THE STAR

ASX Announcement

29 August 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The Star Entertainment Group Limited (ASX:SGR) (**The Star**) provides the following documents in accordance with ASX Listing Rule 4.3A:

1. Appendix 4E; and
2. Financial Report for the year ended 30 June 2023.

Dividend Reinvestment Plan suspended

The Star's Dividend Reinvestment Plan has been suspended as no final dividend has been declared.

Authorised by:

Board of Directors

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THE STAR ENTERTAINMENT GROUP

Appendix 4E

Preliminary Final Report

for the year ended 30 June 2023

1. Results for announcement to the market

(all comparisons to the year ended 30 June 2022)

The Appendix 4E should be read in conjunction with The Star Entertainment Group Limited's audited Directors Report and Financial Report lodged with the Australian Securities Exchange (ASX) on 29 August 2023.

Results in accordance with Australian Accounting Standards	Current period $m	% change
Revenue from ordinary activities	1,867.5	22.3%
Loss from ordinary activities after tax attributable to members of the parent	(2,435.2)	1102.6%
Net loss after tax for the period attributable to members of the parent	(2,435.2)	1102.6%

	Current Period Normalised [2] $m	% change	Current Period Statutory [3] $m	% change
Revenue	1,867.5	22.5%	1,867.5	22.3%
Earnings before interest, tax, depreciation and amortisation	317.4	35.0%	317.4	33.6%
Depreciation and amortisation	(195.3)	(6.2%)	(195.3)	(6.2%)
Earnings before interest and tax	122.1	355.6%	122.1	318.2%
Share of associates' profits	(3.8)	(55.8%)	(3.8)	(55.8%)
Net interest expense	(56.5)	12.5%	(56.5)	12.5%
Significant items (net of tax) [4]	-	0.0%	(2,476.5)	1349.9%
Income tax expense	(20.5)	1364.3%	(20.5)	876.2%
Net profit / (loss) after tax	41.3	N.M.[1]	(2,435.2)	1102.6%

[1] The normalised change of (223.7%) is not meaningful as results moved from a loss to a profit position.

[2] The Group recorded no International VIP Rebate revenue in FY23 following the suspension of all international rebate programs in May 2022 in response to the Bell Review. Consequently, in FY23, normalised earnings exclude significant items only. In the pcp 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% on turnover, taxes and revenue share commissions up to the suspension of rebate play in May 2022. It does not include adjustments to doubtful debts.

[3] Statutory results disclose revenues and expenses at actual win rates and include significant items.

[4] Significant items include: impairment of The Star Sydney, The Star Gold Coast and Treasury Brisbane; regulatory, fines, penalties, duty, consultants, legal and other costs; debt refinancing costs; redundancy costs; and software-as-a-service implementation costs; partially offset by profit on sale of assets.

2. Dividend information

	Year ended 30 June 2023	Half year ended 31 December 2022
Fully franked dividend (amount per share)[1]	N/A	N/A
Record Date	N/A	N/A
Date Payable	N/A	N/A

[1] No final dividend was declared for the year ended 30 June 2023. In accordance with agreed terms associated with the recent waiver of covenants from debt providers, no further cash dividends will be paid until gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times, the Group returns to suitability and all of the Group's casino licences are in full force and effect.

Dividend reinvestment plan

The key terms of The Star Entertainment Group Limited's dividend reinvestment plan (*DRP*) in operation for the final dividend are:	N/A
The last date for receipt of election notices for the dividend reinvestment plan is:	N/A

3. Net tangible assets per share

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share[1]	$0.88	$1.82

[1] Net tangible asset backing per ordinary share excludes right of use assets.

4. Supplementary comments

Additional Appendix 4E disclosures and other significant information may be found in The Star Entertainment Group Limited's audited Directors' Report and audited Financial Report for the year ended 30 June 2023, and the media release lodged with the ASX on 29 August 2023.

5. Independent auditor's report

The Financial Report of The Star Entertainment Group Limited for the year ended 30 June 2023 has been audited by the Company's independent external auditor, Ernst & Young. A copy of the Independent Auditor's Report may be found on page 106 of the Financial Report.

THE STAR ENTERTAINMENT GROUP

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 2023

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THE STAR ENTERTAINMENT GROUP

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 2023.

1 DIRECTORS

The names and titles of the Company's Directors in office during the financial year ended 30 June 2023 and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Directors	
David Foster [a]	Chairman and Non-Executive Director
Robbie Cooke [b]	Managing Director and Group Chief Executive Officer
Michael Issenberg [c]	Non-Executive Director
Deborah Page AM [d]	Non-Executive Director
Anne Ward [e]	Non-Executive Director
Former	
Ben Heap [f]	Chairman and Non-Executive Director
Gerard Bradley AO [g]	Non-Executive Director
Katie Lahey AM [h]	Non-Executive Director
Richard Sheppard [i]	Non-Executive Director

a Appointed as Chairman on 31 March 2023. Appointed as Non-Executive Director on 15 December 2022 following the receipt of all necessary regulatory approvals.

b Appointed as Group Chief Executive Officer on 17 October 2022 with regulatory approvals in NSW pending. Commenced as Managing Director on 18 November 2022 following the receipt of all necessary regulatory approvals.

c Appointed as Non-Executive Director on 11 July 2022 following the receipt of all necessary regulatory approvals.

d Appointed as Non-Executive Director on 13 March 2023 following the receipt of all necessary regulatory approvals.

e Appointed as Non-Executive Director on 18 November 2022 following the receipt of all necessary regulatory approvals.

f Retired as Chairman and Non-Executive Director on 31 March 2023.

g Retired as Non-Executive Director on 31 October 2022.

h Retired as Non-Executive Director on 30 December 2022.

i Retired as Non-Executive Director on 22 November 2022.

2 OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review for the year ended 30 June 2023 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 entertainment and leisure destinations 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 owns Broadbeach Island on which The Star Gold Coast casino is located.

On 17 October 2022, the Group received written notice from the New South Wales Independent Casino Commission (the ***NICC***) under section 23(4)(a) of the *Casino Control Act 1992 (NSW)* (the ***Act***) that The Star Pty Limited (***The Star***), being the New South Wales (***NSW***) casino licence holder and wholly owned subsidiary of the Group, has had its licence suspended indefinitely, with effect from 9am on Friday, 21 October 2022.

Also effective from this date, the NICC appointed a Manager of the Sydney casino under section 28 of the Act. The Manager's appointment, initially for a period of 90 days, was extended on 16 December 2022 by 12 months to 19 January 2024, unless terminated earlier by the NICC.

On 9 December 2022, the Group received written notice from the Queensland Attorney-General, The Honourable Shannon Fentiman MP and the Queensland regulator, the Office of Liquor and Gaming Regulation (***OLGR***), of the following disciplinary action under section 31 of the *Casino Control Act 1982 (Qld)* in relation to its subsidiaries, The Star Entertainment QLD Limited (the licensee of Treasury Brisbane) and lessee of The Star Gold Coast and The Star Entertainment QLD Custodian Pty Ltd (the licensee of The Star Gold Coast):

- The Treasury Brisbane and The Star Gold Coast casino licences are to be suspended for a period of 90 days on a deferred basis with effect from 1 December 2023; and
- A Special Manager has been appointed to monitor operations of Treasury Brisbane and The Star Gold Coast.

2.2 BUSINESS STRATEGIES

The Group is committed to delivering sustainable outcomes for guests, team members, shareholders and the communities where it exists, by providing entertainment, gaming and leisure experiences in a safe, responsible and ethical way. This will be done by finalising and embedding the company's new values to lead the organisation with a focus on safer gambling and good business practices.

Key strategic priorities for the Group:

- Remediation measures
  - Comprehensive and urgent focus on remediation actions including cultural transformation
  - Achieve suitability and have licence suspensions lifted; and
  - Repair and strengthen the Group's relationship with relevant regulators and other stakeholders.
- Manage planned capital expenditure programs to deliver value and returns for shareholders; and
- Identify, retain, develop and engage a highly talented team of employees across properties and the Group.

In FY24, management’s focus will be on the following key areas:

- Operations
  - Prepare for the introduction of cashless and carded play;
  - Sustain the benefits of the recent cost reduction and operational initiatives;
  - Complete the refinancing of existing debt funding arrangements;
  - Complete the appointment of key executive roles; and
  - Manage the competitive impact in Sydney.
- Major projects
  - Queen's Wharf Brisbane - complete construction, manage costs, prepare for the phased opening; and
  - Gold Coast - progress the construction of Tower 2.
- Asset sales
  - Complete the sale of the Sheraton Grand Mirage Resort Gold Coast; and
  - Explore options for each of the Treasury Brisbane assets.

2.3 GROUP PERFORMANCE

The Bell and Gotterson Reports found the Group unsuitable to hold casino licences in NSW and Queensland. As a result, the Sydney Casino licence was suspended indefinitely from 21 October 2022. A deferred licence suspension was announced for the Queensland Casino licenses, effective from 1 December 2023 (for a period of 90 days) providing the Group an opportunity to remediate its management and operations and return to a position of suitability. The NICC appointed a Manager to manage the casino operations of The Star Sydney. The Queensland Attorney-General and OLGR announced the appointment of a Special Manager to monitor the casino operations of the Queensland properties.

During the period of its licence suspension, The Star Sydney remains open and operating, and net earnings continue to be paid to The Star after payment of the Manager’s costs. The Queensland casinos pay the costs of the Special Manager and remain open and operating.

During FY23 the remediation focus was to uplift in high-risk areas of the casinos' operations and to address priorities communicated to the Group by the Manager of The Star Sydney casino. The uplifts included improvements to Financial Crime management, and implementation of Internal Controls Manuals (ICMs) in both states. The Group also commissioned a Root Cause Analysis by Deloitte to inform the remediation program, and is developing a culture renewal road-map following an external review undertaken by The Ethics Centre. Managerial appointments have been made in key risk areas, the Legal and Risk functions have been split, and Board renewal has materially progressed. A comprehensive draft remediation plan has also been formally submitted for review in both NSW and Queensland.

The Group takes its obligations seriously and considers the ability to hold a casino licence as a privilege. The Board and senior management are learning from the lessons of the past, acknowledge the gravity of the conduct raised in the Bell and Gotterson Reports, and accept that the Group did not live up to the trust placed in it by the people of NSW and Queensland. The Group is absolutely focused on improving and returning to suitability in NSW and Queensland.

The Group started FY23 positively. COVID-19 restrictions began easing in late 2H FY22, allowing for the return to more normal operating conditions. 1H FY23 saw a number of strong monthly revenue results, particularly in Gold Coast and Brisbane, as the properties enjoyed strong domestic tourism and pent-up demand following the relaxing of COVID-19 enforced restrictions. However, conditions turned in Sydney and Gold Coast in 2H FY23. Factors impacting the operating performance included: the implementation of uplifted controls, which necessarily resulted in increased exclusions; the important uplifting of risk and compliance resourcing; the introduction of competition during the period in the Sydney table games market; some operating restrictions impacting customer experience; and weaker consumer discretionary spending.

The prior comparative period (***pcp***) was materially impacted by COVID-19, with the Sydney property closed for 102 days, the Queensland properties closed for up to 12 days each, and operating restrictions in place otherwise.

The Group recorded no International VIP Rebate activity in FY23 following the suspension of all international and domestic rebate programs in May 2022 in response to the Bell Review.

Earnings before interest, tax, depreciation and amortisation (***EBITDA***) (excluding significant items) of $317.4 million was up 33.6% on the pcp. Statutory and normalised results for FY23 are consistent given there was no International VIP Rebate business revenue.

Net revenue of $1,867.5 million was up 22.3% on the ***pcp***. Domestic gaming revenue increased 17.4%, with growth in both slots (19.7%) and tables (15.1%). Non-gaming revenue was also up 48.4%, buoyed by a strong domestic tourism market and the return of conferencing events, particularly in Gold Coast. The properties started the period strongly, however results softened in 2H due to the significant and rapid deterioration of operating performance.

Gaming taxes and levies of $456.1 million were up 20.3% on the pcp, in line with increased domestic gaming revenues. The average tax rate increased during the year primarily due to the changes to the *Casino Control Act 1992 (NSW)* which tax slots free play effective from 5 September 2022. Operating costs of $1,094.0 million were up 20.1% on the pcp. Increased costs reflect the higher underlying activity levels across the properties and the step-up in remediation costs. Significant expense items ($2,824.8 million before tax) relate to the impairment of The Star Sydney, The Star Gold Coast and Treasury Brisbane; regulatory, fines, penalties, duty, consultants, legal and other costs; debt refinancing costs; redundancy costs; and software-as-a-service implementation costs; partially offset by profit on sale of assets.

Depreciation and amortisation expense of $195.3 million was down 6.2% on pcp, primarily driven by the impairment of The Star Sydney assets during the year. Finance costs of $56.5 million (excluding significant items) were up 12.5%, due to the impact of the higher average cash rate (2.98% vs 0.18%) on the Group's variable rate debt, partially offset by lower average debt balances from repayment of a portion of the debt following the capital raising in March 2023.

Net loss after tax was $2,435.2 million. Normalised[1] net profit after tax, excluding significant items, was $41.3 million. Basic and Diluted Loss per Share were both 211.7 cents (both 21.3 cents in the pcp).

2.4 GROUP FINANCIAL POSITION

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, the Group returns to suitability and all the Group’s casino licences are in full force and effect.

Net debt[2] was $595.5 million (30 June 2022: $1,149.0 million). In March 2023, the Group finalised an $800.0 million equity raising, including a $685.0 million 3 for 5 pro rata accelerated non-renounceable entitlement offer and a $115.0 million institutional placement. Net proceeds of $778.5 million includes $21.5 million of costs capitalised against equity. Net proceeds were used to repay $210.2 million (US$162.8 million) of USPP (approximately 40.0%) and $546.1 million of bilateral facilities, of which $338.0 million in facilities were closed (approximately 30%). In conjunction with the repayment of USPP, $20.5 million in cross currency interest rate swap assets were settled. The Group repaid net $603.1 million of debt, primarily driven by the $800.0 million capital raising completed in March 2023, partially offset by $120.0 million of fines paid to NICC and OLGR. Operating cash flow before interest and tax was $63.0 million (30 June 2022: $181.3 million).

1 The Group recorded no International VIP Rebate revenue in FY23 following the suspension of all international rebate programs in May 2022 in response to the Bell Review. Consequently, in FY23, normalised earnings exclude significant items only. In the pcp 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% on turnover, taxes and revenue share commissions up to the suspension of rebate play in May 2022. It does not include adjustments to doubtful debts.

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

The Sydney and Gold Coast cash generating units experienced a significant and rapid deterioration in operating performance. The implementation of uplifted controls, which necessarily resulted in increased exclusions; the important uplifting of risk and compliance resourcing; the introduction of competition during the period in the Sydney table games market; some operating restrictions impacting customer experience; and weaker consumer discretionary spending have all impacted operating performance. Significant uncertainty remains around the quantum and timing of penalties in relation to AUSTRAC and the quantum (if any) in relation to the possible outcome of the four class actions. In Sydney, changes to NSW casino duty rates will be implemented on a staged basis, commencing from 1 July 2023. In Brisbane, it is considered probable that the operating and economic conditions affecting Sydney and Gold Coast will impact on the future earnings of The Star Brisbane casino.

In combination, these factors have reduced the valuation of the cash generating units, requiring an impairment of $2,167.8 million (Sydney $1,583.1 million, Gold Coast $450.3 million and Brisbane $134.4 million) to be recognised for the year ended 30 June 2023 (2022: $162.5 million). The impairment is recognised in the line 'Depreciation, amortisation and impairment expense' in the Consolidated Income Statement. The impairment was first allocated against each cash generating unit's goodwill balance ($1,150.9 million) and then apportioned between property, plant and equipment ($817.9 million), intangibles ($184.3 million) and other non-current assets ($14.7 million).

On the Gold Coast, construction of the Gold Coast second tower (Tower 2), a $400 million 63-storey mixed use tower has progressed to level 30, with opening targeted for late CY24. All 450 residential apartments have been pre-sold. Capital works will be funded by partner contributions along with new debt facilities. Upon completion of Tower 2, The Star Gold Coast will have in excess of 2,000 hotel rooms and apartments on the island. The Dorsett Gold Coast Hotel, located within the Gold Coast first tower (Tower 1), opened on 26 December 2021 and continues to perform well. The final 75 apartments in Tower 1 settled during the year, and the Group received distributions of $20.2 million for its portion of the total related gain. On 26 June 2023, the contract for sale of the Sheraton Grand Mirage was executed. Settlement is expected in September 2023, following satisfaction of conditions precedent, for a sale price of $192.0 million. The Group expects to net approximately $60.0 million in funds from the sale.

In Brisbane, Destination Brisbane Consortium (***DBC***)'s development of Queen's Wharf Brisbane (***QWB***) is continuing. In July 2023, the final section of the SkyDeck was lifted into place. Other significant milestones achieved during the year include topping out of The Star Grand Hotel, receipt of keys to several dining, entertainment and gaming areas on levels 5 and 6, progress on the restoration and repurposing of the heritage buildings and completion of the Neville Bonner bridge. The phased opening of QWB is expected from April 2024.

In Sydney, The Darling Hotel, Sydney's only Forbes five-star hotel, had refurbishment works completed in August 2023. Staff amenity upgrades were also completed, including back-of-house amenities, lockers and changeroom facilities. Finally, The Star Station on the Sydney Light Rail Network underwent an upgrade and refresh.

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 $984.0 million, up 26.5% on the pcp and EBITDA (excluding significant items) was $127.2 million, up 52.5% on the pcp. Performance was adversely impacted by the implementation of uplifted controls, which necessarily resulted in increased exclusions; the important uplifting of risk and compliance resourcing; the introduction of competition during the period in the Sydney table games market; some operating restrictions impacting customer experience; and weaker consumer discretionary spending. The pcp was significantly affected by COVID-19 restrictions, with the property closed for 102 days and various operating restrictions enforced otherwise.

Gold Coast

Net revenue was $508.9 million, up 20.2% on the pcp and EBITDA (excluding significant items) was $107.0 million, up 19.8% on the pcp. Domestic gaming revenue was up 8.1%. Gold Coast started the year strongly, with a number of record monthly revenue results. This was largely due to a surge in domestic tourism and consumer spend in the wake of relaxed COVID-19 restrictions. Performance declined in 2H due to the implementation of uplifted controls which necessarily resulted in increased exclusions; the important uplifting of risk and compliance resourcing; the rebound of outbound travel which competed with domestic tourism; and weaker consumer discretionary spending. Non-gaming revenue was up 51.7%, attributed to a strong presence in the local market, additional on-property hotel rooms, return of conferencing events and recently refreshed amenities. Gaming taxes and levies and operating expenses were up 7.9% and 24.4% respectively, in line with the increase in gaming revenue, general activity levels and the step-up in remediation costs.

Brisbane

Net revenue was $374.6 million, up 14.9% on the pcp and EBITDA (excluding significant items) was $83.2 million, up 28.4% on the pcp. Brisbane started the year strong, with a number of record months of revenue, before a slight slowdown in the second half. Gaming taxes and levies were up 12.3%, in line with domestic gaming revenue growth, while operating expenses were up 11.3%, reflecting higher activity levels and a step-up in remediation costs.

International VIP rebate business

The Group recorded no International VIP Rebate revenue in FY23 following the suspension of all international rebate programs in May 2022 in response to the Bell Review. The results of the International VIP Rebate business in the pcp are embedded in the segment performance overviews above, however remained immaterial due to border closures (prior to its suspension in May 2022).

2.6 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS, REGULATORY MATTERS AND FUTURE DEVELOPMENTS

AUSTRAC civil proceedings

As announced on 7 June 2021, and 14 January 2022, entities within the Group were the subject of an AUSTRAC enforcement investigation. This followed potential non-compliance concerns identified in the course of a compliance assessment which was commenced by AUSTRAC in September 2019.

On 30 November 2022 The Star Pty Limited and The Star Entertainment QLD Limited (collectively ***The Star Entities***), were served with a statement of claim from AUSTRAC, commencing Federal Court civil penalty proceedings in relation to alleged contraventions of obligations under the *Anti-Money Laundering and Counter Terrorism Financing (AML/ CTF) Act 2006*. The claims include that The Star Entities:

1. Failed to appropriately assess the money laundering and terrorism financing risks.
2. Did not include in their AML/CTF programs appropriate risk-based systems and controls to mitigate and manage risks.
3. Failed to establish an appropriate framework for Board and senior management oversight of the AML/CTF programs.
4. Did not have a transaction monitoring program to monitor transactions and identify suspicious activity that was appropriately risk-based or appropriate to the nature, size and complexity of The Star Entities.
5. Did not have an appropriate enhanced customer due diligence program to carry out additional checks on higher risk customers.
6. Did not conduct appropriate ongoing customer due diligence on a range of customers who presented higher money laundering risks 1,189 times in New South Wales and 325 times in Queensland.

The parties are working towards the preparation of a Statement of Agreed Facts and Admissions (***SAFA***). At the case management hearing on 14 July 2023, the Court ordered that the final SAFA be filed by 1 November 2023.

AUSTRAC has commenced civil penalty proceedings against other companies on five occasions, one of which is yet to conclude. The four concluded AUSTRAC proceedings to date have led to the Federal Court approving and / or ordering the respondent to pay significant penalties (Tabcorp $45 million (2017); CBA $700 million (2018); Westpac $1.3 billion (2020) and most recently, Crown $450 million (2023)). The determination of the Federal Court's penalty (including where a penalty has been jointly proposed by AUSTRAC and the defendant to the Court) is specific to the facts of each case and arrived at after consideration of the SAFA and evidence and submissions in relation to the appropriateness of the penalty.

