>
<td>27.2</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td></td>
<td>59.7</td>
<td>17.4</td>
<td>82.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Amortisation expense</td>
<td></td>
<td>3.2</td>
<td>2.8</td>
<td>18.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Closing balance at end of the year</td>
<td>-</td>
<td>62.9</td>
<td>20.2</td>
<td>99.5</td>
<td>7.2</td>
</tr>
<tr>
<td>Carrying Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance at beginning of the year</td>
<td>1,442.2</td>
<td>235.0</td>
<td>82.6</td>
<td>57.2</td>
<td>23.0</td>
</tr>
<tr>
<td>Closing balance at end of the year</td>
<td>1,442.2</td>
<td>231.8</td>
<td>79.8</td>
<td>62.9</td>
<td>20.0</td>
</tr>
<tr>
<td>2015 Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance at beginning of the year</td>
<td>1,442.2</td>
<td>294.7</td>
<td>100.0</td>
<td>131.0</td>
<td>20.1</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14.0</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Reclassification / transfer b</td>
<td>-</td>
<td>-</td>
<td>(4.7)</td>
<td>-</td>
<td>(4.7)</td>
</tr>
<tr>
<td>Closing balance at end of the year</td>
<td>1,442.2</td>
<td>294.7</td>
<td>100.0</td>
<td>139.4</td>
<td>27.2</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td></td>
<td>56.5</td>
<td>14.5</td>
<td>66.4</td>
<td>3.9</td>
</tr>
<tr>
<td>Amortisation expense</td>
<td></td>
<td>3.2</td>
<td>2.9</td>
<td>16.0</td>
<td>0.3</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Closing balance at end of the year</td>
<td>-</td>
<td>59.7</td>
<td>17.4</td>
<td>82.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Carrying Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance at beginning of the year</td>
<td>1,442.2</td>
<td>238.2</td>
<td>85.5</td>
<td>63.7</td>
<td>16.2</td>
</tr>
<tr>
<td>Closing balance at end of the year</td>
<td>1,442.2</td>
<td>235.0</td>
<td>82.6</td>
<td>57.2</td>
<td>23.0</td>
</tr>
</tbody>
</table>

a Includes capital works in progress of $25.2 million (2015: $5.4 million).

b Includes reclassifications of $1.4 million to property, plant and equipment (refer to note B4).
Intangible asset additions relate predominantly to software as the Group progresses its strategic priority to maximise value from technology, including further enhancing gaming and loyalty experience and delivering integrated and new IT platforms.

Asset useful lives and residual values
Intangible assets are amortised using the straight line method as follows:
- The Star Sydney casino licence is amortised from its date of issue until expiry in 2093.
- The Treasury Brisbane casino licence is amortised over the remaining life of the lease to which the licence is linked, which expires in 2070. The Group will continue to amortise the casino licence over its current term up until it is surrendered, following the opening of the Integrated Resort in Queen's Wharf Brisbane (QWB) which is expected in 2022.
- The Star Sydney casino concessions granted by the New South Wales government include effective casino exclusivity and product concessions in New South Wales which are amortised over the period of expected benefits, which is until 2022 and 2030 respectively.
- Software is amortised over useful lives of 3 to 10 years.
- Other assets include the contribution to the construction costs of the state government owned Gold Coast Convention and Exhibition Centre. The Group's Gold Coast casino is deriving future benefits from the contribution, which is being amortised over a period of 50 years.

Goodwill and impairment testing
Goodwill is assessed for impairment on an annual basis and is carried at cost less accumulated impairment losses. Refer to note B6 for the accounting policy on asset impairment and details of key assumptions included in the impairment testing calculation.

B6 Impairment testing and goodwill
Goodwill acquired through business combinations has been allocated to the applicable cash generating unit for impairment testing. Each cash generating unit represents a business operation of the Group.

<table>
<thead>
<tr>
<th>Cash generating unit (Reportable segment)</th>
<th>The Star</th>
<th>Gold Coast</th>
<th>Treasury Brisbane</th>
<th>Total carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,013.5</td>
<td>165.5</td>
<td>263.2</td>
<td>1,442.2</td>
</tr>
<tr>
<td>2015</td>
<td>1,013.5</td>
<td>165.5</td>
<td>263.2</td>
<td>1,442.2</td>
</tr>
</tbody>
</table>

The recoverable amount of each of the three cash generating units at year end (The Star Sydney, Gold Coast and Treasury Brisbane) is determined based on 'fair value less costs of disposal', which is calculated using the discounted cash flow approach. This approach utilises cash flow forecasts that represent a market participant's view of the future cash flows that would arise from operating and developing the Group's assets. These cash flows are principally based upon Board approved business plans for a five-year period, together with longer term projections and approved capital investment plans, extrapolated using an implied terminal growth rate of 2.5% (2015: 2.5%). These cash flows are then discounted using a relevant long term post-tax discount rate specific to each cash generating unit, ranging between 9.0% to 9.5% (2015: 9.0% to 9.4%). The pre-tax discount rates range between 12.9% to 13.6% (2015: 12.9% to 13.4%).

No impairment was recognised in any of the cash generating units at 30 June 2016 (2015: nil). The performance of the Group was driven both by the continued strong growth in the domestic gaming business (+6.8%) and record volume in the International VIP Rebate business (IRB) with revenue up 1.3%.

Key assumptions
The fair value measurement is valued using level 3 valuation techniques (refer to note E2(vi) for details of the levels). The key assumptions on which management based its cash flow projections when determining 'fair value less costs of disposal' are as follows:

i. Cash flow forecasts
   The cash flow forecasts are based upon Board approved business plans for a five-year period, together with longer term projections and approved capital investment plans for each cash generating unit.

ii. Terminal value
   The terminal growth rate used is in line with the forecast long term underlying growth rate in the Consumer Price Index (CPI).
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Liabilities

B7 Interest bearing liabilities

<table>
<thead>
<tr>
<th>Type</th>
<th>Facility amount</th>
<th>Unutilised at 30 June</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicated revolving facility - tranche A</td>
<td>250.0</td>
<td>200.0</td>
<td>July 2018</td>
</tr>
<tr>
<td>Syndicated revolving facility - tranche B</td>
<td>250.0</td>
<td>250.0</td>
<td>July 2019</td>
</tr>
<tr>
<td></td>
<td>500.0</td>
<td>450.0</td>
<td></td>
</tr>
</tbody>
</table>

Interest is variable, linked to BBSY (Bank Bill Swap Bid Rate), plus a margin tiered against the reported gearing ratio at the end of certain test dates.

Working capital facility

On 22 June 2016, the Group rolled over its working capital facility. This working capital facility has been executed on the same terms and conditions as the existing syndicated revolving facility agreement.

<table>
<thead>
<tr>
<th>Type</th>
<th>Facility amount</th>
<th>Unutilised at 30 June</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital facility</td>
<td>150.0</td>
<td>-</td>
<td>January 2018</td>
</tr>
<tr>
<td>Working capital facility</td>
<td>150.0</td>
<td>-</td>
<td>January 2017</td>
</tr>
</tbody>
</table>

Interest is variable, linked to BBSY, plus a margin tiered against the reported gearing ratio at the end of certain test dates.

(ii) US Private Placement (USPP)

The Group’s USPP borrowings have not changed during the year, and are summarised below.

<table>
<thead>
<tr>
<th>Type</th>
<th>2016/2015</th>
<th>$m USD</th>
<th>$m (AUD)*</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>100.0</td>
<td>94.0</td>
<td></td>
<td>June 2018</td>
</tr>
<tr>
<td>Series B</td>
<td>360.0</td>
<td>336.0</td>
<td></td>
<td>June 2021</td>
</tr>
<tr>
<td></td>
<td>460.0</td>
<td>430.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The $460.0 million USPP borrowings are stated in the table above at the AUD amount repayable under cross currency swaps at maturity. Interest is variable, linked to BBSW (Bank Bill Swap Rate), and a defined gearing ratio at the end of certain test dates. The $460.0 million USD translates to $617.3m AUD at 30 June 2016.

All of the above borrowings are subject to financial undertakings as to gearing interest cover.

Fair value disclosures

Details of the fair value of the Group’s interest bearing liabilities are set out in note E2.

Financial Risk Management

As a result of USPP borrowings, the Group is exposed to the foreign currency risk through the movements in USD/AUD exchange rate. The Group has entered into cross currency swaps in order to hedge this exposure. As at 30 June 2016, 100% of the USPP borrowings balance of US$460.0 million is hedged. The Group is also exposed to the interest rate risk as a result of bank loans and USPP borrowings. To hedge against this risk, the Group has entered into interest rate swaps. As at 30 June 2016, out of the total interest bearing liabilities, 68.3% has been hedged against the interest rate risk. Further details about the Group’s exposure to interest rate and foreign currency movements are provided in notes E1 and E2.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

C Commitments, contingencies and subsequent events

C1 Commitments

(i) Operating lease commitments

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>13.6</td>
<td>12.3</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>19.9</td>
<td>26.8</td>
</tr>
<tr>
<td>Later than five years</td>
<td>80.6</td>
<td>82.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>114.1</strong></td>
<td><strong>121.2</strong></td>
</tr>
</tbody>
</table>

a The Group leases property (including The Star Sydney and Treasury Brisbane property leases) under operating leases expiring between 1 to 77 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the CPI or are subject to market rate review. Operating lease commitments also include commitments in relation to the leasing of aircraft.

