

ECHO ENTERTAINMENT GROUP

Concise Annual Report 2011

Echo Entertainment Group Limited
ACN 149 629 023

THE
ARRIVAL
OF ECHO
ENTERTAINMENT

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Echo Entertainment Group Limited
ACN 149 629 023

ANNUAL GENERAL MEETING

The Annual General Meeting of Echo Entertainment Group Limited will be held at The Lyric Theatre, **The Star**, 80 Pyrmont St, Pyrmont, New South Wales, on **Thursday 10 November 2011 at 10.00 AM.**

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Introducing Echo Entertainment Group.

More than 18 million visitors were entertained at our venues in Sydney, Brisbane, the Gold Coast and Townsville over the past 12 months.

We are excited to see the realisation of one of the most significant tourism investment programs in Australia today.

CHAIRMAN'S MESSAGE

This financial year saw the emergence of Echo Entertainment Group Limited following the demerger of the casinos businesses from Tabcorp Holdings Limited. Echo Entertainment is the new ASX listed parent of four of Australia's premier casino and entertainment destinations – The Star in Sydney, Jupiters Hotel and Casino on the Gold Coast, Treasury Casino and Hotel in Brisbane and Jupiters Townsville Hotel and Casino.

Echo Entertainment's first stand alone financial result for the 2011 financial year represents an encouraging outcome, with revenue growth in both states despite challenging conditions throughout the year.

The reported statutory net profit after tax (NPAT) including non-recurring items was \$226 million. As Echo Entertainment was part of Tabcorp until the demerger, the NPAT is not comparable to previous years due to interest costs that are not reflective of future levels.

On a normalised basis, Echo Entertainment delivered earnings before interest and tax (EBIT) for the full year of \$305 million, up 6.0% on the previous year.

Reported earnings before interest and tax (EBIT) were \$347 million, up 33.6% on the prior period. This strong result benefited significantly from a VIP business that expanded but also experienced win rates well above theoretical and historical levels. Win rates increased from 1.2% last year to 2.0%.

These strong results offset the impact of the floods and Cyclone Yasi which caused significant disruption to the Queensland businesses in the third quarter of the financial year.

At The Star in Sydney, operations were affected by the continuing expansion works. Despite this, gross revenues were up 10.0% on a normalised basis. These results demonstrate the resilience of the businesses and solid underlying momentum and commitment of the team operating the business through the disruptions.

Following the separation from Tabcorp, Echo Entertainment enjoys an enhanced capacity to pursue its own strategic, investment and growth objectives.

The strategy and direction is built around four pillars: delivering memorable experiences to our customers that are based on superior service levels and great entertainment; attracting and rewarding customers with a leading direct marketing and loyalty program; growing the international premium business to critical mass regionally; and delivering on the investment program which will see the casino properties develop into international entertainment destinations.

The process of delivering compelling, new customer experiences in each of our markets is underpinned by the \$870 million expansion of The Star and the proposed \$625 million expansion of our Queensland casinos.

The expansion program at The Star is making excellent progress. We are looking forward to the next 12 months with confidence and excitement as the new attractions become fully available to Sydney and the international market.

To maximise the results from the capital investment program, Echo Entertainment is changing the culture of the business and is bringing in world class talent to drive change and inject new skills.

The change process is balanced with a deliberate focus on maintaining control and cohesion. The stability of leadership is demonstrated by the continuation of Larry Mullin as the Managing Director and Chief Executive Officer as well as Matt Bekier as the Chief Financial Officer. Matt has joined the Board as an Executive Director. The majority of the Echo Entertainment executive management group is comprised of experienced individuals who were already within the four casino operations, and this group provides the vital industry experience and skills to continue the success of the businesses. This continuity has supported the smooth succession and transition following the demerger.

Echo Entertainment's first stand alone financial result represents an encouraging outcome, with revenue growth in both states despite challenging conditions throughout the year.

I am also pleased to be joined by Brett Paton and John O'Neill as Non- Executive Directors, all of us transitioning from the Tabcorp Holdings Limited Board to the Echo Entertainment Group Limited Board as a result of the demerger.

Further, I anticipate being able to announce in the near future the appointment of two additional Board members following all regulatory approvals being achieved.

This year, Echo Entertainment's focus will be on delivering growth as The Star opens. At the same time, we will work with the Queensland government to deliver our investment program.

Echo Entertainment's continued investment in New South Wales and Queensland is a show of confidence in Australia's tourism industry and its potential for significant growth in the coming years.

On behalf of the Board, I thank management and all employees for their efforts, dedication and energy during the year. To all of our shareholders, thank you for your support and I look forward to welcoming you to our first Annual General Meeting in November at The Star in Sydney.



John Story
Chairman

September 2011



LETTER FROM THE CHIEF EXECUTIVE OFFICER

OVERVIEW

Echo Entertainment Group Limited emerged from Tabcorp Holdings Limited group in June 2011 and delivered a solid first result. The result highlights the resilience of our core operating assets. The \$870 million redevelopment of our largest asset, The Star, which began two years ago is scheduled to be completed on budget in FY13 with the majority of the new areas and product already successfully launched. We look forward to this time with confidence because we expect to start reaping the benefits from the transformation of The Star to a world class entertainment destination. A seasoned leadership team is in place to take full advantage of this growth potential. This blend of international experience and local management is fully focused on positioning Echo Entertainment as market leader in gaming and entertainment.

CASINO OPERATING PERFORMANCE

All four properties delivered solid results over the past 12 months, despite the disruptions from the expansion works at The Star and the impact of bad weather in Queensland. While the consumer environment softened in the final quarter of the financial year, revenues overall held up well and have firmed up as we head into the new financial year.

Across the four casinos, electronic gaming machine revenues were up 7% on last year with main gaming floor revenues increasing by 3%. Revenues in our private gaming rooms increased by 4% on the prior period while the VIP business delivered a standout performance with revenue growth of 106% to \$280 million on an actual basis (up 34% to \$229 million on a normalised basis).

Non-gaming revenue was flat over the period. Non-gaming was adversely impacted by the redevelopment of The Star which required a number of venue closures. We expect non-gaming revenue to grow strongly in the second half of FY12 as significant additional non-gaming capacity is brought on in Sydney.

Operating expenses (including one-off pre-opening expenses) increased in line with expectations by 5.8%, reflecting the increased activity from the investment program.

CAPITAL EXPENDITURE PROGRAM

This year saw the peak in the capital spend program we have embarked on to bring our properties to a globally competitive standard.

In December 2010 we announced a proposed \$625 million investment for our Queensland casinos which is supported by a range of gaming regulatory changes currently being sought with the Queensland government. This investment will deliver world class entertainment destinations and is proposed to include the construction of two new hotels over the next 5 years. The planning for these investments is progressing well, with actual construction expected to commence in the second quarter of this financial year. We continue to work with the Queensland government and the Office of Liquor and Gaming Regulation through the various approvals required prior to committing the bulk of the targeted investment.

OUTLOOK

Echo Entertainment's properties have made a solid start to the 2012 financial year.

The next 12 months will fundamentally change the footprint and customer offer at The Star as the majority of the redevelopment will open to the public in the first half of FY12. A series of launches will reposition the casino in the local market and internationally. We expect The Star to see strong growth in the second half as the benefit of the new openings come through. We are confident the \$870 million investment made in Sydney will not only provide a significant capacity increase to the casino and non-gaming and entertainment offering but will elevate our property to truly compete on the world stage.

Echo Entertainment's properties have made a solid start to the 2012 financial year.

In 2012, we also expect growth from the Queensland properties, especially towards the second half of the financial year. As we make our investments in Queensland in the coming years, we anticipate growth to accelerate.

While a large part of our business is currently derived from customers who live less than an hour away, Echo Entertainment is increasingly becoming an international business. Our international VIP business will be boosted by the significant new facilities we are opening at The Star over the year and in Queensland in later years. Our casinos already attract many international VIPs, particularly from the Asian region, and we expect this to grow significantly in the years to come. The international VIP market is becoming more competitive as integrated resorts throughout Asia continue to receive support from their governments. We must ensure our facilities and service levels can compete on a world stage. We look forward to working with governments and other stakeholders to build on Australia's strengths as an attractive tourism destination.

I would like to sincerely thank the Board, management and staff for their contribution during the year.



Larry Mullin
Chief Executive Officer

September 2011



Evolving

E

Seasoned Execution

Relentless Reinvention

The spirit of Echo Entertainment lies in realising the fullest potential of its casino properties, underpinned by one of the most significant tourism investment programs in Australia today.

With more than \$1.4 billion in capital investment underway and planned, we are creating new ways to escape, indulge and play. By forging strategic partnerships with leading chefs, retailers, designers and entertainers, our venues are being transformed into integrated entertainment destinations that will be a driving force for domestic and international tourism alike.

Echo Entertainment is, and will increasingly become, an important tourism driver for New South Wales and Queensland.

Echo Entertainment's leadership team is a blend of global talent and experienced local management with a proven track record in multiple gaming markets around the world. This collective knowledge is managing projects and budgets on a large scale, and delivering aspirational hospitality and entertainment.

The VIP experience at The Star will include private jet transportation to the most opulent private suites and gaming salons.

One of Australia's most comprehensive casino rewards and recognition programs, Absolute Rewards® harnesses state-of-the-art technology to service our customers and offer them the best in benefits.

entertainment

M emorable Experiences

Echo Entertainment's employees across the four properties have one focus: to deliver a one-of-a-kind hospitality experience for our guests.

Echo Entertainment has the unique ability to create multiple memories on the same night, all under the one roof. Whether it is an A-list music performance, luxurious spa treatment, superb meal, or night out at an international nightclub, bar or restaurant, every guest can tailor their experience to create their own story.

Our employees are in on the secret and will take you along on the journey, providing multiple reasons to visit and many more to return.

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ECHO ENTERTAINMENT AT A GLANCE

ECHO
At a Glance

After its separation in June 2011 from Tabcorp, Echo Entertainment emerged as a distinctive company with a clear mission: to position itself as a powerful leader in gaming and entertainment.

PROPERTY PROFILES (AS AT DECEMBER 2010)

	The Star	Jupiters Gold Coast	Treasury Brisbane	Jupiters Townsville	Total for Echo
Tables	202	96	91	26	415
MTGMs	261	35	43	10	349
EGMs	1,500	1,368	1,280	346	4,494
Restaurants	5	6	6	3	20
Bars	14	11	8	3	36
Hotel rooms/apartments	490	594	130	194	1,408
Theatres	1	1	N/A	N/A	2
Conference and banquet facilities	yes	yes	yes	yes	yes
Visitors / day*	+25,000	+12,000	+11,000	+2,000	+50,000
Employees	3,618	2,083	1,632	476	7,809
Licence expiry	2093	Perpetual	Perpetual**	Perpetual	

* Figures represent the average number of visitors per day between 1 July 2010 and 31 December 2010.

** Licence is Perpetual, however it is linked to the lease which expires in 2070. The licence may be extended in connection with an extension of the lease or grant of new lease.

OUR VENUES

The transformation of Star City into The Star with an investment of \$870 million is one of the most significant tourism and entertainment investments in Australia today.



THE STAR



Whether it is world-class gaming, internationally acclaimed chefs in signature restaurants or setting a new benchmark for luxury lifestyle hotel accommodation and day spas, The Star aims to deliver compelling customer experiences all under one roof.

→
Black by ezard



The result of this investment is a new leisure and entertainment destination that Sydney can be proud of. Whether it is a world-class casino, internationally acclaimed chefs in new signature restaurants, or setting a new benchmark for luxury, lifestyle hotel accommodation and day spas, The Star aims to deliver a variety of compelling customer experiences, all under the one roof.

Over the past 12 months, The Star has experienced a strong performance despite the distractions of extensive redevelopment works. EBITDA at The Star increased 34.9% based on actual earnings (8.5% on a normalised basis) while revenues were up 18.3% (10.0% on a normalised basis) thanks to astute management of construction schedules and standout performances by electronic gaming and the VIP business. The business expanded its product offering and opened new gaming areas on the main gaming floor, the first of many new offerings as a result of the investment.

The journey to The Star began nearly three years ago and is now almost complete.

→→
Private
Charter Jet

The Star has a new glass façade entrance which has re-orientated the building to embrace Sydney Harbour and the city skyline. Inside, the refurbishment of the gaming floors has created an engaging destination for high end gaming customers. The VIP experience consists of private jet transportation and limousine service direct to private suites. With panoramic harbour views, these luxury villas sit atop Sydney's newest five star hotel, The Darling, and are furnished with their own private gaming rooms. An exclusive VIP gaming salon for international VIP guests is being built on the top floor of The Star's existing hotel tower.

Nestled close to Sydney Harbour, The Darling is a key feature of the redevelopment and extension of The Star. Sydney's first five star hotel since the 2000 Olympics offers 171 stylish and spacious rooms and suites, with the top floors dedicated to luxury two-bedroom villas. Built in addition to the existing hotel and apartments, The Darling brings the total rooms and suites at The Star to over 650 across three towers. Situated within the new hotel, a stand-alone day spa is being created with 16 private rooms.

Memorable dining experiences are set to become a hallmark of The Star. A stellar line-up of chefs have come from across the globe and Australia to open up new signature restaurants with outlooks to the harbour and city skyline. Acclaimed Melbourne chef





Our Venues:
The Star

←
Rock Lily

Teage Ezard has opened a modern steak and seafood restaurant, Black by ezard, while Stefano Manfredi's Balla offers modern Milanese cuisine right next door. David Chang, chef and owner of New York's Momofuku, has introduced his two-Michelin star Korean dining to Sydney in the form of Seiobo and Chase Kojima of the famed Nobu group has established a contemporary Japanese restaurant, Sokyo in the foyer of The Darling.

Completing this culinary picture, iconic Chinese restaurateurs Eric and Linda Wong will be adding their Sydney institution Golden Century and Adriano

From early 2012, Sydney's nightlife scene will be taken to a new level with the opening of an international nightclub which will stretch across the entire top floor of the new harbourside frontage. But undoubtedly the jewel in The Star will be its 4000 capacity Events Centre uniquely designed to host A-list performers from around the world. From top acts in intimate concert settings to conferences, exhibitions and 1500 seat banquet functions, the \$100 million events space is due to open in early 2013. All part of Sydney's one-of-a-kind entertainment destination, The Star.



Zumbo is creating his famous macaroons. Flying Fish and Chips and an array of other dining outlets have opened for business in a new upscale retail space. This 5,500m2 area also features a number of leading luxury fashion brands, including Chanel Fragrance and Beauty Boutique, Gucci and Bottega Veneta.

Complementing The Star's rich variety of restaurants are its new bars and entertainment venues. Rock Lily is a live music bar located on the main gaming floor. More intimate and with a spectacular city skyline backdrop, Cherry Bar opened in September.

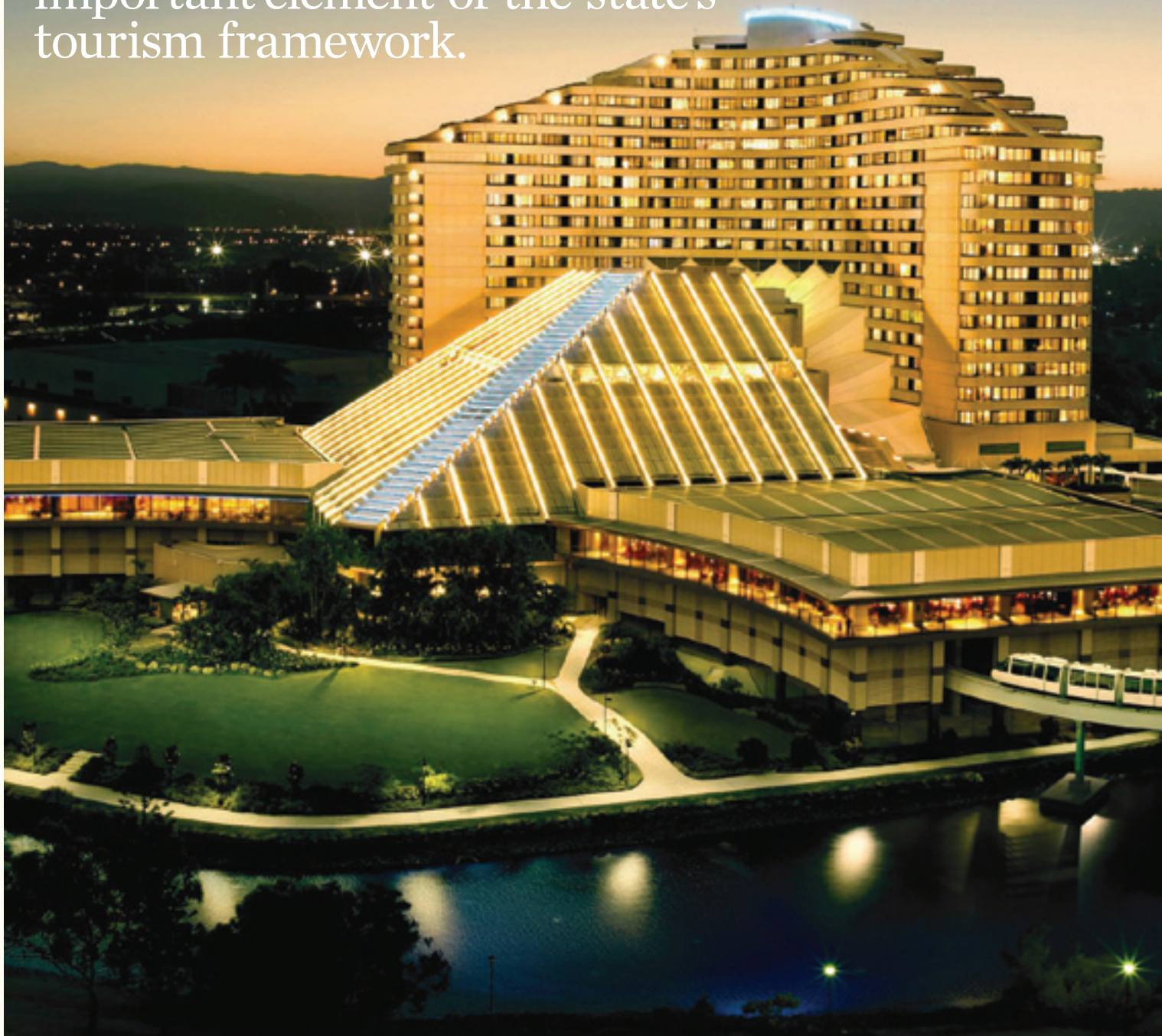


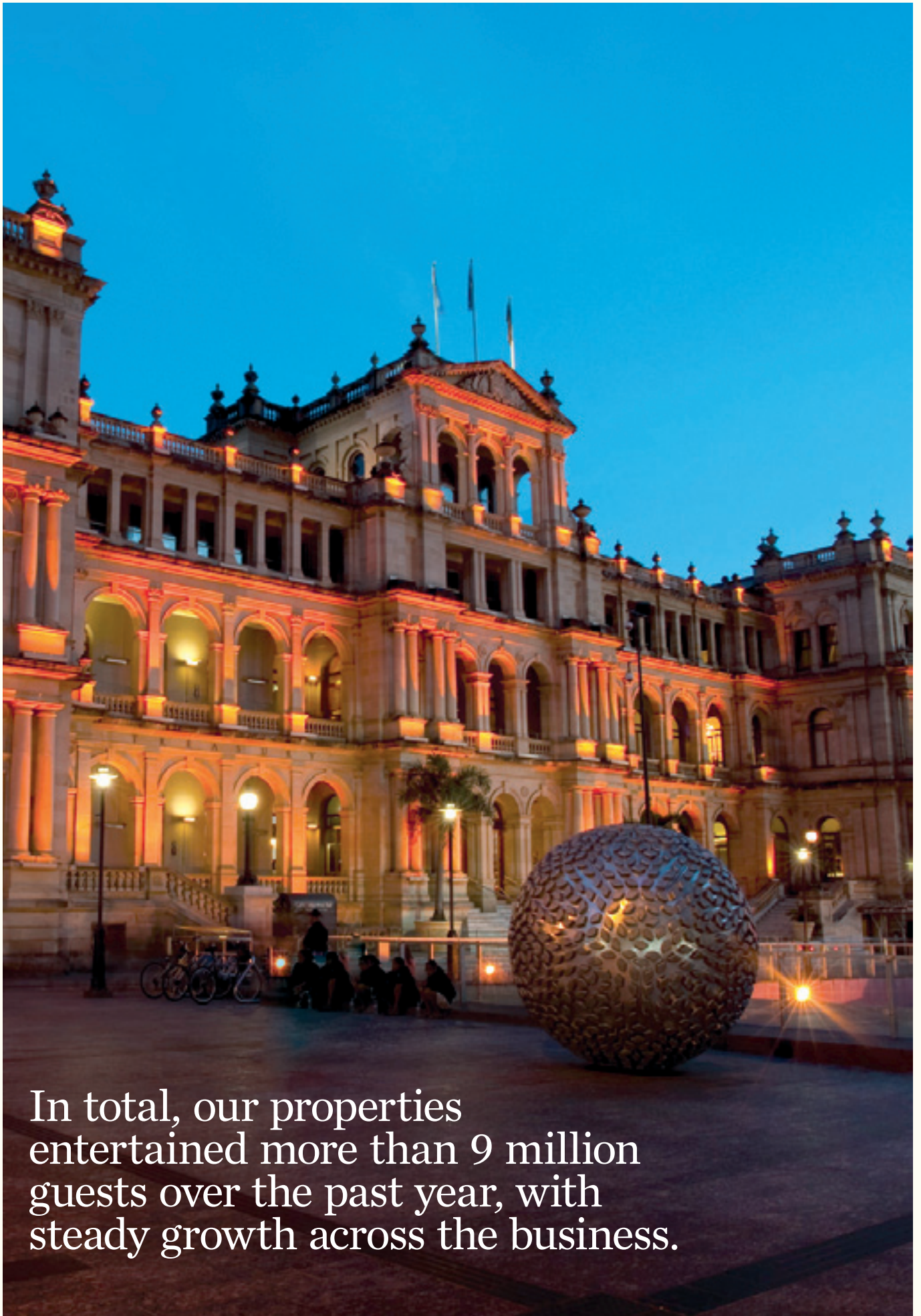
←
The Darling

←←
Cherry bar

OUR QUEENSLAND VENUES

The Queensland properties of Echo Entertainment are an important element of the state's tourism framework.