The Statement of Claim from AUSTRAC alleges that the number of breaches committed by The Star Entities is innumerable. Following a review of the Statement of Claim, and an analysis of the penalties against other companies (described above), the relative size of the Group and capacity to pay, the Group has determined an appropriate provision on the balance sheet as at 30 June 2023. This provision was and is recognised at a time where there remains considerable uncertainty on the approach the Federal Court will ultimately take when approving any agreed penalty and where The Star Entities continue to engage with AUSTRAC and the Australian Government Solicitor in relation to remediation activities designed to address allegations of ongoing deficiencies in The Star Entities' AML/Program. Any actual penalty paid by the Group may differ materially to the provision recorded at 30 June 2023.

Underpaid casino duty

During the Bell review, concerns were raised regarding the characterisation of residency for rebate patrons and the potential consequences for the Group's calculations of rebate duty payable to the NSW Government. As a result, the Group undertook an independent assessment of residency status and consequential rebate gaming activity for a number of patrons that had changed their residency status from ordinarily resident in New South Wales to being ordinarily resident interstate or overseas between 28 November 2016 to May 2022.

The Bell report recommended the NSW Independent Casino Commission (***NICC***) engage an independent expert to perform their own audit of all patrons that engaged in rebate play at The Star Sydney since 28 November 2016 and a clear and objective test regarding the residency of players be included in The Star Sydney's Duty Agreement.

The Group is working with NSW Liquor and Gaming to agree the scope of an independent review applicable to rebate play for all patrons. The Group has also commenced working with the NICC and Treasury to develop a clear and objective test for the residency of players. Such a test will require an amendment to The Star Sydney's Duty agreement and result in changes to relevant internal controls.

The Group has determined an appropriate provision on the balance sheet at 30 June 2023 of the potential impact of the review of rebate play for all patrons. The final quantum of casino duty may be materially different to the amount provided as it is subject to further analysis and discussions with the NICC and NSW Treasury.

ASIC civil penalty proceedings against former directors and officers of the Company

In December 2022, the Australian Securities and Investment Commission (***ASIC***) commenced civil penalty proceedings in the Federal Court of Australia against 11 former directors and officers of the Company alleging contraventions of their duties under s180(1) of the *Corporations Act 2001 (Cth)*. The alleged contraventions arise from certain matters considered in the Bell and Gotterson Reviews.

As no entity of the Group is party to these proceedings, it is not possible to predict the timing and any financial impact of these claims on the Group (including in terms of the Group bearing costs for the defendants, or the extent to which those costs might be covered by available insurances and indemnities in place for previous officers and directors).

The Group provided for an estimate of legal costs as at 30 June 2023.

Class actions

On 30 March 2022, 7 November 2022 and 3 and 6 February 2023, the Company was served by Slater & Gordon, Maurice Blackburn, Phi Finney McDonald and Shine Lawyers respectively with separate statements of claim for securities class actions in the Supreme Court of Victoria.

The claims are substantially similar and allege the Group failed to comply with continuous disclosure requirements and engaged in misleading or deceptive conduct between 2016 and 2022 through various alleged disclosures or nondisclosures about its systems, controls, operations and regulatory risks. The allegations reference the Bell review and previous media reporting.

On 27 and 28 June 2023, the Court heard carriage and costs order applications from each of the four plaintiff law firms. Judgment has been reserved in relation to which plaintiff firm will have carriage of the proceedings and the terms of any relevant group costs order.

The Company intends to defend the proceedings.

The outcome and any potential financial impacts are unknown, including the extent to which any costs might be covered by the Group's insurance policies.

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 $143.8 million (primary tax of $81.9 million and interest of $61.9 million). In FY22 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 matter has been adjourned until the outcome of the objections, which is yet to be decided. 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 objection is yet to be decided.

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

NEW SOUTH WALES

Regulatory 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* (NSW). These amendments enacted reforms to the NSW casino regulatory framework, including to address the recommendations of the Bergin Inquiry and certain additional measures and to establish the NICC as a new independent regulator. The reforms also purported to override compensation rights previously available to the Group for specified regulatory changes. The amendments were effective from 5 September 2022 with the exception of compulsory carded play and cash play limits, which commence on 11 August 2024 (unless an earlier date is set by Government). The amendments include expanding the definition of gaming revenue to include slots free play.

Bell report

The Bell Report was provided to the Independent Liquor and Gaming Authority (ILGA) on 31 August 2022 and published by the NICC on 13 September 2022. Mr Bell made a total of 30 recommendations and found The Star unsuitable to hold a casino licence in NSW.

Disciplinary action

After considering the Bell Report recommendations and The Star's response to the show cause notice issued on 13 September 2022, the NICC issued a $100 million fine (payable in 3 instalments on 31 March 2023, 30 June 2023 and 29 December 2023), suspended The Star's casino licence and appointed a Manager for the Sydney casino. The Manager was appointed initially for 90 days, however on 16 December 2022 this was extended to 19 January 2024.

The final instalment for the pecuniary penalty has been recorded as a liability on the balance sheet at 30 June 2023.

The Star Sydney remains open and operating, and net earnings continue to be paid to The Star after payment of the Manager's costs. The Manager has assumed the responsibility and control of The Star's casino operations.

Casino duty reforms

On 11 August 2023 the NSW Treasurer and the Group announced an in-principle agreement had been reached in relation to changes to casino duty rates for casinos in New South Wales and their impact on The Star Sydney. The in-principle agreement supersedes the proposal announced by the previous Liberal NSW Treasurer on 17 December 2022. Once formalised the amendments announced are designed to deliver a sustainable outcome for The Star Sydney and to protect the jobs of thousands of NSW team members.

The changes include rate increases for rebate duty (10% to 12.5%) and Table Games (17.91% to 20.25%) from 1 July 2023. Poker Machine duty rates will remain unchanged until 2030 (currently 20.91%, 21.91% from 1 July 2024 and 22.91% from 1 July 2027). From 1 July 2030 poker machines will be taxed based on average poker machine revenue using a progressive rate scale with a maximum of 51.6%. In the period 1 July 2023 to 30 June 2030 an additional levy will apply equal to 35% of The Star Sydney's gaming revenue above $1.125 billion per financial year. There is no change to the Responsible Gambling Levy rate.

Further, the in-principle agreement includes a jobs agreement that provides employment certainty for team members in arrangements agreed with the United Workers Union. The Star Sydney will also introduce a trial of its cashless gaming machine technology in October 2023 on 50 gaming machines and 8 gaming tables.

QUEENSLAND

Regulatory reforms

On 14 October 2022 the *Casino Control and Other Legislation Amendment Bill 2022* (Qld) was passed by the Queensland Parliament. The legislative amendments to the *Casino Control Act 1982* (Qld) included increasing the maximum pecuniary penalty to $100 million, allowing for the appointment of a Special Manager and overriding compensation rights previously available to the Group for specified regulatory changes.

Gotterson Report

In July 2022 an independent review commenced of the Group's Queensland casinos, The Star Gold Coast and Treasury Brisbane.

The Attorney-General appointed the Honourable Robert Gotterson AO, to examine whether these casinos operate in a way that is consistent with achieving the objectives of the *Casino Control Act 1982* (Qld) and the ongoing suitability of the Group's casino licensees. The Gotterson Report was publicly released on 6 October 2022, making 12 recommendations, which have been accepted in-principle by the Queensland Government. On 25 October 2022 the Attorney-General formally determined that the Group's Queensland casino licensees, and other associated entities of The Star Entertainment Group, were not suitable to be associated or connected with the management and operations of a hotel-casino complex or casino in Queensland, by reason of it not being a person of good repute.

Further amendments to the *Casino Control Act 1982* (Qld) are expected in 2023 to enact the remaining recommendations from the Gotterson Report, including mandatory carded play and cash limits and mandatory player pre-commitments.

Disciplinary action

On 9 December 2022 the Attorney-General announced a total penalty of $100 million in relation to the Group's Queensland casinos (payable in three instalments on 31 March 2023, 30 June 2023 and 31 December 2023); suspended the Group's Queensland casino licences for a period of 90 days on a deferred basis with effect from 1 December 2023 unless postponed or rescinded due to satisfactory progress towards suitability, and appointed a Special Manager to monitor the operations of the Group's Queensland casinos.

The final instalment for the pecuniary penalty has been recorded as a liability on the balance sheet at 30 June 2023.

FUTURE DEVELOPMENTS

Future developments in the Group's activities will be dependent on several factors outlined in this report, notably the successful refinance of debt facilities, resolution of the AUSTRAC civil proceedings, and timely execution of the extensive program of remediation activities necessary for a return to suitability in both NSW and Queensland.

There were no other significant changes in the state of affairs of the Group during the financial year.

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 material 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**
Suitability	
The Company and the Group's operations are regulated by laws, licences, permits and approvals from relevant government agencies and regulators. The failure of one or more of the relevant Group entities for The Star Sydney, The Star Gold Coast or Treasury Brisbane to be suitable, or return to suitability, to hold a casino licence or meet relevant suitability requirements could have an impact on the Group's reputation, financial performance and position and the ongoing operation of the business. Following the Bell and Gotterson reviews in NSW and Queensland, respectively, the Group is presently operating with a suspended licence in NSW and a licence which is subject to deferred suspension in Queensland.	The Company is developing a comprehensive remediation program which seeks to uplift and reform the Group's governance, accountability and capabilities, culture and risk and compliance processes to meet suitability requirements for a casino operator in the States in which it operates. A draft Remediation Plan is currently under review by the relevant regulators, and is subject to their approval. The Remediation Plan will be multi-year in nature and will require significant financial and human resources to deliver.
Safer Gambling	
The Company recognises the failure to deliver and support responsible gambling practices as a material risk for the Group's business operations. The Group seeks to provide a safe gambling environment where problem gambling and gambling related harm are minimised. Failure to provide a Safer Gambling environment at each of its venues may impact the Group's suitability to hold casino licences and result (including following self-reporting) in significant fines or other penalties or sanctions, which in turn may have an adverse impact on the Group's reputation, suitability to hold one or more casino licences, and financial performance and position. The Bell and Gotterson reviews are examples of this. Failure to provide a Safer Gambling environment may also increase customer dissatisfaction, which could result in compensatory claims, leading to an adverse impact on the Group's financial performance and position.	Through the remediation program the culture of Safer Gambling will be embedded in the Group's business strategy, processes, and individual accountabilities. Resourcing dedicated to Safer Gambling monitoring and guest welfare has nearly doubled during FY23, with further increases being actioned in FY24. Analytics is used to detect patterns, modes and durations of play which may be indicators of gambling harm. These efforts will be improved when fully carded play becomes effective in CY24.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Risk and description	**Mitigation strategy**
Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF Compliance) The Group operates in an industry that presents high money laundering risks. As a provider of 'designated services' under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act), some entities within the Group are 'reporting entities' which are subject to obligations under the AML/CTF Act and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1). A failure to comply with these obligations may expose the Group to significant penalties or other regulatory actions. AUSTRAC has commenced civil penalty proceedings against the Group, alleging wide-spread non-compliance with the AML / CTF Act and Rules. The outcome of AUSTRAC's action against the Group is unknown, but may result in a material penalty which may have a significant negative impact on the Group's financial position.	AML risks are actively managed and the Group's AML/CTF framework is continuing to be enhanced. Development and delivery of the Group's remediation program is expected to further enhance AML risk awareness and AML controls across the Group, embed and strengthen new processes and controls, while also providing greater visibility of control effectiveness. The Group has dedicated regulatory and compliance teams and a specialist AML/CTF team that is continuing to invest and enhance the Group's AML/CTF risk management capabilities, including through dedicated IT systems development. During FY23, an additional 70 FTE (approx.) have been employed to support the AML/CTF team and The Group's AML/CTF framework. This incremental capacity has undertaken remediation activity, improved transaction monitoring controls, introduced screening processes, expanded guest data collection and verification processes, improved governance and risk assessment capabilities and delivered updated training for Group personnel. The Group seeks to build collaborative, transparent and constructive relationships with financial crime regulators, keeping abreast of emerging risks and trends, and actively participating in industry, regulatory and law- enforcement initiatives.
Legal and Regulatory Compliance The Group operates in a highly regulated industry and is reliant on receiving and maintaining regulatory approvals in the jurisdictions in which it conducts gaming and non-gaming operations. Legislative and regulatory changes or decisions affecting the operation of casinos (including 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) may have an adverse impact on the operations, financial performance and position of the Group. Similarly, failure to conclude the in-principle agreement over changes in casino duty rates in NSW, as announced by the NSW Treasurer, may have negative consequences for the financial performance and position of the Group.	The Group's remediation program is being designed to further develop and enhance the Group's governance and compliance frameworks and processes. The Group continuously monitors for potential legislative and regulatory changes or changes in relevant government policy and positions in the States in which it operates. This includes matters core to the integrity of gaming operations such as gaming regulatory compliance, Safer Gambling, service of alcohol and AML/CTF compliance. The Group works collaboratively with State and Federal regulatory authorities to ensure that applicable laws and regulations are properly interpreted and applied. The Group works with these authorities and other stakeholders in relation to anticipated or proposed legislative or regulatory changes or decisions.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Risk and description	Mitigation strategy
Legislative & Contractual Restrictions on Dealing with Assets	
Beyond the current regulatory issues applying to the Group's operations in NSW and Qld (including the manager appointments), there are various restrictions arising under state-based legislation and various contractual arrangements which apply to the casino licences and associated assets which comprise the Group's operations. These arrangements restrict certain dealings in the relevant assets, such that the relevant assets cannot be assigned or mortgaged, charged or otherwise encumbered, at least without relevant consents or approvals being obtained (if applicable) or at all. Certain assets are also subject to joint venture arrangements and the financing arrangements which apply to those joint ventures. The inability of the Group to deal with these assets in certain circumstances or obtain necessary regulatory approvals or legislative changes to transact or finance these assets could negatively impact the Group's operations and financial position.	These restrictions are a function of the legislative and contractual obligations which apply to the Group's operations in NSW and Qld. The Group seeks to ensures that it consults with relevant regulatory bodies and third parties in connection with such restrictions and limitations as appropriate. Where applicable, relevant consents or approvals are sought.
Financial Management	
The Group's ongoing financial performance and position is critical in order for the Group to be able to access funding to meet current and anticipated expenses, penalties and judgements and to fund future growth opportunities on commercially acceptable terms. The Group is currently undertaking a refinance process. The failure of this process to conclude successfully could have material negative implications for the Group's operating and financial position and performance.	The Group continuously monitors its financing and capital requirements and will seek to raise funds from either debt or equity capital markets, debt financiers or otherwise, to support the Group's financial management needs, in each case, subject to such funding being available on commercially acceptable terms. Professional financiers are engaged to assist in complex financing requirements when appropriate. Financial performance is continuously monitored for any variations from annual financial budgets and market expectations.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Risk and description	Mitigation strategy
Key Stakeholder Relations The Group may experience difficulties or be unable to engage with key stakeholders proactively and fairly. Any deterioration of the Group's relationships with key stakeholders may have an adverse impact on the Group's operations and 'social licence' to operate, which in turn could have an adverse impact on the Group's reputation and financial performance and position. Critical stakeholders for the Group are the financial services companies that provide transactional banking services. If the Group is unable to maintain or source transactional banking services (including for new businesses such as The Star Brisbane) there may be negative impacts on operational and financial performance.	The Group is developing standard frameworks and processes, including as contemplated by the remediation program, for engaging with a variety of stakeholder groups to improve the quality and depth of its relationships with, amongst other stakeholders, governments, regulators, shareholders, customers, joint venture partners, lenders, transactional banking providers, suppliers, employees, media and unions. The Group has also developed partnerships with local community groups and charitable organisations.
Corporate Governance There may be potential adverse impacts for the Group from a failure to maintain a strong and effective governance structure which supports a culture of transparency, accountability, and compliance.	During FY23 the Board composition was fully renewed and a new Chairman appointed. In addition, a new Group CEO, Chief Financial Officer, Chief Risk Officer, Chief Legal Officer and other senior positions were also appointed, all with the intent of driving stronger governance and a culture of transparency, accountability and compliance. The Group has established and is refining an integrated "3 lines of accountability" 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 Group's risk management framework. Internal Audit has been expanded and strengthened with additional resources and capacity. Reporting is to the Chair of the Board Audit Committee.
Climate Change, Sustainability & Environmental Impact The Group seeks to identify climate related risks and opportunities (including, physical risks and socioeconomic impacts), report and reduce environmental impacts and improve sustainability performance across its operations. Failure by The Group to effectively assess and respond to these risks and opportunities, or to be perceived as failing to do so, could adversely impact the Group's reputation which in turn could adversely affect the Group's financial performance.	The Group's ESG strategy, "Responsible Business, Sustainable Destinations" responds to the Group's 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 Group has set targets for net zero Scope 1 and Scope 2 carbon emissions for its wholly owned and operated assets, is implementing its Decarbonisation Plan and has set resource reduction targets. Sustainability and environmental impact matters are reported to the Safer Gambling, Governance and Ethics Committee.

Risk and description	Mitigation strategy
Culture	
The Group recognises that a risk-aware culture, where team members are willing and unafraid to escalate matters, is necessary to the effective operation of its business. Failure to operate with such a constructive culture consistently across the Group's operations could result in a failure to identify, raise and escalate incidents, breaches, operational and other matters that could negatively impact the operational and financial performance of the Group. As a result of a failure to escalate matters, a weak culture could also negatively impact the Group's reputation, regulatory relationships, the Group's return to suitability and ability to hold casino licences in the states in which the Group operates.	The Group has expended significant effort to understand the Group's culture through an independent assessment, finalised at the end of FY23. The learnings from this assessment are driving activities through the Group's remediation program. A program to promote safe escalation of incidents, issues, breaches and other matters, "Raise It", was launched Q4 FY23 and continues to be the basis for driving momentum in the year ahead. An independent and confidential whistleblowing program is in place to support escalation when team members may not be comfortable escalating through internal channels.
People	
The Group may experience levels of high turnover in its workforce, including from cost reduction initiatives, and may experience difficulty attracting, recruiting and retaining appropriately qualified staff – including for key leadership and operational roles. Specific to the Queen's Wharf development, the opening of The Star Brisbane will require a substantial increase in headcount. The inability to attract the right talent ahead of opening may impact the Group's operations and financial performance. Relationships with unions may not always be constructive and supportive, leading to challenging working environments and potentially, disruptions to business operations. People are critical to the effective operation of the Group's business. Negative developments that impact the Group's workforce may have an impact on the Group's operations and financial performance.	The Group has implemented a Diversity and Inclusion Program and talent acquisition and retention programs and has invested in other strategic initiatives such as The Star Academy to attract, recruit and develop high performing and high potential employees. The Group undertakes training and development programs to provide employees with career development opportunities. The Group has also 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 holds a constructive relationship with unions through structured engagement from Senior Leadership to Front line team members with a transparent and consultative approach. Our National Deed of Agreement with United Workers Union and property Enterprise Agreements provide a base line governance for our ways of working. The remediation program is being designed to uplift capabilities in people and culture across the Group.
Health & Safety	
The Company seeks to operate the Group's facilities without affecting the safety, security and wellbeing of its guests, team members and contractors. There may be adverse impacts for the productivity, operations and reputation of the Group if a guest, team member or contractor is injured or some other event or circumstance occurs in relation to their safety, security and wellbeing, at one of the Group's premises. This may also impact the financial performance of the Group.	The Group takes a risk-based approach to managing health and safety. Dedicated health and safety and injury management specialists are employed at each of the Group's properties. Each property employs security and surveillance personnel to provide support in monitoring threats and managing potential incidents on a real time basis.

Risk and description	Mitigation strategy
Operational Risks	
The Group faces operational risks in its day-to-day activities and processes. This includes risk of loss resulting from inadequate, changed or failed internal processes, people or systems (including, amongst other things, technology, innovation, data storage, staffing levels and skills, and information security systems), or from external events. Though controls are in place, these may not always be effective at mitigating unexpected internal or external events which may adversely impact the Group's operational and financial performance.	Measures have been taken over FY23 to enhance the Group's operational controls. Risk management capability across the Group is being enhanced, with additional resourcing for controls management and expanded capability in a dedicated Risk Management function. The remediation program includes clearly defined work streams designed to simplify the control environment and identify any control gaps. A culture of risk awareness and an entrenched 'three-lines-of accountability' risk model is the Group's objective. Assurance and Audit capabilities are being improved, in addition to business risk awareness.
Cyber Security, Information Systems & Privacy	
The Group seeks to protect confidential business or customer data which is collected, used, stored, and disposed of in the course of the Group's business operations, including from a leak or unauthorised access or use. Information systems applications and technology are essential to maintaining effective operations. Threats to information systems applications and technology are continuously evolving and cyber threats and the risk of attacks are increasing. Any failure of the Group's systems and processes could result in, amongst other things, business interruption, customer dissatisfaction, legal or regulatory breaches (including of privacy legislation) and liability. This in turn could have an adverse impact on the Group's reputation and financial performance.	The Group has a dedicated information technology (IT) security function which tests and monitors technology systems to detect and block viruses and other threats to the security of the Group'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. A dedicated Privacy team sits within the Risk Management function and works closely with IT on data security matters.
The Star Brisbane / Queen's Wharf Project	
The Group, through Destination Brisbane Consortium, is committed to delivering the Queens Wharf Project. Failure to realise the potential return from the Group's invested capital in the Queen's Wharf Project or The Star Brisbane, or a failure to obtain the necessary licences or approvals to operate the precinct, may have an adverse impact on the Group's reputation, financial performance and position. The Group, through Destination Brisbane Consortium is presently in dispute with the builder of Queen's Wharf, the outcome of which is uncertain. Legal proceedings associated with this dispute are presently in the Supreme Court of Queensland. There are potential negative impacts on the Group's reputation and financial performance, arising from unexpected settlement outcomes. Resulting from a number of factors, the opening of The Star Brisbane has already been delayed to April 2024. There is no certainty that the opening will not be further delayed, with negative impacts on the reputation and financial performance of the Group.	The Group has an operational Readiness Team and structured program in place to deliver a transition from Treasury to The Star Brisbane. Further, governance structures are in place to report progress and risks to the Board and the Destination Brisbane Consortium Board and relevant Committees. The Group has dedicated resources supporting licensing requirements and acting as points of contact with regulators in Queensland to support timely approval of licence applications. While the Group's preference is to resolve disputes constructively through established governance forums, legal resources are in place to address escalated dispute proceedings.

