

THE  STAR ENTERTAINMENT GROUP

**THE STAR ENTERTAINMENT GROUP LIMITED**

A.C.N. 149 629 023

ASX Code: SGR

**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT AND FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2024**

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# THE STAR ENTERTAINMENT GROUP

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FOR THE HALF YEAR ENDED 31 DECEMBER 2024

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## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

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 half year ended 31 December 2024 (the **period**).

#### 1. DIRECTORS

The names and titles of the Company's Directors in office during the half year ended 31 December 2024 and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

##### Directors

Anne Ward	Chairman and Independent Non-Executive Director
Steve McCann <sup>a</sup>	Group Chief Executive Officer and Managing Director
Peter Hodgson	Independent Non-Executive Director
Michael Issenberg	Independent Non-Executive Director
Deborah Page AM	Independent Non-Executive Director
Antonia Thornton	Independent Non-Executive Director

- a Appointed as Group Chief Executive Officer and Managing Director on 2 December 2024 following the receipt of all necessary regulatory approvals.

#### 2. 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**) and The Star Gold Coast (**Gold Coast**). The Group operated Treasury Brisbane up until its closure on 25 August 2024 and surrendered its licence on 23 October 2024. On 28 August 2024, Destination Brisbane Consortium Queens Wharf Integrated Resort joint venture (**DBC**) (of which the Group owns 50%) was issued a casino licence for The Star Brisbane, which subsequently commenced operation on 29 August 2024 under the management of the Group through an agreement with DBC.

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 is located.

In 2022, reviews were conducted into the operations of The Star Sydney by Mr Adam Bell SC (**Bell One**) and into the operations of The Star Gold Coast and Treasury Brisbane by the Hon. Robert Gotterson AO (**Gotterson**). In 2024, a second review was conducted into the operations of The Star Sydney by Mr Adam Bell SC (**Bell Two**). The following actions were taken by the respective regulators relating to the Group's casino licences since the Bell and Gotterson reviews.

##### Sydney

The Star Sydney's casino licence has been suspended since 21 October 2022. On this date, the New South Wales Independent Casino Commission (**NICC**) also appointed a Manager. During the period of its licence suspension, The Star Sydney remains open and operating, and net earnings continue to be paid to The Star Sydney after payment of the Manager's costs. On 28 March 2025, the NICC notified The Star Sydney that its casino licence will remain suspended and that the Manager's term has been extended until at least 30 September 2025, at which time the NICC will reassess The Star Sydney's suitability to regain its casino licence.

On 17 October 2024, the NICC provided its regulatory response to the Bell Two Report (including disciplinary action in respect of the Notice) and determined to take disciplinary action against The Star Sydney in the form of: a pecuniary penalty of \$15 million in respect of the Breach Findings (payable in three equal amounts on 31 December 2024, 31 March 2025 and 30 June 2025); issued directions under the *Casino Control Act 1992 (NSW)* in respect of various governance and operational matters relating to The Star Sydney and proposed amendments to The Star Sydney's licence conditions relating to key management personnel and the composition of The Star Sydney board. The first \$5 million instalment was paid on 31 December 2024 and a provision has been recorded for \$10 million in respect of the remaining instalments at 31 December 2024.

##### Gold Coast and Treasury Brisbane

The Star Gold Coast's casino licence has been suspended (with suspension deferred) since 9 December 2022. A Special Manager was appointed on the same date. On 27 March 2025, the Queensland government confirmed that it had deferred the suspension of The Star Gold Coast's casino licence and extended the Special Manager's appointment to 30 September 2025.

The deferred suspension of Treasury Brisbane's licence and term of the Special Manager ceased on 23 October 2024, on surrender of its casino licence, following the opening of The Star Brisbane. The Star Brisbane was issued an unconditional casino licence on 29 August 2024, subject to the appointment of an External Adviser and the adoption of The Star's Remediation Plan. On 27 March 2025, the External Adviser's appointment was extended to 30 September 2025.

## DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

### 3. FINANCIAL RESULTS AND REVIEW OF OPERATIONS

The Group's focus in the period was on Group business performance and liquidity, progressing its revised remediation plan and the opening and operations of The Star Brisbane integrated resort. Details are outlined below:

#### Group business performance and liquidity

The Group's 1HFY25 Loss before interest, tax, depreciation and amortisation (**LBITDA**) (before significant items) was \$26.4 million, down 123.2% on pcp, as the business experienced continued negative operating leverage from declining revenue while operating expenses remained elevated albeit partially offset by cost savings from the announced \$100 million cost-out program. Further, the Group faced significant near-term liquidity requirements, including:

- Funding of the Group's operations at current trading levels.
- Ongoing transformation and remediation related activities, with total remediation spend of approximately \$100.0 million expected during FY25 (comprising operating costs of approximately \$62.6 million and capital expenditure (**capex**) of approximately \$37.4 million).
- Joint venture equity contributions, in particular contributions to DBC. Subsequent to 31 December 2024, the Group entered into a binding heads of agreement (**HoA** or **Binding HoA**) with its joint venture partners, being Chow Tai Fook Enterprises Limited and Far East Consortium International Limited (**Joint Venture Partners**) whereby no further payments would be made post 31 March 2025. The agreement will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Section 7).

A range of initiatives and other measures have been identified and are in the process of being implemented to improve business performance and enhance the Group's liquidity position:

- Non-core asset disposals. Sale of the leasehold interest in the Treasury Brisbane Casino Building to Griffith University for \$67.5 million (plus GST) was settled on 27 September 2024. After settlement adjustments, the net proceeds were \$60.5 million (plus GST) and are held as a restricted deposit (see Note B1). Other non-core assets were sold during the period, providing gross proceeds of \$17.8 million. On 9 April 2025, an agreement to divest The Star Sydney Event Centre and other additional spaces within The Star Sydney complex to Foundation Theatres for \$60 million was completed (see Section 7).
- Improve market share and drive revenue growth, including to offset any further impact of cash limits and carded play, by focusing on customer experience, enhancements to on-site offerings, customer insights, customer service and marketing initiatives.
- The Group has achieved the previously identified \$100 million reduction in annualised cost savings. Further work is underway to identify opportunities for further cost savings.
- Reduction of maintenance capex (relative to historical levels) to no more than \$80.0 million in FY25 (excluding remediation capex).
- Subsequent to 31 December 2024, the Group entered into a bridge facility commitment with King Street Capital Management on 7 March 2025 (**Bridge Commitment**) as part of a strategy to access additional short term liquidity while the Group sought to secure a longer-term refinancing of the existing senior debt. The Group subsequently on 7 April 2025 implemented an alternative funding strategy based on securing the \$300 million Strategic Investment into the Group by Bally's and Investment Holdings (see Note C2). This alternate strategy includes the existing senior lenders continuing to fund the Group, resulting in the Bridge Commitment no longer being required or available.
- Subsequent to 31 December 2024, the Group entered into the Binding HoA with the Joint Venture Partners to exit its investment in DBC and casino management agreement and consolidate the Group's Gold Coast position. The agreement will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Section 7).
- Subsequent to 31 December 2024, the Group entered into a binding term sheet with Bally's Corporation (**Bally's**) and a commitment letter with Investment Holdings Pty Ltd (which is controlled by the Mathieson family) (**Investment Holdings**) with respect to a multi-tranche convertible note and subordinated unsecured debt instrument with an aggregate principal value of \$300 million (the **Transaction**). The binding term sheet and commitment letter include the requirement to complete long-form documentation and are subject to various conditions precedent (see Section 7).
- The Group is continuing discussions and negotiations with various stakeholders including regulators, Governments, lenders, shareholders and other parties. Subsequent to 31 December 2024, the NSW Government have confirmed the amount of underpaid casino duty payable and the lenders provided consents and waivers (including confirmation of covenant waivers for the FY25 financial year).

## DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

### Remediation and returning to suitability

Following the findings from the Bell Two Report, the Company prepared an amended remediation plan which incorporates a number of enhancements to the previously approved version of the plan. Following engagement with the Manager (The Star Sydney), Special Manager (The Star Gold Coast) and the External Adviser (The Star Brisbane) to obtain feedback, the Company submitted a revised remediation plan (RRP) and associated documents to Office of Liquor and Gaming (OLGR) in Queensland on 18 September 2024 for consideration and approval by the Queensland Attorney-General (Qld-AG). Copies of the plan and associated documents were also submitted to the NICC for information on 20 September 2024.

As it relates to The Star Gold Coast and The Star Brisbane (as operator of that casino), the RRP was approved by the Qld-AG. The approval was communicated to the Group on 3 October 2024. As part of the RRP approval, the OLGR has also issued directions to various Group subsidiaries in respect of the RRP specifying certain requirements, including in respect of budgets and funding to support the plan, ongoing monitoring and oversight of the plan. As part of our commitment to transparency, a public facing overview of the RRP was published on the Group's corporate website in July 2024 (updated in December 2024) outlining the priority areas of remediation, as well as the key outcomes that the Group committed to delivering by 31 March 2025.

The RRP has made changes to forecast completion dates and expanded scope in some areas. These changes are intended to address some shortcomings in the original plan and to enable a culture of continuous improvement within the business to ensure the changes will be successfully embedded. At the direction of OLGR, the Group completed a further review of the RRP in February 2025 to consider any further enhancements or amendments that may be appropriate and have proposed some amendments in the areas of governance, organisational strategy, operating model, financial crime and technology to provide greater clarity and transparency in relation to what is being delivered and the associated timelines.

On 27 March 2025, the Queensland Government announced an extension of the deferred suspension of the Group's casino licence for The Star Gold Coast, in parallel with the extension of the appointment of the Special Manager until 30 September 2025. The External Adviser for The Star Brisbane has also been extended to 30 September 2025, with DBC continuing to hold The Star Brisbane casino licence. In making this decision, the Government reviewed the Group's progress across priority remediation measures. The Queensland Government's Media Release stated "Based on the advice of the Special Manager we are satisfied The Star has been continuing to make positive progress under the agreement".

On 28 March 2025, the NICC notified the Group of an extension to the current suspension of the Sydney casino licence until 30 September 2025, under the continued guidance of the Manager. The NICC's Media Release stated "We welcome progress in The Star's remediation efforts and are confident the company is moving in the right direction with its remediation plans."

Key developments include:

- As of 31 March 2025, 347 milestones have been completed from the original Remediation Plan. 322 of these have been reviewed and independently verified, of which the Manager / Special Manager / External Adviser has accepted 214. Significant progress has been made across all 14 workstreams including priority remediation areas of Risk Management (56%), Compliance (73%), Financial Crime (72%) and Safer Gambling (69%).
- Following the findings of the Bell Two Review, the Group has developed a proposed Governance Framework designed to give effect to the principle of close and direct supervision at the property level. That framework has been shared with OLGR and the NICC.
- To further give effect to the recommendations from the Bell Two Review, the Group has commenced implementing changes to its operating model to reflect a property centric model and to facilitate an orderly transition of roles and responsibilities into the properties. Group functions including Safer Gambling, Controls and Risk and Compliance transitioned into the properties in late 2024. Further functions are due to transition in coming months to facilitate the safe and compliant operation of the properties while Group capability will be retained to provide the appropriate oversight and coordination and to support the ongoing remediation efforts.
- Ongoing work is being carried out across a number of areas to enhance control effectiveness, provide clearer accountabilities and improve regulatory compliance, with the design of the Controls Target Operating Model having been completed.
- The centralised management of Exclusions and Revocations across the Group properties ensures timeliness and consistency in the entry and replication of exclusions. This model also supports accuracy in the oversight, adjudication of exclusion appeals and processing of revocations. Further, facial recognition technology has been introduced to uplift the enforcement of exclusion measures by improving exclusion effectiveness, supporting our frontline asset protection teams with the technological capabilities and tools to create a more secure and compliant operating environment and trusted destination for our patrons.
- The Group continues to implement its Safer Gambling strategy that incorporates a public health approach based on four pillars of enhancing a Safer Gambling culture, caring for our guests, leveraging data insights and engaging with stakeholders.

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

- Approved and delivered the annual review and uplift of the AML/CTF Program which has addressed external review findings including findings in KPMG's independent review. AML/CTF capabilities continue to be uplifted with 116 out of 124 remediation plan milestones delivered.

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 and remain focused on delivering on our commitment to remediate the business and deliver improved outcomes for all stakeholders.

#### The Star Brisbane

The initial stage of The Star Brisbane integrated resort owned by DBC (a joint venture owned 50% by the Group) opened to the public on 29 August 2024 and includes The Star Grand Hotel, the main gaming floor and premium gaming rooms, Events Centre, Sky Deck, pedestrian bridge, public realm and certain Food and Beverage (**F&B**) outlets. Further F&B venues were opened progressively throughout 1HFY25 and the leisure deck amenities will open progressively throughout the remainder of FY25. The Dorsett and Rosewood hotels are expected to open in late 2026.

The Treasury Brisbane Casino was closed on 25 August 2024. The Group holds the operator rights to The Star Brisbane through an agreement with DBC. Earnings from the Treasury Brisbane Casino have been replaced by The Star Brisbane operator fee in the Group's consolidated EBITDA. Earnings from the Group's interest in the DBC joint venture are equity accounted.