In total, our properties entertained more than 9 million guests over the past year, with steady growth across the business.

In December 2010, a proposed investment program of \$625 million was announced for the Queensland properties. This investment will deliver world class entertainment destinations.

→
Jupiters Gold Coast Ocean Terrace Room

OVERVIEW

Overall revenues across the properties were up 6.9% on actual (3.8% normalised) and EBITDA up 16.9% on actual (5.0% normalised) despite the adverse effects of both Cyclone Yasi and the Brisbane floods in early 2011.

In December 2010, a proposed investment program of \$625 million was announced for the Queensland properties. This investment will deliver world class entertainment destinations and is proposed to include the construction of two new hotels over the next five years. Supported by a number of gaming changes currently being sought from government, the investment is expected to increase EBITDA by around \$90 million per annum upon completion.

JUPITERS GOLD COAST

While tourism and local economic activity have been subdued in recent years, Echo Entertainment is confident in the long term prospect of the Gold Coast as a premier holiday and entertainment destination.

Expanding on a reputation of providing unparalleled entertainment on the Gold Coast, Jupiters Gold Coast secured a number of high-profile, international performers during the year. Acts such as Rihanna entertained over 5000 guests at the Gold Coast Convention and Exhibition Centre, whilst rapper Snoop Dogg and Benji Madden (from the band Good Charlotte) performed at Jupiters Hotel Gold Coast to capacity crowds. Visitors have also enjoyed successful seasons of productions 'Stomp' and 'Burn the Floor' at Jupiters Theatre.

→→
Jupiters Gold Coast dining - Bite

→
Jupiters Gold Coast - events



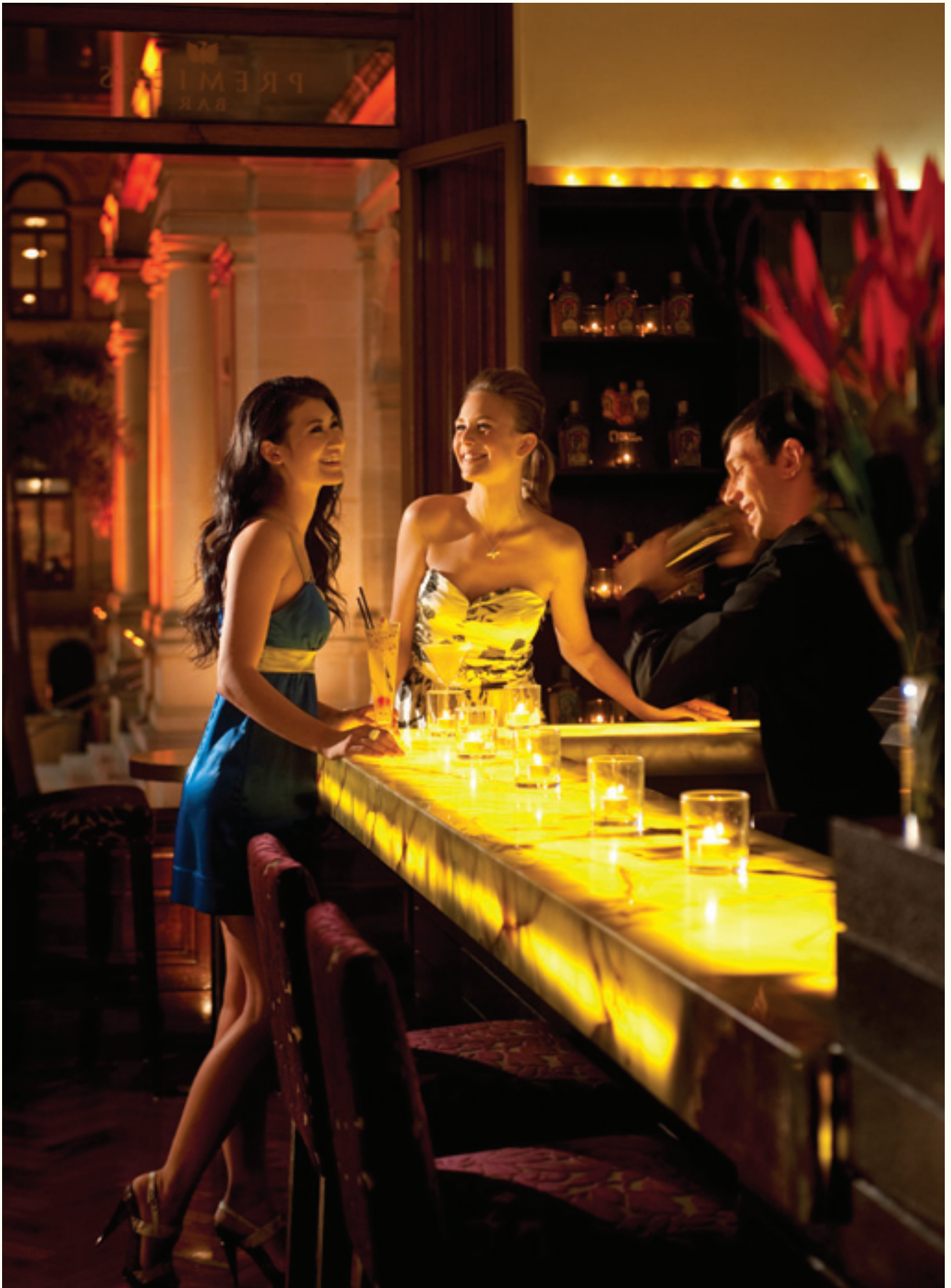
The long-term investment plan will seek to consolidate the position of Jupiters Gold Coast as the venue for high-profile entertainers on the Gold Coast. The first step towards this goal is the \$20 million redevelopment of the Jupiters Theatre. Expected to be completed in March 2012, the redevelopment will double the current capacity to accommodate 2000 seated guests or 2300 general admission guests. Features will include state-of-the-art design, VIP hospitality rooms, new bar and a purpose built integrated movie projection booth.





The investment in Jupiters Gold Coast will cement the property's position as an integral component of tourism infrastructure on the Gold Coast and drive national and international tourism by offering compelling entertainment experiences.

↑
Jupiters Gold
Coast pool



TREASURY BRISBANE

Treasury Brisbane experienced some disruption during January due to natural events. Although the complex was not directly impacted by the Brisbane floods, the months following saw a depressed visitation and average daily spend as the Brisbane city centre was difficult to access.

Following an \$8 million refurbishment, Treasury Brisbane opened the Sovereign Room in July 2011. This facility offers a new level in luxury and customer service to our most valued Absolute Rewards members. The refurbishment transformed valuable real estate within the property from office space to a private gaming area boasting river views across to South Bank, private dining areas and lounge, and vastly improved gaming experiences.



Next year, Treasury Brisbane will continue work on the development of a master plan for the property, including a new hotel proposed for the 159 William Street site. This site has significant heritage value and Echo Entertainment has appointed nationally renowned architects to ensure that a sensitive yet iconic solution that repositions the property and injects high-end entertainment and gaming capacity into the Brisbane market is realised.



JUPITERS TOWNSVILLE

Jupiters Townsville is one of the premier leisure and entertainment destinations of North Queensland. Over the past 12 months, the property has secured a number of national and international acts to its stage. Australian rock sensation Jimmy Barnes, supported by Shannon Noll, performed to a sell-out crowd on the poolside lawns in mid 2010, while Daryl Braithwaite entertained crowds at the Jupiters Townsville Australia Day concert.

Jupiters Townsville experienced the brunt of inclement weather in 2011, with the casino closing for three days during February of 2011. With a solid backup infrastructure in place, the hotel continued to operate during this time and was able to accommodate evacuated guests and locals. The impacts of Cyclone Yasi persisted in the months following with a dramatic reduction in tourist visitation to the region.

In the coming year, the property will continue to consolidate its position in the local market and drive growth through the proposed implementation of a new casino management system and an investment program to refurbish the hotel facilities.



Our Venues:
Treasury
Brisbane
and Jupiters
Townsville

←←
Treasury
Heritage
Hotel

←
Jupiters
Townsville

←←
Treasury
Brisbane's
Sovereign
Room

RESPONSIBLE GAMBLING

Echo Entertainment's commitment to our responsible gambling policies and codes aims to be best practice.

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ambling is a fun, recreational activity enjoyed by many each day. We recognise that some of our patrons have difficulties with gambling responsibly which can cause adverse consequences for themselves and potentially their family, friends and the wider community.

At Echo Entertainment, we focus on providing enjoyable and memorable experiences for our customers. In doing so, we are committed to acting in ways that minimise the potential harm that can arise from gambling for some people.

Echo Entertainment's commitment to our responsible gambling policies and codes aims to be best practice. This means striving for the highest levels of customer care and assisting customers to make informed decisions about their participation in gambling.

We also want to better understand problem gambling, its true causes and to work with government and the community to mitigate its harmful effects.

A number of key initiatives have contributed to Echo Entertainment's record of delivering entertainment experiences responsibly.

At The Star, two full-time Responsible Gambling Managers are available to customers who may identify as having problems associated with their own or a significant others gambling behaviour. A Responsible Gambling management team of three also provides this service in Queensland and is supported by Responsible Gambling Liaison Officers at each property. For customers, this means that support is available 24-hours-a-day, seven-days-a-week.

TALENT

Echo Entertainment employs over 7800 people and is continuing to grow. At The Star alone, the renovation and expansion of the property will lead to the creation of over 650 new roles in the first half of the coming financial year. This will make The Star one of the largest private employers in New South Wales.

A

s we work to deliver a compelling customer experience and build a culture of entertainment, our focus is on employing people who are energetic, positive and passionate about what they do. We recruit, train and reward people who are obsessive about service and deliver the desired company “5F” service standards of fast, fun, friendly, fresh and focussed.

BUILDING CAPABILITY

Across the entire group, we are focused on building the capability in our talented people to bring a new level of world class entertainment experiences to our customers.





To assist in this objective, Echo Entertainment has introduced a People Capability Framework. Central to this framework is a workforce development strategy that identifies and builds the relevant skills needed for each key job segment in our casino properties. Through a combination of investment by Echo Entertainment and the leveraging of federal and state government support, we are building an integrated suite of customised development programmes aligned to the Australian Quality Training Framework.

OCCUPATIONAL HEALTH AND SAFETY

The Star redevelopment works, as well as restructuring within the business itself, produced a challenging year which has seen a flat result in the Lost Time Injury Frequency Rate (LTIFR).

Combined with a solid improvement at all Queensland casino properties, the overall LTIFR group rate improved slightly for the financial year.

The Board Risk and Compliance Committee regularly monitors health and safety performance and ensures a keen focus on health and safety risks and opportunities within the business. The resilience of the group's Health and Safety Management Systems has provided a solid basis for continuous improvement.



To further assist our people to grow the breadth and depth of their skills, a range of secondment, rotation, special projects, promotions and other opportunities are provided.

REWARD AND RECOGNITION

As our team work to constantly reinvent and evolve our business, we support and celebrate their commitment. Outstanding achievements, key service milestones, excellence in customer service and business performance at each property is recognised and rewarded through the Shine program as well as our remuneration strategies and policies.



← Our team

HELPING OUR ENVIRONMENT



↑
Treasury
Heritage
Hotel

As part of the Tabcorp Holdings Limited group, the casino properties participated in the federal government's Energy Efficiency Opportunities (EEO) initiative since 2008. Echo Entertainment is continuing to assess and identify opportunities to reduce energy consumption.

Echo Entertainment is committed to identifying opportunities to improve our sustainable business practices. It's a commitment that our team is passionate about. Our teams work with communities and governments to identify and implement initiatives that are positive for the environment and reduce costs.

Echo Entertainment is committed to identifying opportunities to improve our sustainable business practices. It's a commitment that our team is passionate about.

EFFICIENCY INITIATIVES

Major efficiencies are achieved across all four casino complexes in two major areas:

WATER EFFICIENCY

Each property operates a Water Efficiency Management Plan to improve efficient use of water and reduce consumption. The Gold Coast property has set benchmarks in water conservation through a series of initiatives including the use of recycled water. Jupiters Gold Coast receives recycled water from the local council at no cost and utilises it for urinals as well as to supply the Reverse Osmosis Plant. Water savings include:

- 46 million litres per year by using recycled water for irrigation
- 60 million litres per year by using recycled water in some urinals
- 80 million litres per year saved by the Reverse Osmosis Plant

Additional water savings achieved with improved equipment in the laundry and specialised water saving fittings means the property now conserves around 222 million litres of potable water each year, which is equivalent to 88 Olympic swimming pools.

Similar initiatives have been implemented at The Star, Treasury Brisbane and Jupiters Townsville, including:

- Rain water harvesting connection and activation as well as the enhancement and augmentation of the seawater cooling operation at The Star
- Water meters installed to pinpoint levels of consumption for analysis
- Offering of a “green room” option for guests involving the guest choosing not to have linen changed if they are staying more than one night.
- The Star is also a member of Sydney Water’s Every Drop Counts Program

ENERGY EFFICIENCY

A day-to-day focus on sustainability has created many opportunities to implement a range of efficiency measures at each of the properties, including:

- The ongoing replacement of lighting with more efficient Light Emitting Diodes (LEDs). At Treasury Brisbane, where the lighting of the building is a much-talked about feature, the LEDs consume on average 10,704 watts of electricity compared to 109,950 watts consumed by the old lighting system each year
- Installation of energy saving escalators at The Star, Treasury Brisbane and Jupiters Townsville
- Variable speed drives to cooling towers were installed at all four properties. Treasury Brisbane also undertook upgrades to its seven cooling towers

COMMUNITY



Echo Entertainment aims to deliver compelling customer experiences for our customers. In doing so, we want to be recognised as a responsible corporate citizen and effective community leader in all areas in which we operate.

Each casino property in Sydney, Gold Coast, Brisbane and Townsville operates community programs driven by the commitment to growing and developing the communities in which our businesses operate and our employees live and work.

The past 12 months has seen many of these communities severely impacted by natural disaster, including the floods in Brisbane in January 2011 and Cyclone Yasi in northern Queensland in February 2011.

As part of the Tabcorp Holdings Limited group, \$1 million was donated to the Queensland Premier's Disaster Relief Appeal on behalf of the Queensland casinos.

Jupiters Gold Coast contributed a further \$83,000 to the appeal by holding the "Sounds of Support" concert whilst Jupiters Townsville raised a further \$32,000 for people affected by the cyclone which was donated directly to the appeal.

A celebrity poker tournament held on Australia Day at Treasury Brisbane raised an additional \$35,000 for the appeal.

INVESTMENT PROGRAMS

The local community is also benefiting from the \$870 million investment in the redevelopment of the former Star City, transforming the casino into a major entertainment destination and creating 750 construction jobs and 650 permanent roles in the first half of the new financial year. The redevelopment also launches The Star as a major tourism driver, bringing many benefits to the local economy.

The planned \$625 million Queensland investment is also anticipated to deliver new jobs during the construction period.

SPONSORSHIP

Each casino property supports a range of sponsorships designed to support local charities, sporting organisations or community groups.

The Star donated over \$164,000 to various charities and community groups such as the Variety Children's Charity, the Australian Cancer Council, Marist Youth Care and the Combined Pensioners Association.

Jupiters Gold Coast this year celebrated long-established relationships with some of the Gold Coast's most valued community organisations, including 17 years as a major sponsor of the Jupiters Summer Surf Girl program which raises funds for the surf lifesaving clubs in the region. The partnership with the Summer Surf Girl event has contributed to over \$7 million being donated directly to surf clubs in the region.

Located in two of Brisbane's most significant heritage buildings, Treasury Brisbane takes great pride in the preservation and maintenance of the buildings.

Treasury Brisbane supports the National Trust of Queensland with an annual sponsorship and in October 2010 participated in the first Brisbane Open House program which saw significant heritage buildings opened to the public for guided tours.

In addition, Treasury Brisbane supports a wide range of charity and community groups. For more than eight years Treasury Casino has supported the Cerebral Palsy League of Queensland as a major sponsor. The annual Picnic in the Park attracts over 4000 people to the city to enjoy a family picnic atmosphere whilst raising awareness of cerebral palsy and raising funds. The event is also an opportunity for Treasury Brisbane employees to enjoy a day with their families at a free, public event.

Jupiters Townsville is an important supporter of major events in Townsville, with the property supporting the city's premier sporting groups including the North Queensland Cowboys, the Townsville Crocodiles and the Townsville 400 V8 Supercar events.

OPEN YOUR HEARTS

Open Your Hearts is a program that provides staff with the opportunity to be actively involved in helping local charities and community groups. The program, which operates at the Brisbane and Gold Coast casino properties, invites team members to request funding or in-kind support for the charity, sporting or community group they are personally involved in.

The charities, organisations and causes that are supported by Open Your Hearts are as varied as our teams and in the past 12 months over 168 community and charity groups have received support valued at \$122,500.

Open Your Hearts was recognised by the Queensland Hotels Association when it won the QHA Awards for Excellence for Most Outstanding Community Service and Achievement 100+ Employees in 2010.

STATE COMMUNITY BENEFIT FUNDS

The Star makes a significant tax contribution to the NSW Government and local economy each year. On average, taxes and the Casino Community Benefit Levy have increased more than \$10 million in FY11 compared to the previous three years.

On the basis of the Queensland government's undertaking to continue to commit one percent of table games and electronic gaming machine revenues, more than \$5 million has been contributed by the Queensland properties to the Jupiters Casino Community Benefit Fund, up 4% on the prior year.

These funds help deliver many community facilities and services, particularly focussing on charitable and community organisations.

BOARD OF DIRECTORS



JOHN STORY

Chairman and Non Executive Director
Bachelor of Arts; Bachelor of Laws; Fellow of the Australian Institute of Company Directors

John Story has over 18 years experience as a director in the gambling industry, having previously been Chairman and Non Executive Director of Tabcorp Holdings Limited (Tabcorp) and a Non-Executive Director of Jupiters Limited. Mr Story is Chairman of Suncorp Group Limited and a Director of CSR Limited. He is also Chancellor of the University of Queensland and Commissioner of the Public Service Commission (Queensland).

Mr Story was a Partner of the law firm Corrs Chambers Westgarth for 36 years until his retirement on 30 June 2006. He practised in the areas of corporate and commercial law and served as the firm's Queensland Managing Partner and National Chairman.



LARRY MULLIN

Managing Director and Chief Executive Officer
Bachelor of Business Administration

Larry Mullin was previously Tabcorp's Chief Executive – Casinos from February 2009 until the implementation of the demerger of the casinos businesses in June 2011. Prior to joining Tabcorp, Mr Mullin was the President and Chief Operating Officer of Borgata Hotel Casino and Spa in Atlantic City. Mr Mullin has a 20-year career in casino operations, during which he held a variety of senior casino management positions and helped shape casino entertainment in the United States.



JOHN O'NEILL

Non Executive Director

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

John O'Neill is Managing Director and Chief Executive Officer of Australian Rugby Union Limited. He is a former Chief Executive Officer of Football Federation Australia and was Managing Director and Chief Executive Officer of the State Bank of New South Wales and Chairman of the Australian Wool Exchange Limited. He was also the inaugural Chairman of Events New South Wales, which flowed from the independent reviews he conducted into events strategy, convention and exhibition space, and tourism on behalf of the New South Wales Government.



BRETT PATON

Non Executive Director

Bachelor of Economics; Member of the Institute of Chartered Accountants in Australia

Brett Paton is Vice Chairman Institutional Clients Group for Australia and New Zealand at Citigroup Inc and is a member of the Citigroup Australian Management Committee. He is also a member of the ASX Capital Markets Advisory Panel. Mr Paton was Managing Director and Vice Chairman of Global Investment Banking at UBS and was a Member of its Australian Executive Committee, Chairman of the Equity Markets Committee and Chairman of the Capital Commitment Committee, its underwriting committee.



MATT BEKIER

Chief Financial Officer and Executive Director

Master of Economics and Commerce; PhD in Finance

Matt Bekier was previously Tabcorp's Chief Financial Officer since commencing with Tabcorp in late 2005 and until the demerger of the casinos businesses was implemented in June 2011. Mr Bekier previously held various roles with McKinsey & Company, where he played an instrumental role in building a substantial practice in both post-merger management and financial services across four continents.

CASINO MANAGING DIRECTORS



SID VAIKUNTA

Managing Director, The Star

—
Sid Vaikunta has been Managing Director of The Star since March 2010.

Sid has the dual role of overseeing the \$870 million redevelopment of the casino as well as managing its 4,000 employees during the construction period.

Prior to his appointment at The Star, Sid worked extensively in Las Vegas and Atlantic City. In 1999 he joined the Borgata Hotel Casino and Spa in Atlantic City where he held senior Development and Marketing roles in a \$1.2 billion development.

In 2007, he pursued his passion for large scale development and operations in Las Vegas with Boyd Gaming before relocating to Australia.



FREDERIC LUVISUTTO

Managing Director, Jupiters Gold Coast

—
Frederic Luvisutto joined Jupiters Gold Coast as Managing Director in May 2011.

Frederic comes to Jupiters Gold Coast with more than 10 years experience as an executive in casino hotel operations and project development in the United States. Prior to joining Jupiters Gold Coast Frederic held the position of Vice President Hotel Operations at the Monte Carlo Resort & Casino in Las Vegas and before that Vice President of the Signature at MGM Grand in Las Vegas.



GEOFF HOGG

**Managing Director,
Treasury Brisbane**

Geoff Hogg has been Managing Director Treasury Brisbane since May 2008.

