ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP

Jupiters Jupiters Townsville THE STAR TREASURY CASINO & HOTEL

22 August 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2013

In accordance with ASX Listing Rule 4.3A, Echo Entertainment Group Limited (***Echo***) provides the following information in respect of the financial year ended 30 June 2013:

1. Media Release; and
2. Directors' Report and Financial Report.

The Directors have declared a final dividend of 2 cents per share fully franked at the company tax rate of 30% to be paid on 9 October 2013.

The dividend record date for the purpose of entitlement to the final dividend will be 2 September 2013 (***Record Date***). The ex-dividend date is 27 August 2013.

Echo's Dividend Reinvestment Plan (***DRP***) will operate for the final dividend. There will be no discount and no underwriting applicable to the DRP. The price at which shares will be issued under the DRP for the final dividend is the daily volume weighted average market price of Echo shares sold in the ordinary course of trading on the Australian Securities Exchange over a period of ten business days beginning on the second business day after the dividend record date.

Shareholders who may participate in the DRP are those with a registered address in Australia or New Zealand. To participate in the DRP for the final dividend, DRP elections must be received by Echo's share registry (Link Market Services Limited) by the end of the Record Date.

Information regarding the DRP can be found on Echo's website at www.echoentertainment.com.au.

Paula Martin
Group General Counsel & Company Secretary

MEDIA RELEASE

ECHO ENTERTAINMENT GROUP

22 August 2013

Echo Entertainment Group 2013 full year results[1]

Highlights

- Reported NPAT, including significant items, $83.5 million up 97.9% on prior period, which is not strictly comparable
- Normalised NPAT, excluding significant items, $126.9 million down 15.5% on the prior period as a result of higher income tax, higher D&A and change in normalisation metrics
- Reported EBITDA, including significant items, $334.6 million, up 25.8% on prior period
  - Solid 17.5% actual revenue growth at The Star offset by Queensland properties' revenues down 3.3%
  - Higher operating expenses as a result of investment at The Star and restructuring costs
  - Higher actual win rate in VIP business of 1.62% vs 1.40% prior period
  - Lower significant items ($38.3m in FY13 compared to $74.1m in FY12)
- Normalised EBITDA, excluding significant items, $391.4 million, up 1.4% on prior period, applying updated normalisation rates which include trading in FY13. EBITDA under prior normalisation rates would have been $398.6 million for FY13, up 3.3% on the prior period on a like for like basis[2]
  - Domestic revenues up 2.8%
  - Strong VIP business growth (front money up 34.6%)
  - Operating expenses[3] up 5.0% reflecting new facilities at The Star and growth of VIP business offset by cost reductions. Expenses also impacted by

[1] This media release should be read in conjunction with Echo Entertainment Group Limited's Full Year 2013 Results Presentation and Directors' Report and Financial Report for the year ended 30 June 2013.
[2] FY13 earnings are normalised based on turns of front money of 13.0 times and win rate of 1.62%. FY12 earnings were normalised based on turns of front money of 14.0 times and win rate of 1.60%.
[3] Operating expenses exclude gaming taxes, levies and commissions and significant items.

additional receivables provisioning of $6 million as a result of a revised provisioning approach

- VIP business continued strong momentum with normalised gross revenue up 26.9%
- Cost optimisation program executed to plan in FY13, on track to deliver over $60 million of total cost savings. Incremental cost savings in FY14 over FY13 expected to be in excess of $30 million
- Balance sheet strengthened post capital raising and restructure of debt facilities
- Final dividend per share of 2.0 cents fully franked declared, above target of 50% of statutory NPAT. The higher dividend reflects the Board's confidence in the business' direction and in the realisation of benefits from the restructuring undertaken
- The Star expansion completed on time and budget - Event Centre opened 24 January 2013

Group performance overview

Echo Entertainment Group Limited (Echo) today reported full year statutory Net Profit After Tax (NPAT), including significant items, of $83.5 million up 97.9% on the prior period, which is not strictly comparable.

Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) were $372.9 million (excluding significant items), up 12.1% on the prior period. This result benefited from solid revenue growth at The Star, tempered by lower revenue in the Queensland properties and higher operating expenses post openings at The Star.

Normalised EBITDA (excluding significant items) for the business was $391.4 million, up 1.4% on the prior period, after applying updated normalisation rates which include trading in FY13. Normalisation adjusts for fluctuations in the win rate, and turns of front money in the VIP business based on Echo's actual experience over a rolling five year period.[4] EBITDA under prior normalisation rates would have been $398.6 million for FY13, up 3.3% on the prior period on a like for like basis.

[4] FY13 earnings are normalised based on turns of front money of 13.0 times and win rate of 1.62%. FY12 earnings were normalised based on turns of front money of 14.0 times and win rate of 1.60%.

Expenses are adjusted by significant items of $38.3 million in FY13 (compared to $74.1 million in FY12). These items relate to charges associated with the cost optimisation program disclosed previously (approximately $22 million), a one-off payment for the restructure of the Enterprise Bargaining Agreement at The Star for FY14-17 (approximately $11 million paid in FY13) and the costs for Echo's Unsolicited Proposal to the NSW Government (approximately $5 million).

Normalised revenue was $1901.8 million, up 7.2% on the prior period (Actual gross revenue was $1846.8 million[5], up 9.3%). Trading conditions in Echo's domestic business remained difficult in 2H13 with revenues negatively affected by soft consumer sentiment and weak demand in the company's domestic market segments. Revenue growth in the period was also held back by a reduction in advertising and promotional activity and customer incentives leading into the relaunch of the group loyalty program, Absolute Rewards, in June 2013.

Operating expenses[6] of $868.7 million, up 5.0% on the prior period, were well contained in FY13 as the cost reduction program started to gain traction. The increase reflects the expansion of operations at The Star, offset by cost saving initiatives implemented across the group. Expenses also include a revised provisioning policy on VIP receivables which led to approximately $6 million in additional provisions relative to the level that would have been taken under the previous policy. The change, which applies provisioning levels based on ageing of receivables in addition to the existing policy of specific risk-based provisioning, has been made to reduce the risk of large provisions being taken as individual player's circumstances change. This policy now provisions for around 54% of overdue credit at the end of FY13, up from 34% last year.

Earnings per share were 10.1 cents, up 71.2% on prior period. A final dividend of 2.0 cents per share was declared, taking full year dividends to 6.0 cents per share fully franked, above Echo's target payout ratio of 50% of statutory NPAT. This reflects the Board's confidence in the business' momentum and the benefits expected from the restructuring undertaken.

[5] Actual revenue for statutory purposes was $1737.9m, up 7.6% on prior period and is calculated as the net gaming win, less player rebates and promotional allowances, but gross of commissions and rebates paid to third parties.

[6] Operating expenses exclude gaming taxes, levies and commissions and significant items.

Chairman John O'Neill AO said: "FY13 was a challenging year for Echo but one in which a relatively new company achieved a great deal to position itself for future earnings growth.

"The expansion project at The Star that was started in 2007 was completed on budget in January 2013, with the Event Centre as the last piece in the transformation of The Star into a world class integrated resort complex befitting of its location on Sydney Harbour. The quality result in our VIP business shows that these investments are starting to deliver.

"The outcome of the Unsolicited Proposal put to the NSW Government by Echo to further develop The Star was disappointing, however the benefits of being the incumbent sole casino operator for at least another six years should not be under-estimated and we have a sharp focus on optimising that position to make sure we are a strong and effective competitor beyond 2020.

"We continue to have productive discussions with the Queensland Government around a potential relocation of the Treasury Brisbane casino and further investment in Jupiters Gold Coast, which Echo believes will be positive investments for both Queensland and Echo's shareholders.

"Echo also made significant progress on rebuilding the Board and management team in FY13. John Redmond took the position as Managing Director and CEO in January 2013 and the Board has been increased to a total of seven directors (including two Executive Directors) following the appointment of three Non-Executive Directors in FY13. Echo enters FY14 with a stable leadership group focused on improving operational performance and shareholder returns."

Segment performance

The segment results for the year ended 30 June 2013 were:

> **The Star**: Actual EBITDA $251 million, up 33.1%. Actual EBIT $156 million, up 40.2%.
>
> Revenue at The Star in Sydney was up 17.5% (up 12.7% on a normalised basis). EBITDA rose 33.1% on an actual basis and before significant items (up 6.1% on a normalised basis). Trading in the period was solid with most lines of business experiencing growth driven by the new product opened during FY12. Growth

moderated in the second half of the year impacted by a tough consumer environment and reduced promotional activity around the relaunch of the group loyalty program.

Operating expenses[7] were up 9.0% to $497.9 million driven predominantly by the new product launched during FY12 and move to a revised approach on provisioning of VIP receivables. The cost optimisation program and realignment in staffing levels reduced the expense run rate.

The company remains optimistic on the outlook for The Star and is committed to delivering the targeted earnings uplift.

Queensland casinos: Actual EBITDA $122.3 million, down 15.2%. Actual EBIT $70.9 million, down 33.5%.

The three Queensland properties were impacted by the continuation of a tough consumer environment. Revenue decreased 3.3% (down 1.7% on a normalised basis) and EBITDA fell 15.2% on an actual basis (down 6.9% on a normalised basis). Operating expenses[5] were well controlled, being flat on the prior period at $370.8 million, as the benefits of the cost optimisation program begin to be realised.

The VIP business results are embedded in the segment performance above. Actual gross revenue of $386.8 million was up 42.8%, with strong volume growth (front money up 34.6% on the prior period) and a higher win rate (1.62% compared to 1.40% in the prior period). Normalised VIP revenue growth was up 26.9% driven by The Star. The VIP business has continued to deliver strong and consistent growth with actual revenue CAGR of 20% from FY09-13. In addition, receivables and bad debts were well managed, with net trade receivables down $55.6 million (43%) on prior period, despite the growth experienced.

Trading update and outlook for FY14

Actual revenue is up 6.8% (+9.6% normalised) for the seven weeks from 1 July 2013 to 18 August 2013 with strong growth in VIP revenue offset by softer performance in the domestic business. Encouragingly, this revenue growth together with the cost optimisation program is driving solid profitability growth in the first seven weeks of the year.

[7] Operating expenses exclude gaming taxes, levies and commissions and significant items.

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The full 2014 financial year result will be impacted by a number of factors which include general macro-economic conditions, potential win rate volatility in the VIP business, level of debt provisions in the VIP business, success of the company's marketing programs and the impact of any regulatory changes.

Chief Executive Officer, John Redmond, said: "The focus for FY14 is to drive improved top-line momentum across all of Echo's properties. With the cost optimisation program now largely complete and new group loyalty program launched, Echo has the right platform from which to drive consistent and continued improvement in the operational performance of the assets, and a stronger return on investment at The Star.

"I remain confident on the return metrics for The Star and expect to see consistent revenue growth and improved operating leverage in FY14 and beyond.

"The Queensland properties experienced soft revenue trends in FY13. The modernisation of the regulatory environment for electronic gaming machines should help provide some revenue momentum in FY14 despite the poor general macro-economic conditions in our core markets.

"However, the Queensland properties will not reach their potential until further significant investment is made. While recent trading has been challenging in Queensland, we remain committed, positive and engaged on the underlying potential of these assets and share the Newman Government's vision for tourism and the opportunity that segment provides for the medium term growth profile of our assets.

"We have a wonderful opportunity to be at the forefront of that tourism push and we continue to work collaboratively with the Government to help develop those plans as a holistic approach for South East Queensland."

For more information:

Financial analysts:	Matt Bekier, Chief Financial Officer, 02 9657 7545
Media:	Peter Brookes, Citadel, 02 9290 3033

MEDIA RELEASE

ECHO ENTERTAINMENT GROUP

Echo Entertainment Group full year results to 30 June 2013

• Reported	
• Statutory revenue	$1737.9 million, up 7.6%
• EBITDA	$334.6 million, up 25.8%
• EBIT	$188.6 million, up 31.2%
• Net profit after tax	$83.5 million, up 97.9%
• Earnings Per Share	10.1 cents, up 71.2%
• Normalised (Underlying)	
• Revenue	$1901.8 million, up 7.2%
- The Star	$1243.4 million, up 12.7%
- Queensland	$658.4 million, down 1.7%
• EBITDA	$391.4 million, up 1.4%
- The Star	$260.3 million, up 6.1%
- Queensland	$131.1 million, down 6.9%
• EBIT	$245.5 million, down 9.5%
- The Star	$165.7 million, down 1.6%
- Queensland	$79.8 million, down 22.6%
• NPAT	$126.9 million, down 15.5%
• Dividend per share	
• Final Dividend (fully franked)	2.0 cents
• Full year dividend (fully franked)	6.0 cents
• Balance sheet	
• Gross Debt	$972.8 million
• Net Debt[8]	$707.3 million
• Net Debt/EBITDA (actual)[9]	1.9x

[8] Net Debt is stated after adjusting for cash and cash equivalents

[9] EBITDA is stated before significant items

ECHO ENTERTAINMENT GROUP

Echo Entertainment Group Limited

A.C.N. 149 629 023

ASX Code: EGP

and its controlled entities

Directors' report and financial report

for the year ended 30 June 2013

Contents

Directors' report

The Directors of Echo Entertainment Group Limited (the ***Company***) submit their report for the consolidated entity comprising the Company and its controlled entities (collectively referred to as the ***Group***) in respect of the financial year ended 30 June 2013.

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.

Name	Qualifications, experience and special responsibilities
Current	
John O'Neill AO	**Chairman** (from 8 June 2012); **Non-Executive Director** (from 28 March 2011) Diploma of Law; Foundation Fellow of Australian Institute of Company Directors John O'Neill is a Director of Rugby World Cup Limited. Mr O'Neill was formerly Managing Director and Chief Executive Officer of Australian Rugby Union Limited, Chief Executive Officer of Football Federation Australia, Managing Director and Chief Executive Officer of the State Bank of New South Wales, and Chairman of the Australian Wool Exchange Limited. Mr O'Neill was also 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. During the financial year, Mr O'Neill was Chairman of the Nomination Committee and a member of the Audit Committee, the Risk and Compliance Committee and the Remuneration Committee. Mr O'Neill was also Acting Chairman of the Risk and Compliance Committee from 18 January 2013 to 19 March 2013. From 1 July 2013, Mr O'Neill is an ex-officio member of all Board committees.
John Redmond	**Managing Director and Chief Executive Officer** (from 18 January 2013) (previously a Non-Executive Director from 23 March 2012) John Redmond has a wealth of international casino management experience, including an executive management career spanning more than 25 years in the United States of America. Mr Redmond previously held executive positions with Caesars World Inc. including as Senior Vice President and Chief Financial Officer of Caesars Palace and Sheraton Desert Inn. He was subsequently Co-CEO of MGM Grand Inc. and then Co-CEO of MGM Mirage, following MGM Grand's acquisition of Mirage Resorts Inc. Mr Redmond later held the position of President and CEO of MGM Grand Resorts with a portfolio including Mandalay Bay, Luxor, New York, Excalibur, MGM Grand, Borgata and MGM Grand Detroit casinos. Mr Redmond is currently a Non-Executive Director of Vail Resorts Inc. He was previously a member of the boards of Tropicana Las Vegas Hotel & Casino and Allegiant Travel, as well as MGM Mirage. Mr Redmond was previously the Chairman of the Risk and Compliance Committee and a member of the Remuneration Committee and the Nomination Committee until he ceased as a Non-Executive Director and commenced as Managing Director and Chief Executive Officer on 18 January 2013.
Matt Bekier	**Director** (from 2 March 2011); **Chief Financial Officer and Executive Director** (from 15 June 2011) Master of Economics and Commerce; PhD in Finance Matt Bekier was previously Chief Financial Officer of Tabcorp Holdings Limited since commencing with Tabcorp in late 2005 and until the demerger of the Company and its controlled entities in June 2011. Prior to his role at Tabcorp, Mr Bekier previously held various roles with McKinsey & Company.

Name	Qualifications, experience and special responsibilities
Anne Brennan	**Deputy Chair** (from 14 June 2013); **Non-Executive Director** (from 23 March 2012) Bachelor of Commerce; Fellow of the Australian Institute of Chartered Accountants; Fellow of the Australian Institute of Company Directors Anne Brennan has extensive chartered accounting experience, including at Partner level, across three major accounting firms. More recently Ms Brennan has held financial executive positions including Chief Financial Officer at CSR Limited and Finance Director at the Coates Group. Ms Brennan is currently a Non-Executive Director of Argo Investments Limited, Charter Hall Group, Myer Holdings Limited, Nufarm Limited, Rabobank Australia Limited and Rabobank New Zealand Limited. During the financial year, Ms Brennan was the Chairman of the Remuneration Committee and a member of the Risk and Compliance Committee and the Nomination Committee. Ms Brennan was also Chairman of the Audit Committee (initially as Acting Chairman). Ms Brennan will cease to be the Chairman of the Audit Committee following the release of the full year financial results and will transition the role to Mr Gerard Bradley on 1 September 2013. From 1 July 2013, Ms Brennan is the Chairman of the Remuneration and Nomination Committee, a member of the People, Culture and Social Responsibility Committee and remains a member of the Audit Committee.
Katie Lahey AM	**Non-Executive Director** (from 1 March 2013) Bachelor of Arts (1st Class Honours); Master of Business Administration Katie Lahey has extensive experience in the retail, tourism and entertainment sectors and previously held chief executive roles in the public and private sectors. Ms Lahey is currently the Managing Director of Australasia for Korn/Ferry International. She is also a member of several boards including the Australian Brandenburg Orchestra, and is the Chairman of Carnival Australia. Ms Lahey was previously a long term member of the boards of David Jones Limited, Australia Council Major Performing Arts, Hills Motorway Limited, Australia Post and Garvan Research Foundation. During the financial year, Ms Lahey was a member of the Audit Committee, the Risk and Compliance Committee, the Nomination Committee and the Remuneration Committee. From 1 July 2013, Ms Lahey is the Chairman of the People, Culture and Social Responsibility Committee. She is also a member of the Risk and Compliance Committee and the Remuneration and Nomination Committee.
Richard Sheppard	**Non-Executive Director** (from 1 March 2013) Bachelor of Economics (1st Class Honours) Richard Sheppard has had an extensive executive career in the banking and finance sector including an executive career with Macquarie Group Limited spanning more than 30 years. Mr Sheppard was previously the Managing Director and Chief Executive Officer of Macquarie Bank Limited and chaired the boards of a number of Macquarie's listed entities. He has also served as Chairman of the Commonwealth Government's Financial Sector Advisory Council. Mr Sheppard is currently Chairman of Macquarie Group Foundation and Chairman of Green State Power. He is also a Non-Executive Director of Dexus Property Group, Treasurer of the Bradman Foundation and a member of the board of the Sydney Cricket Club. During the financial year, Mr Sheppard was the Chairman of the Risk and Compliance Committee and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. From 1 July 2013, Mr Sheppard continues as the Chairman of the Risk and Compliance Committee. He is also a member of the Audit Committee and the People, Culture and Social Responsibility Committee.