The phased opening of a property of this size and scale causes uncertainty in the timeframe it may take for the earnings and cashflows to grow to a level where assistance is no longer required from its owners (including the Group). At 31 December 2024, the Group had \$195.3 million of committed equity contributions to DBC and estimated a further \$43.8 million will be required.

Subsequent to period end, the Group entered into a HoA to exit its 50% share of the DBC joint venture investment and the casino management agreement. The agreement will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Section 7).

#### FINANCIAL PERFORMANCE

LBITDA (excluding significant items) of \$26.4 million was down 123.2% on the pcp.

Revenue of \$724.0 million was down 16.4% on the pcp. Domestic gaming revenue decreased 32.1%. A significant portion of this is due to the closure of Treasury Brisbane Casino on 25 August 2024. The results for The Star Brisbane are not reported in gaming revenue, they are reported through equity accounted profit/loss and the operator fee is reported in other revenue. Excluding the cessation impact of the Treasury Brisbane Casino, domestic gaming revenue has decreased 20%, with greater impact experienced in private gaming rooms than the main gaming floor. Non-gaming revenue was down 6.3%, excluding the cessation impact of the Treasury Brisbane Casino the decline was 1.8%. Overall revenue is impacted by continued challenging trading conditions, which in part reflect cost of living pressures as well as casino operating reforms and loss of market share.

Gaming taxes and levies of \$154.1 million were down 26.8% on the pcp, less than the decline in domestic gaming revenue due to the commencement of the Supervisory Levy in Queensland. Operating costs of \$521.9 million decreased 3.6% on the pcp, driven by a reduction in volume related expenses, closure of The Treasury Brisbane Casino and the implementation of the cost out program. Cost savings achieved were partially offset by increased spending on remediation related activities including additional resourcing for risk, controls and safer gaming functions. Significant expense items (\$166.2 million before tax) relate to the impairment of DBC investment, debt refinancing costs, regulatory, fines, penalties, duty, consultants, redundancy costs, legal and other costs, including movements in regulatory and legal provisions.

Depreciation and amortisation expense (excluding significant items) of \$30.9 million was down 50.3% on the pcp, primarily reflecting the reduced asset base following impairments in prior years. Net finance costs of \$19.7 million (excluding significant items) were up 5.9%, reflecting the refinancing of the previously existing debt facility, negotiated in September 2024 (see Note B5).

Net loss after tax was \$301.9 million. Normalised<sup>1</sup> net loss after tax, excluding significant items, was \$135.7 million. Basic and Diluted Loss per Share were both (10.5) cents (Basic and Diluted Earnings per Share of 0.4 cents in the pcp).

#### FINANCIAL POSITION

Net debt<sup>2</sup> was (\$171.1) million at 31 December 2024 (June 2024: net cash<sup>2</sup> of \$30 million). In November 2024, the Group and its lenders executed a deed to amend its previously existing debt facility of \$450 million by reducing it to \$334 million. The deed further provided for an additional \$200 million (see Note B5) of which the first Tranche of \$100 million was drawn on 9 December 2024. The second Tranche was subject to various conditions precedent which were not met.

<sup>1</sup> Normalised earnings excludes significant items.

<sup>2</sup> Net (debt) / cash is shown as cash and cash equivalents and restricted deposits less interest-bearing liabilities (excluding lease liabilities and supplier finance).

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

At 31 December 2024 the Group continued to face significant liquidity issues. During 1HFY25 the Group sold the Treasury Brisbane Casino Building for \$67.5 million (plus GST). After settlement adjustments, the net proceeds were \$60.5 million (plus GST) and are held as a restricted deposit (see Note B1). Subsequent to period end, the Group entered into a binding term sheet with Bally's and a commitment letter with Investment Holdings with respect to a multi-tranche convertible note and subordinated unsecured debt instrument with an aggregate principal value of \$300 million. The binding term sheet and commitment letter include the requirement to complete long-form documentation and are subject to various conditions precedent (see Section 7). Also subsequent to the period end, the Group completed the divestment of The Star Sydney Event Centre and other additional spaces within The Star Sydney complex to Foundation Theatres for \$60.0 million (see Section 7).

At 31 December 2024 the sale process of the Treasury buildings was on-going. Subsequent to the period end, as part of the agreement to exit the DBC joint venture, the Group intends to transfer ownership in the Treasury Brisbane Hotel and Carpark to the Joint Venture Partners (see Section 7).

#### The Star Brisbane

DBC (of which the Group owns 50%) commenced phased opening on 29 August 2024. During 1HFY25 the Group contributed equity of \$127.8 million. At 31 December 2024 the Group had \$195.3 million of committed contributions to DBC. In addition, the Group expected to make further equity contributions to fund costs associated with operations as the business ramps up or to support the refinancing of the DBC debt which matures in December 2025.

Subsequent to the period end, the Group entered into a HoA to exit its 50% share of the DBC joint venture investment and the casino management agreement. The agreement will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Section 7). The Group paid an additional \$26.0 million in contributions between period end and 31 March 2025. Under the HoA, the Group has no further requirements to contribute equity to the DBC joint venture.

#### OPERATING SEGMENT PERFORMANCE

The Group comprises the following four operating segments: Sydney, Gold Coast, Treasury Brisbane and The Star 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

Revenue was \$362.2 million, down 19.5% on the pcp and LBITDA (excluding significant items) was \$24.6 million, down 165.8% on the pcp. Gaming revenue experienced a significant decline, reducing 23.0% on the pcp, reflecting continued impact from implementation of uplifted controls, casino operating reforms (including mandatory carded play and restrictions on the use of cash), loss of market share and the macro economic environment.

Non-gaming revenue was also impacted, declining 3.4% on the pcp. Gaming taxes and levies were down 20.9% broadly in line with the decrease in gaming revenue. Operating expenses were in line with the pcp, reflecting a shift in the Group's corporate allocation framework for The Star Sydney (from 60% down to 45%), offset by higher employee costs, driven by a 5% EBA award increase, and increased compliance and remediation related costs.

#### Gold Coast

Revenue was \$218.2 million, down 8.4% on the pcp and EBITDA (excluding significant items) was \$18.1 million, down 59.4% on the pcp. Gaming revenue experienced a significant decline, reducing 12.9% on the pcp, reflecting continued impact from the implementation of uplifted controls, loss of market share and casino operating reforms.

Non-gaming revenue was in line with the pcp. Although gaming taxes and levies were down as a result of decreased gaming revenue, they were offset by the introduction of a Supervisory Levy finishing in line with the pcp. Operating expenses increased 4.4%, reflecting increased remediation costs, advertising and promotions partially offset by decreased costs resulting from the reduction in gaming related activity.

#### Treasury Brisbane

The Treasury Brisbane Casino closed on 25 August 2024. Revenue was \$54.8 million, down 69.1% on the pcp and EBITDA (excluding significant items) was nil, down 100.0% on the pcp, as a result of the closure.

Non-gaming revenue was also impacted by the closure, declining 47.4% due to the reduction in food and beverage venues. The Treasury Brisbane Hotel continued to operate, with revenue down 5.4% on the pcp.

#### The Star Brisbane

The Star Brisbane opened on 29 August 2024 (of which the Group owns 50% and is the operator through an agreement with DBC). For 1HFY25 the Group's operator fee revenue was \$14.4 million and LBITDA of \$19.9 million after corporate operating costs. The Group also has a contracted cost recovery agreement with DBC Integrated Resort joint venture (at cost with no margin) in relation to the supply of labour and other shared costs in respect of the portion of the DBC Integrated Resort operated by the Group. The contracted revenue for 1HFY25 was \$74.4 million.

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

#### 4. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS, REGULATORY MATTERS AND FUTURE DEVELOPMENTS

##### AUSTRAC proceeding

On 30 November 2022, the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), commenced civil penalty proceedings in the Federal Court of Australia against The Star Pty Limited and The Star Entertainment QLD Limited (collectively **The Star Entities**). AUSTRAC alleges that The Star Entities contravened the *Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Act 2006 (Cth)* by failing to conduct appropriate due diligence on customers who were higher risk and by failing to have an appropriate AML/CTF program.

The parties have resolved all factual issues in dispute. The proceeding is currently listed for a three week hearing on liability and penalty commencing on 2 June 2025. The proceeding has been listed for case management on 16 April 2025, following which the current hearing date may change.

AUSTRAC has commenced civil penalty proceedings against other companies on five occasions. 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 admissions made and evidence and submissions in relation to the appropriateness of the penalty.

AUSTRAC alleges that the number of contraventions committed by The Star Entities is innumerable. The Group has determined a provision on the Balance Sheet at 31 December 2024. This provision was, and is, recognised at a time where there remains significant uncertainty as to the quantum of the penalty, including what approach the Court may take into consideration of any evidence or submissions as to appropriate quantum which may be put forward by the parties. Any actual penalty paid by The Star Entities may differ materially to the provision recorded at 31 December 2024.

##### Underpaid casino duty

The Bell Inquiry of The Star Pty Ltd conducted in 2022 (**Bell One Review**) identified potential issues with the way in which the Group calculated rebate duty payable to the NSW Government.

In accordance with the recommendations from the Bell One Review, an independent review was conducted of all rebate play at The Star Sydney between 28 November 2016 and 9 May 2022 in accordance with the scope agreed with L&GNSW.

L&GNSW has conducted an assurance review over the findings of that independent review. In April 2025, NSW Treasury, on behalf of the NSW Government, confirmed the amount of underpaid casino duty payable by the Group and agreed payment will be required by 30 June 2026.

In addition, the Group is working with the NICC and NSW Treasury to develop a clear and objective test for the residency of rebate players. Such a test was recommended from the Bell One Review and will require an amendment to The Star Sydney's Duty agreement and result in changes to relevant internal controls.

The provision on the Balance Sheet at 31 December 2024 is equal to the amount of underpaid casino duty confirmed as payable by NSW Treasury.

##### ASIC 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 the *Corporations Act 2001 (Cth)*. The proceeding commenced on 10 February 2025 and is currently adjourned.

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 relation to the likely costs incurred by the Group on behalf of the defendants, or the extent to which those costs might be covered by the Group's insurance policies and indemnities in place for former officers and directors.

The Group has determined a provision on the Balance Sheet at 31 December 2024 relating to an estimate of legal costs.

##### Class Action

On 30 March 2022, a shareholder class action was commenced in the Supreme Court of Victoria, alleging the Company failed to comply with its continuous disclosure obligations and engaged in misleading or deceptive conduct in relation to the Company systems, controls, operations and regulatory risks.

The Company has filed its defence with no admissions of any contravention. A mediation occurred on 18 December 2024, at which the matter was not resolved. At 31 December 2024, the Company has assessed there is no present obligation in respect of this matter and it represents a contingent liability and accordingly, no provision has been recognised. The outcome of the Class Action and any potential financial impacts are unknown, including the extent to which any amounts may be covered by the Group's insurance policies.

##### DBC Financing Arrangements

The Company and its Joint Venture Partners entered into debt facility agreements in 2020 in relation to DBC's \$1.6 billion project-level debt funding. The aggregate amount outstanding is \$1.4 billion at 31 December 2024 (**DBC Funding**). The DBC Funding comprises two equal facilities, drawn approximately equally, separately provided under a Gaming and Entertainment syndicated facility agreement (**SFA G&E**) and a Tourism and Leisure syndicated facility agreement (**SFA T&L**). Amounts outstanding under the SFA G&E are guaranteed by the Company and amounts outstanding under the SFA T&L are guaranteed by the Joint Venture Partners. The two facilities are cross-collateralised against the property leases.

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

Subsequent to period end, the Group entered into a HoA to exit its 50% share of the DBC joint venture investment and the casino management agreement. As part of this agreement, the Group will be released from the \$800 million unsecured parent company guarantee in relation to its 50% share of the DBC debt facilities. The agreement will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Section 7).

#### **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 \$152.4 million (primary tax of \$81.9 million and interest of \$70.5 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 non-current asset.

On 6 September 2021 the Group filed an application for judicial review with the Federal Court of Australia in relation to the interest assessment and on 5 October 2021 lodged an objection against the primary assessments with the ATO. The ATO disallowed the Group's objections in October 2023. On 5 December 2023 the Group appealed by commencing proceedings in the Federal Court of Australia. All evidence from both parties is due to be filed by June 2025 and the next case management hearing has been adjourned to 2 July 2025.

At 31 December 2024, the Company has assessed there is no present obligation in respect of this matter and it represents a contingent liability and accordingly, no provision has been recognised.

#### **Withholding tax penalty**

The Group is in dispute with the ATO in relation to the appropriate method for calculating withholding tax on rebates paid to junket operators for the 2015 to 2020 income tax years. The amount in dispute for the period is \$7.9 million (primary penalty of \$6.4 million and interest of \$1.5 million). In FY24 the Group paid \$3.2 million as a deposit to the ATO on a no-admissions basis. The deposit is held as a non-current asset.

