THE STAR
ENTERTAINMENT
GROUP

ANNUAL REPORT 2017

The newly refurbished hotel at The Star Gold Coast displaying 'The Star' logo. The property rebranded in March 2017.

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2017 has seen The Star Entertainment Group continue to mature as a business, with steady operating results reflecting a year of consolidation as focus sharpens on executing our strategic agenda.

The pipeline of development and capital improvements of our properties, with partners Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, has grown this year, and is progressing strongly to meet increasing tourism demand, as well as our evolving local markets. Our international VIP business has adjusted effectively to changing circumstances in North Asia, accelerating its existing diversification strategy.

The Group's master brand roll-out took important steps, with the launch of a new 'The Star Club' branded loyalty program in November 2016, and the rebranding of Jupiters Hotel & Casino to The Star Gold Coast in March 2017. Both initiatives have been well received by our members and guests, and are expected to work hard for the Group in 2018, as the loyalty platform begins to scale up, and The Star Gold Coast fully leverages its status as a major partner of the 2018 Commonwealth Games.

The Sydney and Brisbane Festivals, the Queensland Maroons, and NSW Blues State of Origin rugby league teams, along with racing in Sydney were amongst other key partnerships that further reinforced our properties' integral relationships with their cities and communities during the 2017 financial year. Eighteen months of emphasis on service excellence has also begun to pay dividends, with The Darling Hotel at The Star Sydney being recognised with a prestigious Forbes Five Star rating – the first and only one in Sydney.

OUR VISION

TO BE AUSTRALIA'S LEADING INTEGRATED RESORT COMPANY BY FULLY HARNESSING OUR UNIQUE OPPORTUNITIES IN EACH PROPERTY, TO PROVIDE THE MOST THRILLING GUEST EXPERIENCES IN WAYS THAT TRULY REFLECT THE UNIQUE CHARACTER OF OUR CITIES.

BRAND PILLARS

Thrilling experiences

Accessible luxury

Local spirit

PRIORITIES

Shareholder Value

World Class Properties

Leadership in Loyalty

Excellence in Guest Service

Talented Teams

VALUES

Ownership

True Teamwork

Welcoming

City Pride

SERVICE COMMITMENTS

Live it
Be Human

Bring it
Be Your Best Self

Own it
Be a Star Player

Deliver it
Be the Perfect Host

OUR FOOTPRINT

TREASURY BRISBANE

1,500+
Team members

4 MILLION
Guests in FY2017

11
Restaurants and bars

127
Hotel rooms

THE STAR GOLD COAST

2,000+
Team members

3.4 MILLION
Guests in FY2017

14
Restaurants and bars

596
Hotel rooms

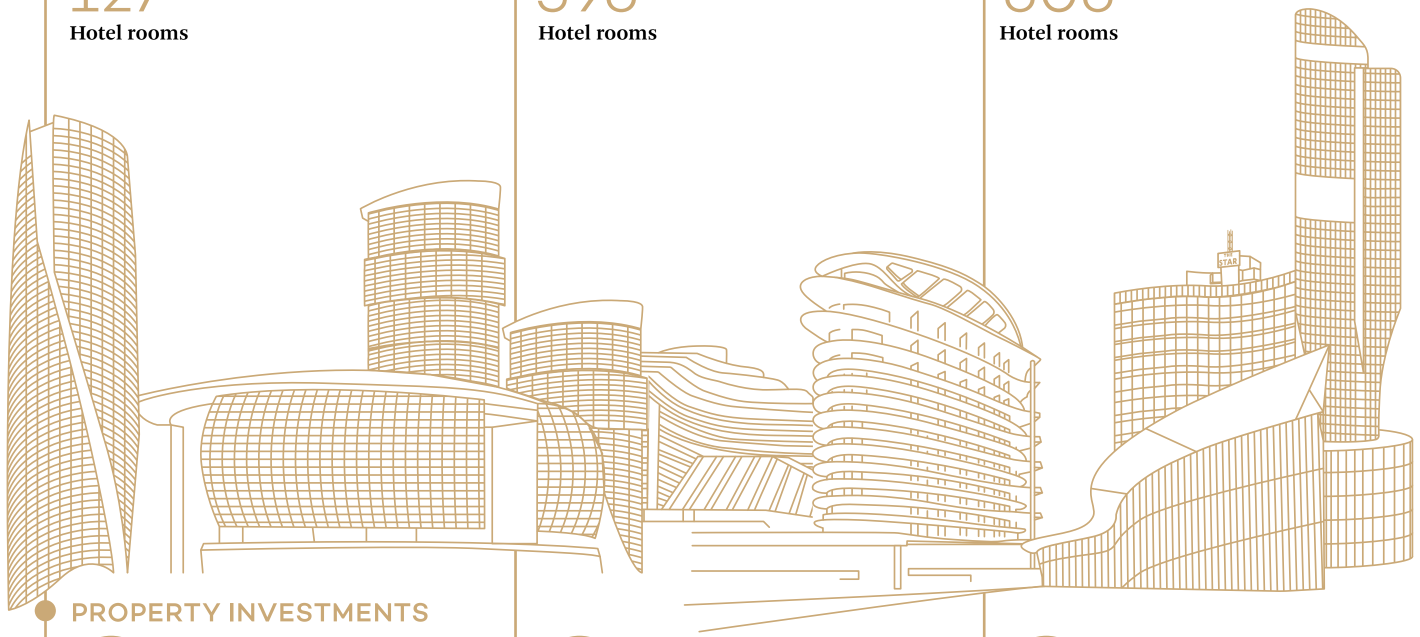
THE STAR SYDNEY

4,500+
Team members

10.4 MILLION
Guests in FY2017

35
Restaurants and bars

606
Hotel rooms



PROPERTY INVESTMENTS

$3BN
Redevelopment of Queen's Wharf Brisbane

UP TO $850M
Potential investment in The Star Gold Coast

UP TO $1BN
Potential investment at The Star Sydney*

Subject to all approvals. Investments include contributions from joint venture partners.

OUR HIGHLIGHTS

62%
OF PRE-TAX PROFITS PAID TO ALL LEVELS OF GOVERNMENT

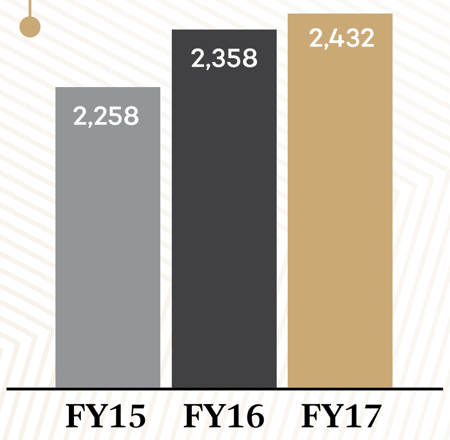
$13m+
CONTRIBUTION TO CHARITIES, COMMUNITY GROUPS AND PARTNERSHIPS

$895m
ESTIMATED SPEND ON 4,000+ SUPPLIERS AUSTRALIA WIDE

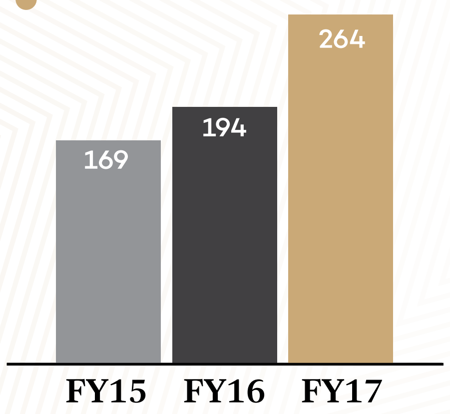
#1
'GLOBAL LEADER' CASINO AND GAMING INDUSTRY

Dow Jones Sustainability Index (DJSI) assessment 2016

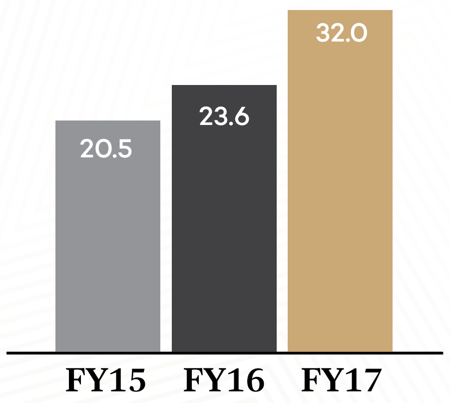
$2,432m
ACTUAL GROSS REVENUE ($M)



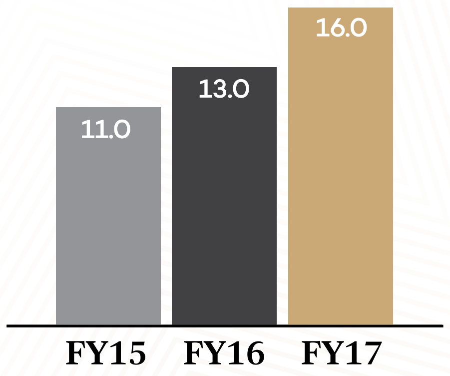
$264m
STATUTORY NPAT ($M)



32.0¢
BASIC EARNINGS PER SHARE (CENTS)



16.0¢
DIVIDEND PER SHARE (CENTS)



AWARDS

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

MEMBER
Dow Jones Sustainability Index 2016

ROBECOSAM Sustainability Award Industry Mover 2016

AWARDED
RobecoSAM Sustainability Award
Industry Mover 2016
(Dow Jones Sustainability Index assessment)

ROBECOSAM Sustainability Award Gold Class 2016

AWARDED
RobecoSAM Sustainability Award
Gold Class 2016
(Dow Jones Sustainability Index assessment)

FTSE4Good

CONSTITUENT
The Star Entertainment Group remains a constituent of the FTSE4Good Index

2017 AUSTRALIAN HR AWARDS FINALIST

FINALIST
Australian HR Awards
(Employer of Choice, Diversity & Inclusion, Reward & Recognition Program)

AWEI SILVER EMPLOYER 2017

SILVER EMPLOYER
'Pride in Diversity'
Australian Workplace Equality Index for LGBTI Inclusion

Forbes TRAVEL GUIDE 2017 AWARDS

FORBES 5 STAR RATING
The Darling Hotel at The Star Sydney is Sydney's only luxury hotel to receive the prestigious Forbes Five-Star rating

TAA Tourism Accommodation Australia (NSW) A division of the AHA

WINNER TAA AWARDS FOR EXCELLENCE
Best Environmental Initiatives
(Metropolitan Hotel) The Star Sydney
Tourism Accommodation Australia NSW

CHAIRMAN'S MESSAGE

Consistent with my messages in last year's Annual Report and Annual General Meeting address, I am pleased to report to shareholders that FY2017 saw The Star Entertainment Group continue to mature as a business, with steady operating results reflecting a year of consolidation as our concentration sharpens on executing our strategic agenda. Core to this was further advancement in the company's strategy of investing in key domestic assets and diversifying our international business.

In delivering against strategic priorities, we have made significant progress in our pursuit of the opportunities that exist today and long-term for Australia in the tourism sector. In a landscape where international visitation, most notably from Asia, continues to rise substantially, we are expanding and enhancing our properties in the attractive destinations of Sydney, the Gold Coast and Brisbane.

With continued stable leadership across the Board and executive management team, this concentration again delivered sustained operating momentum and financial performance, earnings growth and returns to shareholders, despite some disruption from capital works projects across the Sydney and Gold Coast properties as new and enhanced assets were completed and opened.

Statutory net profit after tax (NPAT) for the Group was $264.4 million, up 36% on the prior year, supported by domestic revenue growth in the second half of the year along with ongoing effective cost management, and assisted by a favourable win rate in the International VIP Rebate business. In normalised terms, applying the normalised win rate of 1.35%, the full year NPAT result was $214.5 million, down 11.1% on FY2016 impacted by lower turnover in the International VIP Rebate business with disruption in the North Asia market.

Statutory earnings before interest, tax, depreciation and amortisation (EBITDA) increased 19.9% on last financial year to $586.2 million and normalised EBITDA was down 7.4% to $515.1 million.

With these results, the Board declared a final dividend of 8.5 cents per share (fully franked), taking total dividends for the year to 16 cents per share (fully franked), up 23.1% on FY2016 and representing growth in dividends returned to shareholders over each of the last five years.

As highlighted, these results were achieved as transformational projects were carried out and delivered across the properties. This included completion of refurbished hotel rooms across Astral Towers at The Star Sydney and refurbishment of all 596 hotel rooms at the newly branded, The Star Gold Coast. These reinvigorated hotel assets along with new food and beverage and entertainment offerings reflect our ongoing commitment to delivering world-class tourism and entertainment destinations with wide-ranging offerings, coupled with excellence in guest service. The validation of this effort through The Darling at The Star Sydney receiving the first Forbes Travel Guide Five-Star rating in New South Wales was particularly pleasing.

The 2017 financial year also saw the continued close collaboration with our Hong Kong based partners, Chow Tai Fook and Far East Consortium, on additional investment opportunities to expand and improve the value proposition of our properties on the Gold Coast and in Sydney. On the Gold Coast, we received approval from the Queensland Government to construct a new 700 room hotel and apartment tower costing approximately $400 million, which is the first stage in the master plan for the property announced in May 2016. In addition, our consortium purchased the iconic beachfront resort, the Sheraton Grand Mirage Resort Gold Coast, complementing our South-East Queensland integrated resorts and enhancing their appeal to a broad range of domestic and international visitors.

In January 2017, a significant milestone was reached on the Queen's Wharf Brisbane integrated resort development project with the Destination Brisbane Consortium taking possession of the 13 hectare CBD site and commencing demolition works, which are well underway and on schedule. We expect to progress to foundations work commencing in early 2018.

The ongoing growth in our existing business, long-term tourism forecasts and our drive to deliver world-class integrated resorts with authentic local spirit provide confidence in the scale and nature of projects underway.

In FY2018 we are looking forward to the completion and unveiling of the new suites hotel tower at The Star Gold Coast, including roof top dining and premium gaming areas. This new luxury asset, along with the reinvigorated existing complex, will be open ahead of the Gold Coast 2018 Commonwealth Games, of which The Star is very proud to be an Official Partner.

On behalf of the Board, I congratulate Matt Bekier and the management team on their continued drive to make The Star Entertainment Group Australia's leading integrated resort company and return value to shareholders by delivering upon strategic priorities while maintaining momentum and efficiency in the existing business operations.

I look forward to welcoming shareholders and providing another update at the 2017 Annual General Meeting at The Star, Sydney.

Thank you for your ongoing support for The Star Entertainment Group.

John O'Neill AO
CHAIRMAN

CEO'S MESSAGE

The 2017 financial year witnessed the ongoing transformation of The Star Entertainment Group. We seek to become Australia's leading integrated resort operator and seize opportunities emerging within the domestic market and the expanding international tourism sector.

This year, we executed important steps in this strategy and delivered record statutory earnings and shareholder dividends.

The Star Gold Coast – formerly Jupiters – became the latest physical expression of the Group's ongoing evolution when rebranded in March to represent new standards of product excellence. The property will be further improved when a luxury suite hotel opens before the Gold Coast 2018 Commonwealth Games.

Another milestone was the Group's acquisition of the Sheraton Grand Mirage Resort on the Gold Coast in a joint venture with Hong Kong based partners Chow Tai Fook and Far East Consortium.

This valued relationship continues to expand beyond the initial agreement for the Queen's Wharf Brisbane project. It now extends to capital works in Sydney – the planned The Ritz-Carlton Hotel and apartment tower project – and a planned hotel and apartment tower on the Gold Coast.

Other critical elements to the business strategy include the development of best in class Loyalty capabilities, developing talented teams and creating a culture of guest service excellence. These capabilities will ensure that The Star Entertainment Group, as a leading company, is operating world-class properties and maximising value to shareholders.

OPERATING PERFORMANCE

The 2017 financial year showed good progress in the performance of our core business, despite a softer trading environment and disruption in Sydney and the Gold Coast.

The first half year involved major development works and the relaunch of the Loyalty program. We have seen positive momentum post the Loyalty relaunch, with member perception improving and pleasing growth in private gaming room revenues. In the second half of the year, we delivered solid domestic revenue growth in Sydney and the Gold Coast as disruption decreased and guests responded positively to completed investments.

For the full year, actual gross revenue across the Group grew 3.2% to $2,432m, with The Star Sydney growing by 1.8% to $1,686m and the Queensland properties increasing 6.5% to $746m. Normalised gross revenue declined 3.9% to $2,337m.

Domestic gaming revenues grew 2% to $1,545m across the Group in the 2017 financial year, largely due to a pleasing performance in table games. Non-gaming cash revenue of $248m was up 0.6% for the year. This result would have been further enhanced but for the impact of disruption in the first half year prior to the completion of key capital works.

The International VIP Rebate business witnessed actual revenue growth of 7.3%, supported by a high win rate of 1.59% compared to the theoretical rate of 1.35%. International VIP Rebate business turnover was down 19.9%, with the lower volumes impacted by the high win rate and the well-documented disruption to the North Asian market.

However, the diversification of our International VIP Rebate business delivered pleasing results. Our strategy of providing a compelling high-end tourism proposition for VIP and Premium Mass customers from an expanding range of source markets showed good traction. In support of this strategy, we expanded our sales teams to cover a broader international footprint. We welcomed VIP or Premium Mass guests from 13 countries and continue to assess entry into additional markets.

It was also pleasing that our collections remained strong. This reflected a continuing focus on credit risk management and effective credit processes.

Operating expenses for the 2017 financial year showed a particularly good result. Expenses were up 1% on last year to $971 million, despite record capital expenditure, the relaunch of Loyalty, the expansion of our VIP sales teams and the rebranding of the Gold Coast property. This reflects the company's continued cost discipline and focus to drive efficiency improvements.

AWARDS

The Star Entertainment Group and its properties continued to receive acknowledgement and recognition for the quality of our offerings and our commitment to service excellence.

The Darling at The Star Sydney had the distinction of becoming the first luxury hotel in NSW to be awarded the Forbes Five-Star Rating. The accolade from the Forbes Travel Guide is among the most sought-after in the tourism and hospitality sector. It was one of 34 awards bestowed on The Star Sydney during the 2017 financial year, including a Hall of Fame entry for The Star Event Centre after winning the "Best Specialty Event Venue" for the third successive year at the National Meetings and Events Awards. There were 14 awards for our Queensland properties.

The Star Entertainment Group was also awarded Silver Employer status by the Australian Workplace Equality Index for its LGBTI inclusion, and was a finalist in the Australian HR awards in the Employer of Choice, Diversity & Inclusion and Reward & Recognition categories.

In terms of sustainability, we were delighted that The Star Entertainment Group was acknowledged as the global leader in the Casinos and Gaming sector of the Dow Jones Sustainability Index (DJSI) assessment in 2016. The top ranking was achieved for a second successive year when the annual DJSI assessment was released in September 2017. The Queen's Wharf Brisbane integrated resort development also achieved a 6-Star Green Star Communities Rating v1. This represents world leadership in master planning.

TEAM AND COMMUNITY

Thousands of jobs will be created as the transformation of our integrated resorts continues over the next five years. The growth of inbound tourism will also require the industry more generally to expand its collective workforce to cope with demand. We are preparing for this eventuality in a variety of ways, from embedding our values and culture to drive ongoing improvements in guest service excellence, to partnering with institutions in a practical and value-add manner. During the 2017 financial year, we partnered with TAFE NSW to establish a Sydney School of Hospitality Excellence. This follows the launch in the previous year of the Queensland Hotel & Hospitality School – a partnership with TAFE Queensland.

In aligning with our business promise to deliver experiences with authentic local spirit, The Star Entertainment Group encourages and supports the communities in which we operate, providing widespread assistance to organisations and key events.

In the 2017 financial year, the value of contributions to community groups, charitable organisations and partnerships by The Star Entertainment Group's properties exceeded $13 million.

The Star Sydney committed total funding of $1.5m to Barnardos Australia, Taronga Conservation Society Australia and Chris O'Brien Lifehouse. The property also partnered with a range of community groups and organisations including the Gay and Lesbian Mardi Gras, the NSW Rugby League, the Sydney Swans and the Australian Turf Club, while also joining OzHarvest, Australia's leading food rescue organisation.

In Queensland, ongoing support was provided to Ronald McDonald House South East Queensland, while a partnership with Choice, Passion, Life (formerly Cerebral Palsy League) entered its 15th year. Assistance to Surf Lifesaving Queensland has been continuous since 1994 and in the 2017 financial year included the donation of a new inflatable rescue boat. Events and sports partnerships included the Gold Coast 2018 Commonwealth Games, the Pan Pacific Masters Games, Blues on Broadwater and the Queensland Rugby League.

CAPITAL EXPENDITURE AND PRIORITIES

The Star Entertainment Group incurred capital expenditure of $420 million, up $114 million on the previous financial year. This growth is due to development works at The Star Sydney and The Star Gold Coast. At both properties, there were significant refurbishments of existing hotel rooms and, on the Gold Coast, a new luxury all-suite hotel neared completion. Capital expenditure in the 2018 financial year is expected to be at similar levels.

The Star Entertainment Group has five priorities for the 2018 financial year. They represent the next stage of executing the transformation plan:

- Improve earnings across the Group through continued focus on domestic gaming and operating efficiencies
- Deliver on the next stage of the capital works program, including completion of demolition at Queen's Wharf Brisbane and the commencement of excavation
- Progress planning approvals for joint venture developments with Chow Tai Fook and Far East Consortium in Sydney and the Gold Coast
- Continue diversification of the Group's VIP and Premium Mass revenue base
- Continue the drive to differentiate the value proposition at each property.

To deliver on these priorities, The Star Entertainment Group continues to attract new talent and make key appointments across the business.

I would like to extend my gratitude to the Board and management for their support and commitment during the 2017 financial year and, importantly, to the team members who have contributed so wonderfully to our ongoing growth and development.

I also want to thank the millions of guests who visited us and experienced the significant changes we have made, and continue to make, to enhance each one of our properties.

Matt Bekier
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS

JOHN O'NEILL AO

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Diploma of Law; Foundation Fellow of the Australian Institute of Company Directors

John 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.

Mr O'Neill is currently a member of the Advisory Council of China Matters and a Director of Sport Australia Hall of Fame (SAHOF).

MATT BEKIER

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Master 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 2005 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 the Australasian Gaming Council and an Honorary Adjunct Professor at Macquarie University.

KATIE LAHEY AM

NON-EXECUTIVE DIRECTOR

Bachelor of Arts (First Class Honours), Master of Business Administration

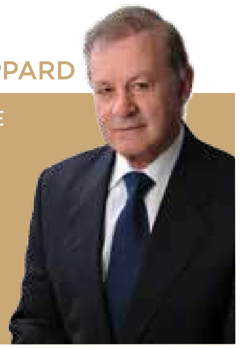
Katie Lahey has extensive experience in the retail, tourism and entertainment sectors and previously held chief executive roles in the public and private sectors.

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 Australian Brandenburg Orchestra Board.

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.

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 Dexus Property Group and a Non-Executive Director of Snowy Hydro Limited. He is also a Director 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; Fellow of the Institute of Managers and Leaders

Gerard Bradley is 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.

Mr Bradley is currently a Non-Executive Director of Pinnacle Investment Management Group Limited and a Director of the Winston Churchill Memorial Trust.

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.

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, Aurrum Holdings Pty Ltd and Home Investment Consortium Company 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), Chief Financial Officer Australia and New Zealand of Westfield Holdings, and Executive General Manager, Finance of Southcorp Limited.

EXECUTIVE TEAM

The Star Entertainment Group's experienced executive team leads the company to deliver world-class integrated resort assets, develop its people and create shareholder value.

Back row from left to right:
JOHN DE ANGELIS
CHIEF INFORMATION OFFICER

PAULA MARTIN
GROUP GENERAL COUNSEL & COMPANY SECRETARY

GREG HAWKINS
MANAGING DIRECTOR THE STAR SYDNEY

MATT BEKIER
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

GEOFF HOGG
MANAGING DIRECTOR QUEENSLAND

JOHN CHONG
PRESIDENT INTERNATIONAL MARKETING

PAUL MCWILLIAMS
CHIEF RISK OFFICER

Seated from left to right:
GEOFF PARMENTER
GROUP EXECUTIVE MARKETING & CORPORATE AFFAIRS

CHAD BARTON
CHIEF FINANCIAL OFFICER

KIM LEE
CHIEF HUMAN RESOURCES OFFICER

GROUP PERFORMANCE

The Darling Hotel at The Star Sydney. The Darling Hotel is proud to be Sydney's only luxury hotel to receive a Forbes Five-Star rating.

The Star Entertainment Group delivered record earnings in the 2017 financial year, enabling a 23% increase in dividends for the year.

THE STAR SYDNEY

The Star Sydney's success in the 2017 financial year continued the momentum from 2016. Guests have responded to a repositioned and upgraded offering, with increased domestic and international revenues helping deliver earnings growth.

The Star Sydney is one of the city's most sought after entertainment and tourism destinations, welcoming over 10 million guests per year.

In the 2017 financial year, The Star Sydney was the recipient of 34 awards. The Darling was the first ever Sydney-based hotel to receive a Five-Star rating by the prestigious Forbes Travel Guide. The Forbes Travel Guide's anonymous inspectors travel the world to assess hotels, restaurants and spas against up to 800 strict objective standards in both service and facility. The Darling Spa was also awarded a Forbes Four-Star Rating.

The Star Sydney was also proud to be nominated for 13 awards in NSW at the 2017 Tourism Accommodation Australia (TAA) Awards for Excellence with Momofuku Seiōbo winning Restaurant of the Year and Sokyo Lounge winning Bar of the Year in the Metropolitan Hotels category. The property also won the 'Best Environmental Initiatives' category at the TAA NSW Awards for Excellence 2017 after achieving finalist status in the previous two years.

The consistently awarded The Star Event Centre was inducted into the Hall of Fame after winning 'Best Specialty Event Venue' for the third consecutive year at the National Meetings and Events Awards 2017.

The Star Sydney's operating performance for the 2017 financial year overall was pleasing. Domestic revenues were impacted by disruption from capital works in the first half of FY2017, with solid growth in the second half as new and refurbished assets became available. Our International VIP Rebate business faced disruption in North Asian markets from 2QFY2017, resulting in lower business volumes, although revenues were helped by a higher than expected win rate. Statutory gross revenues increased 1.8% to $1.7 billion (or down 8.5% on a normalised basis to $1.6 billion). EBITDA increased 32.6% to $401 million (excluding significant items) for the year (or down 16.0% on a normalised basis to $321 million).

Domestic table games business revenue grew 5.7% for the year. Revenue from the slots business increased 1.8% for the year, with The Star Sydney increasing its market share in the third quarter of the 2017 financial year as disruption eased and gaming and non-gaming investments were completed. Revenue from non-gaming businesses declined 4.5% on the prior year, impacted by disruption from capital works.

Turnover in the International VIP Rebate business was $33.5 billion (a 29% decline from the prior year), impacted by the high win rate of 1.59% in the 2017 financial year (up from 1.20% in the prior year) and disruption to the North Asian market.

Effective cost management continued at The Star Sydney, with operating expenses down 0.8% to $614 million for the 2017 financial year, absorbing increases in domestic gaming volumes, investments in marketing, the relaunch of the loyalty program in November 2016 and wage indexation.

Strategic priorities at The Star Sydney for the 2018 financial year remain focused on investing in our core businesses to attract repeat visitation from locals and tourists. This includes continued progress on investments to further enhance the offering at The Star Sydney, as well as submitting the Development Application for the proposed $500 million tower (including The Ritz-Carlton hotel and residential apartments) in partnership with our Hong Kong based partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited.

THE STAR ENTERTAINMENT GROUP THREE YEAR STATUTORY FINANCIAL RESULTS SUMMARY

REPORTED RESULTS	FY2015	FY2016		FY2017	
	$m	$m	% change	$m	% change
STATUTORY REVENUE	2,140.3	2,268.1	↑6.0	2,344.0	↑3.3
EBITDA	450.8	488.8	↑8.4	586.2	↑19.9
EBIT	287.1	325.0	↑13.2	421.7	↑29.8
NPAT	169.3	194.4	↑14.9	264.4	↑36.0
SIGNIFICANT ITEMS (AFTER TAX)	2.7	0	↓100.0	8.9	↑100.0
NPAT BEFORE SIGNIFICANT ITEMS	172.0	194.4	↑13.0	273.3	↑40.6
BASIC EARNINGS PER SHARE	20.5 cents	23.6 cents	↑14.9	32.0 cents	↑36.0
FULL YEAR DIVIDEND (FULLY FRANKED)	11.0 cents	13.0 cents	↑18.2	16.0 cents	↑23.1%

* For further information please refer to the financial report contained in the Annual Report for the relevant financial year.

Treasury Brisbane.

QUEENSLAND

The Group's Queensland properties delivered another year of earnings growth in the 2017 financial year, whilst progressing investments in both Brisbane and the Gold Coast. These investments demonstrate our commitment to Queensland and tourism, whilst securing the Group's long term strategic position in South East Queensland.

Together with our partners in the Destination Brisbane Consortium, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, the Group took possession of 12 hectares in the Brisbane CBD in January 2017 to progress development of the Queen's Wharf Brisbane integrated resort. Demolition works are on schedule, with foundations work expected to commence in early 2018.