Prior to commencing at Treasury Brisbane, Geoff worked with the SKYCITY Entertainment Group for over 13 years in a number of senior management roles across their New Zealand Casino properties.

Geoff is the Treasurer of the Australasian Casinos Association and holds extensive experience in casino operations management, personnel development and change management.

Geoff is also the current Chair of the Queensland Responsible Gambling Advisory Committee.



SEAN KNIGHTS

**Managing Director,
Jupiters Townsville Hotel and Casino**

Sean Knights has been Managing Director Jupiters Townsville since 2008.

Sean began his career as a dealer/supervisor with the Burswood Resort Casino in 1985. He joined Sydney Harbour Casino ten years later as a Pit Manager/trainer before becoming a part of the Star City transition team in 1997.

Sean held a number of roles within Star City's gaming areas until 2005 when he was transferred to Treasury Brisbane. Sean was the General Manager Gaming Operations in Brisbane before taking on his current position at Jupiters Townsville.

Corporate Governance Statement

For Echo Entertainment Group Limited (Echo)

1. Echo's approach to corporate governance

Echo's Board of Directors and management strongly support the principles of good corporate governance. This is particularly important given the highly regulated industry in which Echo and its subsidiaries and other controlled entities (the **Echo Group**) operate, and for the long term sustainability of our businesses.

Processes have been established to ensure that the Echo Group's corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Echo Group taking account of best practice.

In developing the appropriate corporate governance practices, the Echo Group takes into account all applicable legislation and recognised standards, which include, but are not limited to:

- Corporations Act 2001 (Cth) (**Corporations Act**);
- Australian Securities Exchange (**ASX**) Listing Rules;
- State legislation governing the licences issued to the Echo Group to conduct its casino operations and related activities; and
- Australian Standard AS 8000 – Good Governance Principles.

This corporate governance statement outlines the Echo Group's main corporate governance practices and policies in place during the financial year and at the date of this report.

☞ This statement and other related information is available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

2. ASX Corporate Governance Principles

The Echo Group adopts the "Corporate Governance Principles and Recommendations, 2nd edition" which was published by the ASX Corporate Governance Council (**ASX CGC**) in August 2007. The Echo Group complies with all of the ASX CGC Recommendations and has also established processes to maintain ongoing compliance with the Principles and Recommendations. Statements in this corporate governance statement have been referenced to the applicable ASX CGC Recommendation and are indicated by the symbol ☑.

☞ The ASX CGC "Corporate Governance Principles and Recommendations, 2nd edition" are available from the ASX website at www.asx.com.au/governance/corporate-governance.htm

3. Composition of the Board

At the date of this report, the Board consisted of five directors, comprising:

- Three independent Non Executive Directors, including the Chairman;
- The Managing Director and Chief Executive Officer; and
- The Chief Financial Officer and Executive Director.

Each of the Board's Audit, Risk and Compliance and Remuneration Committees is composed exclusively of independent Non Executive Directors.

☞ Details of the Directors, their qualifications and experience are included in the Directors' Report and at <http://www.echoentertainment.com.au>

Echo's Constitution requires that the number of Directors (not including alternate Directors) shall not exceed twelve, nor be less than three. A Director, other than the Managing Director and Chief Executive Officer, may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's last election or re-election to the Board, whichever is the longer, without submitting for re-election. The Board has the power to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, subject to receiving all necessary regulatory approvals, but that person must stand for election at the following annual general meeting.

The appointment and removal of the Managing Director and Chief Executive Officer is a matter for the Board as a whole, in association with the recommendations of the Nomination Committee.

☞ Echo's Constitution is available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☞ The terms of reference for each of the Board Committees are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.1, 2.1, 2.2, 2.3, 2.4, 2.6, 4.2, 4.4

4. Responsibilities and functions of the Board and management

The Board has agreed the responsibilities and functions of the Board as a whole, and those of Directors, the Chairman and the Managing Director and Chief Executive Officer.

The Board's role includes:

- Reviewing and approving the strategies, budgets and business plans prepared by management;
- Assuring itself of the effectiveness of arrangements for the governance of the Echo Group including:
 - The quality of the executive team;
 - The appropriateness of organisational arrangements and structures; and
 - The adequacy of internal controls, policies, procedures and processes;
- Overseeing performance against targets and objectives; and
- Overseeing reporting to shareholders and other stakeholders on the strategic direction, governance and performance of the Echo Group.

To assist the Board with carrying out its responsibilities and functions, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Echo Group up to specified thresholds. These are referred to in Echo's Delegated Authorities and Approval Limits ('DAAL') Group Policy, which has been agreed by the Board and management. The policy includes the financial and non-financial matters that the Board has delegated to management, the capital and operational expenditure approval limits applicable to each level of management, and specific key responsibilities within each division of the Echo Group.

Processes have been established to ensure that management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and effectively discharge their duties. The Board also has processes in place to ensure that it regularly monitors the flow of information it receives from management, and Directors may request additional information where necessary.

📄 A summary of the responsibilities and functions of the Board, Directors, the Chairman and Managing Director and Chief Executive Officer matters are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.1, 2.3

5. Director independence

Directors are required to be meticulous in their disclosure of any material contract or relationship, including relevant interests of family companies and spouses and involvement with other companies or professional firms. Directors are required to adhere strictly to the constraints on their participation and voting in relation to matters in which they may have an interest, in accordance with the Corporations Act and policies of the Echo Group.

A register of Directors' material interests is maintained and is regularly sent to every Director. Where Directors are involved with other companies or professional firms, which from time to time have dealings with the Echo Group, all such dealings are at arms length and on normal commercial terms.

Processes have been established to ensure that the Board periodically assesses the independence of each Director. For this purpose, an independent Director is a Non Executive Director whom the Board considers to be independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment.

All of the Non Executive Directors of Echo at the date of this report have been determined to be independent Directors. In reaching that determination, the Board has taken into account (in addition to the matters set out above):

- The specific disclosures made by each Director as referred to above;
- That no Director is, or is associated directly with, a substantial shareholder of Echo;
- That no Director has ever been employed in any other capacity by Echo or any of its subsidiaries;
- That no Director personally carries on any role for the Echo Group other than as a Director of Echo;
- There are no related party dealings referable to a Director which are material under accounting standards; and

- That no Director is, or is associated directly with, a supplier, professional adviser, consultant to or customer of the Echo Group which is material for the purposes of the ASX CGC recommendations regarding best practice corporate governance, given that any fees paid by Echo to any such organisation associated with a Director were less than 1% of annual earnings for both Echo and the respective organisation, and that any remuneration received by a Director from any such organisation was not impacted in any way by the fees paid by Echo.


Echo does not consider that term of service on the Board should be considered as a factor affecting a Director's independence and the ability to act in the best interests of the Echo Group.

The Board also has procedures in place to ensure it operates independently of management. These procedures include, prior to every Board meeting, the Non Executive Directors meeting together in the absence of executive Directors and other executives of the Echo Group. Where appropriate, executives are also excluded from Board discussions that relate to specific management issues, such as executive remuneration.

ASX CGC's Recommendations 2.1, 2.2, 2.3, 2.6

6. Other directorships

Directors are required continually to evaluate the number of Boards on which they serve to ensure that they can give the time and attention required to fulfill their duties and responsibilities. Directors are required to seek approval from the Chairman prior to accepting an invitation to become a Director of any corporation, and in the case of the Chairman, seek approval from the Chairman of the Audit Committee.

 Details of the directorships for each Director are available in this report and from Echo's website at <http://www.echoentertainment.com.au>

ASX CGC's Recommendations 2.1, 2.2, 2.5

7. Board and Committee meetings

Processes have been established to ensure that the Board and its Committees meet regularly to discuss matters relevant to the Echo Group. Additional meetings may be scheduled to address specific matters.

Any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter, unless all other Directors present resolve otherwise.

The Company Secretary is responsible for coordinating and distributing materials for Board meetings, shareholder meetings and Board Committee meetings. The appointment and removal of the Company Secretary is a matter for discussion by the Board as a whole, and all Directors have access to the Company Secretary.

Directors are required to attend all Board meetings, shareholder meetings and Board Committee meetings for which they are members, subject to any unusual or unforeseen circumstances which may prevent them from attending.

ASX CGC's Recommendations 2.5, 2.6, 4.4, 8.1, 8.3

8. Committees of the Board

To assist the Board in achieving the highest standards of corporate governance, processes have been established to ensure that the Directors involve themselves with the critical areas of the Echo Group's activities through Board Committees, with specific responsibilities for:

- Audit (see section 9);
- Risk and compliance (see section 10);
- Remuneration (see section 11); and
- Nomination / succession planning (see section 12).

Board Committee membership of the Audit Committee, of the Risk and Compliance Committee and of the Remuneration Committee is restricted to Non Executive Directors only.

All Non Executive Directors are members of the Audit, Risk and Compliance, Remuneration and Nomination Committees. Echo's Board Committee arrangements reflect similar board committee structures in other large Australian companies.

Each Board Committee has terms of reference which set out the roles, responsibilities, composition and processes of each Committee. These terms of reference are reviewed regularly.

☞ The terms of reference for Echo Board Committees are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.1, 2.4, 4.1, 4.3, 8.1

9. Audit Committee

The Audit Committee provides the Board with additional assurance regarding the quality and reliability of financial information used by the Board and financial statements issued by Echo.

The key responsibilities of the Audit Committee are:

- Oversee compliance with statutory responsibilities relating to financial disclosure, accounting practices, risk management and approval of full year and half year financial statements as well as the financial statements in the annual report;
- Review the activities of the internal audit function and the external auditor and review their performance on an annual basis;
- Review the adequacy of the Echo Group's internal controls;
- Monitor related party transactions and potential conflicts of interest; and
- Review the process for management assurance to the Board (refer to section 15 for more information).

The Audit Committee or the Chairman of the Audit Committee is required to meet at least once annually with the external auditor, in the absence of management, and on any occasion during the year as requested by either the Chairman of the Audit Committee or the external auditors.

The annual internal audit plan and the scope of work to be performed is set in consultation with the Audit Committee. The Audit Committee approves the annual internal audit plan and reviews progress and reports made pursuant to that plan.

The Audit Committee is committed to maintaining auditor independence and limiting the engagement of the external auditor for only audit related services, unless exceptional circumstances necessitate the involvement of the external auditor. The Chairman of the Audit Committee must approve all non-audit related work to be undertaken by the external auditor (if any). Echo will maintain the rotation of the lead external audit partner every five successive years or less, as required by the Corporations Act. The external auditor attends Echo's annual general meeting and is available to answer shareholder questions regarding aspects of the external audit and their report.

Composition of the Audit Committee

Chairman: Brett Paton

Members: John Story
John O'Neill

☞ The terms of reference for the Audit Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.1, 2.5, 4.1, 4.2, 4.3, 4.4, 6.2, 7.1, 7.3

10. Risk and Compliance Committee

The main responsibilities of the Risk and Compliance Committee are:

- Reviewing and approving the Echo Group's risk and compliance policies and frameworks;
- Assessing the appropriateness of risk and compliance management systems, related control processes, and reporting systems;
- Monitoring the effectiveness of systems and processes in place to ensure compliance requirements are being satisfied and performing adequately (other than the financial reporting obligations for which the Audit Committee is responsible);
- Evaluating the effectiveness of the Echo Group's systems and controls to monitor and manage risks that are significant to the fulfilment of the Echo Group's business objectives; and
- Ensuring that sufficient resources are dedicated to managing risk and compliance.

Additionally, the Echo Group has a Management Risk and Compliance Committee to:

- Establish a platform to coordinate risk management and compliance across all parts of the business in an efficient, effective and consistent manner;
- Provide a stronger risk management and compliance focus through principled leadership;
- Monitor and report on risk management and compliance activities; and
- Transfer organisational learning.

Refer also to section 13 for internal control framework and section 14 for management of risk.

Composition of the Risk and Compliance Committee

Chairman: John O'Neill

Members: John Story
Brett Paton

☞ The terms of reference for the Risk and Compliance Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.1, 2.5, 7.1, 7.3

11. Remuneration Committee

The Remuneration Committee has responsibility for, among other things:

- Reviewing and making recommendations to the Board on remuneration packages and policies applicable to the Chairman, Directors, the Managing Director and Chief Executive Officer, and senior executives reporting to the Managing Director and Chief Executive Officer;
- Reviewing and making recommendations to the Board on the Echo Group's general remuneration practices and policies, including terms and conditions of any employee share ownership and option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements;
- Reviewing and approving participation of executives in incentive plans, including option and share plans;
- Reviewing and making recommendations to the Board regarding the Echo Group's remuneration arrangements with respect to gender;
- Reviewing with reference to market benchmarks, the remuneration arrangements for the Managing Director and Chief Executive Officer and making recommendations to the Board; and
- Overseeing the preparation of the annual Remuneration Report.

Composition of the Remuneration Committee

Chairman: Brett Paton

Members: John Story
John O'Neill

☞ The terms of reference for the Remuneration Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.1, 2.5, 8.1, 8.2, 8.3

12. Nomination Committee

The main responsibilities of the Nomination Committee are to:

- Manage a process to identify suitable candidates for appointment to the Board and Board Committees and to engage external consultants in the process if considered appropriate by the Nomination Committee;
- Make recommendations to the Board regarding succession planning for the Board (refer to section 23 for further information);
- Make recommendations to the Board on candidates it considers appropriate for appointment to the Board and Board Committees, including whether the Board should support the election or re-election of any Director required to retire at a general meeting;
- Annually review the skills, experience, expertise, diversity and attributes required to discharge the Board's duties and the extent to which they are represented in the composition of the Board and each Board Committee;

- Facilitate an independent three yearly assessment of the performance of the Board, Board Committees and Directors (refer to section 22 for further information); and
- Ensure that an effective Board induction process is in place (refer to section 24 for more information).

Composition of the Nomination Committee

Chairman: John Story

Members: John O'Neill

Brett Paton

Larry Mullin

Matt Bekier

☞ The terms of reference for the Nomination Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.1, 2.4, 2.5, 2.6

13. Internal control framework

The Board reviews and approves the internal control structure of the Echo Group. This includes the role performed by the Echo Group's internal audit, risk management and compliance functions.

Processes have been established to ensure that the Echo Group's strategic plan (see section 26) and a detailed budget are prepared annually and subject to the approval of the Directors.

Processes have also been established to ensure that forecasts for the Echo Group and each of the operating divisions are regularly updated and reported to the Board throughout the year to enable Directors to monitor performance against the annual budget.

The Echo Group has detailed procedural guidelines for the approval of capital expenditure including annual budgeting, review and approval of individual proposals and specific levels of authority between the Board, the Managing Director and Chief Executive Officer and other levels of management.

Processes for the investment of surplus cash, management of debt and currency, and interest rate risk management have been approved by the Board and are the subject of ongoing reporting to the Board. Echo enters into interest rate swaps and cross currency swaps to hedge interest rate and foreign exchange risk on debt. The Echo Group Treasury department is responsible for managing the Echo Group's finance facilities and interest rate, credit, liquidity and currency risks in line with policies set by the Board.

The Echo Group's internal audit function is resourced by Echo employees supplemented by relevant industry experts, and is independent of the external auditor. Processes have been established to ensure that internal audit reports are regularly submitted to the Chief Financial Officer and Executive Director, to the Audit Committee and, where appropriate, to the Board. The Audit Committee approves the internal audit plan annually.

The Echo Compliance Policy and Framework was developed to align with:

- Australian Standard AS 3806 – Compliance Programs;
- Australian Standard AS 8000 – Good Governance Principles;
- Applicable legislation; and
- The Echo Group's organisational structure and strategy.

The Echo Group utilises an enterprise wide compliance system, which provides a consistent and uniform approach to collating and reporting relevant information from across all divisions. The system monitors whether practices and processes designed to ensure compliance have been operating effectively, increases the visibility of potential issues, and assists the processes for resolving issues.

☞ The standards AS 3806 – Compliance Programs and AS 8000 – Good Governance Principles are available from SAI Global's website at www.saiglobal.com

☑ ASX CGC's Recommendations 1.1, 3.1, 3.3, 7.1, 7.2, 7.3

14. Management of risk

The Echo Group has in place a Risk Management Framework, policies and procedures, which set out the roles, responsibilities and guidelines for managing financial and operational risks associated with the Echo Group's businesses.

Processes have been established to ensure that during each financial year the Echo Group's Risk and Compliance department updates and monitors the risk profiles for each of the Echo Group's operating divisions, including major projects. These profiles identify the:

- Nature and likelihood of occurrence for specific material risks;
- Key controls that are in place to mitigate and manage the risk;
- Sources and levels of assurance provided on the effective operation of key controls; and
- Responsibilities for managing these risks.

Further, processes have been established to ensure that the risk profiles for each key operating division are reported to the Board Risk and Compliance Committee and are considered as part of the annual internal audit planning process. Risks identified within each business are captured on an on-line risk management system, which provides ongoing reporting and enhances the monitoring of the risk profiles throughout the year.

The Echo Group's Risk Management Framework is based on concepts and principles identified in the AS/NZS ISO 31000:2009 – Risk Management standard adopted by the Echo Group.

The risk framework, policies and procedures will continue to be enhanced as the Echo Group's existing operations develop and its range of activities expands. The implementation of these policies and procedures is monitored and reviewed at least annually by the Board Risk and Compliance Committee.

☞ The terms of reference for the Risk and Compliance Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☞ The standard AS/NZS ISO 31000:2009 – Risk Management is available from SAI Global's website at www.saiglobal.com

☑ ASX CGC's Recommendations 7.1, 7.2, 7.3

15. Management assurance

Processes have been established to ensure that, at the Board meetings to approve the Echo Group's annual and half yearly results, the Board receives and considers statements in writing from the Managing Director and Chief Executive Officer and the Chief Financial Officer and Executive Director in relation to the Echo Group's system of risk oversight and management and internal control.

The certificate of assurance states that the financial statements have been prepared in conformity with generally accepted accounting principles and that they gave a true and fair view of the state of affairs of Echo and of the Echo Group.

The certificate of assurance also states that the risk management and internal compliance and control systems operated effectively, in all material respects, based on the AS/NZS ISO 31000:2009 – Risk Management standard adopted by the Echo Group. The certificate of assurance also includes statements that all information had been made available to the external auditor, and that there were not any irregularities or significant issues identified that would have a material impact on the Echo Group.

☞ The standard AS/NZS ISO 31000:2009 – Risk Management is available from SAI Global's website at www.saiglobal.com

☑ ASX CGC's Recommendations 1.1, 4.4, 7.2, 7.3, 7.4

16. Code of Conduct

The Echo Group has a group-wide Code of Conduct. Compliance with the Code of Conduct and associated policies, guidelines and procedures is a requirement for all employees, Directors and contractors of the Echo Group. The code is founded on the Echo Group's values, and establishes the behaviour that is expected from all employees, Directors and contractors, including the maintenance of ethical standards, honesty, teamwork, fairness, courtesy and integrity.

The Code includes, among other things, references to specific Echo Group policies regarding money laundering, corruption, bribery, bullying and harassment, equal opportunity in the workplace, insider trading, whistleblowing, conflicts of interest and restrictions on the use of the Echo Group's gambling products.

The Code of Conduct and relevant policies are included in the Echo Group's induction program, with annual refresher training and compliance awareness conducted across the Echo Group.

In addition to adhering to the high ethical standards set by the Code of Conduct, Echo's Directors and key personnel are also required to undergo extensive probity investigation and clearance by the New South Wales Casino, Liquor and Gaming Control Authority and the Queensland Office of Liquor and Gaming Regulation.

🔗 Echo's Code of Conduct is available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 3.1, 3.3

17. Whistleblower system

Echo has an independent, anonymous crime and misconduct reporting service delivered by Deloitte, an international consulting and forensic investigations specialist. It is one of Echo's processes to prevent, detect, and respond to crime and misconduct.

The service is available 24 hours a day, 7 days a week to Echo's people and stakeholders in Australia and overseas.

The service is managed by the Echo Group's Risk and Compliance team and has accountability at the highest levels with the Chairman of the Board Risk and Compliance Committee able to access reports relating to all employees and review the action taken. The service was introduced to achieve Australian and international best practice, reflecting Echo's commitment to integrity and befitting the responsibilities of a publicly listed company.

🔗 Further information on the crime and misconduct reporting service is available from Echo's website at <http://www.echoentertainment.com.au>

☑ ASX CGC's Recommendations 3.1, 3.3

18. Responsible gambling

The Echo Group takes a leadership position in the responsible delivery of its gambling products and support for customers.

The Echo Group's three Queensland-based casinos comply with the Queensland Responsible Gambling Code of Practice and utilise the casinos specific Responsible Gambling Resource Manual. The Queensland Code and Resource Manual are a result of an initiative between the Queensland Government and the gambling industry.

Echo Group's New South Wales casino complies with the Star City Code of Practice.

🔗 Echo's Codes of Practice are available from the Responsible Gambling section of Echo's website at <http://www.echoentertainment.com.au/OurCommunity/ResponsibleGambling/Pages/default.aspx>

☑ ASX CGC's Recommendations 3.1, 3.3

19. Securities trading policy

Echo has a policy regarding trading in its securities which applies to all Directors, employees and contractors. This policy also extends to any person or entity, which may in the circumstances be reasonably associated with the Echo Group or any Director, employee or contractor (for example, a spouse, dependent children, family trust, family company or joint venture partner).

Directors, executives reporting directly to the Managing Director and Chief Executive Officer (Executives), all direct reports to those Executives (Executive Direct Reports), employees of the Echo Group and associates of any of the preceding must not trade, arrange for someone else to trade, or pass on information to someone they know, or ought reasonably to know, may use the information to trade (or procure another person to trade) Echo Group securities when they are in possession of price sensitive information relating to the Echo Group which is not generally available to the market.

To avoid any adverse inference being drawn of unfair dealing, Directors, Executives, Executive Direct Reports and any associates of the preceding also may not deal in Echo Group securities during the applicable Blackout

Periods set out in the policy or within 12 months of the acquisition of the relevant Echo Group securities. Blackout Periods are the periods between 1 January and the release of Echo's half year results, and 1 July and the release of Echo's full year results, and any other periods determined by the Echo Board, the Chairman, the Managing Director and Chief Executive Officer or the Company Secretary from time to time.