The relevant Group entities objected to the ATO's decision to issue the penalties. The ATO disallowed the Group's objections in October 2023 and on 5 December 2023 the relevant Group entities appealed by commencing proceedings in the Federal Court of Australia. All evidence from both parties is due to be filed by June 2025 and the next case management hearing has been adjourned to 2 July 2025.

At 31 December 2024, the Company has assessed there is no present obligation in respect of this matter and it represents a contingent liability and accordingly, no provision has been recognised.

#### **Legal challenges**

There are outstanding legal proceedings between the Company and its controlled entities and third parties as at 31 December 2024. The Group has notified its insurance carrier of all relevant matters and currently anticipates that any damages (other than exemplary damages) that may be awarded against the Group, in addition to its costs incurred in connection with the proceedings, may 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.

#### **NEW SOUTH WALES**

##### **Regulatory reforms**

From 19 August 2024, mandatory carded play was required in private gaming areas and on select games on the main gaming floor with daily cash limits of \$5,000 for carded play. Fully carded play commenced on 19 October 2024 and the daily cash permitted per person will be reduced to \$1,000 by 19 August 2025.

##### **Disciplinary action**

The Star Sydney's casino licence has been suspended since 21 October 2022. On this date, the NICC also appointed a Manager. During the period of its licence suspension, The Star Sydney remains open and operating, and net earnings continue to be paid to The Star Sydney after payment of the Manager's costs. On 28 March 2025, the NICC notified The Star Sydney that its casino licence will remain suspended and that the Manager's term has been extended until at least 30 September 2025, at which time the NICC will reassess The Star Sydney's suitability to regain its casino licence.

##### **Bell Two**

On 17 October 2024, the NICC provided its regulatory response to the Bell Two Report (including disciplinary action in respect of the Notice) and determined to take disciplinary action against The Star Sydney in the form of: a pecuniary penalty of \$15 million in respect of the Breach Findings (payable in three equal amounts on 31 December 2024, 31 March 2025 and 30 June 2025); issued directions under the *Casino Control Act 1992 (NSW)* in respect of various governance and operational matters relating to The Star Sydney and proposed amendments to The Star Sydney's licence conditions relating to key management personnel and the composition of The Star Sydney board. The first \$5 million instalment was paid on 31 December 2024 and a provision has been recorded for \$10 million in respect of the remaining instalments at 31 December 2024.

Following Bell Two, the Group has continued to engage constructively with the NICC in respect of The Star Sydney and its operations, including responding as required to directions and requests from the NICC.

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

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#### 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. An agreement was finalised between NSW Treasury and The Star Sydney on 20 November 2023.

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 as follows until 2030 (20.91% until 30 June 2024, 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.

This agreement includes an undertaking that provides employment certainty for team members as agreed with the United Workers Union.

#### QUEENSLAND

##### Disciplinary action

The Star Gold Coast's casino licence has been suspended (with suspension deferred) since 9 December 2022. A Special Manager was appointed on the same date. On 27 March 2025, the Queensland government confirmed that it had deferred the suspension of The Star Gold Coast's casino licence and extended the Special Manager's appointment to 30 September 2025.

The deferred suspension of Treasury Brisbane's licence and term of the Special Manager ceased on 23 October 2024, on surrender of its casino licence, following the opening of The Star Brisbane.

The Star Brisbane was issued an unconditional casino licence on 29 August 2024, subject to the appointment of an External Adviser and the adoption of the Group's Remediation Plan. The External Adviser's appointment has been extended to 30 September 2025.

##### Remediation plan approval

A revised remediation plan (RRP) was submitted to OLGR on 18 September 2024 and as it relates to The Star Gold Coast and The Star Brisbane (as operator of that casino), the RRP was approved by the Qld-AG. The approval was communicated to the Group on 3 October 2024 (see Section 2).

##### Regulatory reforms

On 28 March 2024, the *Casino Control and Other Legislation Act 2024* was enacted to give effect to the balance of the recommendations of the Gotterson Report and certain other casino reforms. The proposed reforms include the introduction of mandatory carded play, restrictions on the use of cash, mandatory player pre-commitments including play and break limits, and a supervisory levy payable by casino licence holders. The implementation of each of the key measures noted above requires the introduction of regulations giving effect to those reforms.

#### FUTURE DEVELOPMENTS

Future developments in the Group's activities will be dependent on several factors outlined in this Directors' Report, notably successfully addressing the Group's liquidity issues, the resolution of the AUSTRAC proceeding, and timely and effective execution of the extensive program of remediation activities necessary for a return to suitability in both NSW and Queensland. Refer to Note E for more details on the factors and their impact on the Group's ability to remain a going concern.

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

#### 5. LOSS PER SHARE (LPS)/EARNINGS PER SHARE (EPS)

Basic LPS for the period was a loss of (10.5) cents (31 December 2023: EPS for the period was 0.4 cents) and Diluted LPS for the period was a loss of (10.5) cents (31 December 2023: EPS for the period was 0.4 cents).

#### 6. DIVIDENDS

No interim dividends were declared or paid.

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

#### 7. SIGNIFICANT EVENTS AFTER THE END OF THE HALF YEAR

##### Agreement to exit Destination Brisbane Consortium and consolidate the Group's Gold Coast position

On 7 March 2025, the Company announced to the ASX that it had entered into a Binding HoA with its Joint Venture Partners, in respect of its stapled equity interest in Destination Brisbane Consortium Pty Ltd and the Destination Brisbane Consortium Integrated Resort Holding Trust.

Under the Binding HoA, the Group will dispose of its 50% equity interest in DBC and acquire the equity interests of the Joint Venture Partners in Destination Gold Coast Consortium (**DGCC**), and has agreed to terminate the DBC Casino Management Agreement after a transitional period until another probity-approved operator has been appointed as the operator of The Star Brisbane (which will end on 31 March 2026 unless extended at the election of the Joint Venture Partners), subject to regulatory approval and other conditions (the **Proposed DBC Exit**). The terms of the Proposed DBC Exit provide, among other things, that:

- the Group will not be required to make any further equity contributions to DBC after 31 March 2025, provided a final contribution of \$16.8 million was paid prior to 31 March 2025. Payment of the \$16.8 million was completed on 27 March 2025;
- the Group will be released from the \$800 million unsecured parent company guarantee in relation to its 50% share of the DBC loan facilities, which reach maturity in December 2025;
- The Group will acquire the Joint Venture Partners' combined 66.6% interest in the Dorsett Hotel (**Tower 1 Hotel**) and Andaz Hotel (**Tower 2 Hotel**) on the Gold Coast, which would result in the Group's interest in each of the Tower 1 Hotel and the Tower 2 Hotel increasing to 100% ownership, and the Group will acquire the management rights for the Tower 1 Hotel from 1 July 2030 (with the Group having the option to terminate or buy-out earlier at a termination fee of \$1 million per annum for the period remaining);
- The Group will assume responsibility for certain remaining Tower 2 hotel development costs that are specifically excluded from the construction loan in addition to certain net unfunded claims, damages and variations from the Tower 2 principal contractor;
- The Group will retain its rights to future development on Broadbeach Island, Gold Coast. The Joint Venture Partners will retain their existing development rights for the next tower only, subject to the Group's option to buy out those rights for the next tower for \$17 million;
- The Group will transfer to the Joint Venture Partners its 100% interest in the Treasury Brisbane Car Park and Treasury Hotel, and its 50% equity interest in the Charlotte Street Car Park;
- The Group will no longer receive the operator fee provided for under the DBC Casino Management Agreement. Instead, it will receive a fixed fee of \$5 million per month from 1 March 2025 to 30 June 2026 and \$6 million per month thereafter in the event that the transitional period extends beyond 30 June 2026. Any operator fees beyond 31 March 2026 are subject to extension at the election of the Joint Venture Parties; and
- completion of the Proposed DBC Exit is subject to a number of conditions precedent including receipt of applicable regulatory approvals, approval from lenders to the Group, DBC and DGCC, amendments to the DBC debt facilities, release of the Group's parent company guarantees in relation to DBC and other required third party consents.

The Group and the Joint Venture Partners have agreed that they will seek to prepare and negotiate detailed formal agreements to give effect to the Proposed DBC Exit by 30 April 2025 (as may be extended by agreement).

In connection with the Proposed DBC Exit, the Joint Venture Partners agreed to pay \$53 million to the Group, in addition to a possible future earn-out, comprising:

- an upfront payment of \$35 million on or before 7 March 2025, which has been paid. This payment reflects a prepayment of the Group's future entitlement in relation to the DGCC Tower 2 joint venture distribution;
- an additional payment of \$10 million on or before 31 March 2025, which has been paid;
- a further amount of \$8 million, payable on the earlier of 30 November 2025 or the repayment of the construction loan from sale proceeds and execution of the operating loan on practical completion of the Tower 2 Hotel (refer to Note C3); and
- prior to 31 December 2030, an earn out payment of up to \$225 million based on the lower of:
  - \$225 million; or
  - 50% of DBC's pro forma equity value calculated as nine-times EBITDA for the 12-month period ended 30 June 2030, less 31 March 2025 net debt (including current forecast development capital expenditure commitments of \$320 million) (the **Earn Out**).

The targeted completion date of the Proposed DBC Exit is 30 June 2025, and in any event it must occur before 30 November 2025 or such other date as agreed between the Group and the Joint Venture Partners in writing.

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

If the HoA is terminated, the parties have agreed that:

- to the maximum extent possible, the parties would be restored to the position they were in at the commencement of the HoA;
- cash amounts paid to the Group, excluding the initial \$35.0 million, will be refunded to the Joint Venture Partners;
- The Group would be required to repay DBC or otherwise reimburse the Joint Venture Partners for DBC equity contributions not otherwise made by the Group since the date of the HoA; and
- if the Group is unable to make the above payments, or in certain circumstances where the HoA has been terminated by the Group, the Group may be required to transfer to the Joint Venture Partners (for nominal consideration) its 33.3% interest in Tower 1 Hotel (Dorsett).

#### Strategic investment into the Group

On 7 April 2025 the Group entered into a binding term sheet with Bally's Corporation (**Bally's**) with respect to a multi-tranche convertible note and subordinated unsecured debt instrument (the **Investment** or **Strategic Investment into the Group**) with an aggregate principal value of \$300 million (the **Transaction**).

Under the terms of the Transaction, the Company acknowledged that the Company's largest shareholder, Investment Holdings, may subscribe for up to \$100 million of the Investment.

The Company entered into a commitment letter with Investment Holdings on 8 April 2025 under which Investment Holdings will subscribe for \$100 million of the Investment. As a result, the investment from Bally's will reduce to \$200 million. The aggregate principal value of the Transaction remains at \$300 million. The subscription by Investment Holdings is on substantially the same terms as the Bally's investment.

The coupon is 9.0% per annum, compounding and payable quarterly in arrears, that can be paid in cash or paid in kind. The conversion price for all notes is 8 cents per share subject to customary adjustments as set out in the binding term sheet.

The first tranche of \$100 million was received on 9 April 2025 (**Tranche 1**) and includes:

- Tranche 1A Notes (Bally's): Convertible into shares representing 9.71% of the Group's pre-issue capital – \$22.3 million;
- Tranche 1B Notes (Investment Holdings): Convertible into shares representing 4.85% of the Group's pre-issue capital – \$11.1 million; and
- Tranche 1C Subordinated Debt: Subordinated non-convertible debt of \$66.6 million. This amount may be increased in certain circumstances, including if regulatory approvals related to the issuance and conversion of the Tranche 2 Notes are not obtained within specified periods.

The second tranche of \$200 million is payable to the Group following shareholder approval, with a meeting currently targeted for late June 2025. If at that time regulatory approval has not been received, \$100 million is payable following shareholder approval, with the remaining \$100 million payable on the earlier of regulatory approval or 7 October 2025 (**Tranche 2**) and includes:

- Bally's Tranche 2 Notes: when aggregated with Tranche 1, will be convertible into 37.8% of the issued capital of the Company on a fully diluted basis.
- Investment Holdings Tranche 2 Notes: when aggregated with Tranche 1, will be convertible into 18.9% of the issued capital of the Company on a fully diluted basis.

Tranche 1 is not subject to shareholder or other approval. The Tranche 1 Notes comprise the Company's existing placement capacity and the balance of the investment is by way of subordinated debt.

Tranche 2 is subject to shareholder approval (being an approval under section 611 item 7 of the *Corporations Act*), approval from the Foreign Investment Review Board, probity approval being received by Bally's in New South Wales and Queensland, confirmation from ASX under Listing Rule 6.1, continued compliance with the Company's existing senior lender facility and entry into long form documentation.

The Investment matures on 2 July 2029. However, if shareholder approval has not been obtained by the date that is 5 months from 7 April 2025, automatic redemption shall apply in relation to the Subordinated Debt Instrument (Tranche 1C), requiring repayment within 120 days. Further, if regulatory approval has not been obtained by the date that is 13 months from 7 April 2025, redemption (at the election of the investor) shall apply in relation to the Subordinated Debt Instrument (Tranche 1C and Tranche 2), requiring repayment within 120 days.

