THE STAR

ASX Announcement

27 September 2022

FY2022 FINANCIAL REPORT

The Star Entertainment Group Limited (ASX:SGR) (**The Star**) provides its Directors' Report and Financial Report for the year ended 30 June 2022 in accordance with ASX Listing Rule 4.5.1.

Authorised by:

The Board of Directors

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THE STAR ENTERTAINMENT GROUP LIMITED

The Star Entertainment Group Limited

A.C.N 149 629 023

ASX Code: SGR

and its controlled entities

Directors', Remuneration and Financial Report

For the year ended 30 June 2022

THE STAR ENTERTAINMENT GROUP LIMITED
For the year ended 30 June 2022

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Directors' Report
for the year ended 30 June 2022

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 2022.

1 Directors

The names and titles of the Company's Directors in office during the financial year ended 30 June 2022 and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Directors	
Ben Heap [a]	Interim Chairman and Non-Executive Director
Gerard Bradley AO	Non-Executive Director
Michael Issenberg [b]	Non-Executive Director
Katie Lahey AM	Non-Executive Director
Richard Sheppard	Non-Executive Director
Former	
John O'Neill AO [c]	Chairman and Non-Executive Director
Matt Bekier [d]	Managing Director and Chief Executive Officer
Sally Pitkin AO [e]	Non-Executive Director

a Commenced as Interim Chairman on 1 June 2022.

b Michael Issenberg commenced as a Non-Executive Director on 11 July 2022 following the receipt of all necessary regulatory approvals. For the period 17 February 2022 to 10 July 2022 he was an Observer.

c Ceased as Chairman and Non-Executive Director on 31 May 2022.

d Ceased as Managing Director and Chief Executive Officer on 28 March 2022.

e Ceased as Non-Executive Director on 30 June 2022.

2 Operating and Financial Review

The Operating and Financial Review for the year ended 30 June 2022 has been designed to provide shareholders with a clear and concise overview of the Group's operations, financial position, business strategies and prospects. The review also discusses the impact of key transactions and events that have taken place during the reporting period and material business risks faced by the 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 Group 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.

The Group holds casino licences to operate its properties: The Star Sydney, expiring in 2093; The Star Gold Coast, perpetual licence; Treasury Brisbane, perpetual licence that expires in 2070. The Group owns Broadbeach Island on which The Star Gold Coast is located.

2.2 Business strategies

The key long term strategic priorities for the Group, in pursuit of its vision to be Australia's leading integrated resort company, remain unchanged:

- Create world class integrated resorts with local spirit;
- Manage planned capital expenditure programs to deliver value and returns for shareholders;
- Improve profitability from local, domestic and international source markets through continued emphasis on loyalty, gaming and non-gaming strategies;
- Deliver on the Remediation and Transformation Program (see below);
- Identify, retain, develop and engage a highly talented team of employees across properties and the Group; and
- Improve customer experience, including providing customers with tailored product and service offerings.

Looking forward into FY2023, management's focus will be on the following key areas:

- Remediation and transformation
  - Commitment to demonstrating suitability to hold casino licences in New South Wales (***NSW***) and Queensland (***QLD***);
  - Complete new senior executive and Board appointments;
  - Address outcomes of the Bell and Gotterson Reviews;
  - Consider and adopt the changes to the NSW *Casino Control Act 1992* and the Bill to amend the Queensland *Casino Control Act 1982*;
  - Progress investments in hospitality and tourism assets; and
  - Progress the Remediation and Transformation Program:
    - The program commenced in May 2022 under the oversight of external advisors Allens and Overy, with significant progress made to date. The program will provide the structure and accountability necessary to significantly overhaul our risk management governance, operating model, processes, systems and culture;
    - The program will evolve to address the outcomes of the Bell and Gotterson reviews and AUSTRAC investigation;
    - FY2023 initiatives underway to deliver:
      - Organisation-wide culture change through board and management led reviews;
      - Introduce an Enhanced Investigations and Integrity initiative, resourced and empowered to make sweeping changes;
      - Introduce a new, more rigorous and proactive harm minimisation and Responsible Gambling strategy, called "Safer Gambling at The Star";
      - Upgrade AML / CTF, 'Know Your Client' and due diligence processes; and
      - Elevate Risk and Compliance functions with increased resourcing and capabilities of respective teams.
- Operations
  - Drive revenue growth in a post COVID-19 earnings recovery;
  - Maintain cost control; and
  - Manage the competitive impact of Crown Sydney.
- Major projects
  - Continue to progress the construction of the Queen's Wharf Brisbane Integrated Resort in Brisbane and manage the cost overruns, whilst continuing preparations for the opening in 1H FY2024;
  - Complete Tower 1 apartment settlements and continue to progress the construction of Tower 2 on the Gold Coast; and
  - Progress development opportunities for the Sydney property.
- Asset sales
  - Complete the sale of the Treasury Buildings and the NSW Government's compulsory acquisition of the Union Street Pyrmont property (owned with Far East Consortium (***FEC***));
  - In partnership with Chow Tai Fook (***CTF***) and FEC explore ownership options for the Sheraton Grand Mirage Resort Gold Coast;
  - Explore opportunities to unlock the underlying value of the Group's property portfolio; and
  - Use proceeds to pay down debt and reduce gearing levels.

2.3 Group performance

The Group continued executing its growth strategy despite the extraordinary challenges and significant impacts of both COVID-19 related disruptions and ongoing regulatory reviews. The underlying strength of the business has enabled a strong rebound post COVID-19 related property shutdowns and operating restrictions.

FY2022 marks the third consecutive year significantly affected by the ongoing impacts of COVID-19. Property closures, operating restrictions and domestic border closures significantly impacted earnings in 1H FY2022 and into 2H FY2022. Restrictions began to ease in 2H FY2022, allowing for the return to more normal operating conditions by 4Q FY2022. Domestic revenue for 4Q FY2022 was above pre-COVID-19 levels (represented by the corresponding period in FY2019), driven by strong growth in slots and non-gaming revenue. Performance was also affected by the Group's suspension of all domestic and international rebate programs (in response to the Bell Review) and costs associated with the commencement of the Remediation and Transformation Program. The prior comparable period (***pcp***) included fluctuating spatial distancing requirements and other COVID-19 related health orders constrained domestic visitation, particularly in Sydney. International border closures substantially reduced the International VIP Rebate business (prior to its suspension in May 2022).

Earnings before interest, tax, depreciation and amortisation (***EBITDA***) (excluding significant items) of $237.5 million was down 44.3% on the pcp. Normalised[1] EBITDA of $235.1 million was down 45.3%. Statutory and normalised results for FY2022 are largely consistent given the limited International VIP Rebate business revenue (prior to its suspension in May 2022).

Net revenue of $1,527.1 million was down 1.2% on the pcp. Non-gaming revenue was up 32.3%[2], with growth across all three properties, driven by re-opened venues, including the Harvest Buffet, new amenities and return of the conferencing business. Domestic gaming revenue was down 5.4%[2], materially affected by ongoing COVID-19 restrictions, including property closures across all three properties and health orders, and the South East Queensland floods. International VIP Rebate revenue remains immaterial given border closures (prior to its suspension in May 2022).

Operating costs (before significant items) of $910.6 million were up 23.1% on the pcp. Excluding the impact of JobKeeper in the pcp, operating costs are up 13.9%, reflecting COVID-19 related impacts, the tight labour market, increased operating footprint, inflationary pressures, ongoing regulatory reviews and increased investment in regulatory and compliance functions and external consulting costs. Significant expense items ($176.0 million before tax) relate to the impairment of goodwill for The Star Sydney, Bell Review costs, one-off COVID-19 related expenditure, underpaid casino duty and interest, software-as-a-service project costs, business interruption and crown unsolicited proposal costs, partially offset by JV profit on the residential Tower 1 sale of units, disposal of jet and dispute settlement.

Depreciation and amortisation expense of $208.3 million was down 1.0% on pcp. Finance costs of $50.2 million (excluding significant items) were down 7.6%, due to lower average debt balances and cancellation of the $200 million club facility in December 2020.

Net loss after tax was $202.5 million. Normalised net loss after tax, excluding significant items, was $32.3 million. Basic and Diluted Earnings per Share were both a loss of (21.3) cents (both earnings of 6.1 cents in the pcp).

2.4 Group financial position

The Group remains committed to maintaining a balance sheet that positions it for post-COVID-19 recovery and the potential for financial penalties arising from the ongoing regulatory matters. No final dividend was declared, in accordance with the conditions of debt covenant waivers which restrict further cash dividends from being paid until the Group's gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times.

Net debt[3] was $1,149.0 million (30 June 2021: $1,171.4 million). Operating cash flow before interest and tax was $181.3 million (30 June 2021: $471.3 million) with an EBITDA to cash conversion ratio of 82% (30 June 2021: 123%).

The Sydney property and broader casino industry is in a state of significant uncertainty. Recent regulatory changes have resulted in the cessation of the junket business, the pausing of international and domestic rebate businesses while COVID-19 restrictions continue to affect international visitation. The outcome from the Bell review and AUSTRAC investigation remain uncertain. In combination, these factors have reduced the valuation of the Sydney cash generating unit, requiring an impairment of $162.5 million to be recognised against The Star Sydney's goodwill at 30 June 2022.

1 Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% of actual turnover, gaming taxes and commission on revenue share programs. Normalised results exclude significant items.

2 Revenue movements reflect the underlying performance of the business in that they consider where revenue from loyalty points were earnt, rather than redeemed. This is different to note A2, which follows the presentation requirements of *AASB 15 Revenue from Contracts with Customers*.

3 Net debt is shown as interest bearing liabilities (excluding lease liabilities), less cash and cash equivalents, less net position of derivative financial instruments.

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

Net revenue was $777.9 million, down 4.8% on the pcp and EBITDA (excluding significant items) was $83.4 million, down 58.3% on the pcp. The property was significantly impacted by the COVID-19 enforced property closure, which lasted 102 days from July to October 2021, operating restrictions and other COVID-19 related impacts. Domestic gaming revenue was down 7.6%, partially offset by a 21.8% increase in non-gaming revenue, driven by the reopening of key venues including Harvest Buffet. International VIP Rebate revenue remained immaterial (prior to its suspension in May 2022). Gaming taxes and levies and operating expenses (before significant items) were up 1.5% and 18.2% respectively. The increase in operating expenses reflects the impact of JobKeeper payments in the pcp, staff payments for a significant shutdown period, higher non-gaming activity levels and the tight labour market. Throughout the year, domestic revenues were strong when the property was open on an unrestricted basis. 4Q FY2022 domestic revenue was in line with pre-COVID-19 levels.

The property is a Foundation Partner of the Australian Turf Club and participates in The Everest, the world's richest race on turf. It is also a sponsor of the New South Wales Rugby League (NSW Blues) and Sydney FC male and female teams. The property also contributed to National Indigenous Culinary Institute and GIVIT during the reporting period.

Gold Coast

Net revenue was $423.3 million, up 11.3% on the pcp and EBITDA (excluding significant items) was $89.3 million, down 20.6% on the pcp. Despite the closure of the property for 11 days, domestic gaming revenue was up 1.8% while non-gaming revenue was up 49.7%, driven by new amenities and the return of the conferencing business. International VIP Rebate revenue remained immaterial (prior to its suspension in May 2022). Gaming taxes and levies and operating expenses (before significant items) were up 3.0% and 34.0% respectively. The increase in operating costs reflects the impact of JobKeeper payments in the pcp, higher activity levels, new amenities and higher staffing costs, while the pcp also benefitted from a deliberately slow ramp-up. Throughout the year, domestic revenues were strong when the property was open on an unrestricted basis. 4Q FY2022 domestic revenue was up 48% on pre-COVID-19 levels, with growth across all major categories (slots, tables and non-gaming), driven by new amenities and the return of conferencing business.

The Star Gold Coast is a major sponsor of The Star Magic Millions Raceday and Carnival and is a partner of the TV Week Logie Awards, Gold Coast Titans and Gold Coast Suns. The property also contributed to various charities and not-for-profit organisations including Surf Life Saving Queensland, Currumbin Wildlife Hospital and GIVIT during the reporting period.

Brisbane

Net revenue was $325.9 million, down 6.4% on the pcp and EBITDA (excluding significant items) was $64.8 million, down 43.4% on the pcp. Domestic gaming revenue was down 7.3%, partially offset by an 11.4% increase in non-gaming revenue. Earnings were impacted by closure of the property for 12 days, operating restrictions, floods and other COVID-19 related impacts. International VIP Rebate revenue remained immaterial (prior to its suspension in May 2022). Gaming taxes and levies (before significant items) were down 5.8%, in line with reduced domestic gaming revenue. Operating expenses were up 23.1%, reflecting the impact of JobKeeper payments in the pcp, higher activity levels, COVID-19 related costs and investment in management capability in advance of the Queen's Wharf Brisbane opening. 4Q FY2022 domestic revenue was up 13% on pre-COVID-19 levels, primarily driven by slots.

The Brisbane property is a major partner of Queensland Rugby League, platinum partner of the Brisbane Fashion Festival, Group One Sponsor of Brisbane Racing Club and has partnered with The Royal National Agricultural and Industrial Association of Queensland, Brisbane Portrait Prize and contributed to GIVIT during the reporting period.

International VIP rebate business

The results of the International VIP Rebate business are embedded in the segment performance overviews above. International VIP Rebate revenue remained immaterial given border closures. Following the release of the Bergin Report in February 2021, in May 2021 the Group agreed with the ILGA to terminate business with international junket operators. The Group is applying the undertaking to all of its casino operations (New South Wales and Queensland). In May 2022 the Group suspended all international rebate programs (in response to the Bell Review).

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.

Bell report

In September 2021 the Group was notified by ILGA that Adam Bell SC would undertake the regular review of The Star Sydney's (***The Star***) casino operations in accordance with the *Casino Control Act 1992 (NSW)* (***CCA***) (the ***Review***).

On 19 October 2021 ILGA advised the Review would include public hearings relating to The Star's casino operations. The public hearings ran from March to May 2022 and considered various matters concerning suitability to hold a casino licence, including the Group's maintenance and administration of systems to counter money laundering and infiltration by organised crime.

Mr Bell's report was provided to ILGA by 31 August 2022 (the ***Report***). On 5 September 2022, the New South Wales Independent Casino Commission (the ***NICC***) was appointed as regulator of casinos in NSW. On 13 September 2022 the NICC published the Report. The Report found The Star unsuitable to hold a casino licence in NSW.

The Report made a total of 30 recommendations to the NICC. The NICC will respond to the recommendations in due course.

On 13 September 2022 the NICC issued The Star a Show Cause Notice under section 23 of the CCA (the ***Notice***). The Star has responded to the Notice. The response outlines why disciplinary action should not be taken and includes submissions about the possible appointment of a manager. The NICC may then decide to take appropriate disciplinary action. (Refer to section 5 for more detail).

Impact of COVID-19

FY2022 marks the third consecutive year significantly affected by the impacts of COVID-19. Property closures, operating restrictions and domestic border closures significantly impacted earnings in 1H FY2022 and into 2H FY2022. Restrictions began to ease in 2H FY2022, allowing for the return to more normal operating conditions by 4Q FY2022. International travel remains subdued and it is unknown for how long this will persist. While a return of COVID-19 related operating restrictions is possible, it is considered unlikely. The Group retains balance sheet flexibility, enabling it to respond operationally and financially to future operating restrictions, should they arise.

External review of the Group's Queensland operations

In July 2022 an independent review commenced of the Group's Queensland casinos, The Star Gold Coast and Treasury Brisbane following a request by the Queensland Attorney-General.

The review, led by the Honourable Robert Gotterson AO, will examine whether these casinos operate in a way that is consistent with achieving the objectives of the Casino Control Act 1982 and the ongoing suitability of the Group's casino licensees. Public hearings took place from 23-29 August 2022.

The review will report to the Attorney-General by 30 September 2022.

Sydney

The Group continues to monitor development opportunities post finalisation of the new planning controls for the Pyrmont Peninsula, including development of a six star hotel, theatres and a new rooftop dining area and event space.

The Government has commenced its compulsory acquisition of the Pyrmont commercial building, acquired in October 2020 in joint venture with FEC (both 50%). The proposed new Sydney Metro West Station, to be developed on this site by the Government, will allow for greater access for patrons to The Star.

Capital expenditure in the year was approximately $60.8 million across various minor projects.

Gold Coast

The Group remains focused on delivering the proposed $2 billion masterplan on the Gold Coast in joint venture with CTF and FEC. The Dorsett Gold Coast Hotel and The Star Residences in the first tower opened during the year. The settlement of residential unit sales commenced in May 2022, with over 90% settled to date. The second tower (***Tower 2***) construction continues, with all residential units pre-sold. Once developed, the scale of the property under the masterplan 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.

Capital expenditure in the year (excluding equity investment into the Tower 2 joint venture with partners CTF and FEC) was approximately $65.2 million across various minor projects.

The Group also 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 hold 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 apartments development joint venture.

The Integrated Resort is expected to open in 1H FY2024. Total project costs for DBC's development of the Integrated Resort are expected to be up approximately 10% on prior guidance of $2.6 billion. The majority of these cost overruns are to be funded via additional equity contributions in proportion with the existing joint venture interests. DBC is in ongoing discussions with the builder regarding purported claims for additional costs, extensions of time and damages, with which DBC disagrees. The contract provides for liquidated damages. $1.6 billion project level debt facilities were secured in May 2020 and run for a 5.5 year term, which includes approximately 3 years of operating performance.

2.7 Risk management

The Group takes a structured approach to identifying, evaluating and managing those current and emerging risks which have the potential to affect achievement of strategic objectives. The commentary relating to Principle 7 in the Company'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 Company'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 Gold Coast.	The Group's vision is to be Australia's leading integrated resort company. Substantial investments have been made to develop new or improved venue facilities in all key markets, and to improve customer service capabilities of employees. Revenue sources have also been diversified.
Realising value from capital projects	
The ability to generate adequate returns from the financial capital invested in capital projects.	The Group has a comprehensive project management framework and has employed appropriately skilled and experienced project managers to reduce the risk of delays in completion and/or overruns in costs of capital projects and maintain appropriate oversight of joint venture investments. The Group continues to improve capital efficiency, through reduced capital outlook and potential capital recycling of supporting assets. The Group markets and promotes 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. It undertakes training and development programs to provide employees with career development opportunities. The Group has moved to 'continuous listening' employee engagement surveys to monitor for emerging issues which might affect the ability to retain talented employees and enable actions in response. The Group's diversity and inclusion programs are widely recognised as being among the best in the industry.

Directors' Report

for the year ended 30 June 2022

Risk and description	Mitigation strategy
Key stakeholders	
The ability to engage with key stakeholders proactively and fairly.	The Group has developed strong communication lines with a variety of stakeholder groups, including State Governments in New South Wales and Queensland, key Federal and State regulators, investors, media and unions. The Group has also developed partnerships with local community groups and charitable organisations.
Legal, regulatory and compliance	
The potential effect of legal or regulatory changes or decisions 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 engages with regulatory stakeholders to anticipate regulatory decisions and is active in submissions about proposed decisions. 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. This includes matters core to the integrity of gaming operations such as gaming regulatory compliance, safe gaming, service of alcohol and Anti-Money Laundering and Counter-Terrorism Financing (AML & CTF) Act compliance.
AML Compliance	
The potential effect of obligations under the AML/CTF Act.	The Group has dedicated regulatory and compliance teams and a specialist AML & CTF team that has been continuing to invest and enhance the Group's AML & CTF risk management capabilities, including through dedicated IT systems development. The Group also makes representations to government 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 technology systems to detect and block viruses and other threats to the security of the Company's data. The IT function also continues to implement a cyber resilience plan. Employees are regularly trained on the importance of maintaining effective cyber security and data privacy processes.
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 one of the Group's resort facilities, or which inhibit the ability of guests being able to visit one of its 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 its guests and employees.	The Group takes a risk based approach to managing health and safety. Dedicated health and safety and injury management specialists are employed at each resort facility. To assist in maintaining the safety and security of its 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 employee incentive plans. Financial performance is continuously monitored for any variations from annual financial budgets and market expectations.

Directors' Report

for the year ended 30 June 2022

Risk and description	Mitigation strategy
Corporate governance	
The ability to maintain a strong and effective governance structure which supports a culture of transparency, accountability, and compliance.	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. This model is supported by the risk management framework.
The Star Brisbane	
The ability to deliver a fully operational business model that delivers an integrated resort experience.	The Group has a pre-opening team to deliver a structured program to transition from Treasury Brisbane to The Star Brisbane. It operates with an integrated "3 lines of defence" model to identify and manage key risks and to provide assurance that the controls and actions underway are effective in managing those risks. Management of the joint venture provide reporting to the Board and to the joint venture board.
Climate change, sustainability and environmental impact	
The ability to identify climate related risks and opportunities, report and reduce environmental impacts and improve sustainability performance across all operations	The Group's ESG strategy, Responsible Business, Sustainable Destinations responds to all of the company's most material ESG issues in addition to existing policies and controls. The Group has adopted the Task Force on Climate-related Financial Disclosures' (TCFD) Framework Recommendations and reports annually in alignment with the TCFD Framework. Physical climate risk assessments are conducted every two years. The Company is targeting net zero Scope 1 and Scope 2 carbon emissions for its wholly owned and operated assets by 2030, is implementing its Decarbonisation Plan and has set resource reduction targets. Climate change, sustainability and environmental impact matters report to the Board Committee Remuneration, People and Social Responsibility.

2.8 Environmental regulation and performance

In line with its Environmental Management Policy, the Company aims to minimise the adverse social and environmental effects of its operations. The Group is committed to sustainability leadership in the entertainment sector and reducing resource consumption across its operations.

The Group's Sustainability Strategy is 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 is underpinned by a structured materiality assessment process that is conducted annually to ensure ESG issues remain relevant. The Group's key activities to manage sustainability risks identified as part of the materiality assessment can be found in the Company's Sustainability Reports in addition to existing policies and controls. The Company's Sustainability Strategy is aligned to the United Nations Sustainable Development Goals, the Company's material issues, priorities, commitments and future goals.

The Group recognises the recommendations of the Financial Stability Board Task Force on Climate-related Financial Disclosures (***TCFD***) and the associated framework and reports its progress annually. In the 2022 reporting year, the Group released its third 'Climate-related Disclosures Report' which details the company's progress in managing the expected physical and transitional risks of climate change aligned to the TCFD framework. Reports can be found on the Company's website. The Company is committed to a low carbon future and has a target in place to achieve net zero Scope 1 and Scope 2 carbon emissions for its wholly owned and operated assets by 2030. The pathway to achieve this target includes the purchasing of renewable electricity and the assessment of onsite solar, continuing the Company's energy efficiency program and developing a carbon offsetting strategy which delivers environmental and social benefits. The Group remains committed to immediate action through its interim targets to achieve a 30% reduction in carbon and water intensity by FY2023 against the base year FY2013.

As part of the Group's commitment to building world class properties, the Group continues to target sustainable reductions in resource use through capital, and operational energy and water improvement projects. The Group has a target to achieve coverage of third party certified environmental ratings across 90% of its managed portfolio by FY2022 which has been achieved.

An active energy and water project pipeline, first established in FY2014, continues to monitor and track projects that deliver cost and environmental benefits. To ensure energy and water efficiency is achieved in refurbishment and development projects, the Group's Sustainable Design and Operational Standards have been applied to achieve more sustainable building outcomes by specifying energy efficient technologies and best practice water and waste management. Implementation of these Standards has led to Green Star Performance and NABERS Ratings, enabling the benchmarking of operational performance of The Star's assets. Waste diversion from landfill, increasing recycling rates and implementing more circular waste solutions remain priorities.

The Group's Global Reporting Index (GRI) reports are published on the Company's website, demonstrating a 'core' level of compliance. 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 each year.

The Company's Environmental Management Policy, Sustainability Strategy and Action Plan, Materiality Assessment, Climate-related Disclosures Reports and Sustainable Design and Operational Standards can be found on the Company's website. Sustainability performance and progress against the Sustainability Strategy is reported to the Remuneration People and Social Responsibility Committee regularly and can be found in the Company's Sustainability Report.

3 Earnings per share (EPS)

Basic and diluted EPS for the financial year was a loss of (21.3) cents (2021: earnings of 6.1 cents). EPS is disclosed in note F3 of the Financial Report.

4 Dividends

The Group remains committed to maintaining a balance sheet that positions it for post-COVID-19 recovery. No final dividend was declared, given the continuing impacts of COVID-19 on the Group and in accordance with the conditions of debt covenant waivers which restrict further cash dividends from being paid until the Group's gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times.