Name	Qualifications, experience and special responsibilities
Gerard Bradley	**Non-Executive Director** (from 30 May 2013) Bachelor of Commerce; Diploma of Advanced Accounting; Fellow of the Institute of Chartered Accountants; Fellow of CPA Australia; Fellow of the Australian Institute of Company Directors; Fellow of the Australian Institute of Management Gerard Bradley is currently the Chairman of Queensland Treasury Corporation and related companies, having served for 14 years as Under Treasurer and Under Secretary of the Queensland Treasury Department. He has extensive experience in public sector finance in both the Queensland and South Australian Treasury Departments. Mr Bradley has previously served as Chairman of the Board of Trustees at QSuper. His previous non-executive board memberships also include Funds SA, Queensland Investment Corporation, Suncorp (Insurance & Finance), Queensland Water Infrastructure Pty Ltd, and South Bank Corporation. During the financial year, Mr Bradley was a member of the Audit Committee, the Risk and Compliance Committee, the Nomination Committee and the Remuneration Committee. From 1 July 2013, Mr Bradley is a member of the Risk and Compliance Committee and the Remuneration and Nomination Committee. Mr Bradley will commence as Chairman of the Audit Committee from 1 September 2013 following a period of transition from Ms Anne Brennan, after the release of the full year financial results.
Former	
Brett Paton(i)	**Non-Executive Director** (from 25 March 2011 to 25 September 2012) Bachelor of Economics; Member of the Institute of Chartered Accountants in Australia Brett Paton is Vice Chairman of 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. Mr Paton was the Chairman of the Audit Committee. He was also a member of the Remuneration Committee, the Risk and Compliance Committee and the Nomination Committee.
Larry Mullin(ii)	**Director** (from 2 March 2011); **Managing Director and Chief Executive Officer** (from 15 June 2011 to 31 January 2013) Bachelor of Business Administration Larry Mullin was previously Chief Executive – Casinos of Tabcorp Holdings Limited from February 2009 until the implementation of the demerger of the Company and its controlled entities 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.

(i) Ceased as a Director of the Company on 25 September 2012. Information was applicable at the time of cessation as a Director.

(ii) Ceased as a Director of the Company on 31 January 2013. Information was applicable at the time of cessation as a Director.

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) during the last three years, and the period for which each directorship has been held.

Name	Listed entity	Period directorship held
Current		
John O'Neill AO	Tabcorp Holdings Limited	May 2008 to June 2011
John Redmond	Nil	N/A
Matt Bekier	Nil	N/A
Anne Brennan	Myer Holdings Limited Charter Hall Group Nufarm Limited Argo Investments Limited	September 2009 to present October 2010 to present February 2011 to present September 2011 to present
Katie Lahey AM	David Jones Limited	October 1995 to June 2012
Richard Sheppard	Dexus Property Group	January 2012 to present
Gerard Bradley	Nil	Nil
Former		
Brett Paton[(i)]	Tabcorp Holdings Limited	October 2008 to June 2011
Larry Mullin[(ii)]	Nil	N/A

(i) Ceased as a Director of the Company on 25 September 2012.

(ii) Ceased as a Director of the Company on 31 January 2013.

3. Company Secretary

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

4. Principal activities

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

5. Financial results and review of operations

The Group's consolidated profit after income tax for the financial year ended 30 June 2013 was $83.5 million, an increase of 97.9% on the previous financial year.

Earnings before interest and tax (EBIT) were $188.6 million, an increase of 31.2% on the previous financial year.

The increase in earnings was attributable to a number of items, including increased revenue, a higher win rate in the VIP business, reduced operating expenditure from the cost optimisation program and a decrease in significant items of $35.8m compared to the previous financial year.

Revenue was $1,737.9 million, an increase of 7.6% on the previous financial year. Revenue at The Star was up 17.5%, offset by Queensland revenues that were down 3.3%. Revenue in the VIP rebate business was up 42.8% compared to the previous financial year.

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

- The Star;
- Jupiters; and
- Treasury.

The activities and results for these operations are discussed below.

5.1. The Star

The Group operates The Star in Sydney.

The Star achieved EBIT of $156.0 million, an increase of 40.2% on the previous financial year. Revenue increased by 17.5% to $1,203.1 million for the financial year.

Gaming revenue was driven by a strong VIP rebate business showing consistent momentum in volume growth but also benefiting from a higher win rate in the 2013 financial year than the prior period. Domestic gaming revenue grew at more modest levels, with main gaming floor tables being the main driver of revenue during the period. Non gaming revenue was up with restaurant and bar revenue up 25% on the previous year. Hotel revenue was also up, particularly at The Darling, with an increase in revenue of 36% on the previous financial year.

The expansion plans at The Star have been delivered on time and on budget, with the Event Centre opening in the second half of the year completing The Star's transformation into a world class integrated resort.

The Star is well positioned to deliver on this investment, with the new loyalty program and marketing initiatives geared to reinvigorate slots and table game play and the full benefits of cost optimisation program that is now substantially completed, to come through in the new financial year.

5.2. Queensland

In Queensland, the Group operates the Jupiters Hotel and Casino on the Gold Coast, Jupiters Townsville and the Treasury Casino and Hotel in Brisbane. In addition, the 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 $25.5 million, which was 56.9% below the previous financial year. Gross revenue decreased by 8.0% to $363.2 million.

Treasury achieved EBIT of $45.4 million, which was 4.2% below the previous financial year. Gross revenue increased by 3.5% to $280.5 million.

The three Queensland properties were impacted by the continuation of a tough consumer environment. Jupiters was also impacted by a lower win rate in the VIP business compared to the prior period, domestic gaming revenue was broadly flat on the prior period with table games revenue up 3% on the previous year offset by weaker slots revenue, down 2.5% on the previous year. VIP gaming revenue was down 45% impacted by a combination of reduced volumes and a lower win rate in the year ended 2013 compared to the prior period (1.32% compared to 2.1%). Non gaming revenues were flat with restaurant revenue up 4% on the prior year, offset by weaker bar and hotel revenue impacted by the soft leisure travel demand. Operating expenses were well controlled, as the benefits of the cost optimisation program began to be realised.

The Group continues to have productive discussions with the Queensland Government around a potential relocation of the Treasury Brisbane casino and further investment in Jupiters Gold Coast, which the Group believes have the potential to be positive investments for the State of Queensland as well as the Group's shareholders.

5.3. Casino Licences

Each of the Queensland casino licences are perpetual and will remain in force unless and until they are cancelled or surrendered pursuant to the Casino Control Act 1982 (Qld). The Queensland casino licences do not currently contain any exclusivity provisions and there are currently four casinos in Queensland.

In New South Wales, The Star's casino licence runs until 2093 and includes exclusivity arrangements with the New South Wales Government that support a single casino licence in New South Wales until 2019 (refer also to section 8.4).

6. Earnings per share (EPS)

Basic and diluted EPS for the financial year were 10.1 cents, up 71.2% on the previous financial year. EPS is disclosed in note 14 of the financial report.

7. Dividends

7.1. Dividend payout

The Company's target dividend payout ratio is 50% of statutory net profit after tax (NPAT).

An interim dividend of 4 cents per share (fully franked) was paid on 27 March 2013.

A final dividend of 2 cents per share (fully franked) has been declared by the Company for the financial year ended 30 June 2013, to be paid to shareholders on 9 October 2013.

The final dividend is above the Group's target payout ratio of 50% of NPAT, reflecting the Board's confidence in the business' momentum and the benefits expected from the restructuring undertaken.

7.2. Dividend reinvestment plan (DRP)

The Company's DRP is in operation for the final dividend. The last date for receipt of election notices to enable participation for the final dividend is 2 September 2013 (the ***Record Date***). The price at which shares are allocated under the DRP is the daily volume weighted average market price of the Company's shares sold in the ordinary course of trading on the ASX over a period of 10 business days beginning on (and including) the second business day after the Record Date. Shares allocated under the DRP will rank equally with the Company's existing fully paid ordinary shares.

8. 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 Group, have occurred during the financial year.

8.1. Shareholder Activity

The following changes to substantial shareholdings in the Company occurred during the financial year:

- On 25 September 2012, Genting Singapore PLC and its subsidiaries, Genting Hong Kong and its subsidiaries and Genting Berhad ceased to be a substantial shareholder following the sale of a 4.8% shareholding in the Company.
- On 4 October 2012, Genting Hong Kong Limited and its associates became a substantial shareholder, holding 43,110,000 ordinary shares, representing 5.22% of the voting power in the Company.
- On 29 May 2013, Crown Limited and its controlled bodies corporate ceased to be a substantial shareholder of the Company, after Pennwin Pty Limited (a wholly owned subsidiary of Crown Limited) sold its entire shareholding of 82,561,200 ordinary shares, which represented 10% of the voting power in the Company.
- On 14 June 2013, Genting Hong Kong Limited and its associates increased their shareholding to 54,486,760 ordinary shares, representing an increase from 5.22% to 6.6% of the voting power in the Company.
- During the financial year Perpetual Limited and its subsidiaries, including Perpetual Investments Management Limited (PPT) became a substantial shareholder and increased their shareholding, following receipt of regulatory approvals, to 12.6% on 11 June 2013 and subsequently to 13.77% on 13 August 2013.

Applications to increase shareholding/voting power above 10%

The New South Wales Independent Liquor and Gaming Authority and the Queensland Attorney General and Minister for Justice have granted approvals for the following entities to increase their shareholding or voting power in the Company above the 10% restriction in the Company's constitution:

- Approvals for Perpetual Investment Management Limited to increase its shareholding in the Company up to a maximum of 15% of issued shares were received by 2 July 2012.
- Approvals for Crown Limited to increase its potential voting power in the Company up to an effective maximum of 23% (which may be adjusted in certain circumstances) were received by 17 May 2013.
- The application made by the Genting group of companies on 27 June 2012 for approval to acquire more than 10% voting power in the Company is still pending approval by the casino regulators as at the date of this report.

8.2. Cost Optimisation Program

The Company's cost optimisation program has been implemented since April 2012 and reduced the Group's operating expenditure by approximately $40 million during the financial year. The majority of cost saving initiatives relate to restructuring and reorganisation. The cost optimisation program is expected to produce over $60 million of cost savings.

8.3. Changes to Syndicated Facility Agreement

During the financial year, the Group repaid $433.0 million of its bank loans using proceeds from the Entitlement Offer (see note 26 of the financial report). In addition, the Group reduced the total facility from $960 million to $750 million, and extended the maturity of Tranche A and Tranche B of its Syndicated Facility Agreement debt to 20 July 2015 and 20 July 2017 respectively (see note 23 of the financial report).

8.4. Unsolicited Proposal to New South Wales Government

During the financial year, the Group submitted its Unsolicited Proposal to the New South Wales Government seeking to extend the period of exclusivity of The Star's casino licence beyond 2019. The proposal outlined a total capital investment by the Company of up to $1.1 billion (including up to $130 million for improved transport and connectivity solutions for the City of Sydney) and payments to the New South Wales Government totalling $250 million for the proposed exclusivity arrangements coupled with a gaming tax revenue guarantee.

On 4 July 2013, the New South Wales Government rejected the Group's proposal and progressed Crown Limited's proposal (to develop a VIP gaming facility at Barangaroo) to Stage 3 of the Unsolicited Proposal process, with an upfront licence fee of $100 million. If the New South Wales Government enters into a binding agreement to issue a VIP gaming licence to Crown Limited and the necessary legislative processes are completed, the exclusivity of The Star's casino licence will cease after November 2019.

The outcome of the Unsolicited Proposal submitted to the New South Wales Government was disappointing, but the Group is committed to maximising the return on its assets from being the sole casino in Sydney until November 2019 and to compete effectively beyond that timeframe.

9. Business strategies

The key strategic priorities for the Group are as follows:

- Create world class destinations, including the 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.

10. Significant events after the end of the financial year

Aside from those events that have already been disclosed in this report, there have been no other significant events occurring after the end of the financial year which may affect the Group's operations or results of those operations or the Group's state of affairs.

11. Likely developments and expected results

The Group will continue with its strategies, as set forth in this report.

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

12. Auditors

The Group's external auditor is Ernst & Young.

The Group's internal audit function is fully resourced by the Company.

13. Environmental regulation and performance

As one of the world's largest publicly listed casino gambling companies, the Company is committed to a high level of environmental performance across all its operations. The Company seeks to continuously improve by identifying opportunities to reduce energy and water consumption, reducing waste to landfill, procuring more sustainable products and services and reducing our overall carbon emissions.

The Company's business activities are managed in a manner that seeks to minimise adverse environmental impacts and deliver continual improvement in environmental performance which exceeds state and federal regulations.

Each of the Company's properties applies environmental management procedures and systems which assist in maintaining high levels of environmental regulation and performance.

The Company is registered and reports to the Federal Government under the 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.

The Company is also registered and reports under the Federal Government's Energy Efficiency Opportunities Act which seeks to improve identification and uptake of cost-effective energy efficiency opportunities, improve productivity and reduce greenhouse gas emissions, and increase scrutiny of energy use by large energy consumers.

The Company ensures continuous improvement of environmental sustainability outcomes through target setting, measurement, management and reporting.

14. Risk management

The Group has a structured and proactive approach to understanding and managing risk. The key focus of the risk management approach is to align technology and knowledge resources in evaluating and managing strategic, financial, people and compliance risks and opportunities faced by the Group.

15. Directors' interests in securities

At the date of this report (except as otherwise stated), the Directors had the following relevant interests in the securities of the Company:

Name	Ordinary Shares	Performance Rights
Current		
John O'Neill AO	46,120	Nil
John Redmond	Nil	Nil
Matt Bekier	220,964	459,830
Anne Brennan	10,000	Nil
Katie Lahey AM	Nil	Nil
Richard Sheppard	Nil	Nil
Gerard Bradley	Nil	Nil
Former		
Brett Paton[(i)]	90,000	Nil
Larry Mullin[(ii)]	185,644	465,116

(i) Ceased as a Director of the Company on 25 September 2012. The number of Echo Entertainment Group Limited securities disclosed above was applicable at the time of cessation.

(ii) Ceased as a Director of the Company on 31 January 2013. The number of Echo Entertainment Group Limited securities disclosed above was applicable at the time of cessation.

16. Board and Committee meeting attendance

During the financial year ended 30 June 2013 the Company held 14 meetings of the Board of Directors. The number of Board and Committee meetings attended by each of the Directors during the year were:

	Board of Directors		Audit Committee		Risk and Compliance Committee		Nomination Committee		Remuneration Committee	
Name	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Current										
John O'Neill AO	14	14	5	5	4	4	2	2	7	7
John Redmond(i)(iii)	14	14	2	3	2	2	2	2	4	4
Matt Bekier(i)	14	14	0	0	0	0	0	0	0	0
Anne Brennan	14	14	5	5	4	4	2	2	7	7
Katie Lahey AM(ii)	8	5	3	1	3	2	0	0	3	3
Richard Sheppard(ii)	7	5	2	1	3	2	0	0	4	3
Gerard Bradley(ii)	5	1	1	0	2	0	0	0	3	1
Former										
Brett Paton(iv)	4	4	2	2	1	1	0	0	2	2
Larry Mullin(v)	6	7	0	0	0	0	0	0	0	0

A – Number of meetings attended as a Director or observer

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

(i) The Executive Directors are not members of any Board Committee but may attend Board Committee meetings upon invitation, however this attendance is not recorded here.

(ii) The number of meetings attended by Katie Lahey, Richard Sheppard and Gerard Bradley includes meetings which they attended as observers prior to their appointment as Directors.

(iii) While he was a Non-Executive Director, John Redmond attended Audit Committee meetings as an observer only.

(iv) Ceased as a Director on 25 September 2012.

(v) Ceased as a Director on 31 January 2013.

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

17. Indemnification and insurance of Directors and Officers

The Directors and Officers of the Company are indemnified against liabilities pursuant to agreements with the Company. The Company has entered into insurance contracts with third party insurance providers, 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.

18. Non-audit services

Ernst & Young, the external auditor to the Company and the Group, provided non-audit services to the Company during the financial year ended 30 June 2013. The Directors are satisfied that the provision of non-audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. These statements are made in accordance with advice provided by the Audit Committee.

The Audit Committee reviews the activities of the independent external auditor and reviews the auditor's performance on an annual basis. Further details relating to the Audit Committee and the engagement of auditors are available in the Corporate Governance Statement section of the Annual Report.

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-audit services to the Company:

Description of services	$000
Other assurance related services in relation to the Company and any other entity in the consolidated group	16
Other non-audit services	64
Total of all non-audit and other services	**80**

Amounts paid or payable by the Company for audit and non-audit services are disclosed in note 37 of the financial report.

19. Rounding of amounts

Echo Entertainment Group Limited is a company of the kind specified in Australian Securities and Investments Commission Class Order 98/100. 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.

20. 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 2013. The auditor's independence declaration forms part of this Directors' report.

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

John O'Neill AO
Chairman

Sydney
22 August 2013

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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 2013, 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.

Ernst + Young

Ernst & Young

John Robinson
Partner
22 August 2013

Echo Entertainment Group Limited

A.C.N. 149 629 023

ASX Code: EGP

and its controlled entities

Remuneration report (audited)
for the year ended 30 June 2013

Shareholder introduction

Echo is pleased to present its Remuneration report to shareholders for the year ended 30 June 2013. The Board is committed to clear and transparent disclosure of the Company's remuneration structure and the individual remuneration details for the Executives and Directors which drive Echo's performance.

This year we have added a summary which outlines key remuneration decisions taken during FY13 as well as the planned changes for FY14, together with details of actual cash remuneration paid in FY13 and FY12.

Summary of key remuneration decisions taken during the year ended 30 June 2013

Fixed remuneration

- No increases in fixed remuneration for the Chief Executive Officer, Chief Financial Officer and Property Managing Directors, with the exception of Mr Hogg, whose role expanded from Managing Director of Treasury Casino & Hotel to include responsibility for Jupiters Townsville.
- An independent review of Non-Executive Director (***NED***) fees was conducted by PwC. This review indicated that fees were positioned around the 25th percentile of the peer group. NED fees will be adjusted over a two year period in accordance with the outcomes of this review.

Short term incentives

- The Group did not achieve its normalised net profit after tax (NPAT) target in FY13 and no short term incentive was earned or will be paid for FY13.

Long term incentives

- Prior to FY13, the allocation under the Long Term Performance Plan (***LTPP***) was in arrears. In FY13, the allocation was in advance and the vesting and measurement was changed from 3 to 4 years.

Planned changes for FY14

- No fixed remuneration increases will be awarded to the Chief Executive Officer and the Chief Financial Officer for FY14.
- Introduction of short term incentive (***STI***) deferral (one third of short term incentives to be deferred in restricted shares for a period of twelve months) and clawback provisions included.
- Introduction of a second performance measure (Earnings Per Share) in the LTPP.
- Change in LTPP valuation methodology from Fair Value to Moderated Face Value for the purposes of determining the number of performance rights allocated.
- The Remuneration and Nomination committees have been combined.
- Second year of NED fee increases consistent with independent review of NED fees.

Remuneration report (audited)

For the year ended 30 June 2013

Actual Cash Remuneration - Executives

The tables below show the actual cash remuneration received by Executives for the FY13 and FY12. In addition, Executives received non-monetary benefits as outlined in Table 10.

Mr Luvisutto's FY13 remuneration is higher than FY12 to reflect changes in his role.

Table 1: Actual Cash Remuneration for the year ended 30 June 2013 – Executives

KMP	Salary & fees(i) $	Bonus $	Other $	Total $
Current Executive Directors				
John Redmond	1,010,786	-	-	1,010,786
Matt Bekier	883,530	-	-	883,530
Current Executives				
Geoff Hogg	330,447	-	-	330,447
Frederic Luvisutto	683,530	-	-	683,530
Aaron Gomes	330,256	-	-	330,256
Former Executive				
Larry Mullin (iii)	821,989	-	2,406,473	3,228,462
Total	**4,060,538**	**-**	**2,406,473**	**6,467,011**

(i) This balance includes salary sacrificed amounts of $21,241 for Mr Hogg and $72,800 for Mr Luvisutto.
(ii) Mr Mullin received a termination payment of $2,406,473.

Table 2: Actual Cash Remuneration for the year ended 30 June 2012 – Executives

KMP	Salary & fees $	Bonus $	Other $	Total $
Current Executive Directors				
Larry Mullin	1,500,000	-	-	1,500,000
Matt Bekier	884,225	-	-	884,225
Current Executives				
Geoff Hogg	316,956	-	-	316,956
Frederic Luvisutto (i)	447,321	-	-	447,321
Former Executive				
Sid Vaikunta (ii)	470,145	-	192,125	662,270
Total	**3,618,647**	**-**	**192,125**	**3,810,772**

(i) Mr Luvisutto commenced his role of Managing Director The Star on 5 April 2012.
(ii) Mr Vaikunta received a termination payment of $192,125.