The Board of the Company intends to unanimously recommend that the Company's shareholders vote in favour of the Transaction, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Transaction is in the best interests of the Company's shareholders. Each Director of the Company intends to vote all of the Company shares that he or she holds or controls in favour of the Transaction, subject to those same qualifications. The Company is currently targeting to hold the Extraordinary General Meeting in late June 2025.

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2024

#### The Star Sydney Event Centre

On 8 April 2025, the Group completed the divestment of The Star Sydney Event Centre and other additional spaces within The Star Sydney complex to Foundation Theatres for \$60.0 million, following receipt of all regulatory consents, including from the NICC for itself and on behalf of the State of New South Wales.

As part of the NICC's consent for the divestment, it proposed certain conditions, including that the proceeds from the transaction (\$58.1 million, net of transaction costs) must be held in escrow. Under those arrangements, amounts may be released from escrow with the NICC's consent, with the full amount to be released the day after shareholder approval is obtained for the \$300 million Strategic Investment into the Group. If shareholder approval is not obtained, then the Group may request the release of the amounts in escrow subject to the Group's satisfaction of certain conditions.

The Group expects to recognise a gain on sale from this transaction.

#### Gold Coast Tower 2 Water Damage Event

On 28 March 2025 a water leak event occurred in Tower 2 on the Gold Coast property impacting both the residential apartments and the hotel that were under construction (**Water Damage Event**). The Tower 2 development is being undertaken by the DGCC joint venture (of which the Group currently owns 33%). Damage assessment in relation to the event is continuing. The event is expected to delay completion of the construction of the apartments and hotel, which were due to start completing in 2HFY25. DGCC's construction loan is due to mature in August 2025.

DGCC has insurance in place which is currently anticipated to respond to the required rectification works based on current estimates. Discussions have commenced with the lenders regarding required amendments and extensions to the construction loan to allow for the expected delay. These discussions remain subject to further information regarding the extent of the expected delays and subsequent documentation of the required changes in the construction loan agreement. The DGCC joint venture partners have each previously provided Parent Company Guarantees in support of the construction loan.

#### Queensland Regulatory Update

On 27 March 2025, the Qld-AG and Minister for Justice and Integrity advised that the Queensland Government had deferred the suspension of The Star Gold Coast's licence until 30 September 2025 and extended the appointment of the Special Manager of The Star Gold Coast and the External Adviser of The Star Brisbane to the same date.

#### The Star Sydney Regulatory Update

On 28 March 2025, the NICC advised that The Star Sydney's casino licence will remain suspended until at least 30 September 2025. Further, the Manager's appointment has also been extended to 30 September 2025.

## 8. 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 Interim Financial Report and the Directors' Report have been rounded to the nearest hundred thousand dollars unless specifically stated to be otherwise.

## 9. 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 half year ended 31 December 2024. The auditor's independence declaration forms part of this Directors' Report.

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



**Anne Ward**

Chairman

Sydney

15 April 2025



**Shape the future  
with confidence**

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## **Auditor's independence declaration to the directors of The Star Entertainment Group Limited**

As lead auditor for the review of the half-year financial report of The Star Entertainment Group Limited for the half-year ended 31 December 2024, 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Scott Jarrett  
Partner  
15 April 2025

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# THE STAR ENTERTAINMENT GROUP

## FINANCIAL REPORT

### CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Note	December 2024 \$m	December 2023 \$m
Revenue	A2	724.0	865.7
Other income	A3	3.9	2.4
Government taxes and levies		(154.1)	(210.5)
Employment costs	A3	(421.2)	(357.7)
Depreciation, amortisation and impairment	A4	(138.5)	(62.2)
Cost of sales		(37.0)	(45.1)
Property costs		(36.6)	(34.0)
Advertising and promotions		(24.1)	(25.5)
Regulatory and legal costs		(4.2)	(17.9)
Other expenses		(88.3)	(81.7)
Share of net (loss)/profit of associate and joint venture entities accounted for using the equity method	D2	(21.0)	26.6
<b>(Loss)/profit before interest and income tax (LBIT/PBIT)</b>		<b>(197.1)</b>	60.1
Net finance costs		(67.1)	(42.0)
<b>(Loss)/profit before income tax (LBT/PBT)</b>		<b>(264.2)</b>	18.1
Income tax expense	A6	(37.7)	(9.0)
<b>Net (loss)/profit after tax (NLAT/NPAT)</b>		<b>(301.9)</b>	9.1
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value of cash flow hedges taken to equity, net of tax		-	5.8
<b>Total comprehensive (loss)/income for the period</b>		<b>(301.9)</b>	14.9
<b>Loss per share:</b>			
Basic (loss)/earnings per share		(10.5) cents	0.4 cents
Diluted (loss)/earnings per share		(10.5) cents	0.4 cents

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

# THE STAR ENTERTAINMENT GROUP

## CONSOLIDATED BALANCE SHEET FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Note	December 2024 \$m	June 2024 \$m
<b>ASSETS</b>			
Cash and cash equivalents	B1	138.2	299.6
Trade and other receivables		29.2	31.5
Inventories		12.3	13.6
Income tax receivable		18.3	56.0
Assets held for sale	B6	66.1	-
Other assets	D1	41.8	87.4
<b>Total current assets</b>		<b>305.9</b>	<b>488.1</b>
Property, plant and equipment		1,007.9	1,157.4
Intangible assets		83.8	72.6
Investment in associate and joint venture entities	D2	160.4	161.7
Restricted deposits	B1	90.7	-
Other assets	D1	71.4	18.0
<b>Total non current assets</b>		<b>1,414.2</b>	<b>1,409.7</b>
<b>TOTAL ASSETS</b>		<b>1,720.1</b>	<b>1,897.8</b>
<b>LIABILITIES</b>			
Trade and other payables		195.5	180.4
Interest bearing liabilities	B5	11.4	6.1
Provisions	B4	466.7	490.2
Other liabilities		81.5	75.2
<b>Total current liabilities</b>		<b>755.1</b>	<b>751.9</b>
Interest bearing liabilities	B5	415.8	295.7
Provisions	B4	8.5	8.1
Other liabilities		9.2	8.8
<b>Total non current liabilities</b>		<b>433.5</b>	<b>312.6</b>
<b>TOTAL LIABILITIES</b>		<b>1,188.6</b>	<b>1,064.5</b>
<b>NET ASSETS</b>		<b>531.5</b>	<b>833.3</b>
<b>EQUITY</b>			
Share capital	B2	4,696.8	4,695.7
Accumulated losses		(4,173.9)	(3,872.0)
Reserves		8.6	9.6
<b>TOTAL EQUITY</b>		<b>531.5</b>	<b>833.3</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2024**

	December 2024	December 2023
Note	\$m	\$m
<b>Cash flows from operating activities</b>		
Net cash receipts from customers (inclusive of GST)	745.8	907.1
Payments to suppliers and employees (inclusive of GST)	(623.1)	(585.0)
Payment of government levies, gaming taxes and GST	(140.1)	(196.3)
Interest received	3.8	1.9
Income taxes paid	-	14.6
Regulatory, fines, penalties, duty, consultant, legal and other costs	(28.6)	(90.3)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(42.2)</b>	<b>52.0</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant, equipment and intangibles	(43.7)	(33.6)
Loans to joint venture entities	(2.7)	(14.3)
Loans from joint venture entities	9.4	55.9
Payments for investment in associate and joint venture entities	D2 (127.8)	-
Distributions received from joint venture entities	D2 0.5	8.9
Proceeds from sale of property, plant and equipment	D1 78.3	0.3
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(86.0)</b>	<b>17.2</b>
<b>Cash flows from financing activities</b>		
Proceeds from interest bearing liabilities	100.0	318.0
Repayment of interest bearing liabilities	-	(752.2)
Payment of restricted deposits	B1 (90.7)	-
Proceeds from settlement of derivative financial instruments	-	49.7
Finance costs	(36.2)	(67.2)
Proceeds from issue of shares	-	734.6
Interest payment on lease liabilities	(1.0)	(1.5)
Principal payment of lease liabilities	(5.3)	(3.0)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(33.2)</b>	<b>278.4</b>
Net (decrease)/increase in cash and cash equivalents	(161.4)	347.6
Cash and cash equivalents at beginning of the year	299.6	88.7
<b>Cash and cash equivalents at end of the period</b>	<b>B1 138.2</b>	<b>436.3</b>

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

# THE STAR ENTERTAINMENT GROUP

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Note	Ordinary shares \$m	Treasury shares \$m	(Accumulated losses)/retained earnings \$m	Hedging reserve \$m	Cost of hedging reserve \$m	Share based payment reserve \$m	Total \$m
<b>2025</b>								
Balance at 1 July 2024		4,702.1	(6.4)	(3,872.0)	-	-	9.6	833.3
Loss for the half year		-	-	(301.9)	-	-	-	(301.9)
Other comprehensive loss		-	-	-	-	-	-	-
<b>Total comprehensive loss</b>		-	-	(301.9)	-	-	-	(301.9)
Shares issued to settle employee share programs	B2	-	1.1	-	-	-	-	1.1
Employee share based payments		-	-	-	-	-	(1.0)	(1.0)
<b>Balance at 31 December 2024</b>		<b>4,702.1</b>	<b>(5.3)</b>	<b>(4,173.9)</b>	<b>-</b>	<b>-</b>	<b>8.6</b>	<b>531.5</b>
<b>2024</b>								
Balance at 1 July 2023		3,962.9	(7.3)	(2,187.4)	(8.2)	2.4	8.6	1,771.0
Profit for the half year		-	-	9.1	-	-	-	9.1
Issue of share capital	B2	739.2	-	-	-	-	-	739.2
Other comprehensive income		-	-	-	8.2	(2.4)	-	5.8
<b>Total comprehensive loss</b>		739.2	-	9.1	8.2	(2.4)	-	754.1
Shares issued to settle employee share programs	B2	-	0.9	-	-	-	-	0.9
Employee share based payments		-	-	-	-	-	1.5	1.5
<b>Balance at 31 December 2023</b>		<b>4,702.1</b>	<b>(6.4)</b>	<b>(2,178.3)</b>	<b>-</b>	<b>-</b>	<b>10.1</b>	<b>2,527.5</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024

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

The Group has four reportable segments:

<b>Sydney</b>	Comprises The Star Sydney's casino operations, including hotels, restaurants, bars and other entertainment facilities.
<b>Gold Coast</b>	Comprises The Star Gold Coast's casino operations, including hotel, theatre, restaurants, bars and other entertainment facilities.
<b>Treasury Brisbane</b>	Comprises Treasury Brisbane's casino operations, including hotel, restaurants and bars. The casino operations were closed on 25 August 2024.
<b>The Star Brisbane</b>	Comprises management of The Star Brisbane, including casino operations, hotel, restaurants, bars and other entertainment facilities, in exchange for an operator fee and 50% share of profits from Destination Brisbane Consortium Queens Wharf Integrated Resort joint venture ( <i>DBC</i> ). The Star Brisbane opened on 29 August 2024.

For the half year ended 31 December 2024	Sydney \$m	Gold Coast \$m	Treasury Brisbane \$m	The Star Brisbane \$m	Un- allocated \$m	Total \$m
Segment revenue <sup>a</sup>	362.2	218.2	54.8	88.8	-	724.0
Segment (loss)/earnings before interest, tax, depreciation, amortisation and significant items <sup>b</sup>	(24.6)	18.1	-	(19.9)	-	(26.4)
Share of associate / joint venture results <sup>b</sup>	-	-	-	(20.2)	(0.8)	(21.0)
Depreciation and amortisation <sup>b</sup>	(18.1)	(9.3)	(3.5)	-	-	(30.9)
Significant items					(166.2)	(166.2)
Net finance costs <sup>b</sup>					(19.7)	(19.7)
Profit before income tax					-	(264.2)
Capital expenditure	19.3	9.0	7.4	4.7	-	40.4

<sup>a</sup> The Star Brisbane segment revenue includes \$14.4 million in operator fees and \$74.4 million in contracted revenue (see Note A2).

<sup>b</sup> These items are before significant items (see Note A7).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024

For the half year ended 31 December 2023	Sydney \$m	Gold Coast \$m	Treasury Brisbane \$m	The Star Brisbane \$m	Un- allocated \$m	Total \$m
Segment revenue	450.0	238.1	177.6	-	-	865.7
Segment earnings before interest, tax, depreciation, amortisation and significant items (EBITDA) <sup>a</sup>	37.4	44.6	31.6	-	-	113.6
Share of associate / joint venture results <sup>a</sup>	-	-	-	-	3.7	3.7
Depreciation and amortisation <sup>a</sup>	(33.4)	(18.3)	(10.5)	-	-	(62.2)
Significant items					(18.4)	(18.4)
Net finance costs <sup>a</sup>					(18.6)	(18.6)
Profit before income tax					-	18.1
Capital expenditure	15.8	11.9	3.5	-	-	31.2

<sup>a</sup> These items are before significant items (see Note A6).