If a Director or an associate of a Director wishes to trade in Echo Group securities at any time, the Director must obtain prior written approval from the Chairman (in the case of Directors other than the Chairman) and in the case of the Chairman, the Chairman of the Audit Committee. Directors are also required to notify the Company Secretary of any changes to their relevant notifiable interests in Echo Group securities no more than 5 business days after the change occurs.

If an Executive, an Executive Direct Report or an associate of an Executive or Executive Direct Report wishes to trade in Echo Group securities at any time, the Executive or Executive Direct Report must obtain the prior written approval of any of the Company Secretary, the Chief Financial Officer and Executive Director or the Managing Director and Chief Executive Officer.

Approval for trading in a Blackout Period or within 12 months of acquisition of the relevant Echo Group securities will only be granted in exceptional circumstances and where the trade is the only reasonable course of action available. Whether circumstances are exceptional will be determined by the Chairman, Chairman of the Audit Committee, Managing Director and Chief Executive Officer, Chief Financial Officer and Executive Director or Company Secretary, as applicable.

The policy also contains restrictions on margin lending. Directors, Executives and Executive Direct Reports must receive prior written consent from the Chairman (in the case of the Chairman, prior written consent from the Chairman of the Audit Committee) before entering into margin loans or similar financing arrangements.

☞ Echo's Securities Trading Policy is available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 3.2, 3.3

20. Continuous disclosure

The Echo Group has a Disclosure and Investor Communications Policy and procedures are in place to ensure that information is reported to the ASX in accordance with the continuous disclosure requirements of its Listing Rules. The Board reviews Echo's compliance with its continuous disclosure obligations at each of its meetings.

The Echo Group's Company Secretary is responsible for coordinating disclosure of information to the ASX, the Australian Securities and Investments Commission and shareholders. The Company Secretary is referred to as the Disclosure Officer in this policy.

The Disclosure Officer must be kept informed by management of disclosure related issues, and each Executive Committee member must notify the Disclosure Officer immediately of any information that may require disclosure.

In addition to the Disclosure Officer, there are a limited number of authorised Echo spokespersons. Only authorised Echo spokespersons may speak on the Echo Group's behalf to people such as analysts, brokers, journalists and shareholders, and comments must be limited to their expertise. If an employee of the Echo Group is not an authorised Echo spokesperson, and receives an inquiry about the Echo Group from a journalist, analyst or other external party, they must refer the inquiry to an authorised Echo spokesperson.

Authorised Echo spokespersons liaise closely with the Disclosure Officer to ensure all proposed public comments are within the bounds of information that is already in the public domain, and/or is not material.

☞ Echo's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 5.1, 5.2

21. Independent professional advice

An individual Director may, after discussion with the Chairman, and advising the Managing Director and Chief Executive Officer, obtain independent professional advice at the expense of the Echo Group. Such advice is to be made available to all other Directors.

Board Committees and members of the Audit Committee, Nomination Committee, Remuneration Committee and Risk and Compliance Committee may also obtain independent professional advice, subject to the terms of reference for the applicable committee.

⌘ The terms of reference for each Board Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.1, 2.1, 2.6, 8.1

22. Performance assessment

The Nomination Committee is responsible for facilitating an independent review of the performance and effectiveness of the Board, its Committees and Directors every three years.

This assessment process is expected to include surveys and interviews with current Directors and members of the Executive Committee. The results will be benchmarked against those of other companies for comparative purposes. The Board will review the findings and any recommendations arising from the review and any appropriate enhancements will be implemented.

Processes have been established to ensure that formal performance and development evaluations are conducted every six months for each employee, including executives and the Managing Director and Chief Executive Officer. Individual performance is assessed using a balanced scorecard setting out individual targets that are aligned to and are supportive of the Echo Group's annual objectives. Individuals are also assessed on whether they have exhibited Echo's five behavioural attributes

⌘ The terms of reference for the Nomination Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 1.2, 2.4, 2.5, 2.6

23. Succession planning

The Echo Group has a succession plan for members of its Board and senior management. This plan identifies the best candidates for leadership and management roles so that the Board and Executive Committee comprise high calibre people with the necessary and desirable experience and competencies that best meet the organisation's needs.

The Nomination Committee is responsible for making recommendations to the Board to facilitate the orderly succession of Board membership and to manage a process to identify suitable candidates for appointment to the Board and for the optimal composition of Board Committees.

Directors regularly discuss succession matters at meetings of the Board and the Nomination Committee.

⌘ The terms of reference for the Nomination Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

☑ ASX CGC's Recommendations 2.4, 2.6

24. Induction

The appointment of any new Director is subject to regulatory approvals. While these approvals are being sought, the person, with the approval of the regulators, may attend Board and Committee meetings as an observer. This assists their transition into their role, but they may not vote on any matter.

Each observer undertakes an induction program and is provided with access to Echo's online Directors' Knowledge centre, the Echo Group's strategic plan and other materials to assist them to participate fully and actively in all Board decision-making at the earliest opportunity. In addition, upon being invited to join the Echo Board, every observer receives a letter of appointment setting out the key information and terms and conditions applicable to their appointment as a Director of Echo.

The induction program aims to provide the observer with the relevant knowledge regarding the processes of the Echo Board, Board culture, the role and responsibilities of a Echo Director, the Echo Group's strategic direction, the nature of the Echo Group's businesses, industry matters, the Echo Group's financial position, key senior management, operational and risk management practices and the major issues facing the Echo Group. The induction program includes meetings with each Executive Committee member and their leadership team, site tours, and specific matters of interest to each observer.

The Board Nomination Committee is responsible for ensuring that an effective induction process is in place, and regularly reviews its effectiveness in accordance with industry best practice and including incorporation of feedback from newly appointed Directors.

Echo has a formal induction program for all employees, including executives. This program is conducted by skilled trainers and provides information about the structure and operations of the Echo Group, Echo's Code of Conduct, key employee policies (such as the use of Echo's gambling products, harassment and bullying), occupational health and safety, and equal opportunity. In addition, employees receive orientation regarding their specific responsibilities, duties and rights, meet with executives and team members and undergo familiarisation in their workplace.

Employees have agreed position descriptions and balance scorecards that set out their duties, responsibilities, objectives and key performance indicators. Letters of appointment or employment contracts set out other key terms of employment, including term of office, rights, responsibilities, and entitlements on termination of employment.

 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>

ASX CGC's Recommendations 1.1, 3.1, 3.3

25. Directors' continuing education

All Directors have access to continuing education to update and enhance their skills and knowledge to enable them to continue to carry out their duties as Directors in an efficient and knowledgeable manner.

The continuing education program includes information concerning key developments in the Echo Group and the industry and environments within which it operates, including site visits to the Echo Group's properties, updates to relevant policies, discussion of relevant legal developments, corporate governance updates and other matters of interest for Directors.

ASX CGC's Recommendations 1.1, 2.5

26. Echo Group strategic planning

Echo has a formal strategic planning process whereby a strategic plan is approved by the Board each year. The intent of the annual review is to consider a range of strategies and provide management with guidance on those strategies that in the Board's opinion will enhance shareholder value.

ASX CGC's Recommendation 1.1

27. Sustainability

Echo is committed to the long term sustainability of its operations and aims to optimise the social, environmental, workplace and economic impact of its operations for the benefit of all stakeholders.

Although the operations of the Echo Group are considered to have minor impact on the environment, Echo is committed to protecting the environment and minimising the impact wherever appropriate.

ASX CGC's Recommendations 3.1, 7.1

28. Engaging shareholders

The Echo Group's Disclosure and Investor Communications Policy sets out Echo's procedures and guidelines relating to continuous disclosure and the communication of information to investors. This information is communicated to shareholders through Echo's website, annual report, dividend mailouts, emails, the ASX, and other means where appropriate.

The Echo Group's website provides stakeholders with a range of information about the Echo Group, including its operations, history, strategies, values, brands, community involvement, share price performance and shareholder reports. There is also a facility for any interested person to receive email notifications of all major Echo news releases published on the website. Major announcements, such as the annual and half-year results and the annual general meeting, are webcast live on Echo's website. Webcasts are archived and accessible on the website for at least twelve months.

Echo provides a service for its shareholders to receive all shareholder related communications electronically, including dividend statements, notices of meeting, and the annual report. This email service provides a quick and convenient means for receiving this information while reducing costs and being environmentally friendly. Shareholders can also use the website to lodge their proxy appointments prior to the annual general meeting.

Dedicated shareholder relations personnel are available to assist in responding promptly to all shareholder inquiries. Echo has a Shareholder Enquiries and Complaints Policy that sets out the way in which Echo addresses concerns and feedback from shareholders.

Echo encourages its shareholders to participate fully at its annual general meeting. Processes have been established to ensure that important issues are presented to shareholders as single resolutions and full discussion of each item is encouraged. Explanatory memoranda, where considered appropriate, will be included with the notice of annual general meeting in respect of items to be voted on at the meeting.

- ☞ Echo's website is available at <http://www.echoentertainment.com.au>
 - ☞ Shareholders can elect to receive all communications electronically by following the instructions on Echo's website at <http://www.echoentertainment.com.au>
 - ☞ Echo's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>
 - ☞ Echo's Shareholder Enquiries and Complaints Policy is available from the Corporate Governance section of Echo's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>
- ASX CGC's Recommendation 6.1

Directors' Report

For the financial year ended 30 June 2011

The Directors of the Company submit their report for the consolidated entity comprising the Company and its controlled entities (collectively referred to as the Echo Entertainment Group) in respect of the financial year ended 30 June 2011.

The Company was incorporated on 2 March 2011 to facilitate the demerger of Tabcorp Holdings Limited (Tabcorp). The demerger of the Company and its controlled entities from Tabcorp was implemented in June 2011 pursuant to the Tabcorp Scheme Booklet dated 15 April 2011, and resulted in the Company holding the casinos business previously held by Tabcorp, while Tabcorp retained its wagering, gaming and keno businesses (Demerger).

1. Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report (except as otherwise stated) are set out below. All Directors commenced as Directors of the Company prior to the Demerger being implemented.

Name	Qualifications, experience and special responsibilities
Current	
John Story Chairman and Non Executive Director from 17 March 2011	<p>Bachelor of Arts; Bachelor of Laws; Fellow of the Australian Institute of Company Directors</p> <p>John Story has over 18 years experience as a Director in the gambling industry, having previously been Chairman and Non Executive Director of Tabcorp Holdings Limited (Tabcorp) and a Non Executive Director of Jupiters Limited.</p> <p>Mr Story is Chairman of Suncorp Group Limited and a Director of CSR Limited. He is also Chancellor of the University of Queensland and Commissioner of the Public Service Commission (Queensland).</p> <p>Mr Story was a Partner of the law firm Corrs Chambers Westgarth for 36 years until his retirement on 30 June 2006. He practised in the areas of corporate and commercial law and served as the firm's Queensland Managing Partner and National Chairman.</p> <p>Mr Story is the Chairman of the Board and Chairman of the Nomination Committee. He is also a member of the Audit Committee, the Risk and Compliance Committee and the Remuneration Committee.</p>
John O'Neill AO Non Executive Director from 28 March 2011	<p>Diploma of Law; Fellow of Australian Institute of Bankers; Foundation Fellow of Australian Institute of Company Directors</p> <p>John O'Neill is Managing Director and Chief Executive Officer of Australian Rugby Union Limited.</p> <p>He is a former Chief Executive Officer of Football Federation Australia and was Managing Director and Chief Executive Officer of the State Bank of New South Wales and Chairman of the Australian Wool Exchange Limited. He was also the inaugural Chairman of Events New South Wales, which flowed from the independent reviews he conducted into events strategy, convention and exhibition space, and tourism on behalf of the New South Wales Government.</p> <p>Mr O'Neill is the Chairman of the Risk and Compliance Committee and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.</p>

Directors' Report

For the financial year ended 30 June 2011

Name	Qualifications, experience and special responsibilities
Brett Paton Non Executive Director from 25 March 2011	<p>Bachelor of Economics; Member of the Institute of Chartered Accountants in Australia</p> <p>Brett Paton is Vice Chairman Institutional Clients Group for Australia and New Zealand at Citigroup Inc and is a member of the Citigroup Australian Management Committee. He is also a member of the ASX Capital Markets Advisory Panel.</p> <p>Mr Paton was Managing Director and Vice Chairman of Global Investment Banking at UBS and was a Member of its Australian Executive Committee, Chairman of the Equity Markets Committee and Chairman of the Capital Commitment Committee, its underwriting committee.</p> <p>Mr Paton is the Chairman of the Audit Committee and the Remuneration Committee. He is also a member of the Risk and Compliance Committee and the Nomination Committee.</p>
Larry Mullin Director from 2 March 2011, Managing Director and Chief Executive Officer upon Demerger	<p>Bachelor of Business Administration</p> <p>Larry Mullin was previously Tabcorp's Chief Executive – Casinos from February 2009 until the implementation of the Demerger in June 2011.</p> <p>Prior to joining Tabcorp, Mr Mullin was the President and Chief Operating Officer of Borgata Hotel Casino and Spa in Atlantic City. Mr Mullin has a 20-year career in casino operations, during which he held a variety of senior casino management positions and helped shape casino entertainment in the United States.</p>
Matt Bekier Director from 2 March 2011, Chief Financial Officer and Executive Director upon Demerger	<p>Master of Economics and Commerce; PhD in Finance</p> <p>Matt Bekier was previously Tabcorp's Chief Financial Officer since commencing with Tabcorp in late 2005 and until the Demerger was implemented in June 2011.</p> <p>Mr Bekier previously held various roles with McKinsey & Company, where he played an instrumental role in building a substantial practice in both post-merger management and financial services, working across four continents (Australia, Europe, Asia and North America).</p>
Former	
Kerry Willcockⁱ	<p>Executive Director from 2 March 2011 to 17 March 2011</p> <p>Bachelor of Arts; Bachelor of Laws; Member of the Mediation Panel of the Law Institute of Victoria; Member of the Australian Corporate Lawyers Association (ACLA) General Counsel Group</p> <p>Kerry Willcock joined Tabcorp in February 2005 as Executive General Manager – Corporate and Legal.</p> <p>She has extensive commercial, legal, litigation and government relations experience having worked with Allens Arthur Robinson, Clayton Utz and with the Australian Postal Corporation, where she held the position of General Counsel.</p>

i. Ceased as a Director of the Company prior to the implementation of the Demerger. Information was applicable at the time of cessation as a Company Director.

Directors' Report

For the financial year ended 30 June 2011

2. Directorships of other listed companies

The following table shows, for each person who served as a Director during the financial year and up to the date of this report (unless otherwise stated), all directorships of companies that were listed on the ASX or other financial markets operating in Australia, other than Echo Entertainment Group Limited, since 1 July 2008, and the period for which each directorship has been held.

Name	Listed entity	Period directorship held
Current		
John Story	CSR Limited	April 2003 to present
	Suncorp Group Limited ⁱ	January 1995 to present
	Tabcorp Holdings Limited	January 2004 to June 2011
John O'Neill	Tabcorp Holdings Limited	May 2008 to June 2011
Brett Paton	Tabcorp Holdings Limited	October 2008 to June 2011
Larry Mullin	Nil	
Matt Bekier	Nil	
Former		
Kerry Willcock	Nil	

i. Includes the period as a Director of Suncorp-Metway Limited prior to the corporate restructure of the Suncorp Group.

3. Company Secretary

Paula Martin joined the Company's casino businesses in October 2005 and holds the position of General Counsel (Qld). She holds a Bachelor of Business (Int. Bus.) and a Bachelor of Laws and has undertaken the Chartered Secretaries Australia Graduate Diploma in Applied Corporate Governance. She has extensive commercial legal experience having worked with Mallesons Stephen Jaques prior to joining the Company's casino businesses. Paula is also a member of the Queensland Law Society and Australian Corporate Lawyers Association.

4. Principal activities

The principal activities of the Echo Entertainment Group during the financial year comprised the provision of leisure and entertainment services (particularly in relation to casino gambling, entertainment and hospitality).

The Demerger of Echo Entertainment Group Limited from Tabcorp, which was implemented in June 2011, resulted in Tabcorp retaining its wagering, gaming and keno businesses while Echo Entertainment Group Limited now holds the casinos business previously held by Tabcorp.

5. Financial results

As part of the activities undertaken by Tabcorp to prepare the Echo Entertainment Group for demerger, the Company acquired Star City Holdings Limited and Jupiters Limited, effective 31 May 2011. The consolidated financial results presented for the Echo Entertainment Group for the current and comparative financial years reflect the results of the Tabcorp Group's casino business assuming the acquisitions had taken place prior to 1 July 2009. Refer to note 2 to the Financial Report.

Consolidated profit after income tax of the Echo Entertainment Group for the financial year was \$226.0 million, which was 16.6% above the previous financial year.

Earnings before interest and tax (EBIT) were \$347.2 million, which was 33.6% above the previous financial year.

Revenue was \$1,648.4 million, which was 13.6% above the previous financial year.

Directors' Report

For the financial year ended 30 June 2011

6. Earnings per share

Basic and diluted earnings per share for the financial year were 32.8 cents, up 16.3% on the previous financial year¹.

Earnings per share is disclosed in note 7 to the Financial Report.

7. Dividends

No dividends have been paid, declared or recommended by the Company since the Company's incorporation on 2 March 2011.

8. Review of operations

The Echo Entertainment Group's divisional structure comprises the following three operating divisions:

- Star City (rebranded following the end of the financial year to The Star and referred to as The Star from here onward in this report);
- Jupiters; and
- Treasury.

The activities and results for these operations are discussed below.

8.1. The Star

The Echo Entertainment Group operates The Star in Sydney. The Star achieved EBIT of \$237.7 million, which was 43.6% above the previous financial year. The Star's revenue increased by 18.3% to \$996.3 million.

8.2. Jupiters

In Queensland, the Echo Entertainment Group operates the Jupiters Hotel and Casino on the Gold Coast, and Jupiters Townsville. In addition, the Echo Entertainment Group manages the Gold Coast Convention and Exhibition Centre, and has an interest in and manages the Townsville Entertainment and Convention Centre. Jupiters achieved EBIT of \$58.5 million, which was 58.1% above the previous financial year. The division's revenue increased by 10.6% to \$374.0 million.

8.3. Treasury

The Echo Entertainment Group operate the Treasury Casino and Hotel in Brisbane. Treasury achieved EBIT of \$60.2 million, which was 2.7% below the previous financial year. The division's revenue increased by 2.5% to \$278.1 million.

9. Significant changes in the state of affairs

The following events, which may be considered to be significant changes in the state of affairs of the Echo Entertainment Group, have occurred during the financial year.

9.1. Demerger

The Demerger of the Company from Tabcorp was implemented in June 2011 by way of a Scheme of Arrangement in accordance with Tabcorp's Scheme Booklet dated 15 April 2011. The Demerger resulted in the Echo Entertainment Group holding the casinos business previously held by Tabcorp and the Company's shares were listed on the Australian Securities Exchange on 6 June 2011.

9.2. The Star and Queensland Redevelopment

Prior to the Demerger, Tabcorp made the following announcements relating to the Echo Entertainment Group in connection with the Demerger:

- an additional \$285 million investment at The Star, bringing the total capital for The Star redevelopment to \$860 million, in addition to the \$100 million licence payment to the NSW Government; and
- an expansion of the investment program in the Queensland casinos, increasing the total proposed investment at these properties to \$625 million subject to the satisfactory conclusion of negotiations with the Queensland Government.

1. The weighted average number of shares in the prior period has been restated to the number of ordinary shares issued under the Tabcorp demerger scheme of arrangement in June 2011 as the Company had no outstanding shares during the comparative period.

Directors' Report

For the financial year ended 30 June 2011

In relation to the additional investment at The Star, the total capital for the project was reduced by \$90m following a decision to lease rather than purchase two private charter jets.

In June 2011 a Memorandum of Understanding was entered into with the State of Queensland. The Memorandum of Understanding outlines the proposed investment program for the Queensland casinos and provides a framework for the obtaining of approvals and gaming regulatory changes which are required to support the delivery of that investment program.

9.3. Impact from floods

During December 2010 and January 2011 large areas of Queensland were affected by extreme flooding including, in January 2011, the Brisbane central business district where the Treasury Hotel and Casino is located and surrounding suburbs. In early February 2011, North Queensland, including Townsville, was affected by cyclone Yasi.

The Echo Entertainment Group has several insurance policies in place designed to respond to the damage caused by the floods and cyclone. The Company is currently working with their insurance underwriters on the recovery of the losses.

10. Business strategies

The key strategic priorities for the Echo Entertainment Group are as follows:

- Create world class destinations, including delivering the expansion of The Star and proposed expansion of the Queensland casinos;
- Grow international VIP business, including providing world class private gaming facilities and expanding international rebate business market share;
- Improve customer experience, including providing customers with improved product and service offering; and
- Maximise value from technology, including further enhancing gaming and loyalty experience and delivering integrated and new IT platforms.

11. Significant events after the end of the financial year

The expected completion of the Events Centre as part of the additional investment at The Star has been delayed to the second half of financial year 2013 due to the time to obtain building approvals, which are now held.

The Echo Entertainment Group is working with the Queensland State Government and casino regulatory authority to progress the proposed investment program in the Queensland casinos, including obtaining approvals for the gaming regulatory changes sought to support the investment.

No other matters or circumstances have arisen since the end of the financial year which are not otherwise dealt with in this report or in the Financial Report, that have significantly affected or may significantly affect the operations of the Echo Entertainment Group, the results of those operations or the state of affairs of the Echo Entertainment Group in subsequent financial years. Refer also to note 26 to the Financial Report.

12. Likely developments and expected results

The Echo Entertainment Group will continue with its strategies, as set out in this report.