Jupiters Hotel & Casino has been successfully rebranded as The Star Gold Coast, with the completion of significant capital works repositioning and upgrading the resort. The new luxury suite hotel at The Star Gold Coast with its signature accommodation, gaming and dining offerings is scheduled to open before the Gold Coast 2018 Commonwealth Games. The Queensland Government has approved construction of a new approximately $400 million hotel and apartment tower that the Group will deliver in partnership with Chow Tai Fook Enterprises Limited and Far East Consortium International Limited subject to the completion of a successful apartment pre-sales program, with opening planned in 2021. Further, the Group completed the acquisition of the Sheraton Grand Mirage Resort, Gold Coast with its partners during the year, complementing our South East Queensland integrated resorts and enhancing their appeal to a broad range of domestic and international tourists.

Our Queensland properties collectively received 14 awards in the 2017 financial year, with hotel and restaurant offerings recognised for their quality. Highlights included three awards at the prestigious Queensland Hotels Association Awards for Excellence. The Star Entertainment Group was recognised for its Outstanding Achievement in Training, and The Star Gold Coast's Garden Kitchen & Bar was awarded Best Restaurant in the Accommodation Hotels category.

Statutory gross revenue for the Queensland properties increased to $746 million, up 6.5% compared to the 2016 financial year (or up 7.9% on a normalised basis) due to increased International VIP Rebate business revenue. EBITDA of $199 million (excluding significant items) increased 6.6% (up 11.5% on a normalised basis) compared to the prior year.

Revenue from domestic gaming was impacted by capital works disruption at The Star Gold Coast in the first half, and competitor investments and disruption to access from the construction of the Queen's Wharf Brisbane development. Table games revenue declined 1.4% and slots revenues declined 2.8% in the 2017 financial year relative to the prior year. Non-gaming business revenues increased 7.1% for the year, reflecting positive customer response to new and refurbished offerings at The Star Gold Coast.

Operating expenses of $357 million was up 4.3% on the prior year, driven by increased activity, investments in loyalty, marketing, the rebranding to The Star Gold Coast, and wage indexation.

Strategic priorities for our Queensland properties for the 2018 financial year include completion of the luxury suite hotel at The Star Gold Coast prior to the Gold Coast 2018 Commonwealth Games, the completion of demolition, the commencement of excavation and finalising the Plan of Development at Queen's Wharf Brisbane.

48

AWARDS RECEIVED ACROSS OUR PROPERTIES

5.7%

INCREASE IN DOMESTIC TABLE GAMES REVENUE (SYDNEY)

11.5%

INCREASE IN NORMALISED EBITDA (QLD)

KEY PROJECTS
QUEEN'S WHARF BRISBANE

The Star Entertainment Group – together with Destination Brisbane Consortium partners Chow Tai Fook Enterprises Limited and Far East Consortium International Limited – is delivering an iconic development in Brisbane that will revitalise the city's heritage buildings, deliver striking landmark architecture and will become a globally recognised destination.

On 1 January 2017, Destination Brisbane Consortium took possession of the Queen's Wharf Brisbane development site to begin demolition and enabling works on its $3 billion world-class project. During the 2017 financial year:

- Two CBD roads closed from January 2017 to enable the development's safe construction: a section of William Street, from Elizabeth to Margaret streets, during the build; and Queens Wharf Road permanently
- Destination Brisbane Consortium appointed a demolition and early works contractor, which has erected safety hoarding stretching almost 1km around the site that uses creative messaging to showcase Brisbane as a changing and growing city
- As part of Destination Brisbane Consortium's heritage management approach, heritage footing investigations were conducted, extensive monitoring procedures and equipment were installed, and two of the nine heritage buildings in the precinct were braced by steel to ensure stability and security ahead of demolition
- Demolition works commenced to remove three former government non-heritage buildings in the precinct.

The site is expected to be level and ready for underground car park excavation works by early 2018.

Main construction works are expected to begin in 2019, once excavation of the foundations, basements and underground car park is complete.

The Star Entertainment Group will continue to operate Treasury Brisbane until the new integrated resort opens and the transition to a new casino occurs.

The Star Entertainment Group's two existing heritage 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 and will be a 50% equity owner of the integrated resort component, which includes the hotels and all public realm areas.

The Queen's Wharf Brisbane integrated resort development includes a range of tourism, infrastructure and residential developments, including:

- 50 new bars and restaurants
- Five new hotels, including the world renowned The Ritz-Carlton and the 6-star Rosewood, which will provide more than 1,000 premium hotel rooms
- New retail space
- Restored and repurposed heritage buildings
- The equivalent of 12 football fields in size of public space
- A public Sky Deck located more than 100 metres above William Street
- World-class gaming facilities (to replace Brisbane's existing Treasury casino) which will comprise less than 5% of the development footprint
- 2,000 apartments
- A new pedestrian bridge to South Bank.

The Queen's Wharf Brisbane integrated resort development is the largest private sector project in Queensland, stretching from George Street to the Brisbane River, and from Queen Street to Alice Street. The development will employ more than 2,000 workers during peak construction in 2020/21, and create more than 8,000 jobs in Queensland when fully operational.

PROJECT TIMELINE*

2017 Commence demolition and enabling works at Queen's Wharf Brisbane

2018 Commence excavation works to remove around 600,000m^3 of spoil

2019/20 Installation of above-ground infrastructure

2021 Internal fit-out of buildings in the development

2022 Expected opening of the core integrated resort development

2024 Anticipated opening of the repurposed Treasury Building

*Timeline is indicative only.
References to years are to calendar years.

KEY PROJECTS
THE STAR GOLD COAST

The property has relaunched as The Star Gold Coast after more than 30 years as Jupiters Hotel & Casino. This transition embodies an ongoing transformation.


The luxury suite hotel under construction at The Star Gold Coast.

Development works at The Star Gold Coast are well advanced, with the following works already delivered:

- A full refurbishment of all 596 hotel rooms
- A refreshed and redesigned hotel lobby
- Six new and exciting food and beverage offerings, including the one-hatted Kiyomi, Cucina Vivo, Garden Kitchen & Bar, M&G Café and Bar, Mei Wei Dumplings and a new-look Atrium Bar
- A luxurious poolside experience
- An exterior refresh of the existing hotel and a rejuvenated events lawn
- One of Australia's largest permanent outdoor projection systems.

With these projects fully delivered, the next phase of the redevelopment and expansion is advancing with the following works program:

- Construction of the new luxury 17 storey suite hotel, which is scheduled to open before the Gold Coast 2018 Commonwealth Games
- Continued expansion of the food and beverage offering, with further new restaurants and bars
- Re-energised main gaming floor experience, connecting the existing building through to the luxury suite hotel
- A refreshed property arrival experience
- Canal front parkland upgrade in partnership with City of Gold Coast Council.

The Star Entertainment Group, as part of its commitment to the Gold Coast, has also commenced work on the first phase of its future master plan concept, receiving approval from the City of Gold Coast Council and the Queensland Government for an additional hotel and apartment tower on Broadbeach Island. Subject to successful apartment pre-sales, the complex could take the property's transformation to a combined investment of up to $850 million.

The new hotel and apartment tower is a project of the joint venture vehicle – Destination Gold Coast Consortium – including The Star Entertainment Group and its partners Chow Tai Fook Enterprises Limited and Far East Consortium International Limited.

The development is the first phase of a broader master plan concept that includes the potential for up to five hotel and/or residential towers, a world class recreational deck with water features, tropical gardens, pools and spa facilities, and new entertainment offerings.

PROJECT TIMELINE*

2017
Application to construct a new hotel and apartment tower with joint venture partners approved

2018
Pre-sales for the apartments in the proposed joint venture hotel and apartment tower

2018
Complete the luxury suite hotel (before the Gold Coast 2018 Commonwealth Games)

2018
Commence preparatory works for the new joint venture hotel and apartment tower (subject to successful pre-sales)

2021
Complete the new joint venture hotel and apartment tower (subject to pre-sales and associated facilities)

*Timeline is indicative only.
References to years are to financial years.


Concept image only. Subject to approvals.

KEY PROJECTS
THE STAR SYDNEY

FJMT's proposed design for a new hotel and residential tower at The Star Sydney. Concept image only. Subject to all approvals.

The Star Sydney, one of Sydney's most awarded entertainment and tourism destinations, has up to $1 billion in capital works projects completed, in progress or in planning.

Concept image only. Subject to all approvals.

An initial $500 million investment in The Star Sydney covers a range of works, including the expansion of restaurants and bars, upgrades to the Sovereign Room, gaming and retail offerings, the renovation of hotel rooms and facilities, and improved customer flow and property access.

The 2017 financial year saw the commencement and delivery of a range of projects as part of this investment, including:

- The completion of the Astral Tower hotel rooms upgrade and the Astral Residences refurbishment of 130 apartments
- The completion of gaming works including the new Vantage Room (entry level domestic private gaming experience), Stadium (the new multi-terminal gaming experience) and the new poker experience on the main gaming floor area
- The completion and launch of Latitude, the new main gaming floor bar experience
- The commencement of the new Hotel Club Lounge located in the Astral Tower, due for completion in the 2018 financial year
- The commencement of the Astral lobby and Porte Cochere upgrade and refresh, due for completion in the 2018 calendar year.

The Star Entertainment Group is working with its joint venture partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, to progress an additional $500 million of proposed development works at The Star Sydney. The proposed development is progressing through the planning stages and includes:

- A new hotel and residential tower proposed to be operated by the world renowned The Ritz-Carlton. Following a design excellence competition overseen by a panel of industry experts and after analysis and consideration of community and stakeholder feedback, internationally acclaimed architects FJMT were selected to design the proposed hotel and residential tower.
- Additional food and beverage, retail, function and event space, as well as other resort facilities and attractions.

PROJECT TIMELINE*

Astral Tower room refurbishment completed

Community engagement commences for proposed joint venture tower (The Ritz-Carlton)

2018

Astral Residences upgrades to be completed

Astral Lobby and Port Cochere works to commence

Enabling works for Sovereign Room expansion to commence

Development Approval to be submitted for joint venture tower

2019

New food and beverage assets to be completed

2021

Expected completion of Sovereign Room expansion

*Timeline is indicative only.
References to years are to financial years.

SUSTAINABILITY

At The Star Entertainment Group, we embrace a holistic approach to sustainability, and its importance to the workplace and the community. 'Our Bright Future' is the core strategy developed, which combines environmental, social and governance objectives under four pillars. The strategy is underpinned by an annual materiality assessment.

WORLD CLASS PROPERTIES

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

LEADING COMPANY

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

GUEST WELLBEING

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

TALENTED TEAMS

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

#1

'GLOBAL LEADER' CASINO AND GAMING INDUSTRY

The Star Entertainment Group was ranked global leader of the Casino and Gaming Industry in the Dow Jones Sustainability Index (DJSI) assessment 2016

$13+

MILLION CONTRIBUTION

Value of contribution to community groups, charitable organisations and partnerships by The Star Entertainment Group's properties

18

MILLION VISITORS

The approximate number of guests who visited The Star Sydney, The Star Gold Coast and Treasury Brisbane in FY2017

20%

TARGET OF ASIAN REPRESENTATION IN LEADERSHIP ROLES

To better reflect the diversity of our team members and guests

6 STAR

GREEN STAR COMMUNITIES RATING V1

Awarded for the Queen's Wharf Brisbane integrated resort development

$350K

DONATED LOCALLY IN SYDNEY

The Star Sydney is proud to support its neighbours in the City of Sydney and launched a Community Grants Program in August 2016

400+

SECURITY AND SURVEILLANCE TEAM

Security and surveillance team members across The Star Entertainment Group's properties keep guests safe

70+

APPRENTICE CHEFS

First, second and third year apprentice chefs studied at The Star Culinary Institute in FY2017

$780K

ONGOING COST SAVINGS ACHIEVED PER ANNUM

Cost savings from energy, water and maintenance efficiency projects implemented in FY2017

$18.9m

CONTRIBUTED TO RESPONSIBLE GAMBLING FUND (NSW)

The Responsible Gambling Fund (NSW) supports projects and services that aim to reduce and prevent the harms associated with problem gambling

15,000

COMMUNITY NEWSLETTERS DELIVERED

The Star Sydney communicates with local residents in Pyrmont providing development and operational updates

#1

OUTSTANDING ACHIEVEMENT IN TRAINING

Awarded to our Queensland properties at the Queensland Hotel Association (QHA) Awards for Excellence

SUSTAINABILITY

SUSTAINABILITY STRATEGY

REDUCING RESOURCE USE

The Star Entertainment Group continues to target sustainable reductions in resource use through capital and operational energy and water improvement projects. To support this commitment, The Star Entertainment Group set long term carbon and water targets in May 2017 to achieve a 30% reduction in carbon and water intensity by FY2023 against a baseline of FY2013 on a square meter basis. For the 2017 financial year and in this Report, resource intensity has been reported on a per visitor basis in addition to absolute consumption. From FY2018, intensity reporting will move from visitation to square meters. As the company's portfolio is expected to grow substantially with new assets being developed and new loads coming on-line, resource use is expected to increase in absolute terms. However, consumption per square meter should decrease as energy and water retrofit projects occur and new, more efficient floor space opens over time.

To ensure the Group continues to prioritise energy efficiency in an expanding portfolio with energy prices expected to continue to rise, an energy and water project pipeline was established in FY2015 to ensure projects are implemented each year that deliver cost and environmental benefits. To date, the Group has implemented over twenty six projects delivering environmental savings, with financial savings of over $1.4 million achieved in the last two financial years.

The Group has also set more stringent controls for developments and new projects through the revised Sustainable Design and Operational Standards, specifying mandatory and voluntary requirements to ensure new build and refurbishment projects maximise energy and water savings and best practice sustainability opportunities.

The following resource saving projects were delivered in FY2017:

- The Star Sydney refurbished the Astral Tower and Residences, delivering 1,200 MWh in electricity savings and over 2,000 GJ in gas savings and over 26,000 kL of water savings per annum.
- Treasury Brisbane introduced a chiller control strategy at 159 William Street, Brisbane (with expected savings of 240 MWh) and installed power factor correction to the Treasury buildings. To reduce energy from lighting, an upgrade to LEDs on the main gaming floor reduced the lighting load from 60 kW to 19 kW.
- The Star Gold Coast has progressed through a $40 million infrastructure project to allow for expansion plans to the island with more efficient plant and equipment. The benefits of these upgrades are expected to be realised from FY2018 as the projects complete.

The refurbishment of the existing hotel's 596 rooms was completed in 2017 and included a number of sustainable design features, delivering estimated energy savings of 1,334 MWh and water savings of 22,000 kL per annum.

ENERGY AND CARBON EMISSIONS

The Group's total emissions in carbon dioxide equivalents (CO2-e) from gas and electricity for the 2017 financial year were 101,170 tonnes. This footprint equates to a decrease of 3.5% from 2016 and a decrease of 6.8% from base year FY2013. The Group's total energy consumption from gas and electricity for the 2017 financial year was 598,576 gigajoules (GJ) which was a 2.3% decrease from the 2016 financial year and a 1.5% reduction from base year FY2013. On an intensity basis, the Group's carbon emissions decreased from 5.8 kg CO2-e/visitor in 2016 to 5.7 kg CO2-e/visitor in 2017 and achieved a 15% reduction from 6.7 kg CO2-e/visitor from base year FY2013. Energy consumption per visitor decreased from 33.8 MJ/visitor in FY2016 to 33.7 MJ/visitor in FY2017, and achieved a 9% MJ/visitor reduction from 37.2 MJ/visitor from base year FY2013.

WATER CONSUMPTION

The Group's total potable water consumption was 817,121 kL in the 2017 financial year, a 3.4% decrease from FY2016 however an overall increase of 18.7% from base year FY2013. On an intensity basis, the Group's water consumption has decreased from 46.6 litres per visitor in FY2016 to 46.1 litres per visitor in FY2017 however intensity has increased from 42.2 litres per visitor in base year FY2013.

All properties except The Star Gold Coast experienced decreases in water consumption in the FY2017 when compared to FY2016, saving over 28,740 kL in total. The Star Gold Coast's water consumption increased by 3,000 kL which was expected due to the reverse osmosis plant being stopped in September 2016 to allow for relocation and upsizing in capacity as part of the infrastructure improvement project. The new plant will double in size and will be installed in 2018.

TARGETING RECYCLING IMPROVEMENTS

The Group takes a comprehensive approach to improving landfill diversion with the Waste Strategy targeting recycling improvements across all areas of the business from offices, to bars, restaurants, hotel rooms and entertainment offerings. The Group has been tracking recycling performance against the base year FY2013 to ensure that improvements are measurable, continue to divert increased waste volumes from landfill and promote behavior change across the organisation.

Across the Group, total recycling rates have increased from 10% diversion in FY2013 to 36% diversion across all operations in FY2017. The Star Sydney reached the highest diversion rate to date achieving a rate of 49% within the year. On an intensity basis, recycling per visitor in tonnes has increased as the Group's recycling performance increased. During the financial year a number of initiatives have been introduced to ensure continuous improvement including:

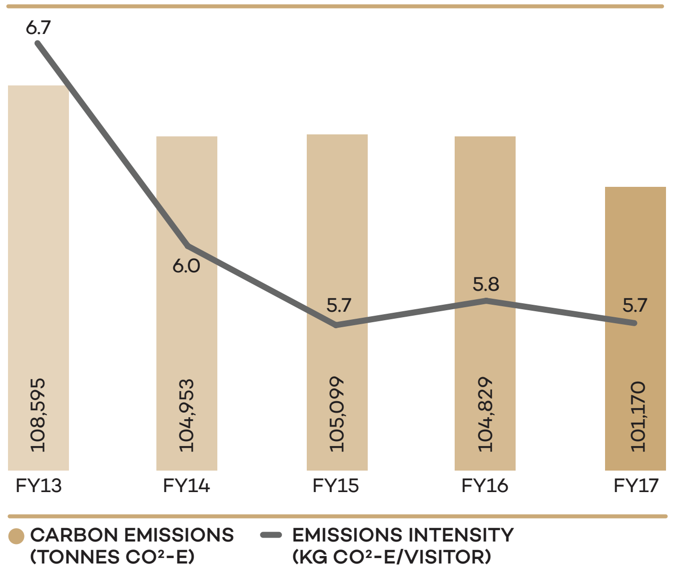
- the introduction of commingle bins as part of the Astral Tower and Residences refurbishment
- the rollout of new dual recycling bins for guest use at The Star Gold Coast and Treasury Brisbane
- the establishment of dedicated Waste Strategy Groups focusing on training, auditing, process improvement and behavioural change programs
- undertaking multiple site audits at The Star Sydney with specialised training running in peak periods to maximise recycling in bars
- expanding the Soap Aid recycling scheme to The Darling Hotel, collecting over 1,450 kgs of used soaps since the program began
- the commencement of a program to recycle Nespresso capsules from The Star Gold Coast hotel rooms. To date over 3,500 capsules have been recycled
- the celebration of National Recycling Week with information stands, team member giveaways, and training surveys on recycling.

CLIMATE RISK ASSESSMENT

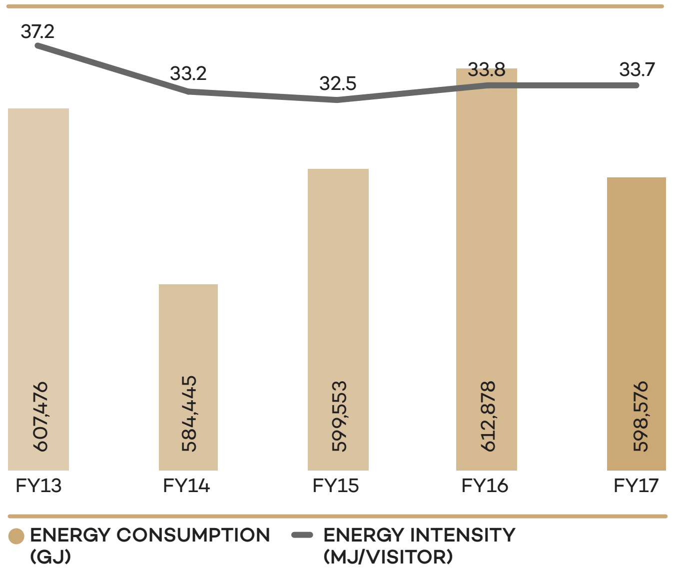
The Star Entertainment Group recognises that its properties may be susceptible to future changes in climate. Accordingly, we are committed to improving the resilience of our business operations, our assets, and the precincts in which our properties are located.

The Star Entertainment Group completed climate risk assessments for each of our properties during FY2017. The project assessed the predicted climate variables for each location including the expected changes in rainfall, temperature and extreme weather events, and assessed these predicted physical impacts on the buildings. By analysing the predicted climate exposure and property sensitivity, the climate risk was identified for each of our properties. To manage these risks into the future and to design and build with a changing climate in mind, prioritised mitigation and adaptation actions have been developed and are included in the Group's Sustainable Design and Operational Standards.

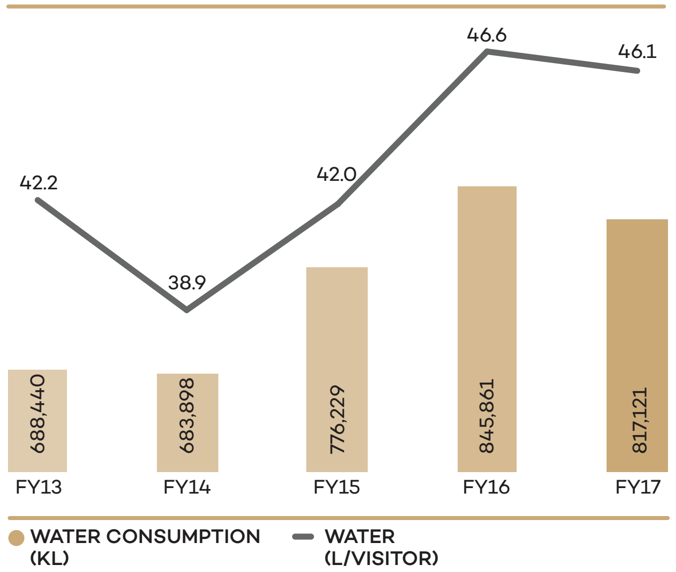
CARBON EMISSIONS



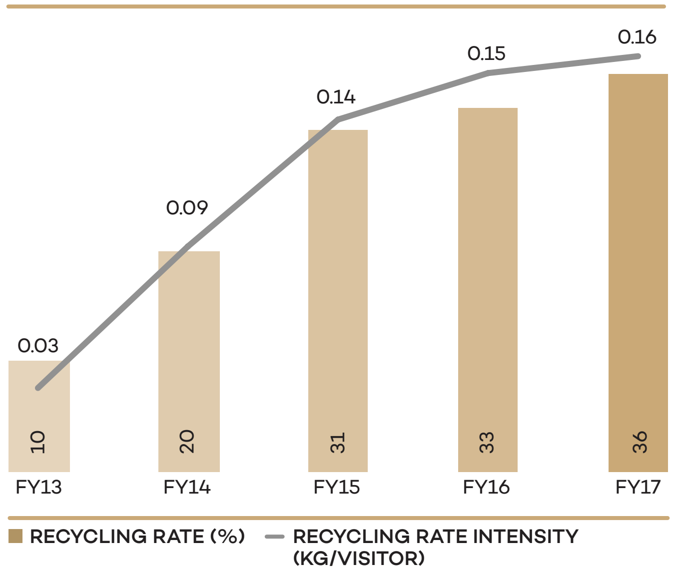
ENERGY CONSUMPTION



WATER CONSUMPTION



RECYCLING RATES



* 2.13% of FY2017 utility accounts were unbilled at the time of reporting. The missing usage has been estimated as 1.0% (1.1 GWh) for electricity, 0.7% (1.3 Tj) for gas and 3.5% (28.9 ML) for water.
* The FY2013 baseline for waste has been recalculated. 'Recycling intensity' kg/visitor has been used in FY2017, not 'waste to landfill intensity kg/visitor' as used in the FY2016 report, which better reflects recycling performance.
* Visitation numbers have been restated for The Star Sydney in FY2016 impacting the FY2016 intensity per visitor metric.

SUSTAINABILITY
DELIVERING WORLD CLASS PROPERTIES

GREEN BUILDING RATINGS

In the 2017 financial year, The Star Entertainment Group continued to achieve and commit to green building ratings with both Green Star and the National Australian Built Environment Rating System (NABERS).

Destination Brisbane Consortium (on behalf of The Star Entertainment Group and its joint venture partners) was awarded a 6 Star Green Star Communities Rating v1 for the Queen's Wharf Brisbane development which represents world leadership in master planning.

As development progresses, the Queen's Wharf Brisbane integrated resort development will move towards achieving 6 Star Green Star Design & As Built rating commitments for all new buildings, and aims to achieve Australian best practice sustainability outcomes on the repurposing of existing heritage buildings.

The Star Entertainment Group also registered the proposed The Ritz-Carlton hotel and residential tower at The Star Sydney for a 5 Star Green Star Design & As Built rating, and The Star Entertainment Group's corporate office in New South Wales was certified with a NABERS Energy Tenancy Rating, achieving 5 Stars.

	RATING	STATUS
QUEEN'S WHARF BRISBANE Integrated resort development	6 Star Green Star Communities Rating v1 achieved	
	Committed to achieving a 6 Star Green Star Design & As Built rating for non-residential new buildings	
	Committed to achieving industry best practice design for existing heritage buildings	
	Committed to achieving Green Star Performance ratings for each non-residential building	
SYDNEY CORPORATE OFFICE 60 Union Street, Pyrmont NSW	5 Star NABERS Energy Tenancy Rating achieved	
THE STAR SYDNEY Proposed The Ritz-Carlton hotel and residential tower	Committed to achieving a 5 Star Green Star Design & As Built rating	

A newly refurbished room at The Astral Residences.

PLANNING AND DESIGNING IN SUSTAINABILITY – THE ASTRAL TOWER AND RESIDENCES

The Star Entertainment Group focuses on achieving energy and water efficiency outcomes in all refurbishment and development projects without comprising guest experience.

In the recent $130 million refurbishment of the Astral Tower and Residences at The Star Sydney, modern luxury was achieved in each of the 375 rooms refurbished. This upgrade also contributed towards achievement of our sustainability goals.

Our Sustainable Design and Operational Standards were applied in the planning and design phase, focusing on energy efficient lighting selection, smart controls, water efficient fixtures, fittings and toilets with high WELS ratings, and in-room recycling for guests.

Through improved specifications in design, the refurbishment project is estimated to deliver over 1,200 MWh in electricity savings, over 2,000 GJ in gas savings and over 26,000 kL of water savings per annum. These energy savings equate to a total annual carbon saving of approximately 900 tonnes, which is approximately 2.4 tonnes of CO_2 for each room refurbished.

The sustainable design features used in the refurbishment of the Astral Tower and Residences are estimated to deliver annual cost savings of over $370,000 in energy, water and maintenance expenses.

THE DESIGN ELEMENTS FOR THE ASTRAL TOWER AND RESIDENCES INCLUDED:

35W HALOGEN DOWNLIGHTS BEING REPLACED WITH **7.5W LED LIGHTS**

TOILETS ARE DUAL FLUSH **4 STAR WELS RATED**

REPLACEMENT OF OLD FAN COIL UNITS WITH MORE EFFICIENT MODELS

BATHROOM TAPS AND SHOWER HEADS ARE NOW **5 STAR WELS RATED**

UPGRADING ROOM CONTROLS AND IN-ROOM TECHNOLOGY WITH C4 SUITE CONTROL SYSTEM THAT ENABLES THE ROOM TO GO INTO A SLEEP MODE TO CONSERVE ENERGY

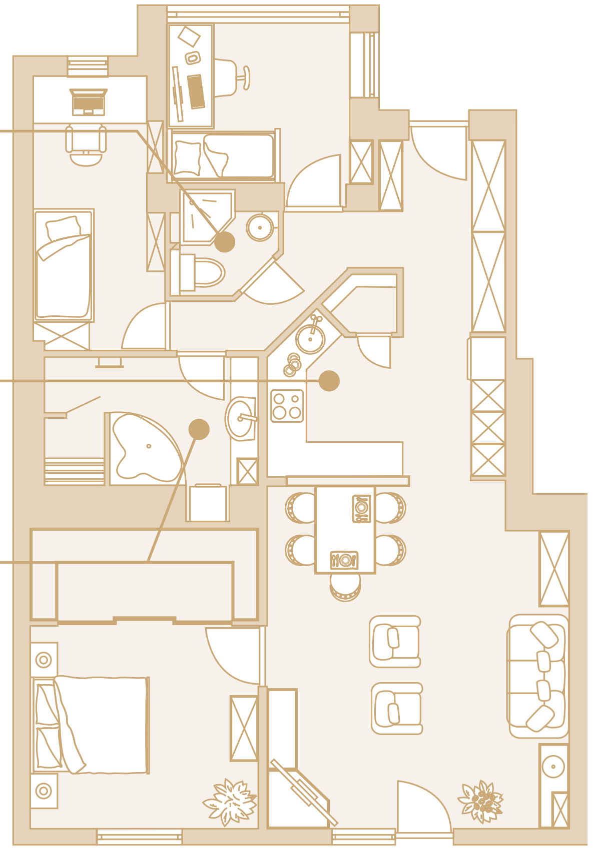


Illustration only. Not to scale.

SUSTAINABILITY
DELIVERING WORLD CLASS PROPERTIES

SUSTAINABLE PROCUREMENT

The Star Entertainment Group is committed to continuous improvement in supply chain management and takes a long-term view to managing and maintaining relationships with suppliers and contractors.