### A2. REVENUE

	December 2024 \$m	December 2023 \$m
Gaming	386.2	569.7
Non-gaming	243.1	290.0
Operator fee	14.4	-
Other	5.9	6.0
	<b>649.6</b>	<b>865.7</b>
Contracted <sup>a</sup>	<b>74.4</b>	-
<b>Total Revenue</b>	<b>724.0</b>	<b>865.7</b>

<sup>a</sup> The Group has a contracted cost recovery agreement with the DBC Integrated Resort joint venture (see Note E). Contracted costs includes \$70.1 million of employment and \$4.3 million other shared costs.

### A3. OTHER INCOME AND EXPENSES

Loss before income tax is stated after accounting for the following expenses and significant items:

#### OTHER INCOME

	December 2024 \$m	December 2023 \$m
Net foreign exchange gain	0.3	0.4
Gain on disposal of assets	2.4	0.6
Other	1.2	1.4
<b>Total other income</b>	<b>3.9</b>	<b>2.4</b>

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**EMPLOYMENT COSTS**

	December 2024 \$m	December 2023 \$m
Salaries, wages, bonuses, redundancies and other benefits	386.3	326.7
Defined contribution plan expense (superannuation guarantee charges)	34.9	28.8
Share based payment expense	-	2.2
<b>Total employment costs</b>	<b>421.2</b>	<b>357.7</b>

The Group has secured the Group Chief Executive Officer and Managing Director's (*Group CEO & MD's*) FY25 and FY26 salary, FY25 and FY26 short term incentive and FY26 Retention bonus (see Note D1).

Total employment costs for the period includes \$70.1 million of labour contracted for The Star Brisbane, recovered through the contracted revenue charge (see Note A2).

**A4. DEPRECIATION, AMORTISATION AND IMPAIRMENT**

	December 2024 \$m	December 2023 \$m
Property, plant and equipment	26.3	52.4
Intangible assets	4.6	9.4
Impairment - investment in DBC joint venture (see Note B3)	107.6	0.4
	<b>138.5</b>	<b>62.2</b>

**A5. DIVIDENDS**

No interim dividends were declared or paid.

**A6. INCOME TAX**

The income tax expense of \$37.7 million relates to the derecognition of income tax receivables which no longer meet the recognition criteria. Further, income tax benefits in relation to the FY24 and 1HFY25 tax losses have not been recognised as they do not meet the recognition criteria. In the comparative period, income tax expense of \$9.0 million was recognised on taxable profits at an average rate of 33.0%.

**A7. SIGNIFICANT ITEMS**

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

	December 2024 \$m	December 2023 \$m
Impairment <sup>a</sup>	107.6	-
Debt refinancing costs <sup>b</sup>	47.4	23.4
Regulatory, fines, penalties, duty, consultant, legal and other costs <sup>c</sup>	4.2	17.9
Redundancy costs <sup>d</sup>	7.0	-
Profit on sale of assets <sup>e</sup>	-	(22.9)
<b>Net significant items</b>	<b>166.2</b>	<b>18.4</b>
Tax on significant items	-	(2.5)
<b>Significant items net of tax</b>	<b>166.2</b>	<b>15.9</b>

a Impairment of investment in DBC joint venture (see Note B3).

b Unamortised borrowing costs associated with the existing debt released on amendment of \$26.9 million and costs incurred for the amendment of \$20.5 million. In the pcp, derivative settlement costs and debt termination fees.

c Regulatory, fines, penalties, underpaid casino duty, consultant, legal, Manager, Special Manager, External Adviser, legal and other costs, including movements in regulatory and legal provisions.

d Redundancy costs associated with the Group's reorganisation.

e In the pcp, equity accounted share of Destination Gold Coast Investment's profit relating to the sale of Sheraton Grand Mirage Resort.

**NOTES TO THE FINANCIAL STATEMENTS  
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**B KEY BALANCE SHEET DISCLOSURES**

**B1. CASH AND CASH DEPOSITS**

	December 2024 \$m	June 2024 \$m
<b>CURRENT</b>		
Cage cash	57.7	70.5
Bank balances	23.0	16.5
Short term deposits - unrestricted	55.5	182.5
Short term deposits - restricted	2.0	30.1
<b>Cash and cash equivalents</b>	<b>138.2</b>	<b>299.6</b>
<b>NON CURRENT</b>		
Long term deposits - restricted	90.7	-
	<b>228.9</b>	<b>299.6</b>

At 31 December 2024, available cash was \$78.5 million (2024: 199.0 million), comprising bank balances and short term deposits - unrestricted (**Available Cash**). The Group has \$57.7 million (2024: \$70.5 million) of cage cash, held physically on the gaming floor for the day to day operation of the casino gaming floor activities.

The Group holds \$92.7 million of cash in restricted term deposit accounts. The deposits include \$59.6 million of sale proceeds from the disposal of the Treasury Casino and capitalised interest, secured against the \$400.0 million syndicated facility and \$33.1 million of cash backed bank guarantees. The bank guarantees relate to workers compensation cover, property leases and transactional banking facilities. \$2.0 million of these guarantees are expected to mature in the next three months and have been classified as current.

**B2. 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 2024	2,868,680,877	4,702.1	(2,144,899)	(6.4)	2,866,535,978	4,695.7
Shares issued to settle employee share programs	-	-	450,955	1.1	450,955	1.1
<b>Closing balance 31 December 2024</b>	<b>2,868,680,877</b>	<b>4,702.1</b>	<b>(1,693,944)</b>	<b>(5.3)</b>	<b>2,866,986,933</b>	<b>4,696.8</b>
Opening balance 1 July 2023	1,618,680,877	3,962.9	(2,485,032)	(7.3)	1,616,195,845	3,955.6
Issue of share capital (net of tax) - 6 October 2023 <sup>a</sup>	925,933,112	547.6	-	-	925,933,112	547.6
Issue of share capital (net of tax) - 19 October 2023 <sup>b</sup>	324,066,888	191.6	-	-	324,066,888	191.6
Shares issued to settle employee share programs	-	-	340,133	0.9	340,133	0.9
Closing balance 31 December 2023	2,868,680,877	4,702.1	(2,144,899)	(6.4)	2,866,535,978	4,695.7

<sup>a</sup> On 6 October 2023, the Group issued 925,933,112 shares for the private placement to institutional investors under the accelerated non-renounceable entitlement offer. The capital raising is after \$8.0 million of costs, net of tax.

<sup>b</sup> On 19 October 2023, the Group issued 324,066,888 shares for the retail component of the accelerated non-renounceable entitlement offer. The capital raising is after \$2.8 million of costs, net of tax.

**NOTES TO THE FINANCIAL STATEMENTS  
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**B3. IMPAIRMENT TESTING**

**The Star Brisbane Impairment Testing**

The Star Brisbane commenced operations on 29 August 2024 under challenging conditions. Cost of living pressures, casino operating reforms and loss of market share have weighed on results. Regulations to enact the introduction of mandatory carded play, restrictions on the use of cash and mandatory player pre-commitments, including play and break limits, remain outstanding. These regulations are anticipated to have further negative impacts to earnings, consistent with the impact experienced in Sydney.

At 30 June 2024, the investment in DBC joint venture balance was impaired \$602.2 million, reflecting the negative impact of the above factors on the earnings outlook of the investment. The outlook for operating conditions at 31 December 2024 is largely consistent with that at 30 June 2024, and does not support the carrying value of additional investments into DBC made during the period.

An impairment of \$107.6 million has been recognised for the half year ended 31 December 2024. The impairment is recognised in the line 'Depreciation, amortisation and impairment expense' in the Consolidated Income Statement. The impairment has been fully allocated against investment in associates, and writes this balance down to nil.

**IMPAIRMENT TESTING AND KEY ASSUMPTIONS**

The recoverable amount of the investment in associate has been determined based on 'fair value less costs of disposal'. 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 asset. These cash flows are principally based on management's forecasts for a five-year period, together with longer term projections and forecast capital investment, extrapolated using an implied terminal growth rate of 2.5%. These cash flows are then discounted using a relevant long term post-tax discount rate of 9.6%. The pre-tax discount rate is 9.7%.

The fair value measurement is valued using level 3 valuation techniques. The key assumptions on which management based its cash flow projections when determining 'fair value less costs of disposal' are as follows:

**i. Cash flow forecasts**

The cash flow forecasts are based on management forecasts for a five-year period, together with longer term projections, growth rates and capital investment forecasts.

**ii. Terminal value**

The terminal value 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 are based on the post tax weighted average cost of capital. The discount rate includes a risk premium reflecting the inherent uncertainty in predicting the sustained, longer-term earnings of a property of this scale.

**iv. Sensitivities**

The key estimates and assumptions used to determine the 'fair value less costs of disposal' are based on management's current expectations after considering past experience, future investment forecasts and external information. They are considered to be reasonably achievable.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2024**

**B4. PROVISIONS, CONTINGENT LIABILITIES AND REGULATORY MATTERS**

	December 2024 \$m	June 2024 \$m
<b>Current</b>		
Regulatory and legal provisions <sup>a</sup>	375.1	399.5
Employee benefits	82.0	82.3
Worker's compensation	8.8	8.4
Other	0.8	-
	<b>466.7</b>	<b>490.2</b>
<b>Non current</b>		
Employee benefits	7.0	6.7
Other	1.5	1.4
	<b>8.5</b>	<b>8.1</b>

<sup>a</sup> The Group recognised provisions relating to various regulatory and legal matters including fines issued by the New South Wales Independent Casino Commission (**NICC**), AUSTRAC proceeding, underpaid casino duty in NSW, consultants, Manager, Special Manager, External Adviser, legal and other costs. Disclosing individual amounts would seriously prejudice these matters considering the present status and range of potential outcomes.

**PROVISIONS AND CONTINGENT LIABILITIES**

**AUSTRAC proceeding**

On 30 November 2022, the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), commenced civil penalty proceedings in the Federal Court of Australia against The Star Pty Limited and The Star Entertainment QLD Limited (collectively **The Star Entities**). AUSTRAC alleges that The Star Entities contravened the *Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Act 2006 (Cth)* by failing to conduct appropriate due diligence on customers who were higher risk and by failing to have an appropriate AML/CTF program.

The parties have resolved all factual issues in dispute. The proceeding is currently listed for a three week hearing on liability and penalty commencing on 2 June 2025. The proceeding has been listed for case management on 16 April 2025, following which the current hearing date may change.

AUSTRAC has commenced civil penalty proceedings against other companies on five occasions. 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 admissions made and evidence and submissions in relation to the appropriateness of the penalty.

AUSTRAC alleges that the number of contraventions committed by The Star Entities is innumerable. The Group has determined a provision on the Balance Sheet at 31 December 2024. This provision was, and is, recognised at a time where there remains significant uncertainty as the quantum of the penalty, including what approach the Court may take into consideration of any evidence or submissions as to appropriate quantum which may be put forward by the parties. Any actual penalty paid by The Star Entities may differ materially to the provision recorded at 31 December 2024.

**Underpaid casino duty**

The Bell Inquiry of The Star Pty Ltd conducted in 2022 (**Bell One Review**) identified potential issues with the way in which the Group calculated rebate duty payable to the NSW Government.

In accordance with the recommendations from the Bell One Review, an independent review was conducted of all rebate play at The Star Sydney between 28 November 2016 and 9 May 2022 in accordance with the scope agreed with L&GNSW.

L&GNSW has conducted an assurance review over the findings of that independent review. In April 2025, NSW Treasury, on behalf of the NSW Government, confirmed the amount of underpaid casino duty payable by the Group and agreed payment will be required on 30 June 2026. In addition, the Group is working with the NICC and NSW Treasury to develop a clear and objective test for the residency of rebate players. Such a test was recommended from the Bell One Review and will require an amendment to The Star Sydney's Duty agreement and result in changes to relevant internal controls.

The provision on the Balance Sheet at 31 December 2024 is equal to the amount of underpaid casino duty confirmed as payable by NSW Treasury.

**NOTES TO THE FINANCIAL STATEMENTS  
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**ASIC 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 Star Entertainment Group Limited (**Company**) alleging contraventions of the *Corporations Act 2001 (Cth)*. The proceeding commenced on 10 February 2025 and is currently adjourned.

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 relation to the likely costs incurred by the Group on behalf of the defendants, or the extent to which those costs might be covered by the Group's insurance policies and indemnities in place for former officers and directors.

The Group has determined a provision on the Balance Sheet at 31 December 2024 relating to an estimate of legal costs.

**Class Action**

On 30 March 2022, a shareholder class action was commenced in the Supreme Court of Victoria, alleging the Company failed to comply with its continuous disclosure obligations and engaged in misleading or deceptive conduct in relation to the Company systems, controls, operations and regulatory risks.

The Company has filed its defence with no admissions of any contravention. A mediation occurred on 18 December 2024, at which the matter was not resolved. At 31 December 2024, the Company has assessed there is no present obligation in respect of this matter and it represents a contingent liability and accordingly, no provision has been recognised. The outcome of the Class Action and any potential financial impacts are unknown, including the extent to which any amounts may be covered by the Group's insurance policies.