5 Significant events after the end of the financial year

NSW casino regulatory framework reforms

On 11 August 2022 the *Casino Legislation Amendment Act 2022 (NSW)* was enacted to give effect to amendments to the *Casino Control Act 1992*. These amendments enact reforms to the NSW casino regulatory framework, including to address all 19 recommendations of the Bergin Inquiry and certain additional measures. This included establishing the NICC as a new independent regulator. The Group is considering the impact and will implement the changes required for The Star.

Bell report

Mr Bell's Report on The Star's casino operations in accordance with the CCA was provided to ILGA by 31 August 2022. On 5 September 2022, the NICC was appointed as regulator of casinos in NSW. On 13 September 2022 the NICC published the Report. Mr Bell found The Star unsuitable to hold a casino licence in NSW.

Mr Bell made a total of 30 recommendations to the NICC. The NICC will respond to the recommendations in due course.

On 13 September 2022 the NICC issued The Star a Show Cause Notice under section 23 of the CCA.

Under the Notice the NICC stated that it was considering taking disciplinary action against The Star for one or more grounds being: CCA and licence contraventions found in the Report; that The Star is no longer suitable to give effect to its licence because of Review's findings and the absence of effective action, resources and capability to remedy matters identified in the Report; and that it is no longer in the public interest that the licence remain in force.

The disciplinary action being considered by the NICC is one or more of the following:

- cancellation or suspension of the licence of The Star;
- imposition of a pecuniary penalty of up to $100 million (note that pecuniary penalties can be imposed on multiple grounds such that $100 million is not a cap on aggregate penalties that may be imposed on The Star);
- the amendment of the terms or conditions of the licence;
- The Star or a close associate give an enforceable undertaking to do or refrain from doing something; and
- the issue of a letter of censure to The Star.

The Notice also stated that in the event the NICC decides to cancel or suspend The Star's licence, it may consider appointing a person to manage the casino pursuant to section 28 of the CCA. In addition, a charge given by The Star in 1994 allows the regulator – on cancellation or suspension of the licence - to appoint a receiver over all assets at the Sydney premises (including the lease), allowing the whole business to be operated and prepared for sale to a new licensee.

The Star has responded to the Notice. The response outlines why disciplinary action should not be taken and includes submissions about the possible appointment of a manager. The NICC may then decide to take appropriate disciplinary action.

A comprehensive Remediation and Transformation Program is being updated to adopt and address the significant findings of the Report and other ongoing reviews. It will serve as the Group's integrated roadmap for improving governance, culture and controls.

The Remediation and Transformation Program will effect significant improvements in governance, people, culture, risk and compliance management, AML/CTF compliance, harm minimisation (including responsible gambling) and investigations.

External review of the Group's Queensland operations

In July 2022 an independent review commenced of the Group's Queensland casinos, The Star Gold Coast and Treasury Brisbane following a request by the Queensland Attorney-General. The review, led by the Honourable Robert Gotterson AO, will examine whether these casinos operate in a way that is consistent with achieving the objectives of the *Casino Control Act 1982* and the ongoing suitability of the Group's casino licensees. Public hearings took place from 23 to 29 August 2022. The review will report to the Attorney-General by 30 September 2022.

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 2022 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 2022

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	
Ben Heap	**Interim Chairman** (from 1 June 2022)**;** **Non-Executive Director** (from 23 May 2018) *Bachelor of Commerce (Finance); Bachelor of Science (Mathematics); Graduate of the Australian Institute of Company Directors* **Experience:** Ben Heap is an experienced company director with wide-ranging experience in asset and capital management roles in the finance sector and in technology and digital businesses. Mr Heap is a Founding Partner of H2 Ventures, a venture capital investment firm. Mr Heap is also a Non-Executive Director of Redbubble Limited and Chairman of its People, Remuneration and Nomination Committee, and a Non-Executive Director of Pendal Group Limited, and Chairman of its Governance and Nominations Committee. Mr Heap was previously Managing Director for UBS Global Asset Management in Australasia and prior to this, Head of Infrastructure for UBS Global Asset Management in the Americas. He held a number of directorships associated with these roles. Earlier in his career, Mr Heap was Group Executive, E-Commerce & Corporate Development for TAB Limited. **Special Responsibilities:** • Interim Chairman of the Board • Chair of the Risk, Compliance and Regulatory Performance Committee • Member of the Audit Committee • Member of the People, Culture and Social Responsibility Committee (to 31 December 2021) • Member of the Remuneration, People and Social Responsibility Committee (from 1 January 2022) **Directorships of other Australian listed companies held during the last 3 years:** • Redbubble Limited (20 April 2020 to present) • Pendal Group Limited (1 March 2022 to present)

Directors' Report
for the year ended 30 June 2022

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 Institute of Managers and Leaders; Officer of the Order of Australia* **Experience:** Gerard Bradley was formerly the Chairman of Queensland Treasury Corporation for 10 years (retired on 30 June 2022) 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. **Special Responsibilities:** • Member of the Risk, Compliance and Regulatory Performance Committee • Member of the Audit Committee • Member of the Remuneration Committee (to 31 December 2021) • Member of Remuneration, People and Social Responsibility Committee (from 1 January 2022) **Directorships of other Australian listed companies held during the last 3 years:** • Pinnacle Investment Management Group Limited (1 September 2016 to present)
Michael Issenberg	**Board Observer** (from 17 February 2022 to 10 July 2022) **Non-Executive Director** (from 11 July 2022) *BS in Hotel Administration – Cornell University USA; French Order of Merit (Ordre national du Mérite)* **Experience:** Mr Issenberg is an experienced executive and director with over 40 years' experience in the hotel industry. Mr Issenberg was formerly the Chairman of Reef Corporate Services Limited, the Responsible Entity of Reef Casino Trust. Prior to that, he held various executive roles with AccorHotels for 25 years, most recently as Chairman and Chief Executive Officer of AccorHotels Asia Pacific. He previously held the role of Chief Executive Officer of Mirvac Hotels, following a successful career at Westin Hotels and Resorts, Laventhol & Horwath, and Horwath & Horwath Services Pty Limited in San Francisco and Sydney. Mr Issenberg is currently the Chairman of Tourism Australia. He also a Lifetime Member of Tourism & Transport Forum Australia and the Cornell Hotel Society. **Special Responsibilities:** • Member of the Audit Committee • Member of the Risk, Compliance and Regulatory Performance Committee • Member of Remuneration, People and Social Responsibility Committee **Directorships of other Australian listed companies held during the last 3 years:** • Reef Corporate Services as responsible entity of Reef Casino Trust (21 January 2022 to 18 March 2022)

Directors' Report
for the year ended 30 June 2022

Current Directors	
Katie Lahey AM	**Non-Executive Director** (from 1 March 2013) *Bachelor of Arts (First Class Honours); Master of Business Administration; Member of the Order of Australia* **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 a Director of Carnival Corporation & plc, and is a member of the National Indigenous Culinary Institute Advisory Board. Ms Lahey was previously the Chair of Carnival Australia and the Chairman Australasia of Korn Ferry International. In addition, Ms Lahey was also 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 Remuneration, People and Social Responsibility Committee (from 1 January 2022) • Chair of the People, Culture and Social Responsibility Committee (to 31 December 2021) • Member of the Remuneration Committee (to 31 December 2021) • Member of the Risk, Compliance and Regulatory Performance Committee **Directorships of other Australian listed companies held during the last 3 years:** Nil
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. **Special Responsibilities:** • Chair of the Audit Committee • Member of the Risk, Compliance and Regulatory Performance Committee **Directorships of other Australian listed companies held during the last 3 years:** • Dexus Property Group (1 January 2012 to present)

Former Director	
John O'Neill AO	**Chairman** (from 8 June 2012 to 31 May 2022) **Non-Executive Director** (from 28 March 2011 to 31 March 2022) **Executive Chairman** (from 1 April 2022 to 31 May 2022) *Diploma of Law; Foundation Fellow of the Australian Institute of Company Directors; Officer of the Order of Australia; French decoration of Chevalier de la Legion d'Honneur* **Experience (as at date of cessation):** 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, as well as a Director of Tabcorp Holdings 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, as well as a Director of Rugby World Cup Limited. **Special Responsibilities:** • 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 to 28 March 2022) *Master of Economics and Commerce; PhD in Finance* **Experience (as at date of cessation):** Matt Bekier was 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 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 2022

Former Director	
Sally Pitkin AO	**Non-Executive Director** (from 19 December 2014 to 30 June 2022) *Doctor of Philosophy (Governance); Master of Laws; Bachelor of Laws; Fellow of the Australian Institute of Company Directors; Officer of the Order of Australia* **Experience (as at date of cessation):** Sally Pitkin is a company director with over 20 years' experience as a Non-Executive Director and board member across a wide range of industries in the private and public sectors. She has extensive experience in the gaming industry. Dr Pitkin is a former lawyer and senior corporate partner with a national law firm. Dr Pitkin is currently the Chair of Super Retail Group Limited and a Non-Executive Director of Link Administration Holdings Limited. **Special Responsibilities:** • Chair of the Remuneration Committee (to 31 December 2021) • Member of the Audit Committee • Member of the People, Culture and Social Responsibility Committee (to 31 December 2021) • Member of the Remuneration, People and Social Responsibility Committee (from 1 January 2022) **Directorships of other Australian listed companies held during the last 3 years:** • Super Retail Group Limited (1 July 2010 to present) • Link Administration Holdings Limited (23 September 2015 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		
Ben Heap	50,000	Nil
Gerard Bradley AO	75,000	Nil
Michael Issenberg [a]	Nil	Nil
Katie Lahey AM	56,907	Nil
Richard Sheppard	300,000	Nil

a Michael Issenberg commenced as a Non-Executive Director on 11 July 2022 following the receipt of all necessary regulatory approvals.

8 Company Secretary

Jennie Yuen holds the position of Group Manager Shareholder Relations and Company Secretary (appointed on 29 July 2021).

Ms Yuen has a commercial and corporate law background in private practice and over 15 years of company secretariat and corporate governance experience with ASX listed and public companies.

Prior to joining The Star Entertainment Group, Ms Yuen was employed as a solicitor and company secretary at Company Matters Pty Limited and was the outsourced company secretary of various ASX listed companies, including Analytica Limited, National Leisure and Gaming Limited and Oaks Hotels & Resorts Limited.

Ms Yuen holds a Bachelor of Laws and a Bachelor of Commerce. She is a member of the Queensland Law Society and a Fellow of the Governance Institute of Australia.

Former Company Secretary

Paula Martin held the position of Chief Legal & Risk Officer and Company Secretary until 6 May 2022. She holds a Bachelor of Business (Int. Bus.), a Bachelor of Laws and a Graduate Diploma in Applied Corporate Governance.

Paula has over 16 years' experience in the gaming industry, first with Tabcorp Holdings Limited and continuing with The Star Entertainment Group. Following consolidation of the legal, risk, regulatory and compliance functions, Paula was appointed to the role of Chief Legal & Risk Officer in August 2019.

Paula has a broad commercial law and regulatory background, having first practiced with King & Wood Mallesons in the telecommunications, information technology and competition law areas.

Directors' Report
for the year ended 30 June 2022

9 Board and Committee meeting attendance

During the financial year ended 30 June 2022, the Company held 26 meetings of the Board of Directors (including 12 unscheduled meetings). 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 Compliance & Regulatory Performance Committee		Remuneration Committee [e]		People, Culture & Social Responsibility Committee [e]		Remuneration, People & Social Responsibility Committee [e]	
Directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Ben Heap	26	26	5	5	4	4	2	2	2	2	2	2
Gerard Bradley AO	26	26	5	5	4	4	2	2	2	-	2	2
Michael Issenberg [a]	9	-	1	-	-	-	-	-	-	-	-	-
Katie Lahey AM	26	26	5	5	4	4	2	2	2	2	2	2
Richard Sheppard	26	26	5	5	4	4	-	-	1	-	2	-
Former												
John O'Neill AO [b]	23	23	4	5	3	3	2	2	2	2	1	1
Matt Bekier [c]	13	13	-	-	-	-	-	-	-	-	-	-
Sally Pitkin AO [d]	26	26	5	5	4	-	2	2	2	2	2	2

A - Number of meetings attended as a Board, Committee member or Observer.

B - Maximum number of meetings available for attendance as a Board or Committee member.

a Meetings attended by Michael Issenberg while he was an Observer (17 February 2022 to 10 July 2022). Michael Issenberg commenced as a Non-Executive Director on 11 July 2022 following the receipt of all necessary regulatory approvals.

b Ceased as Chairman and Non-Executive Director on 31 May 2022.

c The Managing Director and Chief Executive Officer is not a member of any Board Committee but may attend Board Committee meetings upon invitation. This attendance is not recorded here. Ceased as Managing Director and Chief Executive Officer on 28 March 2022.

d Ceased as Non-Executive Director on 30 June 2022.

e The Remuneration Committee was merged with the People, Culture and Social Responsibility Committee and renamed as the Remuneration, People and Social Responsibility Committee from 1 January 2022.

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 2022. 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 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:

Description of services	**$000**
Fees for other assurance and agreed-upon-procedures services (including sustainability assurance) under contractual arrangements where there is discretion as to whether the service is provided by the auditor	77.0
Fees for other advisory and compliance services	55.5
Total of all non-audit and other services	132.5

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 2022. The auditor's independence declaration forms part of this Directors' Report.

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

Ben Heap
Interim Chairman
Sydney
27 September 2022

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the audit of the financial report of The Star Entertainment Group for the financial year ended 30 June 2022, 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;

b) No contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
27 September 2022

THE STAR ENTERTAINMENT GROUP LIMITED

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 2022

Introduction from the Remuneration, People and Social Responsibility Committee Chair

Dear Shareholder,

On behalf of the Board, I present the Remuneration Report for the year ended 30 June 2022 (**FY2022**). This report is prepared on a consistent basis to the previous year for ease of reference.

2021 Annual General Meeting (AGM)

The FY2021 Remuneration Report received positive shareholder support at the 2021 AGM, with 98.02% of votes in favour of the resolution.

Executive KMP Changes

On 28 March 2022, the Company announced the resignation of its Managing Director and Chief Executive Officer (**MD & CEO**) Matt Bekier. Mr Bekier's decision follows issues raised in the public hearings in connection with the review of The Star Sydney being undertaken by Mr Adam Bell SC (**Bell Review**). Following this, the Company announced on 1 April 2022 the appointment of John O'Neill to the position of Executive Chairman on an interim basis until a new MD & CEO is appointed. Mr O'Neill has since tendered his resignation from this position effective 31 May 2022 and Geoff Hogg, current Chief Casino Officer QLD, was appointed Acting Chief Executive Officer from 1 June 2022.

In addition, on 6 May 2022 Harry Theodore resigned from his position of Chief Financial Officer and Greg Hawkins resigned from his position of Chief Casino Officer NSW. Christina Katsibouba, former Group Executive Gaming and previously Deputy Chief Financial officer has been appointed as Interim Chief Financial Officer.

On 26 September 2022, the Company announced the resignation of Geoff Hogg from his role as Acting Chief Executive Officer, and from all other positions held at The Star. Mr Hogg's termination date will be confirmed in due course. Ben Heap was subsequently appointed as Executive Chairman effective 26 September 2022.

The Company announced the appointment of Robbie Cooke as MD & CEO on 29 June 2022. Mr Cooke's start date will be confirmed in the near future. The Company has also announced the appointment of Scott Wharton to the role of CEO, The Star Sydney and Group Head of Transformation. Mr Wharton commenced in this role on 25 July 2022.

Remuneration treatment for outgoing Executive KMP

In line with the Company's Employee Performance Plan rules, the outgoing Executive KMP members will not be entitled to receive any payments under either the Short Term Incentive Plan (**STI**) or the Long Term Incentive Plan (**LTI**). All performance rights under the four current LTI tranches will lapse in full upon their last day of employment with the Company. The outgoing Executive KMP will be paid their contractual fixed remuneration for the duration of their contractual notice period.

NED Changes

The Company announced on 13 May 2022 that the Board would undertake a remediation process as it acknowledged the need for accelerated Board change. As part of this process, John O'Neill resigned as Chairman effective 31 May 2022 with Ben Heap being appointed as Interim Chairman commencing 1 June 2022. Sally Pitkin has also stepped down from the Board effective 30 June 2022 and Gerard Bradley will depart in the coming months. It is expected that other changes will occur in due course.

On 17 February 2022, the Company announced the appointment of Michael Issenberg to the Board as an observer. Mr Issenberg has since received all necessary regulatory approvals and was appointed as a Non-Executive Director from 11 July 2022.

On 15 August 2022, the Company announced the appointments of Anne Ward and David Foster to the Board. Both have commenced as observers until all necessary regulatory approvals are received.

Short Term Incentive Plan

As detailed in the FY2021 Remuneration Report, the Company introduced a new STI design for FY2022. The new design makes payments in relation to the achievement of four Company metrics, and a portion relating to individual performance. Further details on the new STI design can be found in section 4.3.

Two of the four Company metrics were achieved for FY2022. As such, the Board has issued partial STI awards to the Executive KMP. Further details regarding the Company outcomes and determination of individual awards can be found in section 5.1.

For the FY2023 STI plan design, the Board has approved an increase to the weighting of the Group Regulatory Compliance and Risk Management metric from 10% to 20% in order to place greater emphasis on this critical area. As such, the Group Normalised NPAT target weighting will reduce from 50% to 40%.

Long Term Incentive Plan

The FY2018 LTI award was tested for vesting during the period and did not vest as the relative Total Shareholder Return (**TSR**), Earnings per Share (**EPS**), and Return on Invested Capital (**ROIC**) hurdles were not met.

The FY2019 LTI award will be tested for vesting in October 2022. The guiding principles communicated in FY2020 will be applied to support a fair and reasonable outcome. Further updates on the outcomes will be provided ahead of the 2022 AGM.

We welcome your feedback on our Remuneration Report.

Yours sincerely,

Katie Lahey
Remuneration, People and Social Responsibility Committee Chair


Remuneration Report

For the year ended 30 June 2022

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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 2022.*

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 the purposes of this report, the term **'Executive KMP'** means the former executive director (Managing Director and Chief Executive Officer) and senior executives (the former Chief Financial Officer, Acting Chief Executive Officer, Interim Chief Financial Officer, Chief Casino Officer NSW and the Chief Casino Officer QLD) but excludes Non-Executive Directors (**NEDs**).

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

1 QUESTIONS AND ANSWERS

Were there any changes to the Remuneration arrangements of Executive KMP and NEDs in FY2022?

The Board approved an increase of 15.2% to the Chief Casino Officer QLD's fixed pay and short-term incentive for FY2022 to bring his package in line with the positioning for this role. Mr Hogg was also offered an increased fixed pay rate of $1,000,000 to assume the role of Acting Chief Executive Officer. These arrangements will cease upon Mr Hogg's termination once this date is confirmed. In addition, Christina Katsibouba was offered a fixed pay rate of $800,000 to assume the role of Interim Chief Financial Officer.

Further details on Executive KMP remuneration are provided in Table 13.

Non-Executive Director fees were increased by 3.5% for both the Chairman and Board Member fees effective from 1 September 2021. In addition, upon his appointment to the role of Executive Chairman, the Board approved a fixed pay salary of $1.5 million for John O'Neill, taking his total remuneration to $2,001,458. Mr O'Neill was not invited to participate in any of the Company's incentive plans and his additional $1.5 million salary is not included in the NED fee pool limit as it relates to executive duties. This pay arrangement ceased on 30 June 2022 once the Company had paid Mr O'Neill's one month notice following his resignation effective 31 May 2022. There were no changes to the Committee fees or the fee pool limit of $2.5 million per annum.

What was the STI outcome for FY2022?

Two of the four Company metrics were achieved for the FY2022 financial year. As such, the Board has issued partial STI awards to the Executive KMP. For the purpose of the FY2022 STI award, Christina Katsibouba's performance was assessed in her capacity as a non-KMP only. Given none of her STI award relates to her KMP role, the details of the award have not been disclosed. Further details regarding the Company outcomes and determination of individual awards can be found in section 5.1.

Did any LTI awards vest during the year?

Performance rights relating to the FY2018 award were tested in October 2021 with none of these rights vesting into fully paid ordinary shares. The TSR performance of the Group was -7.25% (excluding the value of franking credits), with a percentile ranking of 21.54%. As this was below the 50th percentile, none of the TSR component of the FY2018 award vested. The EPS performance hurdle of 6.4 cents per share was below the threshold of 35.9 cents per share and target of 43.8 cents per share, and accordingly none of the EPS component of the FY2018 award vested. This was the first time the ROIC performance hurdle was tested, with an outcome of 1.3% which was below the threshold of 9.5% and target of 11.5%, resulting in no vesting of performance rights for this component. The FY2019 LTI award will be tested in October 2022.

What were the actual remuneration outcomes for Executive KMP in FY2022?

Table 1 provides a summary of total remuneration received by Executive KMP during the 2022 financial year. This non-IFRS information differs from the Statutory Remuneration in Table 14, which presents remuneration in accordance with accounting standards.

TABLE 1: FY2022 EXECUTIVE REMUNERATION

Name	Fixed remuneration	STI Cash	Total Cash	STI deferred equity	LTI vested actual during the year $	Total value of remuneration[2] $	LTI lapsed during the year[3]
Current Executive KMP							
Geoff Hogg[1]	771,839	137,835	909,674	68,918	–	**978,592**	(230,175)
Christina Katsibouba[1]	118,182	–	118,182	–	–	**118,182**	-
Former Executive KMP[4]							
Matt Bekier	1,960,415	–	1,960,415	–	–	**1,960,415**	(1,751,300)
Harry Theodore	924,423	–	924,423	–	–	**924,423**	(88,772)
Greg Hawkins	1,226,077	–	1,226,077	–	–	**1,226,077**	(456,544)
TOTAL	**5,000,936**	**137,835**	**5,138,771**	**68,918**	**–**	**5,207,689**	**(2,526,791)**

[1] Reflects fixed pay for acting position and STI and LTI outcomes for substantive role. As Ms Katsibouba's substantive role is not a KMP role, no STI or LTI award amount has been disclosed.

[2] Total value excludes any negative amounts from lapsed LTI grant.

[3] Represents the award value (at the 30 June 2022 share price) of the FY2018 performance rights that lapsed/were foregone during the year as the minimum performance hurdles required for vesting were not met.

[4] Includes payments made after resignations were tendered, including any notice period and termination payments.

2 KEY MANAGEMENT PERSONNEL

The names and titles of the Company's KMP for the year ended 30 June 2022 are set out below.

NON-EXECUTIVE DIRECTORS

Ben Heap[1]
Interim Chairman
Chair of Risk, Compliance and Regulatory Reform Committee

Gerard Bradley AO
Board Member

Katie Lahey AM
Chair of Remuneration, People and Social Responsibility Committee

Richard Sheppard
Chair of Audit Committee

Michael Issenberg[2]
Observer

FORMER NON-EXECUTIVE DIRECTORS

John O'Neill AO[3] (Ceased 31 May 2022)
Non-Executive Chairman / Executive Chairman

Sally Pitkin AO[4] (Ceased 30 June 2022)
Board Member

CURRENT EXECUTIVE KMP

Geoff Hogg[5]
Acting Chief Executive Officer

Christina Katsibouba[6]
Interim Chief Financial Officer

FORMER EXECUTIVE KMP

Matt Bekier[7]
Managing Director and Chief Executive Officer

Harry Theodore[8]
Chief Financial Officer

Greg Hawkins[9] (Ceased 30 June 2022)
Chief Casino Officer NSW

[1] On 23 May 2022, the Company announced the appointment of Ben Heap as Interim Chairman, following the resignation of Chairman John O'Neill. Mr Heap commenced in this role from 1 June 2022. On 26 September 2022, the Company announced that Mr Heap would assume the role of Executive Chairman following the resignation of Acting Chief Executive Officer Geoff Hogg.

[2] On 17 February 2022, the Company announced the appointment of Michael Issenberg as a Non Executive Director, subject to casino regulatory approvals being obtained. Michael Issenberg commenced as a Non-Executive Director on 11 July 2022.

[3] On 20 May 2022, the Company announced the resignation of John O'Neill as Executive Chairman. His last working day was 31 May 2022 and his cessation date was 30 June 2022.

[4] On 30 June 2022, the Company announced the resignation of Sally Pitkin from the Board. Ms Pitkin's cessation date was 30 June 2022.

[5] On 23 May 2022, the Company announced the appointment of Geoff Hogg to Acting Chief Executive Officer commencing 1 June 2022. Mr Hogg resigned on 26 September 2022.

[6] On 9 May 2022, the Company announced the appointment of Christina Katsibouba as Interim Chief Financial Officer.

[7] On 28 March 2022, the Company announced the resignation of Matt Bekier, with his cessation date to be confirmed in due course but no later than his contractual notice period of 12 months.

[8] On 6 May 2022, the Company announced the resignation of Harry Theodore, with his cessation date to be confirmed in due course but no later than his contractual notice period of 9 months.