During the year, our Sustainable Procurement Principles were refreshed to require our suppliers to consider ethical, environmental and social sustainability impacts on the communities in which we operate, as well as overall resource use. We have taken steps to conduct a gap analysis of our supply chain to understand high impact areas that will form the basis of our Responsible Supply Chain Strategy.

FY2017 SUSTAINABLE PROCUREMENT INITIATIVES

Across the business, we have been working with our suppliers on innovative and sustainable product and process solutions which include the following improvements:

- Installed wine taps in high volume bar areas and self-serve water fountains to reduce glass bottles and plastic packaging
- Moving to polycarbonate and melamine reusable products in bars and restaurants, to avoid using disposable plastic for eat in options
- Using iPads for stocktake and food safety recording, reducing paper wastage
- Expanded the towel and sheet reuse choices for guests in the Astral Tower and Residences, reducing energy, water and detergent use from laundering
- Implemented printing practices to reduce paper usage and subsequent CO_2 emissions, by standardising printing configurations
- Over 250,000 litres of our used cooking oil was recycled into biodiesel and stockfeed manufacture (our oil management program delivered cost savings of over $70,000 during the year)
- Fresh cooking oil is now delivered in tanks, which has avoided the use of more than 22,500 20 litre bins that would have otherwise gone to landfill
- Increasing spending on biodegradable and carbon neutral food service packaging and cups by 50% between FY2016 and FY2017
- All disposable napkin ranges are now made with Forest Stewardship Council (FSC) certified pulp and are carbon neutral.

REUSING WASTE OYSTER SHELLS TO IMPROVE HARBOURSIDE ECOLOGY WITH OCEANWATCH AUSTRALIA

The Star Sydney was delighted to collaborate with OceanWatch Australia to donate used oyster shells from the Harvest Buffet at The Star Sydney to OceanWatch Australia's Living Shoreline's Program. The program aims to re-establish Australian intertidal reefs supporting habitat growth in dedicated rehabilitation areas across Sydney Harbour.

Over a number of restaurant sittings, The Star Sydney's Harvest Buffet and stewarding teams worked with OceanWatch Australia to collect over 500 kgs of used oyster shells. Once collected, the Ocean Watch Australia team processes, cleans and bags the shells for placement in Sydney Harbour to create artificial reefs which prevent erosion and create a habitat for marine life.

OceanWatch Australia works with the community to ensure Australia's marine environment is healthy, productive, valued and used in a responsible way.

Image: The Star Entertainment Group team members with OceanWatch Australia Program Manager Simon Rowe during a visit to Oceanwatch Living Shoreline's Program at Lane Cove National Park.

OCEANWATCH AUSTRALIA

SUSTAINABILITY
LEADING COMPANY

The Star Entertainment Group has a proud record of responsible corporate citizenship and embraces a culture of social responsibility, ethical behavior and community support, to promote sustainable business practices.

Image above: The Star Sydney is honoured to partner with City West Housing, a non-for-profit organisation supporting low to moderate income earners with housing, to offer a free cricket pilot program for teenagers.

TRUSTED COMMUNITY PARTNERS

Supporting local and state based charities as well as community groups and events is an important factor in The Star Entertainment Group's commitment to foster local spirit and be active and valued participants in each of the cities in which it operates. In the 2017 financial year, The Star Entertainment Group is proud to have made contributions in excess of $13 million to a range of community groups and events, and charitable and sporting organisations.

Support is provided in a variety of forms, reflecting the diversity of groups with which The Star Entertainment Group engages. This includes active participation by team members, direct assistance via grants, and sponsorship arrangements. Each property is proud to also provide in-kind use of our world-class venues, including the provision of event management and food and beverage supplies.

The Star Entertainment Group has built on its long-term involvement with charities in Queensland including Choice, Passion, Life (formerly the Cerebral Palsy League) and Surf Life Saving Queensland.

Relationships with the premier partners announced by The Star Sydney in 2016 – Taronga Conservation Society Australia, Barnardos Australia and Chris O'Brien Lifehouse also continued in the 2017 financial year. To ensure the sustainability of our partnerships, contributions are characterised by strong synergies and a natural association with our properties in Sydney, Brisbane and the Gold Coast.

SUSTAINABILITY
LEADING COMPANY

THE STAR SYDNEY

In the 2017 financial year, The Star Sydney committed collective financial funding of $1.5 million to Barnardos Australia, Taronga Conservation Society Australia and Chris O'Brien Lifehouse. To further support these relationships, team members participated in a wide range of volunteering activities, including a complete family home renovation project with Barnardos Australia, supporting bush regeneration for vital wildlife conservation programs for Taronga Zoo, and volunteering their time to art project 'Arterie' at Chris O'Brien Lifehouse.

The Star Sydney is proud to support its neighbours in the city of Sydney and launched a Community Grants Program in August 2016. Friends of Pyrmont Community Centre, the Harris Community Scholarship Fund and the Pyrmont History Group were the first to receive a community grant from The Star Sydney. The Star is also proud to partner with City West Housing, a non-for-profit organisation supporting low to moderate income earners with housing, to offer a free cricket pilot program for teenagers living in the Ultimo and Pyrmont areas.

The Star Sydney was also involved in a range of local event and sporting partnerships, including:

- Being the Official Partner of the NSW Rugby League and the official home of the NSW Blues, including developing the NSW Blatchys Blues SMARTWiG campaign for fans
- Being a Premier Partner of the Sydney Swans and hosting key Sydney Swans events, including the Sydney Swans Guernsey Presentation and Hall of Fame Induction Dinner
- Being a Foundation Partner and the Official Entertainment Partner of the Australian Turf Club, including participation in The Star Doncaster Mile, The Star Epsom and The Star Chinese Festival of Racing
- Joining OzHarvest, Australia's leading food rescue organisation, to serve thousands of people a free hot meal in Martin Place, as part of the 'Think. Eat. Save' campaign.

Entertainment on Sky Terrace during The Star Chinese Festival of Racing as part of The Star Sydney's partnership with the Australian Turf Club (ATC).

The Star Sydney's Managing Director Greg Hawkins with Momofuku Seiōbo Head Chef Paul Carmichael during Oz Harvest's 'CEO Cook Off'. Collectively the event raised $1.7 million, which results in 3.4 million meals to people in need.

TREASURY BRISBANE

Treasury Brisbane is a proud supporter to several community-focused organisations across the sporting, charity and cultural sectors. During the 2017 financial year, Treasury Brisbane continued its association with Queensland Rugby League as Official Partner, and in conjunction with The Star Gold Coast, was the official home of the XXXX Queensland Maroons. City pride and local spirit are key elements of our community strategy, and in September 2016, Treasury Brisbane was proud to support one of Australia's major international arts and cultural events as one of the Principal Partners of the Brisbane Festival. Treasury Brisbane and the Brisbane Festival collaborated to deliver an interactive pop-up dance experience – 'You should be Dancing'.

In conjunction with The Star Gold Coast, Treasury Brisbane again supported Ronald McDonald House South East Queensland (RMHSEQ). Treasury Brisbane was a major sponsor of the Brisbane International tennis tournament and raised $83,500 for RMHSEQ through the 'Aces for Hearts' initiative (for every ace served, $100 was donated to the charity). Treasury team members also committed their time to create a 'Make a Meal' event for sick children and their families that included a buffet smorgasbord and a visit from Santa.

Treasury Brisbane was also proud to be involved in other events and partnerships, including:

- Celebrating 15 years of consecutive support for Choice, Passion, Life (formerly the Cerebral Palsy League) and being Presenting Partner for the Live Large Festival in South Bank
- Being a Presenting Partner of the Asia Pacific Screen Awards (APSA), Asia Pacific's highest accolade in film
- Participating in the National Trust of Queensland's Brisbane Open House event by opening Treasury to the public and conducting tours
- Being a Partner of the Brisbane Racing Club with naming rights for Treasury Brisbane Ladies Oaks Day.

More than $20,000 was also donated to other community organisations through direct contributions and our 'Open Your Hearts' program that invites team members to nominate worthy recipients for charitable donations.


Treasury Brisbane was proud to support one of Australia's major international arts and cultural events as one of the Principal Partners of the Brisbane Festival.

SUSTAINABILITY
LEADING COMPANY

The new inflatable rescue boat donated by The Star Gold Coast to Surf Life Saving Queensland.

THE STAR GOLD COAST

The Star Gold Coast maintains long-term relationships with key charity partners in Queensland, and actively encourages team members to contribute to the community in which they live, work and play.

The Star Gold Coast continued its support of Surf Life Saving Queensland (a partnership which began in 1994) by donating a new inflatable rescue boat to assist in keeping local beachgoers safe.

> "TO ENSURE THE SUSTAINABILITY OF OUR PARTNERSHIPS, CONTRIBUTIONS ARE CHARACTERISED BY STRONG SYNERGIES AND A NATURAL ASSOCIATION WITH OUR PROPERTIES.

The Gold Coast property hosted a Daffodil Day morning tea with charity partner Cancer Council Queensland, unveiling an edible display to celebrate 30 years of the iconic fundraiser which helps make a difference for cancer patients and their families.

The Star Gold Coast also supported the Currumbin Wildlife Hospital Foundation and was a platinum sponsor of the Foundation's 'Sanctuary Under the Stars' fundraising event. The Star Gold Coast provided much-needed winter warmth to sick or injured animals as well by donating hundreds of blankets to the Currumbin Wildlife Hospital.

Team members nominated and supported local organisations and charities through our 'Open Your Hearts' program and other in-kind donations collectively totalling close to $60,000.

The Star Gold Coast is also involved in various event and sporting partnerships on the Gold Coast, including:

- First Official Partner of the Gold Coast 2018 Commonwealth Games. In April 2017, The Star Gold Coast proudly hosted a breakfast to celebrate one year until the Commonwealth Games. Guests included Gold Coast 2018 Commonwealth Games ambassadors and athletes Sally Pearson OAM, Steve Moneghetti AM, and Gold Coast 2018 Commonwealth Games Corporation Chairman Peter Beattie AC
- Official Partner of Blues on Broadbeach, an iconic Australian blues festival that nurtures Australian talent and provides a stage for international acts
- Naming rights sponsor of the Pan Pacific Masters Games, which attracted more than 14,000 athletes from 20 countries
- Official Partner of the Queensland Rugby League (QRL) and Home of the XXXX Queensland Maroons, in conjunction with Treasury Brisbane.

Treasury Brisbane chefs with mum Jenny Milne and her son Robbie.

> "WE'RE PROUD TO SUPPORT RONALD MCDONALD HOUSE SOUTH EAST QUEENSLAND WITH THE OPENING OF THEIR NEW SOUTH BRISBANE HOUSE.
>
> GEOFF HOGG,
> MANAGING DIRECTOR QUEENSLAND
> THE STAR ENTERTAINMENT GROUP

Ronald McDonald House® SOUTH EAST QUEENSLAND

COMMUNITY PARTNERSHIP: RONALD MCDONALD HOUSE SOUTH EAST QUEENSLAND

On 5 November 2016, Treasury Brisbane and The Star Gold Coast team members were proud to be on hand to support Ronald McDonald House South East Queensland (RMHSEQ) with the official opening of their new South Brisbane facility.

RMHSEQ provides accommodation for the families of seriously ill children who live more than 50km from the treatment hospital in Brisbane.

In 2014, Treasury Brisbane and The Star Gold Coast pledged $3 million over three years to assist in the construction of a new house in Brisbane. Both properties have undertaken a number of initiatives to raise money for the house.

The new house is one of the largest Ronald McDonald Houses in the world, includes 70 accommodation rooms, play areas, outdoor space, laundry facilities and a rooftop function area. We are thrilled to have also delivered and sponsored the heart of house area that consists of a communal kitchen, dining and lounge area.

The fundraising activities benefited Ronald McDonald House's two Family Rooms at the Gold Coast University Hospital as well.

The Star Entertainment Group also provided support to the fit-out works of the new house by putting RMHSEQ in touch with some of our furniture and kitchen suppliers to reap significant savings of approximately $140,000.

In addition to their financial contribution, Treasury Brisbane and The Star Gold Coast have found other ways to help the charity through the provision of in-kind services. Treasury Brisbane hosted Ronald McDonald House 'Captain of Industry' fundraising lunches including their inaugural Business Leaders Group luncheon.

SUSTAINABILITY

LEADING COMPANY

"AN INTEGRAL PART OF THE DAILY OPERATIONS IS THE PROVISION OF A SAFE AND SUPPORTIVE ENVIRONMENT FOR OUR TEAM MEMBERS AND OUR GUESTS.

RESPONSIBLE GAMBLING

The Star Entertainment Group provides a variety of engaging entertainment experiences at its properties. An integral part of the daily operations is the provision of a safe and supportive environment for our team members and our guests.

While many of The Star Entertainment Group's guests enjoy gambling as part of their leisure and entertainment experience and do so within their financial means, some guests experience problems in controlling their gambling habits.

The Star Entertainment Group has in place a responsible gambling program which is designed to identify at an early stage guests who may be exhibiting signs of having problems in controlling their gambling habits, and subsequently support those guests while they seek counselling or other appropriate treatment.

The objective of the responsible gambling program is to minimise the potential harm that may be caused by gambling (such as financial hardship, emotional distress and relationship breakdown), and to provide guests with the means to make informed decisions about managing their gambling behaviours.

Key operational aspects of The Star Entertainment Group's responsible gambling program are:

- Providing guests with readily accessible information about problem gambling, including symptoms and treatment options
- Working with external support agencies to provide assistance and information for guests experiencing problems in controlling their gambling habits

Team members at The Australasian Croupier Championships held at The Star Gold Coast.

- Providing sensitive and confidential support to guests seeking to exclude themselves from attending one or more of The Star Entertainment Group's casinos (The Star Entertainment Group has agreements with selected Gambling Help Services in Queensland and New South Wales to allow individuals to self-exclude from a casino without having to attend the casino in person)
- Assisting self-excluded guests to also self-exclude from other gambling venues
- Providing clocks throughout the casinos so that guests are aware of time spent on gambling activities.
- Encouraging guests to take regular breaks in play
- Preventing intoxicated guests 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

$100+m

CONTRIBUTED TO THE QLD GAMBLING COMMUNITY BENEFIT FUND* SINCE 1987

* previously the Jupiters Casino Community Benefit fund

Board oversight of The Star Entertainment Group's responsible gambling program is provided by the People, Culture and Social Responsibility Committee. The operational aspects of the responsible gambling program are implemented and applied by The Star Entertainment Group's three Patron Liaison Managers who report directly to The Star Entertainment Group's Chief Risk Officer.

There are also Responsible Gambling Liaison Officers who are available at each property to provide on-the-floor support to guests and their relatives.

The following initiatives also support The Star Entertainment Group's approach 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 self-exclude themselves 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 Responsible Gambling Network meetings on the Gold Coast,

"SINCE 2013, THE STAR ENTERTAINMENT GROUP HAS CONDUCTED RESPONSIBLE GAMBLING AWARENESS WEEKS, IN ADDITION TO THOSE ALREADY ORGANISED BY COMMUNITY SUPPORT GROUPS.

in Brisbane and on the Sunshine Coast. 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 Responsible Gambling Network provides a forum to exchange information and views about approaches to responsible gambling and finding solutions, to improve the management of problem gambling.

A percentage of gaming taxes paid by The Star Entertainment Group is directed to the Gambling Community Benefit Fund in Queensland (previously the Jupiters Casino Benefit fund). Since 1987 more than $100 million has been contributed to the Gambling Community Benefit Fund for grants to community groups across Southern Queensland.

In the 2017 financial year, The Star Entertainment Group contributed $18.9 million to the Responsible Gambling Fund (NSW). Funds are allocated, through the New South Wales government, to support various projects and services that aim to reduce and prevent the potential harms associated with problem gambling.

In New South Wales, The Star Entertainment Group engages BetCare, a dedicated independent counselling service, to provide assistance for distressed guests, including 24/7 crisis intervention. BetCare also assists with gambling assessments for guests 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 already organised by community support groups.

RESPONSIBLE SERVICE OF ALCOHOL

Responsible Service of Alcohol (RSA) aims to reduce the adverse health, social and economic consequences of alcohol consumption for individuals, their family, friends and the community.

The Star Entertainment Group's properties operate in a highly regulated industry and the RSA obligations placed on its properties in Sydney, the Gold Coast and Brisbane are found in relevant state-based legislation, regulations and liquor licences.

The Star Entertainment Group's commitment to RSA is monitored by a RSA Committee comprising of senior operational team members who meet bi-monthly to review matters such as changes to legislation, incidents, trend reports and upcoming events.

At each property, all team members who are directly involved in the service or supply of alcohol, including those supervising or managing these processes must have a current RSA training course certificate. Team members who are not directly involved in the service or supply of liquor are required to complete the in-house RSA training upon commencement of employment.

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

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

- Monitoring that guests on the premises are not unduly affected by excess consumption of alcohol
- Empowering food and beverage managers to identify high-risk periods and manage consumption by limiting the amount of drinks that can be purchased at any one time
- 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 toughened 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 toughened or tempered glass in the Main Gaming Floor venues and the use of plastic drinking vessels at Sky Terrace, the Sports Bar and Marquee Nightclub during restricted periods at The Star Sydney.

SUSTAINABILITY
GUEST WELLBEING

Promoting guest wellbeing by providing a safe and enjoyable environment across our properties is of paramount importance to The Star Entertainment Group.

The Star Entertainment Group properties welcome around 18 million guests per annum.

The Star Entertainment Group's properties are pre-eminent international tourist destinations that deliver a range of offerings including food and beverage, accommodation, theatre, live entertainment and gaming to around 18 million guests per year.

The Star Entertainment Group is committed to providing all guests with a safe, secure and comfortable experience at each of our properties. Our properties are subject to a high level of oversight from various external regulators. The Star Entertainment Group works with police, casino regulators and the local community in each city so our properties remain safe for all our local and international guests.

The Star Entertainment Group takes a zero-tolerance approach to illegal, undesirable and anti-social behaviour in conjunction with its Responsible Gambling and Responsible Service of Alcohol (RSA) practices.

SECURITY AND SURVEILLANCE

The Star Entertainment Group's properties maintain leading security and surveillance operations. All properties are supported by 24 hours-a-day seven-days-a-week security and surveillance operations.

Across our three properties our security and surveillance team comprises more than 400 people. Each property has in place standard operating procedures to deal with and respond to any suspected undesirable conduct. An incidents register is maintained at each property and the internal compliance team reviews all requirements, and conducts regular audits to support compliance with relevant legislation and policies.

NEIGHBOURHOOD ENGAGEMENT

A 'Neighbourhood Advisory Panel' has been set up at The Star Sydney to provide a formal and ongoing engagement opportunity between The Star Sydney and its neighbours. The panel provides an opportunity to learn more about The Star Sydney's operations and to suggest solutions or address concerns to neighbourhood issues.

A community newsletter is also delivered to 5,000 local residents and businesses in the Pyrmont area, providing updates on The Star Sydney's plans.

Online development updates for residents and stakeholders are provided at our Queensland properties.

The Star Entertainment Group has initiated a pilot program at The Star Sydney to engage our guests on our sustainability products and services (to be conducted through outreach programs in our hotels).

SUSTAINABILITY
TALENTED TEAMS

The Star Entertainment Group is proud of its talented and diverse workforce and is committed to equipping its team members with the knowledge, tools and passion to deliver thrilling and authentic guest experiences.

Matt Bekier, Managing Director and CEO The Star Entertainment Group, and Queensland Attorney-General, Minister for Justice and Minister for Training and Skills, Hon. Yvette D'Ath MP with graduates from the International Hospitality Service Program, the flagship program of the Queensland Hotel & Hospitality School.

LEARNING AND DEVELOPMENT

Building our internal capability through the provision of learning and development opportunities for our people is integral to The Star Entertainment Group's vision to become Australia's leading integrated resort company. Developing a pipeline of future tourism and hospitality workers by continuously upskilling our people in all areas and levels of the business is a core priority.

In addition to internal training programs, Learning & Development teams across our properties partner with external training organisations such as TAFE, hospitality schools and universities, allowing us to provide our team members with a range of learning activities that are nationally recognised and accredited.

KEY LEARNING AND DEVELOPMENT PROGRAMS

- The Star Culinary Institute (delivered with TAFE NSW and TAFE QLD) continued to create training and mentoring opportunities for young chefs through the Apprentice Chef program.
- The program provides unique, supportive onsite learning experiences including regular master classes in consultation with industry experts. In the 2017 financial year, over 70 apprentice chefs were enrolled in the program, undertaking rotations across our properties.
- The Queensland Hotel & Hospitality School (a partnership with TAFE Queensland) celebrated its first year of operation in December 2016. The development of the school's three courses – the International Hospitality Service Program, culinary arts apprenticeships, and front-of-house apprenticeships – is overseen by an industry panel comprised of many of the state's leading global brands. The school's flagship International Hospitality Service Program is designed to develop food and beverage service skills for work in luxury 5 and 6-star properties and students receive an accredited Certificate III in Hospitality upon graduation. The school is helping to build a pipeline of future workers ahead of the Queen's Wharf Brisbane development that will require 8,000 operational roles.
- Aboriginal and Torres Strait Islander work experience program (delivered by The Star Gold Coast in partnership with TAFE QLD and DMAC Personnel) is designed to build capability and create job opportunities in the hospitality industry for indigenous people. This program has been completed by 14 students who have successfully broadened their employability by attending classroom sessions and two weeks of practical work experience placements. On completion of the program, students are awarded a Certificate II in Hospitality.
- The Macquarie Graduate School of Management (MGSM) 'Women in MBA' (Masters of Business Administration program launched in 2015 with The Star Entertainment Group as a founding partner) encourages diversity by financially supporting future female business leaders to complete an MBA.

SUSTAINABILITY
TALENTED TEAMS

Around 200 Leaders and team members participated in the 'Walk and Talk for Women's Leadership' across The Star Entertainment Group properties.

DIVERSITY TARGETS

50% FEMALE REPRESENTATION IN LEADERSHIP LEVELS 1-4 BY 2020

20% ASIAN REPRESENTATION IN LEADERSHIP LEVELS 1-3 BY 2020

5% YEAR-ON-YEAR INCREASE IN AUSTRALIAN WORKPLACE EQUALITY INDEX SCORE

EMPLOYEE ENGAGEMENT OF MATURE AGE TEAM MEMBERS

DIVERSITY AND INCLUSION

The Star Entertainment Group is committed to promoting and fostering diversity and inclusion in the workplace and recognises the important contribution each team member's unique perspectives and background brings to our organisation. Our policies, practices and behaviours all contribute to creating a safe, welcoming and inclusive workplace and support 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 and 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, lesbian, gay, bisexual, transgender and intersex (LGBTI) and age. We have measurable targets for each of these four areas (see graphic above) and our progress towards achieving these targets are reported back to the Board of Directors on an annual basis.

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

GENDER

The Star Entertainment Group launched Women in Gaming Australasia (WGA) with Aristocrat Leisure Limited. WGA is an organisation dedicated to supporting the development and success of women who work in the gaming industry.

In celebration of International Women's Day, The Star Entertainment Group held 'Walk and Talk for Women's Leadership' events across each of our properties. These events provided a platform for female employees to connect with leaders in the business.

MULTICULTURAL

Lunar New Year, Mid-Autumn Festival and Harmony Day are celebrated across our properties. In addition, focus groups were conducted to increase our understanding around the career experiences of our multicultural team members. This helped us develop a roadmap of initiatives to ensure we have a strong talent pipeline of multicultural team members.

LGBTI

The Star Sydney has been a proud partner of the Sydney Gay and Lesbian Mardi Gras for two years. Our sponsorship includes team members taking part in the Mardi Gras parade and supporting Queer Screen (a not-for-profit arts organisation that showcases LGBTI screen content at the Mardi Gras Film Festival and the Queer Screen Film Festival).

We promote the following events internally to raise awareness amongst our team members:

- International Day Against Homophobia, Transphobia and Biphobia (IDAHOT)
- Wear it Purple Day (to support LGBTI youth)

We have also produced and distributed our own guide to supporting gender-transitioning team members.

AGE

Mature Age Workers Expos are held at each of our properties to provide wellbeing and career development information. We also offer a seminar program that supports mature age team members in planning for the later stages of their careers.

Education, awareness and training form a key part of The Star Entertainment Group's Diversity and Inclusion Strategy. Our senior leaders take part in Unconscious Bias training, on-site training programs in cultural awareness are offered to all employees, and LGBTI-specific training for managers and employees continues to be provided by our partner in LGBTI inclusion, 'Pride in Diversity'.

OUR SAFETY GOALS

ZERO FATALITIES AND SERIOUS INJURIES

REDUCING LOW CONSEQUENCE INJURIES

A HEALTHY AND ENGAGED WORKFORCE

KEEPING OUR GUESTS SAFE WHILST VISITING OUR PROPERTIES

Robust work, health and safety practices are an important part of keeping our kitchens safe.

WORK, HEALTH, SAFETY

A new Work Health and Safety (WHS) Policy was developed by management and approved by the Board this financial year. The new WHS Policy reinforces that health and safety in the workplace is a shared responsibility between The Star Entertainment Group, its leaders, workers, contractors and visitors to our sites.

To support the WHS Policy, the Board also approved a new strategy which outlines the following six key strategic focus areas:

- Safety Culture
- Safety Management Systems
- Critical Risks
- Risk Management and Human Factors
- Safety Assurance and Investigation
- Health and Wellbeing

SAFETY CULTURE

Our focus on safety culture has commenced with the implementation of safety programs to demonstrate active and visible safety leadership. Our leaders, Executive Committee and Board of Directors participate in safety leadership walks and activities to measure the success of our safety programs.

SAFETY MANAGEMENT SYSTEMS

Our safety management systems continue to evolve. During the 2017 financial year, The Star Entertainment Group introduced an online Workplace Safety Management system which provides a more effective process for induction, contractor management and visitor management at our properties.

CRITICAL RISKS

In working towards achieving our goal of zero fatalities and serious injuries, we have reviewed our top WHS risks and validated that we have adequate critical risk controls in place.

RISK MANAGEMENT AND HUMAN FACTORS

We are implementing risk management programs that address hazard areas such as plant and equipment, hazardous chemicals, and manual tasks. During this financial year, we commenced ergonomic studies using wireless sensors on workers to create a manual task risk profile. This has helped The Star Entertainment Group introduce higher level controls in the design of tables and workplaces to reduce risks associated with manual tasks.

SAFETY ASSURANCE AND INVESTIGATION

Our safety assurance activities have been focused around high risk construction works. We have implemented a safety audit program on all high-risk principal contractors so that our construction partners understand that our safety goals extend to all works in which they have management or control over, on our properties and work sites.

HEALTH AND WELLBEING

We continue to provide health and wellbeing programs to our team members to promote a healthy and engaged workforce.

The Star Entertainment Group uses a number of leading and outcome based safety indicators, including:

- Total Recordable Incident Frequency Rate (TRIFR)
- % of incidents reported within 24 hours
- % of investigations commenced within 24 hours
- % of WHS training undertaken

Our TRIFR reduced by a further 5% from the 2016 financial year, achieving the assigned annual target set by the Board.

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

FY13 - 33.5

FY14 - 31.4

FY15 - 31.4

FY16 - 24.4

FY17 - 22.9

SUSTAINABILITY
TALENTED TEAMS

REWARD AND RECOGNITION

To build a guest-centric and service focused culture, The Star Entertainment Group recognises the importance of celebrating and sharing the stories of our team members and leaders, who set the benchmark for guest service excellence and deliver a consistently high standard of performance.

'Star awards' is one way The Star Entertainment Group recognises and rewards top performers. Annual awards are given to team members who are delivering thrilling guest experiences by demonstrating qualifying behaviours called 'Star Qualities', and to leaders who are living our 'Values' of City Pride, Ownership, Welcoming and True Teamwork.

STAR AWARD WINNERS

JUSTIN BURNHAM

FRONT OFFICE HOTEL SUPERVISOR, THE STAR GOLD COAST

Justin is an outstanding leader in The Star Gold Coast hotel team, who consistently delivers exceptional guest excellence in his role of managing the busy hotel front office. Justin is known for his friendly, approachable attitude when dealing with guests' queries. He listens to and empathises with guests, creating positive guest experiences that enhance and protect The Star Gold Coast's brand. Justin is a "natural" in his space and the passion he brings to his role is an ongoing inspiration to his team.

ASHLEIGH PAGE

RECRUITMENT ADVISOR, TREASURY BRISBANE

Ashleigh comes to work every day with a smile, commitment and a can-do attitude. Her approach to recruitment is based on her forward-thinking and collaborative approach, looking at the needs of the business and candidates now and in the future. Ashleigh has taken it upon herself to update processes to improve recruitment outcomes, especially during busy periods. Ashleigh's positive and enthusiastic persona, together with her impressive work ethic makes her a great colleague.

RACHAEL COX

EXECUTIVE ASSISTANT TO CHIEF OPERATING OFFICER, THE STAR SYDNEY

Rachael is a hardworking, organised executive assistant who takes time out of her busy workload to act as Network Co-ordinator and Chair to Spectrum, The Star Entertainment Group's LGBTI diversity group. Rachael has assisted with organising a variety of events for Spectrum in her free time, including leading the participation of 100+ team members in the 2016 and 2017 Sydney Gay & Lesbian Mardi Gras Parades. Rachael is a passionate member of Spectrum and she also drives the team to support the initiatives of our other diversity working groups, Women@The Star, Young@Heart, and Unity@TheStar, to create a truly inclusive culture at The Star Sydney.