**DBC Financing Arrangements**

The Company and its Joint Venture Partners entered into debt facility agreements in 2020 in relation to DBC's \$1.6 billion project-level debt funding. The aggregate amount outstanding is \$1.4 billion at 31 December 2024 (**DBC Funding**). The DBC Funding comprises two equal facilities, drawn approximately equally, separately provided under a Gaming and Entertainment syndicated facility agreement (**SFA G&E**) and a Tourism and Leisure syndicated facility agreement (**SFA T&L**). Amounts outstanding under the SFA G&E are guaranteed by the Company and amounts outstanding under the SFA T&L are guaranteed by the Joint Venture Partners. The two facilities are cross-collateralised against the property leases.

Subsequent to period end, the Group entered into a binding heads of agreement (**HoA** or **Binding HoA**) to exit its 50% share of the DBC joint venture investment and the casino management agreement. As part of this agreement, the Group will be released from the \$800 million unsecured parent company guarantee in relation to its 50% share of the DBC loan facilities. The agreement will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Note C2).

**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 \$152.4 million (primary tax of \$81.9 million and interest of \$70.5 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 non-current asset.

On 6 September 2021 the Group filed an application for judicial review with the Federal Court of Australia in relation to the interest assessment and on 5 October 2021 lodged an objection against the primary assessments with the ATO. The ATO disallowed the Group's objections in October 2023. On 5 December 2023 the Group appealed by commencing proceedings in the Federal Court of Australia. All evidence from both parties is due to be filed by June 2025 and the next case management hearing has been adjourned to 2 July 2025.

At 31 December 2024, the Company has assessed there is no present obligation in respect of this matter and it represents a contingent liability and accordingly, no provision has been recognised.

**Withholding tax penalty**

The Group is in dispute with the ATO in relation to the appropriate method for calculating withholding tax on rebates paid to junket operators for the 2015 to 2020 income tax years. The amount in dispute for the period is \$7.9 million (primary penalty of \$6.4 million and interest of \$1.5 million). In FY24 the Group paid \$3.2 million as a deposit to the ATO on a no-admissions basis. The deposit is held as a non-current asset.

The relevant Group entities objected to the ATO's decision to issue the penalties. The ATO disallowed the Group's objections in October 2023 and on 5 December 2023 the relevant Group entities appealed by commencing proceedings in the Federal Court of Australia. All evidence from both parties is due to be filed by June 2025 and the next case management hearing has been adjourned to 2 July 2025.

At 31 December 2024, the Company has assessed there is no present obligation in respect of this matter and it represents a contingent liability and accordingly, no provision has been recognised.

**NOTES TO THE FINANCIAL STATEMENTS  
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**Legal challenges**

There are outstanding legal proceedings between the Company and its controlled entities and third parties as at 31 December 2024. The Group has notified its insurance carrier of all relevant matters and currently anticipates that any damages (other than exemplary damages) that may be awarded against the Group, in addition to its costs incurred in connection with the proceedings, may be covered by its insurance policies where such policies are in place. Provisions are made for actions where an economic outflow is probable and can be reasonably estimated. For remaining actions, contingent liabilities may exist for possible amounts eventually payable.

**REGULATORY MATTERS**

**NEW SOUTH WALES**

**Regulatory reforms**

From 19 August 2024, mandatory carded play was required in private gaming areas and on select games on the main gaming floor with daily cash limits of \$5,000 for carded play. Fully carded play commenced on 19 October 2024 and the daily cash permitted per person will be reduced to \$1,000 by 19 August 2025.

**Disciplinary action**

The Star Sydney's casino licence has been suspended since 21 October 2022. On this date, the NICC also appointed a Manager. During the period of its licence suspension, The Star Sydney remains open and operating, and net earnings continue to be paid to The Star Sydney after payment of the Manager's costs. On 28 March 2025, the NICC notified The Star Sydney that its casino licence will remain suspended and that the Manager's term has been extended until at least 30 September 2025, at which time the NICC will reassess The Star Sydney's suitability to regain its casino licence.

**Bell Two**

On 17 October 2024, the NICC provided its regulatory response to the Bell Two Report (including disciplinary action in respect of the Notice) and determined to take disciplinary action against The Star Sydney in the form of: a pecuniary penalty of \$15 million in respect of the Breach Findings (payable in three equal amounts on 31 December 2024, 31 March 2025 and 30 June 2025); issued directions under the *Casino Control Act 1992 (NSW)* in respect of various governance and operational matters relating to The Star Sydney and proposed amendments to The Star Sydney's licence conditions relating to key management personnel and the composition of The Star Sydney board. The first \$5 million instalment was paid on 31 December 2024 and a provision has been recorded for \$10 million in respect of the remaining instalments at 31 December 2024.

Following Bell Two, the Group has continued to engage constructively with the NICC in respect of The Star Sydney and its operations, including responding as required to directions and requests from the NICC.

**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. An agreement was finalised between NSW Treasury and The Star Sydney on 20 November 2023.

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 as follows until 2030 (20.91% until 30 June 2024, 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.

This agreement includes an undertaking that provides employment certainty for team members as agreed with the United Workers Union.

**QUEENSLAND**

**Disciplinary action**

The Star Gold Coast's casino licence has been suspended (with suspension deferred) since 9 December 2022. A Special Manager was appointed on the same date. On 27 March 2025, the Queensland government confirmed that it had deferred the suspension of The Star Gold Coast's casino licence and extended the Special Manager's appointment to 30 September 2025.

The deferred suspension of Treasury Brisbane's licence and term of the Special Manager ceased on 23 October 2024, on surrender of its casino licence, following the opening of The Star Brisbane.

The Star Brisbane was issued an unconditional casino licence on 29 August 2024, subject to the appointment of an External Adviser and the adoption of the Group's Remediation Plan. The External Adviser's appointment has been extended to 30 September 2025.

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**Remediation plan approval**

A revised remediation plan (*RRP*) was submitted to the Office of Liquor and Gaming Regulation (*OLGR*) on 18 September 2024 and as it relates to The Star Gold Coast and The Star Brisbane (as operator of that casino), the RRP was approved by the Queensland Attorney General (*Qld-AG*). The approval was communicated to the Group on 3 October 2024 (see Section 2).

**Regulatory reforms**

On 28 March 2024, the *Casino Control and Other Legislation Act 2024* was enacted to give effect to the balance of the recommendations of the Gotterson Report and certain other casino reforms. The proposed reforms include the introduction of mandatory carded play, restrictions on the use of cash, mandatory player pre-commitments including play and break limits, and a supervisory levy payable by casino licence holders. The implementation of each of the key measures noted above requires the introduction of regulations giving effect to those reforms.

**B5. INTEREST BEARING LIABILITIES**

	December 2024 \$m	June 2024 \$m
<b>Current</b>		
Lease liabilities	6.0	6.1
Other loans	5.4	-
	<b>11.4</b>	<b>6.1</b>
<b>Non current</b>		
Bank loans (net of unamortised borrowing costs)	400.0	269.6
Lease liabilities	15.8	26.1
	<b>415.8</b>	<b>295.7</b>

On 21 November 2024, the Group and its lenders executed a deed to amend the \$450 million syndicated facility agreement (*SFA*). The key amendments include:

- Interest on the \$300 million term facility to be fixed at 13.5%;
- Reduce and amend the \$150 million revolving working capital facility to be up to \$34 million of existing bank guarantees, with a fixed rate of 9.15%;
- Provide a new tranche of \$100 million term facility fixed at a rate of 13.5% (fully drawn on 9 December 2024); and
- Provide a second new tranche of \$100 million fixed at a rate of 13.5%, subject to more extensive conditions precedent. These conditions have not been met.

The amendment was treated as a substantial modification, resulting in the extinguishment of existing debt and recognition of new debt at fair value. Unamortised borrowing costs associated with the existing debt of \$26.9 million and costs incurred for the amendment of \$20.5 million were taken to finance costs in the income statement. No borrowing costs are capitalised at 31 December 2024 (2024: \$30.4 million).

The SFA matures in December 2027 and is subject to covenants and undertakings typical of this type of facility. Interest on the term facilities is fixed at 13.5% (June 2024: linked to the Australian Bank Bill Swap Bid Rate, plus a margin), while interest on the bank guarantees facility is fixed at 9.15%. The facility is secured by a first charge over the assets of certain entities within the Group. At 31 December 2024, \$31.1 million (June 2024: \$29.5 million) of bank guarantees are held against the revolving working capital facility (see Note C3). A portion of these bank guarantees are cash backed (see Note B1).

A condition of the new tranche of \$100 million term facility was to establish a disposal proceeds account for receipt of any proceeds on disposal of the sale of the Treasury Brisbane casino along with other non-core asset proceeds (*Disposal Proceeds Account*). At 31 December 2024, the balance of this disposal proceeds account was \$59.6 million, representing the proceeds of the Treasury Brisbane casino and capitalised interest.

During the period, the Group obtained waivers for covenant testing on 30 September 2024 and 31 December 2024.

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Subsequent to 31 December 2024, the Group entered into a bridge facility commitment with King Street Capital Management on 7 March 2025 (**Bridge Commitment**) as part of a strategy to access additional short term liquidity while the Group sought to secure a longer-term refinancing of the existing senior debt. The Group subsequently on 7 April 2025 implemented an alternative funding strategy based on securing the \$300 million Strategic Investment into the Group by Bally's and Investment Holdings (see Note C2). This alternate strategy includes the existing senior lenders continuing to fund the Group, resulting in the Bridge Commitment no longer being required or available.

Further, the existing senior lenders have agreed with the Group to various waivers and consents in relation to the SFA. These were secured as part of ongoing discussions and on condition that the Group provide security over The Star's Gold Coast assets. The agreement with senior lenders includes waivers for covenant testing on 31 March 2025 and 30 June 2025. In addition, the lenders have agreed that the proceeds of disposal of The Star Sydney Event Centre and associated assets may be held in an escrow account under separate arrangements with the NICC (**Event Centre Funds**), instead of being paid into the Disposal Proceeds Account maintained under the SFA. Further, the Group may use the Event Centre Funds (when released under the escrow arrangements with the NICC) for working capital liquidity purposes (see Note C2). The existing senior lenders have also provided various waivers and consents in support of the Strategic Investment into the Group by Bally's and Investment Holdings.

**B6. 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.

	December 2024 \$m	June 2024 \$m
Treasury Brisbane Hotel and Carpark <sup>a</sup>	66.1	-
<b>Total</b>	<b>66.1</b>	<b>-</b>

<sup>a</sup> The Group commenced a market process to dispose of the Treasury Brisbane Hotel and Treasury Brisbane Carpark, following the opening of The Star Brisbane in August 2024. Subsequent to the period end, the Group has agreed to transfer its ownership of the Treasury Brisbane Hotel and Carpark to the Joint Venture Partners as part of the HoA to exit the DBC joint venture investment. The transfer will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Note C2).

**C COMMITMENTS, SUBSEQUENT EVENTS AND GUARANTEES**

**C1. OTHER COMMITMENTS**

	December 2024 \$m	June 2024 \$m
Not later than one year <sup>a</sup>	10.2	15.0
Later than one year but not later than five years	-	1.4
Later than five years	-	-
	<b>10.2</b>	<b>16.4</b>

<sup>a</sup> Other commitments as at 31 December 2024 is mainly for The Star Gold Coast property development.

At 31 December 2024, the Group had \$195.3 million of committed equity contributions to DBC and had estimated a further \$43.8 million will be required. This funding was intended to be used for committed development costs (see Note D2), opening costs, debt amortisation and other finance costs.

Subsequent to the period end, the Group entered into a HoA to exit its 50% share of the DBC joint venture investment and the casino management agreement. The agreement will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Section 7). The Group paid an additional \$26.0 million in contributions between period end and 31 March 2025. Under the HoA, the Group has no further requirements to contribute equity to the DBC joint venture after 31 March 2025.

For Destination Gold Coast Consortium (**DGCC**), Tower 2 construction was nearing completion. The Group had an estimated \$13.3 million in contributions payable in 2HFY25 and FY26. DGCC executed a \$309.5 million facility in April 2024, revised to \$335.2 million in November 2024, which is expected to fund the remaining construction costs (construction loan component represents \$221.6 million).

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Subsequent to period end, the Group entered into a HoA to acquire the Joint Venture Partners share of DGCC. Under the HoA, the Group will assume responsibility for certain remaining Tower 2 hotel development costs that are specifically excluded from the construction loan in addition to certain net unfunded claims, damages and variations from the Tower 2 principal contractor.

On 28 March 2025 a water leak event occurred in Tower 2 on the Gold Coast property impacting both the residential apartments and the hotel that were under construction (**Water Damage Event**). Damage assessment in relation to the event is continuing. The event is expected to delay completion of the construction of the apartments and hotel, which was due to start completing in 2HFY25. DGCC's construction loan is due to mature in August 2025.

DGCC has insurance in place which is currently anticipated to respond to the required rectification works based on current estimates. Discussions have commenced with the lenders regarding required amendments and extensions to the construction loan to allow for the expected delay. These discussions remain subject to further information regarding the extent of the expected delays and subsequent documentation of the required changes in the construction loan agreement. As part of these negotiations there may be a requirement that the Group contribute additional equity above the \$13.3 million estimate noted above.