1. Remuneration Report (audited)

This Remuneration report outlines the remuneration policy and arrangements for Key Management Personnel (***KMP***) of Echo Entertainment Group Limited (***Echo*** or the ***Company***) in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001. The information provided in this Remuneration report has been audited as required by section 308(3C) of the Corporations Act.

2. Remuneration Governance

The Remuneration Committee considers matters relating to the remuneration of Directors and Executives, as well as the remuneration policies of the Company generally. The Committee is comprised of at least three members appointed by the Board. All members must be Non-Executive Directors.

The Remuneration Committee composition during FY13 was:

Anne Brennan (Chair), John O'Neill (Member), Katie Lahey (Member) – appointed, Richard Sheppard (Member) – appointed, Gerard Bradley (Member) – appointed, and Brett Paton (Member) – resigned.

The main responsibilities of the Remuneration Committee are:

- Establishing and maintaining fair and reasonable remuneration policies and practices that apply to the Group;
- Reviewing and recommending to the Board the remuneration of Executives and the terms and conditions of any incentive plans;
- Engaging a remuneration consultant that provides remuneration recommendations on KMPs directly to the Remuneration Committee;
- Agreeing benchmarks against which annual salary reviews are evaluated.

Information relating to the Committees will be provided in the Directors' report and Corporate Governance Statement.

From 1 July 2013, the Nomination Committee and the Remuneration Committee were combined to form the Remuneration and Nomination Committee. Terms of Reference have been changed to reflect this. Richard Sheppard is no longer a member.

Independent advisor

The Remuneration Committee may also engage an independent external advisor in relation to any Remuneration Committee matter, specifically:

- NED remuneration; and
- Executive remuneration and the design and structure of incentive arrangements.

The Remuneration Committee approved the engagement of PricewaterhouseCoopers (***PwC***) to provide remuneration advice and recommendations relating to the:

- Review of the Executive short term and long term incentive plan features;
- Benchmarking of NED remuneration arrangements.

Both PwC and the Remuneration Committee are satisfied the advice received from PwC is free from undue influence from the KMP to whom the remuneration recommendations apply.

The remuneration recommendations are provided to Echo as an input into decision making only. The Remuneration Committee and the Board consider the recommendations along with other factors in making its remuneration decisions.

The fees paid to PwC for the remuneration recommendations were $54,040. PwC has provided other services (taxation and other non-remuneration related advice) to Echo during FY13. Fees paid in respect to these services were $273,000.

3. Key Management Personnel for the year ended 30 June 2013

Echo's Key Management Personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. They fall into two categories:

- Non-Executive Directors (NEDs)
- Executive Directors (Chief Executive Officer and Chief Financial Officer) and Executives (Property Managing Directors)

There have been a series of changes during the year ended 30 June 2013 to NED and Executives.

Table 3: Key Management Personnel changes for the year ended 30 June 2013

Name	Title *(at year end)*	Change during the year ended 30 June 2013
Non-Executive Directors		
John O'Neill AO	Chairman and Independent Non-Executive Director	Chairman appointment confirmed 23/07/2012 (previously NED)
Anne Brennan	Deputy Chair and Independent Non-Executive Director	Appointed Deputy Chair 14/06/2013
Katie Lahey AM	Independent Non-Executive Director	Appointed 1/03/2013 (Observer 3/10/2012)
Richard Sheppard	Independent Non-Executive Director	Appointed 1/03/2013 (Observer 21/11/2012)
Gerard Bradley	Independent Non-Executive Director	Appointed 30/05/2013 (Observer 20/02/2013)
Brett Paton	Independent Non-Executive Director	Resignation effective 25/09/2012
Executives		
John Redmond	Managing Director & Chief Executive Officer	Non-Executive Director to 18/01/2013. Appointed as Managing Director & Chief Executive Officer on 18/01/2013.
Matt Bekier	Chief Financial Officer & Executive Director	No change
Frederic Luvisutto	Managing Director The Star	No change
Geoff Hogg	Managing Director Treasury Casino & Hotel and Managing Director Jupiters Townsville	Appointed 01/09/2012 as Managing Director Jupiters Townsville
Aaron Gomes	Managing Director Jupiters Hotel & Casino (Gold Coast)	Appointed 04/10/2012
Larry Mullin	Managing Director & Chief Executive Officer	Resignation effective 31/01/2013

4. Group remuneration philosophy

Echo's Group remuneration framework enables Echo to attract, motivate and retain the highest calibre individuals at all levels across the Group. The core components of our framework are based on the following principles:

- Market based fixed remuneration which is relative to our peers;
- Performance based pay through short term incentive arrangements, which connects individuals to property and group performance;
- Long term value creation which encourages our leaders to behave like company owners.

For Executives, this involves aligning the reward components with the individual's ability to influence results.

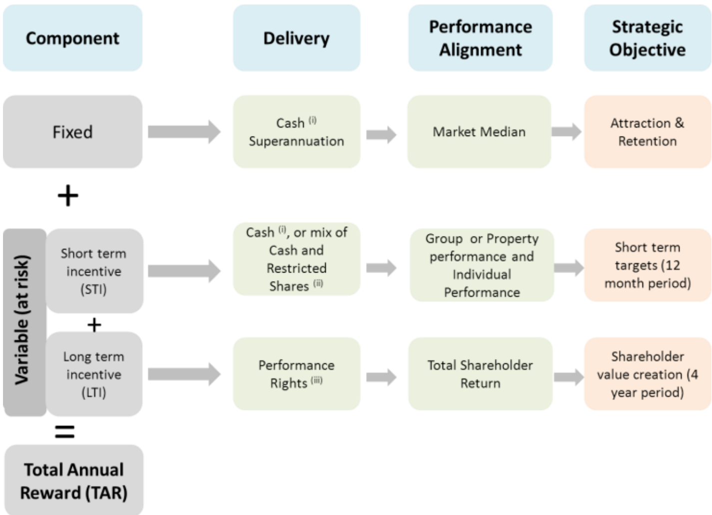
5. Executive Director and Executive Remuneration

The Remuneration Committee reviews the overarching Echo remuneration framework and recommends to the Board Executive remuneration arrangements. The Group remuneration framework comprises a mix of both fixed and variable remuneration components (see Figure 1).

Echo's remuneration framework seeks to drive market competitive remuneration and aligned policies and practices to our shareholder interests, specifically through:

- Metric selection, for example net profit after tax (measured on a normalised basis and before non-recurring items) as the gateway to trigger STPP payments;
- 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 value creation for shareholders;
- Using scorecards which are aligned to Echo's short and long term strategic plans;
- Creation of financially sustainable programs which emphasise the overachievement of results against targets.

Figure 1: Elements of Executive Total Reward



(i) Employees may voluntarily elect to salary sacrifice for additional superannuation contributions and motor vehicle novated leases (from fixed component only).

(ii) a) Currently deferral exist for Senior Managers who do not receive Long Term Incentives (LTI).
b) The Board is introducing mandatory deferral of one third of the short term incentive (STI) award into Echo restricted shares for senior executives.

(iii) Vest subject to meeting relevant performance based hurdles on the fourth anniversary of the allocation.

(iv) The Board is proposing the introduction of a second performance measure – Earnings per share (EPS) or Return of Equity (ROE).

Approach to setting remuneration levels and mix

Remuneration levels for Executives are reviewed annually, referencing market data (market median), and considering the capabilities, experience and performance. The combination of fixed and variable pay makes up the Executives Total Annual Reward (***TAR***).

Table 4: Executive KMP target reward mix

Role	Fixed Remuneration	Policy Remuneration Mix % of Total		TAR
		Target STI	LTI (Grant value)	
Chief Executive Officer	47%	32%	21%	100%
Chief Financial Officer	45%	30%	25%	100%
Property Managing Directors	50%	30%	20%	100%

Fixed remuneration

The fixed remuneration received by Executives may comprise base salary, superannuation and non-monetary benefits. The amount of fixed remuneration an Executive receives reflects the scope and responsibilities of the role and the level of knowledge, skills and experience of the individual.

Variable (at risk) remuneration

Short Term Performance Plan

The Short Term Performance Plan (***STPP***) is designed to reward Executive KMP for decisions made within a 12 month period. The Executives have the opportunity to receive a short term incentive payment equal to their target short term incentive (STI), multiplied by a factor which is based on individual and group or property performance targets. They can earn up to 1.5 or 150% of their target. Figure 2 demonstrates how the short term incentive is calculated.

The incentive is based upon three key factors:

Figure 2: STPP calculation

Target STI ($) × Group Funding or Property Multiplier (Discretionary) × Individual Performance Multiplier = Short Term Incentive

Target STI

This amount is based on a percentage of the individual's Total Annual Reward (TAR). Refer to Table 4 above.

*Group Funding Multiplier (**GFM**) or Property Multiplier (**PM**)*

- Echo's target normalised net profit after tax before non-recurring and/or significant items as approved by the Echo Board. The GFM determines the overall STI pool available for distribution.
- If the minimum financial performance target is met, the Board may also determine a PM for each property of the Group. The PM for a particular property may differ from the PM for other properties or from the GFM, allowing for differentiation between the contributions of the properties to the Group's overall performance.
- In the event the financial hurdle is not met, the Board has discretion to determine a reduced incentive pool.

*Individual Performance Multiplier (**IPM**)*

- Individual performance multiplier is determined by using a balanced scorecard of individual measures that align with and support the Group's annual objectives. Specific key performance indicators (***KPIs***) are agreed upon for each performance area at the start of the financial year against which the individual is assessed.
- The individual scorecards focus on the achievement of financial measures and the improvement of the quality of these financial measures through four performance areas – customers, people, organisation, and shareholders.

Table 5: Example of financial and non-financial measures

Financial	**Non-Financial**
NPAT before non-recurring and/or significant items	*Customer satisfaction score*
Property EBITDA	*Employee engagement scores (Group and property)*
Market share	*Employee compliance training completed*
Capital management	*Lost time injury frequency rating*
	Diversity and other people initiatives.

To be eligible to receive a STPP payment the Executive needs to demonstrate the required levels of behaviours in line with the Group's values and must not have had any significant controllable compliance breaches.

Long Term Performance Plan

The Echo Long Term Performance Plan (***LTPP***) is principally designed to reward Executives for their contributions to long-term shareholder value creation. Grants are made in the form of Performance Rights, which means that upon vesting, a member of KMP is entitled to receive one fully paid ordinary Echo share in exchange for each Performance Right allocated to them, subject to satisfying the testing criteria.

Performance Rights are considered an effective instrument for delivering incentives to KMP which is aligned to achieving Echo shareholder value over the four year period.

The core components of the LTPP are as follows:

- The LTPP is a four year plan. Awards are granted at the start of the performance cycle and then tested against the relevant performance hurdle at the fourth anniversary of the date of grant (see Figure 3).
- Any unvested Performance Rights lapse immediately, there is no retesting.
- When the Performance Rights vest, Echo shares will automatically be delivered and registered in the participant's name.
- The fair value of the Performance Rights is expensed over four years in accordance with Accounting Standards.

Allocation

The Performance Rights under the Echo LTPP are generally allocated annually in September. The number of Performance Rights allocated is calculated as outlined in Figure 3.

Figure 3: FY13 allocation calculation

Target LTI ($) ÷ Fair Value of Performance Right = Number of Performance Rights allocated

Vesting conditions

The vesting of Performance Rights issued under the LTPP is dependent on two conditions, as discussed below.

1. Performance based

The performance hurdle for Performance Rights issued under the LTPP is relative Total Shareholder Return (***TSR***).

TSR measures 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 is any change in the dividend payment timetable of a company in the peer group (including Echo), then the TSR performance of that company is adjusted to remove any artificial distortion in the outcome. Echo will engage an external consultant to calculate Echo's TSR relative to the peer group of companies.

Table 6: Echo's relative TSR peer group

Basis	Exclusions
S&P/ASX100 index	• Property trusts; • Infrastructure groups; and • Mining companies Represented by the S&P Global Industry Classification Standards of Oil & Gas, Metals & Mining, Transportation Infrastructure and Real Estate.

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

Table 7: Percentage of Performance rights obtainable

Echo'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%

This performance period and vesting criteria are common practices adopted by companies in the S&P/ASX100 index, which is consistent with Echo's remuneration philosophy.

When the Performance Rights vest, Echo shares are delivered automatically and are registered in the participant's name, and participants receive full voting and dividend rights corresponding to the rights of all other holders of ordinary shares. These shares are free of restrictions but are still subject to Echo's Securities Trading Policy.

From FY14 the Board will introduce a second performance measure, being statutory Earnings Per Share (EPS), to complement the current TSR referred to above to drive greater alignment between performance and shareholder earnings. Further details are provided under the section entitled "**FY14 changes**" in this report.

2. Time based

Performance Rights may vest at the fourth anniversary of the date of grant (***Test Date***), subject to meeting the relevant performance requirements at the Test Date (refer Figure 4). The Test Date is aligned with the timeframe for Echo's long term business strategy. For comparative purposes the FY12 vesting timeline has been provided.

Figure 4: FY13 grant vesting conditions

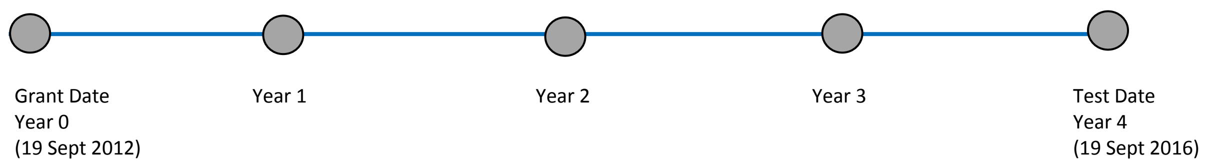
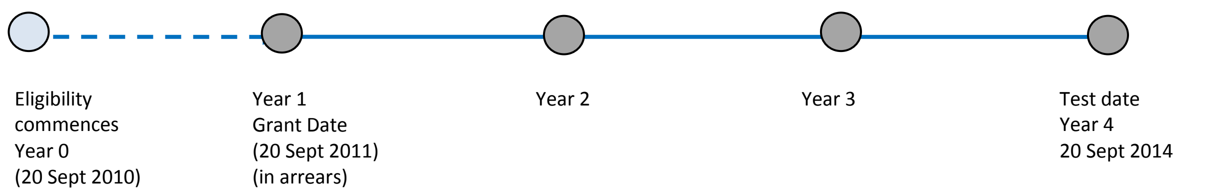


Figure 5: FY12 grant vesting conditions



Lapsing conditions

Performance Rights that have not vested after testing will immediately lapse.

Cessation of employment

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

Accounting treatment

Performance Rights issued under the LTPP are expensed on a straight line basis over the four year vesting period, commencing from the grant date. Under Accounting Standards, Echo is required to recognise an expense irrespective of whether the Performance Right ultimately vests to a member of KMP. A reversal of the expense is only recognised in the event the Performance Rights lapse due to cessation of employment within the four year vesting period.

LTI performance

There were no performance tests in FY12 or FY13.

Policy prohibiting hedging

Participants in the incentive plans (STPP and LTPP), are restricted from hedging the value of Restricted Shares and unvested Performance Rights, and must not enter into any derivative arrangements in respect of the equity instruments granted under these plans. Breaches of the restriction will result in equity instruments being forfeited by the participant.

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 also 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, may request an executive to provide a statutory declaration that the executive has complied with this policy. During the period, the Board did not require any such declarations.

FY14 plan changes

The board has approved the following changes to the LTPP plan:

Valuation methodologies

The Board has changed the current Monte Carlo Fair Value valuation method to Moderated Face Value valuation for FY14 for purposes of determining the number of rights allocated under the LTPP.

Moderated Face Value (MFV) reflects the face value of the share at the allocation date less the value of any dividends forgone by the award holder during the vesting period i.e. *Share price x Dividend Discount Factor*. The Company engages external consultants to calculate MFV for each allocation of performance rights.

For accounting purposes, the Company engages an external consultant to complete a Fair Value calculation utilising a Monte Carlo simulation to estimate the proportion of performance rights which might vest at the Test Date after the application of the total shareholder return based performance hurdles.

Introduction of a second performance measure

The Board will introduce a second performance measure to complement the current TSR measure in FY14. The introduction of statutory Earnings Per Share (EPS) as a secondary measure will drive greater alignment between performance and shareholder earnings.

The EPS hurdle measures the growth in accounting based earnings per ordinary share. It drives line of sight between shareholder value creation and management's financial performance. This target is an absolute target set by the Board considering the Company's five year financial outlook.

A maximum and threshold performance level will be set relative to the percentage of Performance Rights that will vest. For example at 90% of performance (threshold) 50% of performance rights will vest.

Echo will disclose EPS targets on a retrospective basis to ensure that the Company's competitive position is not compromised.

6. Executive Director Contract – Managing Director and Chief Executive Officer

Current Chief Executive Officer & Managing Director contract: John Redmond

Mr Redmond commenced his current position of Managing Director and Chief Executive Officer on 18 January 2013. At this time Mr Redmond formally ceased his duties as a NED, becoming an Executive member of the Echo Board of Directors and other Echo group companies. In accordance with his contract, Mr Redmond receives fixed remuneration, the opportunity to receive variable remuneration through short term and long term incentive arrangements and expatriate benefits. Mr Redmond has been appointed for an ongoing term subject to visa requirements and termination by either party.

Table 8: Remuneration Summary

	Fixed	Variable		On-Target TAR
	TEC^	Target STI	Target LTI	
$ Value	$2,250,000	$1,500,000	$1,000,000	$4,750,000
% of TAR	47%	32%	21%	100%

^ Excludes benefits such as allowances and expatriate benefits.

Fixed remuneration
Mr Redmond receives fixed remuneration of $2,250,000 per annum which is to be reviewed annually by the Board. Mr Redmond receives other non-monetary benefits to cover living away from home expenses up to the value of $250,000 per annum, net of any fringe benefits tax.

Short term incentive
Mr Redmond is eligible to receive a short term incentive award based on the financial and non-financial performance of Echo. The Echo STPP rules govern this arrangement.

The Board has discretion under the STPP rules to award short term incentive payments exceeding the target amount having regard to the circumstances of Echo and Mr Redmond's individual contribution to the Group. His target short term incentive award is equivalent to $1,500,000 per annum (pro-rated for FY13).

Long term incentive
Echo intends that the long term incentive component of Mr Redmond's remuneration package will involve annual grants of Performance Rights which would be subject to meeting performance hurdles. This award is governed by Echo's LTPP in accordance with the LTPP rules.

The Performance Rights granted will be tested at vesting against the peer group of listed top ASX 100 companies (see LTPP for additional information). Mr Redmond will be entitled to a potential annual long term incentive award valued at $1,000,000 (pro-rated for FY13). In the event of a unforeseen event such as a change of control, the Board may exercise discretion to accelerate the vesting of any unvested awards that Mr Redmond holds under the LTPP.

Other benefits
Mr Redmond was entitled to relocation reimbursement and expatriate benefits (flights, accommodation, initial setup costs) to support his relocation to Australia, subject to the conditions below and in accordance with any applicable Echo policies.

These benefits are conditional upon Mr Redmond remaining employed by Echo (and not under notice of termination) for a period of at least two years (unless cessation of employment is due to a Change of Control event).

Termination
Echo may terminate Mr Redmond's employment at any time on 12 months' notice. The employment contract does not require any termination payments, other than payment in lieu of notice (if applicable) and statutory entitlements.

Mr Redmond may terminate his employment with Echo at any time on 12 months' notice. His employment may be terminated by Echo immediately (without payment in lieu of notice) in circumstances of misconduct, or if Mr Redmond breaches his obligations under his employment contract, commits any offence under State or Federal legislation or regulations, or otherwise engages in any act or omission which would justify summary dismissal.