SCOTT GILLELAND

GROUP OPERATIONS MANAGER INFORMATION TECHNOLOGY, THE STAR ENTERTAINMENT GROUP

Scott is a passionate and innovative IT professional who works tirelessly to understand the diverse businesses that his team services daily. Scott routinely walks the floor of different business areas, engaging with colleagues to learn about their work and to gain an understanding of issues that may impact the level of service his team can deliver. Like a true leader, Scott identified three areas of improvement in the way IT programs are delivered and took ownership to achieve a superior outcome. Scott is known as a mentor, always supporting and encouraging junior team members.

DIRECTORS', REMUNERATION AND FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

THE STAR ENTERTAINMENT GROUP LIMITED
A.C.N 149 629 023
ASX CODE: SGR
AND ITS CONTROLLED ENTITIES

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The Directors of The Star Entertainment Group Limited (the ***Company***) submit their 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 2017.

1. Directors

The names and titles of the Company's Directors in office during the financial year ended 30 June 2017 and until the date of this report are set out below. Directors were in office for this entire period.

Directors	
John O'Neill AO	Chairman 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 2017 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, events that have taken place during the reporting period and material business risks faced by the Group, to allow shareholders to make an informed assessment of the results and future prospects of the Company. 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 Group are the management of integrated resorts with gaming, entertainment and hospitality services.

The Star Entertainment Group Limited owns and operates The Star Sydney (***Sydney***), The Star Gold Coast (***Gold Coast***) and Treasury Brisbane (***Brisbane***). The Group also manages the Gold Coast Convention and Exhibition Centre on behalf of the Queensland Government and invests in a number of strategic joint ventures.

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";
- Manage planned capital expenditure programs in Queensland and Sydney to deliver value and returns for shareholders;
- Increase the volume of high-value visitation from local, domestic and international markets;
- Grow the 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 experiences 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;
- Rebranding of Jupiters to The Star Gold Coast;
- Relaunch of The Star Club loyalty program and improved customer service;
- Leadership in place supplemented by strengthened functional capability;
- Completion of a number of capital projects, including full refurbishment of Sydney and Gold Coast hotels, expansion of main gaming floor (***MGF***) in Sydney and additional food and beverage offerings in Gold Coast;
- Continuing the focus on international diversification, across global VIP and Premium Mass markets; and
- Invested in new joint venture with Chow Tai Fook Enterprises Limited (***CTF***) and Far East Consortium International Limited (***FEC***) that acquired the Sheraton Grand Mirage, Gold Coast.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

In FY2018, the focus will be on the following key strategic priorities:

- Improve earnings across the Group through continued focus on domestic gaming and operating efficiency;
- Deliver on the next stage of the capital development programs, in particular the completion of the new 6 star hotel in Gold Coast;
- Progress planning approvals for joint venture developments with CTF and FEC in Sydney and Gold Coast;
- Continue diversification of the Group's international revenue base into global VIP and Premium Mass markets; and
- Continue the drive to differentiate the value proposition at each of our properties, through brand, loyalty, customer service, and food and beverage offerings.

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 $2,432.2 million was up 3.2% on the prior comparable period (***pcp***), partly due to an above average win rate in the International VIP Rebate business and offset by disruption from capital works and a softer macro-economic environment. Normalised[1] revenues decreased 3.9% for the period to $2,337.3 million, down from $2,431.0 million in the pcp, impacted by lower International VIP Rebate business volumes.

Operating costs remain well managed, up 1.0%, reflecting increased domestic gaming volumes, ongoing investment in marketing, loyalty program relaunch and wage indexation. Significant operating expense items ($12.8 million) relate to costs relating to the unutilised aircraft. There were no significant items within the prior period.

Earnings before interest, tax, depreciation and amortisation (***EBITDA***) of $586.2 million was up 19.9% on the pcp. Normalised EBITDA (excluding significant items) of $515.1 million was down 7.4% on the pcp. Normalised EBITDA margin of 22.0% is down from 22.9% in the pcp as a result of higher average gaming taxes in Sydney.

Depreciation and amortisation expense of $164.5 million was flat on the pcp. Finance costs of $41.7 million were down 9.0% on the pcp.

Net profit after tax (***NPAT***) was $264.4 million, up 36.0% on the pcp. Normalised NPAT, excluding significant items, was $214.5 million, down 11.1% on the pcp.

Basic Earnings per Share (***EPS***) was 32.0 cents, up 36.0% on the pcp. Diluted EPS was 31.9 cents, 23.6 cents in the pcp. A final dividend of 8.5 cents fully franked was declared, totalling 16.0 cents per share for the year, up 23.1% on the pcp and reflecting a payout ratio of 50.0% of statutory NPAT for the year ended 30 June 2017.

2.4. Group financial position

The Group's net assets increased by 4.1% compared with the previous year.

Receivables remain well managed, with receivables past due not impaired less than one year comprising over 95% of the total. Net receivables past due not impaired greater than 30 days of $33.3 million, flat on the pcp, reflecting new debts being offset by collections during the period.

Net debt[2] was $787.5 million (30 June 2016: $473.8 million) with $200.5 million in undrawn facilities and an average drawn debt maturity of 2.3 years. Gearing levels remain conservative at 1.3 times FY2017 net debt to actual EBITDA, positioning the Group well to continue executing on its growth projects. Operating cash flow before interest and tax was $567.9 million (30 June 2016: $477.4 million). EBITDA to cash conversion ratio of 97% (30 June 2016: 98%).

Trade and other payables of $324.5 million were up 23.9% from June 2016 as a result of higher gaming related payables, representing players' funds deposited and chips in circulation at 30 June 2017.

[1] Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% of actual turnover.

[2] Net debt is shown as interest bearing liabilities, less cash and cash equivalents, less net position of derivative financial instruments. Derivative financial instruments reflect the position of currency swaps and interest rate hedges entered into for the USPP debt.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

2.5. Segment operations

The Group comprises the following three operating segments:

- Sydney;
- Gold Coast; and
- Brisbane.

Refer to note A1 for more details of the financial performance of the Company's operating segments. The activities and drivers of the results for these operations are discussed below.

Sydney

Gross revenue was $1,685.8 million, up 1.8% on the pcp and EBITDA was $401.1 million, up 32.6% on the pcp. Normalised EBITDA was $320.6 million, down 16.0% on the pcp.

Normalised gross revenue in Sydney was $1,595.5 million, down 8.5% on the pcp. Revenue decreased due to lower International VIP Rebate business volumes, partially offset by solid domestic revenue growth in the second half of the year. Domestic gross gaming revenue was up 4.4% on the pcp, with growth across both tables and slots, up 5.7% and 1.8% respectively. Electronic gaming machine market share of 9.1% for Q1-Q3 FY2017 consistent with the pcp. Non-gaming cash revenue was down 4.5% on the pcp due to disruption from capital works in the first half of the year.

Taxes, levies, rebates and commissions of $670.6 million were down 8.8% on the pcp as a result of lower International VIP Rebate business volumes, partially offset by higher average non-rebate gaming taxes. Sydney's average non-rebate tax rate was 32.6%, up from 31.9% in the pcp (top marginal tax rate of 50.0% in both years). Operating expenditure of $614.1 million was down 0.8% on the pcp as continued cost control offset the investments in loyalty, marketing, wage indexation and higher domestic gaming volumes. Normalised EBITDA margin of 20.1% was down from 21.9% on the pcp.

The Sydney property is one of the main partners to the Sydney Festival, a Leadership Partner of City of Sydney's Chinese New Year Festival and a sponsor of the Sydney Swans and New South Wales Rugby League (NSW Blues). The Sydney property also contributed to various charities during the period, including Barnardos Australia and Taronga Conservation Society Australia.

Queensland (Gold Coast and Brisbane)

Gross revenue was $746.4 million, up 6.5% on the pcp and EBITDA was $198.6 million, up 6.6% on the pcp. Normalised EBITDA was $194.5 million, up 11.5% on the pcp.

Normalised gross revenue in Queensland was $741.8 million, up 7.9% on the pcp. Queensland experienced an increase in revenue performance due to increased International VIP Rebate business revenue. The domestic gaming business was down 2.2% on the pcp, with decline in both tables and slots, down 1.4% and 2.8% respectively. Non-gaming revenue was up 7.1% on the pcp. Taxes, levies, rebates and commissions were up 10.6% on the pcp, driven by increased International VIP Rebate business gaming in the period. Operating expenses of $356.7 million across the Queensland properties were up 4.3% on the pcp. Normalised EBITDA margin of 26.2% was up from 25.4% on the pcp.

The Gold Coast property is the First Official Partner of the Gold Coast 2018 Commonwealth Games.

The Brisbane property was a sponsor of the Brisbane Festival and Queensland Rugby League (Queensland Maroons) during the year.

The Queensland properties also contribute to various charities and not-for-profit organisations including Ronald McDonald House and Surf Life Saving Queensland.

International VIP Rebate business

The results of the International VIP Rebate business are included in the segment performance overviews above. The International VIP Rebate business turnover was $39.7 billion, down 19.9% on the pcp. The actual win rate of 1.59% was above both the win rate for the pcp of 1.20% and the normalised rate of 1.35%. Normalised International VIP Rebate business revenue was $544.7 million, down 18.6% on the pcp, compared to statutory revenue of $639.6 million (up 7.3% on the pcp).

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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.

Sydney

Sydney's casino licence continues until 2093 and includes exclusivity arrangements with the New South Wales Government 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 capacity of the property is proposed to be expanded to approximately 1,000 hotel rooms and residences (including The Ritz Carlton hotel and luxury residences), with signature gaming experiences including new and refurbished premium gaming rooms and gaming salons, and over 50 food and beverage offerings. The Group's share of capital expenditure is expected to be approximately $667 million (prior to the sale of any apartments).

Capital expenditure in the year was approximately $180 million, including the completion of the Vantage Room, Latitude Bar, carpark upgrade, Astral Tower upgrade and MGF refurbishment. The redevelopment of the Astral Residences, Astral Lobby and Porte Cochere and Sovereign Room expansion continues.

Gold Coast

The Group holds a perpetual casino licence to operate The Star 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 6 star hotel with joint venture partners CTF and FEC. The capacity 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 of capital expenditure is expected to be approximately $578 million (prior to the sale of any apartments).

Progress on the redevelopment project includes the completion of the hotel rooms upgrade, Atrium Bar refurbishment, new restaurants and MGF refurbishment. Capital expenditure in the year was approximately $210 million, including construction costs for the new 6 star hotel, refurbishment of the Atrium Bar and upgrades to hotel rooms.

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

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 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.

Initial work on the integrated resort is on schedule and on budget, with demolition works underway and foundation work expected to commence in early 2018.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

2.7. Risk management

The Group takes a structured approach to identifying, evaluating and managing those risks which have the potential to affect achievement of strategic objectives. The commentary relating to Principle 7 in the Group's Corporate Governance Statement describes the Group's risk management framework which is based on ISO31000, the international standard on risk management. The Corporate Governance Statement can be viewed on the Group's website.

Details of the Group's major risks and associated mitigation strategies are set out below. The mitigation strategies are designed to reduce the likelihood of the risk occurring and/or to minimise the adverse consequences of the risk should it happen. However, some risks are affected by factors external to, and beyond the control of, the Group.

Risk and description	Mitigation strategy
Competitive Position	
The potential effect of increased competition in the Group's key markets of Sydney, Brisbane and the Gold Coast	The Group's vision is to be Australia's leading integrated resort company. The Group is making substantial investments in developing new or improved venue facilities in all key markets, diversifying revenue sources and in improving the customer service capabilities of employees.
Realising value from capital projects	
The ability to generate adequate returns from the financial capital invested in capital projects.	The Group has implemented a comprehensive project management framework and employed a number of appropriately skilled and experienced project managers to reduce the risk of delays in completion and/or overruns in costs of capital projects. The Group has also developed plans to market and promote its portfolio of attractive resort facilities to achieve the level of customer patronage required to deliver the expected returns on investment.
Human capital management	
The ability to attract, recruit and retain the right people for key leadership and operational roles.	The Group has in place a variety of avenues to attract, recruit and develop high performing and high potential employees, including an in-house talent acquisition team. The Group runs a number of training and development programs to provide employees with career development opportunities, and annually conducts an employee engagement survey to monitor for emerging issues which might affect the ability to retain talented employees. The Group's diversity and inclusion programs are widely recognised as being among the best in the industry.
Effective management of key stakeholders	
The ability to engage with key stakeholders to satisfy their competing interests without compromising the Group's operations or achievement of the Group's strategic objectives.	The Group has developed strong communication lines with a variety of stakeholder groups, including State governments in New South Wales and Queensland, regulators in both States, investors, media and unions. The Group has also developed strategic partnerships with a number of local community groups and charitable organisations.
Geo-political and regulatory changes	
The potential effect of political or regulatory changes in Australia affecting the operation of casinos, or the potential effect of changes in the administration of laws in foreign countries affecting the ability of foreign nationals to travel to and/or bring funds to Australia.	The Group continuously monitors for potential legislative changes or changes in relevant government policy in the States and countries in which it conducts business operations. The Group also makes representations to governments and industry groups to promote effective, appropriate and consistent regulatory and policy outcomes.
Data and systems security and reliability	
The ability to protect the integrity of confidential business or customer data which is collected, used, stored, and disposed of in the course of business operations, and the ability to maintain the security and operating reliability of key business systems.	The Group has a dedicated IT security function which continuously tests and monitors our technology systems to detect and block viruses and other threats to the security of our data. Employees are regularly trained on the importance of maintaining effective cyber security and data privacy processes.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Risk and description	Mitigation strategy
Major business disruption events The ability to anticipate, prevent, respond to and recover from events which have the potential to prevent the continued operation of a resort facility, or which inhibit the ability of guests being able to visit one of our resort facilities for a sustained period of time.	The Group's business continuity framework enables early identification of material risks to the continued operation of a resort facility. The framework is supported by a suite of emergency response, crisis management, and disaster recovery plans that are regularly tested and updated.
People health and safety The ability to operate the Group's resort facilities without affecting the safety, security and wellbeing of our guests and employees.	The Group takes a risk based approach to managing workplace health and safety. Critical safety risks have been identified with mitigation plans in place. Dedicated workplace health and safety and injury management specialists are employed at each resort facility. To assist in maintaining the safety and security of our guests and employees, each resort facility employs a substantial number of security and surveillance personnel to provide support in monitoring existential threats and managing potential incidents on a real time basis.
Financial management The ability to maintain financial performance and a strong balance sheet which enables the Group to fund future growth opportunities on commercially acceptable terms.	The Group annually establishes a financial budget and 5 year plan which underpin the setting of performance targets incorporated in management incentive plans. Financial performance is continuously monitored for any variations from annual financial budgets and market expectations. The Group's core business produces strong cashflow, allowing the Group to maintain low to moderate levels of debt while allowing shareholders to be paid dividends.
Corporate governance The ability to maintain a strong and effective governance structure which supports a culture of transparency, accountability, and compliance.	The Group has a well-defined governance framework which identifies the roles and responsibilities of the Board, the Board Committees and senior management. The Group also has a complementary set of key policies, compliance with which is monitored on an ongoing basis. The Group operates an integrated "3 lines of defence" model to identify and manage key risks and to provide assurance that critical controls are effective in managing those risks.

2.8. Environmental regulation and performance

The Group is committed to sustainability leadership in the entertainment sector and reducing resource consumption across its operations. In 2016 the Group set out a five-year Sustainability Strategy, 'Our Bright Future', focused on building business capacity and delivering continuous improvement in the management of environmental, social and governance issues (***ESG***). The Sustainability Strategy is aligned to the business strategy and groups ESG objectives and targets into four key pillars:

- we strive to be Australia's leading integrated resort company;
- we actively support guest wellbeing;
- we attract, develop and retain talented teams; and
- we develop and operate world class properties.

The Sustainability Strategy is underpinned by a structured materiality assessment process that was first conducted in 2016 over a three month period to identify potential material issues and ESG risks relevant to the business and industry.

To support the delivery of the Sustainability Strategy and to ensure the Group manages the resource consumption from an expanding portfolio, an energy and water project pipeline has been established to ensure projects are implemented each year that deliver cost and environmental benefits. The Group has now implemented over twenty four projects, delivering environmental and financial savings of over $1.4 million in the last two financial years. To ensure energy and water efficiency is achieved in refurbishment and development projects, the Group's Sustainable Design Guidelines have been applied to achieve greener building outcomes by specifying energy efficient technologies and best practice water and waste management.

During the year, the Group attained the global leadership position of the Casino and Gaming Industry in the Dow Jones Sustainability Index. The Group also attained its first National Australian Built Environment Rating System (NABERS) rating for its office located at 60 Union St, Pyrmont, New South Wales, achieving a result of 5 out of a possible 6 Stars for energy efficiency.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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 Environmental Management Policy, Sustainability Strategy, Materiality Assessment and Sustainable Design Guidelines can be found on the Company's website. Sustainability performance and progress against the Sustainability Strategy is reported to the People, Culture and Social Responsibility Committee regularly.

3. Earnings per share (EPS)

Basic EPS for the financial year was 32.0 cents (2016: 23.6 cents), 36.0% up on the pcp as a result of the improved operational performance across the Group. Diluted EPS was 31.9 cents (2016: 23.6 cents). EPS is disclosed in note F3 of the Financial Report.

4. Dividends

4.1. Dividend payout

An interim dividend of 7.5 cents per share (fully franked) was paid on 22 March 2017.

A final dividend per share of 8.5 cents (fully franked) was declared, totalling 16.0 cents per share for the year, up 23.1% on the pcp and reflecting a payout ratio of 50.0% of statutory NPAT for the year ended 30 June 2017.

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 30 August 2017. 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 (29 August 2017). 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

On 23 August 2017, the Group completed a tender and reissue offer in relation to 73% of the Group's US Private Placement (***USPP***) borrowings. This was undertaken to extend the Group's tenor on average drawn debt maturity by 3 years to 5.2 years, reduce finance costs on a like for like basis and lower refinancing requirements for the Group. The Group estimates that its average blended cost of debt on all USPP notes following the new issue will be approximately 5% (down from over 9% on previous notes). The transaction is expected to result in a one-off loss in the range of $30-$34 million (after tax) relating to the crystallisation of an existing obligation for the related out of the money interest rate swaps and other costs. This one-off loss will be recognised as a significant item in the FY2018 Financial Report. Further detail can be found in the ASX Announcement - *The Star announces placement of long-term notes* (dated 23 August 2017).

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 2017 and up to the date of this report that have materially affected or may materially affect the Group's operations, the results of those operations or the Group's state of affairs.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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	
John O'Neill AO	**Chairman** (from 8 June 2012)**; Non-Executive Director** (from 28 March 2011) *Diploma of Law; Foundation Fellow of the Australian Institute of Company Directors* **Experience:** John 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. Mr O'Neill is currently a member of the Advisory Council of China Matters. **Special Responsibilities:** Mr O'Neill is Chairman of the Board and an ex-officio member of all Board committees. **Directorships of other Australian listed companies held during the last 3 years:** Nil
Matt Bekier	**Managing Director and Chief Executive Officer** (from 11 April 2014) **Executive Director** (from 2 March 2011) *Master of Economics and Commerce; PhD in Finance* **Experience:** 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 and 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 & Company. **Special Responsibilities:** Nil **Directorships of other Australian listed companies held during the last 3 years:** Nil

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Current Directors	
Gerard Bradley	**Non-Executive Director** (from 30 May 2013) *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 Managers and Leaders* **Experience:** Gerard Bradley is 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. Mr Bradley is currently a Director of the Winston Churchill Memorial Trust. **Special Responsibilities:** • Chair of the Risk and Compliance Committee • 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:** Pinnacle Investment Management Group Limited (1 September 2016 to present)
Greg Hayes	**Non-Executive Director** (from 24 April 2015) *Master of Applied Finance; Graduate Diploma in Accounting; Bachelor of Arts; Advanced Management Programme (Harvard Business School, Massachusetts); Member of Institute of Chartered Accountants* **Experience:** 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 Precision Group, Aurrum Holdings Pty Ltd and Home Investment Consortium Company 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), Chief Financial Officer Australia and New Zealand of Westfield Holdings, and Executive General Manager, Finance of Southcorp Limited. **Special Responsibilities:** • Chair of the Audit Committee • Member of the Investment and Capital Expenditure Review Committee • 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)

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Current Directors	
Katie Lahey AM	**Non-Executive Director** (from 1 March 2013) *Bachelor of Arts (First Class Honours); Master of Business Administration* **Experience:** Katie 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 Executive Chairman Australasia for Korn Ferry International. She is also a member of the Australian Brandenburg Orchestra Board. 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. **Special Responsibilities:** • Chair of the People, Culture and Social Responsibility Committee • Member of the Remuneration Committee • Member of the Risk and Compliance Committee **Directorships of other Australian listed companies held during the last 3 years:** Nil
Sally Pitkin	**Non-Executive Director** (from 19 December 2014) *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. Dr Pitkin was previously a Non-Executive Director of Aristocrat Leisure Limited. **Special Responsibilities:** • Chair 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:** • Super Retail Group Limited (1 July 2010 to present) • Billabong International Limited (28 February 2012 to 15 August 2016) • IPH Limited (23 September 2014 to present) • Link Administration Holdings Limited (23 September 2015 to present)

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Current Directors	
Richard Sheppard	**Non-Executive Director** (from 1 March 2013) *Bachelor of Economics (First Class Honours); Fellow of the Australian Institute of Company Directors* **Experience:** 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 Dexus Property Group and a Non-Executive Director of Snowy Hydro Limited. He is also a Director of The Bradman Foundation. **Special Responsibilities:** • Chair of the Investment and Capital Expenditure Review Committee • Member of the Audit Committee • Member of the Risk and Compliance Committee **Directorships of other Australian listed companies held during the last 3 years:** • Dexus Property Group (1 January 2012 to present)

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:

Name	Ordinary Shares	Performance Rights
Current		
John O'Neill AO	54,348	Nil
Matt Bekier	649,562	1,350,622
Gerard Bradley	25,000	Nil
Greg Hayes	10,000	Nil
Katie Lahey AM	27,080	Nil
Sally Pitkin	45,900	Nil
Richard Sheppard	80,000	Nil

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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

9. Board and Committee meeting attendance

During the financial year ended 30 June 2017, the Company held 13 meetings of the Board of Directors (including 4 unscheduled meetings which were 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.

	Board of Directors		Audit Committee		Risk and Compliance Committee		Remuner-ation Committee		People, Culture & Social Responsibi-lity Committee		Investment & Capital Expenditure Review Committee	
Directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
John O'Neill AO	13	13	5	5	4	4	4	4	4	4	5	5
Matt Bekier (i)	13	13	-	-	-	-	-	-	-	-	-	-
Gerard Bradley	13	13	5	5	4	4	4	4	-	-	5	5
Greg Hayes	12	13	5	5	3	4	-	-	-	-	4	5
Katie Lahey AM	12	13	-	-	4	4	4	4	4	4	-	-
Sally Pitkin	13	13	5	5	-	-	4	4	4	4	-	-
Richard Sheppard	13	13	5	5	4	4	-	-	-	-	5	5

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. Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

12. 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 2017. 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.

Limited authority is delegated to the Company's Group Chief Financial Officer for the pre-approval of audit and non-audit services proposed by the external auditor, limited to $50,000 per engagement and capped at 40% of the relevant year's audit fee. Delegated authority is only exercised in relation to services that are not in conflict with the role of statutory auditors, where management does not consider the services to impair the independence of the external auditor and the external auditor has confirmed that the services would not impair their independence. Any other non-audit related work to be undertaken by the external auditor must be approved by the Chair of the Audit Committee.

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:

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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	272.0
Total of all non-audit and other services	272.0

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

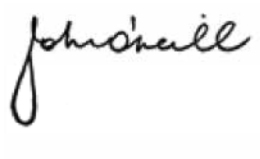
13. Rounding of amounts

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.

14. 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 2017. 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
23 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

EY
Building a better working world

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Sydney NSW 2000 Australia
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Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of The Star Entertainment Group

As lead auditor for the audit of The Star Entertainment Group for the financial year ended 30 June 2017, 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 and the entities it controlled during the financial year.

Ernst + Young

Ernst & Young

John Robinson
Partner
23 August 2017

REMUNERATION REPORT (AUDITED)

FOR THE YEAR ENDED 30 JUNE 2017

THE STAR ENTERTAINMENT GROUP LIMITED
A.C.N 149 629 023
ASX CODE: SGR
AND ITS CONTROLLED ENTITIES

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

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 2017 (**FY17**). This report is prepared on a consistent basis to the previous year for ease of reference.*

2016 Annual General Meeting (AGM)

The FY16 Remuneration Report received positive shareholder support at the 2016 AGM, with 98.16% of votes in favour of the resolution.

*At the 2016 AGM, shareholders approved a grant to the Managing Director and Chief Executive Officer of performance share rights under the Long Term Performance Plan (**LTPP**). His total at risk remuneration now accounts for more than 70% of total annual reward, with more than 55% delivered through deferred equity.*

*Shareholders also approved an increase to the Non-Executive Directors' (**NED**) fee pool cap from $2 million to $2.5 million per annum to provide future flexibility to increase the size of the Board.*

FY17 Performance and Incentive Outcomes

*The Group delivered Net Profit after Tax (NPAT) of $264.4 million, 36.0% above the pcp. Normalised NPAT (excluding significant items) of $214.5 million was 11.1% below the pcp and below the target set by the Board at the beginning of the performance period for the Short Term Performance Plan (**STPP**). The Group delivered satisfactory non-financial performance as measured against the Guest Satisfaction and Safety targets that were set by the Board for FY17. Total dividends paid to shareholders in FY17 were 16 cents per share, up 23.1% on the pcp.*

As the financial performance gateway under the STPP was not met for FY17, no incentives accrued to Executives in FY17.

*The FY13 award under the Long Term Performance Plan (**LTPP**) was tested for vesting during the period and did not vest. Total Shareholder Return (**TSR**) of 54.5% was below the 50th percentile of the competitor peer group and below the threshold required for vesting.*

Future events

*The FY14 LTPP is due to be tested for vesting in October 2017. This is the first LTPP award that comprises 50% Earnings per Share (**EPS**) and 50% Relative Total Shareholder Return (**rTSR**) hurdles.*

The Board is presently undertaking a review of the LTPP performance metrics for alignment with the Group's key strategic priorities.

Further advice on these matters is expected to be provided at the upcoming 2017 Annual General Meeting.

We thank you for your support in FY17 and welcome your feedback on our Remuneration Report.

Yours sincerely,

Sally Pitkin

Remuneration Committee Chair

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

Summary for FY17

Remuneration Reviews	In accordance with the Reward Strategy, the Company annually assesses the remuneration levels and mix for Executives to identify where adjustments are appropriate based on market benchmarking against relevant peer groups. The Company considers companies with a market capitalisation within the range of 70%-160% of The Star Entertainment Group's market capitalisation and appropriate gaming and entertainment peers. Following the remuneration review completed in September 2016, Executives received adjustments to their remuneration as detailed in Table 7.
Short Term Performance Plan (*STPP*)	Payments under the STPP only accrue if the financial performance gateway for Normalised Net Profit After Tax (***NPAT***) for the Group is met. As the financial performance for FY17 was below the threshold of $245.4 million, set by the Board at the commencement of performance period, no incentives accrued to Executives in FY17. Figure 3 shows the link between pay and performance and the alignment of short term incentive outcomes to the performance of the Group.
Long Term Performance Plan (*LTPP*)	Performance rights relating to the FY13 LTPP were tested in September 2016. The TSR performance of the Group was 54.5%, with a percentile ranking of 46.77. As this was below the 50th percentile required for vesting, no awards were realised under the LTPP for FY13. The FY14 LTPP grant is due for testing on 1 October 2017 and comprises an EPS and TSR performance hurdle. The LTPP performance hurdles are being reviewed by the Board for alignment to the Group's key strategic priorities.
Non-Executive Director fees	The resolution to increase the Non-Executive Directors' fee pool from $2.0 million to $2.5 million was approved by shareholders at the 2016 Annual General Meeting. The increased fee pool provides future flexibility to increase the size of the Board, and to ensure the Company maintains the ability to attract and retain high calibre Non-Executive Directors with the appropriate qualifications, skills, experience and diversity to oversee the Company's business and strategic direction. Whilst the fee pool was increased by $0.5 million, total increases to NED fees in FY17 was $0.073 million to align Committee fees with the appropriate benchmark. The unutilised fee pool is $0.875 million.

This Remuneration Report is comprised of the following sections:

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REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

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 2017.

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 Star Entertainment Group Limited. This report has been prepared in accordance with the requirements of the *Corporations Act 2001(Cth)* (the ***Corporations Act***) and its regulations. The information has been audited as required by section 308(3C) of the Corporations Act where indicated.

For purposes of this report, the term *'**Executives**'* means 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**)*.

1. Key Management Personnel

The names and titles of the Company's KMP for the year ended 30 June 2017 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.

Non-Executive Directors	Position
John O'Neill AO	Chairman and Non-Executive Director
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
Executives	
Matt Bekier	Managing Director and Chief Executive Officer
Chad Barton	Chief Financial Officer
Greg Hawkins	Managing Director, The Star Sydney
Geoff Hogg	Managing Director, Queensland

2. 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. This includes reviewing and recommending to the Board, the remuneration of Executives and of the Chairman and NEDs. The main responsibilities of the Committee are outlined in the Remuneration Committee Terms of Reference, available on the corporate governance page of the Company's website: https://www.starentertainmentgroup.com.au/corporate-governance/

Under 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. All members of the Remuneration Committee (including the Chair of the Committee) are independent non-executive directors. Details of members of the Committee and their background are included in the Directors' Report on pages 8 to 11.