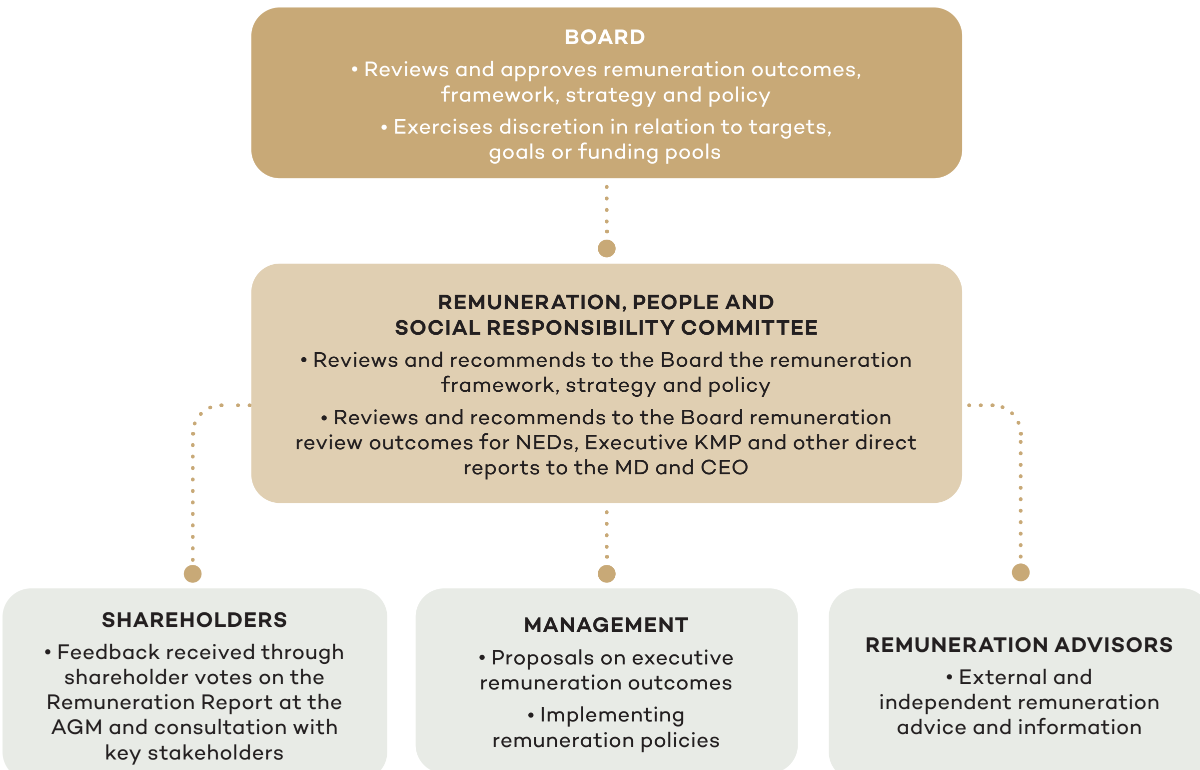
[9] On 6 May 2022, the Company announced the resignation of Greg Hawkins. Mr Hawkins' cessation date was 30 June 2022.

3 REMUNERATION GOVERNANCE

The Remuneration, People and Social Responsibility 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 the Chairman and NEDs, Executive KMP and other direct reports to the MD and CEO. The main responsibilities of the Committee are outlined in the Committee's Terms of Reference, available on the corporate governance page of the Company's website at:
www.starentertainmentgroup.com.au/corporate-governance/

Under the Committee's 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 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 11 to 15.

THE FOLLOWING DIAGRAM REPRESENTS THE STAR ENTERTAINMENT GROUP'S REMUNERATION DECISION-MAKING STRUCTURE



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 FY2022.

Remuneration Report approval at 2021 Annual General Meeting (AGM)

The FY2021 Remuneration Report received positive shareholder support at the 2021 AGM, with 98.02% of votes in favour of the resolution.

Gender pay equity

The Group is committed to all employees being remunerated fairly and equitably. The Group conducts annual gender pay equity reviews that are presented to the Committee and continues to address any gender pay equity issues as they arise.

4 REMUNERATION STRATEGY AND PROGRAMS

4.1 Remuneration overview

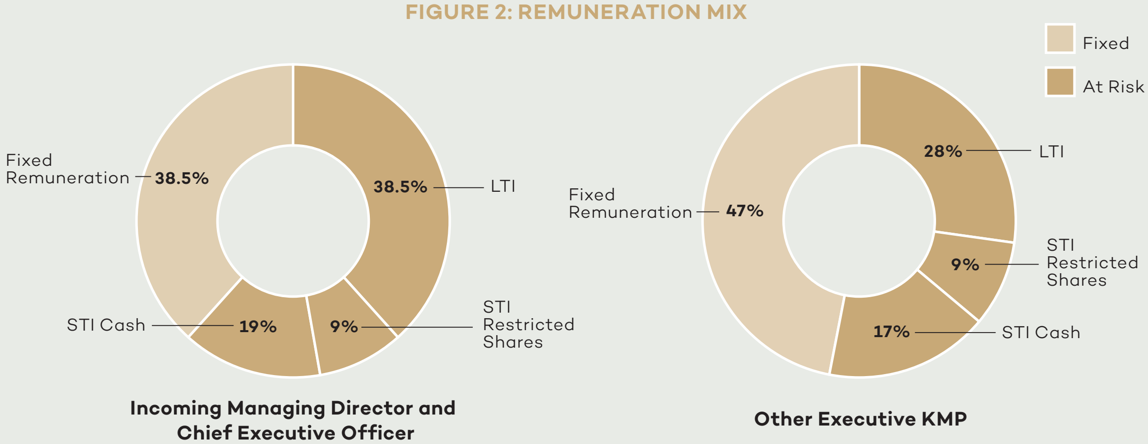
Remuneration Principles

FIGURE 1: REMUNERATION PRINCIPLES

Remuneration Mix

Variable remuneration (comprising STI and LTI at target amounts) accounts for the majority of the total remuneration mix for the incoming Managing Director and Chief Executive Officer and other Executive KMP as illustrated in Figure 2 below.

FIGURE 2: REMUNERATION MIX



Remuneration time horizon

Figure 3 provides an illustrative indication of how remuneration will be delivered to Executive KMP.

FIGURE 3: REMUNERATION TIME HORIZON

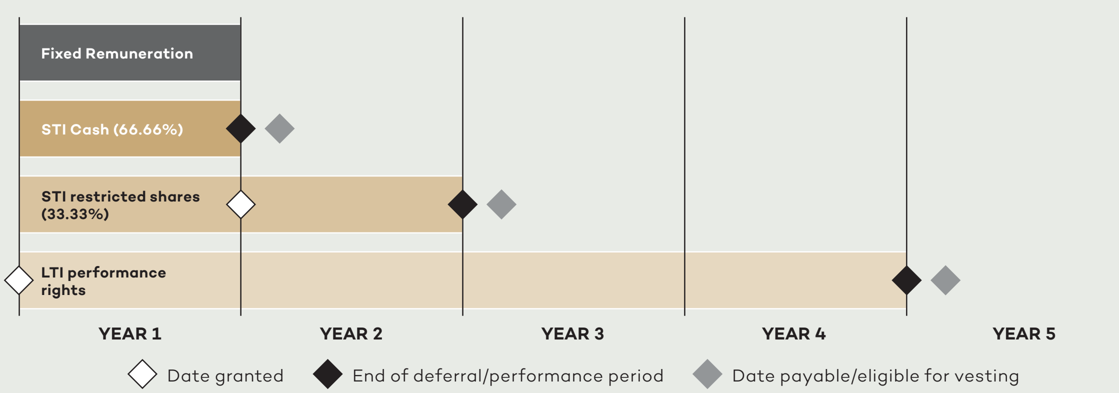


Table 2 below summarises the components of Executive KMP's Total Annual Reward (**TAR**) and their link to the strategic objectives of the Group.

TABLE 2: COMPONENTS OF EXECUTIVE KMP'S TAR OPPORTUNITY

	Fixed Remuneration	STI	LTI
Rationale	Fixed remuneration forms an integral component of the overall employee value proposition of the Group, designed to attract and retain the talented teams required to operate the business. These teams will be critical in delivering on our business plan to achieve excellence in guest service, build and operate world class properties, and create long term shareholder value. Annual pay reviews occur in August each year with remuneration changes effective from 1 September.	The STI is designed to drive the execution of the business plan in the short and long term and aligns performance outcomes to shareholder value creation. STI performance targets are underpinned by the Group's strategic priorities that include: • Shareholder Value • World Class Properties • Guest Service Excellence (differentiated value proposition) • Talented Teams • Risk Management and Sustainability	The LTI is designed to reward participants for their contributions towards achieving the Group's strategic priorities orientated around delivering long term sustainable shareholder value creation. Performance is measured against three criteria: • Relative Total Shareholder Return **(TSR)** • Earnings per Share **(EPS)** • Return on Invested Capital **(ROIC)**
Structure	Base remuneration and superannuation.	Two thirds cash, one third equity deferred for one year.	Performance rights with vesting subject to performance over a four year period.
Quantum	Targeted at the median of relevant external peer group.	Executive KMP target 60% of fixed remuneration.	Executive KMP target 60% of fixed remuneration. MD & CEO target 100% of fixed remuneration.

4.2 Fixed remuneration

The fixed remuneration received by Executive KMP 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, with similar market capitalisation (range 70% to 160% of The Star Entertainment Group's market capitalisation) and appropriate gaming and entertainment 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's capabilities and other business factors.

4.3 STI Design (STI)

As disclosed in last year's Remuneration Report, the Company has redesigned its STI plan for FY2022 to ensure it remains fit for purpose. The new design incorporates the following changes:

- **The introduction of a holistic 'basket of measures' to assess Company performance**
  The Company has assessed the funding model under the STI and specifically reviewed the function of the gateway measure in determining payments under the plan. It was determined that moving to a holistic basket of measures to assess Company performance would allow for a greater balance between financial and non-financial measures, rather than having one binary gateway as the determination for funding. Company performance now accounts for 80% of the overall STI award for Executive KMP, with the capacity to pay maintained through a higher weighting on the NPAT metric at 50% of the total award.
- **Three new company metrics – Group Regulatory Compliance and Risk Management, Employee Engagement and Guest Satisfaction**
  A Group Regulatory Compliance and Risk Management metric was introduced with a weighting of 10% of the award opportunity to recognise the Company's focus on this critical area in the business. This metric takes into account safety measures, mandatory compliance training, risk management and internal audit action items and timely reporting of incidents and breaches.

  Engagement was introduced as a metric to enhance the focus on people as the Company faces increasing competition for talent which also has a weighting of 10% of the total award opportunity. A Guest Satisfaction performance metric of 10% was introduced to focus on providing Guests with exceptional service.
- **Individual performance is now part of the funding outcome**
  Individual performance now accounts for 20% of the overall STI award for Executive KMP, where previously it was used as a modifier to outcomes once a pool was funded. This change allows for emphasis to be placed on individual priorities for each Executive KMP to reward exceptional performance.
- **Guiding principles to inform the use of discretion**
  Similar to the LTI, a set of guiding principles have been introduced to inform the use of discretion under the STI, refer to Table 3 below.

The number of employees who participated in the STI for FY2022 was 682 (decreased from 724 for FY2021). Each of the Executive KMP participated in the plan. For the FY2023 STI plan design, the Board has approved an increase to the weighting of the Group Regulatory Compliance and Risk Management metric from 10% to 20% in order to place greater emphasis on this critical area. As such, the Group Normalised NPAT target weighting will reduce to 40%.

Table 3 sets out the key features of the STI.

TABLE 3: KEY DESIGN FEATURES OF THE STI

<table>
<tr><td>Purpose</td><td>To reward participants for execution of the Group's strategy and achievement of operational goals during the performance period.</td></tr>
<tr><td>Performance Metrics and weightings</td><td>
<table>
<tr><th>Metric</th><th>Weighting</th></tr>
<tr><td>Group Normalised NPAT[1]</td><td>50% (reduced to 40% for FY2023)</td></tr>
<tr><td>Group Guest Satisfaction</td><td>10%</td></tr>
<tr><td>Group Regulatory Compliance and Risk Management</td><td>10% (increased to 20% for FY2023)</td></tr>
<tr><td>Group Engagement</td><td>10%</td></tr>
<tr><td>Individual Performance</td><td>20%</td></tr>
</table>
</td></tr>
<tr><td>Group Performance Metrics Payment Scale</td><td>Group performance metrics are assessed by measuring each individual outcome against the Board approved targets.
<table>
<tr><th>Outcome %</th><th>Payout %</th></tr>
<tr><td><90%</td><td>No payment</td></tr>
<tr><td>90%</td><td>50%</td></tr>
<tr><td>95%</td><td>75%</td></tr>
<tr><td>100%</td><td>100%</td></tr>
<tr><td>110%</td><td>150%</td></tr>
</table>
</td></tr>
<tr><td>Individual Performance Payment Scale</td><td>Individual performance is determined by assessing performance against individual priorities (Table 7) to arrive at a performance rating. Performance ratings link to payment ranges as follows:
<table>
<tr><th>Rating</th><th>Payout % Range</th></tr>
<tr><td>1 – Did not meet</td><td>No payment</td></tr>
<tr><td>2 – Meets some</td><td>0 - 50%</td></tr>
<tr><td>3 – Meets all</td><td>50 - 100%</td></tr>
<tr><td>4 – Exceeds</td><td>100 - 125%</td></tr>
<tr><td>5 – Outstanding</td><td>125 - 150%</td></tr>
</table>
</td></tr>
</table>

Payment calculation	A participant's individual STI award is based on the following calculation: Fixed Remuneration X Individual Target STI % X Performance Metrics Outcome % (0–150%) = Individual STI award (capped at 150% x target)
Incentive opportunity levels	Opportunities are based on the participant's incentive target in their employment contract (refer Table 13). The payment range available is 0%-150% of the participant's incentive target.
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 participant voluntarily terminates from the Group or is terminated with cause (refer Clawback below). Participants 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 participant'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 STI payments.
Guiding Principles for informing discretion	1. **Nature and timing of adjustments** - adjustments, both positive and negative, will only be made to the performance/reward outcome (rather than the target) at the time of vesting. 2. **Transparency** - the Company will provide a clear rationale and disclosure for any adjustments made (for example, providing a reconciliation to statutory results), especially in cases where, prima facie, performance has not been achieved. 3. **Material or significant events** - adjustments will only be made for events or items over the performance period that have a material impact on the outcome. Adjustments will also only be made where it has an impact on the result of the award. 4. **Balancing short term and long term performance** - adjustments will be made that balance the interests of short term performance outcomes with long term performance outcomes. For example, where a short term objective was not met because a strategic decision was taken to support a longer term objective. Adjustments will, where appropriate, be informed by the assumptions used in the business plan from which the target was set, to determine whether there has been a material deviation in the assumptions used and whether this was outside of management's control. 5. **Maintain plan integrity** - adjustments will be carefully considered to ensure they maintain the plan's integrity and purpose. 6. **Assessing behavioural impacts on performance outcomes** - the actions of participants will be considered in the achievement of performance metrics to assess adherence to the Company's code of conduct. 7. **Exercising discretion consistently and fairly** - the use of discretion will be applied consistently both positively and negatively and information used will be sufficiently objective and free from bias to ensure decisions are arrived at fairly.

[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 FY2012.

4.4 LTI design

There were no changes to the design or performance measures in place for FY2022.

In FY2022, there were 32 participants invited to participate in the plan (decreased from 33 participants in FY2021). Each of the Executive KMP participates in the plan.

TABLE 4: KEY DESIGN FEATURES OF THE LTI

<table>
<tr><td>Purpose</td><td>The LTI is designed to reward participants for their contributions towards achieving the Group's strategic priorities orientated around delivering long term sustainable shareholder value creation.</td></tr>
<tr><td>Type of Equity Award</td><td>Performance rights (zero exercise price options) are used for the LTI. No amount is payable on the grant of the performance rights or upon vesting of performance rights. If the performance rights vest, an equivalent number of fully paid ordinary shares will be automatically delivered to the holder.

Upon vesting of the performance rights and subject to the holder remaining employed with the Company, the Company will deliver to the holder fully paid ordinary shares in the Company. The holder will receive full voting and dividend rights corresponding to the rights of all other holders of ordinary shares in the Company.</td></tr>
<tr><td>Determination of the number of rights</td><td>The number of performance rights allocated to a participant is based on their Target LTI award, divided by the Face Value of a Performance Right as shown in the following calculation:

Target LTI ($) ÷ Face Value of a performance right = Number of performance rights allocated

The Face Value reflects the face value of the share at the effective Grant Date with reference to the volume weighted average price (VWAP) of the Company's shares traded on the ASX on the 20 trading days prior to the Effective Grant Date. Details of annual grants to Executive KMP are set out in Table 11.</td></tr>
<tr><td>Dividend entitlements</td><td>Participants are not entitled to dividends until shares are allocated (based on meeting the relevant performance hurdles). At that time, dividends will either be paid by allocating dividend equalisation shares or by means of a cash equivalent payment, based on actual dividends paid to shareholders during the vesting period, the degree to which performance hurdles were met and the extent of vesting of the award.</td></tr>
<tr><td>Test Date and Vesting date</td><td>Performance rights are tested on the fourth anniversary of the Effective Grant Date and are not subject to retesting.</td></tr>
<tr><td>Cessation of employment, Change of Control and Clawback</td><td>All unvested performance rights lapse immediately upon cessation of employment with the 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 participant's actions have been found to be fraudulent, dishonest or in breach of the Company's Code of Conduct (e.g. misconduct).</td></tr>
<tr><td>Vesting conditions (hurdles)</td><td>TSR (33.3% of the award)

The Company's TSR ranking against the peer group of companies (relative TSR) is used as a performance hurdle, as it directly aligns the interests of participants with the interests of shareholders, which is to maximise its TSR compared with the TSR for peer companies.

The table below sets out the vesting scale for TSR. The Company's TSR ranking, compared to its peer group, must be at least at the 50th percentile for any vesting to occur.

<table>
<tr><th>TSR Percentile Ranking</th><th>Percentage of awards vesting</th></tr>
<tr><td>Below the 50th percentile</td><td>0% vesting</td></tr>
<tr><td>At the 50th percentile</td><td>50% vesting</td></tr>
<tr><td>Above the 50th and below the 75th percentile</td><td>Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)</td></tr>
<tr><td>At or above the 75th percentile</td><td>100%</td></tr>
</table>

EPS (33.3% of the award)

The EPS hurdle measures statutory earnings per ordinary share adjusted for the theoretical win rate in the VIP Rebate business. It drives a line of sight between shareholder value creation and management's financial performance.

The threshold hurdle is set by the Board by reference to market consensus. The target hurdle is set by the Board by reference to the Company's Board approved five-year business plan. While the Board may exercise certain discretions under the LTI, the Board will only consider exercising its discretion with respect to any applicable adjustments to thresholds and targets, at the time of testing for vesting purposes (refer to guiding principles on next page).</td></tr>
</table>

Vesting conditions (hurdles) (continued)

The table below sets out the percentage of the performance rights subject to the Company's EPS performance as at the Test Date.

EPS Performance	Percentage of awards vesting
Below threshold	0% vesting
At threshold	50% vesting
Between threshold and stretch	Pro-rata between threshold and stretch
Stretch target	100%

ROIC (33.4% of the award)

The ROIC hurdle measures statutory EBIT, adjusted for the theoretical win rate in the International VIP Rebate business, as a proportion of average Net Debt and average Shareholder Equity. That is:

$$\text{ROIC} = \frac{\text{EBIT adjusted for theoretical win rate in the International VIP Rebate business}}{\text{Average Net Debt + average Shareholder Equity}}$$

The ROIC hurdle measures the efficiency of earnings generated from capital investments made by the Group and seeks to create alignment of incentive programs in driving the execution of the Group's capital intensive strategy to build new assets and improve existing properties, with the aim of generating additional revenue and ultimately sustainable value for shareholders.

The threshold hurdle is set by the Board based on the Group's present ROIC levels, and the target hurdle is set with reference to the Group's five-year business plan.

While the Board may exercise certain discretions under the LTI, the Board will only consider exercising its discretion with respect to adjustments to thresholds and targets at the time of testing for vesting purposes and applying the guiding principles set out below.

The table below sets out the percentage of performance rights subject to the Company's ROIC performance as at the Test Date.

ROIC Performance	Percentage of awards vesting
Below threshold	0% vesting
At threshold	50% vesting
Between threshold and stretch	Pro-rata between threshold and stretch
Stretch target	100%

Impact of COVID-19

The impact of COVID-19 on the outcome of the FY2019 LTI will be assessed at the time of testing in October 2022. The guiding principles communicated in FY2019 and outlined below, will be applied to support a fair and reasonable outcome. Further updates on the outcomes will be provided ahead of the 2022 AGM.

Disclosure of performance hurdles

The Company will disclose the EPS and ROIC targets on a retrospective basis to ensure that the Company's competitive position is not undermined.

Guiding principles for informing discretion

The Board has adopted a set of guiding principles when it considers adjustments to performance outcomes under the LTI. The process for adjustments and principles applied are outlined below:

1. **Nature and timing of adjustments –** adjustments, both positive and negative, will only be made to the performance/reward outcome (rather than the target) at the time of vesting.
2. **Transparency –** the Company will provide a clear rationale and disclosure, for any adjustments made (for example, providing a reconciliation to statutory results), especially in cases where, prima facie, performance has not been achieved. Where possible, advance disclosure of events that may give rise to adjustments will be disclosed to ensure early communication to shareholders.
3. **Material or significant events –** adjustments will only be made for events or items over the vesting period that have a material impact on the outcome. Adjustments will also only be made where it has an impact on the result of the award. Where possible, the item will be referenced back to the assumptions used in the business plan from which the target was set, to determine whether there has been a material deviation in the assumptions used and whether this was outside of management's control. For example, if there has been a change to accounting policies resulting in the EPS and/or ROIC targets being determined in a different way to how the outcome is determined at the time of vesting.
4. **Balance interests of shareholders and management –** adjustments will be made to balance the interests of shareholders and management, for example, if shareholders are experiencing poor results, then management should share in the burden, and vice versa (unless there are compelling reasons for this not being the case, in which event, details will be provided).
5. **Maintain plan integrity –** adjustments will be carefully considered to ensure they maintain the plan's integrity and purpose (i.e. to incentivise and reward management for undertaking transactions that deliver long-term sustainable shareholder value).
6. **Exercising discretion consistently and fairly –** the use of discretion will be applied consistently (both positively and negatively) and information used will be sufficiently objective and free from bias to ensure decisions are arrived at fairly.

4.5 Minimum shareholding policy

To support the alignment of the interests of the Board and executives with the interests of shareholders, the Group has minimum shareholding policies in place. Executive KMP are required to progressively acquire shares over a five year period from the date of their appointment (for new Executive KMP).

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 salary at the time of his unconditional appointment. Other Executive KMP are to hold a minimum number of shares which is of equal value to 100% of one year's salary at the time of their unconditional appointment. Direct and indirect holdings in shares will count towards the minimum shareholding target. Unvested performance rights do not count towards minimum shareholding requirements.

All Executive KMP are currently meeting, or on track to meet, their minimum shareholding requirements in the required timeframes.

Table 5 shows the number of shares and performance rights held by Executive KMP at the beginning and end of the financial year unless otherwise stated.

TABLE 5: SHARES AND PERFORMANCE RIGHTS HELD BY EXECUTIVE KMP AT 30 JUNE 2022

Name	Holding	Balance at start of the year[1]	Acquired or granted as compensation	Restricted shares released during the year[2]	Disposed or lapsed during the year	Balance at the end of the year[3]
Current Executive KMP						
Geoff Hogg	Performance Rights	378,409	108,019	-	(82,500)	403,928
	Ordinary Shares	264,979	42,127	-	-	307,106
	Restricted Shares[4]	42,788	1,315	(42,127)	-	1,976
Christina Katsibouba	Performance Rights	195,095	-	-	-	195,095
	Ordinary Shares	277	-	-	-	277
	Restricted Shares	-	-	-	-	-
Former Executive KMP						
Matt Bekier	Performance Rights	2,936,077	696,128	-	(627,706)	3,004,499
	Ordinary Shares	1,008,905	273,903	-	-	1,282,808
	Restricted Shares	273,903	-	(273,903)	-	-
Harry Theodore	Performance Rights	302,363	136,825	-	(31,818)	407,370
	Ordinary Shares	71,979	62,736	-	-	134,715
	Restricted Shares	62,736	-	(62,736)	-	-
Greg Hawkins	Performance Rights	736,250	181,473	-	(163,636)	754,087
	Ordinary Shares	230,602[5]	79,846	-	(37,522)	272,926
	Restricted Shares	79,846	-	(79,846)	-	-

[1] For KMPs who commenced their role as KMP during the year, the balance disclosed is from the date they commenced as a KMP.