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

13. Auditors

The Echo Entertainment Group's external auditor is Ernst & Young.

The Echo Entertainment Group's internal audit function is fully resourced by the Echo Entertainment Group, with KPMG providing specialist independent external support where necessary.

14. Directors' interests in contracts

Some Directors of the Company, or related entities of the Directors, conduct transactions with entities within the Echo Entertainment Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director-related entity on normal commercial terms and conditions.

Directors' Report

For the financial year ended 30 June 2011

15. Environmental regulation and performance

The Echo Entertainment Group's environmental obligations and waste discharge quotas are regulated under both state and federal laws. The Echo Entertainment Group has a record of complying with, and in most cases exceeding, its environment performance obligations. No environmental breaches have been notified to the Echo Entertainment Group by any government agency.

The Echo Entertainment Group is registered for the Federal Government's Energy Efficiency Opportunities (EEO) initiative, which requires companies that use over 0.5 petajoules of energy per annum to identify opportunities to reduce energy consumption. The Echo Entertainment Group publishes its EEO report under the corporate governance section of its website.

The Echo Entertainment Group is also registered for the Federal Government's National Greenhouse Energy Reporting System (NGERS), which requires organisations that meet certain thresholds in energy consumption or greenhouse gas emissions to report to the Government all energy consumption and greenhouse gas emissions every year.

Each Echo Entertainment Group property applies environmental management procedures and systems which assist in maintaining high levels of environmental regulation and performance.

16. Risk management

The Echo Entertainment Group has a structured and proactive approach to understanding and managing risk. The key focus of the risk management approach is to align strategy, processes, people, technology and knowledge with evaluating and managing the uncertainties and opportunities faced by the Echo Entertainment Group. A summary of the Echo Entertainment Group's risk management framework and processes are disclosed in the corporate governance statement section of the Concise Annual Report.

17. Directors' interests in Echo Entertainment Group securities

At the date of this report (except as otherwise stated), the Directors had the following relevant interests in the securities of the Company, as notified to the ASX in accordance with section 205G(1) of the Corporations Act 2001:

Name	Ordinary Shares
Current	
John Story	58,194
John O'Neill	Nil
Brett Paton	23,181
Larry Mullin	154,703
Matt Bekier	184,136
Former	
Kerry Willcock ⁱ	Nil

i. Ceased as a Director of the Company prior to the implementation of the Demerger. The number of Echo Entertainment Group Limited securities disclosed above was applicable at the time of cessation.

Directors' Report

For the financial year ended 30 June 2011

18. Board and Committee meeting attendance

During the financial year ended 30 June 2011 the Company held 5 meetings of the Board of Directors. Four of these meetings were held prior to the implementation of the Demerger, with a focus on matters relating to establishment of the Company and the Demerger process. One meeting, at which all current Directors were present, was held following the implementation of the Demerger.

The attendance of the Directors at meetings of the Board and its Committees during the year in review were:

Name	Board of Directors		Audit Committee		Risk and Compliance Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
Current										
John Story	4	4	1	1	1	1	0	0	0	0
John O'Neill	4	4	1	1	1	1	0	0	0	0
Brett Paton	2	4	1	1	1	1	0	0	0	0
Larry Mullin ⁱ	4	5	1	1	1	1	0	0	0	0
Matt Bekier ⁱ	5	5	1	1	1	1	0	0	0	0
Former										
Kerry Willcock ⁱⁱ	1	1	-	-	-	-	-	-	-	-

A – Number of meetings attended

B – Maximum number of possible meetings available for attendance following appointment as a director

i. The Executive Directors are members of the Board Nomination Committee but are not members of any other Board Committee, however they do attend the other Board Committee meetings.

ii. Ceased as a Director following the holding of one Board meeting and prior to the implementation of the Demerger.

Details of the functions and memberships of the Committees of the Board are set out in the corporate governance statement section of the Concise Annual Report. The terms of reference for each Board Committee are available from the corporate governance section of the Company's website.

19. Indemnification and insurance of Directors and Officers

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

20. Non-statutory audit and other services

Ernst & Young, the external auditor to the Company and the Echo Entertainment Group, provided non-statutory audit services to the Company during the financial year ended 30 June 2011. The Directors are satisfied that the provision of non-statutory audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-statutory audit service provided means that auditor independence was not compromised. These statements are made in accordance with advice provided by the Company's Audit Committee.

The Company's Board Audit Committee reviews the activities of the independent external auditor and reviews the auditor's performance on an annual basis. The Chairman of the Audit Committee must approve all non-statutory audit and other work to be undertaken by the auditor (if any). Further details relating to the Audit Committee and the engagement of auditors are available in the corporate governance statement section of the Concise Annual Report.

Directors' Report

For the financial year ended 30 June 2011

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

Description of services

	\$000
Other audit services	165
Total of all non-statutory audit and other services	165

Amounts paid or payable by the Company for audit and non-statutory audit services are disclosed in note 4 to the Financial Report.

21. Corporate Governance Statement

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. In recognition of changes stemming from the Demerger the Company adopted new practices and optimised its existing practices. The Company's corporate governance statement was lodged with the ASX prior to listing, and is available under the corporate governance section of the Company's website at <http://www.echoentertainment.com.au/About/CorporateGovernance/Pages/default.aspx>.

22. Rounding of amounts

Echo Entertainment Group Limited is a company of the kind specified in Australian Securities and Investments Commission Class Order 98/0100. In accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded to the nearest hundred thousand dollars unless specifically stated to be otherwise.

23. Auditor's independence declaration

Attached is a copy of the auditor's independence declaration provided under section 307C of the Corporations Act 2001 in relation to the audit for the financial year ended 30 June 2011. This auditor's independence declaration forms part of this Directors' report.

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



John Story
Chairman

Sydney
16 August 2011

Auditor's Independence Declaration

To the Directors of Echo Entertainment Group Limited



Remuneration Report (Audited)

For the financial year ended 30 June 2011

Introduction

This Remuneration Report outlines the remuneration policy and arrangements for Echo's Directors, executives and senior management in accordance with the requirements of the Corporations Act 2001 and its Regulations. The information provided in this Remuneration report has been audited as required by section 308(3C) of the Corporations Act.

In June 2011, Echo Entertainment Group Limited ('the Company') was demerged from Tabcorp Holdings Limited ('Tabcorp') by way of a Scheme of Arrangement in accordance with Tabcorp's Scheme Booklet dated 15 April 2011 ('the Demerger'). The Demerger separated the Casino business from Tabcorp, with the Company acquiring Star City Holdings Limited and Jupiters Limited prior to the Demerger. Following the Demerger the Company ceased to be a wholly owned subsidiary of Tabcorp Holdings Limited, and became a separately listed entity on the Australian Securities Exchange (ASX). Accordingly the Remuneration Report of the Company and its subsidiaries (collectively referred to as 'the Echo Entertainment Group') for the financial year ended 30 June 2011 covers two periods:

- Prior to the Demerger as part of the Tabcorp Group; and
- Post Demerger as a separate listed entity.

The KMP of the Echo Entertainment Group prior to the Demerger have been determined as the KMP of Tabcorp who had KMP responsibility for the Casino business. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Echo Entertainment Group, and comprises all the Directors of the Company and certain members of the Executive Committee. The KMP subsequently identified and disclosed in this Report for the 2011 and 2010 financial years were employed by Tabcorp prior to the Demerger, and were therefore paid in accordance with Tabcorp's remuneration framework and policies.

Post Demerger, the Board will review the remuneration for Non Executive Directors each calendar year. The current and prior period remuneration shown for Non Executive Directors represent policies implemented by Tabcorp up until the Demerger. Post Demerger, the Board will implement Non Executive Director remuneration policies that reflect the Company as a separate entity. As a result, the fees for the 2012 financial year will be initially lower than the fees for the 2011 financial year. The details of Non Executive Director remuneration are included in Section 5.3.

As detailed in this Remuneration Report, the annual reward structure for the most senior managers comprises three components: a fixed base salary, a short term cash incentive and a long term incentive in the form of Performance Rights. For KMP at least 45% of the total annual reward is 'at risk' in the form of short term or long term incentives tied to the achievement of specific business objectives and performance targets.

For the year ending 30 June 2011, short term incentives were awarded by Tabcorp to senior managers, and were, on average, higher than the previous financial year. With regard to long term incentives, an allocation of Performance Rights by Tabcorp was made to certain senior managers for the year ending 30 June 2010, in accordance with their employment contracts. An allocation of Performance Rights under the long term incentive plan for the former Managing Director and Chief Executive Officer was made following Tabcorp shareholder approval.

As a result of the Demerger, the Tabcorp Board determined to collapse all its existing Employee Share Schemes prior to the implementation of the Demerger. Details of the treatment of these schemes are set out in Sections 6.3.2.8, 6.3.3.1 and 6.5.1.4.

1. Significant changes since 30 June 2010

As a result of the Demerger, the Echo Board was established. The founding members of the Board have been drawn from Tabcorp's Board and senior executives. Going forward, Echo will seek to identify appropriate candidates to join the Board as additional Non Executive Directors.

1.1. Non Executive Directors

Upon the implementation of the Demerger, three Non Executive Directors resigned from the Tabcorp Board on 8 June 2011, to be the Non Executive Directors of Echo.

Following the Demerger, the Echo Board will initially comprise:

- Mr John Story as Non Executive Chairman; and
- Mr Brett Paton and Mr John O'Neill as Non Executive Directors.

1.2. Executive Directors

Larry Mullin is Echo's Managing Director and Chief Executive Officer, and commenced this role on 9 June 2011. Prior to the Demerger, Mr Mullin was Chief Executive Officer, Casinos for Tabcorp.

Remuneration Report

For the financial year ended 30 June 2011

Matt Bekier commenced as Chief Financial Officer and Executive Director of Echo on 9 June 2011. Prior to the Demerger, Mr Bekier was Chief Financial Officer for Tabcorp.

Tabcorp's former Managing Director and Chief Executive Officer, Mr Elmer Funke Kupper, led Tabcorp for most of the 2011 financial year and through the Demerger period. On Demerger Mr Larry Mullin became Managing Director and Chief Executive Officer of Echo and Mr David Attenborough became Managing Director and Chief Executive Officer of Tabcorp.

1.3. Executives

Geoff Hogg (Managing Director Treasury) commenced as a KMP on 9 June 2011, following the Demerger.

Frederic Luvisutto (Managing Director Jupiters) commenced as a KMP on 9 June 2011, following the Demerger.

Sid Vaikunta (Managing Director Star City) commenced as a KMP on 9 June 2011, following the Demerger.

Kerry Willcock (Executive General Manager, Corporate and Legal of Tabcorp) ceased as a KMP on 8 June 2011, following the Demerger. Ms Willcock continued as a KMP for Tabcorp.

Louise Marshall (Executive General Manager, Human Resources) ceased as a KMP on 8 June 2011, following the Demerger. Ms Marshall remains with Tabcorp and continues to act in the same role for Echo until 30 September 2011.

1.4. Treatment of Employee Share Schemes under the Demerger

The Tabcorp Board considered the impact of the Demerger on Tabcorp's various Employee Share Schemes and made decisions in relation to the treatment of each of the schemes under the Demerger. The details of this treatment were set out in the Scheme Booklet sent to shareholders on 15 April 2011.

The treatment of the relevant securities under the Demerger is described in Sections 6.3.2.8, 6.3.3.1 and 6.5.1.4.

2. Governance

The main responsibilities of the Board Remuneration Committee are:

- Establishing and maintaining fair and reasonable remuneration policies and practices that apply to the Echo Entertainment Group;
- Reviewing and recommending to the Board the remuneration of KMP and the terms and conditions of any incentive plans; and
- Agreeing benchmarks against which annual salary reviews are evaluated.

In exercising its responsibilities, the Board Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and executives every year by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality and high performing Board and executive team.

To assist in exercising its responsibilities, the Board Remuneration Committee will seek independent advice on matters such as remuneration strategies, mix and structure.

The remuneration strategy for Echo up until the Demerger is that of Tabcorp. Post Demerger, a remuneration strategy will be implemented by the Board Remuneration Committee that is representative of the operations of the Echo Entertainment Group.

3. Remuneration philosophy

The key objective of Echo's remuneration philosophy is to enable Echo to attract, motivate and retain high calibre individuals at both Board and senior management level. To achieve this, Echo's remuneration framework is based upon the following key principles:

- Creating shareholder value relative to our peer group;
- Maintaining market competitiveness; and
- Measuring and rewarding individual, divisional and Group performance.

For executive and senior management remuneration, this involves aligning the reward components with the individual's ability to influence results and to increase the focus on variable reward that is leveraged for superior performance.

Remuneration Report

For the financial year ended 30 June 2011

4. Key management personnel (KMP)

Name	Entity	Position held	Period in position if less than full year
NON EXECUTIVE DIRECTORS			
Current			
John Story	Echo Tabcorp	Chairman and Director (Non Executive) Chairman and Director (Non Executive)	From 17 March 2011 Until 8 June 2011
John O'Neill	Echo Tabcorp	Director (Non Executive) Director (Non Executive)	From 28 March 2011 Until 8 June 2011
Brett Paton	Echo Tabcorp	Director (Non Executive) Director (Non Executive)	From 25 March 2011 Until 8 June 2011
EXECUTIVES			
Current Executive Directors			
Larry Mullin ⁱⁱ	Echo Tabcorp	Managing Director and Chief Executive Officer Chief Executive Officer, Casinos (not a Director)	From 9 June 2011 Until 8 June 2011
Matt Bekier ⁱⁱ	Echo Tabcorp	Chief Financial Officer Chief Financial Officer (not a Director)	From 9 June 2011 Until 8 June 2011
Current Executives			
Geoff Hogg	Echo	Managing Director Treasury	From 9 June 2011
Frederic Luvisutto	Echo	Managing Director Jupiters	From 9 June 2011
Sid Vaikunta	Echo	Managing Director Star City	From 9 June 2011
FORMER EXECUTIVES			
Elmer Funke Kupper	Tabcorp	Managing Director and Chief Executive Officer	Until 8 June 2011
Louise Marshall ⁱ	Tabcorp	Executive General Manager, Human Resources	Until 8 June 2011
Kerry Willcock ^{i,iii}	Tabcorp	Executive General Manager, Corporate and Legal	Until 8 June 2011

i. Position continues to be held with Tabcorp.

ii. Appointed as a Director of Echo Entertainment Group Limited on 2 March 2011.

iii. Held position as Director of Echo Entertainment Group Limited from 2 March 2011 until 17 March 2011.

Details of Director qualifications, experience and other responsibilities are set out in the Directors' report.

5. Non Executive Director remuneration

5.1. Remuneration framework

The Board Remuneration Committee has responsibility for reviewing and recommending to the Board appropriate remuneration arrangements for Non Executive Directors, taking into consideration factors including:

- The Echo Entertainment Group's remuneration philosophy;
- The level of fees paid to Board members of other publicly listed Australian companies;
- Operational and regulatory complexity;
- The responsibilities and workload requirements of each Board member; and
- Advice from independent remuneration consultants.

Non Executive Directors' fees are to be reviewed annually on a calendar year basis and, in accordance with Echo's constitution, the current aggregate limit (including superannuation contributions) is set at \$2 million.

Remuneration Report

For the financial year ended 30 June 2011

Non Executive Directors do not receive any performance or incentive payments and are not eligible to participate in any of Echo's incentive plans. This policy aligns with the principle that Non Executive Directors act independently and impartially.

5.2. Structure

Non Executive Directors' remuneration comprises the following components:

- Board fee;
- Board Committee fees; and
- Superannuation (9% of total fees, uncapped).

Some Directors may receive additional remuneration and associated superannuation (where applicable) for:

- Observer fees equivalent to the applicable Board and Committee fees (for attending Board and Committee meetings and induction whilst awaiting regulatory approval); and
- Membership of other Committees, such as the Demerger Due Diligence Committee.

Board fees are structured by having regard to the responsibilities of each position within the Board. Board Committee fees are structured to recognise the differing responsibilities and workload associated with each Committee, and the additional responsibilities of each Committee Chairman.

Board fees are not paid to the Managing Director and Chief Executive Officer and the Chief Financial Officer, or to executives for directorships of any subsidiaries.

5.3. Current annual fees

The annual fees are detailed in Figure 1 for Non Executive Directors and Board Committee memberships. Fees disclosed up to the Demerger represent the fee structure of Tabcorp. Following the Demerger, the Echo Non Executive Directors are remunerated with a base fee plus additional committee fees for chairing or sitting on an Echo Board Committee.

Figure 1: Non Executive Director and Board Committee fixed annual fees

Position	Board fees ⁱ \$	Board Committee fees (i)					
		Audit \$	Risk and Compliance \$	Remuneration \$	Nomination \$	Technology ⁱⁱ \$	Due Diligence ⁱⁱⁱ \$
Tabcorp fees up to the Demerger (8 June 2011)							
Chairman	380,000						
Non Executive Director	140,000						
Committee Chairman		50,000	25,000	25,000	7,500	25,000	40,000
Committee Member		15,000	15,000	10,000	7,500	10,000	40,000
Echo fees following the Demerger (9 June 2011)							
Chairman	350,000						
Non Executive Director	120,000						
Committee Chairman		40,000	25,000	25,000	7,500	N/A	N/A
Committee Member		15,000	15,000	10,000	7,500	N/A	N/A

i. Fees exclude superannuation contributions.

ii. Committee commenced 1 May 2010 and ceased in 2011 as a result of the Demerger.

iii. Committee commenced 1 December 2010 to oversee the due diligence process for the Demerger and concluded 30 June 2011.

Remuneration Report

For the financial year ended 30 June 2011

6. Senior management remuneration (including Executive Directors)

The Remuneration Committee and the Board has responsibility for reviewing the remuneration framework of the Company and recommending to the Board the appropriate remuneration arrangements. The Remuneration Committee approves the remuneration and incentives for members of the Executive Committee and makes recommendations to the Board in relation to the Managing Director and Chief Executive Officer.

6.1. Remuneration framework

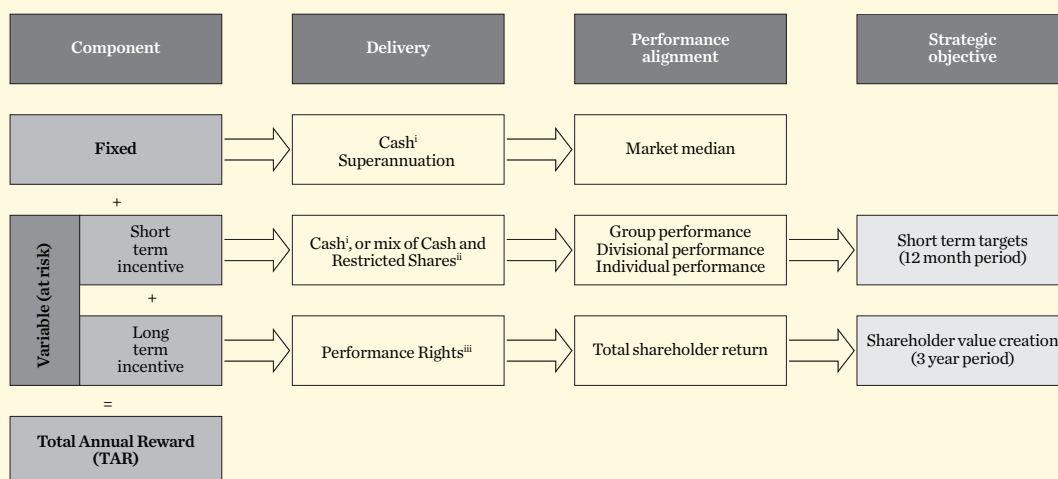
The remuneration framework for senior management comprises a mix of both fixed and variable remuneration components. The level of fixed remuneration reflects the scope and responsibilities of the role and the level of knowledge, skills and experience of the individual. Variable remuneration depends on the achievement of Group, divisional and individual performance targets, and shareholder value hurdles. Variable remuneration may be delivered in the form of cash or a mix of cash and Restricted Shares for achievement of short term performance targets, and Performance Rights for achievement of long term performance targets.

The objective of structuring a remuneration framework comprising both fixed and variable components is to ensure remuneration is market competitive and aligned to:

- Shareholders' interests through:
 - The use of financial measures, such as net profit after tax (to date measured on a normalised basis and before non-recurring items) as the primary reward measure for short term performance outcomes.
 - Rewarding long term company performance measured by reference to a comparable group of companies in the S&P/ASX 100 index, which over the long term should lead to attractive value creation for shareholders.
 - Aligning Group, divisional and individual performance targets to the performance objectives in Echo's annual and long term strategic plans.
 - Attracting, motivating and retaining individuals of the highest calibre.
 - Fostering a culture of high performance in a team based environment.
- Senior managements' interests through:
 - Differentiating reward outcomes based upon individual performance and capability.
 - Linking the form of reward delivery with the ability to influence results.
 - Providing upside opportunity for superior Group performance and increased shareholder value.

The reward structure is outlined in Figure 2.

Figure 2: Senior management reward structure



i. May voluntarily elect to salary sacrifice for additional superannuation contributions and motor vehicle novated leases (for fixed component only).
 ii. Applicable to certain senior management, issued under the Echo Employee Deferred Share Plan and subject to a three year service condition.
 iii. May vest on the third anniversary after the grant, subject to meeting relevant performance based hurdles.

Remuneration Report

For the financial year ended 30 June 2011

6.2. KMP target reward mix

The target reward mix aims to position Total Annual Reward (TAR) at the market median when all performances have been achieved at target. It is set after benchmarking against a wide range of organisations to ensure that the incentive and TAR are competitive, fair and reasonable. Senior management with greater responsibility in key divisions have a greater proportion of at risk remuneration.

The target reward mix for the KMP (other than Non Executive Directors and the Managing Director and Chief Executive Officer) is outlined in Figure 3. This target reward mix excludes appointment incentives (refer section 6.3.3). Refer section 6.4 for details of the Managing Director and Chief Executive Officer's remuneration and section 6.5 for details of the former Managing Director and Chief Executive Officer's remuneration.