Following termination Mr Redmond will be restrained for up to 12 months after termination of his employment with Echo from being engaged in any business or activity in Australia which competes with or is substantially similar to the business of Echo.

Former Chief Executive Officer & Managing Director Contract: Larry Mullin

Mr Mullin ceased his role as Managing Director and Chief Executive Officer on 31 January 2013 In accordance with his employment contract, Mr Mullin received fixed remuneration and the opportunity to receive variable remuneration through short term and long term incentive arrangements. Mr Mullin contract did not require any termination payments, other than payment in lieu of notice (if applicable).

Table 9: Remuneration Summary

	Fixed	Variable		On-Target TAR
	TEC^	Target STI	Target LTI	
$ Value	$1,500,000	$1,500,000	$1,000,000	$4,000,000
% of TAR	37.5%	37.5%	25%	100%

^ Excludes benefits such as allowances and expatriate benefits.

Fixed remuneration

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

Short term incentive

Mr Mullin was eligible to receive a short term incentive award based on his individual performance and the Company's performance over the annual performance review period. Mr Mullin's short term incentive award was equivalent to $1,500,000 if targets were met.

Long term incentive

The long term incentive component of Mr Mullin's remuneration package included annual grants of Performance Rights, which were subject to meeting performance hurdles, with the grant of such Performance Rights being subject to obtaining any necessary shareholder approvals at the relevant time.

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 lapsed immediately.

Other benefits

Mr Mullin's contract included benefits comprised of living away from home expenses and home leave for a period of four years. These benefits were consistent with Mr Mullin's previous contract with Tabcorp Holdings Limited.

Separation

On 27 September 2012, Echo announced that the Managing Director and Chief Executive Officer, Mr Mullin would complete his time with the Company on 31 January 2013. The separation payment of $2,406,473 made to Mr Mullin did not require shareholder approval under the Corporations Act. This amount comprised statutory, contractual and other payments made to Mr Mullin and was below Mr Mullin's FY12 total remuneration of $2,702,618 which was disclosed in the 2012 Annual Report.

Executive Contracts

The table below contains details of Executive contracts. Current contracts do not provide for any termination payments other than payment in lieu of notice.

			Minimum notice period (months)		Expires
Name	**Position**	**Contract duration**	**Executive**	**Echo**	
Matt Bekier	Chief Financial Officer and Executive Director	Open ended	6	9	-
Geoff Hogg	Managing Director Treasury & Jupiters Townsville	Open ended	6	9	-
Frederic Luvisutto (*)	Managing Director The Star	4 years	6	9	May 2015
Aaron Gomes (*)	Managing Director Jupiters Hotel & Casino	4 years	6	9	October 2016

(*) Covered by a sponsored s457 visa.

Other benefits

Chief Financial Officer and Executive Director

Mr Bekier's contract includes benefits comprising living away from home expenses and relocation costs for a period of two years. This arrangement ended in December 2012.

Managing Director The Star

Mr Luvisutto's contract includes benefits comprising living away from home expenses and home leave for a period of four years. This arrangement ended in October 2012. The Company will provide one return business class ticket for each member of Mr Luvisutto's immediate family each year for four years.

Managing Director Jupiters Hotel & Casino

Mr Gomes' contract includes two return business class tickets for each member of Mr Gomes' immediate family each year for four years. In accordance with Mr Gomes' terms of employment, there is a guaranteed payment of $120,000 in his first year of employment.

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 6 June 2011, it is not possible to present five years of financial data.

	Share price at year end	EPS	Statutory NPAT
June 2013	$3.06	10.1c	$83.5m
June 2012	$4.28	5.9c	$42.2m
June 2011^	$4.11	31.4c	$226.0m

^ To prepare for demerger the Company acquired Star City Holdings Limited and Jupiters Limited effective 31 May 2011. The 2011 results do not fully reflect the underlying performance of the Company.

Remuneration report (audited)

For the year ended 30 June 2013

Table 10: KMP remuneration for the year ended 30 June 2013 – Executives

	Short term				Long term	Post Employment	Total excluding charge for share based allocations	Charge for share based allocations [iv]	Total $	Performance related [v] %	Termination benefits $
KMP	**Salary & fees [i] $**	**Bonus $**	**Non-monetary benefits [ii] $**	**Other [iii] $**	**Long service leave $**	**Super-annuation $**	**$**	**Performance Rights $**			
Current Executive Directors											
John Redmond [vi]	1,072,908	-	282,899	-	2,823	8,235	1,366,865	125,000	1,491,865	8%	-
Matt Bekier	899,654	-	57,800	-	41,531	16,470	1,015,455	260,416	1,275,871	20%	-
Current Executives											
Geoff Hogg	337,724	-	6,205	-	10,919	16,470	371,318	60,714	432,032	14%	-
Frederic Luvisutto	689,063	-	355,059	-	4,834	16,470	1,065,426	73,537	1,138,963	6%	-
Aaron Gomes	351,550	-	19,951	120,000	1,395	12,353	505,249	24,965	530,214	5%	-
Former Executive											
Larry Mullin [vii]	821,989	-	366,776	-	(85,263)	-	1,103,502	(250,000)	853,502	0%	2,406,473
Total	**4,172,888**	**-**	**1,088,690**	**120,000**	**(23,761)**	**69,998**	**5,427,815**	**294,632**	**5,722,447**		**2,406,473**

(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, relocation expenses, living away from home benefits and taxation services where applicable.

(iii) Comprises cash appointment incentives, where applicable. In accordance with Mr Gomes' terms of employment, there is a guaranteed payment of $120,000 in his first year of employment.

(iv) Represents the fair value of share based payments expensed by Echo, 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 performance and time based 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) Mr Redmond is entitled to a potential annual long-term incentive award valued at $1,000,000 (pro-rata for FY13) subject to meeting performance hurdles under the LTPP (The Board approved a pro-rated allocation of rights to the value of $500,000. This will be granted to Mr Redmond in September 2013 following approval by shareholders).

(vii) Mr Mullin received cash in lieu of superannuation, due to being a senior executive temporary resident of Australia. These amounts are disclosed under salary and fees. Mr Mullin ceased employment and ceased as a KMP on 31 January 2013. In addition to the amounts disclosed above, payment of annual leave on cessation amounted to $63,432. Upon termination, there was a reversal for long service leave provision of $85,263 and share based allocations of $250,000 (in respect of rights granted on 20 September 2011).

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 four year vesting period. Table 10 and 11 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 actual cash remuneration during the year is shown in Table 1.

Remuneration report (audited)

For the year ended 30 June 2013

Table 11: KMP remuneration for the year ended 30 June 2012 – Executives

	Short term				Long term	Post Employment	Total excluding charge for share based allocations	Charge for share based allocations (iv)	Total $	Performance related (v) %	Termination benefits $
KMP	Salary & fees (i) $	Bonus $	Non-monetary benefits (ii) $	Other (iii) $	Long service leave $	Super-annuation $	$	Performance Rights $			
Current Executive Directors											
Larry Mullin (vi)	1,482,216	-	952,351	-	18,051	-	2,452,618	250,000	2,702,618	9%	-
Matt Bekier	936,454	-	93,096	-	65,816	15,775	1,111,141	125,000	1,236,141	10%	-
Current Executives											
Geoff Hogg	322,139	-	2,206	-	10,173	15,775	350,293	25,848	376,141	7%	-
Frederic Luvisutto	505,991	-	96,211	-	2,663	15,775	620,640	15,778	636,418	2%	-
Former Executive											
Sid Vaikunta (vii)	458,643	-	79,059	-	-	-	537,702	-	537,702	0%	192,125
Total	**3,705,443**	**-**	**1,222,923**	**-**	**96,703**	**47,325**	**5,072,394**	**416,626**	**5,489,020**		**192,125**

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

(ii) Comprised car parking, accommodation, airfares and travel costs, relocation expenses, living away from home benefits and taxation services where applicable.

(iii) Comprised cash appointment incentives, where applicable.

(iv) Represented the fair value of share based payments expensed by Echo, which included amounts expensed on cessation of employment where equity instruments were retained, and reversal of previously recognised remuneration on cessation of employment where equity instruments lapsed. Value only accrued to the KMP when performance and time based conditions were met.

(v) Represented 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) Mr Mullin received cash in lieu of superannuation, due to him being a senior executive temporary resident of Australia. These amounts were disclosed under salary and fees. Mr Mullin ceased to receive living away from home benefits for Australian tax purposes after 3 June 2011. Thereafter, any living away from home allowances was subject to fringe benefits tax.

(vii) Mr Vaikunta ceased employment and ceased as a KMP on 2 February 2012. In addition to the amounts disclosed above, payment of annual leave on cessation amounted to $107,701.

Remuneration report (audited)

For the year ended 30 June 2013

Other remuneration tables

Table 12: Short term incentive (STI) achieved for the year ended 30 June 2013

Short term incentives were not awarded for the year ended 30 June 2013 as Company performance targets were not achieved.

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				
John Redmond	-	-	-	100%
Matt Bekier	-	-	-	100%
Geoff Hogg	-	-	-	100%
Frederic Luvisutto	-	-	-	100%
Aaron Gomes	-	-	-	100%
Former				
Larry Mullin	-	-	-	100%

(i) Maximum STI for KMP may vary, as it is subject to Board discretion.

Table 13: Terms and conditions of Performance Rights for the year ended 30 June 2013

An allocation was made under the plan for the year ended 30 June 2013 with a four year performance period from the date of grant. Details of the Performance Rights granted during the year are listed in the table below:

Grant date	Fair value at grant date $	Exercise price $	First exercise date	Last exercise/ expiry date per original grant	Voting & Dividend Rights
19 September 2012	2.20	Not Applicable	19 September 2016	19 September 2016 (Performance Rights lapse immediately if not vested)	No voting or dividend rights until the Performance Rights have vested

Table 14: Performance Rights granted during the year ended 30 June 2013

The number of Performance Rights granted to KMPs is listed in the table below.

KMP	No of rights granted on 19 September 2012
Current	
John Redmond*	-
Matt Bekier	227,272
Geoff Hogg	63,636
Frederic Luvisutto	127,272
Aaron Gomes	60,522
Former	
Larry Mullin	-
Total	**478,702**

* Mr Redmond was appointed as Managing Director and Chief Executive Officer on 18 January 2013. The Board approved a pro-rated allocation of rights to the value of $500,000. This will be granted to Mr Redmond in September 2013 following approval by shareholders.

Table 15: Performance Rights vested and exercised during the year ended 30 June 2013

No Performance Rights vested or were exercised during the year.

Remuneration report (audited)

For the year ended 30 June 2013

Table 16: Value of Performance Rights granted as part of remuneration for the year ended 30 June 2013

The value of Performance Rights granted to KMPs is listed in the table below.

KMP	During the year ended 30 June 2013			
	Granted (i) $	Exercised (ii) $	Lapsed (iii) $	As a % of remuneration (iv) %
Current				
John Redmond (v)	-	-	-	8%
Matt Bekier	499,998	-	-	20%
Geoff Hogg	139,999	-	-	14%
Frederic Luvisutto	279,998	-	-	6%
Aaron Gomes	133,148	-	-	5%
Former				
Larry Mullin (vi)	-	-	1,000,000	0%
Total	**1,053,143**	**-**	**1,000,000**	

(i) Represents the value of Performance Rights granted on 19 September 2012.
(ii) Represents the value of Performance Rights exercised during the year. The value is calculated based on the market value of Echo 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. The value is determined assuming the performance conditions had been achieved, and is calculated based on the market value of Echo shares at the date of lapsing, less any exercise amount payable.
(iv) Represents the fair value of 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) Mr Redmond was appointed as Managing Director and Chief Executive Officer on 18 January 2013. The Board approved a pro-rated allocation of rights to the value of $500,000. This will be granted to Mr Redmond in September 2013 following approval by shareholders.
(vi) Mr Mullin had 465,116 Performance Rights to the value of $1,000,000 (granted on 20 September 2011) which lapsed upon his termination during the current year.

Table 17: Short term incentive (STI) achieved for the year ended 30 June 2012

Short term incentives were not awarded for the year ended 30 June 2012 as Company performance targets were not achieved.

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	-	-	-	100%
Matt Bekier	-	-	-	100%
Geoff Hogg	-	-	-	100%
Frederic Luvisutto	-	-	-	100%
Former				
Sid Vaikunta	-	-	-	100%

(i) Maximum STI for KMP may vary, as it is subject to Board discretion.

Table 18: Terms and conditions of Performance Rights for the year ended 30 June 2012

An allocation was made under the plan for the year ended 30 June 2012 with a three year performance period from the date of grant. Details of the Performance Rights granted during the year are listed in the table below:

Grant date	Fair value at grant date $	Exercise price $	First exercise date	Last exercise/ expiry date per original grant	Voting & Dividend Rights
20 September 2011	2.15	Not Applicable	20 September 2014	20 September 2014 (Performance Rights lapse immediately if not vested)	No voting or dividend rights until the Performance Rights have vested

Remuneration report (audited)

For the year ended 30 June 2013

Table 19: Performance Rights granted during the year ended 30 June 2012

The number of Performance Rights granted to KMPs is listed in the table below.

KMP	No of rights granted on 20 September 2011
Current	
Larry Mullin (i)	465,116
Matt Bekier (i)	232,558
Geoff Hogg	48,090
Frederic Luvisutto	29,354
Former	
Sid Vaikunta	142,976
Total	**918,094**

(i) In relation to the grant of Performance Rights to Mr Mullin and Mr Bekier, the ASX granted a waiver from Listing Rule 10.14 to permit Mr Mullin and Mr Bekier to acquire securities under an employee incentive scheme (including the LTPP) for the year ended 30 June 2012. As the court approved the Demerger Scheme proceeded, and the terms and conditions of the grant of Performance Rights were in accordance with the Demerger Scheme Booklet, Echo did not require the approval of Echo shareholders for the grant of Performance Rights to Mr Mullin and Mr Bekier as all conditions under the waiver were satisfied.

Table 20: Performance Rights vested and exercised during the year ended 30 June 2012

No Performance Rights vested or were exercised during the year.

Table 21: Value of Performance Rights granted as part of remuneration for the year ended 30 June 2012

The value of Performance Rights granted to KMPs are listed in the table below.

KMP	During the year ended 30 June 2012			
	Granted (i) $	Exercised (ii) $	Lapsed (iii) $	As a % of remuneration (iv) %
Current				
Larry Mullin	1,000,000	-	-	9%
Matt Bekier	500,000	-	-	10%
Geoff Hogg	103,395	-	-	7%
Frederic Luvisutto	63,113	-	-	2%
Former				
Sid Vaikunta	307,400	-	509,723	0%
Total	**1,973,908**	**-**	**509,723**	

(i) Represented the value of Performance Rights granted on 20 September 2011.
(ii) Represented the value of Performance Rights exercised during the year. The value was calculated based on the market value of Echo shares at the date of exercise.
(iii) Represented the value of Performance Rights 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 Echo shares at the date of lapsing, less any exercise amount payable.
(iv) Represented the fair value of Performance Rights expensed during the year (including accelerated charge) as a percentage of total remuneration, excluding termination payments. Total remuneration included the charge for share based allocations.

8. Non-Executive Director Remuneration

Remuneration framework

The Remuneration Committee has responsibility for reviewing and recommending to the Board appropriate remuneration arrangements for NEDs, taking into consideration the following factors:

- Echo's remuneration philosophy;
- The level of fees paid to Board members of ASX 100 companies (excluding mining and infrastructure groups);
- Operational and regulatory complexity.

Remuneration Policy

- NEDs 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 NEDs act independently and impartially.
- Echo remunerates Directors for the full month of fees irrespective of their commencement date. Observer fees are equivalent to applicable Board and Committee fees.
- Superannuation is capped at the Maximum Contribution Base, as per the Australian Taxation Office schedule. NEDs may choose to salary sacrifice additional fees into superannuation at their election.
- Board fees are not paid to the Managing Director and Chief Executive Officer or the Chief Financial Officer and Executive Director or to executives for directorships of any subsidiaries.

Key decisions in FY13

A market review of NED fees was completed by PwC in December 2012. The review considered fees for the Board Chair and Member fee, and Chair and Members fees for each Committee. Benchmarking showed that the:

- Chair and Member fees were approximately positioned at the 25th percentile of the peer group.
- Market practice (within the peer group) is to include Committee fees within one Board Chair fee and to include superannuation in the NED fees.
- NED fees are inclusive of superannuation.
- Total NED fees pool is aligned to median of peer group and provides sufficient flexibility for additional Directors and the uplift in fees.

With a view to simplifying and uplifting fees to better align to market and the internal relativity of Committee fees, the Board determined to introduce the new fee structure. This change would be implemented over a two year period, commencing FY13.

The table below shows the year on year comparison of NED fees. The FY12 fees have been restated from the 2012 Annual Report to include superannuation to allow for ease of comparison to the new fee schedule.

In FY14, the Chairman will receive an 'all inclusive' fee which represents a 4% increase in fees when comparing the Chairman's actual FY13 fee (Chair plus Committee fees), to the inclusive fee (Chair only) in FY14. The FY14 fee structure also considers the combining of the Remuneration and Nomination Committees, as well as a consistent 2:1 relationship between Chair and member fees for all Committees.

Table 22: Annual Non-Executive Director Fees (inclusive of superannuation)

	FY12 (i)	FY13	FY14
Board			
Chair	$381,500	$400,000 (ii)	$475,000 (iii)
Member	$130,800	$140,000	$150,000
Audit			
Chair	$43,600	$43,600	$35,000
Member	$16,350	$16,350	$17,500
Risk and Compliance			
Chair	$27,250	$27,250	$30,000
Member	$16,350	$16,350	$15,000
Remuneration			
Chair	$27,250	$27,250	$35,000
Member	$10,900	$10,900	$17,500
Nomination			Combined to form "Remuneration and Nomination Committee" from 1 July 2013
Chair	$8,175	$8,175	
Member	$8,175	$8,175	
People, Culture and Social Responsibility			
Chair			
Member	-	-	$30,000
	-	-	$15,000

(i) Fees disclosed in the 2012 Annual Report are exclusive of superannuation. For comparative purposes the FY12 fees have been restated to include superannuation.
(ii) The Board Chairman fee for the year ended 30 June 2013 was $451,775 (inclusive of superannuation) which was calculated by including the Board Chairman fee and member fees for each Committee. In FY12, it was $433,275 representing a 4% increase from FY12 to FY13.
(iii) The Board Chairman fee from 1 July 2013 is inclusive of all Committee fees, therefore the Chairman will receive one fee $475,000 for FY14.

Table 23: KMP Remuneration for the year ended 30 June 2013 – Non-Executive Directors

	Short term			Post employment	
KMP	**Salary & fees (i) $**	**Non-monetary benefits $**	**Other (iv) $**	**Superannuation $**	**Total $**
Current					
John O'Neill AO (ii)	429,742	-	909	23,850	**454,501**
Anne Brennan	212,092	-	30,429	16,470	**258,991**
Katie Lahey AM	131,955	-	-	11,876	**143,831**
Gerard Bradley	73,308	-	-	6,598	**79,906**
Richard Sheppard	120,627	-	-	10,856	**131,483**
Former					
Brett Paton	58,541	-	-	5,269	**63,810**
John Redmond (iii)	178,227	-	31,337	-	**209,564**
Total	**1,204,492**	**-**	**62,675**	**74,919**	**1,342,086**

(i) Comprises salary and fees.
(ii) Mr O'Neill was appointed Acting Chairman of the Board on 8 June 2012 following the resignation of Mr Story. Mr O'Neill later assumed the role of Chairman as announced to the ASX on 23 July 2012. Mr O'Neil was also Acting Chairman of the Risk and Compliance Committee during January and February prior to the appointment of Mr Sheppard in March 2013.
(iii) Mr Redmond received a travel allowance of $15,000 per trip as a Non-Executive Director based overseas. In addition, fees were paid in lieu of superannuation.
(iv) Payments made in respect of year ending 30 June 2012.