[2] Restricted shares that are no longer subject to a holding lock are transferred into the ordinary shares category.

[3] For KMPs who ceased their role as KMP during the year, the balance disclosed is from the date they ceased as a KMP.

[4] Includes 1,315 ordinary shares acquired in FY2022 through salary sacrifice under the General Employee Share Plan. The shares are subject to a holding lock of two years from the acquisition dates. The holding lock ends in FY2023.

[5] Mr Hawkins opening balance has been restated to include shares held in a separate account not previously disclosed.

5 VARIABLE REWARD OUTCOMES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

5.1 STI outcome for FY2022

Group Performance:
Under the Company's new STI design, as detailed in Table 3, awards for Executive KMP are generated by performance against four Company metrics, comprising 80% of the award, and individual performance comprising 20% of the award.

Details of the Company's targets and outcomes for FY2022 are noted in Table 6 below.

TABLE 6: FY2022 PERFORMANCE OUTCOMES AGAINST KEY PERFORMANCE INDICATORS FOR THE STI

STI Metric		Weighting	Target	Outcome	Outcome % of Target	Weighted Outcome %
NPAT • Deliver Budgeted Normalised NPAT		50%	$0.6m	-$33.4m	N.M.[1]	0%
GUEST SATISFACTION • Elevate the guest service culture and guest experience across all our properties		10%	86	106	123%	15%
REGULATORY COMPLIANCE & RISK MANAGEMENT	• Total Reportable Injury Frequency Rate (TRIFR)	3.33%	14.4	11.8	118%	5%
	• Compliance Training Completion	3.33%	90	92	102%	3.67%
	• Incident, breach reporting and actions completion	3.34%	MET	MET	100%	3.33%
ENGAGEMENT • Retain talented teams through a compelling Employee Value Proposition and highly engaged Team Member environment.		10%	7.5	7.5	100%	10%
WEIGHTED GROUP STI OUTCOME						37%
FINAL GROUP STI OUTCOME (BOARD DISCRETION APPLIED)						25%

[1] The outcome % of target for normalised NPAT is not meaningful as result was a loss.

The Board reviewed the Group STI outcomes and resolved to use its discretion to zero out the Regulatory Compliance and Risk Management metric. This decision was taken with the view that the metric has not been met in its intended spirit due to the issues raised in the Bell review.

Executive KMP Performance
Under the STI, Executive KMP are required to complete a balanced scorecard that comprises a mixture of financial and non-financial targets and strategic priorities.

Table 7 (over page) shows individual key performance indicators and the FY2022 percentage of STI target received by each eligible Executive KMP. Key performance indicators and STI outcomes for Christina Katsibouba are not included as they relate in full to her previous non-KMP role.

TABLE 7: INDIVIDUAL KEY PERFORMANCE INDICATORS AND FY2022 STI PERCENTAGE OF TARGET RECEIVED

Geoff Hogg – Acting Chief Executive Officer[1]		
Individual Priorities	**Weighting**	**Outcome**
1. Develop QLD Leadership Team Achievements: Built depth and capability of senior leadership roles including in Hospitality. COO Brisbane appointed.	**25%**	**Met target**
2. Drive QWB operational design decisions and pre-opening planning for a December 2022 opening Achievements: Operational design decisions have been completed. Pre-opening planning is well advanced for a delayed opening in mid-2023.	**25%**	**Below Target**
3. Improve operating conditions Achievements: Covid related restrictions were progressively removed throughout FY22. Approval granted for QLD EGM commission programs and a table games cashless trial.	**25%**	**On Target**
4. Support Diversity & Inclusion Achievements: Employee engagement survey results on diversity exceeded targets. Company formally recognised externally as a leader in diversity and inclusion.	**25%**	**Above Target**
Individual STI Outcome		**100% of target**
Weighted Individual STI Outcome *(20% x individual outcome %)*		**20%**
Total Individual STI Outcome ***(weighted Group STI outcome per Table 6 + weighted individual STI outcome)***		**$206,753 / 45% of target**

[1] KPIs and achievements for FY2022 reflect those agreed for the substantive role.

Table 8 details the variable remuneration of Executive KMP under the STI during the period.

TABLE 8: VARIABLE REMUNERATION UNDER THE STI FOR THE YEAR ENDED 30 JUNE 2022

Executive	Financial year	Cash Award $	Restricted Share Grant $	As a % of total remuneration	STI not achieved as a % of target[1]
Current Executive KMP					
Geoff Hogg	**2022**	137,835	68,918	**20%**	**55%**
	2021	–	–	0%	100%
Christina Katsibouba	**2022**	–	–	**-**	**-**
	2021	–	–	-	-
Former Executive KMP					
Matt Bekier	**2022**	–	–	0%	100%
	2021	–	–	0%	100%
Harry Theodore	**2022**	–	–	0%	100%
	2021	–	–	0%	100%
Greg Hawkins	**2022**	–	–	0%	100%
	2021	–	–	0%	100%
TOTAL FY2022		**137,835**	**68,918**		
TOTAL FY2021		**-**	**-**		

[1] Maximum opportunity is 150% of the executives' target incentive level

Table 9 outlines the performance of the Group and shareholder returns over the last five financial years.

TABLE 9: STATUTORY KEY PERFORMANCE INDICATORS

Performance metric	FY2018	FY2019	FY2020	FY2021	FY2022
Statutory NPAT	$148.1m	$198.0m	$(94.6)m	$57.9m	$(202.5)m
Basic EPS (statutory)	17.5c	21.6c	(10.3)c	6.1c	(21.0)c
Full year dividend (fully franked, cents per share)	20.5c	20.5c	10.5c	0.0c	0.0c
Share price at year end	$4.93	$4.12	$2.84	$3.69	$2.79
Increase/(decrease) in share price	(2%)	(16%)	(31%)	+30%	(24%)

5.2 Vesting under the LTI

Since the Company's inception in 2011, there have been eleven awards made under the LTI, with six awards tested and two vesting outcomes (FY2014 and FY2015 awards). Table 10 sets out the details of performance rights issued over the last five financial years.

TABLE 10: DETAILS OF LTI AWARDS ACTIVE DURING THE YEAR

Detail	FY2018 Award	FY2019 Award	FY2020 Award	FY2021 Award	FY2022 Award
Grant date	2 Oct 2017	3 Oct 2018	25 Sep 2019	24 Sep 2020	23 Sep 2021
Test date	2 Oct 2021	3 Oct 2022	25 Sep 2023	24 Sep 2024	23 Sep 2025
Vesting hurdle(s)	TSR, EPS & ROIC	TSR, EPS & ROIC	TSR, EPS & ROIC	TSR, EPS & ROIC	TSR, EPS & ROIC
Test result	All rights lapsed	N/A	N/A	N/A	N/A

During FY2022, the FY2018 Award was tested and did not vest as performance hurdles were not met. The next test date will be in October 2022, for performance rights granted in FY2019.

Performance rights relating to the FY2018 award were tested in October 2021 with none of these rights vesting into fully paid ordinary shares. The TSR performance of the Group was -7.25% (excluding the value of franking credits), with a percentile ranking of 21.54%. As this was below the 50th percentile, none of the TSR component of the FY2018 award vested. The EPS performance hurdle of 6.4 cents per share was below the threshold of 35.9 cents per share and target of 43.8 cents per share, and accordingly none of the EPS component of the FY2018 award vested. This was the first time the ROIC performance hurdle was tested, with an outcome of 1.3% which was below the threshold of 9.5% and target of 11.5%, resulting in no vesting of performance rights for this component.

The FY2019 award, due to be tested on 3 October 2022, has EPS, TSR and ROIC performance hurdles that each comprise one third of the award outcome. Details of the performance outcomes relative to target and threshold amounts will be provided to shareholders ahead of the 2022 AGM and reported in the FY2023 Remuneration Report.

Table 11 summarises the unvested performance rights held by Executive KMP as at 30 June 2022.

TABLE 11: PERFORMANCE RIGHTS BY AWARD HELD BY EXECUTIVE KMP AT 30 JUNE 2022

Executive KMP	FY2019 Award	FY2020 Award	FY2021 Award	FY2022 Award	Total performance rights retained
Current Executive KMP					
Geoff Hogg	74,952	93,118	127,839	108,019	403,928
Christina Katsibouba[1]	20,145	30,032	73,625	71,293	195,095
Former Executive KMP[2]					
Matt Bekier	668,203	691,216	948,952	696,128	3,004,499
Harry Theodore	28,908	94,386	147,251	136,825	407,370
Greg Hawkins	-	-	-	-	-
Total performance rights	**792,208**	**908,752**	**1,297,667**	**1,012,265**	**4,010,892**

[1] Performance rights in FY2019, FY2020, FY2021 and FY2022 reflect those granted prior to her appointment as Interim Chief Financial Officer.

[2] All performance rights under the LTI will lapse upon termination, as per the performance plan rules. The termination dates for Mr Bekier and Mr Theodore are to be confirmed in due course, and as such the rights have not formally lapsed. Mr Hawkins' rights lapsed on 30 June 2022 following his termination.

Table 12 shows the variable remuneration of Executive KMP under the LTI 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 12: VARIABLE REMUNERATION UNDER THE LTI FOR THE YEAR ENDED 30 JUNE 2022

Executive	Financial Year	Number of Performance Rights Granted	Fair Value of Performance Rights Granted	Fair Value at Grant Date	Grant Date	Test Date	As a % of total remuneration[1]	Number of Performance Rights Vested	Number of Performance Rights Lapsed[2]
Current Executive KMP									
Geoff Hogg	**2022**	**108,919**	**408,254**	**3.78**	**23/09/2021**	**23/09/2025**	**-2%**	**-**	**(82,500)**
	2021	127,839	352,836	2.76	24/09/2020	24/09/2024	11%	–	(54,064)
Christina Katsibouba	**2022**	**71,293**	**269,450**	**3.78**	**23/09/2021**	**23/09/2025**	**8%**	**-**	**-**
	2021	-	-	-	-	-	-	-	-
Former Executive KMP									
Matt Bekier	**2022**	**696,128**	**2,630,993**	**3.78**	**23/09/2021**	**23/09/2025**	**-104%**	**-**	**(627,706)**
	2021	948,952	2,619,108	2.76	24/09/2020	24/09/2024	21%	–	(548,204)
Harry Theodore	**2022**	**136,825**	**517,126**	**3.78**	**23/09/2021**	**23/09/2025**	**-15%**	**-**	**(31,818)**
	2021	147,251	406,413	2.76	24/09/2020	24/09/2024	12%	–	(26,938)
Greg Hawkins	**2022**	**181,473**	**685,871**	**3.78**	**23/09/2021**	**23/09/2025**	**-32%**	**-**	**(917,723)**
	2021	247,382	682,774	2.76	24/09/2020	24/09/2024	11%	–	(117,958)
TOTAL FY2022		**1,122,445**	**4,424,244**					**0**	**(1,659,747)**
TOTAL FY2021		**1,471,424**	**4,061,131**					**0**	**(747,164)**

[1] Percentage calculation based on accounting LTI expense and total remuneration as reported in Table 14.

[2] Performance rights granted in FY2018 were tested in October 2021 and resulted in no performance rights vesting. Performance rights granted in FY2019 are due for testing in October 2022. All of Mr Hawkin's rights lapsed on 30 June 2022 following his termination.

6 EXECUTIVE KMP CONTRACTS AND REMUNERATION

Remuneration arrangements for Executive KMP are reviewed annually by the Board. Table 13 outlines the remuneration arrangements for Executive KMP in FY2022 and their contracted employment details.

TABLE 13: EXECUTIVE KMP REMUNERATION AND EMPLOYMENT CONTRACTS

CURRENT EXECUTIVE KMP Contract Details	**Geoff Hogg**[3] Acting Chief Executive Officer		**Christina Katsibouba** Interim Chief Financial Officer		**Geoff Hogg** Chief Casino Officer QLD	
	FY2021	**FY2022**	FY2021	**FY2022**	FY2021	**FY2022**
Fixed remuneration[1]	N/A	**$1,000,000**	N/A	**$800,000**	$651,131	**$750,000**
Short-term incentive target	N/A	**$600,000**	N/A	**$400,000**	$390,679	**$450,000**
Long-term incentive (annual award value)	N/A	**$600,000**	N/A	**$480,000**	$390,679	**$450,000**
Total Target Annual Reward	N/A	**$2,200,000**	N/A	**$1,680,000**	$1,432,489	**$1,650,000**
Short-term incentive maximum value	N/A	**$900,000**	N/A	**$600,000**	$586,019	**$675,000**
Long-term incentive maximum value	N/A	**$600,000**	N/A	**$480,000**	$390,679	**$450,000**
Non-monetary benefits	N/A		N/A		N/A	
Other benefits	N/A		N/A		N/A	
Notice by the Executive	9 months		9 months		9 months	
Notice by the Group	9 months		9 months		9 months	
Restraint[2]	12 months		12 months		12 months	
Non solicitation	12 months		12 months		12 months	
Contract duration	Open ended		Open ended		Open ended	

FORMER EXECUTIVE KMP Contract Details	**Matt Bekier** Former Managing Director and Chief Executive Officer		**Harry Theodore** Former Chief Financial Officer		**Greg Hawkins** Former Chief Casino Officer NSW	
	FY2021	**FY2022**	FY2021	**FY2022**	FY2021	**FY2022**
Fixed remuneration[1]	$1,728,900	**$1,875,000**	$750,000	**$950,000**	$1,260,000	**$1,260,000**
Short-term incentive target	$1,728,900	**$1,875000**	$450,000	**$570,000**	$756,000	**$756,000**
Long-term incentive (annual award value)	$2,900,000	**$2,900,000**	$450,000	**$570,000**	$756,000	**$756,000**
Total Target Annual Reward	$6,357,800	**$6,650,000**	$1,650,000	**$2,090,000**	$2,772,000	**$2,772,000**
Short-term incentive maximum value	$2,593,350	**$2,812,500**	$675,000	**$855,000**	$1,134,000	**$1,134,000**
Long-term incentive maximum value	$2,900,000	**$2,900,000**	$450,000	**$570,000**	$756,000	**$756,000**
Non-monetary benefits	N/A		N/A		N/A	
Other benefits	N/A		N/A		N/A	
Notice by the Executive	12 months		9 months		9 months	
Notice by the Group	12 months		9 months		9 months	
Restraint[2]	12 months		12 months		12 months	
Non solicitation	12 months		12 months		12 months	
Contract duration	Open ended		Open ended		Open ended	

INCOMING EXECUTIVE KMP Contract Details	Robbie Cooke Incoming Managing Director and Chief Executive Officer		Scott Wharton Chief Executive Officer The Star Sydney and Group Head of Transformation	
	FY2022	**FY2023**	FY2022	**FY2023**
Fixed remuneration[1]	N/A	**$1,600,000**	N/A	**$950,000**
Short-term incentive target	N/A	**$960,000**	N/A	**$570,000**
Long-term incentive (annual award value)	N/A	**$1,600,000**	N/A	**$950,000**
Total Target Annual Reward	N/A	**$4,160,000**	N/A	**$2,470,000**
Short-term incentive maximum value	N/A	**$1,440,000**	N/A	**$855,000**
Long-term incentive maximum value	N/A	**$1,600,000**	N/A	**$950,000**
Non-monetary benefits	N/A		N/A	
Other benefits	N/A		N/A	
Notice by the Executive	12 months		9 months	
Notice by the Group	12 months		9 months	
Restraint[2]	12 months		12 months	
Non solicitation	12 months		12 months	
Contract duration	Open ended		Open ended	

[1] The Star Entertainment Group deducts superannuation from the Executives' fixed remuneration as per the Australian Taxation Office Superannuation Guarantee Cap.

[2] 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.

[3] Mr Hogg commenced the role of Acting Chief Executive Officer on 1 June 2022. Mr Hogg tendered his resignation on 26 September 2022.

7 STATUTORY EXECUTIVE KMP REMUNERATION

Table 14 sets out Executive KMP remuneration as required by the Corporations Act and its regulations, including the relevant Australian Accounting Standard principles.

TABLE 14: STATUTORY EXECUTIVE KMP REMUNERATION

Executive	Financial year	Short-term			Long-term	Post-Employment	Charge for share based allocations		Termination payments[6]	Total remuneration	Performance related
		Salary[1]	Bonus	Non-monetary benefits[2]	Long service leave	Superannuation[3]	Performance rights[4]	Restricted shares[5]			
		$	$	$	$	$	$	$		$	%
Current Executive KMP											
Geoff Hogg	**2022**	849,664	137,835	5,364	16,397	23,568	(19,746)	31,808	–	1,044,890	14%
	2021	700,760	–	2,409	10,676	21,694	95,139	57,700	–	888,378	17%
Christina Katsibouba	**2022**	124,043	–	840	1,936	3,076	11,251	–	–	141,146	8%
	2021	–	–	–	–	–	–	–	–	–	–
Former Executive KMP											
Matt Bekier	**2022**	1,428,705	–	2,605	22,452	17,486	(1,812,006)	–	2,076,886	1,736,128	-104%
	2021	1,988,464	–	4,276	28,348	26,163	633,928	383,018	–	3,064,197	33%
Harry Theodore	**2022**	909,365	–	2,605	13,053	20,400	(222,199)	–	784,371	1,507,595	-15%
	2021	851,943	–	4,276	12,298	21,694	128,702	87,729	–	1,106,642	20%
Greg Hawkins	**2022**	906,023	–	2,605	17,550	20,400	(454,831)	–	932,580	1,424,327	-32%
	2021	1,304,268	–	4,276	20,660	26,494	186,401	111,655	–	1,653,754	18%
TOTAL FY2022		**4,217,800**	**137,835**	**14,019**	**71,388**	**84,930**	**(2,497,531)**	**31,808**	**3,793,837**	**5,854,086**	**-**
TOTAL FY2021		**4,845,435**	–	**15,237**	**71,982**	**96,045**	**1,044,170**	**640,102**	**-**	**6,712,971**	**-**

[1] Comprises salary, salary sacrificed benefits (including motor vehicle novated leases) and annual leave expense.

[2] Comprises car parking, accommodation, airfares and travel costs where applicable. These amounts are non-contractual.

[3] Comprises superannuation contributions per Superannuation Guarantee legislation and salary sacrificed superannuation.

[4] Represents the fair value of share based payments expensed / (credited) by The Star Entertainment Group in relation to LTI awards. The reduction in the expense in FY2022 is due to the adjustment made under the accounting standards to reflect the probability of these rights vesting.

[5] Represents the fair value of share based payments expensed by The Star Entertainment Group in relation to STI awards. The expense is recognised over a 26 month holding lock period.

[6] Termination payments include salary, annual leave expense, long service leave expense and other on-costs expected to be incurred between the executives' resignation date and termination date. The termination dates for Mr Bekier and Mr Theodore are to be confirmed in due course. Mr Hawkins terminated on 30 June 2022 and received a payment in lieu of his contractual notice period.

8 NED REMUNERATION

Remuneration Policy

- NEDs (excluding the Chairman) receive a Board fee and a Committee fee for their participation as Chair or member of each Committee.
- The Chairman receives an all-inclusive fee as Chairman of the Board and as an ex-officio member of all Board Committees.
- NEDs do not receive any performance or incentive payments and are not eligible to participate in any of the 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. Executive KMPs 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.

The Board approved a 3.5% increase to the Board and Chair fees effective from 1 September 2021. There was no change to Committee fees in FY2022 and there will be no changes to NED or Committee fees for FY2023.

Table 15 sets out the annual Board and Committee fee structure for FY2022.

TABLE 15: ANNUAL NED FEES (INCLUSIVE OF SUPERANNUATION)

	Board	Audit	Risk, Compliance and Regulatory Performance	Remuneration, People & Social Responsibility[1]
Chair	$501,458	$35,000	$35,000	$35,000
Member	$168,912	$17,500	$17,500	$17,500

[1]The Remuneration Committee was merged with the People, Culture and Social Responsibility Committee and renamed as the Remuneration, People and Social Responsibility Committee from 1 January 2022.

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

Table 16 sets out total remuneration received by each NED.

TABLE 16: NED REMUNERATION

NED	Financial year	Board and Committee Fees $	Executive Salary $	Superannuation[1] $	Total[2] $
Current Non-Executive Directors					
Ben Heap	**2022**	**230,590**	-	**21,380**	**251,970**
	2021	212,968	-	20,232	233,200
Gerard Bradley AO	**2022**	**193,795**	-	**19,380**	**213,175**
	2021	196,986	-	18,714	215,700
Katie Lahey AM	**2022**	**201,219**	-	**20,122**	**221,341**
	2021	212,968	-	20,232	233,200
Michael Issenberg[3]	**2022**	**51,185**	-	**5,119**	**56,304**
	2021	-	-	-	-
Richard Sheppard	**2022**	**193,795**	-	**19,380**	**213,175**
	2021	194,322	-	18,461	212,783
Former Non-Executive Directors					
John O'Neill AO[4]	**2022**	**458,631**	**375,000**	**23,568**	**857,199**
	2021	462,806	-	21,694	484,500
Sally Pitkin AO	**2022**	**201,219**	-	**20,122**	**221,341**
	2021	212,968	-	20,232	233,200
Zlatko Todorcevski	**2022**	-	-	-	-
	2021	32,831	-	3,119	35,950
TOTAL FY2022	**2022**	**1,530,434**	**375,000**	**129,071**	**2,034,505**
TOTAL FY2021	2021	1,525,849	-	122,684	1,648,533

[1] Comprises superannuation contributions per Superannuation Guarantee legislation and salary sacrificed superannuation.

[2] During FY2022, NEDs accepted a 20% reduction in fees in August and September following the impact of COVID-19 business closures.

[3] On 17 February 2022, the Company announced the appointment of Michael Issenberg as a Non Executive Director, subject to casino regulatory approvals being obtained. Michael Issenberg commenced as a Non-Executive Director on 11 July 2022.

[4] In addition to his Chairman fees, John O'Neill received an annualised salary of $1.5 million to serve as Executive Chairman on an interim basis. This amount is not included in the $2.5 million annual NED fee limit as it related to his Executive Chairman duties. This arrangement ceased on 31 May 2022 with one month's notice being paid until 30 June 2022. Mr O'Neill was not invited to participate in any of the Company's incentive plans during this time.

Minimum Shareholding Policy for NEDs

To support the alignment of the interests of the Board and executives with the interests of shareholders, the Group has minimum shareholding policies in place. NEDs are required to progressively acquire shares over a three year period from the date of commencement of their unconditional appointment (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 fee applicable at the time of their unconditional appointment. Direct and indirect holdings will count towards the minimum shareholding target.

All NEDs are currently meeting, or on track to meet, their minimum shareholding requirements in the required timeframes.