(ii) Other commitments

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>238.2</td>
<td>45.7</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>40.7</td>
<td>18.1</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>278.9</strong></td>
<td><strong>63.8</strong></td>
</tr>
</tbody>
</table>

b Other commitments as at 30 June 2016 include capital construction and related costs in connection with the Gold Coast refurbishment and redevelopment at The Star Sydney.

The Group will invest approximately $1 billion into Destination Brisbane Consortium to fund the construction of the Integrated Resort (expected to open in 2022).

Commitments include operating lease commitments for The Star Sydney and Treasury Brisbane properties, as well as capital commitments in relation to the redevelopment of the Gold Coast and The Star Sydney, both of which are well underway. Refer to note D5 for commitments in respect of investments in associates and joint ventures.

C2 Contingent liabilities

Legal challenges

There are outstanding legal actions between the Company and its controlled entities and third parties as at 30 June 2016. The Group has notified its insurance carrier of all relevant litigation and believes that any damages (other than exemplary damages) that may be awarded against the Group, in addition to its costs incurred in connection with the action, will be covered by its insurance policies where such policies are in place. Where there are no policies in place, provisions are made for known obligations where the existence of a liability is probable and can be reasonably quantified. As the outcomes of these actions remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts covered for by the insurance policies in place or of the amounts provided for.

Financial guarantees

Refer to note E1 for details of financial guarantees provided by the Group at the reporting date.

C3 Subsequent events

Other than those events disclosed in the Directors’ Report or elsewhere in these financial statements, there have been no other significant events occurring after the balance sheet date and up to the date of this report, which may materially affect either the Group’s operations or results of those operations or the Group’s state of affairs.
### D2 Parent entity disclosures

The Star Entertainment Group Limited, the parent entity of the Group, was incorporated on 2 March 2011.

<table>
<thead>
<tr>
<th></th>
<th>2016 $m</th>
<th>2015 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result of the parent entity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>142.3</td>
<td>51.3</td>
</tr>
<tr>
<td>Total comprehensive income for the year a</td>
<td>142.3</td>
<td>51.3</td>
</tr>
<tr>
<td>a Since the end of the financial year, the Company has declared a final dividend of 7.5 cents per ordinary share (2015: 6 cents), which is expected to be paid on 30 September 2016 out of retained earnings at 30 June 2016 to its shareholders (refer to note A6).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Financial position of the parent entity

- **Current assets**
  - Accounts receivables: 1,181.3 ($m) (2015: 1,152.5)  
- **Non current assets**
  - Loans from controlled entities: 3,770.7 ($m) (2015: 3,743.0)  

#### Transaction with controlled entities

- **The Star Entertainment Group Limited and its controlled entities**
  - Guarantees
    - The Star Entertainment Sydney Holdings Limited was previously known as Star City Holdings Limited.  
    - The Star Entertainment Pty Ltd was previously known as Star City Entertainment Pty Limited.  
    - The Star Entertainment International No.1 Pty Ltd was previously known as Echo Entertainment International No.1 Pty Ltd.  
    - The Star Entertainment International No.2 Pty Ltd was previously known as Echo Entertainment International No.2 Pty Ltd.  
    - The Star Entertainment International No.3 Pty Ltd was previously known as Echo Entertainment International No.3 Pty Ltd.  
    - The Star Entertainment RTO Pty Ltd was previously known as Echo Entertainment RTO Pty Ltd.  
    - The Star Entertainment Finance Limited was previously known as Echo Entertainment Finance Limited.  
    - The Star Entertainment Technology Services Pty Ltd was previously known as Echo Entertainment Technology Services Pty Ltd.  
    - The Star Entertainment Training Company Pty Ltd was previously known as Echo Entertainment Training Company Pty Ltd.  

#### Transaction with other related parties

- **The Star Entertainment Group Limited**
  - The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2016 (2015: nil).

#### Contingent liabilities

- There were no contingent liabilities for the parent entity at 30 June 2016 (2015: nil).

#### Capital expenditure

- The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2016 (2015: nil).

#### Guarantees

- The Star Entertainment Group Limited has guaranteed the liabilities of The Star Entertainment Finance Limited and The Star Entertainment International No. 3 Pty Ltd.  
  - As at 30 June 2016, the carrying amount included in current liabilities at 30 June 2016 was nil (2015: nil), and the maximum amount of these guarantees was $117.3 million (2015: $121.2 million) (refer to note E1).  
  - The Company has also undertaken to support its controlled entities when necessary to enable them to pay their debts as and when they fall due.

#### Accounting policy for investments in controlled entities

- All investments are initially recognised at cost, being the fair value of the consideration given. Subsequently investments are carried at cost less any impairment losses.
D3 Deed of cross guarantee
The Star Entertainment Sydney Holdings Limited, The Star Pty Limited, The Star Entertainment Pty Ltd, Sydney Harbour Casino Properties Pty Limited, Sydney Harbour Apartments Pty Limited and Star City Investments Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirements to prepare a Financial Report and Directors’ Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(i) Consolidated income statement and summary of movements in consolidated earnings
The above companies represent a ‘closed group’ for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by The Star Entertainment Sydney Holdings Limited, they also represent the ‘extended closed group’.

Set out below is a consolidated income statement and a summary of movements in consolidated retained earnings for the year ended 30 June 2016 of the closed group.

Consolidated income statement

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,575.7</td>
<td>$1,443.6</td>
</tr>
<tr>
<td>Other income</td>
<td>$0.5</td>
<td>$1.4</td>
</tr>
<tr>
<td>Government taxes and levies</td>
<td>$(349.9)</td>
<td>$(321.2)</td>
</tr>
<tr>
<td>Commissions and fees</td>
<td>$(294.3)</td>
<td>$(280.2)</td>
</tr>
<tr>
<td>Employment costs</td>
<td>$(335.2)</td>
<td>$(314.2)</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairment</td>
<td>$(93.9)</td>
<td>$(93.7)</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>$(46.1)</td>
<td>$(42.9)</td>
</tr>
<tr>
<td>Property costs</td>
<td>$(51.0)</td>
<td>$(54.1)</td>
</tr>
<tr>
<td>Advertising and promotions</td>
<td>$(52.4)</td>
<td>$(47.2)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$(113.1)</td>
<td>$(147.7)</td>
</tr>
<tr>
<td>Earnings before interest and tax (EBIT)</td>
<td>$241.3</td>
<td>$143.8</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit before income tax (PBT)</td>
<td>$241.3</td>
<td>$143.8</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>$(68.8)</td>
<td>$(47.4)</td>
</tr>
<tr>
<td>Net profit after tax (NPAT)</td>
<td>$172.5</td>
<td>$96.4</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>$172.5</td>
<td>$96.4</td>
</tr>
</tbody>
</table>

Summary of movements in consolidated retained earnings

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated profit/(loss) at the beginning of the financial year</td>
<td>$45.1</td>
<td>$(15.3)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>$172.5</td>
<td>$96.4</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>$(76.0)</td>
<td>$(36.0)</td>
</tr>
<tr>
<td>Accumulated profit at the end of the financial year</td>
<td>$141.6</td>
<td>$45.1</td>
</tr>
</tbody>
</table>

D4 Key Management Personnel disclosures

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation of Key Management Personnel</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Short term</td>
<td>$8,564</td>
<td>$7,828</td>
</tr>
<tr>
<td>Long term</td>
<td>$347</td>
<td>$290</td>
</tr>
<tr>
<td>Share based payments</td>
<td>$2,419</td>
<td>$1,833</td>
</tr>
<tr>
<td>Total compensation</td>
<td>$11,330</td>
<td>$9,951</td>
</tr>
</tbody>
</table>

The above reflects the compensation for individuals who are Key Management Personnel of the Group. The note should be read in conjunction with the Remuneration Report.
### D5 Investment in associates and joint ventures

The following tables provide details of the Group's investment in associates and joint ventures:

#### Key balance sheet disclosures

<table>
<thead>
<tr>
<th>2016</th>
<th>Name of entity</th>
<th>Country of Incorporation</th>
<th>% of Ownership</th>
<th>Nature of Ownership</th>
<th>Measurement Method</th>
<th>Carrying Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.2</td>
<td>Festival Car Park Pty Ltd (ii)</td>
<td>Australia</td>
<td>50</td>
<td>Joint venture</td>
<td>Equity method</td>
<td>13.1</td>
</tr>
</tbody>
</table>

#### Reconciliation to carrying amounts:

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Reconciliation to carrying amounts:</td>
<td></td>
</tr>
<tr>
<td>Equity contributions</td>
<td>20.0</td>
</tr>
<tr>
<td>Share of equity contributions for the Group</td>
<td>10.0</td>
</tr>
<tr>
<td>Share of loss for the period</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Capitalised costs</td>
<td>6.3</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>16.2</td>
</tr>
</tbody>
</table>

#### Income statement

- **Loss before tax**: (0.3) $m
- **Income tax benefit**: 0.1 $m
- **Loss for the year (continuing operations)**: (0.2) $m
- **Group’s share of loss for the year**: (0.1) $m
- **Dividends received from the associate entity**: - $m

#### Summarised financial information

The financial statements of the associate are prepared for the same reporting period as the Group and follow the same accounting policies of the Group.