Refer to note D2 for commitments in respect of investment in associate and joint venture entities.

**C2. SUBSEQUENT EVENTS**

**Agreement to exit Destination Brisbane Consortium and consolidate the Group's Gold Coast position**

On 7 March 2025, the Company announced to the ASX that it had entered into a Binding HoA with its joint venture partners, being Chow Tai Fook Enterprises Limited and Far East Consortium International Limited (the **Joint Venture Partners**) in respect of its stapled equity interest in Destination Brisbane Consortium Pty Ltd and the Destination Brisbane Consortium Integrated Resort Holding Trust.

Under the Binding HoA, the Group will dispose of its 50% equity interest in DBC and acquire the equity interests of the Joint Venture Partners in DGCC, and has agreed to terminate the DBC Casino Management Agreement after a transitional period until another probity-approved operator has been appointed as the operator of The Star Brisbane (which will end on 31 March 2026 unless extended at the election of the Joint Venture Partners), subject to regulatory approval and other conditions (the **Proposed DBC Exit**). The terms of the Proposed DBC Exit provide, among other things, that:

- the Group will not be required to make any further equity contributions to DBC after 31 March 2025, provided a final contribution of \$16.8 million was paid prior to 31 March 2025. Payment of the \$16.8 million was completed on 27 March 2025;
- the Group will be released from the \$800 million unsecured parent company guarantee in relation to its 50% share of the DBC loan facilities, which reach maturity in December 2025;
- The Group will acquire the Joint Venture Partners' combined 66.6% interest in the Dorsett Hotel (**Tower 1 Hotel**) and Andaz Hotel (**Tower 2 Hotel**) on the Gold Coast, which would result in the Group's interest in each of the Tower 1 Hotel and the Tower 2 Hotel increasing to 100% ownership, and the Group will acquire the management rights for the Tower 1 Hotel from 1 July 2030 (with the Group having the option to terminate or buy-out earlier at a termination fee of \$1 million per annum for the period remaining);
- The Group will assume responsibility for certain remaining Tower 2 hotel development costs that are specifically excluded from the construction loan in addition to certain net unfunded claims, damages and variations from the Tower 2 principal contractor;
- The Group will retain its rights to future development on Broadbeach Island, Gold Coast. The Joint Venture Partners will retain their existing development rights for the next tower only, subject to the Group's option to buy out those rights for the next tower for \$17 million;
- The Group will transfer to the Joint Venture Partners its 100% interest in the Treasury Brisbane Car Park and Treasury Hotel, and its 50% equity interest in the Charlotte Street Car Park;
- The Group will no longer receive the operator fee provided for under the DBC Casino Management Agreement. Instead, it will receive a fixed fee of \$5 million per month from 1 March 2025 to 30 June 2026 and \$6 million per month thereafter in the event that the transitional period extends beyond 30 June 2026. Any operator fees beyond 31 March 2026 are subject to extension at the election of the Joint Venture Parties; and
- completion of the Proposed DBC Exit is subject to a number of conditions precedent including receipt of applicable regulatory approvals, approval from lenders to the Group, DBC and DGCC, amendments to the DBC debt facilities, release of the Group's parent company guarantees in relation to DBC and other required third party consents.

The Group and the Joint Venture Partners have agreed that they will seek to prepare and negotiate detailed formal agreements to give effect to the Proposed DBC Exit by 30 April 2025 (as may be extended by agreement).

In connection with the Proposed DBC Exit, the Joint Venture Partners agreed to pay \$53 million to the Group, in addition to a possible future earn-out, comprising:

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- an upfront payment of \$35 million on or before 7 March 2025, which has been paid. This payment reflects a prepayment of the Group's future entitlement in relation to the DGCC Tower 2 joint venture distribution;
- an additional payment of \$10 million on or before 31 March 2025, which has been paid;
- a further amount of \$8 million, payable on the earlier of 30 November 2025 or the repayment of the construction loan from sale proceeds and execution of the operating loan on practical completion of the Tower 2 Hotel (refer to Note C3); and
- prior to 31 December 2030, an earn out payment of up to \$225 million based on the lower of:
  - \$225 million; or
  - 50% of DBC's pro forma equity value calculated as nine-times EBITDA for the 12-month period ended 30 June 2030, less 31 March 2025 net debt (including current forecast development capital expenditure commitments of \$320 million) (the **Earn Out**).

The targeted completion date of the Proposed DBC Exit is 30 June 2025, and in any event it must occur before 30 November 2025 or such other date as agreed between the Group and the Joint Venture Partners in writing.

If the HoA is terminated, the parties have agreed that:

- to the maximum extent possible, the parties would be restored to the position they were in at the commencement of the HoA;
- cash amounts paid to the Group, excluding the initial \$35.0 million, will be refunded to the Joint Venture Partners;
- The Group would be required to repay DBC or otherwise reimburse the Joint Venture Partners for DBC equity contributions not otherwise made by the Group since the date of the HoA; and
- if the Group is unable to make the above payments, or in certain circumstances where the HoA has been terminated by the Group, the Group may be required to transfer to the Joint Venture Partners (for nominal consideration) its 33.3% interest in Tower 1 Hotel (Dorsett).

**Strategic investment into the Group**

On 7 April 2025 the Group entered into a binding term sheet with Bally's Corporation (**Bally's**) with respect to a multi-tranche convertible note and subordinated unsecured debt instrument (the **Investment** or **Strategic Investment into the Group**) with an aggregate principal value of \$300 million (the **Transaction**).

Under the terms of the Transaction, the Company acknowledged that the Company's largest shareholder, Investment Holdings Pty Ltd (which is controlled by the Mathieson family) (**Investment Holdings**) may subscribe for up to \$100 million of the Investment.

The Company entered into a commitment letter with Investment Holdings on 8 April 2025 under which Investment Holdings will subscribe for \$100 million of the Investment. As a result, the investment from Bally's will reduce to \$200 million. The aggregate principal value of the Transaction remains at \$300 million. The subscription by Investment Holdings is on substantially the same terms as the Bally's investment.

The coupon is 9.0% per annum, compounding and payable quarterly in arrears, that can be paid in cash or paid in kind. The conversion price for all notes is 8 cents per share subject to customary adjustments as set out in the binding term sheet.

The first tranche of \$100 million was received on 9 April 2025 (**Tranche 1**) and includes:

- Tranche 1A Notes (Bally's): Convertible into shares representing 9.71% of the Group's pre-issue capital – \$22.3 million;
- Tranche 1B Notes (Investment Holdings): Convertible into shares representing 4.85% of the Group's pre-issue capital – \$11.1 million; and
- Tranche 1C Subordinated Debt: Subordinated non-convertible debt of \$66.6 million. This amount may be increased in certain circumstances, including if regulatory approvals related to the issuance and conversion of the Tranche 2 Notes are not obtained within specified periods.

The second tranche of \$200 million is payable to the Group following shareholder approval, with a meeting currently targeted for late June 2025. If at that time regulatory approval has not been received, \$100 million is payable following shareholder approval, with the remaining \$100 million payable on the earlier of regulatory approval or 7 October 2025 (**Tranche 2**) and includes:

- Bally's Tranche 2 Notes: when aggregated with Tranche 1, will be convertible into 37.8% of the issued capital of the Company on a fully diluted basis.
- Investment Holdings Tranche 2 Notes: when aggregated with Tranche 1, will be convertible into 18.9% of the issued capital of the Company on a fully diluted basis.

Tranche 1 is not subject to shareholder or other approval. The Tranche 1 Notes comprise the Company's existing placement capacity and the balance of the investment is by way of subordinated debt.

**NOTES TO THE FINANCIAL STATEMENTS  
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Tranche 2 is subject to shareholder approval (being an approval under section 611 item 7 of the *Corporations Act*), approval from the Foreign Investment Review Board, probity approval being received by Bally's in New South Wales and Queensland, confirmation from ASX under Listing Rule 6.1, continued compliance with the Company's existing senior lender facility and entry into long form documentation.

The Investment matures on 2 July 2029. However, if shareholder approval has not been obtained by the date that is 5 months from 7 April 2025, automatic redemption shall apply in relation to the Subordinated Debt Instrument (Tranche 1C), requiring repayment within 120 days. Further, if regulatory approval has not been obtained by the date that is 13 months from 7 April 2025, redemption (at the election of the investor) shall apply in relation to the Subordinated Debt Instrument (Tranche 1C and Tranche 2), requiring repayment within 120 days.

The Board of the Company intends to unanimously recommend that the Company's shareholders vote in favour of the Transaction, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Transaction is in the best interests of the Company's shareholders. Each Director of the Company intends to vote all of the Company shares that he or she holds or controls in favour of the Transaction, subject to those same qualifications. The Company is currently targeting to hold the Extraordinary General Meeting in late June 2025.

**The Star Sydney Event Centre**

On 8 April 2025, the Group completed the divestment of The Star Sydney Event Centre and other additional spaces within The Star Sydney complex to Foundation Theatres for \$60.0 million, following receipt of all regulatory consents, including from the NICC for itself and on behalf of the State of New South Wales (subject to settlement adjustments).

As part of the NICC's consent for the divestment, it proposed certain conditions, including that the proceeds from the transaction (\$58.1 million, net of transaction costs) must be held in escrow. Under those arrangements, amounts may be released from escrow with the NICC's consent, with the full amount to be released the day after shareholder approval is obtained for the \$300 million Strategic Investment into the Group. If shareholder approval is not obtained, then the Group may request the release of the amounts in escrow subject to the Group's satisfaction of certain conditions.

The Group expects to recognise a gain on sale from this transaction.

**Gold Coast Tower 2 Water Damage Event**

On 28 March 2025 a water leak event occurred in Tower 2 on the Gold Coast property impacting both the residential apartments and the hotel that were under construction (**Water Damage Event**). The Tower 2 development is being undertaken by the DGCC joint venture (of which the Group currently owns 33%). Damage assessment in relation to the event is continuing. The event is expected to delay completion of the construction of the apartments and hotel, which were due to start completing in 2HFY25. DGCC's construction loan is due to mature in August 2025.

DGCC has insurance in place which is currently anticipated to respond to the required rectification works based on current estimates. Discussions have commenced with the lenders regarding required amendments and extensions to the construction loan to allow for the expected delay. These discussions remain subject to further information regarding the extent of the expected delays and subsequent documentation of the required changes in the construction loan agreement. The DGCC joint venture partners have each previously provided Parent Company Guarantees in support of the construction loan.

**Queensland Regulatory Update**

On 27 March 2025, the Qld-AG and Minister for Justice and Integrity advised that the Queensland Government had deferred the suspension of The Star Gold Coast's licence until 30 September 2025 and extended the appointment of the Special Manager of The Star Gold Coast and the External Adviser of The Star Brisbane to the same date.

**The Star Sydney Regulatory Update**

On 28 March 2025, the NICC advised that The Star Sydney's casino licence will remain suspended until at least 30 September 2025. Further, the Manager's appointment has also been extended to 30 September 2025.

Other than those events disclosed in the Directors Report or elsewhere in these interim 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.

**C3 GUARANTEES**

The Group had the following guarantees and securities at 31 December 2024:

- Destination Brisbane Consortium: the guarantee covers 50% of the syndicated facility agreement (see Note B4). As part of the HoA, the Group will be released from the \$800 million unsecured parent company guarantee in relation to its 50% share of the DBC debt facilities. The agreement will become effective upon completion of long-form documentation and satisfaction of various conditions precedent (see Note C2).
- Destination Gold Coast Consortium: the Tower 2 guarantee covers up to 46.9% of the \$335.2 million in facilities. At 31 December 2024, \$143.9 million of the facility is drawn and \$40.0 million has been utilised for bank guarantees. Under the HoA, the residential sale proceeds will be used to repay the construction facility and cash back the drawn bank guarantees. Consequently, the Group expects, in time, to be solely responsible for the Andaz Hotel operating loan.

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- On 28 March 2025 a water leak event occurred in Tower 2 impacting both the residential apartments and the hotel. The event is expected to delay completion of the construction of the apartments and hotel beyond the maturity date of the Tower 2 construction loan (August 2025). DGCC is in discussions with its lenders regarding an extension of the construction facility and assessing the impact of the damages, including the timing and impact on residential settlements.  
Should DGCC be unable to extend the maturity of its construction loan with its lenders to meet a revised completion date, the obligations under the Group's parent company guarantee may be triggered. The Group currently anticipates the Joint Venture Partners will seek a refinancing of the construction loan in this scenario.
- Syndicated facility: is secured against a first charge over the assets of certain entities within the Group.
- Bank guarantees: of \$31.1 million are provided in relation to workers compensation cover, property leases, construction works and transactional banking facilities. A portion of these bank guarantees are cash backed (see Note B1).