TABLE 17: SHARES HELD BY NEDS AT 30 JUNE 2022

Name	Balance at start of the year	Number acquired	Number divested	Balance at the end of the year
Current Non-Executive Directors				
Ben Heap	40,000	10,000	–	50,000
Gerard Bradley AO	75,000	-	–	75,000
Katie Lahey AM	56,907	-	–	56,907
Michael Issenberg	–	–	–	–
Richard Sheppard	250,000	50,000	–	300,000
Former Non-Executive Directors				
John O'Neill AO	133,800	16,200	–	150,000
Sally Pitkin AO	45,900	-	–	45,900
Total ordinary shares	**601,607**	**76,200**	–	**677,807**

9 OTHER INFORMATION

9.1. LOANS AND OTHER TRANSACTIONS WITH KMP

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

THE STAR ENTERTAINMENT GROUP LIMITED

The Star Entertainment Group Limited

A.C.N. 149 629 023

ASX Code: SGR

and its controlled entities

Financial Report

for the year ended 30 June 2022

Consolidated income statement

For the year ended 30 June 2022

	Note	2022 $m	2021 $m
Revenue	A2	**1,527.1**	1,545.4
Other income	A3	**15.0**	12.6
Government taxes and levies	A3	**(387.0)**	(378.7)
Employment costs	A3	**(598.7)**	(501.7)
Depreciation, amortisation and impairment	A4	**(370.8)**	(243.8)
Cost of sales		**(77.1)**	(64.8)
Property costs		**(60.2)**	(56.2)
Advertising and promotions		**(64.5)**	(54.3)
Other expenses		**(148.8)**	(115.7)
Share of net profit/(loss) of associate and joint venture entities accounted for using the equity method	D5	**16.4**	(4.4)
(Loss)/earnings before interest and income tax (LBIT/EBIT)		**(148.6)**	138.4
Net finance costs	A5	**(57.0)**	(58.6)
(Loss)/profit before income tax (LBT/PBT)		**(205.6)**	79.8
Income tax benefit/(expense)	F2	**3.1**	(21.9)
Net (loss)/profit after tax (NLAT/NPAT)		**(202.5)**	57.9
Other comprehensive income/(loss)			
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	**20.5**	(6.4)
Total comprehensive (loss)/income for the period		**(182.0)**	51.5
Earnings per share:			
Basic earnings per share	F3	**(21.3)**	6.1 cents
Diluted earnings per share	F3	**(21.3)**	6.1 cents

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

Consolidated balance sheet

For the year ended 30 June 2022

	Note	2022 $m	2021 Restated* $m
ASSETS			
Cash and cash equivalents	B1	**82.0**	67.9
Trade and other receivables	B2	**18.0**	23.3
Inventories		**16.2**	15.2
Income tax receivable	F2	**4.4**	-
Derivative financial instruments	B3	**1.4**	2.9
Asset held for sale	F12	**-**	30.6
Other assets	F4	**79.5**	23.8
Total current assets		**201.5**	163.7
Property, plant and equipment	B4	**2,635.5**	2,695.4
Intangible assets	B5	**1,662.0**	1,831.4
Derivative financial instruments	B3	**62.9**	13.9
Investment in associate and joint venture entities	D5	**669.6**	631.7
Other assets	F4	**39.9**	37.2
Total non current assets		**5,069.9**	5,209.6
TOTAL ASSETS		**5,271.4**	5,373.3
LIABILITIES			
Trade and other payables	F5	**206.4**	179.1
Interest bearing liabilities	B7	**6.1**	6.8
Income tax payable	F2	**-**	1.0
Provisions	F6	**115.2**	94.5
Derivative financial instruments	B3	**5.7**	5.6
Other liabilities	F7	**23.1**	23.5
Total current liabilities		**356.5**	310.5
Interest bearing liabilities	B7	**1,326.4**	1,285.9
Deferred tax liabilities	F2	**140.9**	134.3
Provisions	F6	**8.3**	10.0
Derivative financial instruments	B3	**-**	8.0
Other liabilities	F7	**9.0**	9.8
Total non current liabilities		**1,484.6**	1,448.0
TOTAL LIABILITIES		**1,841.1**	1,758.5
NET ASSETS		**3,430.3**	3,614.8
EQUITY			
Share capital	F8	**3,171.0**	3,159.3
Retained earnings		**247.8**	450.3
Reserves	F8	**11.5**	5.2
TOTAL EQUITY		**3,430.3**	3,614.8

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

** Comparatives have been restated due to wage compliance (refer to note G).*

Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	2022 $m	2021 $m
Cash flows from operating activities			
Net cash receipts from customers (inclusive of GST)		**1,665.9**	1,689.7
Payments to suppliers and employees (inclusive of GST)		**(1,072.0)**	(995.9)
Payment of government levies, gaming taxes and GST		**(412.6)**	(335.2)
Income taxes paid	F2	**(5.1)**	(6.8)
Receipt of government grants		**-**	112.7
Net cash inflow from operating activities	F9	**176.2**	464.5
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(142.8)**	(102.1)
Proceeds from sale of plant and equipment		**40.8**	33.1
Payments for investment in associate and joint venture entities		**(21.7)**	(118.3)
Net cash outflow from investing activities		**(123.7)**	(187.3)
Cash flows from financing activities			
Proceeds from interest bearing liabilities	E2	**125.9**	154.0
Repayment of interest bearing liabilities	E2	**(104.0)**	(369.0)
Dividends paid		**-**	(75.1)
Proceeds from issue of shares		**-**	75.0
Finance costs		**(48.9)**	(61.3)
Purchase of treasury shares	F8	**(1.9)**	-
Disposal of treasury shares	F8	**-**	11.7
Interest payment of lease liabilities	E2	**(3.5)**	(3.8)
Principal payment of lease liabilities	E2	**(6.0)**	(6.9)
Net cash outflow from financing activities		**(38.4)**	(275.4)
Net increase in cash and cash equivalents		**14.1**	1.8
Cash and cash equivalents at beginning of the year		**67.9**	66.1
Cash and cash equivalents at end of the year	B1	**82.0**	67.9

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 2022

	Note	Ordinary shares $m	Treasury shares $m	Retained earnings $m	Hedging reserve $m	Cost of hedging reserve $m	Share based payment reserve $m	Total $m
2022								
Balance at 1 July 2021 Restated*		**3,177.9**	**(18.6)**	**450.3**	**(21.4)**	**1.6**	**25.0**	**3,614.8**
Loss for the year		**-**	**-**	**(202.5)**	**-**	**-**	**-**	**(202.5)**
Other comprehensive income	F1	**-**	**-**	**-**	**19.5**	**1.0**	**-**	**20.5**
Total comprehensive loss		**-**	**-**	**(202.5)**	**19.5**	**1.0**	**-**	**(182.0)**
Purchase of treasury shares	F8	**-**	**(1.9)**	**-**	**-**	**-**	**-**	**(1.9)**
Shares issued to settle employee share programs	F8	**-**	**13.6**	**-**	**-**	**-**	**-**	**13.6**
Employee share based payments	F10	**-**	**-**	**-**	**-**	**-**	**(14.2)**	**(14.2)**
Balance at 30 June 2022		**3,177.9**	**(6.9)**	**247.8**	**(1.9)**	**2.6**	**10.8**	**3,430.3**
2021 Restated*								
Balance at 1 July 2020*		3,069.7	(18.9)	392.4	(16.6)	3.2	16.8	3,446.6
Profit for the year		-	-	57.9	-	-	-	57.9
Other comprehensive loss	F1	-	-	-	(4.8)	(1.6)	-	(6.4)
Total comprehensive income		-	-	57.9	(4.8)	(1.6)	-	51.5
Issue of share capital	F8	108.2	-	-	-	-	-	108.2
Purchase of treasury shares	F8	-	(12.0)	-	-	-	-	(12.0)
Disposal of treasury shares	F8	-	11.7	-	-	-	-	11.7
Shares issued to settle employee share programs	F8	-	0.6	-	-	-	-	0.6
Employee share based payments	F10	-	-	-	-	-	8.2	8.2
Balance at 30 June 2021*		3,177.9	(18.6)	450.3	(21.4)	1.6	25.0	3,614.8

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

** Comparatives have been restated due to wage compliance (refer to note G).*

Notes to the financial statements

For the year ended 30 June 2022

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

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For the year ended 30 June 2022

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 those in the roles of executive decision makers, being the Acting Chief Executive Officer (prior to this, the Managing Director and Chief Executive Officer) and the Interim Chief Financial Officer (prior to this, the 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, restaurants, bars and other entertainment facilities.

Gold Coast Comprises The Star Gold Coast's casino operations, including hotels, theatre, restaurants, bars and other entertainment facilities.

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

	Sydney $m	Gold Coast $m	Brisbane $m	Total $m
2022				
Gross revenues - VIP [a]	**4.7**	**0.6**	**0.2**	**5.5**
Gross revenues - domestic [a]	**778.8**	**423.8**	**326.0**	**1,528.6**
Segment revenue	**783.5**	**424.4**	**326.2**	**1,534.1**
Segment earnings before interest, tax, depreciation, amortisation and significant items	**83.4**	**89.3**	**64.8**	**237.5**
Depreciation and amortisation before significant items (refer to note A4)	**118.3**	**63.1**	**26.9**	**208.3**
Capital expenditure	**60.8**	**65.2**	**13.6**	**139.6**
2021				
Gross revenues - VIP [a]	8.5	0.6	0.4	9.5
Gross revenues - domestic [a]	819.7	380.7	347.2	1,547.6
Segment revenue	828.2	381.3	347.6	1,557.1
Segment earnings before interest, tax, depreciation, amortisation and significant items	199.8	112.5	114.4	426.7
Depreciation and amortisation before significant items (refer to note A4)	119.9	61.9	28.7	210.5
Capital expenditure	58.5	59.3	13.5	131.3

a Total gross revenue is presented as the gross gaming win before player rebates and promotional allowances of $7.0 million (2021: $11.7 million).

	2022 $m	2021 $m
Reconciliation of reportable segment profit to profit before income tax		
Segment earnings before interest, tax, depreciation, amortisation and significant items	**237.5**	426.7
Depreciation and amortisation [a] (refer to note A4)	**(208.3)**	(210.5)
Significant items (refer to note A7)	**(176.0)**	(77.7)
Unallocated items:		
- net finance costs [a] (refer to note A5)	**(50.2)**	(54.3)
- share of net loss of associate and joint venture entities accounted for using the equity method [a] (refer to note D5)	**(8.6)**	(4.4)
(Loss)/profit before income tax (LBT/PBT)	**(205.6)**	79.8

[a] These items are before significant items (refer to note A7).

Notes to the financial statements

For the year ended 30 June 2022

A2 Revenue

	2022 $m	2021 $m
Gaming	**1,070.7**	1,150.9
Non-gaming	**448.1**	385.1
Other	**8.3**	9.4
Total revenue	**1,527.1**	1,545.4

Revenue

Revenue is recognised when the Group satisfies its obligations in relation to the provision of goods and services to its customers in the ordinary course of business. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for performing these obligations, including any discounts, rebates, price concessions, incentives or performance bonuses. Revenue is constrained such that the significant reversal of revenue in a future period is not highly probable. Revenue comprises net gaming win, less player and gaming promoter rebates and promotional allowances, as well as other non-gaming revenue from hotels, restaurants and bars.

Customer loyalty programs

The Group operates customer loyalty programs enabling customers to accumulate award credits for 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. The stand alone selling price of complimentary services (including hotel room nights, food and beverage, and other services) that are provided to casino guests as incentives related to gaming play are recorded as revenues related to the respective goods or services, as they are provided to the patron. The residual amount is recorded as gaming revenue.

A3 Other income and expenses

(Loss)/profit before income tax is stated after charging the following expenses and significant items:

	2022 $m	2021 $m
Other income		
Gain on disposal of assets [a]	**10.1**	10.2
Net foreign exchange gain	**0.1**	-
Other	**4.8**	2.4
	15.0	12.6

[a] The gain on disposal of assets includes the disposal of Jet (2021: disposal of land). Refer to note A7.

	2022 $m	2021 $m
Government taxes and levies (including gaming GST):		
New South Wales	**219.2**	208.0
Queensland	**167.8**	170.7
	387.0	378.7
Employment costs:		
Salaries, wages, bonuses, redundancies and other benefits [b]	**554.6**	451.3
Defined contribution plan expense (superannuation guarantee charges)	**44.9**	42.2
Share based payment expense (refer to note F10)	**(0.8)**	8.2
	598.7	501.7

[b] Salaries and wages have increased due to the COVID-19 restrictions being lifted. In the prior comparable period (pcp), the amount is net of $88.2 million of financial support provided by the Federal Government under the JobKeeper wage subsidy scheme. As a result of the JobKeeper subsidy, the Group received a $58.0 million benefit towards salaries and wages expenses, for employees who had been stood up or were working reduced hours.

Notes to the financial statements

For the year ended 30 June 2022

A4 Depreciation, amortisation and impairment

	2022 $m	2021 $m
Property, plant and equipment (refer to note B4)	**171.5**	176.2
Intangible assets (refer to note B5)	**36.2**	33.4
Other	**0.6**	0.9
Total depreciation and amortisation	**208.3**	210.5
Impairment - Property, plant and equipment	**-**	33.3
Impairment - Goodwill (refer to note A7)	**162.5**	-
Total impairment	**162.5**	33.3
Total depreciation, amortisation and impairment	**370.8**	243.8

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.

Right of use assets, which includes plant, equipment and property, is depreciated on a straight line basis over the shorter of its estimated useful life and the lease term. The Group's lease portfolio includes assets with lease terms between 1 and 75 years.

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

A5 Net finance costs

	2022 $m	2021 $m
Interest paid on borrowings	**37.6**	46.1
Borrowing costs	**13.3**	13.7
US Private Placement premium unwind	**-**	(5.4)
Fair value hedging adjustment	**(2.1)**	0.4
Leases interest	**3.5**	3.8
Interest on underpaid casino duty	**4.7**	-
Net finance costs recognised in the income statement [a]	**57.0**	58.6

a Net finance costs include $2.1 million (2021: $4.3 million) of finance costs associated with COVID-19 affected loan facilities and $4.7 million (2021: nil) of interest on underpaid casino duty (refer to note A7).

Net finance costs of $57.0 million were down 2.7% on the pcp primarily due to lower average debt balances and cancellation of the $200 million club facility in December 2020, partially offset by recognition of the interest on underpaid casino duty.

Notes to the financial statements

For the year ended 30 June 2022

A6 Dividends

The Group remains committed to maintaining a balance sheet that positions it for post-COVID-19 recovery. No final dividend was declared, given the continuing impacts of COVID-19 on the Group and in accordance with the conditions of debt covenant waivers which restrict further cash dividends from being paid until the Group's gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times.

	2022 $m	2021 $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 [a]	**-**	-
Interim dividend paid during the year in respect of the half year ended 31 December 2019 [b]	**-**	96.4

a No final dividend were declared for the years ended 30 June 2022 or 30 June 2021.

b No interim dividends were declared for the half year ended 31 December 2021 or 31 December 2020. The FY2020 interim dividend payment was deferred from the original payment date of 1 April 2020 due to the exceptional circumstances associated with COVID-19 requiring the closure of the properties, and a revised Dividend Reinvestment Plan (DRP) which was fully underwritten by Credit Suisse Equities (Australia) Limited. On 2 July 2020, the Group issued 30,730,998 new shares to settle the interim dividend. Existing shareholders who elected to participate in the DRP received 6,849,977 new shares worth $21.3 million. In accordance with the underwriting agreement, Credit Suisse Equities (Australia) Limited received 23,881,021 new shares in exchange for $75.1 million cash to fund the interim dividend cash payment.

	2022	2021
Franking credit balance		
Amount of franking credits available to shareholders	**92.0**	86.9

Notes to the financial statements

For the year ended 30 June 2022

A7 Significant items

(Loss)/profit before income tax (LBT/PBT) is stated after charging the following significant items:

	2022 $m	2021 $m
Goodwill impairment [a]	**162.5**	-
Bell review costs [b]	**17.4**	-
One-off COVID-19 related expenditure [c]	**11.9**	21.1
Underpaid casino duty and interest [d]	**12.7**	-
Software-as-a-Service project costs [e]	**7.7**	7.1
Business Interruption and Crown unsolicited proposal costs [f]	**2.7**	1.1
JV profit on sale of units [g]	**(25.0)**	-
Disposal of Jet [h]	**(9.2)**	-
Dispute settlement [i]	**(4.7)**	-
Impairment [j]	**-**	36.5
Expected credit losses [k]	**-**	21.3
Gain on disposal of land [l]	**-**	(9.4)
Net significant items	**176.0**	77.7
Tax on significant items	**(5.2)**	(26.2)
Significant items net of tax	**170.8**	51.5

a Impairment of goodwill for The Star Sydney (see note B6).

b Legal costs associated with the Bell review (see note C2).

c Incremental one-off COVID-19 related expenditure including support payments for employees impacted by property shutdowns and covenant amendment fees for COVID-19 affected loan facilities. In the pcp, restructuring and redundancy costs relating to Group reorganisation as a result of the impact of COVID-19.

d Liability for estimated underpaid casino duty and interest (see note C2).

e Software-as-a-Service (SaaS) arrangement project implementation costs. Major projects include the implementation of new SAP payroll and customer management Salesforce systems.

f Business Interruption insurance claim and adviser costs related to the unsolicited Crown Resorts bid.

g Equity accounted share of Destination Gold Coast Consortium's profit relating to the sale of Tower 1 residential units.

h In September 2021, sale of the 2018 Bombardier Jet was completed.

i The Group settled a dispute with suppliers, resulting in recovery of $4.7 million in funds in relation to combustible cladding claims.

j Impairment expense for write-down of 2018 Bombardier Jet held for sale to its recoverable amount, venue closures and excess office space due to the closure of international junket operations following outcomes of Bergin Inquiry recommendations, and write-off of combustible cladding used in property upgrades.

k Increased expected credit loss provisioning and impairment of other receivables as a result of the ongoing COVID-19 impacts on border closures and cessation of international junket operations due to the outcomes of the Bergin Inquiry recommendations.

l Gain on disposal of Gold Coast land to the Destination Gold Coast Consortium joint venture for construction of the second residential, hotel and retail tower.

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).

A8 Leases

The following amounts relating to AASB16 leases are recognised in the income statement:

	2022 $m	2021 $m
Depreciation expense of right-of-use assets (refer to note B4)	**6.0**	7.2
Interest expense on lease liabilities (refer to note A5)	**3.5**	3.8
Total	**9.5**	11.0

Notes to the financial statements
For the year ended 30 June 2022

B Key balance sheet disclosures
Assets

B1 Cash and cash equivalents

	2022 $m	2021 $m
Cash on hand and in banks	**82.0**	64.1
Short term deposits, maturing within 30 days	**-**	3.8
	82.0	67.9

B2 Trade and other receivables

	2022 $m	2021 $m
Trade receivables	**44.8**	44.1
Less provision for impairment	**(37.0)**	(38.1)
Net trade receivables	**7.8**	6.0
Other receivables	**10.2**	17.3
	18.0	23.3

(i) Provision for impairment reconciliation

	2022 $m	2021 $m
Balance at beginning of year	**(38.1)**	(103.6)
Impairment of trade receivables [a]	**(1.0)**	(16.4)
Less amounts written off as uncollectible	**2.1**	81.9
Balance at end of year	**(37.0)**	(38.1)

a These amounts are included in other expenses in the income statement.

The estimates and assumptions associated with the Group's expected credit loss model were revised in FY2021 as a result of the impact of the Bergin Inquiry on international junkets and the ongoing effects of COVID-19. An additional $16.4 million provision was recognised in FY2021, to reflect the increased uncertainty around collection of outstanding junket receivables.

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
2022					
Not yet due	**6.5**	**-**	**-**	**-**	**6.5**
Past due not impaired	**0.3**	**-**	**-**	**1.0**	**1.3**
Considered impaired	**-**	**2.0**	**26.4**	**8.6**	**37.0**
	6.8	**2.0**	**26.4**	**9.6**	**44.8**
2021					
Not yet due	1.8	-	-	-	1.8
Past due not impaired	-	0.1	3.8	0.3	4.2
Considered impaired	-	-	38.1	-	38.1
	1.8	0.1	41.9	0.3	44.1

Notes to the financial statements

For the year ended 30 June 2022

Other receivables

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

Impairment of trade receivables

The Group impairment analysis is performed at each reporting date to measure expected credit losses. The provision reflects the probability-weighted outcome of reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Due to the unprecedented impact of the COVID-19 pandemic, impacts of the Bergin Inquiry recommendations, government imposed restrictions, international border closures and other economic impacts, debtor balances have been individually assessed based on criteria, including: patron's financial circumstances; payment history; relationship with the Group; international gambling activity; and whether a legal claim has commenced to collect the balance.

B3 Derivative financial instruments

	2022 $m	2021 $m
Current assets		
Cross currency swaps	-	2.9
Interest rate swaps	1.4	-
	1.4	2.9
Non current assets		
Cross currency swaps	59.6	13.7
Interest rate swaps	3.3	0.2
	62.9	13.9
Current liabilities		
Cross currency swaps	5.7	2.9
Interest rate swaps	-	2.7
	5.7	5.6
Non current liabilities		
Cross currency swaps	-	4.3
Interest rate swaps	-	3.7
	-	8.0
Net financial assets	58.6	3.2

Net derivative assets are up $55.4 million due to depreciation of the AUD:USD exchange rate and increase in AUD floating interest rates.

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

For the year ended 30 June 2022

B4 Property, plant and equipment

	Note	Freehold land $m	Freehold and leasehold buildings $m	Leasehold improvements $m	Plant and equipment $m	Right of use asset $m	Total $m
2022							
Cost							
Opening balance at beginning of the year		**72.5**	**2,677.9**	**305.5**	**1,159.5**	**62.9**	**4,278.3**
Additions		**1.6**	**64.6**	**0.5**	**43.5**	**0.8**	**111.0**
Disposals / write offs		**-**	**(10.3)**	**(2.1)**	**(29.5)**	**(4.9)**	**(46.8)**
Reclassification / transfer		**-**	**(10.1)**	**(2.7)**	**15.0**	**-**	**2.2**
Closing balance at end of the year [a]		**74.1**	**2,722.1**	**301.2**	**1,188.5**	**58.8**	**4,344.7**
Accumulated depreciation							
Opening balance at beginning of the year		**-**	**575.7**	**134.8**	**855.8**	**16.6**	**1,582.9**
Depreciation expense	A4	**-**	**73.6**	**8.0**	**83.9**	**6.0**	**171.5**
Disposals / transfers		**-**	**(10.4)**	**(1.5)**	**(28.9)**	**(4.4)**	**(45.2)**
Closing balance at end of the year		**-**	**638.9**	**141.3**	**910.8**	**18.2**	**1,709.2**
Carrying Amount							
Opening balance at beginning of the year		**72.5**	**2,102.2**	**170.7**	**303.7**	**46.3**	**2,695.4**
Closing balance at end of the year		**74.1**	**2,083.2**	**159.9**	**277.7**	**40.6**	**2,635.5**
2021							
Cost							
Opening balance at beginning of the year		77.0	2,676.6	297.7	1,193.7	64.4	4,309.4
Additions		-	64.6	3.7	38.1	0.4	106.8
Disposals / write offs		(4.5)	(37.4)	(0.4)	(33.1)	(1.9)	(77.3)
Reclassification / transfer		-	(25.9)	4.5	21.8	-	0.4
Non-current asset held for sale	F12	-	-	-	(61.0)	-	(61.0)
Closing balance at end of the year [a]		72.5	2,677.9	305.5	1,159.5	62.9	4,278.3
Accumulated depreciation							
Opening balance at beginning of the year		-	534.1	123.5	806.7	8.1	1,472.4
Depreciation expense	A4	-	63.9	12.0	93.1	7.2	176.2
Disposals / transfers		-	(30.1)	(0.9)	(36.1)	(1.5)	(68.6)
Non-current asset held for sale	F12	-	-	-	(30.4)	-	(30.4)
Impairments	A4	-	7.8	0.2	22.5	2.8	33.3
Closing balance at end of the year		-	575.7	134.8	855.8	16.6	1,582.9
Carrying Amount							
Opening balance at beginning of the year		77.0	2,142.5	174.2	387.0	56.3	2,837.0
Closing balance at end of the year		72.5	2,102.2	170.7	303.7	46.3	2,695.4

Notes to the financial statements

For the year ended 30 June 2022

	2022 $m	2021 $m
a Includes capital works in progress of:		
Buildings - at cost	**19.6**	22.9
Leasehold improvements - at cost	**0.3**	1.2
Plant and equipment - at cost	**6.7**	2.9
Total capital works in progress	**26.6**	27.0

For details on capital activities refer to section 2.6 of the Directors' Report.

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 and Sydney properties;
- Plant and equipment - operational and other equipment: and
- Right-of-Use assets - Property 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.

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

Notes to the financial statements

For the year ended 30 June 2022

B5 Intangible assets

	Note	Goodwill $m	Sydney and Brisbane casino licences $m	Sydney casino concessions $m	Software [a] $m	Other $m	Total $m
2022							
Cost							
Opening balance at beginning of the year		**1,442.2**	**294.7**	**100.0**	**292.9**	**20.1**	**2,149.9**
Additions		**-**	**-**	**-**	**29.4**	**-**	**29.4**
Disposals / write offs		**-**	**-**	**-**	**(0.9)**	**-**	**(0.9)**
Reclassification / transfer		**-**	**-**	**-**	**(2.2)**	**-**	**(2.2)**
Closing balance at end of the year [a]		**1,442.2**	**294.7**	**100.0**	**319.2**	**20.1**	**2,176.2**
Accumulated amortisation							
Opening balance at beginning of the year		**-**	**78.6**	**31.4**	**201.8**	**6.7**	**318.5**
Amortisation expense	A4	**-**	**3.2**	**0.9**	**31.7**	**0.4**	**36.2**
Disposals		**-**	**-**	**-**	**(3.0)**	**-**	**(3.0)**
Impairments	A4	**162.5**	**-**	**-**	**-**	**-**	**162.5**
Closing balance at end of the year		**162.5**	**81.8**	**32.3**	**230.5**	**7.1**	**514.2**
Carrying Amount							
Opening balance at beginning of the year		**1,442.2**	**216.1**	**68.6**	**91.1**	**13.4**	**1,831.4**
Closing balance at end of the year		**1,279.7**	**212.9**	**67.7**	**88.7**	**13.0**	**1,662.0**
2021							
Cost							
Opening balance at beginning of the year		1,442.2	294.7	100.0	268.6	20.1	2,125.6
Additions		-	-	-	24.9	-	24.9
Disposals		-	-	-	(0.2)	-	(0.2)
Reclassification / transfer		-	-	-	(0.4)	-	(0.4)
Closing balance at end of the year [a]		1,442.2	294.7	100.0	292.9	20.1	2,149.9
Accumulated amortisation							
Opening balance at beginning of the year		-	75.5	30.4	173.6	6.3	285.8
Amortisation expense	A4	-	3.1	1.0	28.9	0.4	33.4
Disposals		-	-	-	(0.7)	-	(0.7)
Closing balance at end of the year		-	78.6	31.4	201.8	6.7	318.5
Carrying Amount							
Opening balance at beginning of the year		1,442.2	219.2	69.6	95.0	13.8	1,839.8
Closing balance at end of the year		1,442.2	216.1	68.6	91.1	13.4	1,831.4

a Includes capital works in progress of $17.3 million (2021: $11.2 million).