Table 24: KMP Remuneration for the year ended 30 June 2012 – Non-Executive Directors

	Short term			Post employment	
KMP	**Salary & fees (i) $**	**Non-monetary benefits $**	**Other $**	**Superannuation $**	**Total $**
Current					
Anne Brennan	114,167	-	-	10,275	**124,442**
John O'Neill AO (ii)	195,833	-	-	17,625	**213,458**
Brett Paton	207,500	-	-	18,675	**226,175**
John Redmond (iii)	181,717	-	-	-	**181,717**
Former					
John Story	397,500	-	-	35,775	**433,275**
Total	**1,096,717**	**-**	**-**	**82,350**	**1,179,067**

(i) Comprised salary and fees.
(ii) Mr O'Neill was appointed Acting Chairman of the Board on 8 June 2012 following the resignation of Mr Story. Mr O'Neill later assumed the role of Chairman as announced to the Australian Securities Exchange on 23 July 2012.
(iii) Mr Redmond received a travel allowance of $15,000 per trip as a Non-Executive Director based overseas. In addition, fees were paid in lieu of superannuation.

ECHO ENTERTAINMENT GROUP

Echo Entertainment Group Limited

A.C.N. 149 629 023

ASX Code: EGP

and its controlled entities

Financial report
for the year ended 30 June 2013

Consolidated statement of comprehensive income

For the year ended 30 June 2013

	Note	2013 $m	2012 $m
Revenue	3	**1,737.9**	1,615.5
Other income	4	**3.1**	6.3
Government taxes and levies		**(358.7)**	(337.3)
Commissions and fees		**(137.6)**	(118.2)
Employment costs	5	**(563.8)**	(533.0)
Depreciation, amortisation and impairment	6	**(146.0)**	(122.1)
Cost of sales		**(78.1)**	(76.5)
Property costs		**(78.6)**	(71.3)
Advertising and promotions		**(72.1)**	(93.4)
Other expenses		**(117.5)**	(126.2)
Profit before net finance costs and income tax	7	**188.6**	143.8
Finance income	9	**3.9**	1.5
Finance costs	10	**(83.3)**	(95.4)
Profit before income tax		**109.2**	49.9
Income tax expense	12	**(25.7)**	(7.7)
Net profit after tax		**83.5**	42.2
Other comprehensive (loss)			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges taken to equity net of tax	11	**(5.3)**	(18.9)
Total comprehensive income for the year		**78.2**	23.3
Earnings per share:			
Basic and diluted earnings per share (cents per share)	14	**10.1**	5.9

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

Consolidated statement of financial position

As at 30 June 2013

	Note	2013 $m	2012 $m
ASSETS			
Current assets			
Cash and cash equivalents	15	**265.5**	342.6
Trade and other receivables	16	**84.8**	322.3
Inventories		**7.2**	7.4
Income tax receivable		**1.3**	38.9
Derivative financial instruments	24	**3.4**	-
Other	17	**14.7**	20.0
		376.9	731.2
Non current assets			
Property, plant and equipment	18	**2,006.2**	1,977.8
Intangible assets	19	**1,848.3**	1,866.2
Derivative financial instruments	24	**91.8**	81.5
Other	17	**22.4**	25.4
		3,968.7	3,950.9
TOTAL ASSETS		**4,345.6**	4,682.1
LIABILITIES			
Current liabilities			
Trade and other payables	21	**184.0**	193.0
Interest bearing liabilities	23	**-**	443.0
Provisions	22	**58.5**	60.2
Derivative financial instruments	24	**30.3**	27.8
Other	25	**11.4**	3.8
		284.2	727.8
Non current liabilities			
Interest bearing liabilities	23	**972.8**	874.8
Deferred tax liabilities	12	**160.4**	165.6
Provisions	22	**8.0**	7.7
Derivative financial instruments	24	**57.6**	89.2
		1,198.8	1,137.3
TOTAL LIABILITIES		**1,483.0**	1,865.1
NET ASSETS		**2,862.6**	2,817.0
EQUITY			
Share capital	26	**2,580.5**	2,580.5
Retained earnings		**310.5**	260.0
Reserves	26	**(28.4)**	(23.5)
TOTAL EQUITY		**2,862.6**	2,817.0

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2013

	Note	2013 $m	2012 $m
Cash flows from operating activities			
Net cash receipts in the course of operations		**1,757.4**	1,643.6
Payments to suppliers, service providers and employees		**(982.2)**	(1,046.9)
Payment of government levies, gaming taxes and GST		**(381.3)**	(359.4)
Interest received		**3.6**	1.5
Income tax received/(paid)		**9.0**	(39.2)
Net cash inflow from operating activities	27	**406.5**	199.6
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		**(147.3)**	(326.8)
Proceeds on disposal of property, plant and equipment	27	**-**	15.5
Net cash (outflow) used in investing activities		**(147.3)**	(311.3)
Cash flows from financing activities			
Proceeds from borrowings		**48.0**	224.6
Repayment of borrowings	23	**(443.0)**	-
Dividends paid	13	**(33.0)**	(27.5)
Proceeds from Entitlement Offer	26	**186.9**	255.6
Finance costs		**(95.2)**	(106.6)
Net cash (outflow)/inflow from financing activities		**(336.3)**	346.1
Net (decrease)/increase in cash and cash equivalents		**(77.1)**	234.4
Cash and cash equivalents at beginning of the year		**342.6**	108.2
Cash and cash equivalents at end of the year	15	**265.5**	342.6

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

Consolidated statement of changes in equity

For the year ended 30 June 2013

	Note	Ordinary shares $m	Retained earnings $m	Hedging reserve $m	Share based payment reserve $m	Total equity $m
2013						
Balance at 1 July 2012		**2,580.5**	**260.0**	**(24.2)**	**0.7**	**2,817.0**
Profit for the year		**-**	**83.5**	**-**	**-**	**83.5**
Other comprehensive (loss)	11	**-**	**-**	**(5.3)**	**-**	**(5.3)**
Total comprehensive income / (loss)		**-**	**83.5**	**(5.3)**	**-**	**78.2**
Dividends paid	13	**-**	**(33.0)**	**-**	**-**	**(33.0)**
Employee share based payments	36	**-**	**-**	**-**	**0.4**	**0.4**
Balance at 30 June 2013		**2,580.5**	**310.5**	**(29.5)**	**1.1**	**2,862.6**
2012						
Balance at 1 July 2011		2,138.0	245.3	(5.3)	-	2,378.0
Profit for the year		-	42.2	-	-	42.2
Other comprehensive (loss)	11	-	-	(18.9)	-	(18.9)
Total comprehensive income / (loss)		-	42.2	(18.9)	-	23.3
Contributions of equity net of transaction costs	26	454.3	-	-	-	454.3
Transaction costs on Entitlement Offer (net of $5.0 million tax)	26	(11.8)	-	-	-	(11.8)
Dividends paid	13	-	(27.5)	-	-	(27.5)
Employee share based payments	36	-	-	-	0.7	0.7
Balance at 30 June 2012		2,580.5	260.0	(24.2)	0.7	2,817.0

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

1. Corporate information

Echo Entertainment Group Limited ('the Company') is a company domiciled in Australia. The financial report of the Company for the year ended 30 June 2013 comprises the Company and its controlled entities (collectively referred to as 'the Group').

The Company is a company of the kind specified in Australian Securities and Investments Commission ('ASIC') Class Order 98/100. 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. All amounts are in Australian dollars ($). The Company is a for profit organisation.

The financial report was authorised for issue by the directors on 22 August 2013.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* , Australian Accounting Standards and other mandatory financial reporting requirements in Australia.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. The policies used in preparing the financial statements are consistent with those of the previous year except as indicated under "Changes in accounting policies and disclosures".

Preparation of the financial statements in conformity with Australian Accounting Standards and IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. More detail on the estimates and assumptions are included under the policy dealing with "Significant accounting judgements, estimates and assumptions". Actual results may differ from those estimates.

Changes in accounting policies and disclosures

The Group has adopted the following new and amended accounting standard, which became applicable from 1 July 2012:

AASB 2011-9 Amendments to Australian Accounting Standards - *Presentation of Other Comprehensive Income*

The adoption of the standard did not have any material effect on the financial position or performance of the Group.

Certain comparative note disclosures have been restated to conform to current year presentation. In addition, prior year reclassifications have been made to the deed of cross guarantee note, parent entity note and income tax note to take into account finalised tax positions relating to the prior year. These changes have had no impact on the comparatives in the Group's consolidated statement of comprehensive income and consolidated statement of financial position.

Standards and amendments issued but not yet effective

Australian Accounting Standards and IFRS that have been recently issued or amended but are not yet effective have not been applied to the financial report.

The following amendments by the AASB to Australian Accounting Standards are not expected to have a material impact on the Group's financial position and performance, however increased disclosures will be required in the Group's financial statements.

Reference	Title	Application date for Group
AASB 10	Consolidated Financial Statements	1 July 2013
AASB 11	Joint Arrangements	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	1 July 2013
AASB 13	Fair Value Measurement	1 July 2013
AASB 119	Employee Benefits	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 July 2013
AASB 2012-10	Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	1 July 2014
AASB 9	Financial Instruments	After July 2015

2. Significant accounting policies (continued)

Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Asset useful lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually. In re-assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, lease terms, the remaining life of the asset and projected disposal values.

Impairment of assets

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

Future cash flows expected to be generated by assets are projected, taking into account market conditions and the expected useful lives of assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Valuation of derivatives and other financial instruments

The valuation of derivatives and financial instruments is based on market conditions at the statement of financial position date. The value of the instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the statement of financial position date.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined with the assistance of an external valuer using certain assumptions as detailed in note 36.

Provision for impairment of trade receivables

In line with prior periods, a provision for impairment of trade receivables is recognised when there is objective evidence that an individual trade debt is impaired. Factors considered when determining if an impairment exists include management's experienced judgement and facts in the individual situation. In addition, management systematically provides for all debtors over a certain age, based on historical evidence over the last 6 years and current collection trends.

Significant items

Management determines significant items based on their nature and size.

Resetting tax values of certain assets

The Group recognised a deferred tax liability position of $14.0 million on demerger as a result of setting up a new tax consolidation group. The provision relates to the resetting of tax values of certain assets on demerger. The balance of the provision at 30 June 2013 is $10.1 million (2012: $12.05 million). If the Federal Government legislates that the tax costs of the assets held by subsidiary members of the new tax consolidated group are retained, this adjustment will reverse.

2. Significant accounting policies (continued)

Basis of consolidation

Controlled entities

Controlled entities are entities over which the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Controlled entities are consolidated from the date control is transferred to the Group and are no longer consolidated from the date control ceases, except for acquisitions occurring while under common control. For acquisitions occurring while under common control, the financial statements of the acquired entities are included in the consolidated financial statements from the beginning of the earliest reported period until the date control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the controlled entity acquired, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of controlled entities have been changed to ensure consistency with the policies adopted by the Group.

Foreign currency

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

Transactions and balances

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

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate of exchange ruling on transaction date.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Australian dollars at the rate of exchange ruling on the dates the fair value was determined.

Revenue

Revenue is measured at the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised to the extent that it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue and associated costs incurred (or to be incurred) can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Casino revenue

Revenue is recognised as the net gaming win less player rebates and promotional allowances, plus the retail sale of food, beverages, accommodation and other services.

Sale of goods

Revenue is recognised when:

- the significant risks and rewards of ownership of the goods have passed to the buyer;
- it is probable consideration will pass from the buyer in accordance with an established arrangement; and
- the amount of consideration can be reliably measured.

Customer loyalty programmes

The Group operates loyalty programmes enabling customers to accumulate award credits for gaming spend. A portion of the spend, equal to the fair value of the award credits earned, is treated as deferred revenue. Revenue from the award credits is recognised when the award is redeemed or expires.

2. Significant accounting policies (continued)

Dividends
Revenue is recognised when the right to receive payment is established.

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

Significant items
Significant items are items of income or expense which are, either individually or in aggregate, material to the Group or to the relevant business segment and:

- outside the ordinary course of business, such as the cost of significant reorganisations or restructuring; or
- part of the ordinary activities of the business but unusual due to their size and nature, such as impairment of assets.

Significant items are disclosed to assist users of the financial statements to better understand the Group's business results.

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

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

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

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

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- casino revenues, due to the GST being offset against government taxes; and
- receivables and payables, which are stated with the amount of GST included.

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

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

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

2. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are recognised and carried at original invoice amount less a provision for impairment for any uncollectible amount (where applicable). Bad debts are written off when identified. Other receivables are carried at amortised costs less any impairment.

Inventories
Inventories include consumable stores, food and beverages and are carried at the lower of cost and net realisable value. Inventories are costed on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business.

Property, plant and equipment
Freehold land is included at cost and not depreciated.

All other items of property, plant and equipment are stated at historical cost net of depreciation, amortisation and impairment, and depreciated over periods deemed appropriate to reduce carrying values to estimated residual values over their useful lives. Historical cost includes expenditure that is directly attributable to the acquisition of these items. Depreciation is calculated on the straight line method. The principal useful lives over which the assets are depreciated are as follows:

- Freehold and leasehold buildings : 10 - 95 years
- Leasehold improvements : 4 - 75 years
- Plant and equipment : 5 - 20 years

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

Operating equipment (which includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen) is recognised as depreciation expense based on usage. The period of usage depends on the nature of the operating equipment and varies between one to three years.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Costs arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial year in which they are incurred.

Borrowing costs and certain direct costs relating to major capital projects are capitalised during the period of development or construction.

Capitalised costs
Capitalised costs relating to development projects are recognised as an asset when it is:

- probable that any future economic benefit associated with the item will flow to the entity; and
- it can be measured reliably.

If it becomes apparent that the development will not occur, the amount is expensed to the statement of comprehensive income.

Intangible assets
Goodwill
Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed. Separately recognised goodwill is assessed for impairment on an annual basis and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The calculation of gains and losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as income in the statement of comprehensive income.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2. Significant accounting policies (continued)

Other intangible assets
Indefinite life intangible assets are not amortised and are assessed annually for impairment.

Expenditure on gaming licences acquired, casino concessions acquired, computer software and other intangibles are capitalised and amortised using the straight line method as follows:

The Star casino licence:
The licence is amortised on a straight line basis from its date of issue until expiry in 2093.

Treasury casino licence:
The licence is amortised on a straight line basis over the remaining life of the lease to which the licence is linked, that expires in 2070.

The Star casino concessions:
The concessions granted by the NSW government include product concessions and effective casino exclusivity in NSW. Amortisation is on a straight line basis over the period of expected benefits, which is until 2093 and 2019 respectively.

Computer software:
Software is amortised on a straight line basis over its useful life, which varies from three to eight years.

Other intangible assets:
Other intangible assets relate to the contribution to the construction costs of the state government owned Gold Coast Convention and Exhibition Centre. The Group's Gold Coast casino is deriving future benefits from the contribution, which is being amortised over a period of 50 years.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure meeting the definition of an asset is recognised as a capital improvement and added to the original cost of the asset.

Impairment of assets
Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

Impairment losses are recognised immediately in the statement of comprehensive income.

Refer to note 20 for further details of key assumptions included in the impairment calculation.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recorded as a finance cost.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced, has been announced publicly, or has no realistic probability of withdrawal. Future operating costs are not provided for in the provision for restructuring.

Self insurance

Where the Group self insures for workers' compensation, a provision is recognised in the statement of financial position.

2. Significant accounting policies (continued)

Interest bearing liabilities

Interest bearing liabilities are recognised initially inclusive of transaction costs, at fair value. Subsequent to initial recognition, interest bearing liabilities are recognised at amortised cost using the effective interest rate method. Any difference between proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Leases

Leases of assets where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in liabilities. The interest element of the lease payment is charged to the statement of comprehensive income over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset or the lease period. Where a lease has an option to be renewed, the renewal period is considered when the period over which the asset will be depreciated is determined.

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Employee benefits

Post-employment benefits

The Group's commitment to accumulation plans is limited to making the contributions in accordance with the minimum statutory requirements. There is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees relating to current and past employee services.

Contributions to accumulation plans are recognised as expenses in the statement of comprehensive income as the contributions become payable. A liability is recognised when the Group is required to make future payments as a result of employees' services provided.

Long service leave

The Group's net obligation in respect of long term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the statement of financial position date which have maturity dates approximating to the terms of the Group's obligations.

Wages, salaries and annual leave

Liabilities for employee benefits of salaries, wages and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration rates the Group expects to pay, including related on-costs when the liability is expected to be settled.

Share based payment transactions

The Group operates the Long Term Performance Plan ('LTPP'), which is available at the most senior executive levels. Under the LTPP, employees may become entitled to Performance Rights in the Company.

The fair value of Performance Rights is measured at grant date and is recognised as an employee expense (with a corresponding increase in the share based payment reserve) over 3 years for Performance Rights granted on 20 September 2011, and 4 years thereafter, from the grant date irrespective of whether the Performance Rights vest to the holder. A reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the vesting period.

The fair value of the Performance Rights is determined by an external valuer and takes into account the terms and conditions upon which the Performance Rights were granted.

In addition, the Group operates the Short Term Performance Plan ('STPP'). For certain senior executives, it is mandatory to defer one third of their STPP into Restricted Shares, which are subject to a three year service condition.

The cost of the Restricted Shares is based on the market price at grant date and is recognised over a three year period for STPP.

Restricted Shares may be issued to executives as an incentive upon appointment or for retention. The fair value of Restricted Shares is recognised as an employee expense over the relevant vesting period.

2. Significant accounting policies (continued)

Financial Instruments

Financial instruments carried at the financial reporting date include available-for-sale investments, loans and receivables, trade and other receivables, cash and cash equivalents, borrowings, derivative financial instruments, accounts payable and accruals.

Financial instruments are recognised initially at fair value plus any directly attributable transaction costs, except for financial instruments recorded at fair value through profit or loss. Subsequent to initial recognition financial instruments are measured as described below.

The fair value of publicly traded derivatives is based on quoted market prices at the financial reporting date. The effective value of interest rate swaps and interest rate cross currency swaps is calculated at the present value of the estimated future cash flows. The fair value of foreign exchange contracts is determined using forward exchange market rates at the financial reporting date. Appropriate market related rates are used to fair value long term borrowings. Other techniques, such as the discounted value of estimated future cash flows, are used to determine the fair value for the remaining financial instruments.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts, and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets include cash and short term deposits, trade and other receivables, loans and other receivables, and derivative financial instruments.

All purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership.

The Group assesses at the end of each financial year whether there is objective evidence that a financial asset or group of financial assets is impaired. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans or receivables. Significant financial difficulties of the counterparty, and default or delinquency in payments are considered indicators that the loan or receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as non current assets unless receipt is anticipated within 12 months in which case the amounts are included in current assets. The Group's loans and receivables comprise 'Other financial assets', 'Trade and other receivables' (excluding GST and prepayments), and 'Cash and cash equivalents'.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method.

Financial liabilities

The Group's financial liabilities at the financial reporting date include 'Interest bearing liabilities' and 'Trade and other payables' (excluding GST, employee related payables and derivatives). These financial liabilities are subsequently measured at amortised cost using the effective interest method with the exception of derivatives which are measured as noted below. Financial liabilities are included in current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

All financial liabilities are recognised initially at fair value plus, in the case of interest bearing liabilities, directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, interest bearing liabilities and derivative financial instruments. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2. Significant accounting policies (continued)

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

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

The fair value of interest rate swap, cross currency swap and forward currency contracts is determined by reference to market values for similar instruments. Refer to note 34 for details of fair value determination.

Hedging
Cash flow hedges
Where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non financial asset or liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, then the associated gains and losses that were recognised directly in equity are reclassified into the statement of comprehensive income in the same period or periods during which the asset acquired or liability assumed affects the statement of comprehensive income (i.e. when interest income or expense is recognised).