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Reconciliation to carrying amounts:</td>
<td></td>
</tr>
<tr>
<td>Share of profit for the period</td>
<td>0.1</td>
</tr>
<tr>
<td>Share of equity contributions for the Group</td>
<td>13.0</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>13.1</td>
</tr>
</tbody>
</table>

---

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2016**

The Star Entertainment Group Limited and its controlled entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

D6 Completion of the sale of Jupiters Townsville
On 1 October 2014, the Group sold its Jupiters Townsville complex to Colonial Leisure Group for $70.0 million. The transaction was for the sale of all the shares and units in Breakwater Island Limited and Breakwater Island Trust respectively. The net carrying value of the assets and liabilities sold was $61.8 million. The gain on sale, net of transaction costs, was $8.0 million and has been recognised within other income in the income statement and disclosed as a significant item in the prior year (refer to note A7).

The net cash inflow disclosed in the consolidated statement of cash flows of $67.5 million is the net proceeds on sale and was used to repay debt. The segment result of Jupiters Townsville for the three month period ended 30 September 2014 has been included in the ‘Gold Coast’ reportable segment in note A1.

E Risk Management

E1 Financial risk management objectives and policies
The Group’s principal financial instruments, other than derivatives, comprise cash, short term deposits, bank bills, Australian denominated bank loans, and foreign currency denominated notes.

The main purpose of these financial instruments is to raise debt capital for the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Derivative transactions are also entered into by the Group, being interest rate swaps, cross currency swaps and forward currency contracts, the purpose being to manage interest rate and currency risks arising from the Group’s operations and sources of finance.

The Group’s risk management policy is carried out by the Corporate Treasury function under the Group Treasury Policy approved by the Board. Corporate Treasury reports regularly to the Board on the Group’s risk management activities and policies. It is, and has been throughout the period under review, the Group’s policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note G.

Interest rate risk

The Group has a policy of controlling exposure to interest rate fluctuations by the use of fixed and variable rate debt and by the use of interest rate swaps or caps. It has entered into interest rate swap agreements to hedge underlying debt obligations and allow floating rate borrowings to be swapped to fixed rate borrowings. Under these arrangements, the Group will pay fixed interest rates and receive the bank bill swap rate calculated on the notional principal amount of the contracts.

At 30 June 2016 after taking into account the effect of interest rate swaps, approximately 68.3% (2015: 74.1%) of the Group’s borrowings are at a fixed rate of interest.

Foreign currency risk

As a result of issuing private notes denominated in US Dollars (USD), the Group’s balance sheet can be affected by movements in the USD/AUD exchange rate. In order to manage this exposure, the Group has entered into cross currency swaps to fix the exchange rate on the notes until maturity. The Group agrees to exchange a fixed USD amount for an agreed Australian Dollar (AUD) amount with swap counterparties, and re-exchange this again at maturity. These swaps are designated to hedge the principal and interest obligations under the private notes.

The Group has operating leases for two aircrafts invoiced in USD. The Group has entered into foreign exchange forward contracts to hedge against the USD currency risk, by exchanging the future USD lease payments to AUD amounts.

Credit risk

Credit risk on financial assets which have been recognised on the balance sheet, is the carrying amount less any allowance for non recovery. The Group minimises credit risk via adherence to a strict credit risk management policy. Collateral is not held as security.

Credit risk in trade receivables is managed in the following ways:

- The provision of cheque cashing facilities for casino gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the use of a central credit agency which collates information from the major casinos around the world; and

- The provision of non gaming credit is covered by a risk assessment process for customers using the Credit Reference Association of Australia, bank opinions and trade references.

Receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is carefully managed and controlled.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents (including short term deposits and bank bills), the maximum exposure of the Group to credit risk from default of a counterparty is equal to the carrying amount of these instruments.

In relation to financial liabilities, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group’s maximum credit risk exposure in respect of interest rate swap contracts, cross currency swap contracts and forward currency contracts is detailed in note E2.
Credit risk includes liabilities under financial guarantees. For financial guarantee contract liabilities, the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. The fair value of financial guarantee contract liabilities has been assessed as nil (2015: nil), as the possibility of an outflow occurring is considered remote. Details of the financial guarantee contracts in the balance sheet are outlined below.

Fixed and floating charges

The controlled entities denoted (b) in note D1 have provided Liquor and Gaming NSW with a fixed and floating charge over all of the assets and undertakings of each company to secure payment of all monies and the performance of all obligations which they have to Liquor and Gaming NSW.

Guarantees and indemnities

The controlled entities denoted (b) in note D1 have entered into a guarantee and indemnity agreement in favour of Liquor and Gaming NSW whereby all parties to the agreement are jointly and severally liable for the performance of the obligations and liabilities of each company participating in the agreement with respect to agreements entered into and guaranteed given.

The Star Entertainment Finance Limited and The Star Entertainment International No. 3 Pty Ltd are called upon to give in the ordinary course of business, guarantees and indemnities in respect of the performance of their contractual and financial obligations. The maximum amount of these guarantees and indemnities is $117.3 million (2015: $121.2 million).

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group’s subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and notes.

The Group manages liquidity risk by maintaining a forecast of expected cash flow which is monitored and reviewed on a regular basis. To help reduce liquidity risk, the Group targets a minimum level of cash and cash equivalents to be maintained, and has revolving facilities in place with sufficient undrawn funds available.

The Group’s policy is that not more than 33% of debt facilities should mature in any financial year within the next four years. At 30 June 2016, the Group’s debt facilities that will mature in less than one year is nil (2015: $150 million). The next debt maturity is the working capital facility of $150 million in January 2018. This represents 18.5% of total debt and is within the Group’s policy.

Refer to notes B7 and E2 for maturity of financial liabilities.

The contractual cash flows including principal and estimated interest receipts or payments of financial assets or liabilities are as follows:

**Non-derivative financial instruments**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 1 year</td>
<td>1 - 5 years</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets</td>
<td>103.4</td>
<td>-</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>55.7</td>
<td>-</td>
</tr>
<tr>
<td>Net trade and other receivables</td>
<td>130.4</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>289.5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors and accrued expenses</td>
<td>259.9</td>
<td>-</td>
</tr>
<tr>
<td>Bank loans - unsecured</td>
<td>6.1</td>
<td>209.6</td>
</tr>
<tr>
<td>Private placement - US dollar</td>
<td>34.3</td>
<td>257.5</td>
</tr>
<tr>
<td></td>
<td>300.3</td>
<td>467.1</td>
</tr>
<tr>
<td><strong>Net (outflow)/inflow</strong></td>
<td>(10.8)</td>
<td>(467.1)</td>
</tr>
</tbody>
</table>

**Derivative financial instruments**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 1 year</td>
<td>1 - 5 years</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps - receive AUD floating</td>
<td>8.7</td>
<td>30.9</td>
</tr>
<tr>
<td>Cross currency swaps - receive USD fixed</td>
<td>34.3</td>
<td>257.5</td>
</tr>
<tr>
<td>Forward currency contract - receive USD fixed</td>
<td>9.5</td>
<td>10.8</td>
</tr>
<tr>
<td></td>
<td>52.5</td>
<td>299.2</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps - pay AUD fixed</td>
<td>26.8</td>
<td>95.6</td>
</tr>
<tr>
<td>Cross currency swaps - pay AUD floating</td>
<td>22.0</td>
<td>172.4</td>
</tr>
<tr>
<td>Forward currency contract - pay AUD fixed</td>
<td>7.7</td>
<td>8.7</td>
</tr>
<tr>
<td></td>
<td>56.5</td>
<td>276.7</td>
</tr>
<tr>
<td><strong>Net (outflow)/inflow</strong></td>
<td>(4.0)</td>
<td>22.5</td>
</tr>
</tbody>
</table>
The movements in profit are due to higher/lower interest costs from variable rate debt and investments. The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges.

The numbers derived in the sensitivity analysis are indicative only.

Significant assumptions used in the interest rate sensitivity analysis include:
- reasonably possible movements in interest rates were determined based on the Group’s current credit rating and mix of debt, relationships with financial institutions and the level of debt that is expected to be renewed, as well as a review of the last two years’ historical movements and economic forecaster’s expectations;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at the balance sheet dates; and
- the net exposure at the balance sheet date is representative of what the Group was, and is expecting to be, exposed to in the next twelve months.

Foreign Exchange
The following sensitivity analysis is based on foreign currency risk exposures in existence at the balance sheet date. At 30 June, the AUD moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements:

<table>
<thead>
<tr>
<th>Net profit after tax</th>
<th>Other comprehensive income</th>
<th>Other comprehensive income</th>
</tr>
</thead>
<tbody>
<tr>
<td>higher/(lower)</td>
<td>higher/(lower)</td>
<td>higher/(lower)</td>
</tr>
<tr>
<td>2016 $m</td>
<td>2016 $m</td>
<td>2015 $m</td>
</tr>
<tr>
<td>AUD/USD + 10 cents</td>
<td>-</td>
<td>(10.9)</td>
</tr>
<tr>
<td>AUD/USD - 10 cents</td>
<td>-</td>
<td>14.3</td>
</tr>
</tbody>
</table>

There is no movement in net profit after tax as the Group has fully hedged its foreign currency exposure to the US Private Placement (USPP).

The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges. Management believes the balance sheet date risk exposures are representative of the risk exposure inherent in the financial instruments. The numbers derived in the sensitivity analysis are indicative only.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:
- reasonably possible movements in foreign exchange rates were determined based on a review of the last two years’ historical movements and economic forecaster’s expectations;
- the reasonably possible movement of 10 cents was calculated by taking the USD spot rate as at balance sheet date, moving this spot rate by 10 cents and then re-converting the USD into AUD with the ‘new spot-rate’. This methodology reflects the translation methodology undertaken by the Group;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at the balance sheet dates; and
- the net exposure at the balance sheet date is representative of what the Group was, and is expecting to be, exposed to in the next 12 months.