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 FY17.

*Remuneration Report approval at 2016 Annual General Meeting (**AGM**)*

The FY16 Remuneration Report received positive shareholder support at the 2016 AGM, with 98.16% of votes in favour of the resolution.

REMUNERATION REPORT (AUDITED)
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Gender pay equity

The Group is committed to ensuring all employees are remunerated fairly and equitably. The Group conducts annual gender pay equity reviews that are presented to the Remuneration Committee. No significant gaps were identified during FY17.

3. 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 key reward principles are shaped around:

- Being market competitive in order to attract and retain high performing individuals (refer section 3.1 – fixed remuneration),
- Paying above market for superior performance behaviours (variable – at risk remuneration) that drive sustainable value for shareholders (refer section 3.2 – variable (at risk) remuneration),
- Delivering a meaningful quantum of awards in equity to create alignment with shareholders' interest and manage risk, and
- Linking remuneration components and outcomes to the achievement of the Group's strategic priorities.

Total Annual Reward (***TAR***) is comprised of a fixed and a variable component. The variable component includes both a short term and long term incentive opportunity. The 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. Fixed remuneration and total target remuneration (fixed remuneration plus variable remuneration) is 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.

REMUNERATION REPORT (AUDITED)
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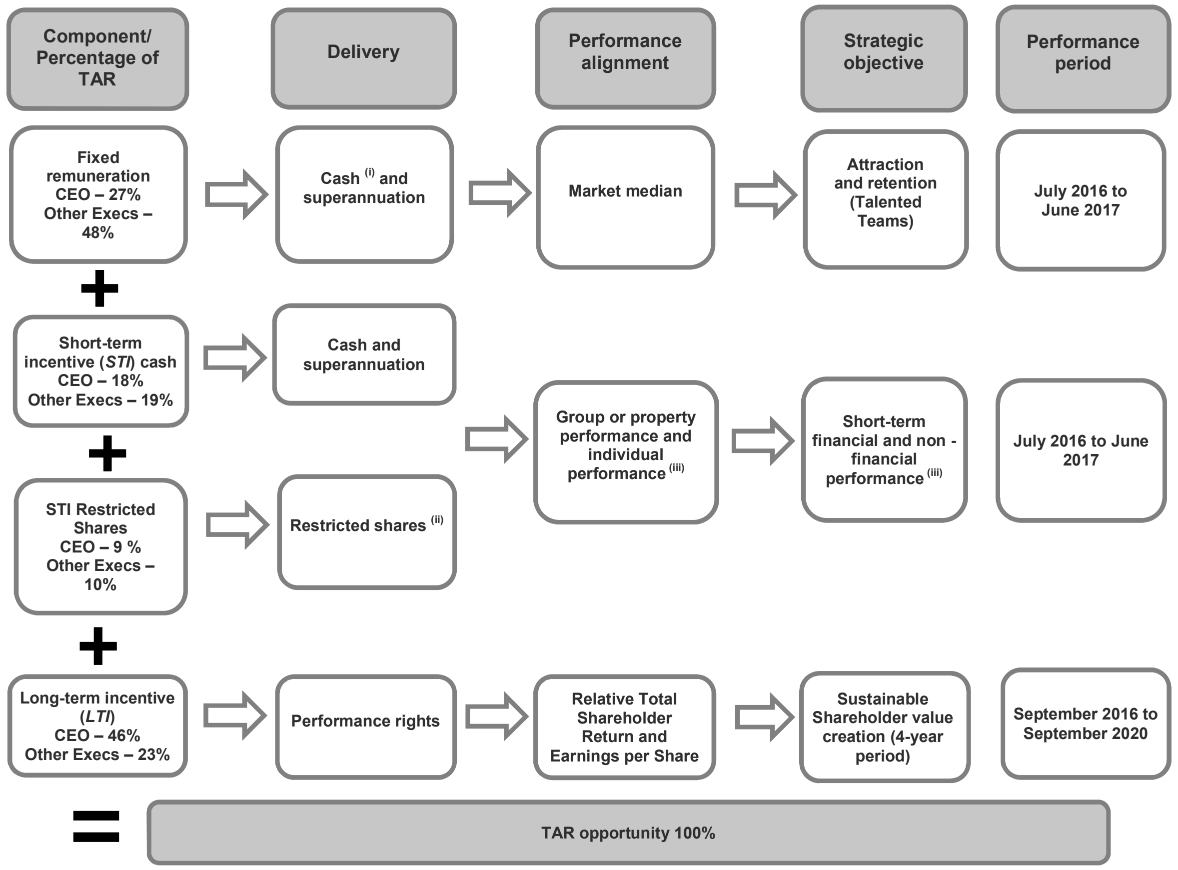
Figure 1 illustrates the components of Executives' Total Annual Reward (***TAR***) opportunity and how these are linked to strategic objectives of the Group.

Figure 1: Components of Executive TAR Opportunity



(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) Table 2 provides details on the strategic priorities and the metrics used to assess performance against the strategic priorities

REMUNERATION REPORT (AUDITED)
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3.1 Fixed remuneration

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

- 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) and industry peers, and
- Level of international and domestic gaming knowledge, skills and experience of the individual.

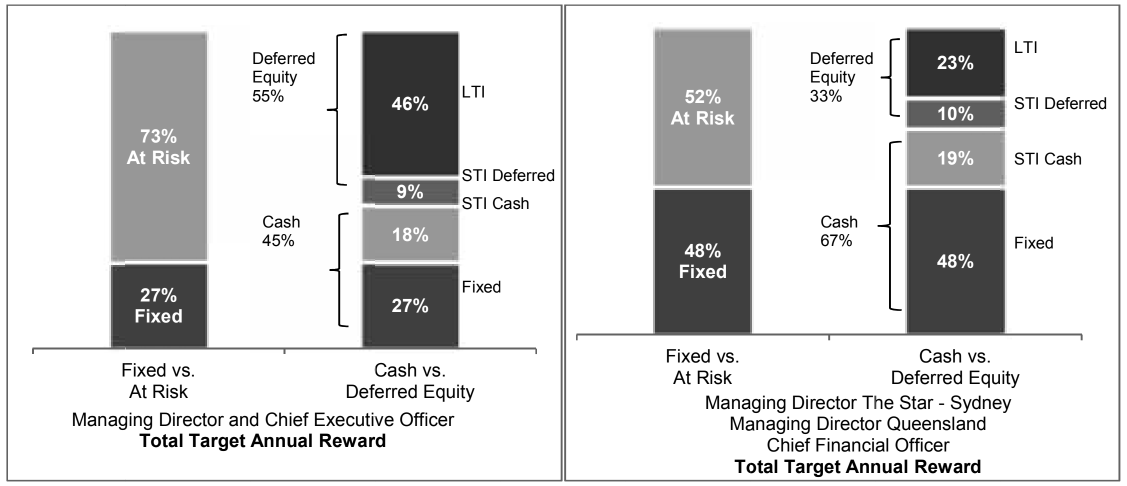
Fixed remuneration is reviewed annually, and the policy is to target fixed remuneration at the median of the market. Fixed remuneration may deviate from the market median depending on the individual capabilities and other business factors.

3.2 Variable (at risk) remuneration

The Star Entertainment Group has two variable reward programs designed to drive performance and execution of the Board approved business plan to ultimately deliver superior returns and long-term value creation for shareholders. They are the Short Term Performance Plan (***STPP***) and the Long Term Performance Plan (***LTPP***). Further details of these two programs are set out in section 3.3 and 3.5 respectively.

Figure 2 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 the Queensland properties) respectively.

Figure 2: Remuneration mix for FY17



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3.3 Short Term Performance Plan Design

The STPP is designed to reward Executives for execution of the Group's strategy during the performance period.

Payments only accrue under the plan if the Group achieves its financial performance gateway, thereby aligning to shareholder interests and achieving a direct link between pay and performance (refer Figure 3). Payments are further moderated based on satisfactory performance against key non financial performance indicators. Individual payments are performance based and assessed using a weighted balanced scorecard approach (refer Figure 4).

As the Group did not achieve the financial performance gateway for FY17, no incentives accrued to Executives under the STPP in FY17.

The number of employees invited to participate in the STPP was approximately 692 (increased from 451 for FY16).

Table 1 sets out the key features of the STPP, all of which are consistent with the prior year.

Table 1: Key design features of the STPP

Purpose	To reward Executives for execution of the Group's strategy during the performance period.
Gateway	The minimum level of financial performance required before any incentives accrue under the STPP is referred to as the gateway. The gateway hurdle is 95% of the budgeted Normalised[1] NPAT of the Group as approved by the Board. This gateway applies to all Executives and other participants in the plan. The Board may use its discretion to make payments to reward for significant non-financial performance.
Pool size	The pool size is determined by the Board through an assessment of Group performance, including: 1. Financial performance (Normalised NPAT) 0% of target pool vests at below 95% of budgeted NPAT 50% of target pool vests at 95% of budgeted NPAT 100% of target pool vests at 100% of budgeted NPAT 150% of target pool vests at 110% of budgeted NPAT 2. Non-financial performance measures and strategic priorities (Guest Service and Safety).
Incentive opportunity levels	Opportunities are based on the Executive's incentive target in their employment contract (refer Table 7) The payment range available is 0%-150% of the Executive's incentive target.
Payment calculation	Individual performance is determined by using a weighted scorecard of measures (Figure 4) to arrive at a performance rating. Performance ratings link to payment ranges as follows: 5 = Outstanding (125 – 150% of target) 4 = Exceeds (100 – 125% of target) 3 = Meets (75 – 100% of target) 2 = Meets some (0 – 75% of target) 1 = Did not meet (0% of target) An Executive's individual STI award is based on the following calculation: Fixed Remuneration x Individual Target STI % x Group Performance Multiplier % (0-150%) x Individual Performance Multiplier % (0-150%) = Individual STI award (capped at 150% x target) 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 (including deferrals)	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.

[1] *Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the International VIP Rebate business and exclude significant items that are considered by their nature and size unusual or not in the ordinary course of business. This methodology has been consistently applied since FY12.*

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3.4 Reward Outcomes under STPP

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.

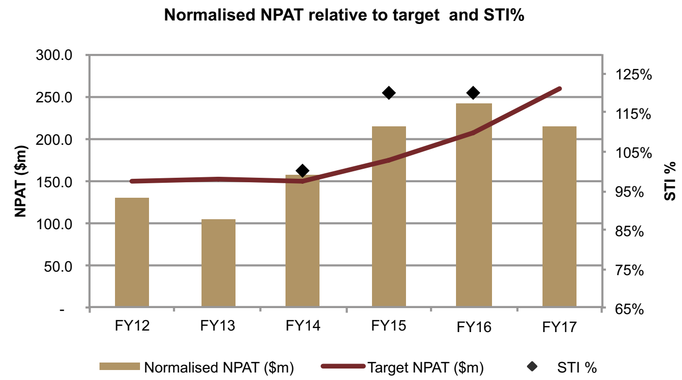
- **Financial performance**

The financial performance measure driving the size of the STPP pool is Normalised NPAT of the Group.

Figure 3 shows the Company's reported Normalised NPAT relative to target over the last six financial years and the percentage of STIs awarded relative to the 'on target' amount.

As the financial performance gateway of $245.4 million (i.e. 95% of Target NPAT) was not met for FY17, no incentives accrued to Executives.

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



No awards were made in FY12, FY13 and FY17, as targets were not achieved

- **STPP pool moderating measures**

The two non-financial measures considered when determining the size of the STPP pool are Guest Satisfaction and Safety (TRIFR)^.

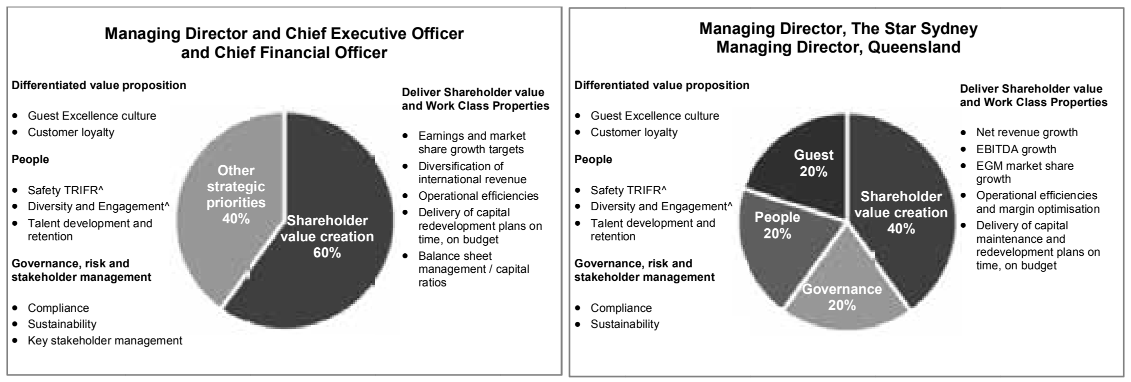
Guest Satisfaction is an indicator of the value delivered from the quality of our customer experience and Safety is a critical focus area of the Group, particularly during the current capital expansion and redevelopment phase.

For FY17, the Group came within 95% of the Guest Satisfaction target and achieved better than the Safety TRIFR limit set by the Board at the commencement of the performance period.

- **Executive scorecards (individual performance)**

Although no incentives accrued to Executives in respect FY17, individual performance for Executives was assessed against their respective weighted balanced scorecard objectives. Details of these objectives are shown in Figure 4.

Figure 4: Weighted balanced scorecard



^External providers are engaged to report on TRIFR, Guest Satisfaction and Employee Engagement scores as applicable.

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Table 2 provides a summary of performance against the strategic priorities of the Group for FY17.

Table 2: FY17 Performance outcomes against strategic priorities and key performance indicators

Strategic Priorities	Key performance indicator	Performance outcomes/ commentary	Overall Rating
Shareholder Value and World Class Properties	**FINANCIAL PERFORMANCE** • Deliver budgeted Normalised NPAT and EBITDA (improving earnings and operating efficiencies) • Grow revenues and market share in domestic and International Rebate Business (***IRB***), including diversification of revenue • Grow EGM Market Share • Manage operational benchmarks, cash and receivables	• The Group's normalised EBITDA and NPAT performance were below budget, impacted by disruptions from capital works at the Sydney and Gold Coast properties and softer macro-environment and events in China • EGM Market share flat in Sydney and down ~1% in Qld • IRB actual win rate above normalised levels, receivables well controlled, increased dividend to shareholders • Benefits of around $48m in FY17 from "Fit for Growth" program that is focused at driving year on year sustainable improvements/operational efficiencies	Below target

	CAPITAL REDEVELOPMENT PLANS
	• Deliver capital works within scope, timing and budget
	• Progress master planning for Sydney and the Gold Coast in line with business strategy
	• Progress Queen's Wharf Brisbane (***QWB***) development in line with approved time frames
	• Manage balance sheet and key ratios in line with target
		• Master planning and redevelopment works progressing in line with expectations with Capital expenditure of more than $420m completed in FY17. Key projects delivered in FY17 include:
		  ○ (Sydney) – upgrade to 303 room Astral Tower hotel, entry level domestic private gaming room (Vantage), multi-terminal gaming machine theatre
		  ○ (Gold Coast) – main gaming floor refresh, upgrade to 596 room hotel, reception and Atrium area, launched two new restaurants
		• QWB development on track, demolition works commenced
		• Gearing and other key ratios were within target range
			On target

Differentiated value proposition	**GUEST SERVICE CULTURE**
	• Elevate the customer service culture through:
	  ○ Implementation of world class Guest Service System (refers to a comprehensive system geared towards creating sustainable service culture)
	  ○ Measuring the internal level of customer service through an independently managed Internal Customer Survey (***ICS***)
		• Guest service scores within 95% of target except on the Gold Coast where this was >10% below target
		• Over 85% of staff completed the 'Star Quality' service foundations training that is also embedded in induction programs across the Group
		• Over 17,500 guest surveys completed
		• Satisfactory ICS results from FY17 survey
			Slightly below target

	LEADERSHIP IN LOYALTY
	• To achieve a leadership position in Loyalty and thereby achieve growth in market share and earnings
	• Execution on Loyalty targets include:
	  ○ relaunch of program on an upgraded platform to offer improved program features and enhanced analytics capability
	  ○ focus on existing customer engagement levels to increase rated play and offer attainable mid-tier benefits and exemplary customer service, improving new member quality and acquisition metrics
	• Deliver the Group's new branding for The Star Gold Coast
		• Loyalty program relaunched per plan in November 2016
		• Relaunched loyalty program showing positive initial signs
		• Member perception improving month on month since relaunch in November 2016
		• Electronic gaming rated play in FY2017 continued to grow faster than unrated play across key metrics – turnover, actual and theoretical win across both Slots and MTGMs
		• New member acquisition showing initial signs of improving quality – increased visitation within first 4 weeks of signing up and higher average gaming spend per trip in 2H2017 on pcp
		• The Star Gold Coast rebranding completed as per plan
			On track

People	**EMPLOYEE ENGAGEMENT** • Focus on ensuring continuous improvements in employee engagement and diversity through identification and delivery of appropriate targeted action plans and initiatives • Support a culture of continuous learning through implementation of contemporary Learning Management System (***LMS***) and effective leadership behaviours and competencies	• Employee engagement action plans following FY16 Employee Opinion Survey (***EOS***) satisfactorily on track across all properties. • ICS completed with overall score within threshold • LMS implemented in Dec 2016 with more than 67,000 online compliance training modules completed • Multiple Diversity and Inclusion and HR awards and finalist nominations, including for Employer of Choice	On track
	SAFETY • Deliver a safe environment for guests and team members across the Group • Measure Work, Health & Safety (***WHS***) progress, including Total Reportable Injury Frequency Rate (***TRIFR***), Long Term Injury Frequency Rate (***LTIFR***) • Operationalise strategy and measures of progress, including implementation of robust WHS information technology platform and increased reporting	• Revised WHS strategy approved and implemented in FY17 • TRIFR scores improved on pcp and on decreasing for all properties except Gold Coast • LTIFR below expectations - remedial plans under review in conjunction with overall safety improvement plans • Phase 1 of Work Safety Management System implemented	On track

Governance, risk and stakeholder management	**RISK, COMPLIANCE & SUSTAINABILITY**
	• Foster a sound control and compliance environment underpinned by a strong governance framework, including:
	  ○ Effective implementation and monitoring of compliance with company policies and procedures
	  ○ Active monitoring of regulatory and other legislative compliance requirements
	• Deliver on the Sustainability Strategy and achieve resource consumption reduction
	• Maintain and develop key stakeholder relationships including with regulatory and law enforcement agencies, community organisations, shareholders, trade unions and other key business partners.
		• No material compliance or risk breaches
		• Casino licence review in Sydney completed with no material findings
		• The Group obtained the global leadership position of the Casino and Gaming Industry in the Dow Jones Sustainability Index and remains a member of the FTSE4Good Index
		• ESG Strategy on track
		• Progress made with QWB development and relations with broader stakeholder groups during development phase
		• Development approvals and submissions for expansion projects (including with joint venture partners) on track
		• Over $10m contributed to partnerships, community groups and charities
			Above target

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3.5 Long Term Performance Plan

The LTPP is principally designed to reward Executives for their contributions towards achieving the Group's strategic priorities orientated around the achievement of 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 rTSR and EPS. The Board is presently reviewing the LTPP performance criteria in the context of its strategic priorities to ensure these are appropriate and effective in driving the execution of the strategy. Consultation with key stakeholders is an important part of this review.

For FY17, there were 17 participants in the plan (9 participants for FY16). Each of the Executives participates in the plan.

Table 3 sets out the key features of the LTPP, all of which are consistent with the prior year.

Table 3: Key design features of the LTPP

<table>
<tr><td>Purpose</td><td colspan="2">To reward Executives for execution of the Group's strategy and delivering long term sustainable shareholder value creation.</td></tr>
<tr><td>Type of equity award</td><td colspan="2">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 holders of ordinary shares. These ordinary shares are free of restrictions but are still subject to The Star Entertainment Group's Securities Trading Policy.</td></tr>
<tr><td>Determination of the number of rights</td><td colspan="2">The number of performance rights allocated to an Executive is based on the following calculation:

Target LTI ($) ÷ Moderated face value of a performance right = Number of performance rights allocated

Moderated face value reflects the face value of the share at the allocation date less the value of any dividends foregone by the award holder during the vesting period, i.e. Share price x Dividend Discount Factor. Details of annual grant values for Executives is set out in Table 7.</td></tr>
<tr><td>Vesting conditions (hurdles) and schedule</td><td>rTSR (50% of the award)

rTSR has been included to focus the Executives on the return received by shareholders (capital returns, dividends and share price movement) over the four year period relative to a peer group of companies.

<u>TSR peer group</u>: S&P ASX 100

Exclusions: property trusts, infrastructure groups, and mining companies, represented by the S&P Global Industry Classification Standards of Oil & Gas, Metals & Mining, Transportation Infrastructure and Real Estate.

<table>
<tr><th>The Star Entertainment Group's relative TSR ranking</th><th>Percentage of performance rights that will vest</th></tr>
<tr><td>Below 50th percentile</td><td>0%</td></tr>
<tr><td>At 50th percentile</td><td>50%</td></tr>
<tr><td>Above 50th and below 75th percentile</td><td>Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)</td></tr>
<tr><td>At or above 75th percentile</td><td>100%</td></tr>
</table></td><td>EPS (50% of the award)

EPS has been included to drive line of sight between shareholder value creation and management's financial performance, against the Group's business plan. It measures growth in accounting-based earnings per ordinary share.

<u>FY17 EPS target</u>: EPS Growth to FY20

The EPS threshold and stretch target is set by the Board at the beginning of the performance period by reference to a Board approved long term plan.

The Star Entertainment Group will disclose the actual EPS target on a retrospective basis to ensure that the Group's competitive position is not undermined.

<table>
<tr><th>EPS performance outcome</th><th>Percentage of performance rights that will vest</th></tr>
<tr><td>Below threshold</td><td>0%</td></tr>
<tr><td>At threshold</td><td>50%</td></tr>
<tr><td>Between threshold and stretch</td><td>Pro-rata between threshold and target</td></tr>
<tr><td>At stretch</td><td>100%</td></tr>
</table></td></tr>
<tr><td>Test Date and Vesting date</td><td colspan="2">Performance rights are tested on the fourth anniversary of the grant and are not subject to retesting.</td></tr>
<tr><td>Cessation of employment, Change of Control and Clawback</td><td colspan="2">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. If a Change of Control Event occurs, or the Board determines in its absolute discretion that a Change of Control Event may occur, the Board will determine in its absolute discretion appropriate treatment regarding any Awards.

Unvested rights may be clawed back where there has been a material misrepresentation of the financial outcomes on which the award 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).</td></tr>
</table>

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3.6 Vesting under the LTPP

Since the Group's inception in 2011, there have been six grants made under the LTPP, with two grants tested and no vesting outcomes (refer Table 4).

Table 4: Details of performance rights issued to date

Detail	FY12 Grant	FY13 Grant	FY14 Grant	FY15 Grant	FY16 Grant	FY17 Grant
Grant date	20 Sep 2011	19 Sep 2012	1 Oct 2013	26 Sep 2014	21 Sep 2015	5 Oct 2016
Test date	20 Sep 2014	19 Sep 2016	1 Oct 2017	26 Sep 2018	21 Sep 2019	5 Oct 2020
Vesting hurdle(s)	TSR	TSR	TSR & EPS	TSR & EPS	TSR & EPS	TSR & EPS
Test result	0% vested	0% vested	N/A	N/A	N/A	N/A

During FY17, the FY13 grant was tested and did not vest as performance hurdles were not met.
The next test date will be in October 2017, for performance rights granted in FY14.

The FY13 Grant was the first grant with a four year performance period, resulting in a gap year in 2015. Prior to this, the vesting period was three years.

Performance rights relating to the FY13 grant were tested in September 2016. The TSR performance of the Group was 54.5% (excluding the value of franking credits), with a percentile ranking of 46.77. As this was below the 50th percentile required for vesting, no awards were realised under the LTPP for FY13.

The FY14 Grant, due to be tested on 1 October 2017, is the first award with an EPS performance hurdle that comprises 50% of the award outcome. The Group introduced the EPS measure in FY14 to better align the reward outcomes under the LTPP with the execution of the Group's strategic priorities. The outcomes will be reported in the FY18 Remuneration Report.

Table 5 outlines the performance of the Group and shareholder returns over the last six financial years.

Table 5: Statutory key performance indicators

Performance metric	FY12	FY13	FY14	FY15	FY16	FY17
Statutory NPAT	$42.2m	$83.5m	$106.3m	$169.3m	$194.4m	$264.4m
Basic EPS (statutory)	5.9c	10.1c	12.9c	20.5c	23.6c	32.0c
Full year dividend (fully franked, cents per share)	4.0c	6.0c	8.0c	11.0c	13.0c	16.0c
Share price at year end	$4.28	$3.06	$3.14	$4.36	$5.40	$5.05
Increase/(decrease) in share price	N/A	(29%)	+3%	+39%	+24%	(6%)

Table 6 summarises the unvested performance rights held by Executives as at 30 June 2017.

Table 6: Performance rights by grant held by Executives at 30 June 2017

Executive	FY14 Grant	FY15 Grant	FY16 Grant	FY17 Grant	Total performance rights held
Matt Bekier	196,850	352,112	253,456	548,204	1,350,622
Chad Barton	-	91,549	62,903	67,108	221,560
Greg Hawkins	-	169,014	110,599	117,958	397,571
Geoff Hogg	62,992	70,422	50,691	54,064	238,169
Total performance rights	**259,842**	**683,097**	**477,649**	**787,334**	**2,207,922**

The FY13 Grant was tested in September 2016 and as performance hurdles were not met and there is no retesting of hurdles, these rights lapsed.

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

4. Executive Contracts and Remuneration

Remuneration arrangements for Executives are formalised in employment contracts. Table 7 sets out details of Executive employment contracts, including remuneration.

Table 7: Executive Employment Contracts

Contract Details	Matt Bekier Managing Director and Chief Executive Officer		Chad Barton Chief Financial Officer		Greg Hawkins Managing Director, The Star Sydney		Geoff Hogg Managing Director, Queensland	
	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16
Fixed remuneration	**$1,695,000**	$1,650,000	**$733,688**	$682,500	**$1,260,000**	$1,200,000	**$605,000**	$550,000
Superannuation	The Star Entertainment Group deducts superannuation from the Executives' fixed remuneration as per the Australian Tax Office Superannuation Guarantee Cap.							
Short-term incentive target	**$1,695,000**	$1,650,000	**$440,213**	$409,500	**$756,000**	$720,000	**$363,000**	$330,000
Long-term incentive (annual grant value)	**$2,900,000**	$1,100,000	**$355,000**	$273,000	**$624,000**	$480,000	**$286,000**	$220,000
Total Target Annual Reward	**$6,290,000**	**$4,400,000**	**$1,528,901**	**$1,365,000**	**$2,640,000**	**$2,400,000**	**$1,254,000**	**$1,100,000**
Non-monetary benefits	N/A		N/A		N/A		N/A	
Other benefits	N/A		N/A		N/A		N/A	
Notice by the Executive	12 months		6 months		9 months		6 months	
Notice by the Group	12 months		9 months		9 months		9 months	
Restraint [(i)]	12 months		Notice period or 6 months following the notice of termination by the Group for any reason.		12 months		12 months	
Non solicitation	12 months		12 months		12 months		12 months	
Contract duration	Open ended		Open ended		Open ended		Open ended	

(i) Exclusion from being engaged in any business or activity in Australia which competes with or is substantially similar to the business of The Star Entertainment Group.

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

5. Statutory Executive Remuneration

Table 8 sets out Executive remuneration as required by the Corporations Act and its regulations, including the relevant Australian Accounting Standard principles.

Table 8: Statutory Executive Remuneration

Executive	Financial year	Short-term			Long-term	Post-Employment	Charge for share based allocations		Total remuneration $	Performance related %
		Salary & fees (i) $	Bonus (ii) $	Non-monetary benefits (iii) $	Long service leave $	Superannuation (iv) $	Performance rights (v) $	Restricted shares (ii) $		
Matt Bekier	**2017**	**1,692,785**	**-**	**1,040**	**36,018**	**35,000**	**976,850**	**-**	**2,741,693**	**36%**
	2016	1,575,505	1,584,000	2,353	51,085	30,524	607,104	792,000	4,642,571	64%
Chad Barton	**2017**	**706,241**	**-**	**1,040**	**14,001**	**30,000**	**165,235**	-	**916,517**	**18%**
	2016	691,918	343,980	194	11,961	30,000	97,649	171,990	1,347,692	46%
Greg Hawkins	**2017**	**1,281,943**	**-**	**1,317**	**22,819**	**35,216**	**295,427**	-	**1,636,722**	**18%**
	2016	1,223,119	630,000	299,509	20,008	39,608	176,620	315,000	2,703,864	41%
Geoff Hogg	**2017**	**576,553**	**-**	**4,929**	**17,655**	**19,616**	**162,743**	**-**	**781,496**	**21%**
	2016	543,761	231,000	4,797	15,219	19,308	143,290	115,500	1,072,875	46%
TOTAL FY17		**4,257,522**	**-**	**8,326**	**90,493**	**119,832**	**1,600,255**	**-**	**6,076,428**	
TOTAL FY16		4,034,303	2,788,980	306,853	98,273	119,440	1,024,663	1,394,490	9,767,002	

(i) Comprises salary, salary sacrificed benefits (including motor vehicle novated leases) and annual leave expense.
(ii) Represents STPP award delivered as two-thirds cash award and one-third restricted shares. 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. The amounts recognised in share based payments expense in FY17 in respect of FY15 and FY16 STPP awards were: Matt Bekier $381,403, Chad Barton $93,206, Greg Hawkins $160,182 and Geoff Hogg $76,608.
(iii) Comprises car parking, accommodation, airfares, travel costs, relocation expenses, living away from home benefits and taxation services where applicable.
(iv) Comprises superannuation contributions per Superannuation Guarantee legislation and salary sacrificed superannuation.
(v) Represents the fair value of share based payments expensed by The Star Entertainment Group in relation to LTPP awards.