Figure 3: KMP target reward mix

KMP	% target reward mix			
	Fixed	Variable (at risk) incentives		Total Annual Reward
		Short term (cash)	Long term (equity)	
Current				
Matt Bekier	45	30	25	100
Geoff Hogg	53.4	30	16.6	100
Frederic Luvisutto	55	27.5	17.5	100
Sid Vaikunta	50	30	20	100
Former				
Louise Marshall	50	25	25	100
Kerry Willcock	50	25	25	100

6.3. Variable (at risk) remuneration

6.3.1. Short term incentive (STI)

The Board plans to approve a STI plan for its senior management in late 2011. Under the STI plan, participants will have the opportunity to receive a short term incentive equal to their target STI (as determined during their annual remuneration review), multiplied by a factor determined to the extent to which individual and group performance targets are satisfied. The STI will be delivered in cash, or a mix of cash and Restricted Shares.

Prior to the Demerger, senior management for Echo were senior management of Tabcorp. The STI payments disclosed in section 7 of this report represent payments made under the Tabcorp STI. The information below therefore relates to the Tabcorp STI.

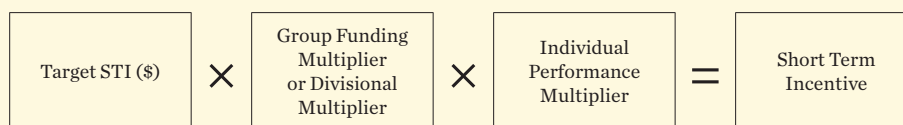
6.3.1.1. Overview

The Tabcorp STI was designed to reward employees for the achievement of the Tabcorp Group (including Echo prior to the Demerger), divisional and individual performance goals over the relevant 12 month performance period, which were aligned to and supportive of the Tabcorp Group's annual objectives for each financial year.

6.3.1.2. Determining Factors

The incentive was based upon three key factors:

Figure 4: STI calculation



- Target STI**
 This amount was based on a percentage of the individual's Total Annual Reward (TAR) (refer to Figure 3 above).

- Group Funding Multiplier (GFM) or Divisional Multiplier (DM)**
 The first step was to determine the GFM. This was linked to the achievement of Tabcorp's target normalised net profit after tax before non recurring items as approved by the Tabcorp Board. The GFM determined the overall STI pool available for distribution. If the minimum financial performance target was not met, individual awards may have been funded at a reduced level, at the discretion of the Tabcorp Board.

If the minimum financial performance target was met, the second step was to determine the DM. This created differentiation between divisions based on their performance and contribution to the Tabcorp Group. The DM was determined by reference to the performance of each division against financial targets, non financial targets and execution of the division's key strategic objectives. Senior management working in Group functions generally received the GFM.

- Individual Performance Multiplier (IPM)**
 Individual performance was assessed using a balanced scorecard of individual measures that aligned to and supported the Tabcorp Group's annual objectives. The balanced scorecard assessed four performance areas – customers, people, organisation, and shareholders. Specific key performance objectives (KPOs) were agreed upon for each performance area at the start of the financial year against which the individual was assessed.

To be eligible to receive a STI, participants needed to demonstrate required levels of behaviours in line with the Tabcorp Group values and must not have had any significant controllable compliance breaches.

6.3.1.3. Delivery

The STI was delivered in cash for the year ended 30 June 2011. Commencing the year ending 30 June 2012, it is mandatory for participants at a senior management level, where the target STI was 30% or more of TAR and who do not participate in the long term incentive, to defer one third of their total STI into Restricted Shares. Restricted Shares are subject to a three year service condition during which time the shares may not be traded, however participants have full entitlement to dividends and voting rights.

As a result of the Demerger, the Tabcorp Board waived the disposal restrictions for past allocations. At the date disposal restrictions and forfeiture provisions were waived, the fair value of the Restricted Shares were fully expensed.

6.3.1.4. Accounting treatment

The financial impact of the STI is expensed in the relevant financial year and is reflected in the remuneration disclosures for KMP. Restricted Shares are expensed on a straight line basis over a three year period, commencing from the time the Restricted Shares are granted to the participant, which occurs after the end of the financial year.

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For the financial year ended 30 June 2011

6.3.1.5. STI performance

For the year ended 30 June 2011, short term incentive targets were derived from the Tabcorp Board approved business plan. The Tabcorp Board awarded short term incentives to senior management (including the senior management of Echo) that reflected the financial performance of Tabcorp, prior to Demerger, against the targets set. On average, they were higher than the previous year.

6.3.2. Long term incentive (LTI)

The Board plans to approve a LTI plan for its senior management in September 2011. LTI will be delivered through either Performance Rights (which will provide the senior manager with the opportunity to acquire Echo Shares, subject to meeting market based performance hurdles and service conditions, at no cost to the senior manager) or Performance Options (which will provide the senior manager with the opportunity to acquire Echo Shares, subject to meeting market based performance hurdles and service conditions, upon payment of a specified exercise price). Participants will not be required to pay any consideration in respect of the grant of Performance Rights or Performance Options.

Prior to the Demerger, senior management for Echo were senior management of Tabcorp. The LTI payments disclosed in section 7 of this report represent payments made under the Tabcorp LTI plan. The information below therefore relates to the Tabcorp LTI.

6.3.2.1. Overview

The Tabcorp LTI was principally designed to reward senior management for contributions to long-term Tabcorp shareholder value creation, measured on the third anniversary after the date of grant (grants prior to 1 July 2010 were measured between the third and fourth anniversary). Ultimate value from the LTI was only delivered to the senior management if certain Tabcorp shareholder returns were achieved on the test date, resulting in the equity instruments vesting.

The LTI was delivered through Performance Rights that provided the senior manager with the opportunity to acquire shares, subject to meeting market based performance hurdles and service conditions, at no cost to the senior manager. Performance Rights were considered an effective instrument for delivering incentives to senior management which is aligned to achieving Tabcorp shareholder value over the three year period.

Performance Rights issued under the Tabcorp LTI plan had the following features:

- Tested against the relevant performance hurdle at the third anniversary of the date of grant (and at a further two subsequent six monthly intervals for grants prior to 1 July 2010);
- May vest at the third anniversary of the date of grant (and a further two times up to the fourth anniversary for grants prior to 1 July 2010), with any unvested Performance Rights lapsing immediately;
- Senior management had until the seventh anniversary of the date of grant to exercise vested Performance Rights, otherwise they lapse;
- Upon exercise Tabcorp issued or transferred ordinary shares to the senior manager; and
- The fair value was expensed over a three year period (and four year periods for grants prior to 1 July 2010) from the grant date in accordance with Accounting Standards.

6.3.2.2. Allocation

The Performance Rights under the Tabcorp LTI were generally allocated annually in September in arrears. The number of Performance Rights allocated is calculated as outlined in Figure 5.

Figure 5: Allocation calculation

$$\boxed{\text{Target LTI (\$)}} \div \boxed{\text{Fair Value of Performance Right}} = \boxed{\text{Number of Performance Rights allocated}}$$

6.3.2.3. Vesting conditions

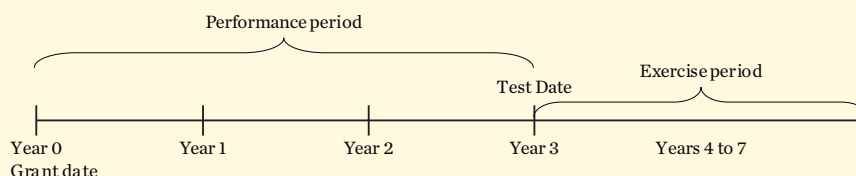
The vesting of Performance Rights issued under the Tabcorp LTI was dependent on two conditions, as discussed below.

- **Time based**

Performance Rights may have vested at the third anniversary of the date of grant (Test Date), subject to meeting the relevant performance based hurdle (refer Figure 6). The Test Period aligned with the timeframe for Tabcorp's long term business strategy. The Performance Rights were tested against the performance hurdle at six monthly intervals during the Test Period.

Retesting was removed under the LTI in relation to offers made after 30 June 2010. For allocations made prior to 1 July 2010, Performance Rights were tested against the performance hurdle at six monthly intervals over a twelve month period commencing on the third anniversary of the date of the grant.

Figure 6: Time based vesting conditions (subject to meeting performance hurdle)



- **Performance based**

The performance hurdle for Performance Rights issued under the LTI was relative Tabcorp Total Shareholder Return (TSR).

TSR measured the return received by shareholders (capital returns, dividends and share price movement) over a specific period relative to a peer group of companies. If there was any change in the dividend payment timetable of a company in the peer group (including Echo), then the TSR performance of that company was adjusted to remove any artificial distortion in the outcome. Tabcorp engaged an external consultant to calculate Tabcorp's TSR relative to the peer group of companies.

The peer group used for assessing Tabcorp's relative TSR was based upon the following companies.

Basis	Exclusions
S&P/ASX 100 index	<ul style="list-style-type: none"> • Property trusts; • Infrastructure groups; and • Mining companies <p>Represented by the S&P Global Industry Classification Standards of Oil & Gas, Metals & Mining, Transportation Infrastructure and Real Estate.</p>

The composition of the peer group may change as a result of specific external events, such as mergers and acquisitions, capital returns, delistings and capital reconstruction. The Tabcorp Board Remuneration Committee agreed guidelines for adjusting the peer group following such events, and has the discretion to determine any adjustment to the peer group of companies.

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The table below sets out the percentage of Performance Rights that will vest depending on Tabcorp's relative TSR ranking as at the applicable test dates:

Tabcorp's relative TSR ranking	Percentage of Performance Rights that will vest
Below 50th percentile	0%
At 50th percentile	50%
Above 50th and below 75th percentile	Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)
At or above 75th percentile	100%

For grants prior to 1 July 2010, if Tabcorp's relative TSR ranking on a test date is higher than that measured on a previous test date(s), then a further number of Performance Rights may vest to senior management in addition to those that may have already vested. Alternatively, if Tabcorp's relative TSR ranking is lower than as measured on a previous test date(s), then no further Performance Rights will vest. The maximum number of Performance Rights that will have vested to senior management will accord with the highest measure of Tabcorp's relative TSR ranking on test dates during the test period.

This testing schedule and vesting criteria are common practices adopted by the companies in the S&P/ASX100 index, which is consistent with Echo's remuneration philosophy (refer to section 3) and senior management remuneration framework (refer to section 6.1).

Upon exercise of Performance Rights, senior management will be allocated an equivalent number of fully paid ordinary shares in the Company, and will receive full voting and dividend rights corresponding to the rights of all other holders of ordinary shares.

6.3.2.4. Lapsing conditions

Performance Rights that have not vested after testing will lapse.

Performance Rights which have vested will be exercisable by senior management until the seventh anniversary after the grant date. Following the seventh anniversary, any vested Performance Rights which have not been exercised will lapse.

6.3.2.5. Cessation of employment

All unvested Performance Rights lapsed immediately upon cessation of employment with Tabcorp. However, the Board Remuneration Committee has discretion in special circumstances to determine the number of Performance Rights (and Performance Options, where applicable) retained and the terms applicable. Special circumstances include events such as retirement, redundancy, death and permanent disability.

Vested Performance Rights are exercisable by the individual for a period of 90 days after termination of employment with Tabcorp, following which they will lapse.

6.3.2.6. Accounting treatment

Performance Rights issued under the LTI are expensed on a straight line basis over a three year period, commencing from the grant date (or four year period for grants prior to 1 July 2010). Under Accounting Standards, Tabcorp is required to recognise an expense irrespective of whether the Performance Right ultimately vests to the senior manager. A reversal of the expense is only recognised in the event the Performance Rights lapse due to cessation of employment within the three or four year period.

The 'Remuneration of KMP' tables at section 7.1 (Figures 8B & 8D) reflect the accounting expense recognised in the relevant financial year, not the total fair value of Performance Rights allocated to the Executive Directors and Executives during the year, which is disclosed in Figure 9E.

6.3.2.7. LTI performance

In the 2011 financial year there were five scheduled test dates for past allocations under the Tabcorp LTI. The performance based criteria for vesting was achieved during the second test for the 29 November 2007 grant, however, was not achieved for any other allocations. Therefore Performance Rights only vested for the 29 November 2007 grant.

6.3.2.8. Treatment of LTI under the Demerger (other than the former Managing Director and Chief Executive Officer)

As a result of the Demerger, the application of performance hurdles for unvested Performance Rights and Performance Options would be distorted, as Tabcorp's relative TSR would exclude (at least in part) the value of Echo shares and distributions on such Shares during the testing period. As a consequence, the financial performance of Tabcorp would not be fairly accurately represented if the performance hurdles were applied in these circumstances. Further, the value of a Tabcorp Share received upon the exercise of a vested Performance Right or Performance Options would be diminished by the value of an Echo Share.

Accordingly, the Tabcorp Board decided to accelerate the testing of relevant performance conditions to the date on which the Scheme became effective on 3 June 2011. The acceleration applied only to the pro rata portion of the unvested Performance Rights that was equal to the proportion of the standard vesting period of three years that had elapsed at 3 June 2011.

The performance conditions tested remained unchanged, i.e. they were the same performance conditions applied since the grant of the relevant Performance Right or Performance Option, except only to the extent that the testing date is brought forward.

Any Performance Rights or Performance Options that did not vest upon testing lapsed.

Any Performance Rights that did not qualify for testing on a pro rata basis were cancelled. With respect to these cancelled Performance Rights, Tabcorp paid the holder an amount equal to 50% of their fair value as at their date of grant.

The fair value of all Performance Rights and Performance Options were fully expensed at the date of accelerated testing or cancellation.

6.3.3. Appointment/retention incentives

6.3.3.1. Criteria for issue

Restricted Shares may be issued to senior managers as an incentive upon appointment (either on joining Echo or transfer to a new position internally) or for retention. These are ordinary shares in the Company, and in order to act as a retention mechanism are subject to time based restrictions of up to three years.

Additionally, senior managers may also be issued Performance Rights upon appointment. These instruments are expected to be issued under the LTI, once approved, and will be subject to specific performance hurdles and vesting conditions.

A combination of equity instruments such as Restricted Shares, subject to time based restrictions, and Performance Rights, subject to performance and time based hurdles, are employed to attract, retain and compensate senior management for equity forfeited.

Appointment incentives that were provided in prior financial years by Tabcorp that remained subject to trading restrictions or vesting criteria are disclosed in section 6.4.2 and 6.6.2.

Remuneration Report

For the financial year ended 30 June 2011

As a result of the Demerger, the Tabcorp Board determined to waive the disposal restrictions and forfeiture provisions in respect of the Tabcorp Shares issued pursuant to the Tabcorp Deferred Share Plan Rules.

6.3.3.2. Accounting treatment

The fair value of Restricted Shares is expensed as remuneration over the relevant restriction period. At the date disposal restrictions and forfeiture provisions were waived, the fair value of the Restricted Shares was fully expensed.

As Performance Rights (and Performance Options prior to 30 June 2007) are issued under the LTI, they are expensed in the same manner as described in section 6.3.2.6.

6.3.4. Policy prohibiting hedging

Participants in the incentive plans (STI and LTI), once approved, will be restricted from hedging the value of Restricted Shares and unvested Performance Options and Performance Rights, and must not enter into a derivative arrangement in respect of the equity instruments granted under these plans. Breaches of the restriction will result in equity instruments being forfeited by the senior manager. This policy is consistent with that of Tabcorp which would have impacted Echo employees who were participants in the Tabcorp incentive plans prior to the Demerger.

These prohibitions are included in Echo's Securities Trading Policy, available from the Corporate Governance section of Echo's website at www.echoentertainment.com.au and will be in the terms and conditions of the incentive plans.

Equity instruments granted under the incentive plans can only be registered in the name of the participant, are identified as non tradable on the share register, and cannot be traded or transferred to another party until vested or until any trading restriction period has expired (where applicable).

The Board, at its discretion, can request a senior manager to provide a statutory declaration that the senior manager has complied with this policy. During the period, the Board did not require any such declarations.

6.4. Executive Director contract – Managing Director and Chief Executive Officer

6.4.1. Current contract

Larry Mullin commenced his new role as Managing Director and Chief Executive Officer on 9 June 2011 after all conditions precedent to implement the Demerger were satisfied or waived. In accordance with his employment contract, Mr Mullin receives fixed remuneration and the opportunity to receive variable remuneration through short term and long term incentive arrangements. Mr Mullin's contract is for a continuing term (subject to visa status) capable of being terminated on 6 months' notice by Mr Mullin and 12 months' notice by Echo. The contract does not require any termination payments, other than payment in lieu of notice (if applicable).

6.4.1.1. Fixed remuneration

Mr Mullin receives fixed remuneration of \$1,500,000 per annum which is to be reviewed annually by the Board. Mr Mullin receives cash in lieu of superannuation, due to being an Executive Director temporary resident of Australia.

6.4.1.2. Short term incentive

Mr Mullin is eligible to receive a short term performance award based on his individual performance and the Company's performance over the annual performance review period. Mr Mullin's short term performance award is equivalent to \$1,500,000 if targets are met, and is delivered in cash. This short term incentive is expected to be similar to that which applies to the Tabcorp STI in section 6.3.1, other than as set out above.

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For the financial year ended 30 June 2011

6.4.1.3. Long term incentive

The Company intends that the long term incentive component of Mr Mullin's remuneration package will involve annual grants of Performance Rights or Options, which would be subject to meeting performance hurdles, with the grant of such Performance Rights or Options being subject to obtaining any necessary shareholder approvals at the relevant time. The Echo Board is expected to formally approve awards to Mr Mullin under the LTI Plan, including relevant performance conditions, in late 2011. This long term incentive is expected to be similar to that which applies to the Tabcorp LTI in section 6.3.2, other than as set out in this section.

The Performance Rights or Options granted will be tested on the test date to determine whether the applicable performance hurdles have been met. The performance hurdle is relative TSR, which is based on the Company's TSR ranking compared to a peer group of companies measured over the period from the effective date to the applicable test date. If performance targets are met, the Long Term Performance Plan reward for the 30 June 2012 financial year is \$1,000,000.

Upon termination of employment (other than at the discretion of the Board in special circumstances such as, but not limited to, death and permanent disablement), all unvested Performance Rights or Options will lapse immediately. In all circumstances of termination of employment (other than for serious misconduct, in which case all vested [but not exercised] and all unvested Performance Rights or Options will lapse immediately), all Performance Rights or Options that have vested at the date of termination will be exercisable by Mr Mullin for a period of 90 days following termination of employment, following which they will lapse.

6.4.1.4. Out performance incentive

Mr Mullin's contract includes an Out Performance Incentive (OPI), which is payable if certain earnings threshold results are met for the 30 June 2014 financial year. The maximum OPI payable is \$3,000,000 and any payment is to be made following the release of the 30 June 2014 financial results.

6.4.1.5. Other benefits

Mr Mullin's contract includes benefits comprising of living away from home expenses and home leave for a period of four years. These benefits are consistent with Mr Mullin's previous contract.

6.4.2. Previous contract

Mr Mullin's contract with Tabcorp for his previous role as Chief Executive Officer, Casinos was for a period of four years, and did not provide for any termination payment, other than payment in lieu of notice. The minimum notice period was 6 months (Mr Mullin) and 9 months (Tabcorp).

Mr Mullin was provided an appointment incentive in the year ended 30 June 2009 of approximately \$1,500,000 comprising cash of \$900,000 and Restricted Shares of approximately \$600,000 as follows:

Instrument type	Number	Trading restrictions and vesting conditions
Restricted Shares	90,931	Subject to trading restrictions lifting in 3 tranches on 2 February 2010, 2011 and 2012

As a result of the Demerger, the Tabcorp Board determined to waive the disposal restrictions and forfeiture provisions in respect of the Tabcorp Shares issued pursuant to the Deferred Share Plan Rules.

Mr Mullin's contract included an Out Performance Incentive (OPI), which was payable if certain earnings threshold results for the Casinos Division were met for the 30 June 2012 financial year. The maximum OPI payable was \$2,700,000, and any payment was to be made following the release of the 30 June 2012 financial results. However, as a result of the Demerger, Mr Mullin was issued a new employment contract with Echo and therefore, the Tabcorp OPI no longer applies.

Remuneration Report

For the financial year ended 30 June 2011

6.5. Executive contract – former Managing Director and Chief Executive Officer (Tabcorp)

6.5.1 Current contract

Elmer Funke Kupper was Managing Director and Chief Executive Officer of Tabcorp until 8 June 2011. In accordance with an employment contract, Mr Funke Kupper received fixed remuneration and the opportunity to receive variable remuneration through short term and long term incentive arrangements. Mr Funke Kupper's contract was for a continuing term capable of being terminated on 6 months' notice by Mr Funke Kupper and 12 months' notice by Tabcorp. The contract does not require any termination payments, other than payment in lieu of notice (if applicable).

6.5.1.1. Fixed remuneration

Mr Funke Kupper received fixed remuneration (inclusive of superannuation) of \$1,500,000 per annum.

6.5.1.2. Short term incentive

Mr Funke Kupper was eligible to receive a short term performance award based on his individual performance and Tabcorp's performance over the annual performance review period. Mr Funke Kupper's short term performance award was equivalent to \$1,500,000 if targets were met, and was delivered in cash, with the opportunity for Mr Funke Kupper to voluntarily sacrifice part of the award into additional superannuation contributions. This short term incentive was similar to that which applies to the STI in section 6.3.1, other than as set out above.

Following an assessment by the Board of Mr Funke Kupper's performance for the 2011 financial year, a short term performance award of \$2,475,000 was made. The award reflected the Board's assessment that Mr Funke Kupper's leadership and performance exceeded targeted outcomes with regard to a range of financial and non-financial goals including but not exclusive to, positioning the business for the execution of the Demerger, the award of the Victorian Keno Licence and the submission of the Victorian Wagering and Betting Licence.