E2 Additional financial instruments disclosure
(i) Fair values
The fair value of the Group’s financial assets and financial liabilities approximates their carrying value as at the balance sheet date.

Swaps
Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at the balance sheet date.

Forward currency contracts
Fair value is calculated using forward exchange market rates at the balance sheet date.

(ii) Interest rate risk
The Group had the following classes of financial assets and financial liabilities exposed to floating interest rate risk:

<table>
<thead>
<tr>
<th>2016 $m</th>
<th>2015 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
</tr>
<tr>
<td>Cash assets</td>
<td>55.7</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>30.2</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>85.9</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Bank loans - unsecured</td>
<td>200.0</td>
</tr>
<tr>
<td>USPP cross currency swaps</td>
<td>430.0</td>
</tr>
<tr>
<td>Derivatives</td>
<td>430.0</td>
</tr>
<tr>
<td>Total financial liabilities</td>
<td>200.0</td>
</tr>
</tbody>
</table>

a Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. The floating rates represent the most recently determined rate applicable to the instrument at the balance sheet date.
b Notional principal amounts.

(iii) Financial instruments - interest rate swaps
Interest rate swaps meet the requirements to qualify for cash flow hedge accounting and are stated at fair value. These swaps are being used to hedge the exposure to variability in cash flows attributable to movements in the reference interest rate of the designated debt or instrument and are assessed as highly effective in offsetting changes in the cash flows attributable to such movements. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness and is recorded in the income statement.

The notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

- Less than one year -
- One to five years 94.0 94.0
- More than five years 336.0 336.0
Notional Principal 430.0 430.0

Fixed interest rate range p.a. 6.0% - 7.3% 6.0% - 7.3%
Variable interest rate range p.a. 2.0% 2.2%

Net settlement receipts and payments are recognised as an adjustment to interest expense on an accruals basis over the term of the swaps, such that the overall interest expense on borrowings reflects the average cost of funds achieved by entering into the swap agreements.

(iv) Financial instruments - cross currency swaps
Cross currency swap contracts are classified as cash flow hedges and are stated at fair value. These cross currency swaps, in conjunction with interest rate swaps are being used to hedge the exposure to the cash flow variability in the value of the USD debt under the USPP and are assessed as highly effective in offsetting changes in movements in the forward USD exchange rate. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness and is recorded in the income statement.
### The Star Entertainment Group Limited and its controlled entities

#### Notes to the financial statements

**For the year ended 30 June 2016**

#### F Other disclosures

**F1 Other comprehensive income**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Net gain/(loss) on cash flow hedges</td>
<td>31.9</td>
<td>122.3</td>
</tr>
<tr>
<td>Transfer of hedging reserve to the income statement a</td>
<td>(18.2)</td>
<td>(110.8)</td>
</tr>
<tr>
<td>Tax on above items recognised in other comprehensive income</td>
<td>(4.1)</td>
<td>(3.5)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9.6</strong></td>
<td><strong>8.0</strong></td>
</tr>
</tbody>
</table>

**a** The transfer related to the foreign exchange spot retranslation of the foreign debt is offset by the retranslation on the cross currency swaps in the net foreign exchange gain line in the income statement.

#### F2 Income tax

##### (i) Income tax expense

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Aggregate of current and deferred tax relating to items charged or credited to equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax (expense)/benefit reported in equity</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax (expense) reported in equity</td>
<td>(4.1)</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Income tax (expense) reported in equity</td>
<td>(4.1)</td>
<td>(3.5)</td>
</tr>
</tbody>
</table>

**Income tax expense**

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the income tax rate is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Accounting profit before income tax expense</td>
<td>279.2</td>
<td>237.2</td>
</tr>
<tr>
<td>At the Group’s statutory income tax rate of 30%</td>
<td>(83.8)</td>
<td>(71.2)</td>
</tr>
<tr>
<td>- Non assessable gain on sale</td>
<td>-</td>
<td>2.4</td>
</tr>
<tr>
<td>- (Recognition)/derecognition of temporary differences</td>
<td>(0.2)</td>
<td>(1.6)</td>
</tr>
<tr>
<td>- Research &amp; Development tax offset</td>
<td>0.7</td>
<td>3.1</td>
</tr>
<tr>
<td>- Recognition of tax losses</td>
<td>-</td>
<td>0.6</td>
</tr>
<tr>
<td>- Other items</td>
<td>(1.5)</td>
<td>(1.2)</td>
</tr>
<tr>
<td><strong>Aggregate income tax expense</strong></td>
<td><strong>(84.8)</strong></td>
<td><strong>(67.9)</strong></td>
</tr>
</tbody>
</table>

| Effective tax rate | 30.4 % | 28.6 % |
(ii) Deferred tax balances

The balance comprises temporary differences attributable to:

<table>
<thead>
<tr>
<th>Balance in the income statement</th>
<th>Recognised directly in equity</th>
<th>Balance 30 June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance 1 July 2015 $m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee provisions</td>
<td>17.0</td>
<td>1.2</td>
</tr>
<tr>
<td>Other provisions and accruals</td>
<td>14.7</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Provision for trade impaired debtors</td>
<td>2.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Unrealised financial liabilities</td>
<td>72.3</td>
<td>5.0</td>
</tr>
<tr>
<td>Other</td>
<td>9.6</td>
<td>(3.0)</td>
</tr>
<tr>
<td><strong>Deferred assets set off</strong></td>
<td>116.5</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Intangible assets (72.7) 0.3 - (72.4)
Property, plant and equipment (135.1) 1.3 - (133.8)
Unrealised financial assets (65.8) (6.4) (5.6) (76.8)
Other (17.7) (3.3) - (21.0)

(291.3) (7.1) (5.6) (304.0)

Net deferred tax liabilities (174.8) (3.0) (4.1) (181.9)

(iii) Tax consolidation

Effective June 2011, The Star Entertainment Group Limited (the Head Company) and its 100% owned subsidiaries formed an income tax consolidation group. Members of the tax consolidation group entered into a tax sharing arrangement that provides for the allocation of income tax liabilities between the entities should the Head Company default on its tax payment obligations. At balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidation group

Members of the tax consolidation group have entered into a tax funding agreement effective June 2011. Under the terms of the tax funding agreement, the Head Company and each of the members in the tax consolidation group have agreed to make a tax equivalent payment to or from the Head Company, based on the current tax liability or current tax asset of the member. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 ‘Income Taxes’. Calculations under the tax funding agreement are undertaken for statutory reporting purposes.

The allocation of taxes under the tax funding agreement is recognised as either an increase or decrease in the subsidiaries’ intercompany accounts with the Head Company. The Group has chosen to adopt the Group Allocation method as outlined in Interpretation 1052 ‘Tax Consolidation Accounting’ as the basis to determine each member’s current and deferred taxes. The Group Allocation method as adopted by the Group will not give rise to any contribution or distribution of the subsidiaries’ equity accounts as there will not be any differences between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under the Group Allocation method.

(iv) Income tax payable

The balance of income tax payable is the net of current tax and tax instalments/refunds during the year. A current tax liability arises where current tax exceeds tax instalments paid and a current tax receivable arises where tax instalments paid exceed current tax.

The income tax (payable)/receivable balance is attributable to:

<table>
<thead>
<tr>
<th>Balance 1 July 2015 $m</th>
<th>Balance 30 June 2015 $m</th>
<th>(Payable)/ receivable 1 July 2015 $m</th>
<th>(Increase)/ decrease in tax payable $m</th>
<th>Tax Instalment paid/(refund) (Under)/Over $m</th>
<th>(Payable)/ receivable 30 June 2016 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax consolidated group - year ended 30 June 2016</td>
<td>-</td>
<td>(80.2)</td>
<td>59.4</td>
<td>-</td>
<td>(20.8)</td>
</tr>
<tr>
<td>Tax consolidated group - year ended 30 June 2015</td>
<td>(41.8)</td>
<td>-</td>
<td>44.0</td>
<td>(2.2)</td>
<td>-</td>
</tr>
<tr>
<td>Prior years a</td>
<td>2.0</td>
<td>-</td>
<td>(2.7)</td>
<td>1.0</td>
<td>(0.3)</td>
</tr>
<tr>
<td><strong>Total Australia</strong></td>
<td>(39.8)</td>
<td>(80.2)</td>
<td>100.7</td>
<td>(1.2)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Overseas subsidiaries</td>
<td>-</td>
<td>(0.1)</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(39.9)</td>
<td>(80.3)</td>
<td>100.8</td>
<td>(1.2)</td>
<td>(0.3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance 1 July 2014 $m</th>
<th>Balance 30 June 2015 $m</th>
<th>(Payable)/ receivable 1 July 2014 $m</th>
<th>(Increase)/ decrease in tax payable $m</th>
<th>Tax Instalment paid/(refund) (Under)/Over $m</th>
<th>(Payable)/ receivable 30 June 2015 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax consolidated group - year ended 30 June 2015</td>
<td>-</td>
<td>(75.6)</td>
<td>33.8</td>
<td>-</td>
<td>(41.8)</td>
</tr>
<tr>
<td>Tax consolidated group - year ended 30 June 2014</td>
<td>9.1</td>
<td>1.9</td>
<td>(10.6)</td>
<td>1.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Prior years a</td>
<td>2.6</td>
<td>(1.8)</td>
<td>-</td>
<td>(0.3)</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total Australia</strong></td>
<td>11.7</td>
<td>(75.5)</td>
<td>23.2</td>
<td>1.1</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Overseas subsidiaries</td>
<td>-</td>
<td>(0.1)</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11.7</td>
<td>(75.6)</td>
<td>23.3</td>
<td>1.1</td>
<td>(0.3)</td>
</tr>
</tbody>
</table>

a Changes in tax payable relating to amendments to the income tax returns following the application of tax consolidation tax cost setting process.
The Star Entertainment Group Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