For cash flow hedges, the effective part of any gain or loss on the derivative financial instrument is removed from equity and recognised in the statement of comprehensive income in the same period or periods during which the hedged forecast transaction affects the statement of comprehensive income. The ineffective part of any gain or loss is recognised immediately in the statement of comprehensive income.

When a hedging instrument expires or is sold, terminated or exercised, or the designation of the hedge relationship is revoked but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the statement of comprehensive income.

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability of changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, any gain or loss on the derivative is recognised directly in the statement of comprehensive income.

Issued capital
Issued and paid up capital is recognised at the fair value of the consideration received. Issued capital comprises ordinary shares.

Any transaction costs directly attributable to the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs apart from brokerage fees (net of income taxes) is deducted from equity until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any attributable incremental transaction costs and the related income tax effects, is included in equity.

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

Operating segments have been identified based on the information provided to the executive decision makers, being the Managing Director and Chief Executive Officer.

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

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

Segment results include revenue and expenses directly attributable to a segment and exclude significant items. Capital expenditure represents the total costs incurred during the period to acquire segment assets, including capitalised interest.

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

	2013 $m	2012 $m

3. Revenue

	2013 $m	2012 $m
Gross revenue	**1,846.8**	1,689.3
Player rebates and promotional allowances	**(108.9)**	(73.8)
	1,737.9	1,615.5

4. Other income

	2013 $m	2012 $m
Net gain on disposal of non current assets	**-**	5.5
Net foreign exchange gain	**3.1**	0.6
Other	**-**	0.2
	3.1	6.3

5. Employment costs

	2013 $m	2012 $m
Salaries, wages, bonuses and other benefits	**526.3**	495.8
Defined contribution plan expense	**37.1**	36.5
Share based payments expense (refer to note 36)	**0.4**	0.7
	563.8	533.0

6. Depreciation, amortisation and impairment

	2013 $m	2012 $m
Property, plant and equipment (refer to note 18)	**125.1**	102.0
Intangible assets (refer to note 19)	**19.6**	11.9
Impairment of other assets (refer to note 8)	**-**	7.4
Other	**1.3**	0.8
	146.0	122.1

7. Profit is stated after charging the following

	2013 $m	2012 $m
Impairment and write off of trade receivables	**17.8**	7.8
Operating lease charges - Property, aircraft and other	**13.9**	13.8
Significant items (refer to note 8)	**38.3**	74.1

8. Significant items

Net profit before tax is stated after charging the following significant items:

	2013 $m	2012 $m
Restructuring costs [a]	**33.3**	6.0
Costs related to the NSW Government's unsolicited proposal process [b]	**5.0**	-
Pre opening expenses	**-**	37.8
Impairment of other assets – SilkStar	**-**	7.4
Provision for impairment of SilkStar related receivables	**-**	22.9
	38.3	74.1

a Restructuring costs are related to the Group's approved cost optimisation program implemented from April 2012 and include termination payments, legal and consulting fees. This amount also includes a one off payment of $11.4 million for the restructure of the Enterprise Bargaining Agreement at The Star for FY14 to FY17.

b Costs incurred related to the Unsolicited Proposal to the New South Wales Government, including advisory, legal, architectural and other related fees.

9. Finance income

	2013 $m	2012 $m
Interest earned on cash and cash equivalents	**3.9**	1.5

10. Finance costs

	2013 $m	2012 $m
Interest paid on borrowings	**79.6**	97.3
Capitalised to property, plant and equipment [a]	**(8.9)**	(15.1)
Other finance costs	**12.6**	13.2
Finance costs	**83.3**	95.4
Finance income	**(3.9)**	(1.5)
Net finance costs	**79.4**	93.9

a The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average cost of borrowings applicable to the Group's outstanding borrowings during the year, in this case 10.2% (2012: 9.6%).

11. Other comprehensive (loss)

	2013 $m	2012 $m
Net gain/(loss) on cash flow hedges	**37.8**	(4.6)
Tax on net (loss)/gain on cash flow hedges	**(11.4)**	1.4
Transfer of hedging reserve to the statement of comprehensive income [a]	**(45.3)**	(22.4)
Tax on transfer of hedging reserve to the statement of comprehensive income	**13.6**	6.7
	(5.3)	(18.9)

a The transfer related to the foreign exchange spot retranslation on the cross-currency swaps and is offset by the retranslation of foreign debt in the net foreign exchange gain line in the statement of comprehensive income.

12. Income tax

(a) Income tax expense

	2013 $m	2012 $m
The major components of income tax expense are:		
Current tax expense	**(30.3)**	-
Adjustments in respect of current income tax of previous years	**-**	0.7
Deferred income tax expense/(credit) relating to the origination and reversal of temporary differences	**4.6**	(8.4)
Income tax expense reported in the statement of comprehensive income	**(25.7)**	(7.7)
Aggregate current and deferred tax relating to items charged or credited to equity:		
Share capital raising costs	**(0.1)**	5.0
Change in value of cash flow hedges	**2.2**	8.1
Income tax benefit reported in equity	**2.1**	13.1

Income tax expense

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the income tax rate is as follows:

	2013 $m	2012 $m
Accounting profit before income tax expense	**109.2**	49.9
At the Group's statutory income tax rate of 30%	**(32.8)**	(15.0)
- other items	**(1.5)**	(1.6)
- income tax effect in respect of derivative financial instruments	**-**	8.2
- temporary differences	**3.7**	-
- research and development tax offset	**4.9**	-
- over provision in prior years	**-**	0.7
Aggregate income tax expense	**(25.7)**	(7.7)

(b) Deferred tax assets

	2013 $m	2012 $m
The balance comprises temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Provisions		
- employee benefits	**15.2**	15.8
- other	**2.2**	0.2
Accrued expenses	**4.4**	3.0
Allowance for doubtful debts	**12.3**	9.1
Other	**6.4**	2.1
Tax losses carried forward	**-**	23.4
Fair value of derivatives	**5.2**	6.7
Foreign exchange on loan	**20.0**	6.4
Amounts recognised directly in equity		
Share issue transaction costs	**3.2**	5.0
Fair value of cash flow hedges	**21.2**	28.4
	90.1	100.1
Set off against deferred tax liabilities	**(90.1)**	(100.1)
Net deferred tax assets	**-**	-

12. Income tax (continued)

	2013 $m	2012 $m
Movements		
Carrying amount at beginning of year	**100.1**	33.5
(Credited)/charged to the statement of comprehensive income	**(1.5)**	29.7
(Credited)/charged to other	**(1.2)**	0.4
Income tax losses incurred for the year	**-**	23.4
(Credited)/charged to equity	**(7.3)**	13.1
Carrying amount at end of year	**90.1**	100.1

(c) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	2013 $m	2012 $m
Amounts recognised in the statement of comprehensive income		
Intangible assets	**73.8**	73.7
Property, plant and equipment	**128.7**	147.4
Rent in advance	**2.8**	2.9
Consumables	**8.7**	7.0
Prepayments	**1.1**	1.0
Research and development	**4.2**	7.4
Other	**2.6**	1.9
Fair value of derivatives	**20.0**	6.4
Amounts recognised directly in equity		
Fair value of cash flow hedges	**8.6**	18.0
	250.5	265.7
Set off against deferred tax liabilities	**(90.1)**	(100.1)
Net deferred tax liabilities	**160.4**	165.6

	2013 $m	2012 $m
Movements		
Carrying amount at beginning of year	**265.7**	205.1
(Charged)/credited to the statement of comprehensive income	**(5.8)**	60.7
Charged to other	**-**	(0.1)
Charged to equity	**(9.4)**	-
Carrying amount at end of year	**250.5**	265.7

(d) Tax consolidation

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

Tax effect accounting by members of the tax consolidation group

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

The allocation of taxes under the tax funding agreement is recognised as either an increase or decrease in the subsidiaries' intercompany accounts with the tax consolidation group Head Company. The Group has chosen to adopt the Group Allocation method as outlined in Interpretation 1052 'Tax Consolidation Accounting' as the basis to determine each member's current and deferred taxes. The Group Allocation method as adopted by the Group will not give rise to any contribution or distribution of the subsidiaries' equity accounts as there will not be any differences between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under the Group Allocation method.

13. Dividends

	2013 $m	2012 $m
Dividends declared and paid during the year on ordinary shares		
Interim dividend paid [a]	**33.0**	27.5

a An interim dividend of 4 cents per share fully franked for the half year ended 31 December 2012 was declared on 21 February 2013 and paid on 27 March 2013.

Dividends declared after balance date

Since the end of the financial year, the directors have declared a final dividend of 2 cents per ordinary share (2012: nil), fully franked.

	2013 $m	2012 $m
Aggregate amount of the dividend expected to be paid on 9 October 2013 out of retained earnings at 30 June 2013, but not recognised as a liability at the end of the year	**16.5**	**-**
Franking credit balance		
Amount of franking credits available to shareholders	**4.2**	27.4

14. Earnings per share

	2013 $m	2012 $m
Net profit attributable to ordinary shareholders	**83.5**	42.2
Basic and diluted earnings per share (cents)	**10.1**	5.9

	2013 Number	2012 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares before Entitlement Offer	**-**	688,019,737
Adjustment for dilutive effects of Entitlement Offer [a]	**-**	32,094,944
Weighted average number of ordinary shares issued	**825,672,730**	-
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**825,672,730**	720,114,681

a For the basic earnings per share calculation the weighted average number of ordinary shares on issue is adjusted to take account of the dilutive impact of the Entitlement Offer price of $3.30 per new share. This represents 23.1% discount to the theoretical ex-rights value of $4.29 per share and 26.5% discount to the market price of an ordinary share immediately before the announcement of the Entitlement Offer.

$$\text{Adjustment factor} = \frac{\text{Fair value (i.e. market price) before the announcement of the Entitlement Offer}}{\text{Theoretical ex-rights value per share}}$$

$$= 1.05 \quad (\$4.49 / \$4.29)$$

The adjustment factor is multiplied by the weighted average number of ordinary shares outstanding after the Entitlement Offer to calculate the denominator for the basic earnings per share.

15. Cash and cash equivalents

	2013 $m	2012 $m
Cash on hand and in banks	**88.8**	85.9
Short term deposits, maturing within 30 days [a]	**176.7**	256.7
	265.5	342.6

a Cash proceeds of $255.6 million from Institutional Entitlement Offer were recorded in cash and cash equivalents as at 30 June 2012. Cash proceeds of $186.9 million from Retail Entitlement Offer were received during the financial year. By 24 July 2012, the Company had repaid $443.0 million of its bank loans using the proceeds from the Entitlement Offer (refer to note 26).

16. Trade and other receivables

	2013 $m	2012 $m
Current		
Trade receivables[a]	**115.5**	160.7
Less provision for impairment	**(41.2)**	(30.8)
Net trade receivables	**74.3**	129.9
Other receivables	**10.5**	5.5
	84.8	135.4
Retail Entitlement Offer proceeds receivable (refer to note 26)	**-**	186.9
	84.8	322.3

a Includes patron cheques not deposited of $37.6 million (2012: $65.0 million).

(a) Provision for impairment of trade receivables

Movement in provision	2013 $m	2012 $m
Balance at beginning of year	**(30.8)**	(34.2)
Created during the year [a]	**(17.8)**	(30.7)
Utilised during the year	**7.4**	34.1
Balance at end of year	**(41.2)**	(30.8)

Trade debtors are non interest bearing and are generally on 30 day terms.

a These amounts are included in other expenses in the statement of comprehensive income (refer to note 7).

(b) Ageing of trade and other receivables (excluding Entitlement Offer)

	0 - 30 days $m	> 30 days $m	Total $m
2013			
Not impaired	**41.8**	**32.5**	**74.3**
Considered impaired	**-**	**41.2**	**41.2**
	41.8	**73.7**	**115.5**
2012			
Not impaired	71.3	58.6	129.9
Considered impaired	-	30.8	30.8
	71.3	89.4	160.7

Other receivables do not contain impairments and are not past due. It is expected that these other balances will be received when due.

17. Other assets

	2013 $m	2012 $m
Current		
Prepayments	**9.9**	15.0
Rental in advance	**0.2**	0.2
Other assets	**4.6**	4.8
	14.7	20.0
Non current		
Prepayments	**0.1**	0.2
Rental in advance	**10.3**	10.5
Other assets	**12.0**	14.7
	22.4	25.4

Other assets above are shown net of impairment of nil (2012: $7.4 million). The impairment is included in depreciation, amortisation and impairment in the statement of comprehensive income.

18. Property, plant and equipment

	2013 $m	2012 $m
Freehold land		
- at cost	**104.4**	104.4
	104.4	104.4
Buildings		
- at cost [a]	**1,593.3**	1,579.9
- accumulated depreciation	**(207.0)**	(167.9)
	1,386.3	1,412.0
Leasehold improvements		
- at cost [a]	**269.6**	259.2
- accumulated depreciation	**(61.8)**	(53.6)
	207.8	205.6
Plant and equipment		
- at cost [a]	**718.3**	591.8
- accumulated depreciation	**(410.6)**	(336.0)
	307.7	255.8
	2,006.2	1,977.8

	2013	2012
a Includes capital works in progress of:		
Buildings - at cost	21.5	109.1
Leasehold improvements - at cost	0.7	3.2
Plant and equipment - at cost	15.1	30.6
Total capital works in progress	37.3	142.9

Reconciliations

	Freehold land $m	Buildings $m	Leasehold improvements $m	Plant and equipment $m	Total $m
2013					
Carrying amount at beginning of the year	**104.4**	**1,412.0**	**205.6**	**255.8**	**1,977.8**
Additions	**-**	**46.5**	**9.7**	**79.6**	**135.8**
Reclassification/transfer [b]	**-**	**(32.7)**	**0.7**	**49.7**	**17.7**
Depreciation expense	**-**	**(39.5)**	**(8.2)**	**(77.4)**	**(125.1)**
Carrying amount at end of the year	**104.4**	**1,386.3**	**207.8**	**307.7**	**2,006.2**
2012					
Carrying amount at beginning of year	104.4	1,221.8	208.2	230.2	1,764.6
Additions	-	251.3	6.1	64.6	322.0
Net additions from demerger from Tabcorp	-	(10.5)	(0.1)	(5.3)	(15.9)
Reclassification/transfer [c]	-	(23.1)	(1.7)	33.9	9.1
Depreciation expense	-	(27.5)	(6.9)	(67.6)	(102.0)
Carrying amount at end of year	104.4	1,412.0	205.6	255.8	1,977.8

Borrowing costs of $8.2 million (2012: $15.1 million) were capitalised during the year and are included in 'Additions' above. The capitalisation rate used was equal to the Group's weighted average cost of borrowings applicable to the Group's outstanding borrowings during the year of 10.2% (2012: 9.6%).

b Reclassification of $17.7 million from Intangibles - Software. Refer to note 19.

c Transfer of $9.1 million from Intangible assets - Software. Refer to note 19.

19. Intangible assets

	2013 $m	2012 $m
Goodwill		
- at cost	**1,443.7**	1,443.7
	1,443.7	1,443.7
The Star and Treasury casino licences		
- at cost	**294.7**	294.7
- accumulated amortisation	**(53.3)**	(50.1)
	241.4	244.6
The Star casino concessions		
- at cost	**100.0**	100.0
- accumulated amortisation	**(11.6)**	(8.8)
	88.4	91.2
Software		
- at cost [a]	**111.4**	113.9
- accumulated amortisation and impairment	**(53.2)**	(44.2)
	58.2	69.7
Other		
- at cost	**20.1**	20.1
- accumulated amortisation and impairment	**(3.5)**	(3.1)
	16.6	17.0
	1,848.3	1,866.2

a Includes capital works in progress of $18.4 million (2012: $36.4 million).

Reconciliations

	Goodwill $m	The Star and Treasury casino licences $m	The Star casino concessions $m	Software $m	Other $m	Total $m
2013						
Carrying amount at beginning of the year	**1,443.7**	**244.6**	**91.2**	**69.7**	**17.0**	**1,866.2**
Additions	**-**	**-**	**-**	**19.4**	**-**	**19.4**
Reclassification/transfer [b]	**-**	**-**	**-**	**(17.7)**	**-**	**(17.7)**
Amortisation expense	**-**	**(3.2)**	**(2.8)**	**(13.2)**	**(0.4)**	**(19.6)**
Carrying amount at end of the year	**1,443.7**	**241.4**	**88.4**	**58.2**	**16.6**	**1,848.3**
2012						
Carrying amount at beginning of the year	1,443.7	247.8	94.1	60.2	17.4	1,863.2
Additions	-	-	-	24.0	-	24.0
Reclassification/transfer [c]	-	-	-	(9.1)	-	(9.1)
Amortisation expense	-	(3.2)	(2.9)	(5.4)	(0.4)	(11.9)
Carrying amount at end of the year	1,443.7	244.6	91.2	69.7	17.0	1,866.2

Borrowing costs of $0.7 million (2012: nil) were capitalised during the year and are included in 'Additions' above. The capitalisation rate used was equal to the Group's weighted average cost of borrowings applicable to the Group's outstanding borrowings during the year of 10.2% (2012: 9.6%).

b Reclassification of $17.7 million to Property, Plant & Equipment. Refer to note 18.
c Transfer of $9.1 million to Property, Plant & Equipment. Refer to note 18.

20. Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to the applicable cash generating unit for impairment testing. Each cash generating unit represents a business operation of the Group.

Carrying amount of goodwill allocated to each cash generating unit:

Cash generating unit (Reportable Segment)	The Star (The Star) $m	Jupiters Gold Coast (Jupiters) $m	Jupiters Townsville (Jupiters) $m	Treasury (Treasury) $m	Total carrying amount $m
2013	**1,013.5**	**165.5**	**1.5**	**263.2**	**1,443.7**
2012	1,013.5	165.5	1.5	263.2	1,443.7

The recoverable amount of each cash generating unit is determined based on 'fair value less costs to sell', which is calculated using the discounted cash flow approach. This approach utilises cash flow forecasts that are principally based upon Board approved business plans for a five-year period and extrapolated using implied terminal growth rates ranging from 2.5% to 3.0% (2012: 2.5%), based on local inflation plus a premium. These cash flows are then discounted using a relevant long term post tax discount rate specific to each cash generating unit, ranging between 9.6% to 10.3% (2012: 9.8%-10.5%).

Key assumptions

The following describes the key assumptions on which management based its cash flow projections when determining 'fair value less costs to sell' to undertake impairment testing of goodwill:

i. Cash flow forecasts
The cash flow forecasts are based upon the Board approved five-year business plan for each cash generating unit.

ii. Terminal value
The terminal growth rate used is in line with the forecast long term underlying growth rate in CPI plus a premium where applicable.

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

iv. Regulatory
On 4 July 2013, the New South Wales Government progressed Crown Limited's proposal to develop a gaming facility at Barangaroo to Stage 3 of the Unsolicited Proposal process. If the New South Wales Government and Crown enter into a binding agreement to issue such a gaming licence to Crown Limited, and if Crown subsequently builds and develops the proposed facility, the exclusivity of The Star's casino licence will cease after November 2019. The expected impact of the above has been taken into consideration in determining the recoverable amount of The Star at 30 June 2013. As further details of the final approval and scope of the proposed gaming facility become known, management will consider the impact that this may have on The Star's carrying value.

v. Sensitivities
The key estimates and assumptions used to determine the 'fair value less costs to sell' of a cash generating unit are based on management's current expectations after considering past experience and external information, and are considered to be reasonably achievable. However, significant changes in any of these key estimates and assumptions may result in a cash generating unit's carrying value exceeding its recoverable value, requiring an impairment charge to be recognised at a future date. Management considers a 5% decline in the compound annual growth rate for Jupiters Gold Coast to be a reasonably possible change, that would give rise to an impairment charge of approximately $130 million being recognised.