6.5.1.3. Long term incentive

The long term incentive component of Mr Funke Kupper's remuneration package would involve annual grants of Performance Rights, which were subject to performance hurdles, with the grant of such Performance Rights subject to obtaining any necessary Tabcorp shareholder approvals at the relevant time. This long term incentive was similar to that which applies to the LTI in section 6.3.2, other than as set out in this section.

Since his appointment as Managing Director and Chief Executive Officer, Mr Funke Kupper received four grants of Performance Rights under the Tabcorp Long Term Performance Plan, which were approved by Tabcorp shareholders at the Tabcorp's 2007, 2008, 2009 and 2010 Annual General Meetings. These were as follows:

Effective Date	Number	Test dates	Expiry date
13 July 2007	100,000	30 June 2011 and 30 June 2012	26 November 2014
15 September 2008	281,425	15 September 2011, 15 March 2012 and 15 September 2012	15 September 2015
17 June 2009	326,086	17 June 2012, 17 December 2012 and 17 June 2013	17 June 2016
14 September 2010	413,223	14 September 2013	14 September 2017

The Performance Rights granted were to be tested on each test date to determine whether the applicable performance hurdles were met. However, due to the Demerger, no stated test dates occurred and the treatment of unvested Performance Rights is detailed in Section 6.5.1.4. The performance hurdle was relative TSR, which was based on Tabcorp's TSR ranking compared to a peer group of companies measured over the period from the effective date to the applicable test date.

Further information relating to these Performance Rights is available in the notices of meeting for Tabcorp's 2007, 2008, 2009 and 2010 Annual General Meetings.

6.5.1.4. Treatment under the Demerger – Performance Rights held by Mr Funke Kupper

The Tabcorp Board determined that the 100,000 Performance Rights granted to Mr Funke Kupper in 2007 would automatically lapse upon him ceasing employment, in accordance with Mr Funke Kupper's contract.

In relation to the Performance Rights granted in 2008, 2009 and 2010, upon Mr Funke Kupper ceasing employment a pro-rata portion were to remain in existence, with the balance of those grants automatically lapsing, in accordance with Mr Funke Kupper's contract and the terms and conditions applicable to those Performance Rights. The pro-rata portion of each of those grants that remained in existence were determined on the basis of the period of employment from the relevant grant date to the cessation date. The Performance Rights that remained in existence are referred to collectively as the Pro-rated Rights.

No payment was made to Mr Funke Kupper in respect of any of the Performance Rights that lapse.

The Tabcorp Board determined that, in relation to the Pro-rated Rights, it would exercise its discretion under Mr Funke Kupper's contract and under the terms and conditions of the Performance Rights to allow potential vesting of those Performance Rights immediately following cessation of his employment.

Pro-rated Rights that were allowed to vest in this way were the lesser of 340,245 (being one third of the total Performance Rights granted in 2008, 2009 and 2010) and the number determined according to the extent that the applicable performance conditions were met at the effective date of the Demerger.

Vesting was determined as if the testing date for measuring the performance hurdles applicable to each grant was the effective date of the Demerger (3 June 2011). If any of the Pro-rated Rights did not vest in this way, they did not lapse at that time but remained on foot and will be tested on the testing dates originally provided for under their terms of grant. However, the performance hurdles applying in respect of those Performance Rights that remain on foot will not be adjusted to reflect the fact that following the Demerger, the total shareholder return on Tabcorp Shares will exclude (a least in part) the value of Echo Shares and any distributions on such shares during the testing period.

Where Performance Rights have lapsed, the remuneration previously recognised in relation to these Performance Rights was reversed on cessation of employment. The fair value of all other Performance Rights was fully expensed on cessation of employment.

Remuneration Report

For the financial year ended 30 June 2011

6.6. Executive contracts (including Chief Financial Officer) - KMP

6.6.1. Current contracts

The table below contains details of the contracts of the Executives who are KMPs, including the Chief Financial Officer who is an Executive Director. The current contracts do not provide for any termination payments, other than payment in lieu of notice.

Name	Position	Contract duration	Minimum notice period (months)	
			Executive	Echo
Current				
Matt Bekier	Chief Financial Officer and Executive Director	Open ended	6	9
Geoff Hogg ⁱ	Managing Director Treasury	Open ended	3	6
Frederic Luvisutto ⁱⁱⁱ	Managing Director Jupiters	4 years	3	6
Sid Vaikunta ⁱⁱ	Managing Director Star City	4 years	6	9
Former				
Louise Marshall ⁱⁱⁱ	Executive General Manager, Human Resources	Open ended	3	9
Kerry Willcock ⁱⁱⁱ	Executive General Manager, Corporate and Legal	Open ended	3	9

i. Commenced as a KMP on 9 June 2011.

ii. Covered by a sponsored s457 visa.

iii. Ceased as a KMP of Echo on 8 June 2011. Position continues to be held with Tabcorp.

6.6.2. Appointment incentives

Managing Director Star City

Mr Vaikunta was provided an appointment incentive during the prior year of approximately \$700,000 comprising cash of \$280,000 and Restricted Shares of approximately \$420,000 as follows:

Instrument type	Number	Trading restrictions and vesting conditions
Restricted Shares	59,183	Subject to trading restrictions lifting in 3 tranches on 27 July 2010, 2011 and 2012

As a result of the Demerger, the Tabcorp Board determined to waive the disposal restrictions and forfeiture provisions in respect of the Tabcorp Shares issued pursuant to the Deferred Share Plan Rules.

6.6.3. Out performance incentives

Managing Director Star City

Mr Vaikunta's contract includes an Out Performance Incentive (OPI), which is payable if certain earnings threshold results are met for the 30 June 2014 financial year. The maximum OPI payable is \$1,450,000, and any payment will be made following the release of the 30 June 2014 financial results.

Remuneration Report

For the financial year ended 30 June 2011

6.6.4. Other benefits

Chief Financial Officer

Mr Bekier's contract includes benefits comprising of living away from home expenses and relocation costs for a period of two years.

Managing Director Star City

Mr Vaikunta's contract includes benefits comprising of living away from home expenses and home leave for a period of four years. These benefits are consistent with Mr Vaikunta's previous contract.

Managing Director Jupiters

Mr Luvisutto's contract includes benefits comprising of living away from home expenses and home leave for a period of four years.

6.7. Performance of Echo and shareholder wealth

The statutory requirement is to present a five year discussion of the link between company performance and shareholder wealth. As the Company was incorporated on 2 March 2011 and has only been listed since June 2011, it is not possible to present five years of financial data. The statutory financial data presented may therefore not be fully reflective of the underlying performance of the Company.

6.7.1. Net profit after tax

As part of the activities undertaken by Tabcorp Holdings Limited to prepare the Echo Entertainment Group for the Demerger, the Company acquired Star City Holdings Limited and Jupiters Limited effective 31 May 2011. In order to provide more meaningful current and comparative data, the current and comparative amounts below reflect the results of the Tabcorp Group's Casino business assuming the acquisitions had taken place prior to 1 July 2009.

	30 June 2011 \$m	30 June 2010 \$m
Net profit after tax	226.0	193.8

6.7.2. Earnings per share (basic)

	30 June 2011 (cents per share)	30 June 2010 (cents per share)
Earnings per share	32.8	28.2

The earnings per share for the prior period has been calculated using the number of ordinary shares issued under the Tabcorp Holdings Limited demerger scheme of arrangement in June 2011, as the Company had no outstanding shares during the prior period.

6.7.3. Full year dividend

No dividends have been proposed or declared for the financial year ended 30 June 2011.

The dividends disclosed in Note 6 in the Financial Report for the years ended 30 June 2011 and 30 June 2010 represent dividends paid by Star City Holdings Limited and Jupiters Limited whilst wholly owned subsidiaries of Tabcorp.

6.7.4. Company share price at end of financial year

	30 June 2011 \$
Share price at year end	4.11

Figure 7 shows Tabcorp's TSR performance relative to the peer group of companies at test dates during the test periods for LTI allocations.

Remuneration Report

For the financial year ended 30 June 2011

Figure 7: Relative TSR ranking

Grant date	Expiry date per original grant	Accelerated expiry date ⁱ	TSR result at test date			
			First	Second	Third	Accelerated test date 3 June 2011 ⁱⁱ
1 Dec 2003	1 Dec 2010	N/A	44.1	33.3	31.0	N/A
7 Sep 2004	7 Sep 2011	N/A	17.3	12.2	21.4	N/A
3 Mar 2005	3 Mar 2012	N/A	32.9	31.5	18.9	N/A
7 Sep 2005	7 Sep 2012	N/A	16.5	21.1	24.3	N/A
3 Mar 2006	3 Mar 2013	N/A	39.7	21.5	37.3	N/A
17 Nov 2006	17 Nov 2013	N/A	16.7	20.3	27.7	N/A
17 Nov 2006	17 Nov 2013	9 June 2011	16.7	27.7	N/A	42.3
29 Nov 2007	29 Nov 2014	9 June 2011	40.9	50.7	N/A	50.7
15 Sep 2008	15 Sep 2015	9 June 2011	N/A	N/A	N/A	78.2
23 Oct 2008	15 Sep 2015	N/A	N/A ⁱⁱⁱ	N/A ⁱⁱⁱ	N/A ⁱⁱⁱ	78.2
17 Jun 2009	17 Jun 2016	9 June 2011	N/A	N/A	N/A	68.1
19 Oct 2009	17 Jun 2016	N/A	N/A ⁱⁱⁱ	N/A ⁱⁱⁱ	N/A ⁱⁱⁱ	68.1
14 Sep 2010	14 Sep 2017	9 June 2011	N/A	N/A	N/A	95.8
25 Oct 2010	14 Sep 2017	N/A	N/A ⁱⁱⁱ	N/A ⁱⁱⁱ	N/A ⁱⁱⁱ	95.8

i. Refer Section 6.3.2.8 for details.

ii. As outlined in Section 6.3.2.8, the accelerated testing of performance conditions applied to all Performance Rights and Performance Options retained by holders who are employees and former employees, other than the Performance Rights retained by the former Managing Director and Chief Executive Officer as outlined in Section 6.5.1.4.

iii. In relation to the former Managing Director and Chief Executive Officer as outlined in Section 6.5.1.4, there are 232,136 Performance Rights left on foot and will continue to be tested at the respective dates. The performance hurdles applying in respect of those Performance Rights that remain on foot will not be adjusted to reflect the fact that following the Demerger, the TSR on Tabcorp Shares will exclude (at least in part) the value of Echo Shares and distributions on such shares during the testing period.

7. Remuneration tables

7.1. Remuneration of KMP (including five highest paid executives, in accordance with the Corporations Act 2001)

Figure 8A: KMP remuneration for the year ended 30 June 2011 – Non Executive Directors

KMP	Short term	Post employment	Total
	Salary & fees ⁱ \$	Superannuation \$	
Current			
John Story	425,682	38,311	463,993
John O'Neill	186,894	16,820	203,714
Brett Paton	228,712	20,584	249,296
Total	841,288	75,715	917,003

i. Comprises salary and fees.

Figure 8B: KMP remuneration for the year ended 30 June 2011 – Executives (including five highest paid executives)
 Mr Mullin, Mr Bekier and Mr Vaikunta were a KMP or Top 5 for the year ended 30 June 2011 for Echo. They were joined by Mr Hogg and Mr Luvisutto on 9 June 2011.

KMP	Short term			Long term	Post Employment	Charge for share based allocations ^v			Accelerated Charge for Share based allocations ^v			Performance related ^{vi} %	
	Salary & fees ⁱ \$	Bonus \$	Non-monetary benefits ⁱⁱ \$			Other ⁱⁱⁱ \$	Long service leave \$	Superannuation \$	Total excluding charge for share based allocations ^v \$	Performance Options & Rights \$	Restricted Shares \$		Performance Options & Share Rights \$
Current Executive Directors													
Larry Mullin ^{vii,viii}	1,384,022	1,350,000	277,610	307,403	4,081	-	3,323,116	182,292	119,508	500,000	44,533	4,169,449	37%
Matt Bekier ^{ix}	795,725	625,000	-	35,779	7,428	16,466	1,480,398	417,120	-	661,991	-	2,559,509	41%
Current Executives													
Geoff Hogg ^x	20,292	8,476	1,039	-	84	1,267	31,158	-	-	-	-	31,158	27%
Frederic Luvisutto ^x	21,923	-	-	-	37	921	22,881	-	-	-	-	22,881	0%
Sid Vaikunta ^{vii,viii,xi}	764,447	543,750	57,008	156,000	1,449	-	1,522,654	65,013	106,965	195,040	56,484	1,946,156	31%
Former Executives													
Elmer Funke Kuppei ^{xii}	1,386,938	2,475,000	-	-	(58,106)	15,199	3,819,031	1,330,928	-	(294,357)	-	4,855,602	78%
Louise Marshall ^{xiii}	379,651	253,636	-	-	3,972	14,278	651,537	107,512	-	253,425	-	1,012,474	36%
Kerry Willcock ^{xiv}	481,125	328,788	-	-	25,886	14,278	850,077	244,314	-	394,171	-	1,488,562	39%
Total	5,234,123	5,584,650	335,657	499,182	(15,169)	62,409	11,700,852	2,347,179	226,473	1,710,270	101,017	16,085,791	3,337,500

i. Comprises salary, salary sacrificed benefits (including superannuation and motor vehicle novated leases) and annual leave expense.

ii. Comprises car parking, accommodation, airfares and travel costs, where applicable.

iii. Comprises cash appointment incentives, relocation expenses and living away from home benefits, where applicable.

iv. Represents the fair value of share based payments expensed by Tabcorp, which includes amounts expensed on cessation of employment where equity instruments are retained, and reversal of previously recognised remuneration on cessation of employment where equity instruments lapse. Value only accrues to the KMP when conditions have been met.

v. As a result of the Demerger, the remaining fair value of share based payments not already recognised was expensed where the date of testing was accelerated, the equity instruments were cancelled or disposal restrictions and forfeiture provisions were waived. The balance includes the reversal of previously recognised remuneration where equity instruments lapse on cessation of employment resulting from the Demerger.

vi. Represents the sum of bonus (excluding non-performance related bonus), Performance Options, Performance Rights and Restricted Shares (excluding appointment incentives) as a percentage of total remuneration, excluding termination payments.

vii. Share based allocations include Restricted Shares that were granted as appointment incentives.

viii. Received cash in lieu of superannuation, due to being a senior executive temporary resident of Australia. These amounts are disclosed under salary and fees.

ix. Long service leave reflects new employment conditions.

x. Commenced as a KMP on 9 June 2011. The above remuneration only reflects the period whilst a KMP.

xi. Did not commence as a KMP until 9 June 2011, however remuneration disclosed for the full year as included in top five highest paid executives for the Company. Total remuneration for the period whilst a KMP was \$91,776.

xii. Ceased employment and as a KMP on 8 June 2011. In addition to the amounts disclosed above, payment of annual leave on cessation amounted to \$188,335.

xiii. Ceased as a KMP on 8 June 2011 as a result of the Demerger. Termination benefits will be paid during the year ended 30 June 2012.

xiv. Ceased as a KMP for Echo on 8 June 2011, position continues to be held with Tabcorp.

The amounts that appear under the heading 'charge for share based allocations' are the amounts required under the Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives and Restricted Shares to KMP. Each year, the Board may decide to allocate long term incentives to executives. Currently, these long term incentives are allocated in the form of Performance Rights, which are expensed by the Company over the three to four year vesting period. Figures 8B and 8D represent the expenses incurred during the year in respect of current and past incentive allocations. These amounts are therefore not amounts actually received by executives during the year. Whether executives receive any value from the allocation of long term incentives in the future will depend on the performance of the Company relative to a peer group of listed companies. The mechanism which determines whether or not long term incentives vest in the future is described in Sections 6.3.2 and 6.4.1.3.

Remuneration Report

For the financial year ended 30 June 2011

Figure 8C: KMP remuneration for the year ended 30 June 2010 – Non Executive Directors

KMP	Short term		Post employment		Total \$
	Salary & fees (i) \$	Bonus \$	Super-annuation \$	Other \$	
Current					
John Story	410,500		36,945		447,445
John O'Neill	181,500		16,335		197,835
Brett Paton	173,171		15,585		188,756
Total	765,171		68,865		834,036

i. Comprises salary and fees.

Figure 8D: KMP remuneration for the year ended 30 June 2010 – Executives (including five highest paid executives)

KMP	Short term			Long term		Post employment		Charge for share based allocations ^{iv}			Performance related ^v %	Termination benefits \$	
	Salary & fees ⁱ \$	Bonus \$	Non-monetary benefits ⁱⁱ \$	Other ⁱⁱⁱ \$	Long service leave \$	Super-annuation \$	Total charge for share based allocations \$	Performance Options & Rights \$	Restricted Shares \$	Total \$			
Current Executives													
Elmer Funke Kupper ^{vi}	1,549,319	1,125,000	-	-	17,879	14,461	2,706,659	909,749	-	3,616,408	56%	-	
Larry Mullin ^{vii}	1,428,172	800,000	666,467	292,763	4,903	-	3,192,305	62,500	283,250	3,538,055	24%	-	
Matt Bekier	747,237	375,000	-	-	8,991	14,461	1,145,689	353,658	-	1,499,347	49%	-	
Louise Marshall	366,677	150,000	-	-	3,128	14,461	534,266	62,741	-	597,007	36%	-	
Sid Vaikunta ^{viii}	704,359	284,493	67,983	473,466	1,660	-	1,531,961	-	256,549	1,788,510	16%	-	
Kerry Willcock	476,372	210,000	-	-	13,847	14,461	714,680	202,955	-	917,635	45%	-	
Total	5,272,136	2,944,493	734,450	766,229	50,408	57,844	9,825,560	1,591,603	539,799	11,956,962			

i. Comprises salary, salary sacrificed benefits (including superannuation and motor vehicle novated leases) and annual leave expense.

ii. Comprises car parking, accommodation, airfares, travel costs and entertainment, where applicable.

iii. Comprises cash appointment incentives, relocation expenses and living away from home benefits, where applicable.

iv. Represents the fair value of share based payments expensed by Tabcorp, which includes amounts expensed on cessation of employment where equity instruments are retained, and reversal of previously recognised remuneration on cessation of employment where equity instruments lapse. Value only accrues to the KMP when conditions have been met.

v. Represents the sum of bonus (excluding non-performance related bonus), Performance Options, Performance Rights and Restricted Shares (excluding appointment incentives) as a percentage of total remuneration, excluding termination payments.

vi. Share based allocations include Restricted Shares that were granted as appointment incentives.

vii. Received cash in lieu of superannuation, due to being a senior executive temporary resident of Australia. These amounts are disclosed under salary and fees.

viii. Did not commence as a KMP until 9 June 2011 however remuneration disclosed as included in top five highest paid executives for the Company. Total remuneration for the period whilst a KMP was nil.

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For the financial year ended 30 June 2011

7.2. Other remuneration tables (including five highest paid executives, in accordance with the Corporations Act 2001)

Figure 9A: Short term incentive (STI) achieved (including five highest paid executives)

For the year ended 30 June 2011

KMP	Actual STI payment \$	Actual STI payment as a % of maximum STI ⁱ	Actual STI payment as a % of target STI	STI not achieved as a % of target STI
Current				
Larry Mullin	1,350,000	44%	100%	-
Matt Bekier	625,000	53%	120%	-
Geoff Hogg	8,476	33%	75%	25%
Frederic Luvisutto	-	n/a	n/a	n/a
Sid Vaikunta	543,750	56%	125%	-
Former				
Elmer Funke Kupper	2,475,000	73%	165%	-
Louise Marshall	253,636	53%	120%	-
Kerry Willcock	328,788	59%	133%	-

i. Maximum STI for KMPs may vary, as it is subject to Board discretion.

Figure 9B: Terms and conditions of Performance Rights granted during the year (including five highest paid executives)

Grant date	Fair value at grant date \$	Exercise price \$	First exercise date	Last exercise/expiry date per original grant	Accelerated exercise/expiry date ⁱⁱ
For the year ended 30 June 2011:					
14 September 2010 ⁱ	3.63	-	14 September 2013	14 September 2017	9 June 2011
25 October 2010 ⁱ	4.50	-	14 September 2013	14 September 2017	9 June 2011
For the year ended 30 June 2010:					
19 October 2009 ⁱⁱⁱ	3.92	-	17 June 2012	17 June 2016	N/A ⁱⁱⁱ

i. Terms and conditions of the Performance Rights are the same. Grant date differs due to Performance Rights granted to the former Managing Director and Chief Executive Officer which required shareholder approval at the Tabcorp AGM. Fair value is determined at grant date.

ii. Refer section 6.3.2.8 and 6.5.1.4 for details

iii. Allocation to the former Managing Director and Chief Executive Officer. Unvested Performance Rights remain on foot per original grant conditions. Refer Section 6.5.1.4 for details.

Remuneration Report

For the financial year ended 30 June 2011

Figure 9C: Performance Rights granted during the year (including five highest paid executives)

For the year ended 30 June 2011

KMP	Rights granted 14 September 2010 Number	Rights granted 25 October 2010 Number
Current		
Larry Mullin	137,741	–
Matt Bekier	114,784	–
Sid Vaikunta	71,640	–
Former		
Elmer Funke Kupper	–	413,223
Louise Marshall	55,096	–
Kerry Willcock	68,871	–
Total	448,132	413,223

For the year ended 30 June 2010

KMP	Rights granted 19 October 2009 Number
Current	
Elmer Funke Kupper	326,086
Larry Mullin	–
Matt Bekier	–
Sid Vaikunta	–
Kerry Willcock	–
Louise Marshall	–
Total	326,086

Remuneration Report

For the financial year ended 30 June 2011

Figure 9D: Performance Options and Performance Rights vested and exercised during the year (including five highest paid executives)

For the years ended 30 June 2011 and 30 June 2010

KMP	During the year ended 30 June 2011		
	Vested Number	Exercised Number	Amount paid per Performance Right
Current			
Larry Mullin	63,772	63,772	Nil
Matt Bekier	166,253	166,253	Nil
Geoff Hogg ⁱ	–	19,536	Nil
Sid Vaikunta	17,206	17,206	Nil
Former			
Elmer Funke Kupper ⁱⁱⁱ	340,245	340,245	Nil
Louise Marshall ⁱⁱⁱ	49,594	49,594	Nil
Kerry Willcock ⁱⁱⁱ	97,875	97,875	Nil
Total	734,945	754,481	Nil

i. Commenced as a KMP on 9 June 2011. No Performance Options or Performance Rights vested after this date.

ii. Vesting and exercise of Performance Rights occurred after the individual ceased as a KMP.

iii. For Performance Rights tested on 3 June 2011, exercise occurred after the individual ceased as a KMP.