F3 Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit after tax attributable to ordinary shareholders</td>
<td>194.4</td>
<td>169.3</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (cents per share)</td>
<td>23.6</td>
<td>20.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of shares used as the denominator</td>
<td>825,672,730</td>
<td>825,672,730</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares issued</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

F4 Other assets

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td>34.0</td>
<td>21.6</td>
</tr>
<tr>
<td>Other assets</td>
<td>4.5</td>
<td>4.6</td>
</tr>
<tr>
<td></td>
<td>38.5</td>
<td>26.2</td>
</tr>
<tr>
<td>Non current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental paid in advance</td>
<td>10.0</td>
<td>10.1</td>
</tr>
<tr>
<td>Other assets</td>
<td>5.2</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>15.2</td>
<td>17.1</td>
</tr>
<tr>
<td>Other assets above are shown net of impairment of nil (2015: nil).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

F5 Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors and accrued expenses</td>
<td>259.9</td>
<td>231.9</td>
</tr>
<tr>
<td>Interest payable</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>261.9</td>
<td>233.9</td>
</tr>
<tr>
<td>Trade and other payables of $261.9 million were up 12.0%, predominately relating to higher gaming activity.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

F6 Provisions

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>49.5</td>
<td>46.0</td>
</tr>
<tr>
<td>Workers’ compensation</td>
<td>7.8</td>
<td>9.2</td>
</tr>
<tr>
<td>Other</td>
<td>1.0</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>58.3</td>
<td>55.2</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>11.2</td>
<td>10.9</td>
</tr>
<tr>
<td>Other</td>
<td>3.4</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td>14.6</td>
<td>14.7</td>
</tr>
</tbody>
</table>

Reconciliation
Reconciliations of each class of provision, except for employee benefits and other, at the end of each financial year are set out below:

Workers’ compensation reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ compensation (current)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at beginning of the year</td>
<td>9.2</td>
<td>3.8</td>
</tr>
<tr>
<td>Provisions made during the year</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td>Provisions utilised during the year</td>
<td>(1.9)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Carrying amount at end of the year</td>
<td>7.8</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>Carrying amount at beginning of the year</td>
<td>11.8</td>
<td>-</td>
</tr>
<tr>
<td>Provisions made during the year</td>
<td>-</td>
<td>3.8</td>
</tr>
<tr>
<td>Provisions utilised during the year</td>
<td>(2.6)</td>
<td>-</td>
</tr>
<tr>
<td>Carrying amount at end of the year</td>
<td>9.2</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Nature and timing of provisions
Workers’ compensation
The Group self insures for workers’ compensation in both New South Wales and Queensland. A valuation of the estimated claims liability for workers’ compensation is undertaken annually by an independent actuary. The valuations are prepared in accordance with the relevant legislative requirements of each state and ‘Professional Standard 300’ of the Institute of Actuaries. The estimate of claims liability includes a margin over case estimates to allow for the future development of known claims, the cost of incurred but not reported claims and claims handling expenses, which are determined using a range of assumptions. The timing of when these costs will be incurred is uncertain.
For the year ended 30 June 2016

NOTES TO THE FINANCIAL STATEMENTS

F7 Other liabilities (current)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loyalty deferred revenue a</td>
<td>18.5</td>
<td>18.4</td>
</tr>
<tr>
<td>Other deferred revenue</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Total other liabilities (current)</td>
<td>20.9</td>
<td>21.2</td>
</tr>
</tbody>
</table>

a The Group operates customer loyalty programs enabling customers to accumulate award credits for gaming and on-property spend. A portion of the spend, equal to the fair value of the award credits earned, is treated as deferred revenue, and recognised in the income statement when the award is redeemed or expires.

F8 Share capital and reserves

(i) Share capital

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares - issued and fully paid a</td>
<td>2,580.5</td>
<td>2,580.5</td>
</tr>
</tbody>
</table>

a There is only one class of shares (ordinary shares) on issue. Those ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company, in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The Company does not have authorised capital nor par value in respect of its issued shares.

(ii) Reserves

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedging reserve b</td>
<td>(0.4)</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Share based payments reserve b</td>
<td>5.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Total reserves</td>
<td>5.4</td>
<td>(7.4)</td>
</tr>
</tbody>
</table>

a The hedging reserve records fair value changes on the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

b The share based payments reserve is used to recognise the value of equity settled share based payment transactions provided to employees, including Key Management Personnel as part of their remuneration. Refer to note F10 for further details on these plans.

(iii) Capital management

The Group's objectives when managing capital are to ensure the Group continues as a going concern while providing optimal returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders or issue new shares. Gearing is managed primarily through the ratio of net debt to earnings before interest, tax, depreciation, amortisation and impairment (EBITDA).

Net debt comprises interest bearing liabilities, with US dollar borrowings translated at the 30 June 2016 USD/AUD spot rate of 1.3421 (2015: 1.3028), after adjusting for cash and cash equivalents and derivative financial instruments.

The Group’s capital management also aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest bearing loans and borrowings in the current period. Other than the banking covenants referred to in note B7, the Group is not subject to externally imposed capital requirements.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Debt</td>
<td>$113.5</td>
<td>74.4</td>
</tr>
<tr>
<td>Net Debt b</td>
<td>473.6</td>
<td>400.3</td>
</tr>
<tr>
<td>EBITDA b</td>
<td>488.8</td>
<td>454.5</td>
</tr>
<tr>
<td>Gearing ratio (times)</td>
<td>1.0 x</td>
<td>0.9 x</td>
</tr>
</tbody>
</table>

a Net debt is stated after adjusting for cash and cash equivalents less the net position of derivative financial instruments.

b EBITDA is stated before significant items.

F9 Reconciliation of net profit after tax to net cash inflow from operations

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit after tax</td>
<td>194.4</td>
<td>169.3</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>A4</td>
<td>163.8</td>
</tr>
<tr>
<td>Employee share based payments expense</td>
<td>F10</td>
<td>5.6</td>
</tr>
<tr>
<td>Unrealised foreign exchange (gains)/losses</td>
<td>(0.8)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Bad and doubtful debts expense</td>
<td>A3</td>
<td>23.1</td>
</tr>
<tr>
<td>Finance costs</td>
<td>A5</td>
<td>47.1</td>
</tr>
<tr>
<td>Gain on sale of Jupiters Townsville</td>
<td>D6</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Working capital changes

- (Increase)/decrease in inventories | (1.7) | (0.9) |
- Increase in trade and other payables, accruals and provisions | 11.1 | 88.1 |
- (Decrease)/increase in tax provisions | (15.9) | 44.6 |

Net cash inflow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow before interest and tax</td>
<td>377.9</td>
<td>486.5</td>
</tr>
</tbody>
</table>

Operating cash flow before interest and tax was $477.4 million, down 5.7% on the pcp, with 98% EBITDA to cash conversion ratio.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

F10 Employee share plans
During the current and prior periods, the Group issued Performance Rights under the Long Term Performance Plan to eligible employees. The share based payment expense of $5.6 million (2015: $0.8 million) in respect of the equity instruments granted is recognised in the income statement. The movement in the reserves of $3.2 million is shown net of shares purchased of $2.4 million.

The number of Performance Rights granted to employees and forfeited or lapsed during the year are set out below.

<table>
<thead>
<tr>
<th>Grant Date</th>
<th>Balance at start of year</th>
<th>Granted during the year</th>
<th>Forfeited during the year</th>
<th>Lapsed during the year</th>
<th>Vested during the year</th>
<th>Balance at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 September 2012</td>
<td>540,583</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>540,583</td>
</tr>
<tr>
<td>1 October 2013</td>
<td>461,198</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>461,198</td>
</tr>
<tr>
<td>26 September 2014</td>
<td>895,208</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>895,208</td>
</tr>
<tr>
<td>21 September 2015</td>
<td>-</td>
<td>696,893</td>
<td>34,565</td>
<td>-</td>
<td>2,559,317</td>
<td></td>
</tr>
</tbody>
</table>

Balance at end of year: 1,896,989.

The grants of 20 September 2011 and 19 September 2012 included market-based hurdles. Grants from 1 October 2013 includes a market based hurdle and an EPS component. The Performance Rights have been independently valued. For the relative TSR component, valuation was based on assumptions underlying the Black-Scholes methodology to produce a Monte Carlo simulation model. For the EPS component, a discounted cash flow technique was utilised. The total value does not contain any specific discount for forfeiture if the employee leaves the Group during the vesting period. This adjustment, if required, is based on the number of equity instruments expected to vest at the end of each reporting period.