**D GROUP STRUCTURE**

**D1. RELATED PARTY DISCLOSURE**

**Investments in controlled entities**

The interim financial statements incorporate the assets, liabilities and results of the Company's controlled entities in accordance with the accounting policy described in the Financial Report for the year ended 30 June 2024. The financial years of all controlled entities are the same as that of the Company with the exception of The Star Entertainment (Macau) Limited which has a 31 December financial year end.

**Security over Group CEO and MD remuneration**

At 31 December 2024, current other assets includes \$5.8 million and non current other assets includes \$6.3 million held in escrow to secure the Group CEO & MD's FY25 and FY26 salary, FY25 and FY26 short term incentive and FY26 Retention bonus. Actual payments of these amounts are recovered from escrow as and when they are made by the Company. The balance of the escrow account will be released to the MD & CEO if a trigger event should occur. A "trigger event" will occur where there is a change in control of the Company, the Company is placed in administration or receivership, a decision is made by the relevant regulatory authority to cancel any casino or gaming licence, or the Queensland authorities fail to make The Star Queen's Wharf Brisbane licence free of conditions such that The Star Brisbane can commence gaming prior to 31 December 2024 (which were satisfied), so long as that decision or failure is not attributable to any acts or omissions of the Group CEO & MD. Where his employment continues beyond the trigger event, this payment will be reduced by any fixed remuneration payments he receives from the Company up to the end of the first 2 years of his employment.

**DBC Operator Fee**

The Star Brisbane commenced operating on 29 August 2024. The Group manages The Star Brisbane on behalf of the DBC Integrated Resort joint venture, in exchange for an operator fee. For the half year, the operator fee was \$14.4 million (HY24: nil).

**DBC Contracted Revenue**

The Group has a contracted cost recovery agreement with the DBC Integrated Resort joint venture (at cost, with no margin) in relation to the supply of labour and other shared costs in respect of the portion of the DBC Integrated Resort operated by the Group. For the half year, the contracted revenue was \$74.4 million (HY24: nil).

**DBC sale of assets and liabilities**

The Group sold assets, including electronic gaming machines, and certain working capital liabilities to DBC for net consideration of \$8.2 million (HY24: nil). A gain of \$2.2 million (HY24: nil) was recognised on the sale of the electronic gaming machines. 50% of the gain has been deferred, representing the Group's ownership percentage of the DBC Integrated Resort, and will be released over the expected useful life of the electronic gaming machines or upon exit of the Group's DBC investment.

**D2. INVESTMENT IN ASSOCIATE AND JOINT VENTURE ENTITIES**

Set out below are the investments of the Group as at 31 December 2024. 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.

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For the half year ended 31 December 2024				Carrying amount
Name of entity	Country of incorporation	% of ownership	Nature of ownership	\$m
<b>Material</b>				
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd	Australia	50	Associate	-
Destination Gold Coast Consortium Pty Ltd	Australia	33.3	Joint venture	74.7
Destination Gold Coast Investments Pty Ltd	Australia	50	Joint venture	65.6
<b>Non material</b>				
Festival Car Park Pty Ltd	Australia	50	Joint venture	14.1
Destination Sydney Consortium Investments Pty Ltd	Australia	50	Joint venture	6.0
<b>Total equity accounted investments</b>				<b>160.4</b>

The carrying amount of the equity-accounted investments has changed in the six months to 31 December 2024, as follows:

Name of entity	1 July 2024	Equity contributions	Loss for the period	Impairment	Distributions	31 December 2024
	\$m	\$m	\$m	\$m	\$m	\$m
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd	-	127.8	(20.2)	(107.6)	-	-
Destination Gold Coast Consortium Pty Ltd	75.6	-	(0.4)	-	(0.5)	74.7
Destination Gold Coast Investments Pty Ltd	65.6	-	-	-	-	65.6
Festival Car Park Pty Ltd	14.1	-	-	-	-	14.1
Destination Sydney Consortium Investments Pty Ltd	6.4	-	(0.4)	-	-	6.0
	<b>161.7</b>	<b>127.8</b>	<b>(21.0)</b>	<b>(107.6)</b>	<b>(0.5)</b>	<b>160.4</b>

**Commitments and contingent liabilities**

DBC has current capital commitments of approximately \$272.5 million (31 December 2023: \$717.3 million) to fund the construction of the entertainment and leisure destination.

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.

DGCC has capital commitments at 31 December 2024 of \$54.9 million in relation to Tower 2 (31 December 2023: \$86.6 million).

On 28 March 2025 a water leak event occurred in Tower 2 on the Gold Coast property impacting both the residential apartments and the hotel that were under construction. The Tower 2 development is being undertaken by the DGCC joint venture (of which the Group currently owns 33%). Damage assessment in relation to the event is continuing. The event is expected to delay completion of the construction of the apartments and hotel, which were due to start completing in 2HFY25. DGCC's construction loan is due to mature in August 2025.

DGCC has insurance in place which is currently anticipated to respond to the required rectification works based on current estimates. Discussions have commenced with the lenders regarding required amendments and extensions to the construction loan to allow for the expected delay. These discussions remain subject to further information regarding the extent of the expected delays and subsequent documentation of the required changes in the construction loan agreement. As part of these negotiations there may be a requirement that the Group contributes additional equity above the \$13.3 million referred to in the Note C1.

**NOTES TO THE FINANCIAL STATEMENTS  
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**E ACCOUNTING POLICIES AND CORPORATE INFORMATION**

**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 half year ended 31 December 2024 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 Interim 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 Interim Financial Report was authorised for issue by the Directors on 15 April 2025.

**BASIS OF PREPARATION**

The principal accounting policies adopted in the preparation of this interim Financial Report are consistent with those applied in the annual Financial Report for the year ended 30 June 2024.

The interim financial statements for the six months ended 31 December 2024 have been prepared in accordance with the Australian Accounting Standards Board (AASB) 134 Interim Financial Reporting.

The Interim Financial Report does not include all the notes of the type normally included in an annual Financial Report. Accordingly, this report is to be read in conjunction with the audited Financial Report for the year ended 30 June 2024, and any public announcements made by the Company during the interim reporting period in accordance with its continuous disclosure obligations under ASX listing rules.

**GOING CONCERN**

At 31 December 2024, the Group had a net current liability position of \$449.2 million, further contingent liabilities (refer to Note B4) and there was material uncertainty in relation to going concern. Since 31 December 2024, the Group has undertaken a number of initiatives (refer Note C2) to obtain additional funding to enable it to continue as a going concern. The Group had Available Cash of \$98.3 million at 11 April 2025.

Currently, in the Directors' opinion, while there remains material uncertainty regarding the Group's ability to continue as a going concern, there are reasonable grounds to believe the Group will be able to meet its liabilities as and when they fall due over the next twelve months and to continue to remain a going concern, provided that:

- shareholder and regulatory approvals are obtained for the Strategic Investment into the Group of an aggregate principal value of \$300 million, and Tranches 1 and 2 of the Strategic Investment into the Group are capable of completion within the agreed timeframes as described in Note C2. Completion is also dependent on Bally's and Investment Holdings having financial capacity and all necessary approvals to finalise the Strategic Investment into the Group;
- the monies currently held in escrow in relation to the divestment of The Star Sydney Event Centre are made available to the Group following receipt of shareholder approval in relation to the Strategic Investment into the Group or otherwise on request to the NICC (see Note C2);
- the Group is able to access the Deposit Proceeds Account established by the lenders relating to the sale of the Treasury Brisbane Casino as required within the next 12 months (see Note B5);
- the Binding HoA entered into post balance date (as described at Note C2), which includes the exit of the Group's interest in DBC, is able to be completed by no later than November 2025 and the Company is able to avoid further equity contributions to DBC, and be released from its parent company guarantee obligations (see Note C2 and C3);
- DGCC is able to extend the maturity of its construction loan with its lenders (currently due to mature in August 2025) to meet a revised completion date as a result of the delay in the completion of Tower 2 stemming from the recent Water Damage Event (see Note C2). Further, if a sufficient extension is not granted, that the DGCC parent company guarantee is not called on in a scenario where the Tower 2 construction facility remains outstanding at maturity and is able to be refinanced (see Note C1 and C3);
- the Group continues to have the support of its lenders in respect of the SFA requirements, including with respect to covenants post 30 June 2025. The Group's lenders have agreed to provide covenant waivers for the full financial year up to 30 June 2025, being 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025 (refer Note B5);
- the Group is able to maintain transactional banking services. Transactional banking facilities are presently in place with the current provider until the end of June 2025, with extension subject to agreement;

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- the payments of any monies ultimately required to settle the provisions and contingent liabilities outlined in Note B4 are not of such a magnitude, nor of such timing, that would render the Group unable to pay its debts as and when they fall due. The Group currently has insufficient funding to meet all existing provisions and contingent liabilities and is reliant on receiving adequate flexibility (both in quantum and timing of payments) in relation to these matters, including in respect of the AUSTRAC Proceeding;
- the Group continues to meet the milestones as set out in the remediation plan, which is a critical factor in returning the Group to suitability (see Section 3 of the Directors' Report);
- the reduction of earnings due to the implementation of cashless and carded play in Sydney and Gold Coast casinos is not materially worse than currently expected and there are not further regulatory changes that materially reduce earnings (see Note B4);
- the Group is able to successfully implement changes and mitigate the risks associated with the transitioning of its operating model to reflect a property centric model (see Section 3 of the Directors Report);
- management successfully undertakes initiatives relating to the generation of revenue and reductions in cost and capital spend (see Section 3 of the Directors Report); and
- the Group continues to have the support of its regulators, Governments, lenders, shareholders and other parties all of whom are important stakeholders and whose support will assist the Company in successfully addressing many of the matters referred to above.

If the Group is unable to successfully address or resolve any one or more of the matters outlined above, this is likely to impact the Group's ability to remain a going concern and its ability to pay its debts as and when they fall due. The interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that might be necessary should the entity not continue as a going concern.

**SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Preparation of the interim financial statements, in conformity with Australian Accounting Standards and International Financial Reporting Standards (*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 interim financial statements and the reported amounts of revenues and expenses during the reporting period.

The fair value of the Group's financial assets and financial liabilities approximates their carrying value as at the balance sheet date.

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 interim financial statements:

- Going concern (see Note above);
- Asset useful lives and residual values;
- Impairment of assets (refer to note B3);
- Significant items (see Note A7); and
- Provisions and contingent liabilities (see Note B4).

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 accounting standards, which became applicable from 1 July 2024:

Reference	Title
AASB 16	Amendments to AASB 16 - Lease Liability in a Sale and Leaseback
AASB 101	Amendments to AASB 101 - Classification of Liabilities as Current or Non-current
AASB 107 and AASB 7	Amendments to AASB 107 Statement of Cash Flows and AASB 7 Financial instruments

**Amendments to AASB 16 - Lease Liability in a Sale and Leaseback**

The amendments in AASB 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the interim consolidated financial statements of the Group.

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**Amendments to AASB 101 - Classification of Liabilities as Current or Non-current**

The amendments to AASB 101 specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the interim consolidated financial statements of the Group, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

**Amendments to AASB 107 Statement of Cash Flows and AASB 7 Financial instruments**

The amendments require an entity to provide additional disclosures about its supplier finance arrangements to enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments require an entity to disclose the terms and conditions of the arrangements, the carrying amount of the liabilities that are part of the arrangements, the carrying amounts of those liabilities for which the suppliers have already received payment from the finance providers, the range of payment due dates and the effect of non-cash changes.

The amendments had no impact on the interim consolidated financial statements of the Group.

**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 Standards are:

Reference	Title	Application date
AASB 2023-5	Amendments to Australian Accounting Standards – Lack of Exchangeability	1 January 2025
AASB 2024-2	Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments	1 January 2026
AASB 18	Presentation and Disclosure in Financial Statements	1 January 2027
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2028

**Contracted revenue**

The Group has a contract with the DBC Integrated Resort joint venture to supply labour and other shared costs in relation to the components of the DBC Integrated Resort for which the Group is operator (**Contracted Costs**). Revenue is recognised when the Group satisfies its obligations in relation to the provision of the goods and services associated with the Contracted Costs. The recovery of costs is at cost with no margin.

**DIRECTORS' DECLARATION**

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

- (a) the interim 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 31 December 2024 and of its performance for the half year ended on that date; and
  - (ii) complying with the Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.



**Anne Ward**  
Chairman  
Sydney  
15 April 2025



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## **Independent auditor's review report to the members of The Star Entertainment Group Limited**

### **Conclusion**

We have reviewed the accompanying half-year financial report of The Star Entertainment Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2024, the consolidated income statement, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Material uncertainty related to going concern**

We draw attention to Note E 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 Group's ability to continue as a going concern. Note E describes the basis for the Directors' assessment that the Group has the ability to continue as a going concern and the actions they are going to take to respond to these uncertainties. Our conclusion is not modified in respect of this matter.

### **Emphasis of Matter – Regulatory and Legal Provisions and Contingent Liabilities**

We draw attention to the regulatory and legal provisions and contingent liabilities disclosed in Note B4 of the financial report. Our conclusion is not modified in respect of this matter.



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### Directors' responsibilities for the half-year financial report

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

### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

Scott Jarrett  
Partner  
Sydney  
15 April 2025

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