Risk and description	Mitigation strategy
Realising Value from Capital Projects	
There may be potential adverse impacts for the Group from a failure to generate adequate returns from the financial capital invested in capital projects.	The Group has a project management framework and has employed experienced project managers to reduce the risk of delays in completion and/or overruns in costs of capital projects and maintain oversight of joint venture investments. The Group markets and promotes its portfolio of facilities to seek to achieve a level of customer patronage needed to deliver the expected returns on investment.
Competitive Position and Customer Behaviour	
There may be potential adverse impacts on the Group's financial performance and position from increased competition in the Group's key markets in Sydney, Gold Coast and Brisbane. Further, any diminution in customer satisfaction, loyalty or changes in customer behaviour may have an impact on the operating and financial performance and position of The Group. This includes behavioural change arising from changed business processes and controls. Notably, the introduction of fully carded play at the Group from August 2024 will have an unknown impact on customer behaviour and may negatively affect the Group's operating performance and financial position.	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. Monitoring is in place to track customer satisfaction. Change management practices are employed with specialised communication programs in place to support customers through business changes.
Political and General Business and Economic Conditions	
In light of recent global and domestic macroeconomic events and political, economic and business conditions, geopolitical risks (for example, the conflict in Ukraine), natural disasters, inflationary pressures (including increases to energy prices and the tightened labour market) and rising interest rates, Australia may continue to experience economic variability and uncertainty going forward. For example, in the second half of FY23, the Group experienced a significant and rapid deterioration of trading performance. These economic and geopolitical conditions have had, and could in the future have, an adverse impact on the Group's operating and financial position and performance.	The Group works collaboratively with external stakeholders and engages actively with governments in support of common objectives. Dedicated resourcing is in place for this purpose. The Group monitors the external economic environment and aims to be responsive to economic challenges that may impact its customers, its employees and its business.

2.8 ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007* (***NGER Act***). The NGER Act requires the Group to report its annual greenhouse gas emissions and energy consumption for the period 1 July through 30 June each year. The Group has implemented systems and processes for the collection and calculation of the data required and receives independent limited assurance on this data. The Group submits its report in October each year inline with the filing requirements.

The Group is also subject to regulatory obligations as a signatory to, and complying with, the Australian Packaging Covenant, and as a member of the Australian Packaging Covenant Organisation (APCO). APCO is a not-for-profit organisation, accredited by the Commonwealth Government, whose role is to administer the Australian Packaging Covenant. As a signatory to the Australian Packaging Covenant, the Group's obligations include preparing and implementing an action plan and submitting annual reports to APCO. The Group submitted its first annual report in March 2023 and Action Plan in May 2023, meeting regulatory obligations.

The Group believes its operations are not materially affected by any other significant environmental regulation under any law of the Commonwealth of Australia or any State or Territory of Australia.

The Group's Sustainability Strategy: *Responsible Business, Sustainable Destinations* and key activities to manage the sustainability risks identified as part of its materiality assessment can be found in the Company's Sustainability Reports on the Company's website in addition to existing policies and controls.

3 LOSS PER SHARE

Basic and diluted loss per share for the financial year was 211.7 cents (2022: 21.3 cents). Loss per share is disclosed in note F3 of the Financial Report.

4 DIVIDENDS

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, the Group returns to suitability and all of the Group's casino licences are in full force and effect.

5 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Casino duty reforms

On 11 August 2023 the NSW Treasurer and the Group announced an in-principle agreement had been reached in relation to changes to casino duty rates for casinos in New South Wales and their impact on The Star Sydney. The in-principle agreement supersedes the proposal announced by the previous Liberal NSW Treasurer on 17 December 2022. Once formalised the amendments announced are designed to deliver a sustainable outcome for The Star Sydney and to protect the jobs of thousands of NSW team members.

The changes include rate increases for rebate duty (10% to 12.5%) and Table Games (17.91% to 20.25%) from 1 July 2023. Poker Machine duty rates will remain unchanged until 2030 (currently 20.91%, 21.91% from 1 July 2024 and 22.91% from 1 July 2027). From 1 July 2030 poker machines will be taxed based on average poker machine revenue using a progressive rate scale with a maximum of 51.6%. In the period 1 July 2023 to 30 June 2030 an additional levy will apply equal to 35% of The Star Sydney's gaming revenue above $1.125 billion per financial year. There is no change to the Responsible Gambling Levy rate.

Further, the in-principle agreement includes a jobs agreement that provides employment certainty for team members in arrangements agreed with the United Workers Union. The Star Sydney will also introduce a trial of its cashless gaming machine technology in October 2023 on 50 gaming machines and 8 gaming tables.

DBC dispute with Multiplex

The Group has partnered with Hong Kong-based organisations Chow Tai Fook Enterprises Limited and Far East Consortium International Limited to form Destination Brisbane Consortium (***DBC***) for the Queen's Wharf Brisbane Project.

Multiplex (***MPX***) is the principal contractor on the Queen's Wharf Brisbane Integrated Resort Development project. Since early 2022 MPX has submitted a number of claims to DBC seeking damages and extensions of time and makes various allegations against DBC and the principal's representative. DBC claims that it is entitled to liquidated damages from MPX due to its failure to meet contractual completion dates and commenced deducting liquidated damages from MPX in July 2023.

On 18 May 2023, MPX issued a Formal Dispute notice to DBC. MPX also included in its July 2023 progress claim, significant claims for delay costs and acceleration costs and for repayment of liquidated damages deducted. These claims have been reviewed and rejected by the Principal's Representative during the course of the contract. DBC delivered a detailed Payment Schedule on 8 August 2023 rejecting these claims in total and deducting further liquidated damages from the monthly amount that would have been payable to Multiplex. On 18 August 2023 DBC was served with a Statement of Claim filed by MPX in the Supreme Court of Queensland. The claim seeks various declarations from the Court regarding extensions of time, relevant milestone dates, liquidated damages, variations and certain other matters, including potential sums payable, in connection with the contract and seeks various orders in relation to those matters. The Group understands that DBC intends to defend the proceedings.

On 28 August 2023, DBC was issued with an adjudication application lodged by MPX with the Queensland Building and Construction Commission under the *Building Industry Fairness (Security of Payment) Act 2017 (Qld)*. The application is seeking awards by the adjudicator for extensions of time, certification of stage completion, entitlements to liquidated damages and payment of certain amounts (comprising delay costs, set-offs, acceleration costs, variations and other amounts). The adjudication claim is separate to the Supreme Court proceedings. The Group understands that DBC is currently reviewing the adjudication application and that it intends to respond in accordance with the process in the relevant legislation.

6 DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SOCIAL 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	
David Foster	**Chairman** (from 31 March 2023;) Independent Non-Executive Director (from 15 December 2022) *Master of Business Administration; Bachelor of Applied Science; Fellow of the Australian Institute of Management; Senior Fellow of the Financial Services Institute of Australasia; Member of the Australian Institute of Company Directors* **Experience:** David Foster is an experienced chairman and non-executive director, who has served on boards across a diverse range of industries including financial services, retail, government, education and professional services. David currently holds various ASX-listed company directorships, including as a Director of Bendigo and Adelaide Bank Limited and as Chairman of G8 Education Limited. David is the former Chairman of the Regional Investment Corporation and was previously a Board member of Genworth Mortgage Insurance Australia and a Non-Executive Director of Australian Reinsurance Pool Corporation. David forged a career of more than 25 years in the financial services sector, including over five years as Chief Executive Officer of Suncorp Bank where he had responsibility for navigating the Bank through the global financial crisis and delivering a significant turnaround and restructuring of the Bank. He retired as CEO at the end of 2013. **Special Responsibilities:** - Chairman of the Board - Member of the Audit Committee - Interim Chair of the Risk and Compliance Committee (pending probity approval of new director) - Member of the Remuneration and People Committee - Member of the Safer Gambling, Governance and Ethics Committee **Directorships of other Australian listed companies held during the last 3 years:** - Bendigo and Adelaide Limited (4 September 2019 to present) - G8 Education Limited (1 February 2016 to present) - Helia Group Limited (30 May 2016 to 31 March 2022) - Motorcycle Holdings Limited (8 March 2016 to 23 December 2022)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Current Directors	
Robbie Cooke	**Managing Director and Group Chief Executive Officer** (Robbie commenced as Group Chief Executive Officer on 17 October 2022 and was appointed Managing Director on 18 November 2022). *Bachelor of Laws (Honours); Bachelor of Commerce; Graduate Diploma in Company Secretarial Practice; Associate of the Governance Institute of Australia; Member of the Australian Institute of Company Directors; Solicitor of the Supreme Court of Queensland* **Experience:** Robbie Cooke has led four ASX listed companies in a business career spanning more than 30 years. He has traversed scale-ups, listings and significant M&A actions. He had an 11-year executive career in lotteries, race wagering and sports betting at Tatts Group Limited and a predecessor company, UNiTAB Limited, including five years as CEO and Managing Director. Robbie also ran Australia's leading online travel company Wotif.com Limited for seven years, taking the business through scaleup from start-up mode, achieving a circa fivefold increase in profits and a successful IPO in 2006. Immediately prior to joining The Star, Robbie was the Chief Executive Officer and Managing Director of Tyro Payments, an Australian based payments fintech which he successfully led to Initial Public Offering in 2019. **Special Responsibilities:** Nil **Directorships of other Australian listed companies held during the last 3 years:** - Tyro Payments Limited (18 October 2019 to 3 October 2022)
Michael Issenberg	**Independent Non-Executive Director** (from 11 July 2022) *BS in Hotel Administration – Cornell University USA* *French Order of Merit (Ordre national du Mérite)* **Experience:** Michael Issenberg is an experienced executive and director with over 40 years' experience in the hotel and casino industries. Michael is currently Chairman of Tourism Australia, Director of TFE Hotels, and he is a Lifetime Member of Tourism & Transport Forum Australia and the Cornell Hotel Society. Michael was formerly the Chairman of Reef Corporate Services Limited and Non-Executive Director for over 20 years, 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. **Special Responsibilities:** - Member of the Audit Committee - Member of the Safer Gambling, Governance and Ethics Committee - Chair of the Remuneration and People 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 2002 to 18 March 2022)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Current Directors	
Deborah Page AM	**Independent Non-Executive Director** (from 13 March 2023) *Bachelor of Economics, Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Australian Institute of Company Directors* **Experience:** Deborah Page is a Chartered Accountant with dual audit partner and CFO experience during her executive career. She has specific experience in corporate finance, accounting, audit, mergers and acquisitions, capital markets, insurance and joint venture arrangements. Deborah has extensive experience as a company director gained across ASX listed, private, public sector and regulated entities since 2001. Her relevant sector experience includes property, technology, and the regulated sectors of insurance and funds management. Deborah's experience includes Board leadership, governance and compliance, risk management, remuneration practices, investor relations and health, safety and environment. Deborah is currently a Non-Executive Director of Brickworks Limited and Growthpoint Properties Australia Limited. Deborah is a member of Chief Executive Women and a member of the Takeovers Panel. **Special Responsibilities:** - Chair of the Audit Committee - Member of the Risk and Compliance Committee - Member of the Safer Gambling, Governance and Ethics Committee **Directorships of other Australian listed companies held during the last 3 years:** - Brickworks Limited (1 July 2014 to present) - Growthpoint Properties Australia Limited (1 March 2021 to present) - Pendal Group Limited (7 April 2014 to 23 January 2023) - Service Stream Limited (21 September 2010 to 30 April 2023)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Current Directors	
Anne Ward	**Independent Non-Executive Director** (from 18 November 2022) *Barrister and Solicitor of the Supreme Court of Victoria; Fellow of the Australian Institute of Company Directors; Bachelor of Laws; Bachelor of Arts* **Experience:** Anne Ward is an experienced company director with expertise in business management, strategy, governance, risk and finance and broad industry experience spanning financial services, banking, insurance, technology, healthcare, government, education, tourism, entertainment and gaming. Anne also has considerable experience in complex governance, transformation and risk management across highly regulated sectors, including casinos. Anne is currently Chair of ASX-listed ecommerce group Redbubble Ltd and communication software provider Symbio Holdings Ltd. Anne was formerly Chairman of Colonial First State Investments Ltd, Qantas Superannuation Ltd and Zoos Victoria, and a director of Crown Resorts Limited, MYOB Group Ltd and Flexigroup Ltd. She was previously a Council Member at RMIT University for several years, where she contributed to an uplift in governance for the university sector in Australia. Prior to her career as a professional director, Anne was a commercial lawyer for 28 years and was General Counsel for Australia at the National Australia Bank and a partner at Minter Ellison in Melbourne. **Special Responsibilities:** - Chair of the Safer Gambling, Governance and Ethics Committee - Member of the Risk and Compliance Committee - Member of the Remuneration and People Committee **Directorships of other Australian listed companies held during the last 3 years:** - Redbubble Ltd (22 March 2018 to present) - Symbio Holdings Limited (22 July 2021 to present) - Crown Resorts Limited (13 January 2022 to 24 June 2022)

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Former Directors	
Ben Heap	**Chairman** (from 1 June 2022 to 31 March 2023) Non-Executive Director (from 28 May 2018 to 31 March 2023) *Bachelor of Commerce (Finance); Bachelor of Science (Mathematics); Graduate of the Australian Institute of Company Directors*
Gerard Bradley AO	**Non-Executive Director** (from 30 May 2013 to 31 October 2022) *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*
Katie Lahey AM	**Non-Executive Director** (from 1 March 2013 to 30 December 2022) *Bachelor of Arts (First Class Honours); Master of Business Administration; Member of the Order of Australia*
Richard Sheppard	**Non-Executive Director** (from 1 March 2013 to 22 November 2022) *Bachelor of Economics (First Class Honours); Fellow of the Australian Institute of Company Directors*

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:

	Ordinary Shares	Performance Rights
Current		
David Foster [a]	13,948	Nil
Robbie Cooke[b]	Nil	1,162,053
Michael Issenberg [c]	20,000	Nil
Deborah Page AM [d]	35,500	Nil
Anne Ward [e]	Nil	Nil

a Appointed as Chairman on 31 March 2023. Appointed as Non-Executive Director on 15 December 2022 following the receipt of all necessary regulatory approvals.

b Appointed as Chief Executive Officer on 17 October 2022 with regulatory approvals in NSW pending. Commenced as Managing Director on 18 November 2022 following the receipt of all necessary regulatory approvals.

c Appointed as Non-Executive Director on 11 July 2022 following the receipt of all necessary regulatory approvals.

d Appointed as Non-Executive Director on 13 March 2023 following the receipt of all necessary regulatory approvals.

e Appointed as Non-Executive Director on 18 November 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.

9 BOARD AND COMMITTEE MEETING ATTENDANCE

During the financial year ended 30 June 2023, the Company held 45 meetings of the Board of Directors (including 33 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 Committee [j]		Remuneration & People Committee [k]		Remuneration, People & Social Responsibility Committee [l]		Safer Gambling, Governance & Ethics Committee [m]	
Directors	A	B	A	B	A	B	A	B	A	B	A	B
David Foster [a]	30	30	1	1	2	2	1	1	-	-	2	2
Robbie Cooke [b]	34	34	-	-	-	-	-	-	-	-	-	-
Michael Issenberg [c]	44	45	7	7	3	3	4	4	2	2	2	2
Deborah Page AM [d]	16	18	1	1	2	2	-	-	-	-	2	2
Anne Ward [e]	33	34	-	-	3	3	3	3	-	-	2	2
Former												
Ben Heap [f]	27	27	6	6	3	3	2	2	2	2	1	1
Gerard Bradley AO [g]	10	10	4	4	1	1	-	-	2	2	-	-
Katie Lahey AM [h]	14	17	-	-	1	1	1	1	2	2	-	-
Richard Sheppard [i]	12	12	4	4	1	1	-	-	-	-	-	-

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

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

a Appointed as Chairman on 31 March 2023. Appointed as Non-Executive Director on 15 December 2022 following the receipt of all necessary regulatory approvals.

b Appointed as Chief Executive Officer on 17 October 2022 with regulatory approvals in NSW pending. Commenced as Managing Director on 18 November 2022 following the receipt of all necessary regulatory approvals.

The Group Chief Executive Officer and Managing Director is not a member of any Board Committee but may attend Board Committee meetings upon invitation. That attendance is not recorded here.

c Appointed as Non-Executive Director on 11 July 2022 following the receipt of all necessary regulatory approvals.

d Appointed as Non-Executive Director on 13 March 2023 following the receipt of all necessary regulatory approvals.

e Appointed as Non-Executive Director on 18 November 2022 following the receipt of all necessary regulatory approvals.

f Retired as Chairman and Non-Executive Director on 31 March 2023.

g Retired as Non-Executive Director on 31 October 2022.

h Retired as Non-Executive Director on 30 December 2022.

i Retired as Non-Executive Director on 22 November 2022.

j The Risk and Compliance Committee was formerly the Risk, Compliance and Regulatory Performance Committee (name changed on 21 November 2022.

k The Remuneration and People Committee was formerly known as the Remuneration, People and Social Responsibility Committee.

l The name and remit of the Remuneration, People and Social Responsibility Committee changed on 21 November 2022 following the establishment of the Safer Gambling, Governance and Ethics Committee.

m The Safer Gambling, Governance and Ethics Committee was established on 21 November 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 2023. 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 Group Chief Financial Officer for the pre-approval of audit and non-audit services proposed by the external auditor, limited to $50,000 per engagement and capped at 40% of the relevant year's audit fee. Delegated authority is only exercised in relation to services that are not in conflict with the role of statutory auditors, where management does not consider the services to impair the independence of the external auditor and the external auditor has confirmed that the services would not impair their independence. Any other non-audit related work to be undertaken by the external auditor must be approved by the Chair of the Audit Committee.

Further details relating to the Audit Committee and the engagement of auditors are available in the Corporate Governance Statement.

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

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	197.6
Fees for other advisory and compliance services	58.0
Total of all non-audit and other services	**255.6**

Amounts paid or payable by the Company for audit and non-audit services are disclosed in note F10 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 2023. The auditor's independence declaration forms part of this Directors' Report. The financial year ended 30 June 2023 is Scott Jarrett's first year as Lead Audit Partner, following rotation of the previous audit partner in accordance with section 92 of the *Corporations Act 2001 (Cth).*

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

David Foster
Chairman
Sydney
29 August 2023

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 2023, 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

Scott Jarrett
Partner
29 August 2023

THE STAR ENTERTAINMENT GROUP

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 2023

INTRODUCTION FROM THE REMUNERATION AND PEOPLE COMMITTEE CHAIR

Dear Shareholder,

On behalf of the Board, I present the Remuneration Report for the year ended 30 June 2023 (FY23). This report is prepared on a consistent basis to the previous year for ease of reference.

FY23 has been a challenging year and we are actively working to regain the trust of our shareholders, guests, regulators and the community and restore the value of your company. I want to thank Management and Team Members across the business who are working tirelessly to deliver our remediation program, a roadmap to restoring and retaining our suitability to hold casino licences in NSW and Queensland.

The FY22 Remuneration Report received positive support from shareholders with 70.25% voting for its adoption. We acknowledge that 29.75% of shareholders voted against its adoption and have undertaken an extensive review of our remuneration policy and frameworks to ensure that they support our purpose and goals going forward.

OUR FOCUS FOR THE FY24 REMUNERATION CYCLE

The remuneration framework plays an important role in reinforcing the right behaviours and culture across The Star. The short and long-term incentive plans are currently the focus of a review in recognition of the strategic and operational challenges ahead and the need to attract and retain high calibre talent. The focus of the review is to ensure that the remuneration tools in place support the Board and management in the development of a strong risk management and regulatory compliance culture. The FY24 remuneration framework will also introduce a consequence management framework to further reinforce individual accountability for poor outcomes which do not support an environment of responsible gambling and the minimisation of harm to our guests. The changes will be outlined in the FY24 Remuneration Report and are integral to our cultural transformation and return to suitability.

FY23 TERM INCENTIVE

As one of our actions to reduce the operating cost of our business this year, the Board determined that all short-term incentives for FY23 would be cancelled.

Section 5.1 provides a detailed assessment of the outcomes delivered against the Group Key Performance Indicators (KPI) for FY23. The Board exercised the discretion to reduce any incentive payable for FY23 to zero.

NON-EXECUTIVE DIRECTOR FEES

At the same time, the board also reduced the Non-Executive Director base and committee fees by 10% for the remainder of the financial year (May and June).

LONG TERM INCENTIVE PLAN

The FY19 LTI award was tested against the Total Shareholder Return (TSR), Earnings Per Share (EPS) and Return On Invested Capital (ROIC) performance hurdles. The hurdles were not met and the awards forfeited in full for the fourth consecutive year.

The FY20 LTI award will be tested against the relevant performance hurdles in October 2023.

KMP CHANGES

FY23 has been a period of accelerated renewal for both the executive team and the Board.

Robbie Cooke commenced as the Group Chief Executive Officer | Managing Director as did Scott Saunders as the Chief Risk Officer. Geoff Hogg who had been Acting Chief Executive Officer, and Scott Wharton, The Star CEO and Group Head of Transformation also resigned during the financial year.