The key assumptions underlying the Performance Rights valuations are set out below:

- **Effective grant date**
  - Test and vesting date
    - 20 September 2011: 20 September 2014
    - 19 September 2012: 19 September 2016
    - 1 October 2013: 1 October 2017
    - 26 September 2014: 26 September 2018
    - 21 September 2015: 21 September 2019

- **Share price at date of grant**
  - 20 September 2011: $3.61
  - 19 September 2012: $3.86
  - 1 October 2013: $2.86
  - 26 September 2014: $3.31
  - 21 September 2015: $4.82

- **Expected volatility in share price**
  - 20 September 2011: 30.00%
  - 19 September 2012: 25.00%
  - 1 October 2013: 27.00%
  - 26 September 2014: 27.00%
  - 21 September 2015: 28.00%

- **Expected dividend yield**
  - 20 September 2011: 3.00%
  - 19 September 2012: 2.18%
  - 1 October 2013: 1.75%
  - 26 September 2014: 2.90%
  - 21 September 2015: 2.70%

- **Risk free interest rate**
  - 20 September 2011: 3.57%
  - 19 September 2012: 2.70%
  - 1 October 2013: 3.03%
  - 26 September 2014: 2.88%
  - 21 September 2015: 1.98%

- **Value per Performance Right**
  - 20 September 2011: 2.15
  - 19 September 2012: 2.20
  - 1 October 2013: 2.01
  - 26 September 2014: 2.45
  - 21 September 2015: 2.72

The auditor of the Company and its controlled entities is Ernst & Young. From time to time, Ernst & Young provides other services to the Group, which are subject to strict corporate governance procedures encompassing the selection of service providers and the setting of their remuneration. The Chairman of the Audit Committee (or authorised delegate) must approve any other services provided by Ernst & Young to the Group.
### Notes to the Financial Statements

#### For the Year Ended 30 June 2016

**Accounting policies and corporate information**

Significant accounting policies are contained within the financial statement notes to which they relate and are not detailed in this section.

**Corporate Information**

The Star Entertainment Group Limited (the Company) is a company incorporated and domiciled in Australia. The Financial Report of the Company for the year ended 30 June 2016 comprises the Company and its controlled entities (collectively referred to as the Group). The Company's registered office is Level 3, 159 William Street, Brisbane QLD 4000.

The Company is of the kind specified in Australian Securities and Investments Commission (ASIC) Instrument 2016/191. In accordance with that instrument, amounts in the Financial Report and the Directors’ Report have been rounded to the nearest hundred thousand dollars, unless specifically stated to be otherwise. All amounts are in Australian dollars ($). The Company is a for profit organisation.

The Financial Report was authorised for issue by the Directors on 26 August 2016.

**Basis of preparation**

The Financial Report is a general purpose Financial Report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory Financial Reporting requirements in Australia.

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below and elsewhere in this report. The policies used in preparing the financial statements are consistent with those of the previous year except as indicated under ‘Changes in accounting policies and disclosures’.

**Significant accounting judgements, estimates and assumptions**

Preparation of the financial statements in conformity with Australian Accounting Standards and IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Asset useful lives and residual values (refer notes A4 and B5);
- Impairment of assets (refer note B6);
- Valuation of derivatives and other financial instruments (refer note B3);
- Provision for impairment of trade receivables (refer note B2);
- Significant items (refer note A7); and
- Provisions (refer note F6).

**Changes in accounting policies and disclosures**

The Group has adopted the following new and amended financial accounting standards, which became applicable from 1 July 2015:

<table>
<thead>
<tr>
<th>Reference</th>
<th>Title</th>
<th>Application date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 9</td>
<td>*Financial Instruments</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>AASB 14-4</td>
<td>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</td>
<td>1 January 2016</td>
</tr>
<tr>
<td>AASB 15</td>
<td>*Revenue from Contracts with Customers</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>AASB 2015-1</td>
<td>Amendments to Australian Accounting Standards – Annual Improvements</td>
<td>1 January 2016</td>
</tr>
<tr>
<td>AASB 2015-2</td>
<td>Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101</td>
<td>1 January 2016</td>
</tr>
<tr>
<td>AASB 16</td>
<td>*Leases</td>
<td>1 January 2019</td>
</tr>
</tbody>
</table>

* AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement. The Group is currently assessing the impact of the new requirements on the consolidated financial statements.
* AASB 15 specifies how and when revenue is recognised based on the concept of recognising revenue for performance obligations as they are satisfied. AASB 15 also requires enhanced disclosures. The Group is currently assessing the impact of the new requirements on the consolidated financial statements.
* AASB 16 will replace AASB 117 Leases. It requires recognition of a right of use asset along with the associated lease liability where the Group is a lessee. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated.

The standard is effective for annual reporting periods beginning on or after 1 January 2019. The Group will first apply AASB 16 in the financial year beginning 1 July 2019. The Group is currently assessing the impact of the new requirements on the consolidated financial statements.

**Basis of consolidation**

**Controlled entities**

The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

**Deferred tax**

The Group defers income tax to future periods where there is a difference between: (i) taxable profit or loss for the year and the accounting profit for the year; or (ii) the timing of revenues and expenses for the year and the timing of recognition of income and expenses for tax purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**Goods and Services Tax (GST)**

GST is a federal tax and is levied at a rate of 10% on all goods and services. GST is measured on the taxable amount of goods and services.

Identification of GST is shown by specifying the amounts of GST within the notes to the financial statements.
Trade and other receivables
Trade receivables are recognised and carried at amortised cost less a provision for impairment, where applicable. Bad debts are written off when they are known to be uncollectible. Subsequent recoveries of amounts previously written off are credited to the income statement. Other receivables are carried at amortised cost less impairment.

Inventories
Inventories include consumable stores, food and beverages and are carried at the lower of cost and net realisable value. Inventories are costed on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business.

Property, plant and equipment
Refer to notes A4 and B4 for further details of the accounting policy, including useful lives of property, plant and equipment.

Freehold land is included at cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost net of depreciation, amortisation and impairment, and depreciated over periods deemed appropriate to reduce carrying values to estimated residual values over their useful lives. Historical cost includes expenditure that is directly attributable to the acquisition of these items.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Costs arising subsequent to the acquisition of an asset are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Costs relating to development projects are recognised as an asset when it is probable that the future economic benefits associated with the item will flow to the entity; and
- it can be measured reliably.

If it becomes apparent that the development will not occur, the amount is expensed in the income statement.

Intangible assets
Goodwill
Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed. Goodwill is assessed for impairment on an annual basis and is carried at cost less impairment losses recognised. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets
Indefinite life intangible assets are not amortised and are assessed annually for impairment. Expenditure on gaming licences acquired, casino concessions acquired, computer software and other intangibles are capitalised and amortised using the straight line method as described in note B5.

Software
Costs associated with developing or maintaining computer software programs are recognised as expenses as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure meeting the definition of an asset is recognised as a capital improvement and added to the original cost of the asset. These costs are amortised over using the straight line method, as described in note B5.

Casino licences and concessions
Refer to note B5 for details and accounting policy.

Impairment of assets
Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. If there is any indication that an asset may be impaired, its recoverable amount is compared to its carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Refer to note B6 for further details of key assumptions included in the impairment calculation.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Investment in associates and joint ventures
Associates are entities over which the Group has significant influence but not control or joint control. Joint control is the contractually agreed sharing of the joint arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. A joint venture is a type of arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Group’s investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and are subsequently adjusted to recognise the Group’s share of the post-acquisition profits or losses of the investee in the income statement, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received are recognised as a reduction in the carrying amount of the investment. The carrying value of equity-accounted investments is tested for impairment in accordance with the Group’s policy.

Interest bearing liabilities
Interest bearing liabilities are recognised initially at fair value and include transaction costs. Subsequent to initial recognition, interest-bearing liabilities are recognised at amortised cost using the effective interest rate method. Any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Leases
Leases of assets where the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessee are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Employee benefits
Post-employment benefits are provided to employees for a defined period of time after they have retired from the service of the Group. The Group’s commitment to defined contribution plans is limited to making the contributions in accordance with the minimum statutory requirements. There is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets for it to pay the benefits when due to employees relating to current and past employees.

Supernumerary guarantee charges are recognised as expenses in the income statement as the contributions are paid. A liability is recognised when the Group is required to make future payments as a result of employees’ services provided.

Long service leave
The Group’s net obligation in respect of long term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using rates attached to bonds sufficiently long maturities at the balance sheet date, which have maturity dates approximating to the terms of the Group’s obligations.

Annual leave
Liabilities for annual leave are calculated at discounted amounts of expected future remuneration over the remaining period of employment and is measured using the projected unit credit method.

Share based payment transactions
The Group operates the Long Term Performance Plan (LTPP), which is open to all employees at the most senior executive levels. Under the LTPP, employees may become entitled to Performance Rights after a minimum of two years’ service. The LTPP gives employees an unconditional right to participate in the Company’s share price performance. Performance Rights are measured at grant date and are recognised as an employee expense (with a corresponding increase in the share based payment reserve) over four years from the grant date irrespective of whether the Performance Rights vest to the holder. A reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the vesting period.

The fair value of the Performance Rights is determined by an external valuer and takes into account the terms and conditions upon which the Performance Rights were granted.

Under the Group’s short term performance plan (STPP), eligible employees receive two thirds of their annual STPP entitlement in cash and one third in the form of restricted shares which are subject to a holding lock for a period of twelve months. These
### Notes to the Financial Statements

#### FOR THE YEAR ENDED 30 JUNE 2016

#### Trade and other receivables

However, where derivatives do not qualify for cash flow hedge accounting, the ineffective portion is recognised immediately in the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the designation of the hedge relationship is revoked but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

#### Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received. Issued capital comprises ordinary shares. Any transaction costs directly attributable to the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

#### Operating segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s executive decision makers to allocate resources and assess its performance.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:
- nature of the products and services;
- type or class of customer for the products and services;
- methods used to distribute the products or provide the services; and
- nature of the regulatory environment.