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

5. Statutory Executive Remuneration cont.

Table 9 summarises the Executives' remuneration for FY17 based on awards made and vested (or forfeited) during FY17.
These outcomes differ to the statutory remuneration disclosed in Table 8 that are based on Australian Accounting Standard principles.

Table 9: Remuneration outcomes for the year ended 30 June 2017 – Executives

Executive	Fixed pay Cash $	Short-term incentives		Long-term incentives vested during the year (ii) $	Total remuneration $	Long-term incentives lapsed during the year (iii) $
		Cash $	Shares (i) $			
Matt Bekier	1,695,000	-	-	-	1,695,000	(1,343,180)
Chad Barton	733,688	-	-	-	733,688	-
Greg Hawkins	1,260,000	-	-	-	1,260,000	-
Geoff Hogg	605,000	-	-	-	605,000	(376,090)
TOTAL FY17	**4,293,688**	**-**	**-**	**-**	**4,293,688**	**(1,719,270)**

(i) As the financial performance gateway under the STPP was not met for FY17, no incentives accrued to Executives under the STPP in FY17
(ii) No performance rights vested in FY17 as performance hurdles were not met.
(iii) No performance rights vested in FY17 as performance hurdles were not met. The amount shown is the realisable value of performance rights at lapse date.

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

6. 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 $2,500,000 including superannuation contributions.

There were small increases to Committee fees in FY17 to align with the increasing demands on Committee members and to maintain market competitiveness. Board and Committee fees effective from 1 July 2016 are shown in Table 10.

Table 10: Annual NED Fees (inclusive of superannuation)

	Board	Audit	Risk & Compliance	Remuneration	People, Culture & Social Responsibility	Investment & Capital Expenditure Review
Chair	$475,000	$35,000	$35,000	$35,000	$30,000	$30,000
Member	$160,000	$17,500	$17,500	$17,500	$15,000	$15,000

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 approvals being obtained. Observer fees are equivalent to applicable Board and Committee fees.

A summary of the total remuneration received by each NED is set out in Table 11.

Table 11: NED Remuneration

NED	Financial year	Board and Committee Fees $	Superannuation (i) $	Total $
John O'Neill AO	**2017**	**439,168**	**35,832**	**475,000**
	2016	439,476	35,524	475,000
Gerard Bradley	**2017**	**225,384**	**19,616**	**245,000**
	2016	208,609	19,308	227,917
Greg Hayes	**2017**	**207,965**	**19,535**	**227,500**
	2016	203,139	18,944	222,083
Katie Lahey AM	**2017**	**205,580**	**19,420**	**225,000**
	2016	191,781	18,219	210,000
Sally Pitkin	**2017**	**207,983**	**19,517**	**227,500**
	2016	194,064	18,436	212,500
Richard Sheppard	**2017**	**205,562**	**19,438**	**225,000**
	2016	196,419	18,581	215,000
TOTAL FY17	**2017**	**1,491,642**	**133,358**	**1,625,000**
TOTAL FY16	2016	1,433,488	129,012	1,562,500

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

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

7. Other information

7.1. KMP shareholdings

To align the interests of the Board and Executives with the interests of shareholders generally, the Company introduced in FY16, a minimum shareholding policy for KMP. There is a separate Minimum Shareholding Policy that applies to other executives who report directly to the Managing Director and Chief Executive Officer.

Minimum Shareholding Policy for Executives

Executives 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 to 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 are to 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 progressively acquire shares over a three year period from the date of commencement of their unconditional appointment (for within three years from the date of commencement of the policy (for existing directors). NEDs are to hold shares of equal value to their respective annual base fees applicable at the time of their unconditional appointment.

Direct and indirect holdings will both count towards the minimum shareholding target.

Tables 12 and 13 show the number of shares and performance rights held by NEDs and Executives respectively at the beginning and end of the financial year.

Table 12: Shares held by NEDs at 30 June 2017

NED	Balance at start of the year	Number acquired	Number divested	Balance at the end of the year
John O'Neill AO	**51,172**	3,176	-	**54,348**
Gerard Bradley	**25,000**	-	-	**25,000**
Greg Hayes	**10,000**	-	-	**10,000**
Katie Lahey AM	**27,080**	-	-	**27,080**
Sally Pitkin	**26,900**	19,000	-	**45,900**
Richard Sheppard	**50,000**	30,000	-	**80,000**
Total ordinary shares	**190,152**	**52,176**	**-**	**242,328**

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

Table 13: Shares and Performance Rights held by Executives at 30 June 2017

Executive	Holding	Balance at start of the year	Acquired or granted as compensation[i]	Disposed of, lapsed or transferred during the year[ii]	Balance at the end of the year
Matt Bekier	Performance Rights	**1,029,690**	548,204	(227,272)	**1,350,622**
	Ordinary Shares	**361,140**	148,633	-	**509,773**
	Restricted Shares	**146,733**	141,689	(148,633)	**139,789**
Chad Barton	Performance Rights	**154,452**	67,108	-	**221,560**
	Ordinary Shares	**-**	33,273	-	**33,273**
	Restricted Shares	**32,366**	30,775	(32,785)	**30,356**
Greg Hawkins	Performance Rights	**279,613**	117,958	-	**397,571**
	Ordinary Shares	**-**	48,868	-	**48,868**
	Restricted Shares	**47,536**	56,212	(48,151)	**55,597**
Geoff Hogg	Performance Rights	**247,741**	54,064	(63,636)	**238,169**
	Ordinary Shares	**62,081**	31,938	-	**94,019**
	Restricted Shares[iii]	**30,897**	20,993	(30,575)	**21,315**

Note: The closing balances of restricted shares are subject to a deferral period of one year that ends on 15 September 2017.
(i) Includes shares acquired under the Dividend Reinvestment Plan and transfers from restricted shares where the holding lock has been lifted
(ii) Restricted shares that are no longer subject to a holding lock are converted into ordinary shares
(iii) Includes 217 ordinary shares acquired through salary sacrifice under the General Employee Share Plan that are subject to a holding lock for three years from the acquisition date

7.2. Loans and other transactions with KMP

There have been no loans or other transactions with KMP during the year.

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

7.3. Variable Remuneration

Table 14 shows the variable remuneration of Executives under the STPP and LTPP during the period. Details of the number of performance rights granted, vested or lapsed during the period are also provided as required under the Corporations Act and its regulations, including the relevant Australian Accounting Standard principles.

Table 14: Variable Remuneration

		STPP				LTPP							
Executive	**Financial year**	**Cash award $**	**Restricted share grant $**	**As a % of total remuneration**	**STI not achieved as a % of target (i)**	**Number of performance rights granted**	**Fair value of performance rights granted $**	**Average Fair value per right at grant date $**	**Grant date**	**Test date**	**As a % of total remuneration (ii)**	**Number of performance rights vested**	**Number of performance rights lapsed (iii)**
Matt Bekier	**2017**	**-**	**-**	**0%**	**100%**	**548,204**	**2,338,091**	**4.27**	**5/10/2016**	**5/10/2020**	**36%**	**-**	**(227,272)**
	2016	1,584,000	792,000	51%	0%	253,456	893,433	3.53	21/09/2015	21/09/2019	13%	-	-
Chad Barton	**2017**	**-**	**-**	**0%**	**100%**	**67,108**	**286,217**	**4.27**	**5/10/2016**	**5/10/2020**	**18%**	**-**	
	2016	343,980	171,990	38%	0%	62,903	221,734	3.53	21/09/2015	21/09/2019	7%	-	-
Greg Hawkins	**2017**	**-**	**-**	**0%**	**100%**	**117,958**	**503,091**	**4.27**	**5/10/2016**	**5/10/2020**	**18%**	**-**	
	2016	630,000	315,000	35%	0%	110,599	389,862	3.53	21/09/2015	21/09/2019	7%	-	-
Geoff Hogg	**2017**	**-**	**-**	**0%**	**100%**	**54,064**	**230,584**	**4.27**	**5/10/2016**	**5/10/2020**	**21%**	**-**	**(63,636)**
	2016	231,000	115,500	32%	0%	50,691	178,687	3.53	21/09/2015	21/09/2019	13%	-	-
Total FY17		**-**	**-**			**787,334**	**3,357,983**						**(290,908)**
Total FY16		2,788,980	1,394,490			477,649	1,683,716					-	-

(i) Maximum opportunity available is 150% of the Executives' target incentive level.
(ii) Percentage calculation based on accounting LTI expense and total remuneration as reported in Table 8.
(iii) Performance rights granted in FY13 were tested in September 2016 and resulted in no vesting of performance rights. FY14 performance rights are due for testing in October 2017.

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

THE STAR ENTERTAINMENT GROUP LIMITED
A.C.N 149 629 023
ASX CODE: SGR
AND ITS CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $m	2016 $m
Revenue	A2	**2,344.0**	2,268.1
Other income	A3	**1.1**	0.8
Government taxes and levies	A3	**(526.2)**	(504.6)
Commissions and fees		**(247.3)**	(313.7)
Employment costs	A3	**(609.1)**	(600.5)
Depreciation and amortisation	A4	**(164.5)**	(163.8)
Cost of sales	A3	**(85.7)**	(81.8)
Property costs		**(77.9)**	(77.8)
Advertising and promotions		**(91.5)**	(85.7)
Other expenses		**(120.5)**	(116.0)
Share of net loss of associate and joint venture entities accounted for using the equity method	D5	**(0.7)**	-
Earnings before interest and tax (EBIT)		**421.7**	325.0
Net finance costs	A5	**(41.7)**	(45.8)
Profit before income tax (PBT)		**380.0**	279.2
Income tax expense	F2	**(115.6)**	(84.8)
Net profit after tax (NPAT)		**264.4**	194.4
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges taken to equity, net of tax	F1	**(13.4)**	9.6
Total comprehensive income for the period		**251.0**	204.0
Earnings per share:			
Basic earnings per share	F3	**32.0 cents**	23.6 cents
Diluted earnings per share	F3	**31.9 cents**	23.6 cents
Fully franked dividend per share	A6	**16.0 cents**	13.0 cents

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

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $m	2016 $m
ASSETS			
Cash and cash equivalents	B1	**113.7**	159.0
Trade and other receivables	B2	**192.7**	130.3
Inventories		**11.9**	9.0
Derivative financial instruments	B3	**48.4**	14.5
Other assets	F4	**60.9**	38.5
Total current assets		**427.6**	351.3
Property, plant and equipment	B4	**2,360.5**	2,120.9
Intangible assets	B5	**1,851.8**	1,836.7
Derivative financial instruments	B3	**151.1**	242.0
Investment in associate and joint venture entities	D5	**212.4**	29.3
Other assets	F4	**11.9**	15.2
Total non current assets		**4,587.7**	4,244.1
TOTAL ASSETS		**5,015.3**	4,595.4
LIABILITIES			
Trade and other payables	F5	**324.5**	261.9
Interest bearing liabilities	B7	**130.0**	-
Income tax payable	F2	**28.8**	20.8
Provisions	F6	**66.5**	58.3
Derivative financial instruments	B3	**18.4**	17.8
Other liabilities	F7	**21.1**	20.9
Total current liabilities		**589.3**	379.7
Interest bearing liabilities	B7	**915.0**	813.5
Deferred tax liabilities	F2	**188.2**	181.9
Provisions	F6	**9.9**	14.6
Derivative financial instruments	B3	**37.3**	58.0
Total non current liabilities		**1,150.4**	1,068.0
TOTAL LIABILITIES		**1,739.7**	1,447.7
NET ASSETS		**3,275.6**	3,147.7
EQUITY			
Share capital	F8	**2,580.5**	2,580.5
Retained earnings		**702.3**	561.8
Reserves	F8	**(7.2)**	5.4
TOTAL EQUITY		**3,275.6**	3,147.7

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 2017

	Note	2017 $m	2016 $m
Cash flows from operating activities			
Net cash receipts from customers (inclusive of GST)		**2,348.3**	2,287.6
Payments to suppliers and employees (inclusive of GST)		**(1,259.4)**	(1,307.7)
Payment of government levies, gaming taxes and GST		**(521.0)**	(502.5)
Interest received		**1.0**	1.3
Income taxes paid	F2	**(95.6)**	(100.8)
Net cash inflow from operating activities	F9	**473.3**	377.9
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(407.6)**	(292.5)
Payments for investment in associate and joint venture entities		**(183.9)**	(29.3)
Net cash (outflow) from investing activities		**(591.5)**	(321.8)
Cash flows from financing activities			
Proceeds from interest bearing liabilities	B7	**434.5**	160.0
Repayment of interest bearing liabilities	B7	**(185.0)**	(110.0)
Dividends paid	A6	**(123.9)**	(94.9)
Finance costs		**(52.7)**	(48.8)
Net cash inflow/(outflow) from financing activities		**72.9**	(93.7)
Net (decrease)/increase in cash and cash equivalents		**(45.3)**	(37.6)
Cash and cash equivalents at beginning of the year		**159.0**	196.6
Cash and cash equivalents at end of the year	B1	**113.7**	159.0

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 2017

	Note	Ordinary shares $m	Retained earnings $m	Hedging reserve $m	Share based payment reserve $m	Total $m
2017						
Balance at 1 July 2016		**2,580.5**	**561.8**	**(0.4)**	**5.8**	**3,147.7**
Profit for the year		**-**	**264.4**	**-**	**-**	**264.4**
Other comprehensive income	F1	**-**	**-**	**(13.4)**	**-**	**(13.4)**
Total comprehensive income		**-**	**264.4**	**(13.4)**	**-**	**251.0**
Dividends paid	A6	**-**	**(123.9)**	**-**	**-**	**(123.9)**
Employee share based payments	F10	**-**	**-**	**-**	**0.8**	**0.8**
Balance at 30 June 2017		**2,580.5**	**702.3**	**(13.8)**	**6.6**	**3,275.6**
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		-	194.4	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

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 2017

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

CONTENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 Group Chief Financial Officer, for decision making regarding resource allocation and performance assessment.

The Group has three reportable segments:

Sydney Comprises The Star Sydney's casino operations, including hotels, apartment complex, restaurants and bars.

Gold Coast Comprises The Star Gold Coast's casino operations, including hotel, theatre, restaurants and bars.

Brisbane Comprises Treasury's casino operations, including hotel, restaurants and bars.

2017	Sydney $m	Gold Coast $m	Brisbane $m	Total $m
Gross revenues - VIP [a]	547.9	66.3	25.4	639.6
Gross revenues - domestic [a]	1,137.9	331.3	323.4	1,792.6
Segment revenue (refer to note A2)	**1,685.8**	**397.6**	**348.8**	**2,432.2**
Segment earnings before interest, tax and significant items	**300.9**	**58.1**	**76.2**	**435.2**
Depreciation and amortisation	**100.2**	**36.3**	**28.0**	**164.5**
Capital expenditure	**180.0**	**209.1**	**30.5**	**419.6**

2016	Sydney $m	Gold Coast $m	Brisbane $m	Total $m
Gross revenues - VIP [a]	555.1	39.9	1.3	596.3
Gross revenues - domestic [a]	1,101.7	321.1	338.6	1,761.4
Segment revenue (refer to note A2)	1,656.8	361.0	339.9	2,357.7
Segment earnings before interest, tax and significant items	200.7	49.1	75.2	325.0
Depreciation and amortisation	101.7	35.2	26.9	163.8
Capital expenditure	150.2	132.4	23.6	306.2

a Gross revenue is presented as the gross gaming win before player rebates and promotional allowances.

	2017 $m	2016 $m
Reconciliation of reportable segment profit to profit before income tax		
Segment earnings before interest, tax and significant items	**435.2**	325.0
Significant items (refer to note A7)	**(12.8)**	-
Unallocated items:		
- net finance costs (refer to note A5)	**(41.7)**	(45.8)
- share of net loss of associate and joint venture entities accounted for using the equity method	**(0.7)**	-
Profit before income tax (PBT)	**380.0**	279.2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

A2 Revenue

	2017 $m	2016 $m
Gaming	**2,184.2**	2,111.1
Non-gaming and other	**248.0**	246.6
Total gross revenue	**2,432.2**	2,357.7
Player rebates and promotional allowances	**(88.2)**	(89.6)
	2,344.0	2,268.1

Revenue is up $75.9m or 3.3% on the prior comparable period (pcp) driven by growth in domestic gaming and the high win rate in the International VIP Rebate business.

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:

	2017 $m	2016 $m
Other income		
Net foreign exchange gain	**1.1**	0.8
Government taxes and levies (including gaming GST):		
New South Wales	**369.4**	350.0
Queensland	**156.8**	154.6
	526.2	504.6

Government taxes and levies is up $21.6m or 4.3% on the pcp in line with higher gaming revenues, as well as a higher average gaming tax rate in Sydney.

	2017 $m	2016 $m
Employment costs:		
Salaries, wages, bonuses and other benefits	**559.8**	551.9
Defined contribution plan expense (superannuation guarantee charges)	**45.5**	43.0
Share based payment expense (refer to note F10)	**3.8**	5.6
	609.1	600.5
Cost of inventories recognised as an expense during the year	**85.7**	81.8
Movement in provision for impairment of trade receivables (refer to note B2)	**18.7**	23.1
Operating lease charges	**13.0**	12.3
Significant items (refer to note A7)	**12.8**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

A4 Depreciation and amortisation

	2017 $m	2016 $m
Property, plant and equipment (refer to note B4)	**137.1**	135.6
Intangible assets (refer to note B5)	**26.2**	27.1
Other	**1.2**	1.1
	164.5	163.8

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

	2017	2016
Interest paid on borrowings	**49.4**	44.6
Capitalised to property, plant and equipment[a]	**(10.0)**	(1.7)
Borrowing costs	**3.3**	4.2
Finance costs	**42.7**	47.1
Interest income	**(1.0)**	(1.3)
Net finance costs recognised in the income statement	**41.7**	45.8

a Borrowing costs of $10.0 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 $41.7 million were down 9.0% on the pcp as a result of higher capitalised interest partially offset by an increase in average debt year on year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

A6 Dividends

	2017 Cents per share	2016 Cents per share
Dividends per share		
Interim dividend	**7.5[b]**	5.5
Final dividend	**8.5[c]**	7.5[a]
Total dividend	**16.0**	13.0

A final dividend per share of 8.5 cents fully franked was declared, totalling 16.0 cents per share for the year, up 23.1% on the pcp and reflecting the improved performance and financial position of the Group.

	2017 $m	2016 $m
Dividends declared and paid during the year on ordinary shares		
Final dividend paid during the year in respect of the year ended 30 June 2016 [a]	**61.9**	49.5
Interim dividend paid during the year in respect of the half year ended 31 December 2016 [b]	**62.0**	45.4
	123.9	94.9

a A final dividend of 7.5 cents per share fully franked for the year ended 30 June 2016 (30 June 2015: 6 cents) was declared on 25 August 2016 and paid on 30 September 2016 (2015: declared on 11 August 2015 and paid on 16 September 2015).

b An interim dividend of 7.5 cents per share fully franked for the half year ended 31 December 2016 (31 December 2015: 5.5 cents) was declared on 15 February 2017 and paid on 22 March 2017 (2016: declared on 15 February 2016 and paid on 22 March 2016).

	2017 $m	2016 $m
Dividends declared after balance date		
Final dividend declared for the year ended 30 June 2017 [c]	**70.2**	61.9

c Since the end of the financial year, the Directors have declared a final dividend of 8.5 cents per ordinary share (2016: 7.5 cents), fully franked. The aggregate amount is expected to be paid on 26 September 2017 out of retained earnings at 30 June 2017, but not recognised as a liability at the end of the year.

	2017	2016
Franking credit balance		
Amount of franking credits available to shareholders	**121.7**	79.2

A7 Significant items

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

	2017	2016
Costs associated with the International VIP Rebate business [a]	**12.8**	-
Net significant items	**12.8**	-

a Costs relating to the unutilised aircraft, including unavoidable lease payments, maintenance and other costs.

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 (for example, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature (for example, impairment of assets).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

B Key balance sheet disclosures
Assets

B1 Cash and cash equivalents

	2017 $m	2016 $m
Cash on hand and in banks	**107.7**	103.4
Short term deposits, maturing within 30 days	**6.0**	55.6
	113.7	159.0

B2 Trade and other receivables

	2017 $m	2016 $m
Trade receivables [a]	**176.6**	123.2
Less provision for impairment	**(14.0)**	(12.8)
Net trade receivables	**162.6**	110.4
Other receivables	**30.1**	19.9
	192.7	130.3

a Includes patron cheques not deposited of $123.2 million (2016: $69.6 million).

Past due not impaired receivables of $33.3 million are consistent with the pcp.

(i) Provision for impairment reconciliation

	2017 $m	2016 $m
Balance at beginning of year	**(12.8)**	(9.4)
Provision for impairment recognised during the year [b]	**(18.7)**	(23.1)
Less amounts written off as uncollectible	**17.5**	19.7
Balance at end of year	**(14.0)**	(12.8)

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.

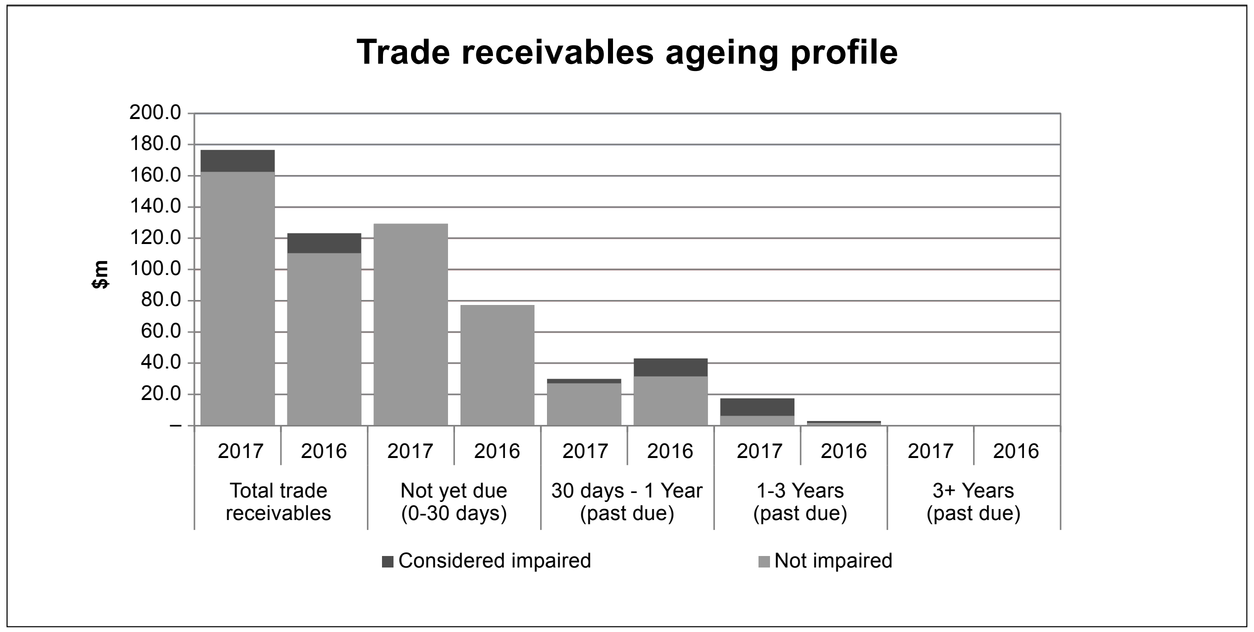
(ii) Ageing of trade and other receivables

Trade receivables	0 - 30 days $m	30 days - 1 year $m	1 - 3 years $m	3 years + $m	Total $m
2017					
Not yet due	**129.3**	**-**	**-**	**-**	**129.3**
Past due not impaired	**-**	**27.1**	**6.2**	**-**	**33.3**
Considered impaired	**-**	**2.8**	**11.2**	**-**	**14.0**
	129.3	**29.9**	**17.4**	**-**	**176.6**
2016					
Not yet due	77.2	-	-	-	77.2
Past due not impaired	-	31.5	1.7	-	33.2
Considered impaired	-	11.5	1.3	-	12.8
	77.2	43.0	3.0	-	123.2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Other receivables
Other receivables are not past due or considered impaired. It is expected that these balances will be received as they fall due.

The chart below compares the ageing of trade receivables and amounts considered impaired as at 30 June 2017 and 30 June 2016 respectively.



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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

B3 Derivative financial instruments

	2017 $m	2016 $m
Current assets		
Cross currency swaps	**47.0**	12.6
Forward currency contracts	**1.4**	1.9
	48.4	14.5
Non current assets		
Cross currency swaps	**150.0**	239.8
Forward currency contracts	**0.2**	2.2
Interest rate swaps	**0.9**	-
	151.1	242.0
Current liabilities		
Interest rate swaps	**18.4**	17.8
	18.4	17.8
Non current liabilities		
Interest rate swaps	**37.3**	58.0
	37.3	58.0
Net financial assets	**143.8**	180.7

Net derivative assets down $36.9 million due to a decrease in the value of the cross currency swap used to hedge the USPP loan as a result of an appreciation in 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.

NOTES TO THE FINANCIAL STATEMENTS
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B4 Property, plant and equipment

	Note	Freehold land $m	Freehold and leasehold buildings $m	Leasehold improvements $m	Plant and equipment $m	Total $m
2017						
Cost						
Opening balance at beginning of the year		**81.5**	**1,794.7**	**279.7**	**922.8**	**3,078.7**
Additions		**-**	**267.8**	**6.8**	**102.5**	**377.1**
Disposals		**-**	**(9.3)**	**(0.3)**	**(30.5)**	**(40.1)**
Reclassification / transfer [a]		**-**	**(5.3)**	**(0.1)**	**6.9**	**1.5**
Closing balance at end of the year [b]		**81.5**	**2,047.9**	**286.1**	**1,001.7**	**3,417.2**
Accumulated depreciation						
Opening balance at beginning of the year		**-**	**306.7**	**88.6**	**562.5**	**957.8**
Depreciation expense	A4	**-**	**43.6**	**10.4**	**83.1**	**137.1**
Disposals		**-**	**(8.7)**	**(0.3)**	**(29.2)**	**(38.2)**
Closing balance at end of the year		**-**	**341.6**	**98.7**	**616.4**	**1,056.7**
Carrying Amount						
Opening balance at beginning of the year		**81.5**	**1,488.0**	**191.1**	**360.3**	**2,120.9**
Closing balance at end of the year		**81.5**	**1,706.3**	**187.4**	**385.3**	**2,360.5**
2016						
Cost						
Opening balance at beginning of the year		81.5	1,622.6	275.1	845.2	2,824.4
Additions		-	189.6	5.9	85.5	281.0
Disposals		-	(6.3)	-	(21.8)	(28.1)
Reclassification / transfer		-	(11.2)	(1.3)	13.9	1.4
Closing balance at end of the year		81.5	1,794.7	279.7	922.8	3,078.7
Accumulated depreciation						
Opening balance at beginning of the year		-	264.5	79.2	506.5	850.2
Depreciation expense	A4	-	48.5	9.4	77.7	135.6
Disposals		-	(6.3)	-	(21.7)	(28.0)
Closing balance at end of the year		-	306.7	88.6	562.5	957.8
Carrying Amount						
Opening balance at beginning of the year		81.5	1,358.1	195.9	338.7	1,974.2
Closing balance at end of the year		81.5	1,488.0	191.1	360.3	2,120.9

a Includes reclassifications of $1.5 million (2016: $1.4 million) from intangibles to plant and equipment (refer to note B5).

	2017 $m	2016 $m
b Includes capital works in progress of:		
Buildings - at cost	**33.0**	117.3
Leasehold improvements - at cost	**3.8**	1.5
Plant and equipment - at cost	**47.8**	40.7
Total capital works in progress	**84.6**	159.5

Additions of $377.1 million, up 34.2% on the pcp consisting predominantly of redevelopment works in the Gold Coast and Sydney properties. For details on capital activities refer to section 2.6 of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Property, plant and equipment is comprised of the following assets:
- Freehold land - Gold Coast property;
- Freehold and leasehold buildings - Brisbane, Gold Coast and Sydney properties;
- Leasehold improvements - 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 Sydney property and the expansion and refurbishment of the Gold Coast property. Minor refurbishment is also being undertaken at the Brisbane property.