The renewal of your Board has also progressed with David Foster (Chairman), Deborah Page and Anne Ward receiving the necessary approvals and formal appointment to the Board while Toni Thornton contributed as an observer while waiting for the necessary approvals prior to formal appointment.

Further detail around the timing of the individual KMP changes including departures appears at page 29.

On behalf of the Board, I invite you to read the Remuneration Report and we welcome your feedback.

Yours sincerely,

Michael Issenberg
Remuneration and People Committee Chair


REMUNERATION REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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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 2023.*

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 executive director (Group Chief Executive Officer | Managing Director) and senior executives the Chief Financial Officer, Chief Risk Officer and former CEO The Star Sydney and Group Head of Transformation, and former Acting Chief Executive Officer but excludes Non-Executive Directors (**NEDs**).

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

01. KEY MANAGEMENT PERSONNEL

The names and titles of the Company's KMP for the year ended 30 June 2023 are set out below.

NON-EXECUTIVE DIRECTORS

David Foster[1]
Chairman

Anne Ward[2]
Chair of Safer Gambling, Governance and Ethics Committee

Deborah Page AM[3]
Chair of Audit Committee

Michael Issenberg
Chair of Remuneration and People Committee

FORMER NON-EXECUTIVE DIRECTORS

Gerard Bradley AO
(ceased 31 October 2022)
Board Member

Katie Lahey[4] **AM**
(ceased 30 December 2022)
Chair of Remuneration, People and Social Responsibility Committee

Richard Sheppard
(ceased 22 November 2022)
Chair of Audit Committee

Ben Heap[5]
(ceased 31 March 2023)
Chairman

CURRENT EXECUTIVE KMP

Robbie Cooke[6]
Managing Director and Chief Executive Officer

Christina Katsibouba[7]
Chief Financial Officer

Scott Saunders[8]
Chief Risk Officer

FORMER EXECUTIVE KMP

Geoff Hogg[9]
Acting Chief Executive Officer

Scott Wharton[10]
CEO The Star Sydney and Group Head of Transformation

[1] On 22 March 2023, the Company announced the appointment of David Foster as Chairman, following the retirement of Chairman Ben Heap. Mr Foster commenced in this role from 1 April 2023.

[2] On 15 August 2022, the Company announced the appointment of Anne Ward as a Non Executive Director, subject to casino regulatory approval being obtained. Anne Ward commenced as a Non-Executive Director on 18 November 2022.

[3] On 11 November 2022, the Company announced the appointment of Deborah Page as a Non Executive Director, subject to casino regulatory approvals being obtained. Deborah Page commenced as a Non-Executive Director on 13 March 2023.

[4] On 15 December 2022, the Company announced that Katie Lahey would stand down from the Board. Ms Lahey's cessation date was 30 December 2022.

[5] On 22 March 2023, the Company announced the resignation of Ben Heap from the Board. Mr Heap's cessation date was 31 March 2023.

[6] 13 October 2022, the Company announced the appointment of Robbie Cooke as Managing Director and Chief Executive Officer commencing 17 October 2022.

[7] On 28 December 2022, the Company announced the appointment of Christina Katsibouba as Chief Financial Officer effective 1 January 2023. Christina had been Interim Chief Financial Officer from 9 May 2022.

[8] On 13 February 2023, the Company announced the commencement of Scott Saunders as Chief Risk Officer.

[9] Geoff Hogg's cessation date with the Company was 24 March 2023.

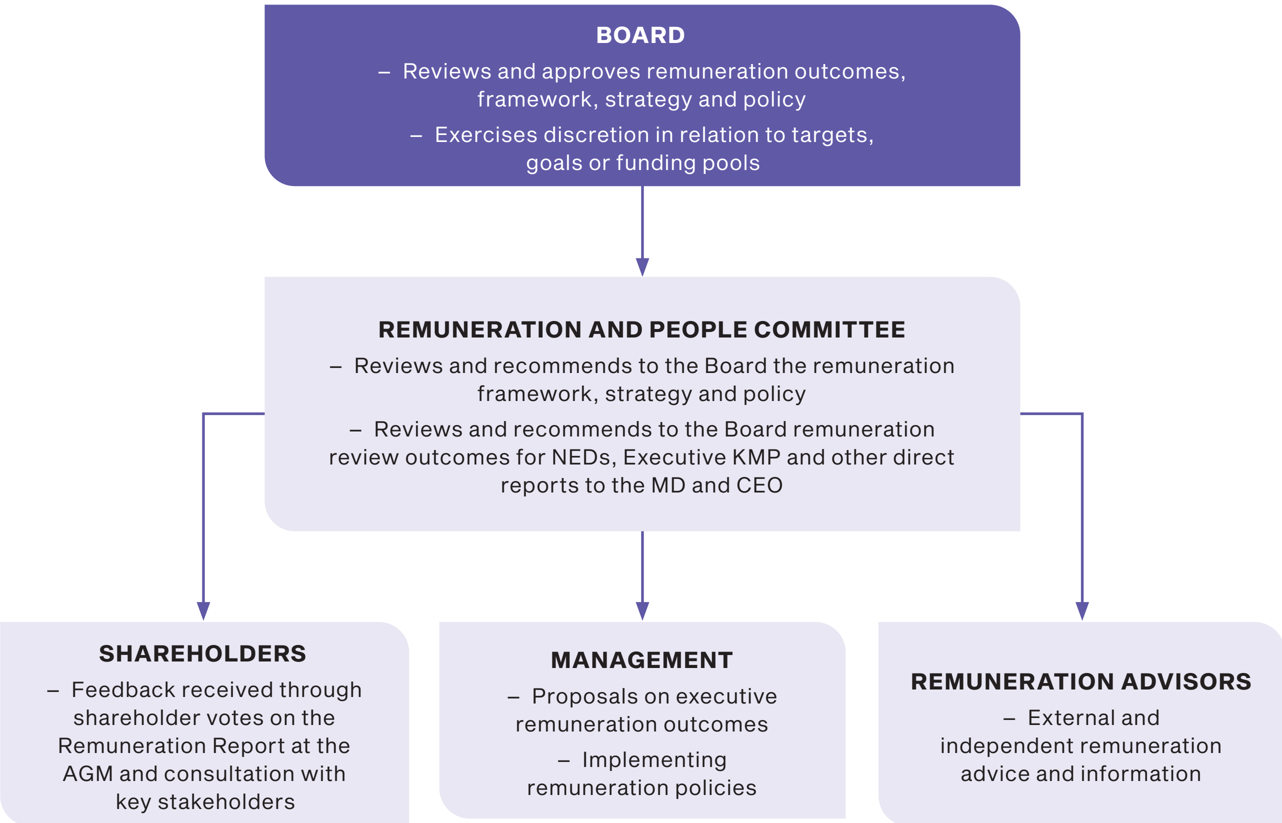
[10] Scott Wharton commenced with the Company on 25 July 2022, Scott Wharton's cessation date was 28 April 2023.

02. REMUNERATION GOVERNANCE

The Remuneration and People 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.

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 FY23.

GENDER PAY EQUITY

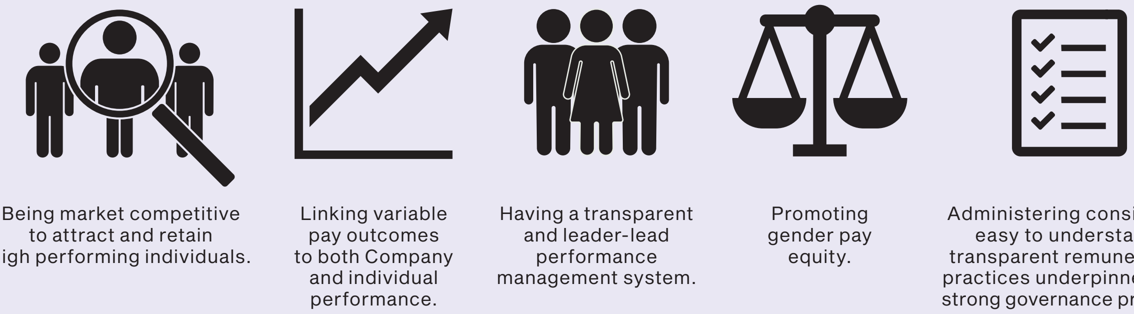
The Group is committed to all employees being remunerated fairly and equitably. The Group conducts annual gender pay equity reviews that are presented to the Committee and continues to address any gender pay equity issues as they arise.

03. REMUNERATION STRATEGY AND PROGRAMS

3.1 REMUNERATION OVERVIEW

REMUNERATION PRINCIPLES

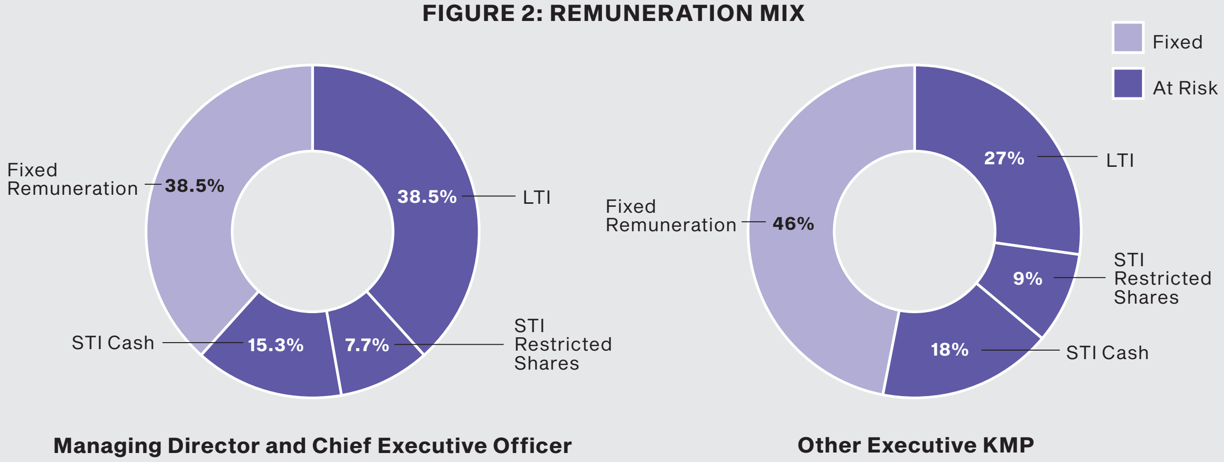
FIGURE 1: REMUNERATION PRINCIPLES



REMUNERATION MIX

Variable remuneration (comprising STI and LTI at target amounts) accounts for the majority of the total remuneration mix for the 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

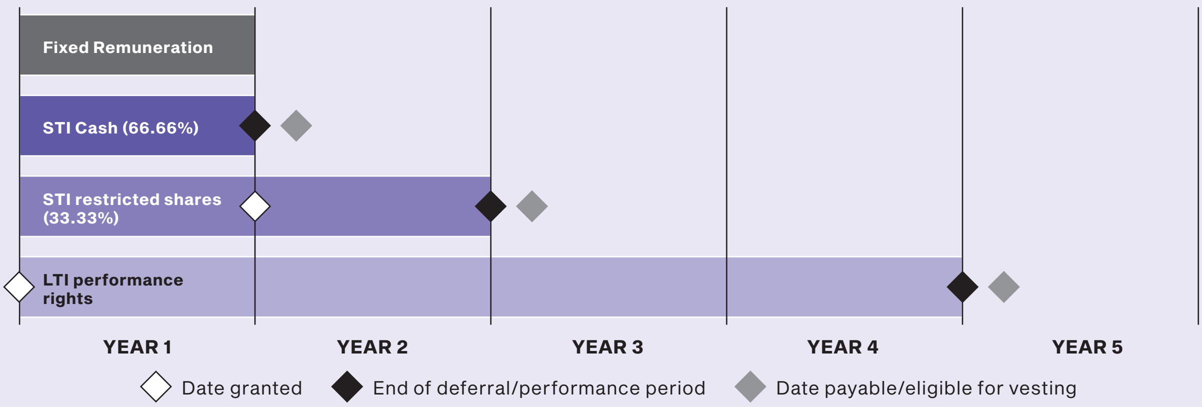


Table 1 below summarises the components of Executive KMP's Total Annual Reward (**TAR**) and their link to the strategic objectives of the Group.

TABLE 1: 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 contribution 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 restricted shares 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. MD & CEO target 60% of fixed remuneration.	Executive KMP target 60% of fixed remuneration. MD & CEO target 100% of fixed remuneration.

3.2 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.

3.3 STI DESIGN (STI)

The STI design incorporates the following elements:

- **A holistic 'basket of measures' to assess Company performance**
  A holistic basket of measures to assess Company performance achieves a greater balance between financial and non-financial measures. Company performance 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 40% of the total award.
- **Company metrics – Group Regulatory Compliance and Risk Management, Employee Engagement and Guest Satisfaction**
  The Group Regulatory Compliance and Risk Management metric was increased to a weighting of 20% 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, remediation milestones and timely reporting of incidents and breaches.

  Engagement 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% to focus on providing Guests with exceptional service.
- **Individual performance**
  Individual performance accounts for 20% of the overall STI award for Executive KMP. This 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 inform the use of discretion under the STI (refer to Table 2 below).

The number of employees who participated in the STI for FY23 was 776 (increased from 682 for FY22). Each of the Executive KMP participated in the plan.

Table 2 sets out the key features of the STI.

TABLE 2: 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>40%</td></tr>
<tr><td>Group Guest Satisfaction</td><td>10%</td></tr>
<tr><td>Group Regulatory Compliance and Risk Management</td><td>20%</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 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 12). 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). Restricted shares may also be forfeited in part or full in instances of fraud, dishonesty, breach of obligations including the Group's Code of Conduct. 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 and exclude significant items that are considered by their nature and size unusual or not in the ordinary course of business. This methodology has been consistently applied since FY12.

3.4 LTI DESIGN

There were no changes to the design or performance measures in place for FY23.

In FY23, there were 20 participants invited to participate in the plan (32 participants in FY22). Each of the Executive KMP participates in the plan.

TABLE 3: 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 10.</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 forfeited 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%

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.

3.5 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 commencement in the role (for new Executive KMP).

The minimum shareholding policies for NEDs, Executive KMP and Other Executives are reviewed every three years to ensure that they remain suitable for the business, to align the interests of these individuals and with shareholders generally.

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 (excluding superannuation) at the time of his commencement. Other Executive KMP are to hold a minimum number of shares which is of equal value to 100% of one year's salary (excluding superannuation) at the time of their commencement. 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 on track to meet the minimum shareholding requirements in the required timeframes.

Table 4 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 4: SHARES AND PERFORMANCE RIGHTS HELD BY EXECUTIVE KMP AT 30 JUNE 2023

Name	Holding	Balance at start of the year[1]	Granted as compensation	Restricted shares released during the year[2]	Lapsed during the year	Balance at the end of the year[3]
Current Executive KMP						
Robbie Cooke	Performance Rights	–	1,162,053	–	–	1,162,053
	Ordinary Shares	–	–	–	–	–
	Restricted Shares	–	–	–	–	–
Christina Katsibouba	Performance Rights	195,095	174,501	–	(20,145)	349,451
	Ordinary Shares	277	–	–	–	277
	Restricted Shares	–	14,621	–	–	14,621
Scott Saunders	Performance Rights	–	169,047	–	–	169,047
	Ordinary Shares	–	–	–	–	–
	Restricted Shares	–	–	–	–	–
Former Executive KMP						
Scott Wharton	Performance Rights	–	345,366	–	(345,366)	–
	Ordinary Shares	–	–	–	–	–
	Restricted Shares	–	–	–	–	–
Geoff Hogg	Performance Rights	403,928	–	–	(403,928)	–
	Ordinary Shares	307,106	–	3,623	–	310,729
	Restricted Shares[4]	1,976	26,726	(3,623)	(25,079)	–

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

[4] Includes 1,647 ordinary shares acquired in FY23 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 was removed on cessation.

04. EXECUTIVE REMUNERATION RECEIVED FY23

REMUNERATION OUTCOMES FOR EXECUTIVE KMP IN FY23

Table 5 provides a summary of total remuneration received by Executive KMP during the 2023 financial year. This non-IFRS information differs from the Statutory Remuneration in Table 13, which presents remuneration in accordance with accounting standards.

TABLE 5: FY23 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[1]
Current Executive KMP							
Robbie Cooke	1,136,508	–	1,136,508	–	–	**1,136,508**	–
Christina Katsibouba	800,000	–	800,000	–	–	**800,000**	(23,267)
Scott Saunders[3]	672,083	–	672,083	–	–	**672,083**	–
Former Executive KMP[2]							
Geoff Hogg	1,050,804	–	1,050,804	–	–	**1,050,804**	(466,537)
Scott Wharton	724,152	–	724,152	–	–	**724,152**	(398,898)
TOTAL	**4,383,547**	**–**	**4,383,547**	**–**	**–**	**4,383,547**	**(888,702)**

[1] Represents the award value (at the 30 June 2023 share price) of the FY19 performance rights that lapsed/were foregone during the year as the minimum performance hurdles required for vesting were not met.

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

[3] Scott Saunders received a payment of $375,000 on completion of 3 months service and receipt of all regulatory approvals in recognition of incentives foregone from his previous employer.

05. VARIABLE REWARD OUTCOMES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5.1 STI OUTCOME FOR FY23

GROUP PERFORMANCE:

Under the Company's new STI design, as detailed in Table 2, 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 FY23 are noted in Table 6 below.

TABLE 6: FY23 PERFORMANCE OUTCOMES AGAINST KEY PERFORMANCE INDICATORS FOR THE STI

STI Metric		Weighting	Target	Outcome	Outcome % of Target	Weighted Outcome %
NPAT – Deliver Budgeted Normalised NPAT		40%	$99.4m	$41.7m	-58%	0%
Guest Satisfaction – Elevate the guest service culture and guest experience across all our properties		10%	104	104	100%	10%
Regulatory Compliance & Risk Management	– Total Reportable Injury Frequency Rate (TRIFR)	6.67%	13.3	16.9	77%	0%
	– Compliance Training Completion	6.67%	90	96.5	107%	9%
	– Remediation program of work[1]	6.66%	MET	MET	100%	6.66%
Engagement – Retain talented teams through a compelling Employee Value Proposition and highly engaged Team Member environment.		10%	7.5	7.3	85%	8.5%
Weighted Group STI Outcome						34%
Final Group STI outcome (Board discretion applied)						0%

In consideration of the challenging operating environment, management recommended the Board determine that the STI plan for FY23 would be cancelled as one initiative to reduce the operating cost base of the Group.

[1] Internal Control Manual uplift for NSW delivered to the agreed target and date. Internal Control Manual uplift program for QLD is on track.

EXECUTIVE KMP PERFORMANCE

The individual priorities of the KMP which account for 20% of the potential award shifted materially in response to the changing commercial and regulatory environment which emerged during FY23. The individual component of the FY23 STI was also cancelled by the Board at management's recommendation.

Table 7 details the variable remuneration of Executive KMP under the STI during the period.

TABLE 7: VARIABLE REMUNERATION UNDER THE STI FOR THE YEAR ENDED 30 JUNE 2023

Executive	Financial year	Cash Award $	Restricted Share Grant $	As a % of total remuneration	STI not achieved as a % of target[1]
Current Executive KMP					
Robbie Cooke	**2023**	**–**	**–**	**0%**	**100%**
	2022	–	–	–	–
Christina Katsibouba	**2023**	**–**	**–**	**0%**	**100%**
	2022	–	–	–	–
Scott Saunders	**2023**	**–**	**–**	**0%**	**100%**
	2022	–	–	–	–
Former Executive KMP					
Geoff Hogg	**2023**	**–**	**–**	**0%**	**100%**
	2022	137,835	68,918	20%	55%
Scott Wharton	**2023**	**–**	**–**	**0%**	**100%**
	2022	–	–	–	–
TOTAL FY23		**–**	**–**		
TOTAL FY22		**137,835**	**68,918**		

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

Table 8 outlines the performance of the Group and shareholder returns over the last five financial years.

TABLE 8: STATUTORY KEY PERFORMANCE INDICATORS

Performance metric	FY19	FY20	FY21	FY22	FY23
Statutory NPAT	$198.0m	$(94.6)m	$57.9m	$(202.5)m	$(2435.2)m
Basic EPS (statutory)	21.6c	(10.3)c	6.1c	(21.3)c	(211.7)c
Full year dividend (fully franked, cents per share)	20.5c	10.5c	0.0c	0.0c	0.0c
Share price at year end	$4.12	$2.84	$3.69	$2.79	$1.16
Increase/(decrease) in share price	(16%)	(31%)	+30%	(24%)	(59%)

5.2 VESTING UNDER THE LTI

Since the Company's inception in 2011, there have been twelve awards made under the LTI, with seven awards tested and two vesting outcomes (FY14 and FY15 awards). Table 9 sets out the details of performance rights issued over the last five financial years.

TABLE 9: DETAILS OF LTI AWARDS ACTIVE DURING THE YEAR

Detail	FY19 Award	FY20 Award	FY21 Award	FY22 Award	FY23 Award
Effective Grant Date	3 Oct 2018	25 Sep 2019	24 Sep 2020	23 Sep 2021	26 Sep 2022
Test date	3 Oct 2018	25 Sep 2023	24 Sep 2024	23 Sep 2025	26 Sep 2026
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 FY23, the FY19 Award was tested and did not vest as performance hurdles were not met. The next test date will be in September 2023, for performance rights granted in FY20.