Segment results include revenue and expenses directly attributable to a segment and exclude significant items.

Capital expenditure represents the total costs incurred during the period to acquire segment assets, including capitalised interest.

#### Dividend distributions

Dividend distributions to the Company’s shareholders are recognised as a liability in the Group’s financial statements in the period in which the dividends are declared.

#### Basic earnings per share

Basic earnings per share is calculated by dividing the net earnings attributable to ordinary equity holders by the average number of ordinary shares outstanding during the period.

#### Diluted earnings per share

Diluted earnings per share is calculated by dividing the net earnings attributable to ordinary equity holders adjusted by the after tax effect of:
- any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders;
- any interest recognised in the period related to dilutive potential ordinary shares; and
- any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares;

by the weighted average number of issued ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
DIRECTORS’ DECLARATION

In the opinion of the Directors of The Star Entertainment Group Limited (the Company):

(a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group’s consolidated financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with the Accounting Standards and the Corporations Regulations 2001;

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in note G; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors.

John O’Neill AO
Chairman
Sydney
26 August 2016

INDEPENDENT AUDITOR’S REPORT

Independent auditor’s report to the members of The Star Entertainment Group Limited

Report on the financial report
We have audited the accompanying financial report of The Star Entertainment Group Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the consolidated entity comprising the company and the entities it controlled at the year’s end or from time to time during the financial year.

Directors’ responsibility for the financial report
The directors of the company are responsible for the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error. In Note G, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation
INDEPENDENT AUDITOR’S REPORT

In our opinion:

1. The financial report of The Star Entertainment Group Limited is in accordance with the Corporations Act 2001, including:
   a. giving a true and fair view of the consolidated entity’s financial position as at 30 June 2016 and of its performance for the year ended on that date; and
   b. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

Ernst & Young
Sydney
26 August 2016

SHAREHOLDER INFORMATION
AS AT 26 AUGUST 2016

ORDINARY SHARE CAPITAL
The Star Entertainment Group Limited has 825,672,730 fully paid ordinary shares on issue.

SHAREHOLDING RESTRICTIONS
The Star Entertainment Group’s Constitution, as well as certain agreements entered into with the New South Wales Independent Liquor and Gaming Authority and the Queensland Office of Liquor and Gaming Regulation, contain certain restrictions prohibiting an individual from having a voting power of more than 10% in The Star Entertainment Group without the written consent of the New South Wales Independent Liquor and Gaming Authority and of the Queensland Minister. The Star Entertainment Group may refuse to register any transfer of shares which would contravene these shareholding restrictions or require divestiture of the shares that cause an individual to exceed the shareholding restrictions.

In July 2012, written consent was granted by the New South Wales Independent Liquor and Gaming Authority and the relevant Queensland Minister for Perpetual Investment Management Limited to increase its shareholding in The Star Entertainment Group from 10% up to a maximum of 15% of issued shares.

In May 2013, written consent was granted by the New South Wales Independent Liquor and Gaming Authority and the relevant Queensland Minister for Crown Resorts Limited to increase its potential voting power in The Star Entertainment Group from 10% up to an effective maximum of 23% (which may be adjusted in certain circumstances).

In December 2015, written consent was granted by the New South Wales Independent Liquor and Gaming Authority and the relevant Queensland Minister for Genting Hong Kong Limited and its associates to increase their aggregate potential voting power in The Star Entertainment Group from 10% up to an effective maximum of 23% (which may be adjusted in certain circumstances).

VOTING RIGHTS
All ordinary shares issued by The Star Entertainment Group Limited carry one vote per share. Performance options and performance rights do not carry any voting rights.

Gambling legislation in New South Wales and Queensland and The Star Entertainment Group’s Constitution contain provisions regulating the exercise of voting rights by persons with prohibited shareholding interests, as well as the regulation of shareholding interests.

The relevant Minister has the power to request information to determine whether a person has a prohibited shareholding interest. If a person fails to furnish these details within the time specified or, in the opinion of the Minister, the information is false or misleading, then the Minister can declare the voting rights of those shares suspended.

Failure to comply with gambling legislation in New South Wales and Queensland and The Star Entertainment Group’s Constitution, including the shareholding restrictions mentioned above, may result in suspension of voting rights.

SUBSTANTIAL SHAREHOLDERS
The following is a summary of the substantial shareholders as at 26 August 2016 pursuant to notices lodged with ASX in accordance with section 67B of the Corporations Act 2001:

<table>
<thead>
<tr>
<th>NAME</th>
<th>DATE OF INTEREST</th>
<th>NUMBER OF ORDINARY SHARES</th>
<th>% OF ISSUED CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Genting Hong Kong Limited and its associates</td>
<td>14 June 2013</td>
<td>54,896,760</td>
<td>6.60%</td>
</tr>
<tr>
<td>Commonwealth Bank of Australia and its related bodies corporate</td>
<td>23 May 2015</td>
<td>78,426,048</td>
<td>9.49%</td>
</tr>
<tr>
<td>The Goldman Sachs Group Inc. and its subsidiaries and Goldman Sachs Holdings ANZ Pty Limited and its subsidiaries</td>
<td>26 April 2016</td>
<td>46,751,400</td>
<td>5.66%</td>
</tr>
<tr>
<td>Kambing Funds Management Group Pty Ltd</td>
<td>22 July 2016</td>
<td>58,724,406</td>
<td>7.11%</td>
</tr>
<tr>
<td>Perpetual Limited and its subsidiaries, including Perpetual Investment Management Limited</td>
<td>26 August 2016</td>
<td>49,190,144</td>
<td>5.96%</td>
</tr>
</tbody>
</table>

(1) As disclosed in the last notice lodged with the ASX by the substantial shareholder.
(2) The percentage set out in the notice lodged with the ASX is based on the total issued share capital of The Star Entertainment Group Limited at the date of interest.

LESSTHANMARKETABLE PARCELS
There were 3,762 shareholders holding less than a marketable parcel of 83 ordinary shares (valued at $500 or less, based on a market price of $6.04) at the close of trading on 26 August 2016 and they hold a total of 178,454 ordinary shares.
### SHAREHOLDER INFORMATION
AS AT 26 AUGUST 2016

#### SECURITIES PURCHASED ON-MARKET
The following securities were purchased on-market during the financial year for the purposes of The Star Entertainment Group’s Short Term Performance Plan (STPP) and General Employee Share Plan (GESP).

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name</th>
<th>Number of Shares Purchased</th>
<th>Average Price Paid Per Share</th>
<th>% of Issued Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</td>
<td>1,824,725</td>
<td>$4.8198</td>
<td>0.22%</td>
</tr>
<tr>
<td>18</td>
<td>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</td>
<td>1,854,633</td>
<td>$4.7948</td>
<td>0.22%</td>
</tr>
<tr>
<td>17</td>
<td>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD &lt;BKMINI A/C&gt;</td>
<td>2,147,576</td>
<td>$4.7645</td>
<td>0.26%</td>
</tr>
<tr>
<td>20</td>
<td>UBS NOMINEES PTY LTD</td>
<td>1,805,000</td>
<td>$4.7448</td>
<td>0.22%</td>
</tr>
<tr>
<td>16</td>
<td>NATIONAL NOMINEES LIMITED &lt;N A/C&gt;</td>
<td>3,593,658</td>
<td>$4.6291</td>
<td>0.44%</td>
</tr>
<tr>
<td>9</td>
<td>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED &lt;PI POOLED A/C&gt;</td>
<td>21,336,525</td>
<td>$4.5591</td>
<td>2.58%</td>
</tr>
<tr>
<td>14</td>
<td>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED &lt;PIIC A/C&gt;</td>
<td>4,787,909</td>
<td>$4.5498</td>
<td>0.58%</td>
</tr>
<tr>
<td>13</td>
<td>UBS NOMINEES PTY LTD</td>
<td>5,345,302</td>
<td>$4.5498</td>
<td>0.65%</td>
</tr>
<tr>
<td>12</td>
<td>BNP PARIBAS NOMINEES PTY LTD &lt;AGENCY LENDING DRP A/C&gt;</td>
<td>9,493,109</td>
<td>$4.5498</td>
<td>1.15%</td>
</tr>
<tr>
<td>11</td>
<td>AMP LIFE LIMITED</td>
<td>10,819,199</td>
<td>$4.5498</td>
<td>1.31%</td>
</tr>
<tr>
<td>10</td>
<td>BNP PARIBAS NOMINEES PTY LTD &lt;AGENCY LENDING COLLATERAL&gt;</td>
<td>11,438,000</td>
<td>$4.5498</td>
<td>1.39%</td>
</tr>
<tr>
<td>3</td>
<td>CITICORP NOMINEES PTY LIMITED 92,982,772</td>
<td>$4.5498</td>
<td>11.26%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>JP MORGAN NOMINEES AUSTRALIA LIMITED</td>
<td>124,805,160</td>
<td>$4.5498</td>
<td>15.12%</td>
</tr>
<tr>
<td>1</td>
<td>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</td>
<td>190,544,603</td>
<td>$4.5498</td>
<td>23.08%</td>
</tr>
</tbody>
</table>