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 new integrated 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 Sydney casino concessions granted by the New South Wales government include product concessions in New South Wales which are amortised over the period of expected benefits.

- 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 expected opening of the Integrated Resort at Queen's Wharf Brisbane (***QWB***) in 1H FY2024.
- 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
2022	851.0	165.5	263.2	1,279.7
2021	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% (2021: 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 9.3% (2021: 7.9% to 8.4%). The pre-tax discount rates range between 11.4% to 11.8% (2021: 10.0% to 10.4%).

An impairment of $162.5 million was recognised in the Sydney cash generating unit at 30 June 2022 (2021: nil). No other impairments were recognised (2021: nil).

Key assumptions
The fair value measurement is valued using level 3 valuation techniques (refer to note E2(i) 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, growth rates 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***).

iii. Discount rates
Discount rates applied are based on the post tax weighted average cost of capital applicable to the relevant cash generating unit. The FY2022 discount rate for Sydney includes a risk premium for the uncertainty associated with ongoing regulatory and other matters.

iv. Regulatory changes
Bergin Inquiry
Following the release of the Bergin Report in February 2021, in May 2021 the Group agreed with the Independent Liquor and Gaming Authority (***ILGA***) in New South Wales (***NSW***) to terminate business with international junket operators. The Group is applying the undertaking to all of its casino operations (New South Wales and Queensland). This has been reflected in the cash flow forecasts.

Bell review
The Group has taken several additional remedial steps, including suspending all domestic and international rebate programs in May 2022. This has been reflected in the cash flow forecasts.

Brisbane
Upon opening of the Integrated Resort in 1H FY2024, 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 Brisbane that is attached to the lease of the current Brisbane site that expires in 2070. Upon opening of the QWB casino, 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 and some operational assets in exchange for the right to operate the new QWB casino.

The Group's assessment of the Brisbane cash generating unit's recoverable amount considered the remaining year of existing operations and a terminal value based on either the exchange of assets for management rights over the new QWB casino or applying a terminal growth to the final year of operations. Neither model resulted in an impairment.

Gold Coast
The Group continues to focus on delivery of its major investment projects in Queensland in joint venture with CTF and FEC.

Sydney
As announced on 1 June 2020, The Star Sydney and the NSW Government entered into an agreement which gave The Star Sydney regulatory certainty in the Sydney market for a 20 year period. This included preserving The Star Sydney's exclusivity over electronic gaming machines in the Sydney casino market and flat rates of gaming tax (from FY2022) as a percentage of revenue until the end of FY2041.

Reforms to the NSW regulatory framework (see note C3) purport to override compensation arrangements for specific regulatory actions taken by the NSW Government. The NSW Government has stated that there are various commercial arrangements, including restrictions or exclusivities applying to each of the licences, that should be honoured. The Group is considering the reforms and the potential implications for The Star Sydney.

In June 2022, ILGA granted a conditional licence for Crown Resorts Limited (***Crown***) to operate its Sydney Casino. The casino opened to the public on 8 August 2022. 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 2022. Management will continue to monitor actual impacts against the assumptions taken to determine the impact, if any, that this may have on the cash generating unit's carrying value.

v. Impairment
The Sydney property and broader casino industry is in a state of significant uncertainty. Recent regulatory changes have resulted in the cessation of the junket business, the pausing of international and domestic rebate businesses while COVID-19 restrictions continue to affect international visitation. The outcome from the Bell review and AUSTRAC investigation remain uncertain. In combination, these factors have reduced the valuation of the Sydney cash generating unit, requiring an impairment of $162.5 million to be recognised at 30 June 2022. The impairment is recognised in the line 'Depreciation, amortisation and impairment expense' in the Consolidated Income Statement and has been applied wholly to the cash generating units goodwill balance.

vi. 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.

An increase or decrease of 0.5% in the Sydney discount rate (9.3%) would result in either a further impairment of $176.1 million or no impairment.

For Gold Coast, the recoverable amount is sensitive to changes in the compound average growth rate and discount rate. A 1.6% decline to compound average growth rate or a 0.4% increase in discount rate are reasonably possible changes that individually could give rise to a potential impairment.

For the Brisbane property, a reasonably possible change in any of the assumptions used does not result in an impairment charge. Management will continue to monitor the assumptions on the respective carrying values.

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 non-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.

Liabilities
B7 Interest bearing liabilities

	2022 $m	2021 $m
Current		
Lease liabilities	**6.1**	6.8
	6.1	6.8
Non current		
Bank loans - unsecured (net of unamortised borrowing costs)	**705.7**	776.5
Private placement - US dollar - amortised cost	**583.9**	466.0
Lease liabilities	**36.8**	43.4
	1,326.4	1,285.9

The bank facilities have maturities between one and five years, with an average weighted maturity of 2.9 years (2021: 3.7 years).

On 14 May 2021, the Group extended $250 million of its bilateral facilities for up to 2 years. The $200 million club facility, executed in FY2020 to provide additional liquidity during the COVID-19 pandemic, was cancelled early on 9 December 2020. The $98.1 million USPP matured on 15 June 2021 and was repaid utilising available bank facilities.

Net debt was $1,149.0 million, down 1.9% on the pcp. Adjusted gearing levels, calculated as agreed with the financiers on an annualised 2H FY2022 run rate, were 2.8x (2021: 2.7x unadjusted).

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

2022 Type	Facility amount $m USD	Facility amount $m AUD [a]	Unutilised at 30 June $m	Maturity date
Bank loans	-	75.0	75.0	July 2022
Bank loans	-	150.0	56.0	July 2023
Bank loans	-	765.0	225.0	July 2024
Bank loans	-	175.0	100.0	July 2025
Bank loans	-	40.0	40.0	July 2026
Total bank loans	**-**	**1,205.0**	**496.0**	
USPP	50.0	64.0	-	August 2025
USPP	288.4	369.4	-	August 2027
USPP	70.0	93.9	-	September 2028
Total USPP	**408.4**	**527.3**	**-**	
Total	**408.4**	**1,732.3**	**496.0**	

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For the year ended 30 June 2022

2021 Type	Facility amount $m USD	Facility amount $m AUD [a]	Unutilised at 30 June $m	Maturity date
Bank loans	-	75.0	31.0	July 2022
Bank loans	-	150.0	5.0	July 2023
Bank loans	-	765.0	257.0	July 2024
Bank loans	-	175.0	100.0	July 2025
Bank loans	-	40.0	31.0	July 2026
Total bank loans	-	1,205.0	424.0	
USPP	50.0	64.0	-	August 2025
USPP	288.4	369.4	-	August 2027
Total USPP	338.4	433.4	-	
Total	338.4	1,638.4	424.0	

[a] USPP Notes are issued in USD and converted to AUD for presentation purposes.

Bank loans - unsecured (net of unamortised borrowing costs) & US Private Placement (USPP)
Bank loans and working capital facility
Interest on bank facilities is variable, linked to Bank Bill Swap Bid Rate, plus a margin.

The Group has entered into interest rate swap agreements to hedge underlying debt obligations and allow $250 million of floating rate bank loans to be swapped to fixed rate borrowings. Further details about the Group's exposure to interest rate movements are provided in notes E1 and E2.

USPP
The $583.9 million (2021: $466.0 million) USPP comprises the US$408.4 million (2021: US$338.4 million) USPP converted to $591.6 million AUD at 30 June rates (2021: $450.2 million AUD) and the fair value movement of future interest payments subject to fair value hedges, being an asset of $7.7 million (2021: liability of $15.8 million). The $527.3 million (2021: $433.4 million) USPP facilities are stated in the table above at the AUD amount repayable under cross currency swaps at maturity. Interest is a combination of fixed and variable, linked to Bank Bill Swap Rate, and a defined gearing ratio at the end of certain test dates.

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 the USPP borrowings, the Group is exposed to 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 2022, 100% of the USPP borrowings balance of US$408.4 million (2021: US$338.4 million) is hedged.

The Group is also exposed to the interest rate risk as a result of bank loans and the USPP borrowings. To hedge against this risk, the Group has entered into interest rate swaps. As at 30 June 2022, after taking into account the effect of interest rate swaps, approximately 46.0% (2021: 39.0%) of the Group's borrowings are hedged at a fixed rate of interest. Further details about the Group's exposure to interest rate and foreign currency movements are provided in notes E1 and E2.

Notes to the financial statements

For the year ended 30 June 2022

C Commitments, contingencies and subsequent events

C1 Commitments

(i) Other commitments [a]

	2022 $m	2021 $m
Not later than one year	**44.6**	13.8
Later than one year but not later than five years	**0.3**	3.7
Later than five years	**-**	-
	44.9	17.5

a Other commitments as at 30 June 2022 have increased in line with the resumption of capital projects which were delayed due to COVID-19 disruptions.

Total project costs for Destination Brisbane Consortium's development of the Integrated Resort are expected to be up ~10% on prior guidance of $2.6 billion. The majority of these cost over-runs are to be funded via additional equity contributions in proportion with the existing joint venture interests. The Group's expected contribution is approximately $100 million. Remaining construction costs are to be funded out of committed project financing.

For Destination Gold Coast Consortium, construction is underway on Tower 2 at 30 June 2022 (2021: Towers 1 and 2). Equity contributions towards Tower 1 are complete. The Group has $15 million of committed equity contributions towards Tower 2. Project financing for the remaining build costs is currently under negotiation.

Refer to note D5 for commitments in respect of investment in associate and joint venture entities.

C2 Contingent assets and liabilities

AUSTRAC enforcement investigation

As announced on 7 June 2021, the Company was informed by AUSTRAC's Regulatory Operations Team that it has identified potential serious non-compliance by The Star Pty Limited (***The Star***) with the *Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (***AML/CTF Act***) and the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1)* (***AML/CTF Rules***).

The potential non-compliance includes concerns regarding ongoing customer due diligence, adopting and maintaining an AML/CTF Program and compliance with Part A of that Program. These concerns have been identified in the course of a compliance assessment which was commenced by AUSTRAC in September 2019. The compliance assessment focused on The Star's management of customers identified as high risk and politically exposed persons.

The matter was referred to AUSTRAC's Enforcement Team to conduct an enforcement investigation. In January 2022, AUSTRAC expanded the scope of its investigation to other entities within the Group and has served notices requiring the production of information and documents to AUSTRAC.

AUSTRAC has advised that it has not made a decision regarding the appropriate regulatory response that it may apply to the Group, including the extent to which enforcement action will be taken.

While AUSTRAC may take enforcement action, the type of that enforcement action and quantum of financial penalty imposed by the Federal Court is not known.

Bell report

In September 2021 the Group was notified by ILGA that Adam Bell SC will undertake the next regular review of The Star's casino operations in accordance with the *Casino Control Act 1992 (NSW)*.

On 19 October 2021 ILGA advised the review would include public hearings relating to The Star's casino operations. The public hearings ran from March to May 2022 and considered various matters concerning suitability to hold a casino licence, including the Group's maintenance and administration of systems to counter money laundering and infiltration by organised crime.

Mr Bell's report was provided to ILGA by 31 August 2022 (the ***Report***). On 5 September 2022, the New South Wales Independent Casino Commission (the ***NICC***) was appointed as regulator of casinos in NSW. On 13 September 2022 the NICC published the Report. Mr Bell found The Star unsuitable to hold a casino licence in NSW.

Mr Bell made a total of 30 recommendations to the NICC. The NICC will respond to the recommendations in due course.

On 13 September 2022 the NICC issued The Star a Show Cause Notice under section 23 of the CCA (the ***Notice***).

Under the Notice the NICC stated that it was considering taking disciplinary action against The Star for one or more grounds being: CCA and licence contraventions found in the Report; that The Star is no longer suitable to give effect to its licence because of Review's findings and the absence of effective action, resources and capability to remedy matters identified in the Report; and that it is no longer in the public interest that the licence remain in force.

The disciplinary action being considered by the NICC is one or more of the following:

- cancellation or suspension of the licence of The Star;
- imposition of a pecuniary penalty of up to $100 million (note that pecuniary penalties can be imposed on multiple grounds such that $100 million is not a cap on aggregate penalties that may be imposed on The Star);
- the amendment of the terms or conditions of the licence;
- The Star or a close associate give an enforceable undertaking to do or refrain from doing something; and
- the issue of a letter of censure to The Star.

The Notice also stated that in the event the NICC decides to cancel or suspend The Star's licence, it may consider appointing a person to manage the casino pursuant to section 28 of the CCA. In addition, a charge given by The Star in 1994 allows the regulator – on cancellation or suspension of the licence - to appoint a receiver over all assets at the Sydney premises (including the lease), allowing the whole business to be operated and prepared for sale to a new licensee.

The Star has responded to the Notice. The response outlines why disciplinary action should not be taken and includes submissions about the possible appointment of a manager. The NICC may then decide to take appropriate disciplinary action.

In FY2020 the Group ceased the use of China Union Pay for gaming purposes and in FY2021 ceased business with international junket operators. In FY2022 the Group suspended all rebate programs.

A comprehensive Remediation and Transformation Program is being developed. The program will adopt and address the significant findings of the Report and other ongoing reviews. It will serve as the Group's integrated roadmap for improving governance, culture and controls.

The Remediation and Transformation Program will effect significant improvements in governance, people, culture, risk and compliance management, AML/CTF compliance, harm minimisation (including responsible gambling) and investigations.

The outcome of the NICC's disciplinary action is unknown, and the extent of a financial impact is uncertain.

Underpaid casino duty

The Group has commenced an independent assessment of residency status and consequential rebate gaming activity for a number of patrons that had changed their residency status, as identified in the Bell review. To date, the review has identified some instances where the eligibility for rebate play was not properly supported. A liability for underpaid casino duty and interest has been recognised in the balance sheet at 30 June 2022.

The Bell report has recommended the NICC engage an independent expert to perform their own audit of all patrons that engaged in rebate play at The Star since 28 November 2016. There is no way to reliably measure the impact for the FY2022 financial statements.

The final quantum of casino duty and interest cannot be reliably estimated and may be material as it is subject to further analysis, including audit by and discussions with the NICC.

Class action

In March 2022 the Company was served by Slater & Gordon with a statement of claim for a securities class action in the Supreme Court of Victoria.

The claim alleges the Group failed to comply with continuous disclosure requirements and engaged in misleading or deceptive conduct between 29 March 2016 and 16 March 2022 through various alleged disclosures or non-disclosures about its systems, controls, operations and regulatory risks. The allegations reference the Bell review and previous media reporting. The matter is listed for a case management conference to be held before the end of 2022. The Group intends to defend the proceedings.

The outcome and any potential financial impacts are unknown.

GST amended assessments

On 11 August 2021 the Group received amended assessments from the Australian Taxation Office (***ATO***) in respect of a dispute for the period October 2013 to August 2017 (inclusive) in relation to the GST treatment of rebates paid to junket operators for The Star Pty Limited. The amount in dispute for this period is approximately $138.8 million (primary tax of $81.9 million and interest of $56.9 million). During 1H FY2022 the Group paid $40.9 million as a deposit to the ATO on a no-admissions basis. The deposit is held as a current asset on the balance sheet.

On 6 September 2021 the Group filed an application for judicial review with the Federal Court in relation to the interest assessment and on 5 October 2021 lodged an objection against the primary assessments with the ATO. The outcome of the objection is unknown.

The Group considers that it has paid the correct amount of tax and will pursue all available avenues of objection.

Withholding tax penalty

The ATO has issued a penalty for $6.4 million in relation to a dispute over the appropriate method for calculating withholding tax on Junket rebates for the 2015 to 2020 income tax years. The Group has objected to the ATO's decision to issue the penalty, consequently the ATO is conducting an internal review of this matter.

The Group considers that it has paid the correct amount of tax and will pursue all available avenues of objection.

Legal challenges

There are outstanding legal actions between the Company and its controlled entities and third parties as at 30 June 2022. 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.

The Group has no other contingent liabilities at 30 June 2022.

Financial guarantees

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

C3 Subsequent events

Bell report

Mr Bell's Report on The Star's casino operations in accordance with the CCA was provided to ILGA by 31 August 2022. On 5 September 2022, the NICC was appointed as regulator of casinos in NSW. On 13 September 2022 the NICC published the Report. Mr Bell found The Star unsuitable to hold a casino licence in NSW.

Mr Bell made a total of 30 recommendations to the NICC. The NICC will respond to the recommendations in due course.

On 13 September 2022 the NICC issued The Star a show cause Notice under section 23 of the CCA.

Under the Notice the NICC stated that it was considering taking disciplinary action against The Star for one or more grounds being: CCA and licence contraventions found in the Report; that The Star is no longer suitable to give effect to its licence because of Review's findings and the absence of effective action, resources and capability to remedy matters identified in the Report; and that it is no longer in the public interest that the licence remain in force.

The disciplinary action being considered by the NICC is one or more of the following:

- cancellation or suspension of the licence of The Star;
- imposition of a pecuniary penalty of up to $100 million (note that pecuniary penalties can be imposed on multiple grounds such that $100 million is not a cap on aggregate penalties that may be imposed on The Star);
- the amendment of the terms or conditions of the licence;
- The Star or a close associate give an enforceable undertaking to do or refrain from doing something; and
- the issue of a letter of censure to The Star.

The Notice also stated that in the event the NICC decides to cancel or suspend The Star's licence, it may consider appointing a person to manage the casino pursuant to section 28 of the CCA. In addition, a charge given by The Star in 1994 allows the regulator – on cancellation or suspension of the licence - to appoint a receiver over all assets at the Sydney premises (including the lease), allowing the whole business to be operated and prepared for sale to a new licensee.

The Star has responded to the Notice. The response outlines why disciplinary action should not be taken and includes submissions about the possible appointment of a manager. The NICC may then decide to take appropriate disciplinary action.

The Group understands the gravity of the matters set out in the Report and acknowledge its findings and recommendations. It is clear from the Report that fundamental cultural reform is required. There needs to be more transparency, more robust governance and greater accountability. The Group is reflecting on the existing programs in place, changes made to date and planned initiatives in order to develop a response to earn the trust and confidence of regulators, government, public, patrons and employees.

A comprehensive Remediation and Transformation Program is being developed. The program will adopt and address the significant findings of the Report and other ongoing reviews. It will serve as the Group’s integrated roadmap for improving governance, culture and controls.

The Remediation and Transformation Program will effect significant improvements in governance, people, culture, risk and compliance management, AML/CTF compliance, harm minimisation (including responsible gambling) and investigations.

NSW casino regulatory framework reforms

On 11 August 2022 the *Casino Legislation Amendment Act 2022 (NSW)* was enacted to give effect to amendments to the *Casino Control Act 1992*. These amendments enact reforms to the NSW casino regulatory framework, including to address all 19 recommendations of the Bergin Inquiry and certain additional measures. This included establishing the NICC as a new independent regulator. The Group is considering the impact and will implement the changes required for The Star.

External review of the Group’s Queensland operations

In July 2022 an independent review commenced of the Group’s Queensland casinos, The Star Gold Coast and Treasury Brisbane following a request by the Queensland Attorney-General.

The review, led by the Honourable Robert Gotterson AO, will examine whether these casinos operate in a way that is consistent with achieving the objectives of the *Casino Control Act 1982* and the ongoing suitability of the Group’s casino licensees. Public hearings took place from 23 to 29 August 2022.

The review will report to the Attorney-General by 30 September 2022.

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 2022

D D Group structure

D1 Related party disclosures

(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 2022 %	Equity interest at 30 June 2021 %
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	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Sydney Apartments Pty Ltd	a	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		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment QLD Custodian Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Gold Coast Trust		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	c	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		Hong Kong	ordinary shares	**100.0**	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
Destination Cairns Consortium Pty Limited		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 Letting 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		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment GC Investments Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment GC Investments No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment International No.5 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
EEI Services Holdings No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
EEI Services Holdings No.2 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
EEI Services (Macau) Limited		Macau	ordinary shares	**100.0**	100.0
The Star Entertainment International Tourism Pty Ltd		Australia	ordinary shares	**100.0**	100.0

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For the year ended 30 June 2022

Name of controlled entity	Note	Country of incorporation	Equity type	Equity interest at 30 June 2022 %	Equity interest at 30 June 2021 %
Destination Sydney Consortium Pty Limited		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Pyrmont Investments No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment GC No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment GC No.2 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Group Limited Employee Share Trust		Australia	units	**0.0**	0.0

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 This company's financial year end is 31 December.

(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 $49.5 million were repaid by controlled entities (2021: $55.0 million); and
- income tax and GST paid on behalf of controlled entities was $133.7 million (2021: $94.9 million).

The amount receivable by the Company from controlled entities at year end is $707.5 million (2021: $757.0 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 Gold Coast Consortium Pty Ltd was $0.1 million (2021: $0.1 million). There was no outstanding balance at 30 June 2022 (2021: nil); and
- Amount paid to Destination Gold Coast Consortium Pty Ltd was $10.7 million (2021: $17.7 million) relating to capital works.

Notes to the financial statements

For the year ended 30 June 2022

D2 Parent entity disclosures

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

	2022 $m	2021 $m
Result of the parent entity		
Loss for the year	**(0.2)**	(0.2)
Total comprehensive loss for the year [a]	**(0.2)**	(0.2)

a The Group remains committed to maintaining a balance sheet that positions it for post-COVID-19 recovery. No final dividend was declared, given the continuing impacts of COVID-19 on the Group and in accordance with the conditions of debt covenant waivers which restrict further cash dividends from being paid until the Group's gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times (refer to note A6).

	2022 $m	2021 $m
Financial position of the parent entity		
Current assets	**1,783.0**	1,785.5
Non current assets	**2,593.5**	2,592.6
Total assets	**4,376.5**	4,378.1
Current liabilities	**45.6**	36.9
Non current liabilities	**1,032.2**	1,033.4
Total liabilities	**1,077.8**	1,070.3
Net assets	**3,298.7**	3,307.8
Total equity of the parent entity		
Issued capital	**3,177.8**	3,178.1
Retained earnings	**110.6**	114.6
Shared based payments benefits reserve	**10.3**	15.1
Total equity	**3,298.7**	3,307.8

Contingent liabilities

Class Action

In March 2022 the Company was served by Slater & Gordon with a statement of claim for a securities class action in the Supreme Court of Victoria.

The claim alleges the Group failed to comply with continuous disclosure requirements and engaged in misleading or deceptive conduct between 29 March 2016 and 16 March 2022 through various alleged disclosures or non-disclosures about its systems, controls, operations and regulatory risks. The allegations reference the Bell review and previous media reporting. The matter is listed for a case management conference to be held before the end of 2022. The Group intends to defend the proceedings.

The outcome and any potential financial impacts are unknown.

GST Amended Assessments

On 11 August 2021 the Group received amended assessments from the Australian Taxation Office (***ATO***) in respect of a dispute for the period October 2013 to August 2017 (inclusive) in relation to the GST treatment of rebates paid to junket operators for The Star Pty Limited. The amount in dispute for this period is approximately $138.8 million (primary tax of $81.9 million and interest of $56.9 million). During 1H FY2022 the Group paid $40.9 million as a deposit to the ATO on a no-admissions basis. The deposit is held as a current asset on the balance sheet.

On 6 September 2021 the Group filed an application for judicial review with the Federal Court in relation to the interest assessment and on 5 October 2021 lodged an objection against the primary assessments with the ATO. The outcome of the objection is unknown.

The Group considers that it has paid the correct amount of tax and will pursue all available avenues of objection.

The Parent has no other contingent liabilities at 30 June 2022.

Notes to the financial statements

For the year ended 30 June 2022

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 2022 (2021: nil).

Guarantees

The Star Entertainment Group Limited has guaranteed the liabilities of The Star Entertainment Finance Limited, The Star Entertainment International No.3 Pty Ltd and the customer loans for EEI Services (Hong Kong) Limited[1]. As at 30 June 2022, the carrying amount included in current liabilities at 30 June 2022 of $12.0 million (2021: $12.0 million), and the maximum amount of these guarantees was $68.1 million (2021: $67.2 million) (refer to note E1). The Company has also undertaken to support its controlled entities when necessary to enable them to pay their debts as and when they fall due.