Performance rights relating to the FY19 award were tested in October 2022 and 100% lapsed. The TSR performance of the Group was -42.33% (excluding the value of franking credits), with a percentile ranking of 15.39%. As this was below the 50th percentile, none of the TSR component of the FY19 award vested. The EPS performance hurdle of -21.1 cents per share was below the threshold of 27.6 cents per share and target of 31 cents per share, and accordingly none of the EPS component of the FY19 award vested. The ROIC outcome of -3.2% was below the threshold of 8.8% and target of 9.2%, resulting in no vesting of performance rights for this component.

The FY20 award, due to be tested on 25 September 2023, has EPS, TSR and ROIC performance hurdles each comprising 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 2023 AGM and reported in the FY24 Remuneration Report.

Table 10 summarises the unvested performance rights held by Executive KMP as at 30 June 2023.

TABLE 10: PERFORMANCE RIGHTS BY AWARD HELD BY EXECUTIVE KMP AT 30 JUNE 2023

Executive KMP	FY20 Award	FY21 Award	FY22 Award	FY23 Award	Total performance rights retained
Current Executive KMP					
Robbie Cooke[1]	–	–	580,383	581,670	1,162,053
Christina Katsibouba[2]	30,032	73,625	71,293	174,501	349,451
Scott Saunders	–	–	–	169,047	169,047
Former Executive KMP[3]					
Geoff Hogg	–	–	–	–	–
Scott Wharton	–	–	–	–	–
Total performance rights	**30,032**	**73,625**	**651,676**	**925,218**	**1,680,551**

[1] Total includes one-off long term incentive award of 580,383 approved at 2022 AGM.
[2] Performance rights in FY20, FY21 and FY22 reflect those granted prior to her appointment as Chief Financial Officer.
[3] All performance rights under the LTI lapsed on termination, as per the performance plan rules.

Table 11 shows movements in 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 11: VARIABLE REMUNERATION UNDER THE LTI FOR THE YEAR ENDED 30 JUNE 2023

Executive	Financial Year	Number of Performance Rights Granted	Fair Value of Performance Rights Granted	Fair Value at Grant Date	Effective Grant Date[1]	Test Date	As a % of total remuneration[2]	Number of Performance Rights Vested	Number of Performance Rights Lapsed[3]
Current Executive KMP									
Robbie Cooke	**2023**	**581,670**	**1,353,352**	**2.33**	**23/09/2022**	**23/09/2025**	**7%**	**–**	**–**
	2023[4]	**580,383**	**1,255,562**	**2.16**	**23/09/2022**	**23/09/2025**	–	–	–
	2022	–	–	–	–	–	–	–	–
Christina Katsibouba	**2023**	**174,501**	**406,006**	**2.33**	**26/09/2022**	**26/09/2026**	**2%**	**–**	**(20,145)**
	2022	71,293	269,450	3.78	23/09/2021	23/09/2025	8%	–	–
Scott Saunders	**2023**	**169,047**	**393,316**	**2.33**	**26/09/2022**	**26/09/2026**	**2%**	**–**	**–**
	2022	–	–	–	–	–	–	–	–
Former Executive KMP									
Geoff Hogg	**2023**	**–**	**–**	**–**	**–**	**–**	**-16%**	**–**	**(403,928)**
	2022	108,919	408,254	3.78	23/09/2021	23/09/2025	-2%	–	(82,500)
Scott Wharton	**2023**	**345,366**	**803,552**	**2.33**	**26/09/2022**	**26/09/2026**	**0%**	**–**	**(345,366)**
	2022	–	–	–	–	–	–	–	–
TOTAL FY23		**1,850,967**	**4,211,788**					**–**	**(769,439)**
TOTAL FY22		**180,212**	**677,704**					**–**	**(82,500)**[5]

[1] The Effective Grant Date is the date used to determine the VWAP and commencement of TSR performance hurdle measurement.
[2] Percentage calculation based on accounting LTI expense and total remuneration as reported in Table 13.
[3] Performance rights granted in FY19 were tested in October 2022 and 100% of the award lapsed. Performance rights granted in FY20 are due for testing in October 2023. All of Mr Hogg and Mr Wharton's rights lapsed on their termination.
[4] One off long term incentive award approved at 2022 AGM.
[5] The total for FY22 of (82,500) is different to the total in the FY22 Remuneration Report of (1,659,747) as it does not include (627,706) for Matt Bekier, (31,818) for Harry Theodore and (917,723) for Greg Hawkins.

06. EXECUTIVE KMP CONTRACTS AND REMUNERATION

Remuneration arrangements for Executive KMP are reviewed annually by the Board. Table 12 outlines the remuneration arrangements for Executive KMP in FY23 and their contracted employment details.

TABLE 12: EXECUTIVE KMP REMUNERATION AND EMPLOYMENT CONTRACTS

CURRENT EXECUTIVE KMP Contract Details	**Robbie Cooke** Managing Director and Chief Executive Officer		**Christina Katsibouba** Chief Financial Officer		**Scott Saunders** Executive KMP	
	FY22	**FY23**	FY22	**FY23**	FY22	**FY23**
Fixed remuneration[1]	N/A	**$1,600,000**	$800,000	**$800,000**	N/A	**$775,000**
Short-term incentive target	N/A	**$960,000**	$400,000	**$480,000**	N/A	**$465,000**
Long-term incentive (annual award value)	N/A	**$1,600,000**	$480,000	**$480,000**	N/A	**$465,000**
Total Target Annual Reward	N/A	**$4,160,000**	$1,680,000	**$1,760,000**	N/A	**$1,705,000**
Short-term incentive maximum value	N/A	**$1,440,000**	$600,000	**$720,000**	N/A	**$697,500**
Long-term incentive maximum value	N/A	**$1,600,000**	$480,000	**$480,000**	N/A	**$465,000**
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		6 months	
Notice by the Group	12 months		9 months		6 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	**Geoff Hogg** Acting Chief Executive Officer		**Scott Wharton** Chief Executive Officer The Star Sydney and Group Head of Transformation	
	FY22	**FY23**	FY22	**FY23**
Fixed remuneration[1]	$1,000,000	**$1,000,000**	N/A	**$950,000**
Short-term incentive target	$600,000	**$600,000**	N/A	**$570,000**
Long-term incentive (annual award value)	$600,000	**$600,000**	N/A	**$950,000**
Total Target Annual Reward	$2,200,000	**$2,200,000**	N/A	**$2,470,000**
Short-term incentive maximum value	$900,000	**$900,000**	N/A	**$855,000**
Long-term incentive maximum value	$600,000	**$600,000**	N/A	**$950,000**
Non-monetary benefits	N/A		N/A	
Other benefits	N/A		N/A	
Notice by the Executive	6 months		9 months	
Notice by the Group	9 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.

07. STATUTORY EXECUTIVE KMP REMUNERATION

Table 13 sets out Executive KMP remuneration as required by the Corporations Act and its regulations, including the relevant Australian Accounting Standard principles.

TABLE 13: 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											
Robbie Cooke	**2023**	1,204,298	–	3,478	1,511	18,969	92,252	–	–	1,320,508	7%
	2022	–	–	–	–	–	–	–	–	–	–
Christina Katsibouba	**2023**	816,665	–	3,861	15,276	25,292	18,202	–	–	879,296	2%
	2022	124,043	–	840	1,936	3,076	11,251	–	–	141,146	8%
Scott Saunders	**2023**	683,249	–	1,079	393	12,646	11,270	–	–	708,637	2%
	2022	–	–	–	–	–	–	–	–	–	–
Former Executive KMP											
Geoff Hogg	**2023**	254,648	–	5,337	20,580	18,969	(149,829)	(31,808)	807,097	924,994	-16%
	2022	849,664	137,835	5,364	16,397	23,568	(19,746)	31,808	–	1,044,890	14%
Scott Wharton	**2023**	709,968	–	2,171	–	25,292	–	–	–	737,431	0%
	2022	–	–	–	–	–	–	–	–	–	–
TOTAL FY23		**3,668,828**	**–**	**15,926**	**37,760**	**101,168**	**(28,105)**	**(31,808)**	**807,097**	**4,570,866**	**–**
TOTAL FY22		**973,707**	**137,835**	**6,204**	**18,333**	**26,644**	**(8,495)**	**31,808**	**–**	**1,186,036[7]**	**–**

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 FY22 is due to the adjustment made under the accounting standards to reflect the probability of these rights vesting. The reduction in the expense in FY23 is due to the forfeiture of rights on termination.

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, long service leave and other on costs expected to be incurred between the executive's resignation date and expected termination date. The termination expense for Geoff Hogg includes payment of contract termination provisions relating to his notice period of which $488,179 was paid as salary while on 'gardening leave' and available to assist the Company plus $250,000 in lieu of the remainder of his notice period on his termination in March 2023.

7 The total for FY22 of (1,186,036) is different to the total in the FY22 Remuneration Report of (5,854,086) as it does not include (1,736,128) for Matt Bekier, (1,507,595) for Harry Theodore and (1,424,327) for Greg Hawkins.

08. 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.

There was no change to Committee fees in FY23 and there will be no changes to NED or Committee fees for FY24.

Table 14 sets out the annual Board and Committee fee structure for FY23.

TABLE 14: ANNUAL NED FEES (INCLUSIVE OF SUPERANNUATION)

	Board	Audit	Risk, Compliance and Regulatory Performance	Remuneration and People	Safer Gaming, Governance and Ethics
Chair	$501,458	$35,000	$35,000	$35,000	$35,000
Member	$168,912	$17,500	$17,500	$17,500	$17,500

The People, Culture and Social Responsibility Committee was renamed as the Remuneration and People Committee from 1 February 2023. The Safer Gaming, Governance and Ethics Committee commenced 1 February 2023.

Individuals invited to join the Board prior to receipt of all required regulatory approvals are not immediately appointed as NEDs. They are observers until such time as they are appointed to the Board ("Board Observers"). Board Observers receive the equivalent of directors' fees and committee fees as determined by the Board.

Table 15 sets out total remuneration received by each NED.

TABLE 15: NED REMUNERATION[1]

NED	Financial year	Board and Committee Fees $	Superannuation[2] $	Total[3] $
Current Non-Executive Directors				
David Foster	**2023**	**172,524**	**12,816**	**185,340**
	2022	–	–	–
Anne Ward	**2023**	**126,710**	**13,305**	**140,015**
	2022	–	–	–
Deborah Page AM	**2023**	**62,200**	**6,531**	**68,731**
	2022	–	–	–
Michael Issenberg	**2023**	**203,883**	**22,519**	**226,402**
	2022[4]	51,185	5,119	56,304
Former Non-Executive Directors				
Gerard Bradley AO	**2023**	**66,791**	**7,013**	**73,804**
	2022	193,795	19,380	213,175
Katie Lahey AM	**2023**	**100,186**	**10,520**	**110,706**
	2022	201,219	20,122	221,341
Richard Sheppard	**2023**	**78,935**	**8,288**	**87,223**
	2022	193,795	19,380	213,175
Ben Heap	**2023**	**357,124**	**18,969**	**376,093**
	2022	230,590	21,380	251,970
TOTAL FY23	**2023**	**1,168,353**	**99,961**	**1,268,314**
TOTAL FY22	2022	850,584	85,381	955,965[5]

[1] The Group agrees to indemnify directors and officers against any liabilities incurred in the course of their duties. During the year, the group provided for an estimate of legal costs of the 11 former directors and officers in relation to civil penalty proceedings commenced by ASIC in the Federal Court of Australia. These are considered a post employment benefit but are unable to be apportioned to individuals and relate to periods beyond their employment with the group. As a result, any post employment benefit related to the indemnity has been excluded from the table above.

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

[3] During FY23, NEDs accepted a 10% reduction in fees in May and June in recognition of the cost reductions applied across the business.

[4] Observer fees received in FY22.

[5] Total for FY22 of 955,965 is different to the total in the FY22 Remuneration Report of 2,034,505 as it does not include 857,199 for John O'Neill and 221,341 for Sally Pitkin.

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 on track to meet their minimum shareholding requirements in the required timeframes.

TABLE 16: SHARES HELD BY NEDS AT 30 JUNE 2023

Name	Balance at start of the year[1]	Number acquired	Number divested	Balance at the end of the year[2]
Current Non-Executive Directors				
David Foster	4,407	9,541	–	13,948
Michael Issenberg	–	20,000	–	20,000
Anne Ward	–	–	–	–
Deborah Page AM	–	35,500	–	35,500
Former Non-Executive Directors				
Gerard Bradley AO	75,000	–	–	75,000
Katie Lahey AM	56,907	–	–	56,907
Richard Sheppard	300,000	–	–	300,000
Ben Heap	50,000	30,000	–	80,000
Total ordinary shares	**486,314**	**95,041**	–	**581,355**

[1] For NEDs who commenced their role during the year, the balance disclosed is from the date they commenced as a NED.
[2] For NEDs who ceased their role during the year, the balance disclosed is to the date they ceased as a NED.

09. 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

A.C.N. 149 629 023

ASX Code: SGR

and its controlled entities

Financial Report

for the year ended 30 June 2023

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $m	2022 $m
Revenue	A2	1,867.5	1,527.1
Other income	A3	1.0	15.0
Government taxes and levies	A3	(456.1)	(379.0)
Employment costs	A3	(737.0)	(598.7)
Depreciation, amortisation and impairment	A4	(2,363.1)	(370.8)
Cost of sales		(95.5)	(77.1)
Property costs		(72.2)	(60.2)
Advertising and promotions		(68.8)	(64.5)
Regulatory and legal costs	B7	(594.8)	(30.1)
Other expenses		(139.4)	(131.4)
Share of net profit of associate and joint venture entities accounted for using the equity method	D5	5.4	16.4
Loss before interest and income tax (LBIT)		(2,653.0)	(153.3)
Net finance costs	A5	(110.0)	(52.3)
Loss before income tax (LBT)		(2,763.0)	(205.6)
Income tax benefit	F2	327.8	3.1
Net loss after tax (NLAT)		(2,435.2)	(202.5)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges taken to equity, net of tax	F1	(6.5)	20.5
Total comprehensive loss for the period		(2,441.7)	(182.0)
Loss per share:			
Basic loss per share	F3	(211.7) cents	(21.3) cents
Diluted loss per share	F3	(211.7) cents	(21.3) cents

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

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $m	2022 $m
ASSETS			
Cash and cash equivalents	B1	88.7	82.0
Trade and other receivables	B2	20.8	18.0
Inventories		14.9	16.2
Income tax receivable	F2	30.8	4.4
Derivative financial instruments	B3	2.6	1.4
Other assets	F4	93.7	79.5
Total current assets		251.5	201.5
Property, plant and equipment	B4	1,752.3	2,635.5
Intangible assets	B5	332.8	1,662.0
Derivative financial instruments	B3	37.4	62.9
Investment in associate and joint venture entities	D5	669.2	669.6
Deferred tax assets	F2	190.4	-
Other assets	F4	26.7	39.9
Total non current assets		3,008.8	5,069.9
TOTAL ASSETS		3,260.3	5,271.4
LIABILITIES			
Trade and other payables	F5	184.9	206.4
Interest bearing liabilities	B8	6.0	6.1
Provisions	B7	505.7	115.2
Derivative financial instruments	B3	3.8	5.7
Other liabilities	F6	18.6	23.1
Total current liabilities		719.0	356.5
Interest bearing liabilities	B8	751.2	1,326.4
Deferred tax liabilities	F2	-	140.9
Provisions	B7	8.0	8.3
Other liabilities	F6	11.1	9.0
Total non current liabilities		770.3	1,484.6
TOTAL LIABILITIES		1,489.3	1,841.1
NET ASSETS		1,771.0	3,430.3
EQUITY			
Share capital	F7	3,955.6	3,171.0
(Accumulated losses)/ retained earnings		(2,187.4)	247.8
Reserves	F7	2.8	11.5
TOTAL EQUITY		1,771.0	3,430.3

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $m	2022 $m
Cash flows from operating activities			
Net cash receipts from customers (inclusive of GST)		1,986.6	1,665.9
Payments to suppliers and employees (inclusive of GST)		(1,277.5)	(1,054.6)
Payment of government levies, gaming taxes and GST		(461.7)	(412.6)
Interest received		0.8	-
Income taxes paid	F2	(20.0)	(5.1)
Regulatory, fines, penalties, duty, consultant, legal and other costs		(184.4)	(17.4)
Net cash inflow from operating activities	F8	43.8	176.2
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		(135.3)	(142.8)
Proceeds from sale of plant and equipment		0.5	40.8
Payments for investment in associate and joint venture entities		(19.5)	(21.7)
Loans to joint venture entities		(6.3)	-
Distributions received from joint venture entities		25.4	-
Net cash outflow from investing activities		(135.2)	(123.7)
Cash flows from financing activities			
Proceeds from interest bearing liabilities	E2	228.0	125.9
Repayment of interest bearing liabilities	E2	(831.1)	(104.0)
Proceeds from settlement of derivative financial instruments	E2	20.5	-
Finance costs		(81.8)	(48.9)
Purchase of treasury shares	F7	(6.4)	(1.9)
Proceeds from issue of shares	F7	778.5	-
Interest payment of lease liabilities	E2	(3.1)	(3.5)
Principal payment of lease liabilities	E2	(6.5)	(6.0)
Net cash inflow/(outflow) from financing activities		98.1	(38.4)
Net increase in cash and cash equivalents		6.7	14.1
Cash and cash equivalents at beginning of the year		82.0	67.9
Cash and cash equivalents at end of the year	B1	88.7	82.0

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	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
2023								
Balance at 1 July 2022		3,177.9	(6.9)	247.8	(1.9)	2.6	10.8	3,430.3
Loss for the year		-	-	(2,435.2)	-	-	-	(2,435.2)
Other comprehensive income	F1	-	-	-	(6.3)	(0.2)	-	(6.5)
Total comprehensive loss		-	-	(2,435.2)	(6.3)	(0.2)	-	(2,441.7)
Issue of share capital (net of tax)	F7	785.0	-	-	-	-	-	785.0
Shares purchased for future employee share programs	F7	-	(6.4)	-	-	-	-	(6.4)
Shares issued to settle employee share programs	F7	-	6.0	-	-	-	-	6.0
Employee share based payments	F9	-	-	-	-	-	(2.2)	(2.2)
Balance at 30 June 2023		3,962.9	(7.3)	(2,187.4)	(8.2)	2.4	8.6	1,771.0
2022								
Balance at 1 July 2021		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	F7	-	(1.9)	-	-	-	-	(1.9)
Shares issued to settle employee share programs	F7	-	13.6	-	-	-	-	13.6
Employee share based payments	F9	-	-	-	-	-	(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

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

THE STAR ENTERTAINMENT GROUP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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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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 Managing Director and Chief Executive Officer and the Chief Financial Officer, for decision making regarding resource allocation and performance assessment.

The Group has three reportable segments:

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 casino operations, including hotel, restaurants and bars.

2023	Sydney $m	Gold Coast $m	Brisbane $m	Total $m
Gross revenues - VIP [a]	-	-	-	-
Gross revenues - domestic [a]	984.0	508.9	374.6	1,867.5
Segment revenue	**984.0**	**508.9**	**374.6**	**1,867.5**
Segment earnings before interest, tax, depreciation, amortisation and significant items	**127.2**	**107.0**	**83.2**	**317.4**
Depreciation and amortisation (refer to note A4)	**109.0**	**60.6**	**25.7**	**195.3**
Capital expenditure	**85.4**	**37.6**	**12.9**	**135.9**
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 (refer to note A4)	118.3	63.1	26.9	208.3
Capital expenditure	60.8	65.2	13.6	139.6

a Total gross revenue is presented as the gross gaming win before player rebates and promotional allowances of nil (2022: $7.0 million).

	2023 $m	2022 $m
Reconciliation of reportable segment profit to profit before income tax		
Segment earnings before interest, tax, depreciation, amortisation and significant items	317.4	237.5
Depreciation and amortisation (refer to note A4)	(195.3)	(208.3)
Significant items (refer to note A7)	(2,824.8)	(176.0)
Unallocated items:		
- net finance costs [a] (refer to note A5)	(56.5)	(50.2)
- share of net loss of associate and joint venture entities accounted for using the equity method [a] (refer to note D5)	(3.8)	(8.6)
Loss before income tax (LBT)	(2,763.0)	(205.6)

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

A2 REVENUE

	2023 $m	2022 $m
Gaming	1,260.0	1,070.7
Non-gaming	596.2	448.1
Other	11.3	8.3
Total revenue	1,867.5	1,527.1

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 F6). 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 before income tax is stated after charging the following expenses and significant items:

	2023 $m	2022 $m
Other income		
Gain on disposal of assets [a]	0.8	10.1
Net foreign exchange gain	0.2	0.1
Other	-	4.8
	1.0	15.0

[a] In the prior comparable period (***pcp***), the gain on disposal of assets includes the disposal of the Jet. Refer to note A7.

	2023 $m	2022 $m
Government taxes and levies (including gaming GST):		
New South Wales	271.3	211.2
Queensland	184.8	167.8
	456.1	379.0
Employment costs:		
Salaries, wages, bonuses, redundancies and other benefits	677.1	554.6
Defined contribution plan expense (superannuation guarantee charges)	57.3	44.9
Share based payment expense (refer to note F9)	2.6	(0.8)
	737.0	598.7

A4 DEPRECIATION, AMORTISATION AND IMPAIRMENT

	2023 $m	2022 $m
Property, plant and equipment (refer to note B4)	161.0	171.5
Intangible assets (refer to note B5)	33.3	36.2
Other	1.0	0.6
Total depreciation and amortisation	195.3	208.3
Impairment - Property, plant and equipment (refer to note B6)	817.9	-
Impairment - Goodwill (refer to note B6)	1,150.9	162.5
Impairment - Intangible assets (refer to note B6)	184.3	-
Impairment - Other (refer to note B6)	14.7	-
Total impairment (refer to note A7)	2,167.8	162.5
Total depreciation, amortisation and impairment	2,363.1	370.8

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

	2023 $m	2022 $m
Interest paid on borrowings	43.4	37.6
Borrowing costs	18.3	13.3
Debt modification	30.0	-
Derivative settlement	15.6	-
Fair value hedging adjustment	0.4	(2.1)
Interest income	(0.8)	-
Leases interest	3.1	3.5
Net finance costs recognised in the income statement [a]	110.0	52.3

a Net finance costs include the following significant items (refer to note A7) $30.0 million of debt modifications, $15.6 million of derivative settlement costs (comprising $8.1 million released from fair value adjustments held against debt, $6.7 million released from cash flow hedge reserves and $0.8 million transaction costs) and $7.9 million of borrowing amendment fees. In the pcp, net finance costs included $2.1 million of finance costs associated with COVID-19 affected loan facilities.