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

B5 Intangible assets

	Note	Goodwill $m	Sydney and Brisbane casino licences $m	Sydney casino concessions $m	Software [a] $m	Other $m	Total $m
2017							
Cost							
Opening balance at beginning of the year		**1,442.2**	**294.7**	**100.0**	**162.4**	**27.2**	**2,026.5**
Additions [a]		**-**	**-**	**-**	**42.5**	**-**	**42.5**
Disposals		**-**	**-**	**-**	**(7.7)**	**-**	**(7.7)**
Reclassification / transfer [b]		**-**	**-**	**-**	**(1.5)**	**-**	**(1.5)**
Closing balance at end of the year		**1,442.2**	**294.7**	**100.0**	**195.7**	**27.2**	**2,059.8**
Accumulated amortisation							
Opening balance at beginning of the year		**-**	**62.9**	**20.2**	**99.5**	**7.2**	**189.8**
Amortisation expense	A4	**-**	**3.2**	**2.9**	**17.1**	**3.0**	**26.2**
Disposals		**-**	**-**	**-**	**(8.0)**	**-**	**(8.0)**
Closing balance at end of the year		**-**	**66.1**	**23.1**	**108.6**	**10.2**	**208.0**
Carrying Amount							
Opening balance at beginning of the year		**1,442.2**	**231.8**	**79.8**	**62.9**	**20.0**	**1,836.7**
Closing balance at end of the year		**1,442.2**	**228.6**	**76.9**	**87.1**	**17.0**	**1,851.8**
2016							
Cost							
Opening balance at beginning of the year		1,442.2	294.7	100.0	139.4	27.2	2,003.5
Additions		-	-	-	25.2	-	25.2
Disposals		-	-	-	(0.8)	-	(0.8)
Reclassification / transfer		-	-	-	(1.4)	-	(1.4)
Closing balance at end of the year		1,442.2	294.7	100.0	162.4	27.2	2,026.5
Accumulated amortisation							
Opening balance at beginning of the year		-	59.7	17.4	82.2	4.2	163.5
Amortisation expense	A4	-	3.2	2.8	18.1	3.0	27.1
Disposals		-	-	-	(0.8)	-	(0.8)
Closing balance at end of the year		-	62.9	20.2	99.5	7.2	189.8
Carrying Amount							
Opening balance at beginning of the year		1,442.2	235.0	82.6	57.2	23.0	1,840.0
Closing balance at end of the year		1,442.2	231.8	79.8	62.9	20.0	1,836.7

a Includes capital works in progress of $24.5 million (2016: $18.1 million).
b Includes reclassifications of $1.5 million (2016: $1.4 million) to property, plant and equipment (refer to note B4).

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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 Sydney casino licence is amortised from its date of issue until expiry in 2093.
- The 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 at Queen's Wharf Brisbane (***QWB***) which is expected in 2022.
- The 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 2019 and 2093 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.

Carrying amount of goodwill allocated to each cash generating unit

Cash generating unit (Reportable segment)	Sydney $m	Gold Coast $m	Brisbane $m	Total carrying amount $m
2017	1,013.5	165.5	263.2	1,442.2
2016	1,013.5	165.5	263.2	1,442.2

The recoverable amount of each of the three cash generating units at year end (Sydney, Gold Coast and 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% (2016: 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 8.9% to 9.7% (2016: 9.0% to 9.5%). The pre-tax discount rates range between 12.7% to 13.8% (2016: 12.9% to 13.6%).

No impairment was recognised in any of the cash generating units at 30 June 2017 (2016: nil). The performance of the Group was driven by growth in the domestic gaming business (+1.7%) and a high win rate in the International VIP Rebate Business (IRB) with revenue up 7.3%.

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 2017

iii. Discount rates
Discount rates applied are based on the post tax weighted average cost of capital applicable to the relevant cash generating unit.

iv. Regulatory changes
Queensland
Upon opening of the integrated resort in 2022, the existing Brisbane casino will cease to operate and the Group will act as the operator of the QWB casino.

The Group currently holds a perpetual casino licence in Queensland that is attached to the lease of the current Brisbane site that expires in 2070. Upon opening of the integrated resort, the Group's casino licence will be surrendered and Destination Brisbane Consortium (***DBC***) will be granted a casino licence for 99 years including an exclusivity period of 25 years.

The Group will surrender the Brisbane casino licence in exchange for the right to operate the new QWB casino.

New South Wales
On 8 July 2014, Liquor and Gaming NSW 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 2021. The expected impact of Crown Sydney has been taken into consideration in determining the recoverable amount of Sydney's cash generating unit at 30 June 2017. As further details of the final scope and timing of the proposed gaming facility become known, management will continue to consider the impact that this may have on the cash generating unit's carrying value.

v. Sensitivities
The key estimates and assumptions used to determine the 'fair value less costs of disposal' of a cash generating unit are based on management's current expectations after considering past experience, future investment plans and external information. They are considered to be reasonably achievable, however, significant changes in any of these key estimates, assumptions or regulatory environments may result in a cash generating unit's carrying value exceeding its recoverable value, requiring an impairment charge to be recognised.

For the Gold Coast, management considers that a 3.6 percentage point decline (2016: 4.0 percentage point decline) in the compound average growth rate is a reasonable possible change that could give rise to an impairment.

For the Sydney property, the impact of Crown Sydney on the projected earnings and cash generating unit's carrying value has been assessed, taking into consideration the expected increase in competition as well as the expected increase in market size. A reasonably possible change in any of the assumptions used does not result in an impairment charge at 30 June 2017, however management will continue to monitor the assumptions with regards to the expected impact of Crown Sydney on Sydney's carrying value.

Impairment of assets
Goodwill and indefinite life intangible assets are tested for impairment at least annually. Property, plant and equipment, other intangible assets and other financial assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic entity, the viability of the unit itself.

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FOR THE YEAR ENDED 30 JUNE 2017

Liabilities

B7 Interest bearing liabilities

	2017 $m	2016 $m
Current		
Private placement - US dollar (ii)	**130.0**	-
	130.0	-
Non current		
Bank loans - unsecured (net of unamortised borrowing costs) (i)	**446.9**	196.2
Private placement - US dollar (ii)	**468.1**	617.3
	915.0	813.5

The Group has undrawn bank facilities of $200.5 million at year end and an average drawn debt maturity of 2.3 years.

Net debt was $787.5 million, up 66.2% on the pcp with gearing levels increased to 1.3x at 30 June 2017 compared to 1.0x at 30 June 2016.

Refer also to note C3 Subsequent events.

Refer to note F8 (iii) for Capital management disclosures and the calculation of the gearing ratio.

(i) Bank loans - unsecured (net of unamortised borrowing costs)
Syndicated revolving facility
The Group has drawn down $250.0 million of the syndicated revolving facility (SFA) and $49.5 million of the syndicated revolving facility (SFB).

2017 Type	Facility amount $m	Unutilised at 30 June $m	Maturity date
Syndicated revolving facility - tranche A	250.0	-	July 2018
Syndicated revolving facility - tranche B	250.0	200.5	July 2019
	500.0	200.5	

2016 Type	Facility amount $m	Unutilised at 30 June $m	Maturity date
Syndicated revolving facility - tranche A	250.0	200.0	July 2018
Syndicated revolving facility - tranche B	250.0	250.0	July 2019
	500.0	450.0	

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Working capital facility
On 31 May 2017, 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.

2017/2016 Type	Facility amount $m	Unutilised at 30 June $m	Maturity date
Working capital facility	150.0	-	January 2019
Working capital facility	150.0	-	January 2018

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.

2017/2016 Type	$m USD	$m (AUD)*	Maturity date
Series A	100.0	94.0	June 2018
Series B	360.0	336.0	June 2021
	460.0	430.0	

** The $430.0 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 $598.1m AUD at 30 June 2017 of which $130.0 million is disclosed as a current interest bearing liability.*

All of the above borrowings are subject to financial undertakings as to gearing and 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 2017, 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 2017, out of the total interest bearing liabilities, 60.3% (2016: 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
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C Commitments, contingencies and subsequent events
C1 Commitments
(i) Operating lease commitments [a]

	2017 $m	2016 $m
Not later than one year	**14.3**	13.6
Later than one year but not later than five years	**11.4**	19.9
Later than five years	**79.1**	80.6
	104.8	114.1

a The Group leases property (including Sydney and Brisbane property leases) under operating leases expiring between 1 to 76 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 [b]

	2017 $m	2016 $m
Not later than one year	**197.5**	238.2
Later than one year but not later than five years	**4.2**	40.7
Later than five years	**-**	-
	201.7	278.9

b Other commitments as at 30 June 2017 mainly include capital construction and related costs in connection with the Gold Coast refurbishment and redevelopment in 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 Sydney and Brisbane properties, as well as capital commitments in relation to the redevelopment of the Gold Coast and Sydney, both of which are well underway. Refer to note D5 for commitments in respect of investment in associate and joint venture entities.

C2 Contingent liabilities
Legal challenges
There are outstanding legal actions between the Company and its controlled entities and third parties as at 30 June 2017. 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
On 23 August 2017, the Group completed a tender and reissue offer in relation to 73% of the Group’s US Private Placement (***USPP***) borrowings. This was undertaken to extend the Group's tenor on average drawn debt maturity by 3 years to 5.2 years, reduce finance costs on a like for like basis and lower refinancing requirements for the Group. The Group estimates that its average blended cost of debt on all USPP notes following the new issue will be approximately 5% (down from over 9% on previous notes). The transaction is expected to result in a one-off loss in the range of $30-$34 million (after tax) relating to the crystallisation of an existing obligation for the related out of the money interest rate swaps and other costs. This one-off loss will be recognised as a significant item in the FY2018 Financial Report. Further detail can be found in the ASX Announcement - *The Star announces placement of long-term notes* (dated 23 August 2017).

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

D Group structure

D1 Related party disclosure

(i) Parent entity

The ultimate parent entity within the Group is The Star Entertainment Group Limited.

(ii) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note G. The financial years of all controlled entities are the same as that of the Company (unless stated otherwise below).

Name of controlled entity	Note	Country of incorporation	Equity type	Equity interest at 30 June 2017 %	Equity interest at 30 June 2016 %
Parent entity					
The Star Entertainment Group Limited		Australia	ordinary shares		
Controlled entities					
The Star Entertainment Sydney Holdings Limited	a b	Australia	ordinary shares	**100.0**	100.0
The Star Pty Limited	a b	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Pty Ltd	a	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Sydney Properties Pty Ltd	a b g	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Sydney Apartments Pty Ltd	a g	Australia	ordinary shares	**100.0**	100.0
Star City Investments Pty Limited	a	Australia	ordinary shares	**100.0**	100.0
Star City Share Plan Company Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment QLD Limited	h	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment QLD Custodian Pty Ltd	h	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Gold Coast Trust	i	Australia	units	**100.0**	100.0
The Star Entertainment International No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment International No.2 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment (Macau) Limited	e	Macau	ordinary shares	**100.0**	100.0
The Star Entertainment International No.3 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
EEI Services (Hong Kong) Holdings Limited	f	Hong Kong	ordinary shares	**100.0**	100.0
Echo Entertainment (Shanghai) Trading Co. Ltd	c	China	ordinary shares	**0.0**	100.0
EEI Services (Hong Kong) Limited		Hong Kong	ordinary shares	**100.0**	100.0
EEI C&C Services Pte Ltd		Singapore	ordinary shares	**100.0**	100.0
The Star Entertainment RTO Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Finance Limited		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment International Pty Ltd	g	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Technology Services Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Training Company Pty Ltd		Australia	ordinary shares	**100.0**	100.0
PPIT Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment International No.4 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Online Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Online Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Brisbane Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Brisbane Operations Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment DBC Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Brisbane Car Park Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Gold Coast Holdings Pty Ltd	d	Australia	ordinary shares	**100.0**	0.0
The Star Entertainment GC Investments Pty Ltd	d	Australia	ordinary shares	**100.0**	0.0
The Star Entertainment GC Investments No.1 Pty Ltd	d	Australia	ordinary shares	**100.0**	0.0
The Star Entertainment International No.5 Pty Ltd	j	Australia	ordinary shares	**100.0**	0.0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

a These companies entered into a deed of cross guarantee with The Star Entertainment Sydney Holdings Limited on 31 May 2011, and as such are members of the closed group as defined in Australian Securities and Investments Commission Instrument 2016/785 (refer to note D3)

b These companies have provided a charge over their assets and undertakings as explained in note E1

c Deregistered on 24 August 2016

d Incorporated on 18 October 2016

e The following entity changed its company name on 18 October 2016:
- The Star Entertainment (Macau) Limited was previously known as Jupiters Resorts (Macau) Limited

f The following entity changed its company name on 3 November 2016:
- EEI Services (Hong Kong) Holdings Limited was previously known as Echo Entertainment International (Hong Kong) Limited

g The following entities changed their company name on 2 February 2017:
- The Star Entertainment International Pty Ltd was previously known as Destination Brisbane Pty Ltd
- The Star Entertainment Sydney Apartments Pty Ltd was previously known as Sydney Harbour Apartments Pty Limited
- The Star Entertainment Sydney Properties Pty Ltd was previously known as Sydney Harbour Casino Properties Pty Limited

h The following entities changed their company name on 3 February 2017:
- The Star Entertainment QLD Limited was previously known as Jupiters Limited
- The Star Entertainment QLD Custodian Pty Ltd was previously known as Jupiters Custodian Pty Ltd

i The following entity changed its name on 24 May 2017:
- The Star Entertainment Gold Coast Trust was previously known as Jupiters Trust

j Incorporated on 15 June 2017

(iii) Transactions with controlled entities

The Star Entertainment Group Limited

During the period, the Company entered into the following transactions with controlled entities:

- loans of $128.4 million were advanced by controlled entities (2016: the Company advanced loans of $32.9 million); and
- income tax and GST paid on behalf of controlled entities was $230.6 million (2016: $225.2 million).

The amount receivable by the Company from controlled entities at year end is $279.7 million (2016: $151.3 million). All the transactions were undertaken on normal commercial terms and conditions.

(iv) Transactions with other related parties

Other transactions

During the period, in addition to equity contributions (refer to note D5), the Group entered into the following transactions with related parties:

- Amount recharged to Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd was $0.2 million (2016: $0.9 million); and
- Amount paid to Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd was $1.5 million (2016: nil) relating to capital works.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

D2 Parent entity disclosures

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

	2017 $m	2016 $m
Result of the parent entity		
Profit for the year	**244.8**	142.3
Total comprehensive income for the year [a]	**244.8**	142.3

a Since the end of the financial year, the Company has declared a final dividend of 8.5 cents per ordinary share (2016: 7.5 cents), which is expected to be paid on 26 September 2017 out of retained earnings at 30 June 2017 to its shareholders (refer to note A6).

	2017 $m	2016 $m
Financial position of the parent entity		
Current assets	**1,310.0**	1,181.3
Non current assets	**2,589.5**	2,589.4
Total assets	**3,899.5**	3,770.7
Current liabilities	**43.5**	36.9
Non current liabilities	**1,031.5**	1,031.2
Total liabilities	**1,075.0**	1,068.1
Net assets	**2,824.5**	2,702.6
Total equity of the parent entity		
Issued capital	**2,580.5**	2,580.5
Retained earnings	**237.2**	116.3
Shared based payments benefits reserve	**6.8**	5.8
Total equity	**2,824.5**	2,702.6

Contingent liabilities
There were no contingent liabilities for the parent entity at 30 June 2017 (2016: 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 2017 (2016: 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 2017, the carrying amount included in current liabilities at 30 June 2017 was nil (2016: nil), and the maximum amount of these guarantees was $117.7 million (2016: $117.3 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

D3 Deed of cross guarantee

The Star Entertainment Sydney Holdings Limited, The Star Pty Limited, The Star Entertainment Pty Ltd, The Star Entertainment Sydney Properties Pty Ltd, The Star Entertainment Sydney Apartments Pty Ltd 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 Instrument 2016/785 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 2017 of the closed group.

Consolidated income statement

	2017 $m	2016 $m
Revenue	**1,620.4**	1,575.7
Other income	**(0.1)**	0.5
Government taxes and levies	**(369.4)**	(349.9)
Commissions and fees	**(222.4)**	(294.3)
Employment costs	**(338.3)**	(335.2)
Depreciation, amortisation and impairment	**(88.1)**	(93.9)
Cost of sales	**(48.7)**	(45.1)
Property costs	**(50.3)**	(51.0)
Advertising and promotions	**(53.7)**	(52.4)
Other expenses	**(229.1)**	(113.1)
Earnings before interest and tax (EBIT)	**220.3**	241.3
Net finance costs	**-**	-
Profit before income tax (PBT)	**220.3**	241.3
Income tax expense	**(67.9)**	(68.8)
Net profit after tax (NPAT)	**152.4**	172.5
Total comprehensive income for the period	**152.4**	172.5
Summary of movements in consolidated retained earnings		
Accumulated profit/(loss) at the beginning of the financial year	**141.6**	45.1
Profit for the year	**152.4**	172.5
Dividends paid	**(164.0)**	(76.0)
Accumulated profit at the end of the financial year	**130.0**	141.6

(ii) Consolidated balance sheet
Set out below is a consolidated balance sheet as at 30 June 2017 of the closed group consisting of The Star Entertainment Sydney Holdings Limited, The Star Pty Limited, The Star Entertainment Pty Ltd, The Star Entertainment Sydney Properties Pty Limited, The Star Entertainment Sydney Apartments Pty Limited, and Star City Investments Pty Limited.

NOTES TO THE FINANCIAL STATEMENTS
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Consolidated balance sheet

	2017 $m	2016 $m
ASSETS		
Cash assets	**28.7**	49.7
Trade and other receivables	**145.0**	115.3
Inventories	**8.0**	5.8
Other	**21.9**	18.7
Total current assets	**203.6**	189.5
Property, plant and equipment	**1,315.0**	1,240.4
Intangible assets	**287.7**	292.0
Other assets	**11.8**	12.7
Total non current assets	**1,614.5**	1,545.1
TOTAL ASSETS	**1,818.1**	1,734.6
LIABILITIES		
Trade and other payables	**437.7**	348.3
Provisions	**38.3**	35.6
Other liabilities	**12.2**	11.9
Total current liabilities	**488.2**	395.8
Deferred tax liabilities	**54.5**	51.7
Provisions	**5.5**	5.6
Total non current liabilities	**60.0**	57.3
TOTAL LIABILITIES	**548.2**	453.1
NET ASSETS	**1,269.9**	1,281.5
EQUITY		
Issued Capital	**1,139.9**	1,139.9
Retained Earnings	**130.0**	141.6
TOTAL EQUITY	**1,269.9**	1,281.5

D4 Key Management Personnel disclosures

	2017 $000	2016 $000
Compensation of Key Management Personnel		
Short term	**5,757**	8,564
Long term	**344**	347
Share based payments	**2,304**	2,419
Total compensation	**8,405**	11,330

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.

NOTES TO THE FINANCIAL STATEMENTS
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D5 Investment in associate and joint venture entities

Set out below are the investments of the Group as at 30 June 2017 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

2017 Name of entity	Country of incorporation	% of ownership	Nature of ownership	Measurement method	Carrying amount $m
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd (i)	Australia	50	Associate	Equity method	152.6
Festival Car Park Pty Ltd (ii)	Australia	50	Joint venture	Equity method	13.5
Destination Gold Coast Investments Pty Ltd (iii)	Australia	50	Joint venture	Equity method	46.3
Total equity accounted investments					212.4

(i) Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd

The Group has partnered with Hong Kong-based organisations Chow Tai Fook Enterprises Limited (***CTF***) and Far East Consortium International Limited (***FEC***) to form Destination Brisbane Consortium ***(DBC)*** for the Queen's Wharf Brisbane Project. The parties have formed two vehicles (the Integrated Resort Joint Venture and the Residential Joint Venture), which together are responsible for completing the Queen's Wharf Brisbane project.

Consistent with the ownership structure, the Group will contribute 50% of the capital to the development of the Integrated Resort and act as the casino operator under a long dated casino management agreement. CTF and FEC will each contribute 25% of the capital to the development of the integrated resort. CTF and FEC will each contribute 50% of the capital to undertake the residential and related component of the broader Queen's Wharf Brisbane development. The Group is not a party to the residential joint venture.

Commitments and contingent liabilities

DBC will invest approximately $2 billion to fund the construction of the integrated resort, which is expected to open in 2022 (subject to various approvals).

Summarised financial information

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

	2017 $m	2016 $m
Balance sheet		
Total current assets	**53.2**	5.4
Total non current assets	**327.2**	21.4
Total current liabilities	**(14.8)**	(7.3)
Total non current liabilities	**(75.0)**	-
Net assets	**290.6**	19.5
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	**16.2**	-
Share of equity contributions for the Group	**136.7**	10.0
Share of loss for the period	**(1.1)**	(0.1)
Capitalised costs	**0.8**	6.3
Carrying amount at the end of the year	**152.6**	16.2

NOTES TO THE FINANCIAL STATEMENTS
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	2017 $m	2016 $m
Income statement		
Loss before tax	**(2.1)**	(0.3)
Income tax benefit	**-**	0.1
Loss for the year (continuing operations)	**(2.1)**	(0.2)
Total comprehensive loss for the year (continuing operations)	**(2.1)**	(0.2)
Group's share of loss for the year	**(1.1)**	(0.1)
Dividends received from the associate entity	**-**	-

(ii) Festival Car Park Pty Ltd

The Group has a 50% interest in Festival Car Park Pty Ltd, a joint venture that operates the Festival Car Park on Charlotte Street in Brisbane. This is a joint venture with CTF and FEC.

Commitments and contingent liabilities

The joint venture had capital commitments of $0.1 million (2016: $0.3 million) as at 30 June 2017. There were no other contingent liabilities.

Summarised financial information

The financial statements of the joint venture are prepared on financial information that is unaudited and prepared for reporting purposes. The joint venture has a financial year end date of 31 March.

	2017 $m	2016 $m
Balance sheet		
Cash and cash equivalents	**1.7**	0.4
Total current assets excluding cash and cash equivalents	**0.1**	0.9
Total non current assets	**48.3**	47.6
Total current liabilities	**(0.6)**	(0.2)
Total non current liabilities - financial liabilities	**(22.5)**	(22.5)
Net assets	**27.0**	26.2
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	**13.1**	-
Share of profit for the period	**0.4**	0.1
Share of equity contributions for the Group	**-**	13.0
Carrying amount at the end of the year	**13.5**	13.1
Income statement		
Revenue	**3.1**	0.7
Interest expense	**(0.7)**	(0.2)
Other expenses	**(1.4)**	(0.2)
Profit before tax	**1.0**	0.3
Income tax expense	**(0.3)**	(0.1)
Profit for the year (continuing operations)	**0.7**	0.2
Total comprehensive income for the year (continuing operations)	**0.7**	0.2
Group's share of profit for the year	**0.4**	0.1

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(iii) Destination Gold Coast Investments Pty Ltd

On 20 October 2016, a 50% interest was acquired in Destination Gold Coast Investments Pty Ltd (***DGCI***). DGCI is a joint venture with CTF and FEC involved in the operation of the Sheraton Grand Mirage Resort, Gold Coast. The Group's interest is accounted for using the equity method.

The Securityholders' Deed for Destination Gold Coast Investments Pty Ltd requires unanimous consent for each Board resolution. Due to the unanimous requirement for decisions, each party has joint control of the entity. The entity is designed to exist on its own and the Deed does not grant the rights to assets and liabilities directly to the Group. The investment has therefore been classified as a joint venture.

DGCI has provisionally accounted for a business combination in which DGCI is in the process of ascertaining the fair values of the identifiable assets, liabilities and contingent liabilities acquired. In doing so, the Group has relied on the best estimate of the identifiable assets, liabilities and contingent liabilities of DGCI, until the quantification and treatment of items under review is complete.

Commitments and contingent liabilities

The joint venture had capital commitments of $0.2 million (2016: nil) as at 30 June 2017. There were no other contingent liabilities.

Summarised financial information

The financial statements of the joint venture is prepared for the same reporting period as the Group and follow the same accounting policies of the Group.

	2017 $m	2016 $m
Balance sheet		
Cash and cash equivalents	**6.7**	-
Total current assets excluding cash and cash equivalents	**0.9**	-
Total non current assets	**167.1**	-
Total current liabilities	**(11.9)**	-
Total non current liabilities - financial liabilities	**(72.2)**	-
Other non current liabilities	**(14.3)**	-
Net assets	**76.3**	-
Reconciliation to investment carrying amount:		
Share of profit for the period	**-**	-
Share of equity contributions for the Group	**46.3**	-
Carrying amount	**46.3**	-
Income statement		
Revenue	**16.2**	-
Interest expense	**(0.9)**	-
Depreciation expense	**(1.2)**	-
Operating expenses	**(13.9)**	-
Profit before tax	**0.3**	-
Income tax expense	**(0.3)**	-
Profit for the year (continuing operations)	**-**	-
Total comprehensive income for the year (continuing operations)	**-**	-
Group's share of profit for the year	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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. The Group 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 2017 after taking into account the effect of interest rate swaps, approximately 60.3% (2016: 68.3%) 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.

NOTES TO THE FINANCIAL STATEMENTS
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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 (2016: 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 guarantees 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 $117.7 million (2016: $117.3 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 2017, the Group's debt facilities that will mature in less than one year is $130.0 million (2016: nil), representing 12.4% of total debt. The next debt maturity is the Syndicated Facility Agreement facility of $250.0 million on 20 July 2018. This represents 23.9% 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:

(i) Non-derivative financial instruments

	2017			2016		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
	$m	$m	$m	$m	$m	$m
Financial assets						
Cash assets	**107.7**	**-**	**-**	103.4	-	-
Short term deposits	**6.0**	**-**	**-**	55.7	-	-
Net trade and other receivables	**192.7**	**-**	**-**	130.4	-	-
	306.4	**-**	**-**	289.5	-	-
Financial liabilities						
Trade creditors and accrued expenses	**322.4**	**-**	**-**	259.9	-	-
Bank loans - unsecured	**12.9**	**453.8**	**-**	6.1	209.6	-
Private placement - US dollar	**163.0**	**546.9**	**-**	34.3	257.5	509.5
	498.3	**1,000.7**	**-**	300.3	467.1	509.5
Net (outflow)/inflow	**(191.9)**	**(1,000.7)**	**-**	(10.8)	(467.1)	(509.5)

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(ii) Derivative financial instruments

	2017			2016		
	< 1 year $m	1 - 5 years $m	> 5 years $m	< 1 year $m	1 - 5 years $m	> 5 years $m
Financial assets						
Interest rate swaps - receive AUD floating	**9.0**	**24.0**	**3.2**	8.7	30.9	6.5
Cross currency swaps - receive USD fixed	**163.0**	**546.9**	**-**	34.3	257.5	509.5
Forward currency contract - receive USD fixed	**9.2**	**1.2**	**-**	9.5	10.8	-
	181.2	**572.1**	**3.2**	52.5	299.2	516.0
Financial liabilities						
Interest rate swaps - pay AUD fixed	**29.1**	**72.3**	**4.7**	26.8	95.6	20.2
Cross currency swaps - pay AUD floating	**163.0**	**546.9**	**-**	22.0	172.4	352.6
Forward currency contract - pay AUD fixed	**7.8**	**0.9**	**-**	7.7	8.7	-
	199.9	**620.1**	**4.7**	56.5	276.7	372.8
Net (outflow)/inflow	**(18.7)**	**(48.0)**	**(1.5)**	(4.0)	22.5	143.2

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date. For foreign currency receipts and payments, the amount disclosed is determined by reference to the AUD/USD rate at balance sheet date.

(iii) Financial instruments - sensitivity analysis

Interest rates - AUD and USD

The following sensitivity analysis is based on interest rate risk exposures in existence at year end.

At 30 June, if interest rates had 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:

	Net profit after tax higher/(lower) $m	Other comprehensive income higher/(lower) $m
2017		
AUD		
+ 0.5% (50 basis points)	**(1.6)**	**7.3**
- 0.5% (50 basis points)	**1.6**	**(7.5)**
USD		
+ 0.5% (50 basis points)	**-**	**(7.0)**
- 0.25% (25 basis points)	**-**	**(3.5)**
2016		
AUD		
+ 0.5% (50 basis points)	(0.5)	6.9
- 0.5% (50 basis points)	0.5	(7.1)
USD		
+ 0.5% (50 basis points)	-	(10.1)
- 0.25% (25 basis points)	-	5.2

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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, had 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:

	Net profit after tax higher/(lower) 2017 $m	Other comprehensive income higher/(lower) 2017 $m	Net profit after tax higher/(lower) 2016 $m	Other comprehensive income higher/(lower) 2016 $m
AUD/USD + 10 cents	**-**	**(53.8)**	-	(10.9)
AUD/USD - 10 cents	**-**	**69.8**	-	14.3

There is no movement in net profit after tax as the Group has fully hedged its foreign currency exposure to the 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.

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USPP
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, in combination with restatement to current foreign exchange rates.

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

	2017 $m	2016 $m
Financial assets		
Cash assets	**29.8**	30.2
Short term deposits	**6.0**	55.7
Total financial assets	**35.8**	85.9
Financial liabilities		
Bank loans - unsecured [a]	**449.5**	200.0
USPP cross currency swaps	**430.0**	430.0
Derivatives [b]	**(430.0)**	(430.0)
Total financial liabilities	**449.5**	200.0

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:

	2017	2016
Less than one year	**94.0**	-
One to five years	**336.0**	94.0
More than five years	**100.0**	336.0
Notional Principal	**530.0**	430.0
Fixed interest rate range p.a.	**2.4% - 7.3%**	6.0% - 7.3%
Variable interest rate range p.a.	**1.7%**	2.0%

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.