#### TWENTY LARGEST REGISTERED SHAREHOLDERS – ORDINARY SHARES

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name</th>
<th>Number of Shares Held</th>
<th>% of Issued Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</td>
<td>100,544,603</td>
<td>23.08%</td>
</tr>
<tr>
<td>2</td>
<td>JP MORGAN NOMINEES AUSTRALIA LIMITED</td>
<td>124,805,160</td>
<td>28.51%</td>
</tr>
<tr>
<td>3</td>
<td>CITICORP NOMINEES PTY LIMITED</td>
<td>92,982,772</td>
<td>21.26%</td>
</tr>
<tr>
<td>4</td>
<td>NATIONAL NOMINEES LIMITED</td>
<td>75,880,388</td>
<td>17.42%</td>
</tr>
<tr>
<td>5</td>
<td>MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED</td>
<td>47,433,138</td>
<td>10.92%</td>
</tr>
<tr>
<td>6</td>
<td>CITICORP NOMINEES PTY LIMITED &lt;COLONIAL FIRST STATE INV A/C&gt;</td>
<td>41,452,776</td>
<td>9.58%</td>
</tr>
<tr>
<td>7</td>
<td>BNP PARIBAS NOMS PTY LTD</td>
<td>36,828,702</td>
<td>8.56%</td>
</tr>
<tr>
<td>8</td>
<td>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED &lt;PI POOLED A/C&gt;</td>
<td>26,924,467</td>
<td>6.34%</td>
</tr>
<tr>
<td>9</td>
<td>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED &lt;BKCUST A/C&gt;</td>
<td>21,336,525</td>
<td>4.92%</td>
</tr>
<tr>
<td>10</td>
<td>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED &lt;PI POOLED A/C&gt;</td>
<td>21,336,525</td>
<td>4.92%</td>
</tr>
<tr>
<td>11</td>
<td>AMF LIFE LIMITED</td>
<td>10,819,199</td>
<td>2.48%</td>
</tr>
<tr>
<td>12</td>
<td>BNP PARIBAS NOMS PTY LTD &lt;AGENCY LENDING DRP A/C&gt;</td>
<td>9,493,109</td>
<td>2.19%</td>
</tr>
<tr>
<td>13</td>
<td>UBS NOMINEES PTY LTD</td>
<td>5,345,302</td>
<td>1.26%</td>
</tr>
<tr>
<td>14</td>
<td>BNP PARIBAS NOMS PTY LTD &lt;AGENCY LENDING DRP A/C&gt;</td>
<td>5,345,302</td>
<td>1.26%</td>
</tr>
<tr>
<td>15</td>
<td>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED &lt;PHL A/C&gt;</td>
<td>4,797,949</td>
<td>1.12%</td>
</tr>
<tr>
<td>16</td>
<td>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED &lt;SOUTH CROSS COMMUNITY SUPER A/C&gt;</td>
<td>4,874,469</td>
<td>1.11%</td>
</tr>
<tr>
<td>17</td>
<td>NATIONAL NOMINEES LIMITED &lt;N A/C&gt;</td>
<td>3,941,618</td>
<td>0.94%</td>
</tr>
<tr>
<td>18</td>
<td>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD &lt;BMINI A/C&gt;</td>
<td>2,187,576</td>
<td>0.51%</td>
</tr>
<tr>
<td>19</td>
<td>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED &lt;GSCO A/C&gt;</td>
<td>1,834,631</td>
<td>0.45%</td>
</tr>
<tr>
<td>20</td>
<td>CS FOURTH NOMINEES PTY LIMITED &lt;HSBC CUST NOM AU LTD 11 A/C&gt;</td>
<td>1,834,631</td>
<td>0.45%</td>
</tr>
<tr>
<td>21</td>
<td>UBS NOMINEES PTY LTD</td>
<td>1,805,000</td>
<td>0.43%</td>
</tr>
</tbody>
</table>

#### DISTRIBUTION OF SECURITIES HELD

<table>
<thead>
<tr>
<th>Range of Holding</th>
<th>Ordinary Shares</th>
<th>Performance Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Holders</td>
<td>No. of Securities</td>
<td>No. of Holders</td>
</tr>
<tr>
<td>1 to 1,000</td>
<td>50,173</td>
<td>1,747,118</td>
</tr>
<tr>
<td>1,001 to 5,000</td>
<td>19,647</td>
<td>40,892,326</td>
</tr>
<tr>
<td>5,001 to 10,000</td>
<td>2,204</td>
<td>15,838,315</td>
</tr>
<tr>
<td>10,001 to 100,000</td>
<td>1,024</td>
<td>20,012,208</td>
</tr>
<tr>
<td>Over 100,001</td>
<td>64</td>
<td>73,481,723</td>
</tr>
<tr>
<td>Total</td>
<td>73,302</td>
<td>825,672,799</td>
</tr>
</tbody>
</table>

#### VOLUNTARY ESCROW
There are no securities under voluntary escrow.

#### SHARE BUY-BACKS
There is no current or planned buy-back of The Star Entertainment Group’s shares.

#### ANNUAL REPORT
This Annual Report is available on-line from The Star Entertainment Group’s website www.starentertainmentgroup.com.au. Annual Reports will only be sent to those shareholders who have requested to receive a copy. Shareholders who no longer wish to receive a hard copy of the Annual Report or wish to receive the Annual Report electronically are encouraged to contact the share registry. This will assist with reducing the costs of production of the hard copy of the Annual Report.

#### WEBSITE
The Star Entertainment Group’s website www.starentertainmentgroup.com.au offers investors a wide range of information regarding its activities and performance, including Annual Reports, interim and full year financial results, webcasts of results and Annual General Meeting presentations, major news releases and other company statements.

#### SHAREHOLDER RELATIONS
Investors seeking more information about the Company are invited to contact The Star Entertainment Group’s Shareholder Relations Team:

- **Address:** GPO Box 13348
  George Street Post Shop
  Brisbane QLD 4003
- **Telephone:** +61 7 3228 0000
- **Facsimile:** +61 7 3228 0099
- **Email:** investor@star.com.au

#### SHARE REGISTRY
**LINK MARKET SERVICES LIMITED**

**Address:** Level 12, 680 George Street
Sydney NSW 2000

**Postal address:** The Star Entertainment Group Limited
Locked Bag 44
Sydney South NSW 1235
Australia

**Telephone:** +61 1300 880 923 (toll free within Australia)

**Facsimile:** +61 2 9287 0303

**E-mail:** starentertainment@linkmarketservices.com.au

**Website:** www.linkmarketservices.com.au

#### GENERAL ENQUIRIES
Investor information is available on The Star Entertainment Group’s website www.starentertainmentgroup.com.au, including major announcements, Annual Reports, and general company information.

#### 2016 CORPORATE GOVERNANCE STATEMENT

#### 2016 ANNUAL GENERAL MEETING
The Annual General Meeting of The Star Entertainment Group Limited will be held on Friday 28 October 2016 in Jupiters Theatre, Jupiters Hotel and Casino, Broadbeach Island, Broadbeach, Gold Coast, Queensland, commencing at 11:00am (Queensland time).
## COMPANY DIRECTORY

### REGISTERED OFFICE
The Star Entertainment Group Limited
Level 3, 159 William Street
Brisbane Qld 4000
Telephone: + 61 7 3228 0000
Facsimile: + 61 7 3228 0099
Email: investor@star.com.au

### WEBSITE
www.starentertainmentgroup.com.au

### NEW SOUTH WALES OFFICE
Ground Floor
60 Union Street
Pyrmont NSW 2009
Telephone: + 61 2 9657 7600

### QUEENSLAND OFFICE
Level 3
159 William Street
Brisbane QLD 4000
Telephone: + 61 7 3228 0000

### STOCK EXCHANGE LISTING
The Star Entertainment Group's securities are quoted on the Australian Securities Exchange (ASX) under the share code “SGR”

### THE STAR SYDNEY
80 Pyrmont Street
Pyrmont NSW 2009
Reservations: 1800 700 700
Telephone: + 61 2 9777 9000
www.star.com.au

### JUPITERS HOTEL AND CASINO GOLD COAST
Broadbeach Island
Gold Coast QLD 4218
Reservations: 1800 074 344
Telephone: + 61 7 5592 8100
www.jupitersgoldcoast.com.au

### TREASURY CASINO AND HOTEL BRISBANE
George Street
Brisbane QLD 4000
Reservations: 1800 506 889
Telephone: + 61 7 3306 8888
www.treasurybrisbane.com.au

### QUEEN’S WHARF BRISBANE
GENERAL ENQUIRIES
Telephone: 1800 104 535
Email: qwbenquiries@destinationbrisbane.com.au
www.destinationbrisbaneconsortium.com.au

### AUDITOR
Ernst & Young

### ABOUT THIS ANNUAL REPORT

#### CURRENCY
References to currency in this Annual Report are in Australian Dollars unless otherwise stated.

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#### INVESTMENT WARNING
This Annual Report may include forward looking statements and references which, by their very nature, involve inherent risks and uncertainties. These risks and uncertainties may be matters beyond The Star Entertainment Group's control and could cause actual results to vary (including materially) from those predicted.

Forward looking statements are not guarantees of future performance. Past performance of shares is not indicative of future performance and should not be relied upon as such. The value of investments and any income from them is not guaranteed and can fall as well as rise. The Star Entertainment Group recommends that investors make their own assessments and seek independent professional advice before making investment decisions.

#### PRIVACY