A6 DIVIDENDS

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, the Group returns to suitability and all of the Group's casino licences are in full force and effect.

	2023 $m	2022 $m
Franking credit balance		
Amount of franking credits available to shareholders	111.8	92.0

A7 SIGNIFICANT ITEMS

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

	2023 $m	2022 $m
Impairment [a]	2,167.8	162.5
Regulatory, fines, penalties, duty, consultant, legal and other costs [b]	594.8	30.1
Debt refinancing costs [c]	53.5	2.1
Redundancy costs [d]	16.1	-
One-off COVID-19 related expenditure [e]	-	9.8
Accounting for software change [f]	1.8	7.7
Business Interruption and Crown unsolicited proposal costs [g]	-	2.7
Profit on sale of assets [h]	(9.2)	(34.2)
Dispute settlement [i]	-	(4.7)
Net significant items	2,824.8	176.0
Tax on significant items	(348.3)	(5.2)
Significant items net of tax	2,476.5	170.8

a Impairment of goodwill, property, plant & equipment, intangibles and other non-current assets (refer to note B6).

b Regulatory, fines, penalties, underpaid casino duty, consultant, legal, Manager, Special Manager and other costs.

c Debt modification, derivative settlement costs and borrowing amendment fees. In the pcp, costs associated with COVID-19 affected loan facilities.

d Redundancy costs relating to Group reorganisation.

e Incremental one-off COVID-19 related expenditure including support payments for employees impacted by property shutdowns.

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

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

h Equity accounted share of Destination Gold Coast Consortium's profit relating to the sale of Tower 1 residential units and Destination Sydney Consortium's profit on the NSW Government's compulsory acquisition of its Pyrmont property. In the pcp, equity accounted share of Destination Gold Coast Consortium's profit relating to the sale of Tower 1 residential units and the sale of the second Bombardier Jet completed.

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

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:

	2023 $m	2022 $m
Depreciation expense of right-of-use assets (refer to note B4)	5.7	6.0
Interest expense on lease liabilities (refer to note A5)	3.1	3.5
Total	8.8	9.5

B KEY BALANCE SHEET DISCLOSURES
ASSETS

B1 CASH AND CASH EQUIVALENTS

	2023 $m	2022 $m
Cash on hand and in banks	79.2	82.0
Short term deposits, maturing within 30 days	9.5	-
	88.7	82.0

B2 TRADE AND OTHER RECEIVABLES

	2023 $m	2022 $m
Trade receivables	37.7	44.8
Less provision for impairment	(33.0)	(37.0)
Net trade receivables	4.7	7.8
Other receivables	16.1	10.2
	20.8	18.0

(i) PROVISION FOR IMPAIRMENT RECONCILIATION

	2023 $m	2022 $m
Balance at beginning of year	(37.0)	(38.1)
Impairment of trade receivables [a]	(1.0)	(1.0)
Less amounts written off as uncollectible	5.0	2.1
	(33.0)	(37.0)

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

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
2023					
Not yet due	4.7	-	-	-	4.7
Past due not impaired	-	-	-	-	-
Considered impaired	-	-	2.4	30.6	33.0
	4.7	-	2.4	30.6	37.7
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

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.

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

	2023 $m	2022 $m
Current assets		
Interest rate swaps	2.6	1.4
	2.6	1.4
Non current assets		
Cross currency swaps	36.5	59.6
Interest rate swaps	0.9	3.3
	37.4	62.9
Current liabilities		
Cross currency swaps	3.8	5.7
	3.8	5.7
Net financial assets	36.2	58.6

Net derivatives are down $22.4 million. In March 2023, the cross currency interest rate swaps used to hedge USPP related risks were amended, resulting in a net settlement income of $20.5 million. The remaining derivatives also decreased $1.9 million due to unfavourable overall changes in the hedged risks.

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.

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
2023							
Cost							
Opening balance at beginning of the year		74.1	2,722.1	301.2	1,188.5	58.8	4,344.7
Additions		-	61.3	0.3	35.3	-	96.9
Disposals / write offs		-	(11.1)	-	(28.7)	(0.4)	(40.2)
Reclassification / transfer		-	(11.4)	0.7	10.7	-	-
Closing balance at end of the year		74.1	2,760.9	302.2	1,205.8	58.4	4,401.4
Accumulated depreciation							
Opening balance at beginning of the year		-	638.9	141.3	910.8	18.2	1,709.2
Depreciation expense	A4	-	67.7	9.7	77.9	5.7	161.0
Disposals / transfers		-	(9.3)	-	(29.0)	(0.7)	(39.0)
Impairments	A4	-	708.2	3.7	92.5	13.5	817.9
Closing balance at end of the year		-	1,405.5	154.7	1,052.2	36.7	2,649.1
Carrying Amount							
Opening balance at beginning of the year		74.1	2,083.2	159.9	277.7	40.6	2,635.5
Closing balance at end of the year		74.1	1,355.4	147.5	153.6	21.7	1,752.3
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		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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023 $m	2022 $m
a Includes capital works in progress of:		
Buildings - at cost	13.8	19.6
Leasehold improvements - at cost	-	0.3
Plant and equipment - at cost	4.8	6.7
Total capital works in progress	18.6	26.6

For details on capital activities refer to section 2.4 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.

B5 INTANGIBLE ASSETS

	Note	Goodwill $m	Sydney and Brisbane casino licences $m	Sydney casino concessions $m	Software [a] $m	Other $m	Total $m
2023							
Cost							
Opening balance at beginning of the year		1,442.2	294.7	100.0	319.2	20.1	2,176.2
Additions		-	-	-	39.1	-	39.1
Disposals / write offs		-	-	-	(0.4)	-	(0.4)
Reclassification / transfer		-	-	-	-	-	-
Closing balance at end of the year		1,442.2	294.7	100.0	357.9	20.1	2,214.9
Accumulated amortisation							
Opening balance at beginning of the year		162.5	81.8	32.3	230.5	7.1	514.2
Amortisation expense	A4	-	3.1	0.9	28.9	0.4	33.3
Disposals		-	-	-	(0.6)	-	(0.6)
Impairments	A4	1,150.9	100.1	36.6	43.0	4.6	1,335.2
Closing balance at end of the year		1,313.4	185.0	69.8	301.8	12.1	1,882.1
Carrying Amount							
Opening balance at beginning of the year		1,279.7	212.9	67.7	88.7	13.0	1,662.0
Closing balance at end of the year		128.8	109.7	30.2	56.1	8.0	332.8
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		-	-	-	(0.9)	-	(0.9)
Reclassification / transfer		-	-	-	(2.2)	-	(2.2)
Closing balance at end of the year		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

a Includes capital works in progress of $28.0 million (2022: $17.3 million).

Intangible asset additions relate predominantly to software as the Group progresses its strategic priority to maximise value from technology, including developing technologies to enable compliance with regulatory requirements and in preparation for mandatory carded play and cash limit changes required to be in place in August 2024 as well as 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 entertainment and leisure destination at Queen's Wharf Brisbane (***QWB***) from April 2024.
- 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
2023	-	-	128.8	128.8
2022	851.0	165.5	263.2	1,279.7

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% (2022: 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 10.0% to 12.6% (2022: 8.9% to 9.3%). The pre-tax discount rates range between 11.8% to 15.1% (2022: 11.4% to 11.8%).

An impairment of $2,167.8 million was recognised at 30 June 2023 (2022: $162.5 million). The impairment was first taken against goodwill ($1,150.9 million) and then apportioned between property, plant and equipment ($817.9 million), intangibles ($184.3 million) and other non-current assets ($14.7 million).

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 for Sydney and Gold Coast are based upon Board approved forecasts for a five-year period, together with longer term projections, growth rates and approved capital investment plans.

The cash flow forecasts for Brisbane incorporate the Board approved FY24 budget for the remaining year of existing operations, valuation of the Treasury buildings and DBC related casino management fees and distributions from DBC.

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 discount rate includes a risk premium for the uncertainty associated with ongoing regulatory and other matters, including:

- Base risk premium (all properties): general risk associated with the achievement of underlying cashflows, including in relation to the recently implemented regulatory changes and inherent risks in the gaming industry.
- Legal and other matters (Sydney and Gold Coast): significant uncertainty remains around the quantum and timing of penalties and fines in relation to AUSTRAC and the quantum (if any) in relation to the possible outcome of the four class actions.
- NSW casino duties (Sydney): the NSW casino duty has a staged introduction, with FY31 the first year the full duty will be levied (unless revenue surpasses certain thresholds beforehand). Uncertainty relates to forecast casino duty in the latter years of implementation.
- Operating conditions (Brisbane): conditions that have impacted the Sydney and Gold Coast cash generating unit's during the year, including the implementation of uplifted controls, which necessarily resulted in increased exclusions; the important uplifting of risk and compliance resourcing; some operating restrictions impacting customer experience; and weaker consumer discretionary spending, are considered probable to have an impact on the future performance of The Star Brisbane.

iv. Regulatory changes

Regulatory and legal costs

The provisions for regulatory and legal costs have been included in the Sydney and Gold Coast cash flow forecasts. Specific risk factors have been included reflecting the possibility that payments exceed existing provisions.

NSW Casino Duty Rates

On 11 August 2023, the NSW Treasurer announced increases to specified duty rates applicable to casinos in NSW, effective 1 July 2023. The new rates are tiered, dependent on gaming revenue thresholds, and represent a rate increase across all products. Cashflows expected for these changes have been included in the impairment models.

Brisbane

Upon opening of the entertainment and leisure destination from April 2024, 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.

v. Impairment

In the Sydney and Gold Coast cash generating units, the implementation of uplifted controls, which necessarily resulted in increased exclusions; the important uplifting of risk and compliance resourcing; the introduction of competition during the period in the Sydney table games market; some operating restrictions impacting customer experience; and weaker consumer discretionary spending have all impacted operating performance. Significant uncertainty remains around the quantum and timing of penalties and fines in relation to AUSTRAC and the quantum (if any) in relation to the possible outcome of the four class actions. In Sydney, the new NSW casino duty rates have increased duties payable. In Brisbane, it is considered probable that the operating and economic conditions affecting Sydney and Gold Coast will also impact on the future earnings of The Star Brisbane casino.

In combination, these factors have reduced the valuation of the cash generating units, requiring an impairment of $2,167.8 million (Sydney: $1,583.1 million, Gold Coast $450.3 million and Brisbane $134.4 million) to be recognised for the year ended 30 June 2023 (2022: $162.5 million). The impairment is recognised in the line ‘Depreciation, amortisation and impairment expense’ in the Consolidated Income Statement. The impairment was first allocated against the cash generating unit’s goodwill balance ($1,150.9 million) and then apportioned between property, plant and equipment ($817.9 million), intangibles ($184.3 million) and other non-current assets ($14.7 million).

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, changes in any of these key estimates, assumptions or regulatory environments may require further impairment charges to be recognised.

An increase or decrease of 0.5% in the discount rate would result in changes to the impairment of each cash generating unit: Sydney, +$56.9 million or -$64.3 million; Gold Coast, +$38.2 million or -$43.4 million; and Brisbane, +$78.4 million or -$86.7 million.

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 PROVISIONS, CONTINGENT LIABILITIES AND REGULATORY MATTERS

	2023 $m	2022 $m
Current		
Regulatory and legal provisions[a]	**423.1**	12.7
Employee benefits	**76.2**	96.1
Worker's compensation	**6.4**	6.4
	505.7	115.2
Non current		
Employee benefits	**6.6**	6.9
Other	**1.4**	1.4
	8.0	8.3

a The Group recognised provisions relating to various regulatory and legal matters including fines issued by the NICC and OLGR, AUSTRAC civil proceedings, underpaid casino duty in NSW, consultants, Manager, Special Manager, legal and other costs. Disclosing individual amounts would seriously prejudice these matters considering the present status and range of potential outcomes (2022: provision for underpaid casino duty in NSW).

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

	Regulatory and legal provisions $m	Workers' compensation (current) $m	Other (non-current) $m
2023			
Carrying amount at beginning of the year	12.7	6.4	1.4
Provisions made during the year	594.8	3.3	-
Provisions utilised during the year	(184.4)	(3.3)	-
	423.1	6.4	1.4
2022			
Carrying amount at beginning of the year	-	6.3	1.4
Provisions made during the year	30.1	2.6	-
Provisions utilised during the year	(17.4)	(2.5)	-
	12.7	6.4	1.4

AUSTRAC civil proceedings

As announced on 7 June 2021, and 14 January 2022, entities within the Group were the subject of an AUSTRAC enforcement investigation. This followed potential non-compliance concerns identified in the course of a compliance assessment which was commenced by AUSTRAC in September 2019.

On 30 November 2022 The Star Pty Limited and The Star Entertainment QLD Limited (collectively ***The Star Entities***), were served with a statement of claim from AUSTRAC, commencing Federal Court civil penalty proceedings in relation to alleged contraventions of obligations under the *Anti-Money Laundering and Counter Terrorism Financing (AML/ CTF) Act 2006*. The claims include that The Star Entities:

1. Failed to appropriately assess the money laundering and terrorism financing risks.
2. Did not include in their AML/CTF programs appropriate risk-based systems and controls to mitigate and manage risks.
3. Failed to establish an appropriate framework for Board and senior management oversight of the AML/CTF programs.
4. Did not have a transaction monitoring program to monitor transactions and identify suspicious activity that was appropriately risk-based or appropriate to the nature, size and complexity of The Star Entities.

5. Did not have an appropriate enhanced customer due diligence program to carry out additional checks on higher risk customers.

6. Did not conduct appropriate ongoing customer due diligence on a range of customers who presented higher money laundering risks 1,189 times in New South Wales and 325 times in Queensland.

The parties are working towards the preparation of a Statement of Agreed Facts and Admissions (***SAFA***). At the case management hearing on 14 July 2023, the Court ordered that the final SAFA be filed by 1 November 2023.

AUSTRAC has commenced civil penalty proceedings against other companies on five occasions, one of which is yet to conclude. The four concluded AUSTRAC proceedings to date have led to the Federal Court approving and / or ordering the respondent to pay significant penalties (Tabcorp $45 million (2017); CBA $700 million (2018); Westpac $1.3 billion (2020) and most recently, Crown $450 million (2023)). The determination of the Federal Court's penalty (including where a penalty has been jointly proposed by AUSTRAC and the defendant to the Court) is specific to the facts of each case and arrived at after consideration of the SAFA and evidence and submissions in relation to the appropriateness of the penalty.

The Statement of Claim from AUSTRAC alleges that the number of breaches committed by The Star Entities is innumerable. Following a review of the Statement of Claim, and an analysis of the penalties against other companies (described above), the relative size of the Group and capacity to pay, the Group has determined an appropriate provision on the balance sheet as at 30 June 2023. This provision was and is recognised at a time where there remains considerable uncertainty on the approach the Federal Court will ultimately take when approving any agreed penalty and where The Star Entities continue to engage with AUSTRAC and the Australian Government Solicitor in relation to remediation activities designed to address allegations of ongoing deficiencies in The Star Entities' AML/Program. Any actual penalty paid by the Group may differ materially to the provision recorded at 30 June 2023.

Underpaid casino duty

During the Bell review, concerns were raised regarding the characterisation of residency for rebate patrons and the potential consequences for the Group's calculations of rebate duty payable to the NSW Government. As a result, the Group undertook an independent assessment of residency status and consequential rebate gaming activity for a number of patrons that had changed their residency status from ordinarily resident in New South Wales to being ordinarily resident interstate or overseas between 28 November 2016 to May 2022.

The Bell report recommended the NSW Independent Casino Commission (***NICC***) engage an independent expert to perform their own audit of all patrons that engaged in rebate play at The Star Sydney since 28 November 2016 and a clear and objective test regarding the residency of players be included in The Star Sydney's Duty Agreement.

The Group is working with NSW Liquor and Gaming to agree the scope of an independent review applicable to rebate play for all patrons. The Group has also commenced working with the NICC and Treasury to develop a clear and objective test for the residency of players. Such a test will require an amendment to The Star Sydney's Duty agreement and result in changes to relevant internal controls.

The Group has determined an appropriate provision on the balance sheet at 30 June 2023 of the potential impact of the review of rebate play for all patrons. The final quantum of casino duty may be materially different to the amount provided as it is subject to further analysis and discussions with the NICC and NSW Treasury.

ASIC civil penalty proceedings against former directors and officers of the Company

In December 2022, the Australian Securities and Investment Commission (***ASIC***) commenced civil penalty proceedings in the Federal Court of Australia against 11 former directors and officers of the Company alleging contraventions of their duties under s180(1) of the *Corporations Act 2001 (Cth)*. The alleged contraventions arise from certain matters considered in the Bell and Gotterson Reviews.

As no entity of the Group is party to these proceedings, it is not possible to predict the timing and any financial impact of these claims on the Group (including in terms of the Group bearing costs for the defendants, or the extent to which those costs might be covered by available insurances and indemnities in place for previous officers and directors).

The Group has provided for an estimate of legal costs as at 30 June 2023.

Class actions

On 30 March 2022, 7 November 2022 and 3 and 6 February 2023, the Company was served by Slater & Gordon, Maurice Blackburn, Phi Finney McDonald and Shine Lawyers respectively with separate statements of claim for securities class actions in the Supreme Court of Victoria.

The claims are substantially similar and allege the Group failed to comply with continuous disclosure requirements and engaged in misleading or deceptive conduct between 2016 and 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.

On 27 and 28 June 2023, the Court heard carriage and costs order applications from each of the four plaintiff law firms. Judgment has been reserved in relation to which plaintiff firm will have carriage of the proceedings and the terms of any relevant group costs order.

The Company intends to defend the proceedings.

The outcome and any potential financial impacts are unknown, including the extent to which any costs might be covered by the Group's insurance policies.

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 $143.8 million (primary tax of $81.9 million and interest of $61.9 million). In FY22 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 matter has been adjourned until the outcome of the objections, which is yet to be decided. 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 objection is yet to be decided.

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 2023. 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. Provisions are made for known obligations where the existence of a liability is probable and can be reasonably estimated. As the outcomes of these actions remain uncertain, contingent liabilities exist for possible amounts eventually payable.

The Group has no other contingent liabilities other than those disclosed in these financial statements.

NEW SOUTH WALES

Regulatory 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* (NSW). These amendments enacted reforms to the NSW casino regulatory framework, including to address the recommendations of the Bergin Inquiry and certain additional measures and to establish the NICC as a new independent regulator. The reforms also purported to override compensation rights previously available to the Group for specified regulatory changes. The amendments were effective from 5 September 2022 with the exception of compulsory carded play and cash play limits, which commence on 11 August 2024 (unless an earlier date is set by Government). The amendments include expanding the definition of gaming revenue to include slots free play.

Bell report

The Bell Report was provided to the Independent Liquor and Gaming Authority (ILGA) on 31 August 2022 and published by the NICC on 13 September 2022. Mr Bell made a total of 30 recommendations and found The Star unsuitable to hold a casino licence in NSW.

Disciplinary action

After considering the Bell Report recommendations and The Star's response to the show cause notice issued on 13 September 2022, the NICC issued a $100 million fine (payable in 3 instalments on 31 March 2023, 30 June 2023 and 29 December 2023), suspended The Star's casino licence and appointed a Manager for the Sydney casino. The Manager was appointed initially for 90 days, however on 16 December 2022 this was extended to 19 January 2024.

The final instalment for the pecuniary penalty has been recorded as a liability on the balance sheet at 30 June 2023.

The Star Sydney remains open and operating, and net earnings continue to be paid to The Star after payment of the Manager's costs. The Manager has assumed the responsibility and control of The Star's casino operations.

Casino duty reforms

On 11 August 2023 the NSW Treasurer and the Group announced an in-principle agreement had been reached in relation to changes to casino duty rates for casinos in New South Wales and their impact on The Star Sydney. The in-principle agreement supersedes the proposal announced by the previous Liberal NSW Treasurer on 17 December 2022. Once formalised the amendments announced are designed to deliver a sustainable outcome for The Star Sydney and to protect the jobs of thousands of NSW team members.

The changes include rate increases for rebate duty (10% to 12.5%) and Table Games (17.91% to 20.25%) from 1 July 2023. Poker Machine duty rates will remain unchanged until 2030 (currently 20.91%, 21.91% from 1 July 2024 and 22.91% from 1 July 2027). From 1 July 2030 poker machines will be taxed based on average poker machine revenue using a progressive rate scale with a maximum of 51.6%. In the period 1 July 2023 to 30 June 2030 an additional levy will apply equal to 35% of The Star Sydney's gaming revenue above $1.125 billion per financial year. There is no change to the Responsible Gambling Levy rate.

Further, the in-principle agreement includes a jobs agreement that provides employment certainty for team members in arrangements agreed with the United Workers Union. The Star Sydney will also introduce a trial of its cashless gaming machine technology in October 2023 on 50 gaming machines and 8 gaming tables.