1 The EEI Services (Hong Kong) Limited office has been closed. The guarantee amount will remain until the process for dealing with outstanding customer loans has completed.

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 2022

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.

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 2022 of the closed group.

Consolidated income statement

	2022 $m	2021 $m
Revenue	**775.8**	815.1
Other income	**0.2**	2.3
Government taxes and levies	**(219.2)**	(208.0)
Employment costs	**(223.9)**	(204.6)
Depreciation, amortisation and impairment	**(91.2)**	(123.3)
Cost of sales	**(33.4)**	(29.8)
Property costs	**(32.0)**	(32.0)
Advertising and promotions	**(30.3)**	(28.3)
Other expenses	**(228.3)**	(183.6)
(Loss)/Earnings before interest and tax (LBIT/EBIT)	**(82.3)**	7.8
Net finance costs	**(5.1)**	(0.5)
(Loss)/profit before income tax (LBT/PBT)	**(87.4)**	7.3
Income tax benefit/(expense)	**25.1**	(6.0)
Net (loss)/profit after tax (NLAT/NPAT)	**(62.3)**	1.3
Total comprehensive (loss)/income for the period	**(62.3)**	1.3
Summary of movements in consolidated retained earnings		
Accumulated profit at the beginning of the financial year	**111.4**	110.1
(Loss)/profit for the year	**(62.3)**	1.3
Accumulated profit at the end of the financial year	**49.1**	111.4

Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2022 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

For the year ended 30 June 2022

Consolidated balance sheet

	2022 $m	2021 $m
ASSETS		
Cash assets	**39.5**	26.8
Trade and other receivables	**14.8**	22.7
Inventories	**7.0**	7.3
Other	**12.4**	-
Total current assets	**73.7**	56.8
Property, plant and equipment	**1,470.0**	1,516.5
Intangible assets	**262.6**	269.6
Other assets	**4.2**	2.7
Total non current assets	**1,736.8**	1,788.8
TOTAL ASSETS	**1,810.5**	1,845.6
LIABILITIES		
Trade and other payables	**508.6**	491.5
Interest bearing liabilities	**0.9**	1.4
Provisions	**52.3**	35.7
Other liabilities	**11.5**	12.2
Total current liabilities	**573.3**	540.8
Deferred tax liabilities	**42.4**	44.8
Interest bearing liabilities	**3.0**	4.9
Provisions	**2.8**	3.8
Total non current liabilities	**48.2**	53.5
TOTAL LIABILITIES	**621.5**	594.3
NET ASSETS	**1,189.0**	1,251.3
EQUITY		
Issued Capital	**1,139.9**	1,139.9
Retained Earnings	**49.1**	111.4
TOTAL EQUITY	**1,189.0**	1,251.3

D4 Key Management Personnel disclosures

	2022 $000	2021 $000
Compensation of Key Management Personnel		
Short term	**6,275**	6,387
Long term	**285**	291
Share based payments	**(2,466)**	1,044
Termination benefits	**3,794**	-
Total compensation	**7,888**	7,722

The above reflects the compensation for individuals who are Key Management Personnel of the Group. The note should be read in conjunction with the Remuneration Report.

D5 Investment in associate and joint venture entities

Set out below are the investments of the Group as at 30 June 2022. 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. All investments listed below are measured using the equity accounting method.

2022 Name of entity	Country of incorporation	% of ownership	Nature of ownership	Share of (loss)/profit $m	Carrying amount $m
Material					
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd (i)	Australia	50	Associate	**(5.3)**	**538.6**
Destination Gold Coast Investments Pty Ltd (ii)	Australia	50	Joint venture	**0.2**	**36.1**
Destination Gold Coast Consortium Pty Ltd (iii)	Australia	33.3	Joint venture	**23.6**	**73.6**
Non material					
Festival Car Park Pty Ltd	Australia	50	Joint venture	**0.4**	**14.3**
Destination Sydney Consortium Investments Pty Ltd *	Australia	50	Joint venture	**(2.5)**	**7.0**
Total equity accounted investments				**16.4**	**669.6**

* On 2 September 2022, the NSW Government notified the joint venture that it had compulsorily acquired the Pyrmont Tower for use by Sydney Metro. The final purchase price is not yet known, however will exceed the carrying value of the joint venture's assets. The Group will work with Government to finalise the acquisition.

Total share of profit is up $20.8 million on the pcp primarily due to Destination Gold Coast Consortium Pty Ltd, which is the joint venture responsible for development of residential and hotel towers on the Gold Coast. In 2H2022 a significant portion of the Tower 1 residential unit sales settled resulting in a gain of $25.0 million (refer to note A7).

For those investments considered material to the Group, further information is provided below:

(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. The Group's interest is accounted for using the equity method. 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 apartments development joint venture.

The Integrated Resort is anticipated to open from 1H FY2024. Total project costs for DBC's development of the Integrated Resort are expected to be up ~10% on prior guidance of $2.6 billion. The majority of these cost over-runs are to be funded via additional equity contributions in proportion with the existing joint venture interests. DBC is in ongoing discussions with the builder regarding purported claims for additional costs, extensions of time and damages, with which DBC disagrees. The contract provides for liquidated damages.

Commitments and contingent liabilities

DBC has current capital commitments of approximately $0.9 billion (2021: $1.4 billion) to fund the construction of the Integrated Resort, which is expected to open in 1H FY2024 (subject to various approvals).

On 14 February 2018, Destination Brisbane Consortium Integrated Resort Operations Pty Ltd as trustee for the Destination Brisbane Consortium Integrated Resort Operating Trust ('Operating Trust') entered into a $200 million performance guarantee facility with Australia and New Zealand Banking Group Limited as Lender. This facility guarantee is in favour of the State of Queensland and provided to secure due performance as developer under the Development Agreement – Queen's Wharf Brisbane. The parent entities of the unitholders of the Operating Trust guarantee on a several basis the Trust's performance under the facility. On 8 July 2020 $125 million of the $200 million performance guarantee was returned from the State of Queensland and subsequently cancelled by Australia and New Zealand Banking Group Limited.

Notes to the financial statements

For the year ended 30 June 2022

In 1H FY2022, the Trust was advised by the builder of expected delays to its construction program. An anticipated progressive opening is currently expected in 1H FY2024, previously 1H FY2023. The construction contract has provision for liquidated damages payable on key milestones (as adjusted in accordance with the contract). Following correspondence received from the builder in January 2022, the builder has purported that it has a claim against the Trust for additional costs, extensions of time and damages, which the Trust disputes, and hence no provision for additional costs has been recognised as at 30 June 2022. The Trust are holding discussions with the builder on an ongoing basis. The outcome of these discussions is unknown at the date of this report.

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.

	2022 $m	2021 $m
Balance sheet		
Cash and cash equivalents	**156.7**	80.0
Total current assets excluding cash and cash equivalents	**19.3**	8.0
Total non current assets	**1,946.9**	1,230.5
Total current liabilities	**(107.8)**	(95.8)
Total non current liabilities	**(846.3)**	(149.4)
Net assets	**1,168.8**	1,073.3
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	**543.9**	443.0
Share of loss for the period	**(5.3)**	(2.7)
Share of equity contributions for the Group	**-**	103.6
Carrying amount at the end of the year	**538.6**	543.9
Income statement		
Interest revenue	**0.2**	0.1
Depreciation and amortisation expense	**(2.2)**	(2.4)
Operating expenses	**(8.6)**	(3.2)
Loss before tax	**(10.6)**	(5.5)
Income tax benefit	**-**	-
Loss for the year (continuing operations)	**(10.6)**	(5.5)
Total comprehensive loss for the year (continuing operations)	**(10.6)**	(5.5)
Group's share of loss for the year	**(5.3)**	(2.7)

Notes to the financial statements

For the year ended 30 June 2022

(ii) 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.

Commitments and contingent liabilities

The joint venture had no capital commitments as at 30 June 2022 (2021: nil). There were no other contingent liabilities.

Summarised financial information

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

	2022 $m	2021 $m
Balance sheet		
Cash and cash equivalents	**13.7**	11.5
Total current assets excluding cash and cash equivalents	**1.7**	1.8
Total non current assets	**148.0**	147.9
Total current liabilities	**(10.3)**	(9.2)
Total non current liabilities - financial liabilities	**(67.5)**	(67.8)
Other non current liabilities	**(13.5)**	(12.4)
Net assets	**72.1**	71.8
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	**35.9**	35.2
Share of profit/(loss) for the period	**0.2**	(0.2)
Share of equity contributions for the Group	**-**	0.9
Carrying amount at the end of the year	**36.1**	35.9
Income statement		
Revenue	**44.2**	35.4
Interest expense	**(1.4)**	(1.4)
Depreciation and impairment expense	**(3.6)**	(3.6)
Operating expenses	**(38.7)**	(30.7)
Profit/(loss) before tax	**0.5**	(0.3)
Income tax expense	**(0.1)**	(0.1)
Profit/(loss) for the year (continuing operations)	**0.4**	(0.4)
Total comprehensive loss for the year (continuing operations)	**0.4**	(0.4)
Group's share of profit/(loss) for the year	**0.2**	(0.2)

(iii) Destination Gold Coast Consortium Pty Ltd

On 22 November 2016, a 33.3% interest was acquired in Destination Gold Coast Consortium Pty Ltd (***DGCC***). DGCC is a joint venture with CTF and FEC for the purpose of constructing a new residential and hotel tower in Gold Coast. The Group's interest is accounted for using the equity method.

Commitments and contingent liabilities

DGCC has current capital commitments of $0.1 billion (2021: $0.5 billion) in relation to Tower 2 (2021: Towers 1 and 2). Committed spend is to be funded out of a combination of project level debt facilities and equity. There were no other contingent liabilities.

Summarised financial information

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

	2022 $m	2021 $m
Balance sheet		
Cash and cash equivalents	**30.2**	7.6
Total current assets excluding cash and cash equivalents	**164.3**	1.3
Total non current assets	**94.6**	320.7
Total current liabilities	**(39.2)**	(19.3)
Total non current liabilities	**(77.0)**	(232.4)
Net assets	**172.9**	77.9
Reconciliation to investment carrying amounts:		
Carrying amount at the beginning of the year	**30.4**	33.4
Share of profit/(loss) for the period	**19.5**	(0.2)
Share of equity contributions for the Group	**19.7**	4.5
Other	**4.0**	-
Elimination of gain on sale of land	**-**	(7.3)
Carrying amount at the end of the year	**73.6**	30.4
Income statement		
Revenue	**274.4**	75.7
Depreciation and amortisation expense	**(0.1)**	(0.1)
Operating expenses	**(213.1)**	(75.1)
Profit/(loss) before tax	**61.2**	(0.5)
Income tax expense	**-**	-
Profit/(loss) for the year (continuing operations)	**61.2**	(0.5)
Total comprehensive profit/(loss) for the year (continuing operations)	**61.2**	(0.5)
Group's share of profit/(loss) for the year	**23.6**	(0.2)

Significant accounting policies

The following accounting policy is unique to DGCC's accounting within the Group.

Apartment sales revenue

Revenue in respect of the development project is recognised upon fulfillment of all performance obligations on a contract. The revenue is measured at the transaction price agreed under the contract. Payment is received on actual settlement of individual units when risk and benefits of ownership are transferred to the customer.

Notes to the financial statements

For the year ended 30 June 2022

E Risk Management

E1 Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise cash, short term deposits, Australian denominated bank loans, and foreign currency denominated notes.

The main purpose of these financial instruments is to provide funding 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 Group Treasury function under the Group Treasury Policy approved by the Board. Group 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 manages interest rate risk by using a floating versus fixed rate debt framework. The relative mix of fixed and floating interest rate funding is managed by using interest rate swap contracts. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swap contracts.

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.

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.

Customer credit risk

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.

Financial institution credit risk

Credit risk arising from other financial assets of the Group, which comprise cash, cash equivalents and derivative contracts, is reduced by transacting with relationship banks that have acceptable credit ratings, as determined by a recognised ratings agency.

Cash investments, derivative financial instruments, bank guarantees, and other contingent instruments create credit risk in relation to the relevant counterparties, which are principally large relationship banks. As such, there is a low level of credit risk.

The maximum counterparty credit exposure on forward currency and cross currency swaps is the fair value amount that the Group receives when settlement occurs, should the counterparty fail to pay the amount which it has committed to pay the Group. The credit risk on interest rate hedges is limited to the positive mark to market amount to be received from counterparties over the life of contracts that are favourable to the Group. 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

For the year ended 30 June 2022

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 (2021: 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 ILGA 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 ILGA.

Guarantees and indemnities

The controlled entities denoted (b) in note D1 have entered into a guarantee and indemnity agreement in favour of ILGA 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 Group Limited has guaranteed the liabilities of The Star Entertainment Finance Limited, The Star Entertainment International No.3 Pty Ltd and the customer loans for EEI Services (Hong Kong) Limited. As at 30 June 2022, the carrying amount included in current liabilities was $12.0 million (2021: $12.0 million), and the maximum amount of these guarantees was $68.1 million (2021: $67.2 million).

Liquidity risk

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

The Group manages liquidity risk through maintaining sufficient cash and adequate amount of committed credit facilities to be held above the forecast requirements of the business. The Group manages liquidity risk centrally by monitoring cash flow forecasts and maintaining adequate cash reserves and debt facilities. The debt portfolio is periodically reviewed to ensure there is funding flexibility across an appropriate maturity profile.

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

The contractual timing of cash flows on derivatives and non-derivative financial assets and liabilities at the reporting date, including drawn borrowings and estimated interest, are set out in the tables below:

(i) Non-derivative financial instruments

	2022			2021		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
	$m	$m	$m	$m	$m	$m
Financial assets						
Cash assets	**82.0**	**-**	**-**	64.1	-	-
Short term deposits	**-**	**-**	**-**	3.8	-	-
Trade and other receivables	**18.0**	**-**	**-**	23.3	-	-
	100.0	**-**	**-**	91.2	-	-
Financial liabilities						
Trade and other payables*	**202.9**	**-**	**-**	176.6	-	-
Bank loans - unsecured	**28.6**	**738.7**	**-**	17.2	805.7	9.0
Lease liabilities	**9.3**	**33.2**	**74.4**	10.2	35.0	82.5
Private placement - US dollar	**24.8**	**157.4**	**469.8**	19.8	140.7	388.8
	265.6	**929.3**	**544.2**	223.8	981.4	480.3
Net outflow	**(165.6)**	**(929.3)**	**(544.2)**	(132.6)	(981.4)	(480.3)

* Comparatives have been restated due to wage compliance (refer to note G).

Notes to the financial statements

For the year ended 30 June 2022

(ii) Derivative financial instruments

	2022			2021		
	< 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	**2.8**	**2.5**	**-**	0.2	0.2	-
Cross currency swaps - receive USD fixed	**24.8**	**157.4**	**469.8**	19.8	140.7	388.8
	27.6	**159.9**	**469.8**	20.0	140.9	388.8
Financial liabilities						
Interest rate swaps - pay AUD fixed	**2.6**	**2.5**	**-**	3.7	5.1	-
Cross currency swaps - pay AUD floating	**11.5**	**103.3**	**146.3**	6.4	87.9	150.2
Cross currency swaps - pay AUD fixed	**19.0**	**76.1**	**324.7**	13.6	54.2	239.7
	33.1	**181.9**	**471.0**	23.7	147.2	389.9
Net outflow	**(5.5)**	**(22.0)**	**(1.2)**	(3.7)	(6.3)	(1.1)

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
2022		
AUD		
+ 0.5% (50 basis points)	**(2.5)**	**21.0**
- 0.5% (50 basis points)	**2.5**	**1.8**
USD		
+ 0.5% (50 basis points)	**-**	**25.9**
- 0.5% (50 basis points)	**-**	**(2.5)**
2021		
AUD		
+ 0.5% (50 basis points)	(1.7)	10.9
- 0.5% (50 basis points)	1.7	(11.2)
USD		
+ 0.5% (50 basis points)	-	(14.0)
- 0.5% (50 basis points)	-	14.4

Notes to the financial statements

For the year ended 30 June 2022

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)	Other comprehensive income higher/(lower)	Net profit after tax higher/(lower)	Other comprehensive income higher/(lower)
	2022	2022	2021	2021
	$m	$m	$m	$m
AUD/USD + 10 cents	(0.3)	7.8	-	(10.0)
AUD/USD - 10 cents	0.4	16.5	-	13.1

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 twelve months.

Notes to the financial statements

For the year ended 30 June 2022

E2 Additional financial instruments disclosures

(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.

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.

Interest rate swaps and cross currency swaps

The fair value of cross currency contracts is calculated as the present value of expected future cash flows of these instruments. Key variables include market pricing data, discount rates and credit risk of the group or counterparty where relevant. Variables reflect those which would be used by the market participants to execute and value the instruments.

Forward currency contracts

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

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) 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 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:

	2022 $m	2021 $m
Less than one year	**-**	-
One to five years	**250.0**	250.0
More than five years	**-**	-
Notional Principal	**250.0**	250.0
Fixed interest rate range p.a.	**0.4% - 2.6%**	0.4% - 2.6%

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.

(iii) Financial instruments - cross currency swaps (cash flow hedges)

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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Financial instruments - cross currency swaps (fair value hedges)

These cross currency swaps are being used to hedge the exposure to fair value changes of the USD debt under the USPP as a result of fluctuations in the underlying USD to AUD exchange rate and US interest benchmark and are assessed as highly effective. The increase in fair value of the cross currency swaps of $22.4 million (2021: $13.0 million) has been recognised in finance costs and offsetting loss on the USPP borrowings. The ineffectiveness recognised in FY2022 was immaterial (2021: immaterial).

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

	2022		2021	
	AUD $m	**USD $m**	**AUD $m**	**USD $m**
Less than one year	**-**	**-**	-	-
One to five years	**433.4**	**338.4**	64.0	50.0
More than five years	**93.9**	**70.0**	369.4	288.4
Notional principal	**527.3**	**408.4**	433.4	338.4
Fixed interest rate range p.a.		**3.2% - 4.4%**		4.3% - 4.4%

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.

(iv) Reconciliation of movement in financing activities

	Opening $m	Cash flows $m	Changes in fair values $m	Foreign exchange movement $m	Option premium $m	Borrowing costs $m	Matured $m	Closing $m
2022								
Interest bearing liabilities (excluding lease liabilities) (refer to note B7)	(1,242.5)	(21.9)	22.4	(46.5)	-	(1.1)	-	**(1,289.6)**
Net derivative assets (refer to note B3)	3.2	-	55.4	-	-	-	-	**58.6**
2021								
Interest bearing liabilities (excluding significant items) (refer to note B7)	(1,567.8)	215.0	13.0	51.1	5.5	42.0	(1.3)	(1,242.5)
Net derivative assets (refer to note B3)	119.0	-	(73.8)	-	-	(42.0)	-	3.2

	Opening $m	Cash flows $m	Interest $m	Additions $m	Disposals $m	Other costs $m	Closing $m
2022							
Lease liabilities (refer to note B7)	(50.2)	9.5	(3.5)	-	1.7	(0.4)	**(42.9)**
2021							
Lease liabilities (refer to note B7)	(57.2)	10.7	(3.8)	0.4	(0.4)	0.1	(50.2)

Notes to the financial statements

For the year ended 30 June 2022

F Other disclosures

F1 Other comprehensive income

	2022 $m	2021 $m
Net gain/(loss) on derivatives	**29.3**	(9.1)
Tax on above items recognised in other comprehensive income	**(8.8)**	2.7
	20.5	(6.4)

F2 Income tax

(i) Income tax expense/(benefit)

	2022 $m	2021 Restated* $m
The major components of income tax (expense)/benefit is:		
Current tax expense	**(1.2)**	(23.7)
Adjustments in respect of current income tax of previous years	**1.7**	0.7
Deferred income tax benefit	**2.6**	1.1
Income tax benefit/(expense) reported in the income statement	**3.1**	(21.9)
Aggregate of current and deferred tax relating to items charged or credited to equity:		
Current tax benefit reported in equity	**0.5**	-
Deferred tax (expense)/benefit reported in equity	**(8.8)**	2.7
Income tax (expense)/benefit reported in equity	**(8.3)**	2.7
Income tax expense		
A reconciliation between income tax benefit/(expense) and the product of accounting profit before income tax multiplied by the income tax rate is as follows:		
Accounting (loss)/profit before income tax benefit/(expense)	**(205.6)**	79.8
At the Group's statutory income tax rate of 30%	**61.7**	(23.9)
- Non deductible goodwill impairment	**(48.8)**	-
- Non assessable gain on sale	**(9.7)**	2.8
- Recognition of temporary differences	**0.1**	0.2
- Over provision in prior years	**-**	0.7
- Other items	**(0.2)**	(1.7)
Aggregate income tax benefit/(expense)	**3.1**	(21.9)
Effective income tax rate	**1.5 %**	27.4 %

Notes to the financial statements

For the year ended 30 June 2022

(ii) Deferred tax balances

The balance comprises temporary differences attributable to:

2022	Balance 1 July 2021* $m	Recognised in the income statement $m	Recognised directly in equity $m	Other $m	Balance 30 June 2022 $m
Employee provisions	23.9	6.2	-	-	30.1
Other provisions and accruals	14.6	3.2	-	(0.5)	17.3
Impairment of trade receivables	11.5	(0.3)	-	-	11.2
Unrealised financial liabilities	14.0	(0.9)	5.5	-	18.6
Finance leases	15.0	(1.7)	-	-	13.3
Other	8.4	(0.5)	-	-	7.9
Deferred tax assets set off	**87.4**	**6.0**	**5.5**	**(0.5)**	**98.4**
Intangible assets	(59.6)	4.9	-	-	(54.7)
Property, plant and equipment	(145.1)	0.6	-	-	(144.5)
Unrealised financial assets	(5.1)	-	(14.2)	-	(19.3)
Other	(11.9)	(8.9)	-	-	(20.8)
	(221.7)	(3.4)	(14.2)	-	(239.3)
Net deferred tax liabilities	**(134.3)**	**2.6**	**(8.7)**	**(0.5)**	**(140.9)**

2021 Restated*	Balance 1 July 2020* $m	Recognised in the income statement $m	Recognised directly in equity $m	Other $m	Balance 30 June 2021* $m
Employee provisions	21.8	2.1	-	-	23.9
Other provisions and accruals	21.6	(7.0)	-	-	14.6
Impairment of trade receivables	31.2	(19.7)	-	-	11.5
Unrealised financial liabilities	47.3	(13.6)	(19.7)	-	14.0
Finance leases	17.2	(2.2)	-	-	15.0
Other	7.2	1.2	-	-	8.4
Tax losses	7.8	-	-	(7.8)	-
Deferred tax assets set off	154.1	(39.2)	(19.7)	(7.8)	87.4
Intangible assets	(81.4)	21.8	-	-	(59.6)
Property, plant and equipment	(126.7)	(18.4)	-	-	(145.1)
Unrealised financial assets	(39.9)	12.4	22.4	-	(5.1)
Other	(36.7)	24.8	-	-	(11.9)
	(284.7)	40.6	22.4	-	(221.7)
Net deferred tax (liabilities)/assets	(130.6)	1.4	2.7	(7.8)	(134.3)

* Comparatives have been restated due to wage compliance (refer to note G).

Notes to the financial statements

For the year ended 30 June 2022

(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)/receivable balance is attributable to:

2022	(Payable)/ receivable 1 July 2021 $m	Increase in tax payable $m	Tax instalment paid $m	Over provision of tax $m	Other $m	(Payable) / receivable 30 June 2022 $m
Tax consolidated group - year ended 30 June 2022 [a]	-	(1.7)	-	-	-	(1.7)
Tax consolidated group - year ended 30 June 2021	(6.2)	-	5.1	1.1	-	-
Prior years [b]	4.8	-	-	0.9	0.3	6.0
Total Australia	**(1.4)**	**(1.7)**	**5.1**	**2.0**	**0.3**	**4.3**
Overseas subsidiaries	0.4	-	-	(0.3)	-	0.1
Total	**(1.0)**	**(1.7)**	**5.1**	**1.7**	**0.3**	**4.4**

a No instalments were paid.

b The receivable balance relates to depreciation for capital projects.