21. Trade and other payables

	2013 $m	2012 $m
Current		
Trade creditors and accrued expenses	**181.2**	187.5
Interest payable	**2.8**	5.5
	184.0	193.0

22. Provisions

	2013 $m	2012 $m
Current		
Employee benefits	**42.7**	44.9
Workers' compensation	**15.8**	15.3
Other	**-**	-
	58.5	60.2
Non current		
Employee benefits	**8.0**	7.7
Other	**-**	-
	8.0	7.7

Reconciliations

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

	Workers' compensation $m	Other $m
2013		
Carrying amount at beginning of the year	**15.3**	**-**
Provisions made during the year	**3.1**	**-**
Provisions utilised during the year	**(2.6)**	**-**
Carrying amount at end of the year	**15.8**	-
Carrying amount at end of the year		
- current	**15.8**	**-**
	15.8	**-**
2012		
Carrying amount at beginning of the year	12.3	4.0
Provisions made during the year	4.7	-
Provisions utilised during the year	(1.7)	(4.0)
Carrying amount at end of the year	15.3	-
Carrying amount at end of the year		
- current	15.3	-
	15.3	-

Nature and timing of provisions

Workers' compensation

The Group self insures for workers' compensation in both New South Wales and Queensland. A valuation of the estimated claims liability for workers' compensation is undertaken annually by an independent actuary.

The valuations are prepared in accordance with the relevant legislative requirements of each state and Professional Standard 300 of the Institute of Actuaries. The estimate of claims liability includes a margin over case estimates to allow for the future development of known claims, the cost of incurred but not reported ('IBNR') claims and claims handling expenses, which are determined using a range of assumptions.

23. Interest bearing liabilities

	2013 $m	2012 $m
Current		
Bank loans - unsecured [a]	**-**	443.0
Non current		
Bank loans - unsecured [a]	**477.8**	425.3
Private placement - US dollar [b]	**495.0**	449.5
	972.8	874.8
Total borrowings	**972.8**	1,317.8

a Bank loans

During the financial year, the Group repaid $443.0 million of its bank loans using the proceeds raised from the Entitlement Offer. The Group also reduced the total facility and extended the maturity dates of its facilities during the year, as summarised below:

2013 **Type**	**Facility $m**	**Unutilised at 30 June**	**Maturity date**
Syndicated revolving facility - tranche A	375.0	-	July 2015
Syndicated revolving facility - tranche B	375.0	265.0	July 2017
	750.0	265.0	

2012 **Type**	**Facility $m**	**Unutilised at 30 June**	**Maturity date**
Syndicated revolving facility - tranche A	480.0	-	June 2014
Syndicated revolving facility - tranche B	480.0	80.0	June 2016
	960.0	80.0	

The above facilities are subject to financial undertakings as to gearing and interest cover. Interest is variable, linked to BBSY (Bank Bill Swap Bid Rate), and a defined gearing ratio at the end of certain test dates.

The Group undertook with its USPP lenders to limit the draw downs from the banking syndicate to $740.0 million in the period from 24 June 2012 to 30 June 2013. No such restriction applies following 30 June 2013.

b US Private Placement (USPP)

The Group's USPP borrowings have not changed during the year, and are summarised below.
The facilities existing are as follows:

2013/2012 **Type**	**Facility $m(USD)**	**Facility $m(AUD)***	**Unutilised at 30 June**	**Maturity date**
Series A	100.0	94.0	-	June 2018
Series B	360.0	336.0	-	June 2021
	460.0	430.0	-	

** The $430.0 million USPP borrowings are stated in the table above at the AUD amount repayable under cross currency swaps at maturity.*

The above facilities are subject to financial undertakings as to gearing and interest cover. Interest is variable, linked to BBSW (Bank Bill Swap Rate), and a defined gearing ratio at the end of certain test dates.

The USPP Noteholders have the right to demand partial or full repayment where 'parties acting in concert' hold 25% or more of the voting power of the Company.

Fair value disclosures
Details of the fair value of the Group's interest bearing liabilities are set out in note 34.

24. Derivative financial instruments

	2013 $m	2012 $m
Current assets		
Cross currency swaps	**3.2**	-
Forward currency contracts	**0.2**	-
	3.4	-
Non current assets		
Cross currency swaps	**89.7**	80.5
Forward currency contracts	**2.1**	1.0
	91.8	81.5
Current liabilities		
Interest rate swaps	**30.2**	25.6
Cross currency swaps	**-**	1.6
Forward currency contracts	**0.1**	0.6
	30.3	27.8
Non current liabilities		
Interest rate swaps	**57.6**	88.5
Forward currency contracts	**-**	0.7
	57.6	89.2
Net financial assets/(liabilities)	**7.3**	(35.5)

Refer to note 34 for additional financial instruments disclosure.

25. Other liabilities

	2013 $m	2012 $m
Current		
Deferred revenue	**11.4**	3.7
Other	**-**	0.1
	11.4	3.8

26. Share capital and reserves

(a) Share capital

	2013 $m	2012 $m
Ordinary shares - issued and fully paid [a]	**2,580.5**	2,138.0
Unalloted capital - Entitlement Offer [b]	**-**	442.5
	2,580.5	2,580.5

a There is only one class of shares (ordinary shares) on issue. These ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The Company does not have authorised capital nor par value in respect of its issued shares.

	2013 Number of shares	2012 Number of shares
Movements in ordinary share capital		
Balance at beginning of year	**688,019,737**	688,019,737
Shares issued under Entitlement Offer	**137,652,993**	-
Balance at end of year	**825,672,730**	688,019,737
Movements in unalloted capital - Entitlement Offer		
Shares issued subsequent to year end following Entitlement offer:		
Institutional Entitlement Offer	**-**	79,613,949
Retail Entitlement Offer	**-**	58,039,044
	-	137,652,993
Total Share capital	**825,672,730**	825,672,730

b **Details of Entitlement Offer**

On 14 June 2012, the Company announced a fully underwritten 1 for 5 accelerated renounceable entitlement offer of new Echo ordinary shares at an offer price of $3.30 per New Share to raise approximately $454.3 million ('Entitlement Offer'). Eligible shareholders were entitled to purchase 1 New Share for every existing 5 Echo shares ('Entitlement') held as at 7.00pm on 18 June 2012 ('Record Date'). New Shares issued under the Entitlement Offer rank equally with existing Echo ordinary shares in all respects.

The Entitlement Offer comprised an accelerated institutional component ('Institutional Entitlement Offer') and a retail component ('Retail Entitlement Offer').

The Institutional Entitlement Offer was completed on 18 June 2012 with approximately 95% take up by eligible institutional shareholders. The amount paid by successful participants in the institutional shortfall bookbuild was $4.10 (being the Offer Price of $3.30 plus a premium of $0.80 per Entitlement). Eligible institutional shareholders who elected not to take up their Entitlements together with ineligible institutional shareholders received $0.80 for each Entitlement not taken up (less any applicable withholding tax).

On 2 July 2012, 79,613,949 shares were issued under the Institutional Entitlement Offer and commenced trading on that day.

The Retail Entitlement Offer closed at 5.00pm on 9 July 2012. Eligible retail shareholders subscribed for approximately 39 million new Echo ordinary shares representing approximately 67% take-up by eligible retail shareholders under the Retail Entitlement Offer.

The retail shortfall bookbuild of entitlements was completed on 13 July 2012. Approximately 19 million entitlements were available in the Retail Bookbuild with the total amount of $4.12 (representing $3.30 Offer Price plus a premium of $0.82 per Entitlement) being paid by successful participants. As such, holders of retail entitlements which were not taken up and retail shareholderes that were ineligible to participate in the offer, were paid $0.82 for each entitlement sold for their benefit, net of any applicable withholding tax. Payment of the Retail Premium was despatched to the relevant shareholders on 20 July 2012.

The receipt and payment of the Entitlement Rights are not recognised in the financial statements as these are transactions between shareholders.

On 19 July 2012, 58,039,044 shares were issued under the Retail Entitlement Offer and commenced trading on 20 July 2012.

The effects of the Entitlement Offer transaction were reflected in the 30 June 2012 statement of financial position on the basis that the Company announced the offer on 14 June 2012 and all of the underwriting conditions had been met on or before 30 June 2012. Net proceeds of $442.5 million were recorded in the share capital account, after taking into account expenses of $11.8 million net of tax of $5.0 million. Cash proceeds of $255.6 million were received in the prior year and recorded in cash and cash equivalents. Proceeds of $186.9 million were received during the financial year and were reflected as sundry debtors as at 30 June 2012. Expenses of $5.0 million were unpaid at 30 June 2012 and included in sundry payables. A total of 137,652,993 shares were issued and commenced trading during the financial year. $443.0 million of debt was repaid during the financial year, using the proceeds from the Entitlement Offer.

26. Share capital and reserves (continued)

	2013 $m	2012 $m
(b) Reserves		
Hedging reserve [a]	**(29.5)**	(24.2)
Share based payments reserve [b]	**1.1**	0.7
	(28.4)	(23.5)

Nature and purpose of reserves

a The hedging reserve records fair value changes on the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

b The share based payments reserve is used to recognise the value of equity settled share based payment transactions provided to employees, including key management personnel as part of their remuneration. Refer note 36 for further details on these plans.

(c) Capital management

The Group's objectives when managing capital are to ensure the Group continues as a going concern while providing optimal returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders or issue new shares. Gearing is managed primarily through the ratio of gross debt to earnings before interest, tax, depreciation, amortisation and impairment (EBITDA). Gross debt comprises interest bearing liabilities, with US dollar borrowings translated at the 30 June 2013 AUD/USD spot rate of 0.9261 (2012: AUD/USD spot rate of 1.019).

The Group is not subject to any externally imposed capital requirements, other than the banking covenants referred to in note 23.

	2013 $m	2012 $m
Gross debt [a]	**972.8**	1,317.8
Net debt [a]	**707.3**	793.3
EBITDA [b]	**372.9**	332.6
Gearing ratio	**1.9x**	2.4x

a For 2012, gross debt was stated before equity raise proceeds and net debt was stated after equity raise proceeds.

b EBITDA is stated before significant items.

27. Notes to the statement of cash flows

	Note	2013 $m	2012 $m
(a) Reconciliation of operating profit to cash generated by operations			
Net profit after tax		**83.5**	42.2
Non cash items and items dealt with separately:			
- depreciation, amortisation and impairment	6	**146.0**	122.1
- employee share based payments expense	36	**0.4**	0.7
- unrealised foreign exchange gains or losses		**(1.7)**	-
Items classified as investing/financing activities:			
- net gain on disposal of non current assets		**-**	(5.5)
- finance costs	10	**83.3**	95.4
Cash generated by operations before working capital changes		**311.5**	254.9
Working capital changes			
- Decrease/(increase) in trade and other receivables and other assets		**60.2**	(51.5)
- Decrease/(increase) in inventories		**0.2**	(1.1)
- (Decrease)/increase in trade and other payables, accruals and provisions		**(0.2)**	41.7
- Increase/(decrease) in tax provisions		**34.8**	(44.4)
Net cash inflow from operating activities		**406.5**	199.6
(b) Cash used in investing activities includes:			
Proceeds from the sale of the Lyric Theatre		**-**	15.5

28. Commitments

	2013 $m	2012 $m
(a) Operating lease commitments [a b]		
Not later than one year	**12.1**	12.6
Later than one year but not later than five years	**44.5**	49.9
Later than five years	**71.6**	83.0
	128.2	145.5

a The Group leases property (including The Star property lease) under operating leases expiring between 1 to 80 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or are subject to market rate review.

b Operating lease commitments include commitments in relation to the leasing of aircraft.

29. Contingent liabilities

Details of contingent liabilities where the probability of future payments is not considered remote are set out below as well as details of contingent liabilities, which although considered remote, the directors consider should be disclosed as they are not disclosed elsewhere in the notes to the financial statements.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Legal challenges
There are outstanding legal actions between controlled entities and third parties as at 30 June 2013. The Group has notified its insurance carrier of all litigation, and believes that any damages (other than exemplary damages) that may be awarded against the Group, in addition to its costs incurred in connection with the action, will be covered by its insurance policies where such policies are in place. However, given the nature of insurance, no assurance can be given that any such claims are not likely to have a material adverse effect on the Group.

In the case of possible actions which, due to the demise of an underwriter do not have insurance cover, the Group considers that, on the balance of probability, no material losses will arise. This position will be monitored and in the event that a loss becomes probable, an appropriate provision will be made.

Financial guarantees
Refer to note 33 for details of financial guarantees provided by the Group at the reporting date.

30. 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.

The Group has three reportable segments:

The Star	Comprises The Star's casino operations (Sydney), including hotels, apartment complex, night club, restaurants and bars.
Jupiters	Comprises the casino operations at two locations (Gold Coast and Townsville), including hotels, theatre, restaurants and bars.
Treasury	Comprises Treasury's casino operations (Brisbane), including hotel, restaurants and bars.

	The Star $m	Jupiters $m	Treasury $m	Total $m
2013				
Gross revenues - VIP [a b]	**362.0**	**19.5**	**5.3**	**386.8**
Gross revenues - external [a b]	**841.1**	**343.7**	**275.2**	**1,460.0**
Segment revenue	**1,203.1**	**363.2**	**280.5**	**1,846.8**
Segment result [c]	**156.0**	**25.5**	**45.4**	**226.9**
Depreciation, amortisation and impairment	**94.6**	**29.5**	**21.9**	**146.0**
Capital expenditure	**94.5**	**35.2**	**25.5**	**155.2**
2012				
Gross revenues / (loss) - VIP [a b d]	226.3	48.6	(4.0)	270.9
Gross revenues - external [a b]	797.3	346.2	274.9	1,418.4
Segment revenue	1,023.6	394.8	270.9	1,689.3
Segment result [c]	111.3	59.2	47.4	217.9
Depreciation, amortisation and impairment	77.0	22.0	15.7	114.7
Capital expenditure	283.6	44.3	18.1	346.0

a Gross revenue is presented as the gross gaming win before player rebates and promotional allowances.
b Segment revenue is presented on an actual basis.
c Segment result represents profit before net finance costs and income tax and excludes significant items.
d Domestic rebate revenue of $4.1 million has been reclassified from Gross revenues / (loss) - VIP to Gross revenues - external to reflect current year classification.

	2013 $m	2012 $m
Reconciliation of reportable segment profit to profit before tax		
Segment profit before interest and tax	**226.9**	217.9
Significant items (refer to note 8)	**(38.3)**	(74.1)
Unallocated items:		
- finance income	**3.9**	1.5
- finance costs	**(83.3)**	(95.4)
Profit before tax	**109.2**	49.9

31. Director and executive disclosures

	2013 $000's	2012 $000's
(a) Compensation of KMP		
Short term	**6,649**	**6,025**
Other long term [a]	**(24)**	**97**
Post employment	**145**	**130**
Share based payments	**295**	**417**
Termination benefits	**2,406**	**192**
Total compensation	**9,471**	**6,860**

The above reflects the compensation for individuals who are KMP of the Group.

a Other long term compensation is negative due to the reversal of the former CEO's long service leave provision on termination.

(b) Shareholdings of KMP

Shares held in Echo Entertainment Group Limited (number)

	KMP start date	Number of shares held at the beginning of the year	Number acquired	Net change other	KMP cessation date	Number of shares held at the end of year
2013						
Current Non Executive Directors						
John O'Neill AO	**n/a**	**15,500**	**30,620**	**-**	**n/a**	**46,120**
Anne Brennan	**n/a**	**-**	**10,000**	**-**	**n/a**	**10,000**
Katie Lahey AM	**1 March 2013**	**-**	**-**	**-**	**n/a**	**-**
Richard Sheppard	**1 March 2013**	**-**	**-**	**-**	**n/a**	**-**
Gerard Bradley	**30 May 2013**	**-**	**-**	**-**	**n/a**	**-**
Former Non Executive Directors						
John Redmond [b]	**n/a**	**-**	**-**	**-**	**18 January 2013**	**-**
Brett Paton [c]	**n/a**	**75,000**	**15,000**	**-**	**25 September 2012**	**90,000**
Current Executive Directors						
John Redmond [b]	**18 January 2013**	**-**	**-**	**-**	**n/a**	**-**
Matt Bekier	**n/a**	**184,136**	**36,828**	**-**	**n/a**	**220,964**
Current Executives						
Geoff Hogg	**n/a**	**30,579**	**-**	**-**	**n/a**	**30,579**
Frederic Luvisutto	**n/a**	**-**	**-**	**-**	**n/a**	**-**
Aaron Gomes	**4 October 2012**	**-**	**-**	**-**	**n/a**	**-**
Former Executives						
Larry Mullin [d]		**154,703**	**30,941**	**-**	**31 January 2013**	**185,644**
Total		**459,918**	**123,389**	**-**		**583,307**
2012						
Current Non Executive Directors						
John O'Neill AO	n/a	-	15,500	-	n/a	15,500
Brett Paton	n/a	23,181	51,819	-	n/a	75,000
Anne Brennan	23 March 2012	-	-	-	n/a	-
John Redmond	23 March 2012	-	-	-	n/a	-
Former Non Executive Directors						
John Story	n/a	58,194	-	(3,753)	8 Jun 2012	54,441
Current Executive Directors						
Larry Mullin	n/a	154,703	-	-	n/a	154,703
Matt Bekier	n/a	184,136	-	-	n/a	184,136
Current Executives						
Geoff Hogg	n/a	30,579			n/a	30,579
Frederic Luvisutto	n/a	-	-	-	n/a	-
Former Executives						
Sid Vaikunta	n/a	76,389		(76,389)	2 Feb 2012	-
Total		527,182	67,319	(80,142)	-	514,359

b Mr Redmond ceased his role as a Non-Executive Director and commenced as Managing Director and Chief Executive Officer on 18 January 2013.

c Mr Mullin ceased as a Director of the Company on 31 January 2013. The number of Echo Entertainment Group Limited securities disclosed above was applicable at the time of cessation.

d Mr Paton ceased as a Director of the Company on 25 September 2012. The number of Echo Entertainment Group Limited securities disclosed above was applicable at the time of cessation.

32. Related party disclosure

(a) Parent entity

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

(b) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 2. The financial years of all controlled entities are the same as that of the Company.