QUEENSLAND

Regulatory reforms

On 14 October 2022 the *Casino Control and Other Legislation Amendment Bill 2022* (Qld) was passed by the Queensland Parliament. The legislative amendments to the *Casino Control Act 1982* (Qld) included increasing the maximum pecuniary penalty to $100 million, allowing for the appointment of a Special Manager and overriding compensation rights previously available to the Group for specified regulatory changes.

Gotterson Report

In July 2022 an independent review commenced of the Group's Queensland casinos, The Star Gold Coast and Treasury Brisbane.

The Attorney-General appointed The Honourable Robert Gotterson AO to examine whether these casinos operate in a way that is consistent with achieving the objectives of the *Casino Control Act 1982* (Qld) and the ongoing suitability of the Group's casino licensees. The Gotterson Report was publicly released on 6 October 2022, making 12 recommendations, which have been accepted in-principle by the Queensland Government. On 25 October 2022 the Attorney-General formally determined that the Group's Queensland casino licensees, and other associated entities of The Star Entertainment Group, were not suitable to be associated or connected with the management and operations of a hotel-casino complex or casino in Queensland, by reason of it not being a person of good repute.

Further amendments to the *Casino Control Act 1982* (Qld) are expected in 2023 to enact the remaining recommendations from the Gotterson Report, including mandatory carded play and cash limits and mandatory player pre-commitments.

Disciplinary action

On 9 December 2022 the Attorney-General announced a total penalty of $100 million in relation to the Group's Queensland casinos (payable in three instalments on 31 March 2023, 30 June 2023 and 31 December 2023); suspended the Group's Queensland casino licences for a period of 90 days on a deferred basis with effect from 1 December 2023 unless postponed or rescinded due to satisfactory progress towards suitability, and appointed a Special Manager to monitor the operations of the Group's Queensland casinos.

The final instalment for the pecuniary penalty has been recorded as a liability on the balance sheet at 30 June 2023.

Financial guarantees

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

B8 INTEREST BEARING LIABILITIES

	2023 $m	2022 $m
Current		
Lease liabilities	6.0	6.1
	6.0	6.1
Non current		
Bank loans - unsecured (net of unamortised borrowing costs)	362.9	705.7
Private placement - US dollar - amortised cost	357.5	583.9
Lease liabilities	30.8	36.8
	751.2	1,326.4

The bank facilities have maturities between eight months and three years, with an average weighted maturity of 2.0 years (2022: 2.9 years).

During the year, the interest bearing liabilities were amended to either amend covenant calculations or allow for the capital raising, resulting in increased interest charges over the balance of the tenure. The bank loans and USPP were modified, resulting in an increase of $30.0 million, recognised in finance costs. The modification has been amortised through 30 June 2023, with $0.9 million remaining in bank loans and $10.0 million remaining in USPP.

On 24 March 2023, following the capital raising, existing bank loan facility amounts were reduced by $338.0 million (approximately 30%) while on 31 March 2023, US$172.6 million of USPPs were prepaid (approximately 42.3%). Facility maturity dates were not affected as part of this reduction.

Net debt was $595.5 million, down 48.2% on the pcp. Adjusted gearing levels, calculated as agreed with the financiers on was 1.9x (2022: 2.8x adjusted).
Refer to note F7 (iii) for Capital management disclosures and the calculation of the gearing ratio.

2023 Type	Facility amount $m USD	Facility amount $m AUD [a]	Unutilised at 30 June $m	Maturity date
Bank loans	-	104.0	104.0	March 2024
Bank loans	-	540.0	226.0	July 2024
Bank loans	-	120.0	70.0	July 2025
Bank loans	-	28.0	28.0	July 2026
Total bank loans	-	792.0	428.0	
USPP	28.9	37.0	-	August 2025
USPP	166.5	213.3	-	August 2027
USPP	40.4	54.2	-	September 2028
Total USPP	235.8	304.5	-	
Total	235.8	1,096.5	428.0	

2022	Facility amount	Facility amount	Unutilised at 30 June	
Type	$m USD	$m AUD a	$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	

[a] USPP Notes are issued in USD and presented at the AUD amount repayable under cross currency interest rate swaps at maturity.

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 $100 million (2022: $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 $357.5 million (2022: $583.9 million) USPP comprises the US$235.8 million (2022: US$408.4 million) USPP converted to $353.7 million AUD at 30 June rates (2022: $591.6 million AUD) and, the fair value movement of future interest payments subject to fair value hedges, being an asset of $5.3 million (2022: $7.7 million) and $10.0 million of debt modification (2022: nil), partially offset by $0.9 million of unamortised borrowing costs (2022: nil). 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 2023, repayment of the US$235.8 million (2022: US$408.4 million) is 100% hedged (2022: 100%). The base USD coupon continues to be 100% hedged (2022: 100% hedged), however amendments to the USPP during the year gave rise to incremental USD denominated coupon payments, which are not 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 2023, after taking into account the effect of interest rate swaps, approximately 50.5% (2022: 46.0%) 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.

C COMMITMENTS AND SUBSEQUENT EVENTS

C1 COMMITMENTS

OTHER COMMITMENTS [a]

	2023 $m	2022 $m
Not later than one year	13.6	44.6
Later than one year but not later than five years	-	0.3
Later than five years	-	-
	13.6	44.9

a Other commitments as at 30 June 2023 have decreased due to suspension of non-critical business projects at the Sydney property.

Total project costs for Destination Brisbane Consortium's (***DBC***) development of the entertainment and leisure destination are expected to be $2.9 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 (*DGCC*), construction is underway on Tower 2 at 30 June 2023. Equity contributions towards Tower 1 are complete. DGCC is seeking project level debt facilities for the remainder of the Tower 2 construction costs. Until such a facility is secured, committed spend is to be funded by joint venturer loans or equity contributions.

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

C2 SUBSEQUENT EVENTS

Casino duty reforms

On 11 August 2023 the NSW Treasurer and the Group announced an in-principle agreement had been reached in relation to changes to casino duty rates for casinos in New South Wales and their impact on The Star Sydney. The in-principle agreement supersedes the proposal announced by the previous Liberal NSW Treasurer on 17 December 2022. Once formalised the amendments announced are designed to deliver a sustainable outcome for The Star Sydney and to protect the jobs of thousands of NSW team members.

The changes include rate increases for rebate duty (10% to 12.5%) and Table Games (17.91% to 20.25%) from 1 July 2023. Poker Machine duty rates will remain unchanged until 2030 (currently 20.91%, 21.91% from 1 July 2024 and 22.91% from 1 July 2027). From 1 July 2030 poker machines will be taxed based on average poker machine revenue using a progressive rate scale with a maximum of 51.6%. In the period 1 July 2023 to 30 June 2030 an additional levy will apply equal to 35% of The Star Sydney's gaming revenue above $1.125 billion per financial year. There is no change to the Responsible Gambling Levy rate.

Further, the in-principle agreement includes a jobs agreement that provides employment certainty for team members in arrangements agreed with the United Workers Union. The Star Sydney will also introduce a trial of its cashless gaming machine technology in October 2023 on 50 gaming machines and 8 gaming tables.

DBC dispute with Multiplex

The Group has partnered with Hong Kong-based organisations Chow Tai Fook Enterprises Limited and Far East Consortium International Limited to form Destination Brisbane Consortium (***DBC***) for the Queen's Wharf Brisbane Project.

Multiplex (***MPX***) is the principal contractor on the Queen's Wharf Brisbane Integrated Resort Development project. Since early 2022 MPX has submitted a number of claims to DBC seeking damages and extensions of time and makes various allegations against DBC and the principal's representative. DBC claims that it is entitled to liquidated damages from MPX due to its failure to meet contractual completion dates and commenced deducting liquidated damages from MPX in July 2023.

On 18 May 2023, MPX issued a Formal Dispute notice to DBC. MPX also included in its July 2023 progress claim, significant claims for delay costs and acceleration costs and for repayment of liquidated damages deducted. These claims have been reviewed and rejected by the Principal's Representative during the course of the contract. DBC delivered a detailed Payment Schedule on 8 August 2023 rejecting these claims in total and deducting further liquidated damages from the monthly amount that would have been payable to Multiplex. On 18 August 2023 DBC was served with a Statement of Claim filed by MPX in the Supreme Court of Queensland. The claim seeks various declarations from the Court regarding extensions of time, relevant milestone dates, liquidated damages, variations and certain other matters, including potential sums payable, in connection with the contract and seeks various orders in relation to those matters. The Group understands that DBC intends to defend the proceedings.

On 28 August 2023, DBC was issued with an adjudication application lodged by MPX with the Queensland Building and Construction Commission under the *Building Industry Fairness (Security of Payment) Act 2017 (Qld)*. The application is seeking awards by the adjudicator for extensions of time, certification of stage completion, entitlements to liquidated damages and payment of certain amounts (comprising delay costs, set-offs, acceleration costs, variations and other amounts). The adjudication claim is separate to the Supreme Court proceedings. The Group understands that DBC is currently reviewing the adjudication application and that it intends to respond in accordance with the process in the relevant legislation.

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.

D GROUP STRUCTURES

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 2023 %	Equity interest at 30 June 2022 %
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
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

Name of controlled entity	Note	Country of incorporation	Equity type	Equity interest at 30 June 2023 %	Equity interest at 30 June 2022 %
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
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 $344.7 million were advanced by controlled entities (2022: were repaid by controlled entities $49.5 million); and

— income tax and GST paid on behalf of controlled entities was $144.9 million (2022: $133.7 million).

The amount receivable by the Company from controlled entities at year end is $1,052.2 million (2022: $707.5 million). All the transactions were undertaken on normal commercial terms and conditions.

(iv) TRANSACTIONS WITH OTHER RELATED PARTIES

Other transactions

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

— Amount recharged to Destination Brisbane Consortium was $13.1 million (2022: nil) in relation to pre-opening costs and reimbursement for asset purchases. There was no outstanding amount at 30 June 2023;

— Amount recharged to Destination Gold Coast Consortium Pty Ltd was $10.8 million (2022: $14.3 million) in relation to labour supply and building management services provided to the Dorsett Hotel. There was no outstanding balance at 30 June 2023 (2022: nil); and

— Amount paid to Destination Gold Coast Consortium Pty Ltd was $15.9 million (2022: $10.7 million) relating to development of Towers 1 and 2.

D2 PARENT ENTITY DISCLOSURES

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

	2023 $m	2022 $m
Result of the parent entity		
Loss for the year [a]	**(2,304.5)**	(0.2)
Total comprehensive loss for the year [b]	**(2,304.5)**	(0.2)

a The investments into Sydney and Queensland were impaired $1,777.9 million (2022: nil) as a result of the decrease in valuation of the respective cash generating units (refer to note B6).

b 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, the Group returns to suitability and all of the Group's casino licences are in full force and effect (refer to note A6).

	2023 $m	2022 $m
Financial position of the parent entity		
Current assets	2,178.2	1,783.0
Non current assets	721.5	2,593.5
Total assets	2,899.7	4,376.5
Current liabilities	74.7	45.6
Non current liabilities	1,054.0	1,032.2
Total liabilities	1,128.7	1,077.8
Net assets	1,771.0	3,298.7
Total equity of the parent entity		
Issued capital	3,956.4	3,177.8
Retained earnings	110.6	110.6
Loss reserve FY23	(2,304.5)	-
Shared based payments benefits reserve	8.5	10.3
Total equity	1,771.0	3,298.7

CONTINGENT LIABILITIES

Class Action

On 30 March 2022, 7 November 2022 and 3 and 6 February 2023, the Company was served by Slater & Gordon, Maurice Blackburn, Phi Finney McDonald and Shine Lawyers respectively with separate statements of claim for securities class actions in the Supreme Court of Victoria.

The claims are substantially similar and allege the Group failed to comply with continuous disclosure requirements and engaged in misleading or deceptive conduct between 2016 and 2022 through various alleged disclosures or nondisclosures about its systems, controls, operations and regulatory risks. The allegations reference the Bell review and previous media reporting.

On 27 and 28 June 2023, the Court heard carriage and costs order applications from each of the four plaintiff law firms. Judgment has been reserved in relation to which plaintiff firm will have carriage of the proceedings and the terms of any relevant group costs order.

The Company intends to defend the proceedings.

The outcome and any potential financial impacts are unknown, including the extent to which any costs might be covered by the Group's insurance policies.

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 $143.8 million (primary tax of $81.9 million and interest of $61.9 million). In FY22 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 matter has been adjourned until the outcome of the objections, which is yet to be decided.

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 2023.

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 2023 (2022: 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 2023, the carrying amount included in current liabilities at 30 June 2023 of $12.0 million (2022: $12.0 million), and the maximum amount of these guarantees was $58.8 million (2022: $68.1 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.

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 2023 of the closed group.

Consolidated income statement

	2023 $m	2022 $m
Revenue	982.6	775.8
Other income	0.1	0.2
Government taxes and levies	(271.3)	(219.2)
Employment costs	(292.0)	(223.9)
Depreciation, amortisation and impairment	(772.2)	(91.2)
Cost of sales	(42.3)	(33.4)
Property costs	(40.4)	(32.0)
Advertising and promotions	(34.0)	(30.3)
Regulatory and legal costs	(373.4)	-
Other expenses	(66.5)	(228.3)
Loss before interest and tax (LBIT)	(909.4)	(82.3)
Net finance costs	(0.3)	(5.1)
Loss before income tax (LBT)	(909.7)	(87.4)
Income tax benefit	127.1	25.1
Net loss after tax (NLAT)	(782.6)	(62.3)
Total comprehensive loss for the period	(782.6)	(62.3)
Summary of movements in consolidated retained earnings		
Accumulated profit at the beginning of the financial year	49.1	111.4
Loss for the year	(782.6)	(62.3)
Accumulated profit at the end of the financial year	(733.5)	49.1

Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2023 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.

Consolidated balance sheet

	2023 $m	2022 $m
ASSETS		
Cash assets	37.9	39.5
Trade and other receivables	11.9	14.8
Inventories	6.5	7.0
Other	12.0	12.4
Total current assets	68.3	73.7
Property, plant and equipment	909.7	1,470.0
Intangible assets	116.2	262.6
Other assets	3.3	4.2
Deferred tax asset	117.3	-
Total non current assets	1,146.5	1,736.8
TOTAL ASSETS	1,214.8	1,810.5
LIABILITIES		
Trade and other payables	483.4	508.6
Interest bearing liabilities	1.0	0.9
Provisions	307.8	52.3
Other liabilities	9.8	11.5
Total current liabilities	802.0	573.3
Deferred tax liabilities	-	42.4
Interest bearing liabilities	2.1	3.0
Provisions	2.7	2.8
Other liabilities	1.6	-
Total non current liabilities	6.4	48.2
TOTAL LIABILITIES	808.4	621.5
NET ASSETS	406.4	1,189.0
EQUITY		
Issued Capital	1,139.9	1,139.9
Retained Earnings	(733.5)	49.1
TOTAL EQUITY	406.4	1,189.0

D4 KEY MANAGEMENT PERSONNEL DISCLOSURES

	2023 $000	2022 $000
Compensation of Key Management Personnel		
Short term	4,853	6,275
Long term	239	285
Share based payments	(60)	(2,466)
Termination benefits	807	3,794
Total compensation	5,839	7,888

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 2023. 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.

2023 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	(3.3)	535.3
Destination Gold Coast Investments Pty Ltd (ii)	Australia	50	Joint venture	0.6	36.7
Destination Gold Coast Consortium Pty Ltd (iii)	Australia	33.3	Joint venture	6.7	76.4
Non material					
Festival Car Park Pty Ltd	Australia	50	Joint venture	0.5	14.8
Destination Sydney Consortium Investments Pty Ltd	Australia	50	Joint venture	0.9	6.0
Total equity accounted investments				5.4	669.2

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 entertainment and leisure destination 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 entertainment and leisure destination. 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 entertainment and leisure destination is anticipated to open from April 2024. Total project costs for DBC's development of the entertainment and leisure destination 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.

Commitments and contingent liabilities

DBC has current capital commitments of approximately $690.5 million (2022: $883.8 million) to fund the construction of the entertainment and leisure destination, which is expected to open from April 2024 (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 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.

Dispute with Probuild

DBC are in the process of finalising a statement of claim to be filed in the Supreme Court of Queensland. DBC seeks recovery of certain mitigation costs (~$27m) which it alleges arise from Probuild's breach of contract, negligence and breach of the Australian Consumer Law.

Dispute with Multiplex

Multiplex (*MPX*) is the principal contractor on the Queen's Wharf Brisbane Integrated Resort Development project. Since early 2022 MPX has submitted a number of claims to DBC seeking damages and extensions of time and makes various allegations against DBC and the principal's representative. DBC claims that it is entitled to liquidated damages from MPX due to its failure to meet contractual completion dates and commenced deducting liquidated damages from MPX in July 2023.

On 18 May 2023, MPX issued a Formal Dispute notice to DBC. MPX also included in its July 2023 progress claim, significant claims for delay costs and acceleration costs and for repayment of liquidated damages deducted. These claims have been reviewed and rejected by the Principal's Representative during the course of the contract. DBC delivered a detailed Payment Schedule on 8 August 2023 rejecting these claims in total and deducting further liquidated damages from the monthly amount that would have been payable to Multiplex. On 18 August 2023 DBC was served with a Statement of Claim filed by MPX in the Supreme Court of Queensland. The claim seeks various declarations from the Court regarding extensions of time, relevant milestone dates, liquidated damages, variations and certain other matters, including potential sums payable, in connection with the contract and seeks various orders in relation to those matters. The Group understands that DBC intends to defend the proceedings.

On 28 August 2023, DBC was issued with an adjudication application lodged by MPX with the Queensland Building and Construction Commission under the *Building Industry Fairness (Security of Payment) Act 2017 (Qld)*. The application is seeking awards by the adjudicator for extensions of time, certification of stage completion, entitlements to liquidated damages and payment of certain amounts (comprising delay costs, set-offs, acceleration costs, variations and other amounts). The adjudication claim is separate to the Supreme Court proceedings. The Group understands that DBC is currently reviewing the adjudication application and that it intends to respond in accordance with the process in the relevant legislation.

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.

	2023 $m	2022 $m
Balance sheet		
Cash and cash equivalents	99.7	156.7
Total current assets excluding cash and cash equivalents	48.0	19.3
Total non current assets	2,371.8	1,946.9
Total current liabilities	(109.8)	(107.8)
Total non current liabilities	(1,259.1)	(846.3)
Net assets	1,150.6	1,168.8
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	538.6	543.9
Share of loss for the period	(3.3)	(5.3)
Carrying amount at the end of the year	535.3	538.6
Income statement		
Interest revenue	-	0.2
Depreciation and amortisation expense	(2.0)	(2.2)
Operating expenses	(4.5)	(8.6)
Loss before tax	(6.5)	(10.6)
Income tax benefit	-	-
Loss for the year (continuing operations)	(6.5)	(10.6)
Total comprehensive loss for the year (continuing operations)	(6.5)	(10.6)
Group's share of loss for the year	(3.3)	(5.3)

(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 2023 (2022: 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.

	2023 $m	2022 $m
Balance sheet		
Cash and cash equivalents	8.9	13.7
Total current assets excluding cash and cash equivalents	147.9	1.7
Total non current assets	-	148.0
Total current liabilities	(72.3)	(10.3)
Total non current liabilities - financial liabilities	-	(67.5)
Other non current liabilities	(11.1)	(13.5)
Net assets	73.4	72.1
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	36.1	35.9
Share of profit for the period	0.6	0.2
Carrying amount at the end of the year	36.7	36.1
Income statement		
Revenue	56.7	44.2
Interest expense	(3.1)	(1.4)
Depreciation and impairment expense	(2.5)	(3.6)
Operating expenses	(49.1)	(38.7)
Profit before tax	2.0	0.5
Income tax expense	(0.6)	(0.1)
Profit for the year (continuing operations)	1.4	0.4
Total comprehensive profit for the year (continuing operations)	1.4	0.4
Group's share of profit for the year	0.6	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 $102.4 million (2022: $120.1 million) in relation to Tower 2. DGCC is seeking project level debt facilities for the remainder of the Tower 2 construction costs. Until such time as a facility is secured, committed spend is to be funded by equity contributions. 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.

	2023 $m	2022 $m
Balance sheet		
Cash and cash equivalents	48.6	35.8
Total current assets excluding cash and cash equivalents	85.4	165.1
Total non current assets	473.3	328.2
Total current liabilities	(102.9)	(173.2)
Total non current liabilities	(242.2)	(98.4)
Net assets	262.2	257.5
Reconciliation to investment carrying amounts:		
Carrying amount at the beginning of the year	73.6	30.4
Share of profit for the period	5.5	19.8
Share of equity contributions for the Group	17.9	19.6
Distributions received	(21.8)	-
Other	1.2	3.8
Carrying amount at the end of the year	76.4	73.6
Income statement		
Revenue and other income	117.4	285.4
Operating expenses	(92.1)	(221.2)
Depreciation and amortisation expense	(5.3)	(2.7)
Finance costs	(3.5)	(2.1)
Profit before tax	16.5	59.4
Income tax expense	-	-
Profit for the year (continuing operations)	16.5	59.4
Total comprehensive profit for the year (continuing operations)	16.5	59.4
Group's share of profit for the year	5.5	19.8

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.

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 compliance with policies. It is, and has been throughout the period under review, the Group's policy that no speculative 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 exposure is managed through the issuance of both fixed rate and floating rate debt and 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 placement 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 USD principal and interest obligations under the private placement 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.

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 (2022: 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 the NICC 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 the NICC.