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The principal amounts and periods of expiry of the cross currency swap contracts are as follows:

	2017		2016	
	AUD $m	**USD $m**	**AUD $m**	**USD $m**
Less than one year	**94.0**	**100.0**	-	-
One to five years	**336.0**	**360.0**	94.0	100.0
More than five years	**-**	**-**	336.0	360.0
Notional principal	**430.0**	**460.0**	430.0	460.0
Fixed interest rate range p.a.		**5.1% - 5.7%**		5.1% - 5.7%
Variable interest rate range p.a.	**4.6% - 4.9%**		4.9% - 5.2%	

The terms and conditions in relation to interest rate and maturity of the cross currency swaps are similar to the terms and conditions of the underlying hedged USPP borrowings as set out in note B7.

(v) Financial instruments - forward currency contracts
Forward currency contracts meet the requirements to qualify for cash flow hedge accounting and are stated at fair value.

These contracts are being used to hedge the exposure to variability in the movement USD exchange rate arising from the Group's operations and are assessed as highly effective hedges as they are matched against known and committed payments. Any gain or loss on the hedged risk is taken directly to equity.

The notional amounts and periods of expiry of the foreign currency contracts are as follows:

	2017 $m	2016 $m
Buy USD / sell AUD		
Less than one year	**7.8**	7.7
One to five years	**0.9**	8.7
More than five years	**-**	-
Notional principal	**8.7**	16.4
Average exchange rate (AUD/USD)	**0.92**	0.92

(vi) Financial instruments - fair value hierarchy
There are various methods available in estimating the fair value of a financial instrument.

The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's derivative financial instruments are valued using the Level 2 valuation techniques, being observable inputs. There have been no transfers between levels during the year.

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F Other disclosures
F1 Other comprehensive income

	2017 $m	2016 $m
Net (loss)/gain on cash flow hedges	**(38.3)**	31.9
Transfer of hedging reserve to the income statement [a]	**19.2**	(18.2)
Tax on above items recognised in other comprehensive income	**5.7**	(4.1)
	(13.4)	9.6

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

	2017 $m	2016 $m
The major components of income tax expenses are:		
Current tax (expense)	**(106.2)**	(80.3)
Adjustments in respect of current income tax of previous years	**2.6**	(1.5)
Deferred income tax expense	**(12.0)**	(3.0)
Income tax expense reported in the income statement	**(115.6)**	(84.8)
Aggregate of current and deferred tax relating to items charged or credited to equity:		
Current tax (expense)/benefit reported in equity	**-**	-
Deferred tax benefit/(expense) reported in equity	**5.7**	(4.1)
Income tax benefit/(expense) reported in equity	**5.7**	(4.1)

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:

	2017	2016
Accounting profit before income tax expense	**380.0**	279.2
At the Group's statutory income tax rate of 30%	**(114.0)**	(83.8)
- (Recognition)/derecognition of temporary differences	**(1.7)**	(0.2)
- Research & Development tax offset	**2.5**	0.7
- Other items	**(2.4)**	(1.5)
Aggregate income tax expense	**(115.6)**	(84.8)
Effective income tax rate	**30.4 %**	30.4 %

The Star Entertainment Group Limited and its controlled entities

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(ii) Deferred tax balances
The balance comprises temporary differences attributable to:

2017	Balance 1 July 2016 $m	Recognised in the income statement $m	Recognised directly in equity $m	Balance 30 June 2017 $m
Employee provisions	**18.2**	**0.1**	**-**	**18.3**
Other provisions and accruals	**14.6**	**(3.9)**	**-**	**10.7**
Provision for trade impaired debtors	**3.9**	**0.3**	**-**	**4.2**
Unrealised financial liabilities	**78.8**	**(6.2)**	**(5.6)**	**67.0**
Other	**6.6**	**(0.2)**	**-**	**6.4**
Deferred tax assets set off	**122.1**	**(9.9)**	**(5.6)**	**106.6**
Intangible assets	**(72.4)**	**(1.3)**	**-**	**(73.7)**
Property, plant and equipment	**(133.8)**	**(1.9)**	**-**	**(135.7)**
Unrealised financial assets	**(76.8)**	**5.8**	**11.3**	**(59.7)**
Other	**(21.0)**	**(4.7)**	**-**	**(25.7)**
	(304.0)	**(2.1)**	**11.3**	**(294.8)**
Net deferred tax (liabilities)/assets	**(181.9)**	**(12.0)**	**5.7**	**(188.2)**

2016	Balance 1 July 2015 $m	Recognised in the income statement $m	Recognised directly in equity $m	Balance 30 June 2016 $m
Employee provisions	17.0	1.2	-	18.2
Other provisions and accruals	14.7	(0.1)	-	14.6
Provision for trade impaired debtors	2.9	1.0	-	3.9
Unrealised financial liabilities	72.3	5.0	1.5	78.8
Other	9.6	(3.0)	-	6.6
Deferred tax assets set off	116.5	4.1	1.5	122.1
Intangible assets	(72.7)	0.3	-	(72.4)
Property, plant and equipment	(135.1)	1.3	-	(133.8)
Unrealised financial assets	(65.8)	(5.4)	(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)

The Star Entertainment Group Limited and its controlled entities

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(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 members' 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) balance is attributable to:

2017	(Payable) 1 July 2016 $m	(Increase) in tax payable $m	Tax instalment paid $m	Over $m	Other $m	(Payable) 30 June 2017 $m
Tax consolidated group - year ended 30 June 2017	**-**	**(106.2)**	**77.4**	**-**	**-**	**(28.8)**
Tax consolidated group - year ended 30 June 2016	**(20.8)**	**-**	**18.2**	**2.6**	**-**	**-**
Prior years	**-**	**-**	**-**	**-**	**-**	**-**
Total Australia	**(20.8)**	**(106.2)**	**95.6**	**2.6**	**-**	**(28.8)**
Overseas subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
Total	**(20.8)**	**(106.2)**	**95.6**	**2.6**	**-**	**(28.8)**

2016	(Payable)/ receivable 1 July 2015 $m	(Increase) in tax payable $m	Tax instalment paid/(refund) $m	(Under)/over $m	Other $m	(Payable) 30 June 2016 $m
Tax consolidated group - year ended 30 June 2016	-	(80.2)	59.4	-	-	(20.8)
Tax consolidated group - year ended 30 June 2015	(41.8)	-	44.0	(2.2)	-	-
Prior years [a]	2.0	-	(2.7)	1.0	(0.3)	-
Total Australia	(39.8)	(80.2)	100.7	(1.2)	(0.3)	(20.8)
Overseas subsidiaries	-	(0.1)	0.1	-	-	-
Total	(39.8)	(80.3)	100.8	(1.2)	(0.3)	(20.8)

a Changes in tax payable relating to amendments to the income tax returns following the application of tax consolidation tax cost setting process.

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F3 Earnings per share

	2017 $m	2016 $m
Net profit after tax attributable to ordinary shareholders	**264.4**	194.4
Basic earnings per share (cents per share)	**32.0**	23.6
Diluted earnings per share (cents per share)	**31.9**	23.6

	2017 Number	2016 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares issued	**825,672,730**	825,672,730
Adjustment for calculation of diluted earnings per share:		
Adjustment for Performance Rights	**2,037,596**	-
Weighted average number of ordinary shares and potential ordinary shares as used as the denominator in calculating diluted earnings per share	**827,710,326**	825,672,730

F4 Other assets

	2017 $m	2016 $m
Current		
Prepayments	**56.7**	34.0
Other assets	**4.2**	4.5
	60.9	38.5
Non current		
Rental paid in advance	**9.9**	10.0
Other assets	**2.0**	5.2
	11.9	15.2

Other assets above are shown net of impairment of nil (2016: nil).

F5 Trade and other payables

	2017 $m	2016 $m
Trade creditors and accrued expenses	**322.4**	259.9
Interest payable	**2.1**	2.0
	324.5	261.9

Trade and other payables of $324.5 million were up 23.9%, predominately relating to higher gaming related payables, representing players' funds deposited and chips in circulation at 30 June 2017.

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F6 Provisions

	2017 $m	2016 $m
Current		
Employee benefits	**52.8**	49.5
Workers' compensation	**7.6**	7.8
Other	**6.1**	1.0
	66.5	58.3
Non-current		
Employee benefits	**8.2**	11.2
Other	**1.7**	3.4
	9.9	14.6

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

	Workers' compensation (current) $m	Other (non-current) $m
2017		
Carrying amount at beginning of the year	**7.8**	**3.4**
Provisions made during the year	**1.3**	**-**
Provisions utilised during the year	**(1.5)**	**(1.7)**
Carrying amount at end of the year	**7.6**	**1.7**
2016		
Carrying amount at beginning of the year	9.2	3.8
Provisions made during the year	0.5	-
Provisions utilised during the year	(1.9)	(0.4)
Carrying amount at end of the year	7.8	3.4

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.

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F7 Other liabilities (current)

	2017 $m	2016 $m
Customer loyalty deferred revenue [a]	**18.2**	18.5
Other deferred revenue	**2.9**	2.4
	21.1	20.9

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

Ordinary shares - issued and fully paid [a]	**2,580.5**	2,580.5

a There is only one class of shares (ordinary shares) on issue. These 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.

	2017 Number of shares	2016 Number of shares
Movements in ordinary share capital		
Balance at beginning and end of year	**825,672,730**	825,672,730

(ii) Reserves (net of tax)

	2017 $m	2016 $m
Hedging reserve [a]	**(13.8)**	(0.4)
Share based payments reserve [b]	**6.6**	5.8
	(7.2)	5.4

Nature and purpose of reserves

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, impairment, significant items and share of the net loss of associate and joint venture entities.

Net debt comprises interest bearing liabilities, with US dollar borrowings translated at the 30 June 2017 USD/AUD spot rate of 1.3003 (2016: 1.3421), after adjusting for cash and cash equivalents and derivative financial instruments.

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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 these banking covenants, the Group is not subject to externally imposed capital requirements.

	2017 $m	2016 $m
Gross Debt	**1,045.0**	813.5
Net Debt [a]	**787.5**	473.8
EBITDA	**586.2**	488.8
Gearing ratio (times)	**1.3 x**	1.0 x

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

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

	Note	2017 $m	2016 $m
Net profit after tax		**264.4**	194.4
- Depreciation and amortisation	A4	**164.5**	163.8
- Employee share based payments expense	F10	**3.8**	5.6
- Unrealised foreign exchange gain	A3	**(1.1)**	(0.8)
- Bad and doubtful debts expense	A3	**18.7**	23.1
- Finance costs	A5	**42.7**	47.1
- Share of net loss of associate and joint venture entities	D5	**0.7**	-
Working capital changes			
- (Increase) in trade and other receivables and other assets		**(99.4)**	(48.8)
- (Increase) in inventories		**(2.9)**	(1.7)
- Increase in trade and other payables, accruals and provisions		**62.0**	11.1
- Increase/(decrease) in tax provisions		**19.9**	(15.9)
Net cash inflow from operating activities		**473.3**	377.9

Operating cash flow before interest and tax was $567.9 million, up 19.0% on the pcp, with 97% EBITDA to cash conversion ratio.

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F10 Employee share plans

During the current and prior periods, the Company issued Performance Rights under the Long Term Performance Plan to eligible employees. The share based payment expense is $3.8 million (2016: $5.6 million) in respect of the equity instruments granted is recognised in the income statement.

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

2017 Grant Date	Balance at start of year	Granted during the year	Forfeited during the year	Lapsed during the year [a]	Vested during the year	Balance at end of year
19 September 2012	**540,583**	**-**	**-**	**540,583**	**-**	**-**
1 October 2013	**461,198**	**-**	**-**	**-**	**-**	**461,198**
26 September 2014	**895,208**	**-**	**-**	**-**	**-**	**895,208**
21 September 2015	**662,328**	**-**	**-**	**-**	**-**	**662,328**
5 October 2016	**-**	**1,158,988**	**17,013**	**-**	**-**	**1,141,975**
	2,559,317	**1,158,988**	**17,013**	**540,583**	**-**	**3,160,709**

2016 Grant Date	Balance at start of year	Granted during the year	Forfeited during the year	Lapsed during the year	Vested during the year	Balance at end of year
19 September 2012	540,583	-	-	-	-	540,583
1 October 2013	461,198	-	-	-	-	461,198
26 September 2014	895,208	-	-	-	-	895,208
21 September 2015	-	696,893	34,565	-	-	662,328
	1,896,989	696,893	34,565	-	-	2,559,317

The grant on 19 September 2012 included market-based hurdles. Grants from 1 October 2013 includes a market based hurdle (relative TSR) 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.

a Performance rights granted on 19 September 2012 were tested on 19 September 2016 and did not vest. The TSR percentile rank for the Company was 46.77% and TSR was 54.54%; as a result these Performance Rights lapsed and no shares were issued to participants.

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

Effective grant date	Test and vesting date	Share price at date of grant $	Expected volatility in share price %	Expected dividend yield %	Risk free interest rate %	Average Fair Value per Performance Right $
19 September 2012	19 September 2016	3.86	25.00 %	2.18 %	2.70 %	2.20
1 October 2013	1 October 2017	2.68	27.00 %	1.75 %	3.03 %	2.01
26 September 2014	26 September 2018	3.31	27.00 %	2.90 %	2.88 %	2.45
21 September 2015	21 September 2019	4.82	28.00 %	2.70 %	1.98 %	3.53
5 October 2016	5 October 2020	5.89	25.03 %	2.74 %	1.68 %	4.27

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

F11 Auditor's remuneration

	2017 $	2016 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- An audit or review of the Financial Report of the Company and any other entity in the consolidated group	**899,603**	827,499
- Other services in relation to the Company and any other entity in the consolidated group:		
- Assurance related	**-**	-
- Other non-audit services including taxation services	**272,439**	301,661
	1,172,042	1,129,160
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
- Assurance related services	**-**	-

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 Chair 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 2017

G 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 2017 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 23 August 2017.

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).

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

Changes in accounting policies and disclosures

The Group has adopted the following new and amended accounting standards, which became applicable from 1 July 2016:

Reference	Title
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
AASB 2015-2	Amendments to Australian Accounting Standards - Disclosure Initiative Amendments to AASB 101
AASB 2014-3	Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interest in Joint Operations (AASB 1 & AASB 11)

The adoption of these standards did not have any material effect on the financial position or performance of the Group, additional disclosures have been made where required.

Standards and amendments issued but not yet effective

The Group has not applied Australian Accounting Standards and IFRS that were issued or amended but not yet effective. Those significant pronouncements are disclosed in the table below:

Reference	Title	Application date
AASB 9 *	Financial Instruments	1 January 2018
AASB 15 *	Revenue from Contracts with Customers	1 January 2018
AASB 16 *	Leases	1 January 2019

*AASB 9 will replace AASB 139 and introduces a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. The impact of the adoption is not expected to be material. The new Standard will not result in a significant change to the classification of financial assets and liabilities. Based on the Group's current derivative portfolio, the Group does not expect a significant impact on hedge accounting. Under AASB9, hedge effectiveness testing will only be performed on a prospective basis.

*AASB 15 replaces AASB 111, AASB 118 and related IFRIC Interpretations. AASB 15 provides a new five step approach for revenue recognition in determining when and how revenue should be recognised. The core principle of the new standard is that revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

reflects the consideration to which the Group expects to be entitled. Under the approach, revenue is recognised once the performance obligations of a contract are satisfied.

The standard permits entities to apply guidance retrospectively with comparative balances restated or to recognise the cumulative effect of initially applying the standard as an opening adjustment to retained earnings on 1 July 2018.

AASB 15 includes extensive disclosure requirements intended to enable users of financial statements to understand judgments related to revenue recognition.

The Group continues to assess the impact of adopting the new standard on its consolidated financial statements.

*Under AASB 16, the distinction between finance and operating leases is eliminated for lessees (with the exception of short-term and low value leases). Both finance leases and operating leases will result in the recognition a right-of-use ("ROU") asset and a corresponding lease liability on the balance sheet. The liability is initially measured at the present value of future lease payments for the lease term and the ROU asset reflects the lease liability and initial direct costs, less any lease incentives and amounts required for dismantling.

AASB 16 must be implemented retrospectively, however the Group has the option as to whether restate comparatives or have the cumulative impact of application recognised in opening retained earnings on 1 July 2019 ("modified retrospective approach").

The standard is expected to have a material impact on the Group's consolidated balance sheet and income statement. The ROU asset and lease liability is expected to be material for the Group's current lease portfolio, including long-term leases for the Sydney and Brisbane properties. The transition to AASB 16 will result in a change in presentation in the consolidated income statement. Rental expenses currently disclosed under property costs will be replaced by an interest expense attributable to the lease liability and a depreciation charge for the ROU asset.

The Group will continue to assess the impact of the standard with the next steps including a detailed review of all agreements.

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.

Controlled entities are consolidated from the date control is transferred to the Group and are no longer consolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Foreign currency

The consolidated financial statements are presented in Australian dollars ($) which is the Group's functional and presentation currency.

Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date.

Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Gains and losses arising from the translation are credited or charged to the income statement with the exception of differences on foreign currency borrowings that are in an effective hedge relationship. These are taken directly to equity until the liability is extinguished, at which time they are recognised in the income statement.

Net finance costs

Finance income is recognised as the interest accrues, using the effective interest method. Finance costs consist of interest and other borrowing costs incurred in connection with the borrowing of funds. Finance costs directly associated with qualifying assets are capitalised, all other finance costs are expensed in the period, in which they occur.

Taxation

Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- goodwill; and
- the initial recognition of an asset or liability in a transaction which is not a business combination and that affect neither accounting nor taxable profit at the time of the transaction.

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)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

part of the cost of acquisition of the asset or as part of the expense item as applicable;
- casino revenues, due to the GST being offset against government taxes; and
- receivables and payables, which are stated with the amount of GST included.

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

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

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at face value. Cash and cash equivalents include cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash for the purpose of the statement of cash flows.

Trade and other receivables

Trade receivables are recognised and carried at original settlement amount 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 beverage 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 any future economic benefit 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 to 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 accumulated impairment losses. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 may not be recoverable. 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 an outflow of economic benefits 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 associate and joint venture entities
Associates are all 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 associate and joint venture entities 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 amount 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 benefits and risks 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 lessor 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
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 to pay all employees relating to current and past employee services.

Superannuation guarantee charges are recognised as expenses in the income statement as the contributions become payable. 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 with 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 based on remuneration rates the Group expects to pay, including related on-costs when the liability is expected to be settled. Annual leave is another long term benefit and is measured using the projected credit unit method.

Share based payment transactions
The Company operates the Long Term Performance Plan (***LTPP***), which is available to employees at the most senior executive levels. Under the LTPP, employees may become entitled to Performance Rights which may potentially convert to ordinary shares in the Company. The fair value of Performance Rights is measured at grant date and is 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 Company'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 shares are forfeited in the event that the employee voluntarily terminates from the Company during the 12 month holding lock period.

The cost is recognised in employment costs, together with a corresponding increase in equity (share based payment reserve) over the service period. No expense is recognised for awards that do not ultimately vest. A liability is recognised for the fair value of cash settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employment costs.

Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its Treasury Policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at the end of each reporting period. The resulting gain or loss is recognised immediately in the income statement. However, where derivatives qualify for cash flow hedge accounting, the effective portion of the gain or loss is deferred in equity while the ineffective portion is recognised in the income statement.

The fair value of interest rate swap, cross currency swap and forward currency contracts is determined by reference to market values for similar instruments. Refer to note E2 for details of fair value determination.

Derivative assets and liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if:
- there is a currently enforceable legal right to offset the recognised amount; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Hedging
Cash flow hedge
Where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non financial asset or liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, then the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised). For cash flow hedges, the effective part of any gain or loss on the derivative financial instrument is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

- 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 after tax for the period by the weighted 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
FOR THE YEAR ENDED 30 JUNE 2017

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 2017 and of its performance for the year ended on that date; and

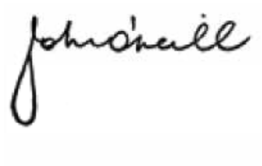
(ii) complying with the Accounting Standards and the Corporations Regulations 2001;

(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
23 August 2017

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Building a better working world

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Independent Auditor's Report to the Members of The Star Entertainment Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Star Entertainment Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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Goodwill impairment assessment

Why significant to the audit	How our audit addressed the key audit matter
As at 30 June 2017, the Group's consolidated balance sheet included $1,442m of goodwill. As disclosed in Note B6 to the consolidated financial statements, the Directors' assessment of goodwill involves critical accounting estimates and assumptions, specifically relating to future discounted cash flows. These estimates and assumptions, summarised in Note B6 to the consolidated financial statements, are impacted by the future performance of the Group, market and regulatory environments. We considered this to be a key audit matter due to the magnitude of the balance and the significant judgments and assumptions involved in the calculation of the Fair Value less Cost of Disposal model.	Our audit procedures included the following: • Assessed whether the methodology used by the Directors met the requirements of Australian Accounting Standards - AASB 136 Impairment of Assets. • Tested the mathematical accuracy of the cash flow models. • Compared the cash flow forecasts with the Board approved five-year business plan and long term capital investment plans. • Together with our valuation specialists assessed the assumptions supporting the cash flow forecasts. • Considered the accuracy of the discount rate and the terminal growth rate used with involvement from our valuation specialists. • Tested the sensitivity analysis performed by the Group focusing on the Cash-Generating Units where a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. • Evaluated whether the judgments and estimates disclosures in the consolidated financial statements met the requirements of Australian Accounting standards.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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Building a better working world

Recoverability of trade receivables

Why significant to the audit	How our audit addressed the key audit matter
As disclosed in Note B2, at 30 June 2017, the Group's consolidated balance sheet included $176.6m of gross trade receivables and a provision for impairment of $14.0m. The Directors' assessment of trade receivable for impairment involves judgment, specifically relating to the individual circumstances of each debtor. As a consequence, recoverability of trade receivables is a key audit matter due to the inherent subjectivity that is involved in making judgments in relation to credit exposures to determine the recoverability of trade receivables.	Our procedures included assessing the overall reasonableness of the provision for impairment. In doing so, we: • Reviewed the Group's data around historical collections to determine the reasonableness of current provisioning. • Tested the aging of the outstanding receivables by selecting a sample and agreeing details to supporting documentation. • Selected a sample of the larger trade receivable balances where a provision for impairment of trade receivables was recognised and understood the rationale behind the provisioning by considering the historical payment patterns, whether any post year-end payments had been received up to the date of our audit report and examining the Group's available information on individual debtors. • Tested a sample of aged balances where no provision was recognised to assess that there were no indicators of impairment. This included, amongst others, assessing if payments had been received since the year-end, reviewing historical payment patterns and examining the Group's available information on each debtor. • Reviewed the historical provision position recorded by the Group against actual outcomes for debt recovery and/or write off and assessed the accuracy of the Group's provisioning.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2017

EY
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Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Group's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 32 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of The Star Entertainment Group Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst + Young

Ernst & Young

John Robinson
Partner
Sydney
23 August 2017

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SHAREHOLDER INFORMATION
AS AT 25 AUGUST 2017

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 or The Star Entertainment Group's Constitution, including the shareholder restrictions mentioned above, may result in suspension of voting rights.

SUBSTANTIAL SHAREHOLDERS

The following is a summary of the substantial shareholders as at 25 August 2017 pursuant to notices lodged with ASX in accordance with section 671B of the *Corporations Act 2001*:

NAME	DATE OF INTEREST	NUMBER OF ORDINARY SHARES (i)	% OF ISSUED CAPITAL (ii)
FIL Limited, FIL Investment Management (Australia) Limited and FIL Pension Management	31 May 2017	49,777,604	6.03%
Commonwealth Bank of Australia and its related bodies corporate	16 June 2017	53,280,893	6.45%
Yarra Funds Management Limited, Yarra Capital Management Holdings Pty Ltd, Yarra Management Nominees Pty Ltd, AA Australia Finco Pty Ltd, TA SP Australia Topco Pty Ltd and TA Universal Investment Holdings Ltd	6 July 2017	41,568,222	5.0345%
Ellerston Capital	13 July 2017	41,896,846	5.07%
Perpetual Limited and its related bodies corporate (including Perpetual Investment Management Limited)	14 July 2017	121,592,298	14.73%

(i) As disclosed in the last notice lodged with the ASX by the substantial shareholder.
(ii) 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.

SHAREHOLDER INFORMATION

AS AT 25 AUGUST 2017

LESS THAN MARKETABLE PARCELS

There were 6,736 shareholders holding less than a marketable parcel of 95 ordinary shares (valued at $500 or less, based on a market price of $5.28) at the close of trading on 25 August 2017 and they hold a total of 428,124 ordinary shares.

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).

	NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE
Ordinary Shares (for STPP)	613,992	$5.75
Ordinary Shares (for GESP)	30,177	$5.7295

TWENTY LARGEST REGISTERED SHAREHOLDERS – ORDINARY SHARES*

RANK	NAME	NUMBER OF SHARES HELD	% OF ISSUED CAPITAL
1.	HSBC CUSTODY NOMINEES	256,525,111	31.07%
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	167,107,559	20.24%
3.	CITICORP NOMINEES PTY LIMITED	75,064,095	9.09%
4.	NATIONAL NOMINEES LIMITED	71,525,994	8.66%
5.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	34,936,431	4.23%
6.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	30,218,655	3.66%
7.	BNP PARIBAS NOMS PTY LTD <DRP>	28,468,874	3.45%
8.	UBS NOMINEES PTY LTD	25,228,696	3.06%
9.	AMP LIFE LIMITED	4,556,733	0.55%
10.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <BKMINI A/C>	4,036,871	0.49%
11.	WOODROSS NOMINEES PTY LTD	3,972,776	0.48%
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,233,380	0.39%
13.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,693,299	0.33%
14.	SBN NOMINEES PTY LIMITED <10004 ACCOUNT>	2,265,400	0.27%
15.	SEYMOUR GROUP PTY LTD	1,750,000	0.21%
16.	BNP PARIBAS NOMS (NZ) LTD <DRP>	1,393,030	0.17%
17.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,282,637	0.16%
18.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	1,271,059	0.15%
19.	MUTUAL TRUST PTY LTD	1,206,724	0.15%
20.	PACIFIC CUSTODIANS PTY LIMITED <SGR PLANS CONTROL A/C>	1,187,005	0.14%
	Total of top 20 registered shareholders	**717,924,329**	**86.95%**

*on a grouped basis

SHAREHOLDER INFORMATION

AS AT 25 AUGUST 2017

DISTRIBUTION OF SECURITIES HELD

	ORDINARY SHARES		PERFORMANCE RIGHTS[1]	
RANGE OF HOLDING	NO. OF HOLDERS	NO. OF SECURITIES	NO. OF HOLDERS	NO. OF SECURITIES
1 to 1,000	48,945	16,908,427	0	0
1,001 to 5,000	19,762	41,651,579	0	0
5,001 to 10,000	2,433	16,910,470	0	0
10,001 to 100,000	1,078	21,625,678	9	353,899
100,001 and over	63	728,576,576	8	2,865,363
Total	**72,281**	**825,672,730**	**17**	**3,219,262**

1. Performance Rights were issued pursuant to The Star Entertainment Group's Long Term Performance Plan. Refer to the Remuneration Report for more information about The Star Entertainment Group's Long Term Performance Plan.

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

SHAREHOLDER ENQUIRIES

Investors seeking information about their shares in The Star Entertainment Group should contact The Star Entertainment Group's share registry. Investors should have their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) available to assist the share registry in responding to their enquiries.

SHARE REGISTRY

LINK MARKET SERVICES LIMITED

Address: Level 12, 680 George Street
Sydney NSW 2000

Postal address: The Star Entertainment Group Limited
C/- Link Market Services Limited
Locked Bag A14
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.

2017 CORPORATE GOVERNANCE STATEMENT

The 2017 Corporate Governance Statement can be found on The Star Entertainment Group's website www.starentertainmentgroup.com.au/corporate-governance.

2017 ANNUAL GENERAL MEETING

The Annual General Meeting of The Star Entertainment Group Limited will be held on Thursday, 26 October 2017 in the Sydney Lyric Theatre at The Star Sydney, 80 Pyrmont Street, Pyrmont, New South Wales, commencing at 11:00am (Sydney time).

COMPANY DIRECTORY

REGISTERED OFFICE

The Star Entertainment Group Limited
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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

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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.thestarsydney.com.au

THE STAR GOLD COAST

Broadbeach Island
Gold Coast QLD 4218

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Telephone: + 61 7 5592 8100
www.thestargoldcoast.com.au

TREASURY CASINO AND HOTEL BRISBANE

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Brisbane QLD 4000

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www.treasurybrisbane.com.au

QUEEN'S WHARF BRISBANE

GENERAL ENQUIRIES

Telephone: 1800 104 535
Email:
qwbenquiries@destinationbrisbane.com.au
www.queenswharfbrisbane.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

The Star Entertainment Group respects the privacy of its stakeholders. The Star Entertainment Group's Privacy Policy Statement is available on The Star Entertainment Group's website at www.starentertainmentgroup.com.au.

KEY DATES FOR FY2017/18*

FY2017 FULL YEAR RESULTS ANNOUNCEMENT

23 August 2017

FINAL DIVIDEND RECORD DATE

29 August 2017

FINAL DIVIDEND PAYMENT DATE

26 September 2017

2017 ANNUAL GENERAL MEETING

26 October 2017

FY2018 HALF YEAR RESULTS ANNOUNCEMENT

16 February 2018

2018 FINANCIAL YEAR END

30 June 2018

FY2018 FULL YEAR RESULTS ANNOUNCEMENT

24 August 2018

2018 ANNUAL GENERAL MEETING

1 November 2018

*Dates are subject to change

ANNUAL REPORT 2017