2021	Receivable 1 July 2020 $m	(Increase) / decrease in tax payable $m	Tax instalment paid $m	Over provision of tax $m	Other $m	(Payable)/ receivable 30 June 2021 $m
Tax consolidated group - year ended 30 June 2021 [a]	-	(23.8)	9.8	-	7.8	(6.2)
Tax consolidated group - year ended 30 June 2020 [a]	0.3	1.8	-	0.7	(0.1)	2.7
Prior years [b]	6.9	(1.7)	(3.1)	-	-	2.1
Total Australia	7.2	(23.7)	6.7	0.7	7.7	(1.4)
Overseas subsidiaries	0.3	-	0.1	-	-	0.4
Total	7.5	(23.7)	6.8	0.7	7.7	(1.0)

a The 2020 tax loss was recognised as a deferred tax asset and utilised in 2021 to decrease tax payable.

b The receivable relates to depreciation for capital projects.

Notes to the financial statements

For the year ended 30 June 2022

F3 Earnings per share

	2022 $m	2021 $m
Net profit after tax attributable to ordinary shareholders	**(202.5)**	57.9
Basic (loss)/earnings per share (cents per share)	**(21.3)**	6.1
Diluted (loss)/earnings per share (cents per share)	**(21.3)**	6.1

	2022 Number	2021 Number
Weighted average number of shares used as the denominator		
Number of ordinary shares issued at the beginning of the year	**946,489,027**	912,004,595
Adjustment for issue of new share capital on 2 July 2020	**-**	30,646,803
Movement in treasury shares	**2,754,899**	2,865,392
Weighted average number of shares used as the denominator	**949,243,926**	945,516,790
Adjustment for calculation of diluted earnings per share:		
Adjustment for Performance Rights	**1,300,488**	6,355,397
Weighted average number of ordinary shares and potential ordinary shares as used as the denominator in calculating diluted earnings per share at the end of the year	**950,544,414**	951,872,187

F4 Other assets

	2022 $m	2021 $m
Current		
Prepayments	**35.9**	21.2
Other assets	**43.6**	2.6
	79.5	23.8
Non current		
Rental paid in advance	**0.8**	-
Other assets	**39.1**	37.2
	39.9	37.2

F5 Trade and other payables

	2022	2021
Trade creditors and accrued expenses *	**202.9**	176.6
Interest payable	**3.5**	2.5
	206.4	179.1

* Comparatives have been restated due to wage compliance (refer to note G).

Notes to the financial statements
For the year ended 30 June 2022

F6 Provisions

	2022 $m	2021 $m
Current		
Employee benefits *	**96.1**	88.2
Workers' compensation	**6.4**	6.3
Underpaid casino duty and interest (refer note A7)	**12.7**	-
	115.2	94.5
Non-current		
Employee benefits	**6.9**	8.6
Other	**1.4**	1.4
	8.3	10.0

* Comparatives have been restated due to wage compliance (refer to note G).

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

Workers' compensation reconciliation

2022	Workers' compensation (current) $m	Other (non-current) $m
Carrying amount at beginning of the year	**6.3**	**1.4**
Provisions made during the year	**2.6**	**-**
Provisions utilised during the year	**(2.5)**	**-**
Carrying amount at end of the year	**6.4**	**1.4**
2021		
Carrying amount at beginning of the year	7.7	1.3
Provisions made during the year	0.9	0.1
Provisions utilised during the year	(2.3)	-
Carrying amount at end of the year	6.3	1.4

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.

Notes to the financial statements

For the year ended 30 June 2022

F7 Other liabilities

	2022 $m	2021 $m
Current		
Customer loyalty deferred revenue [a]	**19.1**	19.1
Other deferred revenue	**4.0**	4.4
	23.1	23.5
Non current		
Other	**9.0**	9.8
	9.0	9.8

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

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.

	Share capital		Treasury shares		Net outstanding	
	Shares	$m	Shares	$m	Shares	$m
Opening balance 1 July 2021	952,014,210	3,177.9	(5,525,183)	(18.6)	946,489,027	3,159.3
Shares purchased for future employee share programs	-	-	(464,958)	(1.9)	(464,958)	(1.9)
Shares issued to settle employee share programs	-	-	4,094,698	13.6	4,094,698	13.6
Closing balance 30 June 2022	**952,014,210**	**3,177.9**	**(1,895,443)**	**(6.9)**	**950,118,767**	**3,171.0**
Opening balance 1 July 2020	917,322,730	3,069.7	(5,318,135)	(18.9)	912,004,595	3,050.8
Issue of share capital - 2 July 2020 [a]	30,730,998	96.2	-	-	30,730,998	96.2
Issue of share capital - 16 September 2020 [b]	3,960,482	12.0	(3,960,482)	(12.0)	-	-
Value of treasury shares disposed	-	-	3,717,053	11.7	3,717,053	11.7
Shares issued to settle employee share programs	-	-	36,381	0.6	36,381	0.6
Closing balance 30 June 2021	952,014,210	3,177.9	(5,525,183)	(18.6)	946,489,027	3,159.3

[a] On 2 July 2020, the Group issued 30,730,998 new shares to settle the FY2020 interim dividend. 23,881,021 shares were purchased by the underwriter in accordance with the dividend underwriting agreement and the balance went to existing shareholders participating in the DRP (see Note A6).

[b] On 16 September 2020, the Company issued 3,960,482 shares for allocation to short term incentive plan participants subject to a holding lock that ends on 15 September 2021. The shares were purchased by Pacific Custodians Pty Limited as trustee for The Star Entertainment Group Limited Employee Share Trust, a wholly controlled entity of the Company.

Notes to the financial statements

For the year ended 30 June 2022

(ii) Reserves (net of tax)

	2022 $m	2021 $m
Hedging reserve [a]	**(1.7)**	(21.3)
Cost of hedging reserve [b]	**2.6**	1.6
Share based payments reserve [c]	**10.6**	24.9
	11.5	5.2

Nature and purpose of reserves

a The hedging reserve records the spot element of 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 spot element of derivative contracts are designated as hedging instruments with fair value changes recorded in the hedging reserve. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity under costs of hedging reserve.

c 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 2022 USD/AUD spot rate of 1.4518 (2021: 1.3334), after adjusting for cash and cash equivalents and derivative financial instruments.

The Group's capital management also aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest bearing loans and borrowings in the current period. The Group obtained an amendment for the 30 June 2022 testing date, allowing for both gearing and interest cover ratio to have enhanced headroom and to be calculated on an annualised 2H FY2022 run rate (2021: an amendment was obtained resulting in enhanced gearing and interest cover ratio headroom).

	2022 $m	2021 $m
Gross Debt	**1,332.5**	1,292.7
Net Debt [a]	**1,149.0**	1,171.4
EBITDA (before significant items) [b]	**413.6**	426.7
Gearing ratio (times)	**2.8 x**	2.7 x

a Net debt is shown as interest bearing liabilities (excluding lease liabilities), less cash and cash equivalents, less net position of derivative financial instruments.

b EBITDA (before significant items) is a non-IFRS disclosure and stands for earnings before interest, tax, depreciation, amortisation, impairment, significant items and share of profits / losses from joint ventures. For FY2022, EBITDA (before significant items) was calculated on an annualised 2H FY2022 run rate, as agreed with the financiers.

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

	Note	2022 $m	2021 $m
Net (loss)/profit after tax		**(202.5)**	57.9
- Depreciation, amortisation and impairment	A4	**370.8**	243.8
- Employee share based payments expense	F10	**(0.8)**	8.2
- Gain on disposal of property, plant and equipment		**(0.9)**	(0.8)
- Finance costs	A5	**57.0**	58.6
- Share of net (profit)/loss of associate and joint venture entities	D5	**(16.4)**	4.4
- Gain on disposal of Gold coast land		**-**	(9.4)
- Gain on disposal of aircraft		**(10.1)**	-
Working capital changes			
- (Increase)/decrease in trade and other receivables and other assets		**(49.4)**	112.9
- (Increase)/decrease in inventories		**(1.0)**	1.1
- Increase/(decrease) in trade and other payables, accruals and provisions		**36.5**	(27.4)
- (Decrease)/increase in tax provisions		**(7.0)**	15.2
Net cash inflow from operating activities		**176.2**	464.5

Operating cash flow before interest and tax was $181.3 million, down 61.5% on the pcp. The EBITDA to cash conversion ratio was 82%.

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F10 Employee share plans

Long term incentive plan

During the current and prior periods, the Company issued Performance Rights under the long term incentive plan to eligible employees. The share based payment credit of $3.0 million (2021: expense of $1.8 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.

2022 **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**
2 October 2017	**1,436,841**	**-**	**-**	**1,436,841**	**-**	**-**
3 October 2018	**1,432,040**	**-**	**982,384**	**-**	**-**	**449,656**
25 September 2019	**1,762,404**	**-**	**1,150,900**	**-**	**-**	**611,504**
24 September 2020	**2,728,230**	**-**	**1,626,965**	**-**	**-**	**1,101,265**
23 September 2021	**-**	**2,213,247**	**1,231,742**	**-**	**-**	**981,505**
	7,359,515	**2,213,247**	**4,991,991**	**1,436,841**	**-**	**3,143,930**

2021 Grant Date	Balance at start of year	Granted during the year	Forfeited during the year [b]	Lapsed during the year	Vested during the year	Balance at end of year
5 October 2016	1,061,699	-	-	1,061,699	-	-
2 October 2017	1,460,425	-	23,584	-	-	1,436,841
5 October 2018	1,467,297	-	35,257	-	-	1,432,040
25 September 2019	1,874,038	-	111,634	-	-	1,762,404
24 September 2020	-	2,728,230	-	-	-	2,728,230
	5,863,459	2,728,230	170,475	1,061,699	-	7,359,515

Grants from 5 October 2016 include a market based hurdle (relative total shareholder return (***rTSR***)) and an earnings per share (***EPS***) component. Grants from 2 October 2017 include a market based hurdle (rTSR), an EPS component and a return on investment capital (***ROIC***) component. The Performance Rights have been independently valued. For the rTSR component, valuation was based on assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model. For the EPS and ROIC 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 2 October 2017 were tested on 28 October 2021 and did not vest. The TSR percentile rank for the Company was 21.54%, below the 50th percentile rank. The EPS was 6.4c, below the 35.9c threshold. The ROIC was 1.3%, below the 9.5% threshold. As a result, these Performance Rights lapsed and no shares were issued to participants.

b The number of performance rights granted on 5 October 2016 were tested on 5 October 2020 and did not vest. The TSR percentile rank for the Company was 11.43%, below the 50th percentile rank. The EPS was 5.1c, below the 37.7c threshold. 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** **$**	**Expected volatility in share price** **%**	**Expected dividend yield** **%**	**Risk free interest rate** **%**	**Average Fair Value per Performance Right** **$**
2 October 2017	2 October 2021	5.17	24.40 %	2.98 %	2.28 %	4.02
3 October 2018	3 October 2022	5.21	22.76 %	4.66 %	2.14 %	3.77
25 September 2019	25 September 2023	4.20	22.00 %	- %	0.72 %	3.66
24 September 2020	24 September 2024	3.15	29.00 %	- %	0.26 %	2.76
23 September 2021	23 September 2025	4.35	31.00 %	- %	0.41 %	3.78

Notes to the financial statements

For the year ended 30 June 2022

Equity retention plan

The Company has granted restricted shares under the equity retention plan to eligible employees. The share based payment expense of $0.7 million (2021: $1.0 million) in respect of the equity instruments granted is recognised in the income statement. The number of restricted shares granted to employees and forfeited during the year are set out below.

2022 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
1 July 2021	**1,189,159**	**219,337**	**258,857**	**-**	**-**	**1,149,639**

2021 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
1 July 2020	1,317,619	40,067	168,527	-	-	1,189,159

The awards are granted at no cost to participants and are subject to a service condition of five years. Participants are entitled to dividends and may benefit from share price growth over the vesting period.

Short term incentive plan

The Board has approved the award of the FY2022 short term incentive plan. Certain executives receive one third of their eligible award as shares, subject to a holding lock of one year from the date of issue.

In respect of the FY2020 short term incentive plan, the Board resolved to exercise its discretion to make a significantly reduced equity award due to the exceptional circumstances associated with COVID-19. The award was delivered as a share based payment, subject to a holding lock of one year from the date of issue.

The share based payment expense of $1.5 million (2021: $5.4 million) in respect of the short term incentives has been recognised in the income statement.

F11 Auditor's remuneration

	2022 $	2021 $
Fees to Ernst & Young (Australia):		
- Fees for auditing the statutory financial report of the parent and consolidated group	**1,209,128**	1,338,635
- fees for other assurance and agreed-upon-procedures services (including sustainability assurance) under contractual arrangements where there is discretion as to whether the service is provided by the auditor	**77,025**	79,163
- Fees for other advisory and compliance services	**55,500**	38,776
Total fees to Ernst & Young Australia	**1,341,653**	1,456,574

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.

F12 Assets held for sale

	2022 $m	2021 $m
Aircraft	**-**	30.6
	-	30.6

In May 2021 the Group tendered for sale a Bombardier aircraft. The sale completed in September 2021. At 30 June 2021 the aircraft was classified as 'held for sale' and measured at the lower of its carrying value and fair value less costs to sell at the time of reclassification. The asset's fair value was determined by reference to independent market data. This is a level 2 measurement as per the fair value hierarchy set out in note E2(i). This resulted in a gain of $9.2 million in FY2022 as the final sale price and currency translation impact were more favourable than initially valued (2021: impairment expense of $17.9 million). Refer to note A7.

Notes to the financial statements

For the year ended 30 June 2022

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 2022 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 27 September 2022.

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'.

Going concern

The Directors have taken the following matters into consideration in forming a view that the going concern basis of accounting is appropriate, in that the Group has:

- A net asset position at 30 June 2022 of $3,430.3 million (2021: $3,614.8 million);
- Cash on hand and on deposit at 30 June 2022 of $82.0 million and $365.0 million in available facility capacity, all of which has maturities beyond 12 months;
- A strong rebound of operating cashflows post COVID-19 affected periods;
- Experience gained in operating throughout FY2021 and FY2022 under significant Government imposed restrictions; and
- Other sources of liquidity such as the Treasury buildings asset sale expected to contribute $248.0 million in cash.

As detailed in note C2, there is a variety of disciplinary actions which could be taken by the NICC against the Group following their finding that the Group was unsuitable to hold a casino licence in New South Wales. At the date of this report it is uncertain as to what actions may be taken, which could include significant pecuniary penalties, licence suspension or cancellation or increased regulatory oversight. Note C2 also sets out material uncertainties related to other regulatory matters.

The Group is expected to continue as a going concern provided that these outcomes as a whole are not sufficiently onerous as to prevent the Company from settling its obligations and the Group is able to meet its debt covenants. A breach in bank covenants, if not amended or waived by the lenders, may lead to those borrowings becoming due and payable.

In the Directors' opinion, whilst the breadth of disciplinary action that can be taken by the NICC and other regulatory matters (outlined in note C2) create material uncertainty as to the Group's ability to remain a going concern, the Group is likely to be able to meet its liabilities as and when they fall due over the next twelve months and continues to remain a going concern given:

- The Group has taken significant actions to manage the risk of further wrongdoing in the short-term including refreshing the Board and Senior Executive teams, the cessation of high-risk activities and implementing the Remediation and Transformation Program to effect significant improvement in the governance, culture and controls of the Group;
- The Group expects to be able to generate sufficient cashflows from its current operations, access other sources of liquidity or amend existing funding agreements or obtain new funding to fund ongoing operations and any pecuniary penalties; and
- The Group remains in contact with its lenders and would seek additional waivers or amendments if required. Successful negotiation of waivers and amendments were obtained during the severe impact of COVID-19.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

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:

- Going concern (refer note above);
- 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);
- Impairment of trade receivables (refer note B2);
- Significant items (refer note A7); and
- Provisions (refer note F6).
- Asset held for sale (refer note F12).

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 for the year ended 30 June 2022:

Reference	Title
AASB 7	Amendments to AASB 7: Interest Rate Benchmark Reform - Phase 2

Amendments to AASB 7: Interest Rate Benchmark Reform - Phase 2

The amendments to AASB 7 Financial Instruments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (***IBOR***) is replaced with an alternative nearly risk-free interest rate (***RFR***).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Group as it does not have any interest rate hedge relationships affected by the interest rate benchmark reforms.

Impact of prior year restatement

Wage compliance

The Group announced to the ASX it had identified the underpayment of wages to certain current and former salaried team members. The underpayment was identified through a six-year retrospective wage review of salaried team members underpinned by modern awards. In some cases, team members were found to not be 'better off overall' as the annual salary was not sufficient to compensate the team member for their equivalent award entitlements such as overtime and penalty rates.

While this review is ongoing, based on preliminary analysis, the Group determined a liability of $13.2 million was required at 30 June 2020. The liability includes estimated back payments, interest, and superannuation contributions, where applicable.

The impact of the restatement on the profit before income tax for the year ended 30 June 2022 and 30 June 2021 is 'nil' with the remaining amount recorded in retained earnings as a prior period restatement in accordance with Australian Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The impact of the restatement on the balance sheet is an increase in provisions of $15.9 million and a decrease in trade and other payables of $2.7 million, deferred tax liabilities and retained earnings of $4.0 million and $9.2 million retrospectively at 30 June 2021.

Notes to the financial statements

For the year ended 30 June 2022

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. The key standards, shown below, are not expected to have a material impact on the financial statements:

Reference	Title	Application date
AASB 3	Amendments to AASB 3 Business Combinations	1 January 2022
AASB 16	Amendments to AASB 16 Leases	1 January 2022
AASB 37	Amendments to AASB 37 Provisions, Contingent Liabilities & Contingent Assets	1 January 2022
AASB 2020-1	Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current	1 January 2023
AASB 2015-2	Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2021-5	Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense, it is recognised net of the related expense for which it is intended to compensate. There are no unfilled conditions or other contingencies attached to the grants.

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 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 expected credit loss impaired, 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 (excluding SaaS arrangements)

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 using the straight line method, as described in note B5.

Casino licences and concessions

Refer to note B5 for details and accounting policy.

Impairment of assets

Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount 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. Distributions 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.

Notes to the financial statements

For the year ended 30 June 2022

Leases

Right-of-use assets

The Group recognises right-of-use (***ROU***) at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings, leasehold improvements and plant and equipment. (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below $10,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 a long term incentive plan (***LTI***), which is available to employees at the most senior executive levels. Under the LTI, 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 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.

The Company operates an Equity Retention Plan, whereby eligible employees may receive up to 100% of their fixed annual remuneration amount in value as fully paid ordinary shares after five years. The awards are issued at no cost to participants and are subject to a service condition of five years. Participants are entitled to dividends and may benefit from share price growth over the vesting period.

Under the Company's short term incentive plan (***STI***), eligible employees receive two thirds of their annual STI 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. Due to the exceptional circumstances associated with COVID-19, the Board resolved to exercise its discretion to make a significantly reduced equity award under the FY2020 STI. The award was delivered as a share based payment, subject to a holding lock of one year from the date of issue.

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 hedges

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.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the exposure to variability in the fair value of a recognised asset or liability, any change in the fair value of the hedge is recognised in the income statement as a finance cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement as a finance cost.

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For the year ended 30 June 2022

Issued capital

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

Operating segment

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

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products and services;
- type or class of customer for the products and services;
- methods used to distribute the products or provide the services; and
- nature of the regulatory environment.

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

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

Dividend distributions

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

Basic earnings per share

Basic earnings per share is calculated by dividing the net earnings 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.

Assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction, rather than through continuing use, and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its fair value less costs to sell.

Directors' Declaration

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

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

(i) giving a true and fair view of the Group's consolidated financial position as at 30 June 2022 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.

Ben Heap
Interim Chairman
Sydney
27 September 2022

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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 balance sheet as at 30 June 2022, the consolidated income statement, 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 2022 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 (including Independence Standards)* (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.

Material Uncertainties Relating to Going Concern

We draw attention to Notes G and C2 of the financial report which note the uncertainties associated with the range of potential disciplinary actions that may be taken by the NSW Independent Casino Commission against the Group following their finding that the Group was unsuitable to hold a casino license in New South Wales, other significant regulatory matters, the Directors' assessment of the ability of the Group to continue as a going concern, and the Group's associated contingent liabilities and their inherent uncertainties. These matters indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Significant adverse outcomes in relation to these matters may result in the Group not being able to continue as a going concern unless the Group continues to have the support of its lenders. Note G describes the basis for the Directors' assessment that the Group has the ability to continue as a going concern. Note C2 outlines the Group's contingent liabilities and the uncertainties as to the ultimate outcome of these matters. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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. In addition to the matter described in the *Material Uncertainties Relating to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report

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.

Impairment Testing of Goodwill

Why significant to the audit	How our audit addressed the key audit matter
The Group has goodwill of $1,279.7 million at 30 June 2022. The Group performs an impairment assessment on an annual basis to assess the carrying value of goodwill. In addition, an impairment assessment is performed when there is an impairment indicator present. The impairment assessment is complex and judgemental, as it includes assumptions and estimates that are affected by expected future performance and market conditions such as cash flow forecasts, growth rates, discount rates and terminal value assumptions. An impairment expense of $162.5 million was recognised for the year ended 30 June 2022. Key assumptions, judgements and estimates used in the Group's assessment of impairment of intangibles assets are set out in Note B6 of the financial report. Given the conditions at balance date, reasonable possible changes in the assumptions around the Group's expected cash flows have been considered. As at 30 June 2022, there was significantly higher estimation uncertainty in relation to impairment testing due to the impact of ongoing legal and regulatory matters. The impact of potential outcomes from the ongoing legal and regulatory matters set out in Note C2, on cash flows increases the risk of inaccurate forecasts and results in a significantly wider range of possible outcomes to consider. Accordingly, we considered this a key audit matter. For the same reasons we consider it important that attention is drawn to the information in Notes B5 and B6 of the financial report on management's assessment of the impairment testing of goodwill at 30 June 2022.	Our audit procedures included the following: - Evaluated the cash flow forecasts, which supported the recoverable value of the goodwill and impairment recognised. - Compared these forecasts to the Board approved budgets and five-year financial plan. We also considered the historical accuracy of the Group's cash flow forecasting and budgeting processes. - Involved our valuation specialists to assess whether the impairment testing methodology applied was in accordance with Australian Accounting Standards and to evaluate the key assumptions applied in the impairment models which included growth rates, terminal value assumptions, and discount rates which included the uncertainty relating to the ongoing legal and regulatory matters. - Tested whether the models used were mathematically accurate. - Performed sensitivity analysis around the key assumptions to ascertain the extent to which changes in those assumptions could result in impairment or further impairment. - Assessed the adequacy of the disclosures included in Notes B5 and B6 of the financial report, and in particular those relating to the cash flow forecasts.

Regulatory Matters, Provisions and Contingent Liabilities

Why significant to the audit	How our audit addressed the key audit matter
As disclosed in Note C2, the Group is subject to a number of significant pending and ongoing regulatory and legal matters. These include casino license suitability reviews, and other regulatory investigations including gaming tax related matters, an AUSTRAC enforcement investigation, and a shareholder class action. There is complexity in relation to the assessment of these matters and uncertainty as to the outcome and quantification of any future economic outflow associated with each of these matters. Australian Accounting Standards (accounting standards) provide criteria for the recognition of liabilities and disclosure of contingent liabilities for such matters. The application of these standards required significant judgement in determining whether present obligations existed at balance date, whether they could be reliably measured and the extent of required contingent liability disclosures where these conditions were considered not to be met. Accordingly, we considered this to be a key audit matter.	Our audit procedures included the following: - Evaluated the Group's assessment as to whether a present obligation exists arising from past events based on the available facts and circumstances. In order to assess the facts and circumstances, we considered the underlying documentation prepared by the Group's internal and external specialists and other relevant documents. - Held discussions with management, reviewed Board of Directors and Board Committee minutes, reviewed correspondence with regulators (where applicable) and attended Audit Committee and Risk Committee meetings to understand key regulatory, compliance, and legal matters. - Inspected legal correspondence and legal opinions and considered their content together with the information we obtained from our other procedures. Where required we held inquiries with the Group's internal and external legal counsel. - Where the Group determined that a present obligation existed, we assessed the basis for reliable measurement of the provision in accordance with accounting standards, including matters such as probability of outflow, amounts and timing, and our understanding of the matter from our procedures. - Where the Group determined a present obligation existed, however given the nature and status of the matter, the timing and amount of any outflow could not be reliably estimated, we challenged the Group's conclusions against the criteria in the accounting standards, evaluation of precedents, underlying information and from our other procedures. - We considered the disclosures within the financial report related to these provisions and contingent liability disclosures. Our forensic specialists were involved in the performance of certain procedures where considered appropriate.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's 2022 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, with the exception of the Remuneration Report and our related assurance opinion.

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 judgement 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.

- 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, actions taken to eliminate threats or safeguards applied.

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.

Building a better working world

Report on the Audit of the Remuneration

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 40 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of The Star Entertainment Group Limited for the year ended 30 June 2022, 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

Megan Wilson

Megan Wilson
Partner
Sydney
27 September 2022