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 2023, the carrying amount included in current liabilities was $12.0 million (2022: $12.0 million), and the maximum amount of these guarantees was $58.8 million (2022: $68.1 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 undrawn 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 B8 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

	2023			2022		
	< 1 year $m	1 - 5 years $m	> 5 years $m	< 1 year $m	1 - 5 years $m	> 5 years $m
Financial assets						
Cash assets	79.2	-	-	82.0	-	-
Short term deposits	9.5	-	-	-	-	-
Trade and other receivables	20.8	-	-	18.0	-	-
	109.5	-	-	100.0	-	-
Financial liabilities						
Trade and other payables	182.0	-	-	202.9	-	-
Bank loans - unsecured	26.1	368.7	-	28.6	738.7	-
Lease liabilities	8.8	29.2	69.6	9.3	33.2	74.4
Private placement - US dollar	37.6	409.0	62.3	24.8	157.4	469.8
	254.5	806.9	131.9	265.6	929.3	544.2
Net outflow	(145.0)	(806.9)	(131.9)	(165.6)	(929.3)	(544.2)

(ii) DERIVATIVE FINANCIAL INSTRUMENTS

	2023			2022		
	< 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	4.2	1.8	-	2.8	2.5	-
Cross currency swaps - receive USD fixed	14.9	339.5	61.4	24.8	157.4	469.8
	19.1	341.3	61.4	27.6	159.9	469.8
Financial liabilities						
Interest rate swaps - pay AUD fixed	1.5	1.0	-	2.6	2.5	-
Cross currency swaps - pay AUD floating	4.8	76.4	-	11.5	103.3	146.3
Cross currency swaps - pay AUD fixed	13.1	226.3	56.2	19.0	76.1	324.7
	19.4	303.7	56.2	33.1	181.9	471.0
Net (outflow)/inflow	(0.3)	37.6	5.2	(5.5)	(22.0)	(1.2)

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

(iii) FINANCIAL INSTRUMENTS - SENSITIVITY ANALYSIS

Interest rates - AUD and USD

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

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Net profit after tax higher/(lower) $m	Other comprehensive income higher/(lower) $m
2023		
AUD		
+ 0.5% (50 basis points)	(2.0)	5.2
- 0.5% (50 basis points)	2.0	(5.3)
USD		
+ 0.5% (50 basis points)	-	(6.2)
- 0.5% (50 basis points)	-	6.3
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)

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; and
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at the balance sheet dates.

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)
	2023	**2023**	**2022**	**2022**
	$m	**$m**	**$m**	**$m**
AUD/USD + 10 cents	1.1	(0.8)	(0.3)	7.8
AUD/USD - 10 cents	(1.6)	1.1	0.4	16.5

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; and
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at the balance sheet dates.

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:

	2023 $m	2022 $m
Less than one year	**50.0**	150.0
One to five years	**50.0**	100.0
More than five years	**-**	-
Notional Principal	**100.0**	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 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.

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 $2.4 million (2022: $22.4 million decrease in value) has been recognised in finance costs and offsetting loss on the USPP borrowings. The ineffectiveness recognised in FY23 was immaterial (2022: immaterial).

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

	2023		2022	
	AUD $m	USD $m	AUD $m	USD $m
Less than one year	-	-	-	-
One to five years	250.3	195.4	433.4	338.4
More than five years	54.2	40.4	93.9	70.0
Notional principal	304.5	235.8	527.3	408.4
Fixed interest rate range p.a.	3.2% - 4.4%		3.2% - 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 B8.

(iv) RECONCILIATION OF MOVEMENT IN FINANCING ACTIVITIES

	Opening $m	Cash flows $m	Changes in fair values $m	Foreign exchange movement $m	Debt modification $m	Net loss on settlement $m	Borrowing costs $m	Closing $m
2023								
Interest bearing liabilities (excluding lease liabilities) (refer to note B8)	(1,289.6)	603.1	(2.4)	(12.1)	(10.9)	(8.1)	(0.4)	**(720.4)**
Net derivative assets (refer to note B3)	58.6	(20.5)	(1.9)	-	-	-	-	**36.2**
2022								
Interest bearing liabilities (excluding significant items) (refer to note B8)	(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

	Opening $m	Cash flows $m	Interest $m	Transition $m	Additions $m	Other $m	Disposals $m	Closing $m
2023								
Lease liabilities (refer to note B8)	(42.9)	9.6	(3.1)	-	-	-	-	**(36.8)**
2022								
Lease liabilities (refer to note B8)	(50.2)	9.5	(3.5)	-	-	(0.4)	1.7	(42.9)

F OTHER DISCLOSURES

F1 OTHER COMPREHENSIVE INCOME

	2023 $m	2022 $m
Net (loss)/gain on derivatives	(9.3)	29.3
Tax on above items recognised in other comprehensive income	2.8	(8.8)
	(6.5)	20.5

F2 INCOME TAX

(i) INCOME TAX BENEFIT

	2023 $m	2022 $m
The major components of income tax benefit is:		
Current tax benefit/(expense)	22.4	(1.2)
Adjustments in respect of current income tax of previous years	6.5	1.7
Deferred income tax benefit	298.9	2.6
Income tax benefit reported in the income statement	327.8	3.1
Aggregate of current and deferred tax relating to items charged or credited to equity:		
Current tax benefit reported in equity	0.6	0.5
Deferred tax benefit/(expense) reported in equity	9.3	(8.8)
Income tax benefit/(expense) reported in equity	9.9	(8.3)
Income tax benefit		
A reconciliation between income tax benefit and the product of accounting profit before income tax multiplied by the income tax rate is as follows:		
Accounting loss before income tax benefit	**(2,763.0)**	(205.6)
At the Group's statutory income tax rate of 30%	**828.9**	61.7
- Non deductible goodwill impairment	**(361.3)**	(48.8)
- Non assessable gain on sale	**10.3**	(9.7)
- Recognition/(derecognition) of temporary differences	**(2.6)**	0.1
- Non deductible expenses	**(149.0)**	-
- Over provision in prior years	**1.5**	-
- Other items	**-**	(0.2)
Aggregate income tax expense	**327.8**	3.1
Effective income tax rate	(11.9)%	1.5 %

(ii) DEFERRED TAX BALANCES

The balance comprises temporary differences attributable to:

2023	Balance 1 July 2022 $m	Recognised in the income statement $m	Recognised directly in equity $m	Other $m	Balance 30 June 2023 $m
Property, plant and equipment	-	93.9	-	-	93.9
Intangible assets	-	27.8	-	-	27.8
Employee provisions	30.1	(6.3)	-	-	23.8
Other provisions and accruals	17.3	6.4	-	-	23.7
Impairment of trade receivables	11.2	(1.3)	-	-	9.9
Unrealised financial liabilities	18.6	(2.8)	3.1	-	18.9
Finance leases	13.3	(1.9)	-	-	11.4
Other	7.9	(8.4)	6.5	-	6.0
Tax losses	-	5.1	-	23.1	28.2
Deferred tax assets set off	98.4	112.5	9.6	23.1	243.6
Intangible assets	(54.7)	21.7	-	-	(33.0)
Property, plant and equipment	(144.5)	138.0	-	-	(6.5)
Unrealised financial assets	(19.3)	7.7	(0.3)	-	(11.9)
Other	(20.8)	19.0	-	-	(1.8)
	(239.3)	186.4	(0.3)	-	(53.2)
Net deferred tax (liabilities)/assets	(140.9)	298.9	9.3	23.1	190.4

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)/assets	(134.3)	2.6	(8.7)	(0.5)	(140.9)

(iii) TAX CONSOLIDATION

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

Tax effect accounting by members of the tax consolidation group

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

The allocation of taxes under the tax funding agreement is recognised as either an increase or decrease in the subsidiaries' intercompany accounts with the Head Company. The Group has chosen to adopt the Group Allocation method as outlined in Interpretation 1052 'Tax Consolidation Accounting' as the basis to determine each 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:

2023	(Payable)/ receivable 1 July 2022 $m	Increase in tax payable $m	Tax instalment paid $m	Over provision of tax $m	Other $m	Receivable 30 June 2023 $m
Tax consolidated group - year ended 30 June 2023	-	-	16.4	-	-	16.4
Tax consolidated group - year ended 30 June 2022	(1.7)	-	3.5	1.7	-	3.5
Prior years [a]	6.0	-	-	5.0	(0.1)	10.9
Total Australia	4.3	-	19.9	6.7	(0.1)	30.8
Overseas subsidiaries	0.1	-	0.1	(0.2)	-	-
Total	4.4	-	20.0	6.5	(0.1)	30.8

a The receivable balance relates to depreciation for capital projects.

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.

F3 LOSS PER SHARE

	2023 $m	2022 $m
Net loss after tax attributable to ordinary shareholders	(2,435.2)	(202.5)
Basic loss per share (cents per share)	(211.7)	(21.3)
Diluted loss per share (cents per share)	(211.7)	(21.3)

	2023 Number	2022 Number
Weighted average number of shares used as the denominator		
Number of ordinary shares issued at the beginning of the year	950,118,767	946,489,027
Adjustment for issue of new share capital on 7 March 2023 [a]	135,723,473	-
Adjustment for issue of new share capital on 20 March 2023 [b]	65,920,550	-
Movement in treasury shares	(1,602,749)	2,754,899
Weighted average number of shares used as the denominator	1,150,160,041	949,243,926
Adjustment for calculation of diluted earnings per share:		
Adjustment for Performance Rights	-	-
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	1,150,160,041	949,243,926

[a] On 7 March 2023, the Group issued 430,774,501 new shares for private placement to institutional investors under the accelerated non-renounceable entitlement offer.

[b] On 20 March 2023, the Group issued 235,892,166 new shares for retail component of the accelerated non-renounceable entitlement offer (including shares issued to Chow Tai Fook Enterprises Limited and Far East Consortium International Limited under the placement and institutional entitlement offer, in accordance with the retail entitlement offer timetable).

1,515,791 performance rights (2022: 2,193,154) could potentially dilute basic earnings per share in the future, but were not included in the calculation above because they are antidilutive for the period presented.

F4 OTHER ASSETS

	2023 $m	2022 $m
Current		
Prepayments	43.0	35.9
Other assets	50.7	43.6
	93.7	79.5
Non current		
Rental paid in advance	0.8	0.8
Other assets	25.9	39.1
	26.7	39.9

F5 TRADE AND OTHER PAYABLES

	2023 $m	2022 $m
Trade creditors and accrued expenses	182.0	202.9
Interest payable	2.9	3.5
	184.9	206.4

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FOR THE YEAR ENDED 30 JUNE 2023

F6 OTHER LIABILITIES

	2023 $m	2022 $m
Current		
Customer loyalty deferred revenue [a]	16.3	19.1
Other deferred revenue	2.3	4.0
	18.6	23.1
Non current		
Other	11.1	9.0
	11.1	9.0

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.

F7 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 2022	952,014,210	3,177.9	(1,895,443)	(6.9)	950,118,767	3,171.0
Issue of share capital (net of tax) - 7 March 2023 [a]	430,774,501	507.2	-	-	430,774,501	507.2
Issue of share capital (net of tax) - 20 March 2023 [b]	235,892,166	277.8	-	-	235,892,166	277.8
Shares purchased for future employee share programs	-	-	(2,255,061)	(6.4)	(2,255,061)	(6.4)
Shares issued to settle employee share programs	-	-	1,665,472	6.0	1,665,472	6.0
Closing balance 30 June 2023	**1,618,680,877**	**3,962.9**	**(2,485,032)**	**(7.3)**	**1,616,195,845**	**3,955.6**
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

[a] On 7 March 2023, the Group issued 430,774,501 new shares for private placement to institutional investors under the accelerated non-renounceable entitlement offer. The capital raising is after $9.7 million of costs, net of tax.

[b] On 20 March 2023, the Group issued 235,892,166 new shares for retail component of the accelerated non-renounceable entitlement offer (including shares issued to Chow Tai Fook Enterprises Limited and Far East Consortium International Limited under the placement and institutional entitlement offer, in accordance with the retail entitlement offer timetable). The capital raising is after $5.3 million of costs, net of tax.

(ii) RESERVES (NET OF TAX)

	2023 $m	2022 $m
Hedging reserve [a]	(8.2)	(1.7)
Cost of hedging reserve [b]	2.4	2.6
Share based payments reserve [c]	8.6	10.6
	2.8	11.5

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 F9 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 2023 USD/AUD spot rate of 1.5090 (2022: 1.4518), 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 2023 testing date from certain lenders, allowing for some cash significant items to be added back to earnings to enable compliance with the interest cover covenant.

	2023 $m	2022 $m
Gross Debt	757.2	1,332.5
Net Debt [a]	595.5	1,149.0
EBITDA (before significant items) [b]	317.4	413.6
Gearing ratio (times)	1.9 x	2.8 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 FY22, EBITDA (before significant items) was calculated on an annualised 2H FY22 run rate, as agreed with the financiers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

F8 RECONCILIATION OF NET PROFIT AFTER TAX TO NET CASH INFLOWS FROM OPERATIONS

	Note	2023 $m	2022 $m
Net loss after tax		(2,435.2)	(202.5)
- Depreciation, amortisation and impairment	A4	2,348.4	370.8
- Employee share based payments expense / (benefit)	F9	2.6	(0.8)
- Gain on disposal of property, plant and equipment		(0.8)	(0.9)
- Finance costs	A5	110.8	57.0
- Share of net profit of associate and joint venture entities	D5	(5.4)	(16.4)
- Gain on disposal of aircraft		-	(10.1)
Working capital changes			
- Increase in trade and other receivables and other assets		(10.7)	(49.4)
- Decrease/(increase) in inventories		1.3	(1.0)
- Increase in trade and other payables, accruals and provisions		380.7	36.5
- Decrease in tax provisions		(347.9)	(7.0)
Net cash inflow from operating activities		43.8	176.2

Operating cash flow before interest and tax was $63.0 million, down 65.3% on the pcp. The EBITDA to cash conversion ratio was (23%). Adjusting for material unpaid regulatory and legal costs, cash collection ratio is 52%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

F9 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 $0.3 million (2022: credit of $3.0 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.

2023 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
3 October 2018	449,656	-	34,050	415,606	-	-
25 September 2019	611,504	-	288,683	-	-	322,821
24 September 2020	1,101,265	-	450,284	-	-	650,981
23 September 2021	981,505	580,383	341,253	-	-	1,220,635
26 September 2022	-	2,187,492	345,366	-	-	1,842,126
	3,143,930	2,767,875	1,459,636	415,606	-	4,036,563

2022 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
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

Grants 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 3 October 2018 were tested on 3 October 2022 and did not vest. The TSR percentile rank for the Company was 15.39%, below the 50th percentile rank. The EPS was (21.1)c, below the 27.6c threshold. The ROIC was (3.2)%, below the 8.8% threshold. As a result, these Performance Rights lapsed and no shares were issued to participants.

b The number of 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.

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 $
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
26 September 2022	26 September 2026	2.63	32.00 %	- %	3.80 %	2.33

Equity retention plan

Since FY19, the Company has granted restricted shares under the equity retention plan to eligible employees. The share based payment expense of $2.7 million (2022: $0.7 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.

2023 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 2022	1,149,639	1,639,642	312,306	-	1,270,086	1,206,889

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

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

On 19 April 2023, the Group announced the cancellation of the FY23 short term incentive plan.

The Board approved the award of the FY22 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.

The share based payment expense of $0.2 million (2022: $1.5 million) in respect of the short term incentives has been recognised in the income statement.

F10 AUDITOR'S REMUNERATION

	2023 $	2022 $
Fees to Ernst & Young (Australia):		
Fees for auditing the statutory financial report of the parent and consolidated group	2,279,588	1,209,128
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	197,600	77,025
Fees for other advisory and compliance services	58,000	55,500
Total fees to Ernst & Young Australia	2,535,188	1,341,653

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. The Company's Group Chief Financial Officer has limited delegated authority for the pre-approval of audit and non-audit services proposed by the external auditors, limited to $50,000 per engagement and capped at 40% of the relevant year's audit fee.

The financial year ended 30 June 2023 is Scott Jarrett's first year as Lead Audit Partner, following rotation of the previous audit partner in accordance with section 92 of the *Corporations Act 2001 (Cth)*.

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 2023 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 29 August 2023.

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 implementation of uplifted controls, which necessarily resulted in increased exclusions; the important uplifting of risk and compliance resourcing; the introduction of competition during the period in the Sydney table games market; some operating restrictions impacting customer experience; and weaker consumer discretionary spending have all impacted operating performance. This change in operating conditions together with matters detailed in note B7 leads to significant uncertainty facing the Group, predominately from:

- the indefinite suspension of the Sydney Casino licence (from 21 October 2022);
- the deferred suspension of the Queensland Casino licences (from 1 December 2023 for a period of at least 90 days);
- the appointment of a Manager / Special Manager to manage (in NSW) and monitor (in Queensland) the casino operations;
- amendments to the *Casino Control Acts* in both NSW and Queensland to introduce more stringent compliance requirements;
- the ongoing AUSTRAC civil penalty proceedings; and
- four outstanding class actions.

In order to secure the financial flexibility to meet anticipated cashflow requirements and navigate a range of operating and regulatory uncertainties, the Company completed an $800 million capital raise in March 2023. Proceeds from this capital raise were used to repay debt and contribute towards the payment of NICC and OLGR fines. The deterioration of operating performance (described above) has accelerated the Group's refinancing project expected to be completed in 1H FY24.

In the Directors' opinion, whilst the outcome of matters outlined in note B7 creates 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, provided:

- the outcomes of the uncertainties outlined in note B7 as a whole are not sufficiently onerous as to prevent the Company from settling its obligations;
- the Group remains in contact with its lenders and would seek additional waivers and amendments, if required;
- the Group is able to execute its refinancing plan; and
- the Group, by continuing to work with the Manager and Special Manager, is able to develop and implement on its longer term remediation measures and restore the Group to suitability to hold its casino licences.

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 and hedge accounting (refer note B3);
- Impairment of trade receivables (refer note B2);
- Significant items (refer note A7); and
- Provisions and contingent liabilities (refer note B7).

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 2023:

Reference	Title
AASB 3	Amendments to AASB 3 Business Combinations
AASB 116	Amendments to AASB 116 Property, Plant and Equipment - Proceeds before Intended Use
AASB 137	Amendments to AASB 137 Provisions, Contingent Liabilities & Contingent Assets

Amendments to AASB 3 and AASB 137 - Reference to the Conceptual Framework

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of AASB 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets, if incurred separately. The exception requires entities to apply the criteria in AASB 137, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to AASB 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Amendments to AASB 116: Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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 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.

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 FY20 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.

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 2023 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.

David Foster
Chairman
Sydney
29 August 2023

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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 2023, 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 2023 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 Note G of the financial report which outlines the Directors' assessment of the ability of the Group to continue as a going concern. These matters indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Note G describes the basis for the Directors' assessment that the Group has the ability to continue as a going concern and the actions they are planning to take to respond to these uncertainties. Our opinion is not modified in respect of this matter.

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Emphasis of Matter – Regulatory and Legal Matters

We draw attention to the regulatory and legal matters disclosed in Note B7 of the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Why significant	How our audit addressed the key audit matter
The Group had non-current assets amounting to $3,008.8 million at 30 June 2023. The Group performs an impairment assessment on an annual basis for goodwill and for other non-current assets, when there are indicators of impairment. The impairment test is performed using fair value less cost of disposal and includes significant assumptions, judgements 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 $2,167.8 million was recognised for the year ended 30 June 2023. Key assumptions, judgements and estimates used in the Group's assessment of impairment of non-current assets are set out in Note B6 of the financial report with the impact on impairment of reasonable possible changes in the assumptions. At 30 June 2023, there was significantly higher estimation uncertainty in relation to impairment testing due to the impact of ongoing regulatory and legal matters. The impact of potential outcomes from the ongoing regulatory and legal set out in Note B7, on	Our audit procedures included the following: - Evaluated the appropriateness of the Cash Generating Units (CGUs) used by the Group in their impairment assessment and the allocation of assets and cash flows to these CGUs. - Evaluated the cash flow forecasts, which supported the recoverable value of the non-current assets and impairment recognised. - Compared these forecasts to Board approved budgets. 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

Why significant	How our audit addressed the key audit matter
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 B4, B5 and B6 of the financial report on management's assessment of the impairment testing of goodwill at 30 June 2023.	uncertainty relating to the ongoing regulatory and legal matters. - Tested whether the models used were mathematically accurate and that the impairment expense was correctly recorded in the financial statements. - Performed sensitivity analysis on 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 B4, B5 and B6 of the financial report, and in particular those relating to the cash flow forecasts.

Provisions, Contingent Liabilities and Regulatory Matters

Why significant	How our audit addressed the key audit matter
As disclosed in Note B7, the Group is subject to a number of significant pending and ongoing regulatory and legal matters. 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 it was probable a future outflow of funds will occur and whether the provisions could be reliably measured and the extent of required contingent liability disclosures where these conditions were considered not to be met. Where a provision is recognised as disclosed in Note B7, there is significant judgement required in estimating the provision. Accordingly, we considered this to be a key audit matter.	Our audit procedures included the following: - Evaluated the Group's assessment as to whether present obligations exist arising from past events based on the available facts and circumstances in relation to these matters. In order to assess the facts and circumstances, we considered the underlying documentation prepared by the Group's internal and external solicitors, and other relevant documents. - Held discussions with senior 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.

Why significant	How our audit addressed the key audit matter
	- 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 a provision was recognised, we assessed the basis for the estimate and the calculation of the provisions. - Assessed the disclosures within the financial report related to these provisions and the contingent liability disclosures. Our forensic specialists were involved in the performance of certain of these procedures, where considered appropriate.

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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 2023 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 with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and accordance 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.

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- 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 Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 45 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of The Star Entertainment Group Limited for the year ended 30 June 2023, 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

Scott Jarrett
Partner
Sydney
29 August 2023