No Performance Options and Performance Rights vested or were exercised during the prior year.

Figure 9E: Value of Performance Options and Performance Rights granted as part of remuneration (including five highest paid executives)

KMP	During the year ended 30 June 2011			
	Granted ⁱ \$	Exercised ⁱⁱ \$	Lapsed ⁱⁱⁱ \$	As a % of remuneration ^{iv} %
Current				
Larry Mullin	500,000	476,377	36,524	16%
Matt Bekier	416,666	1,241,910	211,245	42%
Geoff Hogg ^v	–	145,934	–	–
Sid Vaikunta	260,053	128,529	–	13%
Former				
Elmer Funke Kupper ^{vi}	1,859,504	2,541,630	4,204,413	21%
Louise Marshall ^{vi}	199,998	370,467	19,486	36%
Kerry Willcock ^{vi}	250,002	734,103	162,154	43%
Total	3,486,223	5,638,950	4,633,822	

i. Represents the value of Performance Rights granted during the year, granted in arrears.

ii. Represents the value of Performance Rights exercised during the year. The value is calculated based on the market value of Tabcorp shares at the date of exercise.

iii. Represents the value of Performance Rights as a result of not satisfying the performance conditions during the year and at the accelerated test date for all holders other than Mr Funke Kupper. In relation to Mr Funke Kupper, the value of the lapsed Performance Rights are in relation to those that lapsed (a) upon cessation of employment and (b) as a result of not satisfying the performance conditions during the year. The value is determined assuming the performance conditions had been achieved, and is calculated based on the market value of Tabcorp shares at the date of lapsing, less any exercise amount payable.

iv. Represents the fair value of Performance Options and Performance Rights expensed during the year (including accelerated charge) as a percentage of total remuneration, excluding termination payments. Total remuneration includes the charge for share based allocations.

v. Commenced as a KMP on 9 June 2011. No Performance Options or Performance Rights were granted or lapsed after this date.

vi. For Performance Rights tested on 3 June 2011, exercise occurred after the individual ceased as a KMP.

Remuneration Report

For the financial year ended 30 June 2011

Figure 9F: Modification to Performance Rights during the year

During the year to 30 June 2011 as a result of the Demerger, the testing of relevant performance conditions for a pro rata portion of outstanding unvested Performance Rights (other than for the former Managing Director and Chief Executive Officer [Tabcorp]) was accelerated to the date on which the Scheme became effective. The effective date was 3 June 2011, and the modification to the affected Performance Rights occurred on that date.

The conditions affecting the vesting and exercise of the Performance Rights prior to the alteration are outlined in section 6.3.2.3, and after the alteration are outlined in section 6.3.2.8.

The market price of the underlying instruments, being Tabcorp Shares, at the date of the alteration was \$7.72.

The alteration, being the bringing forward of the test date, has made no difference to the total fair value of the Performance Rights.

All of the modified Performance Rights expired on 9 June 2011.

Details of the modification to Performance Rights is outlined below:

KMP	Performance Rights – granted:							
	29 November 2007		15 September 2008		17 June 2009		14 September 2010	
	Testing brought forward Number	Original expiry date	Testing brought forward Number	Original expiry date	Testing brought forward Number	Original expiry date	Testing brought forward Number	Original expiry date
Current								
Larry Mullin	n/a	n/a	n/a	n/a	35,586	17 Jun 2016	33,082	14 Sep 2017
Matt Bekier	20,156	29 Nov 2014	66,098	15 Sep 2015	59,311	17 Jun 2016	27,569	14 Sep 2017
Sid Vaikunta	n/a	n/a	n/a	n/a	n/a	n/a	17,206	14 Sep 2017
Former								
Louise Marshall	n/a	n/a	19,994	15 Sep 2015	18,979	17 Jun 2016	13,233	14 Sep 2017
Kerry Willcock	11,662	29 Nov 2014	38,242	15 Sep 2015	35,586	17 Jun 2016	16,541	14 Sep 2017
Total	31,818		124,334		149,462		107,631	

Modifications to Performance Rights for the former Managing Director and Chief Executive Officer (Tabcorp) are outlined in section 6.5.1.4, with original conditions outlined in section 6.5.1.3.

Income Statement

For the year ended 30 June 2011

	2011 \$m	2010 \$m
Revenue	1,648.4	1,451.6
Other income	0.7	(1.3)
Government taxes and levies	(317.2)	(288.5)
Commissions and fees	(125.6)	(96.8)
Employment costs	(465.8)	(449.1)
Depreciation and amortisation	(98.7)	(89.1)
Cost of sales	(70.9)	(70.1)
Property costs	(54.1)	(50.9)
Advertising and promotions	(62.0)	(53.5)
Other expenses	(107.6)	(92.5)
Profit before income tax expense and net finance costs	347.2	259.8
Finance income	0.3	0.4
Finance costs	(5.0)	(7.7)
Profit before income tax expense	342.5	252.5
Income tax expense	(116.5)	(58.7)
Net profit after tax	226.0	193.8
Other comprehensive income		
Change in fair value of cash flow hedges taken to equity	(7.6)	-
Income tax benefit on items of other comprehensive income	2.3	-
Other comprehensive income/(loss) for the period, net of income tax	(5.3)	-
Total comprehensive income for the period	220.7	193.8
Earnings per share		
Basic and diluted earnings per share (cents per share)	32.8	28.2

Balance Sheet

As at 30 June 2011

	2011 \$m	2010 \$m
Current assets		
Cash and cash equivalents	124.5	110.8
Receivables	71.3	12.7
Inventories	6.3	6.5
Current tax assets	0.5	-
Other	26.0	12.3
Total current assets	228.6	142.3
Non current assets		
Property, plant and equipment	1,764.6	1,476.0
Intangible assets	1,863.2	1,839.3
Derivative financial instruments	11.7	-
Other	23.4	11.2
Total non current assets	3,662.9	3,326.5
Total assets	3,891.5	3,468.8
Current liabilities		
Payables	155.0	3,043.2
Provisions	56.8	54.3
Derivative financial instruments	27.7	-
Other	2.1	8.3
Total current liabilities	241.6	3,105.8
Non current liabilities		
Interest bearing liabilities	1,070.8	-
Deferred tax liabilities	171.6	150.5
Provisions	7.4	6.4
Derivative financial instruments	22.1	-
Total non current liabilities	1,271.9	156.9
Total liabilities	1,513.5	3,262.7
Net assets	2,378.0	206.1
Equity		
Issued capital	2,138.0	-
Retained earnings/(accumulated losses)	245.3	(161.8)
Reserves	(5.3)	367.9
Total equity	2,378.0	206.1

Cash Flow Statement

For the year ended 30 June 2011

	2011 \$m	2010 \$m
Cash flows from operating activities		
Net cash receipts in the course of operations	1,477.4	1,384.7
Payments to suppliers, service providers and employees	(799.6)	(766.4)
Payment of government levies, gaming taxes and GST	(315.7)	(274.6)
Interest revenue received	0.3	0.4
Finance costs paid	(2.5)	-
Net cash flows from operating activities	359.9	344.1
Cash flows from investing activities		
Payment for property, plant and equipment and intangibles	(410.8)	(278.4)
Net cash flows used in investing activities	(410.8)	(278.4)
Cash flows from financing activities		
Proceeds from long term borrowings	1,090.0	-
Repayment of loans from related parties	(1,025.4)	(57.9)
Net cash flows from/(used in) financing activities	64.6	(57.9)
Net increase in cash held	13.7	7.8
Cash at beginning of year	110.8	103.0
Cash at end of year	124.5	110.8

Statement of Changes in Equity

For the year ended 30 June 2011

	Issued capital: Ordinary shares \$m	Retained earnings/ (accumulated losses) \$m	Net unrealised gains reserve \$m	Common control reserve \$m	Total equity \$m
2011					
Balance at beginning of year	–	(161.8)	–	367.9	206.1
Profit for the period	–	226.0	–	–	226.0
Other comprehensive income	–	–	(5.3)	–	(5.3)
Total comprehensive income for the period	–	226.0	(5.3)	–	220.7
Dividends paid	–	(198.8)	–	–	(198.8)
Shares issued under the Tabcorp Holdings Limited demerger scheme of arrangement	2,138.0	–	–	–	2,138.0
Application of common control accounting policy	–	–	–	12.0	12.0
Transfers	–	379.9	–	(379.9)	–
Balance at end of year	2,138.0	245.3	(5.3)	–	2,378.0
2010					
Balance at beginning of year	–	(241.0)	–	354.8	113.8
Profit for the period	–	193.8	–	–	193.8
Total comprehensive income for the period	–	193.8	–	–	193.8
Dividends paid	–	(114.6)	–	–	(114.6)
Application of common control accounting policy	–	–	–	13.1	13.1
Balance at end of year	–	(161.8)	–	367.9	206.1

Notes to the Concise Financial Statements

For the year ended 30 June 2011

1. Accounting policies

This concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports. The financial statements and specific disclosures required by AASB 1039 are an extract of, and have been derived from the Group's full financial report for the financial year. Other information included in the concise financial report is consistent with the Group's full financial report.

As part of the activities undertaken by Tabcorp Holdings Limited ('Tabcorp') to prepare the Group for demerger, the Company acquired Star City Holdings Limited and Jupiters Limited, effective 31 May 2011. The Group's consolidated financial results presented for the current and comparative financial years reflect the results of the Tabcorp Holdings Limited Group's ('Tabcorp Group') Casino business, assuming the acquisitions had taken place prior to 1 July 2009 (refer note 2 of the full financial report for further details).

The Group's financial results presented for the current and comparative financial years reflect the results of the Casino business assuming the acquisitions had taken place prior to 1 July 2009, under the pooling of interests policy adopted by the Company where an acquisition has been accounted for under common control (refer note 2 of the full financial report for further details).

All amounts are presented in Australian Dollars.

A full description of the accounting policies adopted by the Group is provided in the 2011 financial statements which form part of the full financial report.

2. Dividends

	2011 \$m	2010 \$m
Dividends declared and paid during the year on ordinary shares:		
Final dividend paid as wholly owned subsidiary ^{i,ii}	198.8	114.6

i. On 14 October 2010, whilst a wholly owned subsidiary of Tabcorp, the directors of Star City Holdings Limited declared and settled through intercompany, a dividend to Tabcorp Investments Pty Limited, a related entity, of \$142.5 million (2010: \$69.0 million).

ii. On 14 October 2010, whilst a wholly owned subsidiary of Tabcorp, the directors of Jupiters Limited declared and settled through intercompany, a dividend to Tabcorp Investments No.2 Pty Limited, a related entity, of \$56.3 million (2010: \$45.6 million).

3. 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 management for decision making regarding resource allocation and performance assessment.

Notes to the Concise Financial Statements

For the year ended 30 June 2011

3. Segment information (continued)

The Group has three operating segments:

Star City	Star City casino operations including hotels, apartment complex, theatres, restaurants and bars.
Jupiters	Casino operations at two Queensland locations, including hotels, theatre, restaurants and bars.
Treasury	Treasury casino operations including hotel, restaurants and bars.

	Star City \$m	Jupiters \$m	Treasury \$m	Total \$m
2011				
Segment revenues – external ⁱ	996.3	374.0	278.1	1,648.4
Segment profit before interest and taxⁱⁱ	237.7	58.5	60.2	356.4
Depreciation and amortisation	57.8	24.4	16.5	98.7
Capital expenditure	343.7	27.1	23.5	394.3
2010				
Segment revenues – external ⁱ	842.1	338.2	271.3	1,451.6
Segment profit before interest and taxⁱⁱ	165.5	37.0	61.9	264.4
Depreciation and amortisation	51.4	23.2	14.5	89.1
Capital expenditure	192.6	23.1	14.8	230.5

i. Revenue is presented as the net gaming win, gross of commissions paid to third parties. In the Tabcorp Group 2010 financial statements, revenue was presented net of payments to third parties.

ii. Segment revenue and results are presented on an actual basis. In the Tabcorp Group 2010 financial statements, the segment information note was presented on a normalised basis.

Reconciliation of reportable segment profit

	2011 \$m	2010 \$m
(a) Profit before income tax		
Segment profit before interest and tax	356.4	264.4
Pre opening costs ⁱ	(9.2)	(4.6)
Unallocated items:		
– finance income	0.3	0.4
– finance costs	(5.0)	(7.7)
Consolidated profit before income tax	342.5	252.5

i. Pre opening costs are the costs incurred in relation to the expansion of the Star City property prior to the commencement of new operations.

4. Subsequent events

There have been no significant events occurring after the balance sheet date which may affect either the Company's operations or results of those operations or the Company's state of affairs unless otherwise stated in the financial report.

Directors' Declaration

In the opinion of the directors of Echo Entertainment Group Limited the accompanying concise financial report of the consolidated entity, comprising Echo Entertainment Group Limited and its controlled entities for the year ended 30 June 2011:

- (a) has been derived from or is consistent with the full financial report for the financial year; and
- (b) complies with Accounting Standard AASB 1039 Concise Financial Reports.

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

Signed in accordance with a resolution of directors.



John Story
Chairman

Sydney
16 August 2011

Independent Auditor's Report

To the members of Echo Entertainment Group Limited



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8 Exhibition Street
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Independent auditor's report to the members of Echo Entertainment Group Limited

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Echo Entertainment Group Limited which comprises the balance sheet as at 30 June 2011, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Echo Entertainment Group Limited for the year ended 30 June 2011. The concise financial report also includes the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal controls as the directors determine are necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Echo Entertainment Group Limited for the year ended 30 June 2011. We expressed an unmodified audit opinion on the financial report in our report dated 16 August 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports*.

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

Liability limited by a scheme approved
under Professional Standards Legislation



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

In relation to our audit of the financial report of Echo Entertainment Group Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Tim Wallace'.

Tim Wallace
Partner

Melbourne
16 August 2011

Shareholder Information

As at 6 September 2011

Ordinary share capital

Echo Entertainment Group Limited has 688,019,737 fully paid ordinary shares on issue.

Shareholding restrictions

Echo Entertainment's Constitution, as well as certain agreements entered into with the New South Wales Casino Liquor and Gaming Control Authority and the Queensland Office of Liquor and Gaming Regulation, contain certain restrictions prohibiting an individual from having a voting power of more than 10% in Echo Entertainment. Echo Entertainment may refuse to register any transfer of shares which would contravene these shareholding restrictions or require divestiture of the shares that cause an individual to exceed the shareholding restrictions.

Voting rights

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

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

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

Failure to comply with gambling legislation in New South Wales and Queensland or Echo Entertainment's Constitution, including the shareholder restrictions mentioned above, may result in suspension of voting rights

Substantial shareholders

The following is a summary of the current substantial shareholders pursuant to notices lodged with ASX in accordance with section 671B of the Corporations Act 2001:

Name	Date of interest	Number of ordinary shares ⁱ	% of issued capital ⁱⁱ
Ausbil Dexia Limited	24 June 2011	35,651,753	5.18%
Perpetual Limited and subsidiaries	27 July 2011	62,289,197	9.05%

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

ii. The percentage set out in the notice lodged with the ASX is based on the total issued share capital of Echo Entertainment Group Limited at the date of interest.

Less than Marketable parcel

There were 36,395 shareholders holding less than a marketable parcel of ordinary shares (\$500, equivalent to 2,910,947 ordinary shares) based on a market price of \$3.73 at the close of trading on 6 September 2011.

Shareholder Information

As at 6 September 2011

Twenty largest registered shareholders – ordinary shares*

Rank	Name	No. of Shares Held	% of Issued Capital
1	National Nominees Limited	129,340,351	18.80%
2	HSBC Custody Nominees	108,001,525	15.70%
3	J P Morgan Nominees Australia Ltd	89,365,947	12.99%
4	RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	35,019,057	5.09%
5	Citicorp Nominees Pty Limited	30,400,599	4.42%
6	Cogent Nominees Pty Limited	16,266,923	2.36%
7	J P Morgan Nominees Australia Limited <Cash Income A/C>	16,212,848	2.36%
8	UBS Nominees Pty Ltd	13,825,426	2.01%
9	AMP Life Limited	7,846,995	1.14%
10	UBS Wealth Management Australia Nominees Pty Ltd	6,063,788	0.88%
11	Citicorp Nominees Pty Limited <CFSIL Cwlth Aust SHS 4 A/C>	5,622,613	0.82%
12	Queensland Investment Corporation	5,541,839	0.81%
13	RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C>	4,906,357	0.71%
14	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,193,118	0.46%
15	RBC Dexia Investor Services Australia Nominees Pty Limited <GSAM A/C>	2,912,394	0.42%
16	Citicorp Nominees Pty Limited <CFSIL Cwlth Aust SHS 18 A/C>	2,775,010	0.40%
17	Argo Investments Limited	2,455,345	0.36%
18	Bond Street Custodians Limited <Macquarie Alpha Opport A/C>	2,190,879	0.32%
19	RBC Dexia Investor Services Australia Nominees Pty Limited	2,014,021	0.29%
20	Australian United Investment Company Limited	2,000,000	0.29%
Total of top 20 registered shareholders		485,955,035	70.63%

* On a grouped basis

Distribution of securities held

Range of Holding	No. of Holders	No. of Securities
1 to 1,000	93,752	31,118,969
1,001 to 5,000	37,896	79,070,552
5,001 to 10,000	4,018	27,668,286
10,001 to 100,000	1,741	34,774,279
100,001 and Over	96	515,387,651
Total	137,503	688,019,737

Voluntary Escrow

There are no securities under voluntary escrow.

Share Buy-Backs

There is no current or planned buy-back of Echo Entertainment's shares.

Concise Annual report

This Concise Annual Report is available on-line from Echo Entertainment's website www.echoentertainment.com.au. Annual reports will only be sent to those shareholders who have requested to receive a copy. Shareholders who no longer wish to receive a hard copy of the annual report, or wish to receive the annual report electronically, are encouraged to contact the share registry.

Investor Enquiries

Echo website

Echo Entertainment's website, www.echoentertainment.com.au, offers investors a wide range of information regarding its activities and performance, including annual reports, interim and preliminary results, webcasts of results and Annual General Meeting presentations, major news releases and other company statements.

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

Share Registry

Link Market Services Limited

Address: Level 12, 680 George Street
Sydney NSW 2000

Postal address: Echo Entertainment Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

Tel: 1300 880 923 (local call cost from within Australia)

Tel: +61 2 8280 7504

Fax: +61 2 9287 0303

Email: echoentertainment@linkmarketservices.com.au

Website: www.linkmarketservices.com.au

General enquiries

Investor information is available on Echo Entertainment's website www.echoentertainment.com.au, including major announcements, annual reports and general company information.

Echo Entertainment's Shareholder Relations

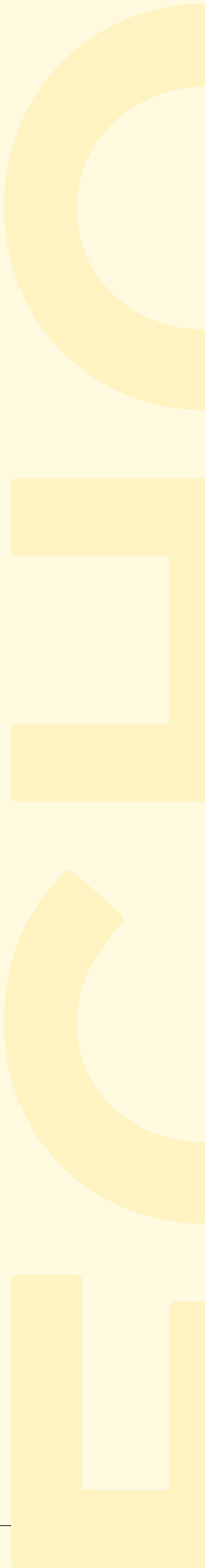
Investors seeking more information about the company are invited to contact Echo Entertainment's Shareholder Relations Team:

Address: GPO Box 13348
George Street Post Shop
Brisbane QLD 4003

Tel: +61 7 3228 0000

Fax: +61 7 3228 0099

Email: investor@echoent.com.au



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Email: investor@echoent.com.au

Website

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New South Wales office

80 Pyrmont Street
Pyrmont NSW 2009
Telephone: +61 2 9777 9000

Queensland office

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Stock exchange listing

Echo Entertainment's securities are quoted on the Australian Securities Exchange (ASX) under the share code "EGP".

Auditor

Ernst & Young

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ABOUT THIS CONCISE ANNUAL REPORT

Echo Entertainment's Annual Report consists of two documents – the Concise Annual Report (which includes the concise financial statements) and the Financial Report. The concise financial statements included in this Concise Annual Report cannot be expected to provide as full an understanding of Echo Entertainment's performance and financial position as provided by the full Financial Report. Both Financial Report and Echo Entertainment's Concise Annual Report are available, free of charge, on request and can be accessed via the Echo Entertainment website at www.echoentertainment.com.au.

Currency

References to currency in this Concise Annual Report are in Australian dollars unless otherwise stated.

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Investment warning

Past performance of shares is not necessarily a guide to future performance. The value of investments and any income from them is not guaranteed and can fall as well as rise. Echo Entertainment recommends investors seek independent professional advice before making investment decisions.

Privacy

Echo Entertainment respects the privacy of its stakeholders. Echo Entertainment's Privacy Policy Statement is available on Echo Entertainment's website at www.echoentertainment.com.au.