Name of controlled entity	Note	Country of incorporation	Equity type	Equity interest as at 30 June 2013 %	Equity interest as at 30 June 2012 %
Parent entity					
Echo Entertainment Group Limited		Australia	ordinary shares		
Controlled entities					
Star City Holdings Limited	a b	Australia	ordinary shares	**100.0**	100.0
The Star Pty Ltd	a b	Australia	ordinary shares	**100.0**	100.0
Star City Entertainment Pty Ltd	a	Australia	ordinary shares	**100.0**	100.0
Sydney Harbour Casino Properties Pty Ltd	a b	Australia	ordinary shares	**100.0**	100.0
Sydney Harbour Apartments Pty Ltd	a	Australia	ordinary shares	**100.0**	100.0
Star City Investments Pty Ltd	a	Australia	ordinary shares	**100.0**	100.0
Star City Share Plan Company Pty Ltd	d	Australia	ordinary shares	**100.0**	100.0
Star City Superannuation Fund Pty Ltd	c d	Australia	ordinary shares	**100.0**	100.0
Jupiters Limited		Australia	ordinary shares	**100.0**	100.0
Breakwater Island Limited		Australia	ordinary shares	**100.0**	100.0
Breakwater Island Trust		Australia	units	**100.0**	100.0
Jupiters Custodian Pty Ltd		Australia	ordinary shares	**100.0**	100.0
Jupiters Trust		Australia	units	**100.0**	100.0
Jupwind Superannuation Pty Ltd	c	Australia	ordinary shares	**100.0**	100.0
Echo Entertainment International No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
Echo Entertainment International No.2 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
Jupiters Resorts (Macau) Limited	f	Macau	ordinary shares	**100.0**	100.0
Echo Entertainment International No.3 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
Vanuatu Casino Management Services Limited	f	Vanuatu	ordinary shares	**99.9**	99.9
Echo Entertainment RTO Pty Ltd	e	Australia	ordinary shares	**100.0**	100.0
Echo Entertainment Finance Limited		Australia	ordinary shares	**100.0**	100.0
Echo Entertainment International Pty Ltd		Australia	ordinary shares	**100.0**	100.0
Echo Entertainment Technology Services Pty Ltd		Australia	ordinary shares	**100.0**	100.0
Echo Entertainment Training Company Pty Ltd		Australia	ordinary shares	**100.0**	100.0
Echo Entertainment International (Hong Kong) Limited	f g	Hong Kong	ordinary shares	**100.0**	0.0

a These companies entered into a deed of cross guarantee with Star City Holdings Limited on 31 May 2011, and as such are members of the closed group as defined in Australian Securities and Investments Commission class order CO 98/1418. Under the Deed of Cross Guarantee, each entity guarantees to creditors of each party to the Deed that any debt or claim which is now or at any future time admissible to proof in the winding up of any one of those entities (and no other claim) will be paid in full in accordance with the Deed.

b These companies have provided a charge over their assets and undertakings as explained in note 33.

c These companies are not considered to be controlled entities in accordance with section 50AA(4) of the Corporations Act (2001). Applications have been made to ASIC to have these companies deregistered.

d The registration of these companies was reinstated as of 21 March 2011 in order to facilitate the revocation of the deed of cross guarantee, to which these entities (among others) were a party. This revocation was required in respect of the demerger of the Group by Tabcorp Holdings Limited.

e Formerly Echo Entertainment Culinary Institute Pty Ltd.

f These companies are incorporated in foreign jurisdictions and not registered as Australian foreign entities.

g This company was incorporated in Hong Kong on 18 April 2013. This company will act as the sole shareholder of Echo Entertainment (Shanghai) Trading Co., Limited, a company to be incorporated in China. Applications have been submitted for the incorporation of Echo Entertainment (Shanghai) Trading Co., Limited, with the issue of a business licence (and accompanying incorporation) expected by late October. The entity will be used to procure goods for the Group directly out of China.

(c) Transactions with controlled entities

Echo Entertainment Group Limited

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

- loans repaid in the year of $54.1 million, loans advanced of $142.5 million (2012: loans received of $54.1 million); and
- income tax and GST paid on behalf of controlled entities of $108.3 million (2012: income tax and GST paid of $123.8 million).

The amount receivable by the Company from controlled entities at year end is $142.5 million (2012: amounts payable of $54.1 million). All the transactions were undertaken on normal commercial terms and conditions.

33. Financial risk management objectives and policies

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

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Derivative transactions are also entered into by the Group, being interest rate swaps, cross currency swaps and forward currency contracts, the purpose being to manage interest rate and currency risks arising from the Group's operations and sources of finance.

The Group's risk management policy is carried out by the Corporate Treasury function under the Group Treasury Policy approved by the Board. Corporate Treasury reports regularly to the Board on the Group's risk management activities and policies. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2.

Interest rate risk
The Group has a policy of controlling exposure to interest rate fluctuations by the use of fixed and variable rate debt and by the use of interest rate swaps or caps. It has entered into interest rate swap agreements to hedge underlying debt obligations and allow floating rate borrowings to be swapped to fixed rate borrowings. Under these arrangements, the Group will pay fixed interest rates and receive the bank bill swap rate calculated on the notional principal amount of the contracts.
At 30 June 2013 after taking into account the effect of interest rate swaps, approximately 100% (2012: 69.8%) of the Group's borrowings are at a fixed rate of interest.

Foreign currency risk
As a result of issuing private notes denominated in US Dollars ('USD'), the Group's statement of financial position can be affected by movements in the USD/AUD exchange rate. In order to hedge this exposure, the Group has entered into cross currency swaps to fix the exchange rate on the notes until maturity. The Group agrees to exchange a fixed USD amount in exchange for an agreed AUD amount with swap counterparties, and re-exchange this again at maturity. These swaps are designated to hedge the principal and interest obligations under the private notes.

The Group has operating leases for two aircrafts invoiced in USD. The Group has entered into foreign exchange forward contracts to hedge against the USD currency risk, by exchanging the future USD lease payments to AUD amounts.

Credit risk
Credit risk on financial assets which have been recognised on the statement of financial position, is the carrying amount less any allowance for non recovery. The Group minimises credit risk via adherence to a strict cash management policy. Collateral is not held as security.

Credit risk in trade receivables is managed in the following ways:
- the provision of cheque cashing facilities for casino gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world; and
- the provision of non gaming credit is covered by a risk assessment process for customers using the Credit Reference Association of Australia, bank opinions and trade references.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is carefully managed and controlled.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents (including short term deposits and bank bills), the maximum exposure of the Group to credit risk from default of a counterparty is equal to the carrying amount of these instruments.

In relation to financial liabilities, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in respect of interest rate swap contracts, cross currency swap contracts and forward currency contracts is detailed in note 34.

Credit risk includes liabilities under financial guarantees. For financial guarantee contract liabilities the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. The fair value of financial guarantee contract liabilities has been assessed as nil (2012: nil), as the possibility of an outflow occurring is considered remote. Details of the financial guarantee contracts at statement of financial position date are outlined below:

Fixed and floating charges
The controlled entities denoted (b) in note 32 have provided the Independent Liquor and Gaming Authority ('ILGA') with a fixed and floating charge over all of the assets and undertakings of each company to secure payment of all monies and the performance of all obligations which they have to the ILGA. The maximum prospective liability under the charge is $1.5 billion (2012: $1.5 billion).

Guarantees and indemnities
The controlled entities denoted (b) in note 32 have entered into a guarantee and indemnity agreement in favour of the ILGA whereby all parties to the agreement are jointly and severally liable for the performance of the obligations and liabilities of each company participating in the agreement with respect to agreements entered into and guarantees given.

Entities in the Group are called upon to give in the ordinary course of business, guarantees and indemnities in respect of the performance of their contractual and financial obligations. The maximum amount of these guarantees and indemnities is $124.8 million (2012: $124.3 million).

33. Financial risk management objectives and policies (continued)

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and notes.

The Group manages liquidity risk by maintaining a forecast of expected cash flow which is monitored and reviewed on a regular basis. To help reduce liquidity risk, the Group targets a minimum level of cash and cash equivalents to be maintained, and has revolving facilities in place with sufficient undrawn funds available.

The Group's policy is that not more than 33% of debt facilities should mature in any financial year within the next four years. At 30 June 2013, the Group's debt facilities that will mature in less than one year is nil (2012: nil). The next debt maturity of the syndicated revolving facility is $375.0 million in June 2015. This represents 32% of total debt and is within the Group's policy.

Refer to notes 23 and 34 for maturity of financial liabilities.

The contractual cash flows including principal and estimated interest receipts/payments of financial assets/liabilities are as follows:

(a) Non-derivative financial instruments

	2013			2012		
	< 1 year	**1 - 5 years**	**> 5 years**	**< 1 year**	**1 - 5 years**	**> 5 years**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Financial assets						
Cash assets	**88.8**	**-**	**-**	85.9	-	-
Short term deposits	**176.7**	**-**	**-**	256.7	-	-
Net receivables	**84.8**	**-**	**-**	322.3	-	-
	350.3	**-**	**-**	664.9	-	-
Financial liabilities						
Trade creditors and accrued expenses	**184.0**	**-**	**-**	193.0	-	-
Bank loans - unsecured	**24.7**	**522.7**	**-**	460.4	489.6	-
- US dollar - pay USD fixed	**27.6**	**218.1**	**454.2**	25.1	100.3	535.8
	236.3	**740.8**	**454.2**	678.5	589.9	535.8
Net inflow / (outflow)	**114.0**	**(740.8)**	**(454.2)**	(13.6)	(589.9)	(535.8)

(b) Derivative financial instruments

	2013			2012		
	< 1 year	**1 - 5 years**	**> 5 years**	**< 1 year**	**1 - 5 years**	**> 5 years**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Financial assets						
Interest rate swaps - receive AUD floating	**25.2**	**60.6**	**27.6**	32.9	95.6	51.1
Cross currency swaps - receive USD fixed	**27.6**	**218.1**	**454.2**	25.1	100.3	535.8
Forward currency contract - receive USD fixed	**7.7**	**29.7**	**1.0**	7.0	27.9	7.0
	60.5	**308.4**	**482.8**	65.0	223.8	593.9
Financial liabilities						
Interest rate swaps - pay AUD fixed	**55.8**	**135.8**	**62.5**	56.7	165.1	89.1
Cross currency swaps - pay AUD floating	**25.2**	**194.6**	**394.8**	28.7	114.9	525.4
Forward currency contract - pay AUD fixed	**7.7**	**29.7**	**0.9**	7.7	30.6	7.6
	88.7	**360.1**	**458.2**	93.1	310.6	622.1
Net (outflow) / inflow	**(28.2)**	**(51.7)**	**24.6**	(28.1)	(86.8)	(28.2)

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

33. Financial risk management objectives and policies (continued)

Financial instruments - sensitivity analysis

Interest rates - AUD and USD
The following sensitivity analysis is based on interest rate risk exposures in existence at year end.

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

Judgments of reasonably possible movements:

2013	Post tax profit higher/(lower) $m	Other comprehensive income higher/(lower) $m
AUD		
+ 0.5% (50 basis points)	**0.4**	**14.3**
- 0.5% (50 basis points)	**(0.4)**	**(14.8)**
USD		
+ 0.5% (50 basis points)	**-**	**(13.8)**
- 0.25% (25 basis points)	**-**	**7.1**

2012	Post tax profit higher/(lower) $m	Other comprehensive income higher/(lower) $m
AUD		
+ 1% (100 basis points)	(2.6)	34.6
- 1% (100 basis points)	2.6	(37.1)
USD		
+ 1% (100 basis points)	-	(29.4)
- 0.5% (50 basis points)	-	15.6

The movements in profit are due to higher/lower interest costs from variable rate debt and investments. The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges.

The numbers derived in the sensitivity analysis are indicative only.

Significant assumptions used in the interest rate sensitivity analysis include:
- reasonably possible movements in interest rates were determined based on the Group's current credit rating and mix of debt, relationships with financial institutions and the level of debt that is expected to be renewed, as well as a review of the last two years' historical movements and economic forecaster's expectations;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at statement of financial position dates; and
- the net exposure at statement of financial position date is representative of what the Group was and is expecting to be exposed to in the next twelve months.

Foreign Exchange
The following sensitivity analysis is based on foreign currency risk exposures in existence at the statement of financial position date.

At 30 June, had the Australian dollar (AUD) moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements:	Post tax profit higher/(lower) 2013 $m	2013 $m	Post tax profit higher/(lower) 2012 $m	2012 $m
AUD/USD + 10 cents	**-**	**(10.4)**	-	(11.5)
AUD/USD - 10 cents	**-**	**12.9**	-	14.0

The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges.

Management believe the statement of financial position date risk exposures are representative of the risk exposure inherent in the financial instruments.

33. Financial risk management objectives and policies (continued)

The numbers derived in the sensitivity analysis are indicative only.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:
- reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecaster's expectations;
- the reasonably possible movement of 10 cents was calculated by taking the USD spot rate as at statement of financial position date, moving this spot rate by 10 cents and then re-converting the USD into AUD with the 'new spot-rate'. This methodology reflects the translation methodology undertaken by the Group;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at statement of financial position dates; and
- the net exposure at statement of financial position date is representative of what the Group was and is expecting to be exposed to in the next twelve months.

34. Additional financial instruments disclosure

(a) Fair values

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

Swaps
Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at statement of financial position date.

US Private Placement
Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at statement of financial position date, in combination with restatement to current foreign exchange rates.

(b) Interest rate risk

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

	2013 $m	2012 $m
Financial assets		
Cash assets	**15.6**	38.7
Short term deposits	**176.7**	256.7
Total financial assets	**192.3**	295.4
Financial liabilities		
Bank loans - unsecured [a]	**477.8**	868.3
USPP cross currency swaps	**430.0**	430.0
Interest rate swaps [b]	**(915.0)**	(915.0)
Total financial liabilities	**(7.2)**	383.3

a Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. The floating rates represent the most recently determined rate applicable to the instrument at statement of financial position date.
b Notional principal amounts.

(c) Financial instruments - interest rate swaps

Interest rate swaps meet the requirements to qualify for cash flow hedge accounting and are stated at fair value.

These swaps are being used to hedge the exposure to variability in cash flows attributable to movements in the reference interest rate of the designated debt or instrument and are assessed as highly effective in offsetting changes in the cash flows attributable to such movements. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness and is recorded in the statement of comprehensive income.

The notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2013 $m	2012 $m
Less than one year	**250.0**	-
One to five years	**329.0**	485.0
More than five years	**336.0**	430.0
Notional principal	**915.0**	915.0
Fixed interest rate range p.a.	**5.9% - 7.6%**	5.9% - 7.6%
Variable interest rate range p.a.	**2.8%**	3.5% - 3.6%

Net settlement receipts and payments are recognised as an adjustment to interest expense on an accruals basis over the term of the swaps, such that the overall interest expense on borrowings reflects the average cost of funds achieved by entering into the swap agreements.

34. Additional financial instruments disclosure (continued)

(d) Financial instruments - cross currency swaps

Cross currency swap contracts are classified as cash flow hedges and are stated at fair value.

These cross currency swaps, in conjunction with interest rate swaps are being used to hedge the exposure to the cash flow variability in the value of the USD debt under the US Private Placement and are assessed as highly effective in offsetting changes in movements in the forward USD exchange rate. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness and is recorded in the statement of comprehensive income.

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

	2013		2012	
	AUD $m	**USD $m**	**AUD $m**	**USD $m**
One to five years	**94.0**	**100.0**	-	-
More than five years	**336.0**	**360.0**	430.0	460.0
Notional principal	**430.0**	**460.0**	430.0	460.0
Fixed interest rate range p.a.	**-**	**5.1% - 5.7%**	-	5.1% - 5.7%
Variable interest rate range p.a.	**5.7% - 5.9%**	**-**	6.5% - 6.7%	-

The terms and conditions in relation to interest rate and maturity of the cross currency swaps are similar to the terms and conditions of the underlying hedged Private Placement borrowings as set out in note 23.

(e) Financial instruments - Forward currency contracts

Forward currency contracts meet the requirements to qualify for cash flow hedge accounting and are stated at fair value.

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

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

	2013	2012
	$m	**$m**
Buy USD / sell AUD		
Less than one year	**7.7**	7.7
One to five years	**29.7**	30.6
More than five years	**0.9**	7.6
Notional principal	**38.3**	45.9
Average exchange rate	**0.93**	0.93

(f) Financial instruments - Fair value hierarchy

There are various methods available in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets.
Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's derivative financial instruments are valued using the Level 2 valuation techniques, being observable inputs.

35. Deed of cross guarantee

Star City Holdings Limited, The Star Pty Ltd, Star City Entertainment Pty Ltd, Sydney Harbour Casino Properties Pty Ltd, Sydney Harbour Apartments Pty Ltd and Star City Investments Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirements to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Star City Holdings Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2013 of the closed group consisting of Star City Holdings Limited, The Star Pty Ltd, Star City Entertainment Pty Ltd, Sydney Harbour Casino Properties Pty Ltd, Sydney Harbour Apartments Pty Ltd and Star City Investments Pty Ltd.

Consolidated statement of comprehensive income

	2013 $m	2012 $m
Revenue	**1,111.2**	957.0
Other income	**2.6**	6.0
Government taxes and levies	**(234.3)**	(209.7)
Commissions and fees	**(127.9)**	(103.7)
Employment costs	**(300.4)**	(279.2)
Depreciation, amortisation and impairment	**(88.8)**	(85.3)
Cost of sales	**(37.3)**	(36.4)
Property costs	**(49.0)**	(45.0)
Advertising and promotions	**(38.7)**	(57.9)
Other expenses	**(102.7)**	(110.4)
Profit before net finance costs and income tax	**134.7**	35.4
Finance income	**-**	-
Profit before income tax	**134.7**	35.4
Income tax expense	**(41.4)**	(12.5)
Net profit after tax	**93.3**	22.9
Total comprehensive income for the year	**93.3**	22.9

Summary of movements in consolidated accumulated losses

	2013 $m	2012 $m
Accumulated losses at the beginning of the financial year	**(29.6)**	(37.7)
Profit for the year	**93.3**	22.9
Dividends paid	**(159.6)**	(14.8)
Accumulated losses at the end of the financial year	**(95.9)**	(29.6)

35. Deed of cross guarantee (continued)

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2013 of the closed group consisting of Star City Holdings Limited, The Star Pty Ltd, Star City Entertainment Pty Ltd, Sydney Harbour Casino Properties Pty Ltd, Sydney Harbour Apartments Pty Ltd and Star City Investments Pty Ltd.

	2013 $m	2012 $m
Current Assets		
Cash assets	**39.3**	28.9
Receivables	**70.9**	108.8
Inventories	**3.7**	3.6
Other	**5.0**	6.2
Total current assets	**118.9**	147.5
Non Current Assets		
Property, plant and equipment	**1,249.5**	1,230.3
Intangible assets	**315.6**	311.0
Other	**16.5**	17.7
Total non current assets	**1,581.6**	1,559.0
TOTAL ASSETS	**1,700.5**	1,706.5
Current Liabilities		
Payables	**559.4**	497.4
Provisions	**36.3**	36.8
Other	**7.8**	3.8
Total current liabilities	**603.5**	538.0
Non Current Liabilities		
Net deferred tax liabilities	**48.8**	54.5
Provisions	**4.2**	3.7
Total non current liabilities	**53.0**	58.2
TOTAL LIABILITIES	**656.5**	596.2
NET ASSETS	**1,044.0**	1,110.3
Equity		
Issued capital	**1,139.9**	1,139.9
Accumulated losses	**(95.9)**	(29.6)
TOTAL EQUITY	**1,044.0**	1,110.3

36. Employee share plans

The Company has a number of share plans in operation which were established to enable eligible employees to own shares in the Company, and to provide equity instruments to senior executives and management as a component of their remuneration.

These plans operate under the following names:

Short Term Performance Plan (STPP)

Long Term Performance Plan (LTPP)

During the current and prior periods, the Company issued Performance Rights under the LTPP to eligible employees. The share based payment expense in respect of the equity instruments granted is recognised in the statement of comprehensive income and disclosed in note 5. There were no issues under the STPP during the current and prior periods.

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

2013 **Grant date**	**Balance at start of year**	**Granted during the year**	**Forfeited during the year**	**Expired during the year**	**Vested during the year**	**Balance at end of year**
20 September 2011	**1,179,622**	**-**	**633,695**	**-**	**-**	**545,927**
19 September 2012	**-**	**954,373**	**136,648**	**-**	**-**	**817,725**
	1,179,622	**954,373**	**770,343**	**-**	**-**	**1,363,652**

2012 Grant date	Balance at start of year	Granted during the year	Forfeited during the year	Expired during the year	Vested during the year	Balance at end of year
20 September 2011	-	1,497,526	317,904	-	-	1,179,622

The Performance Rights vest subject to a relative Total Shareholder Return (TSR) performance condition being met. The performance condition compares the Group's TSR with a selected peer group of companies as at the Effective Grant Date. The TSR performance is measured 4 years (2012: 3 years) from the Effective Grant Date with no retesting. The Performance Rights vest based on the following:

TSR rank against companies in the peer group	**Percentage vesting**
< 50th percentile	nil
50th percentile	50%
50th - 75th percentile	Pro-rata between 50th to 75th percentile
≥75th percentile	100%

The Performance Rights have been independently valued using a Monte-Carlo simulation-based model. Under AASB 2, the value per Performance Right for the relative TSR performance condition (a market condition) should be multiplied by the maximum level of rights that can be awarded for that hurdle to determine the total value. The total value (share based payment expense) is expensed over the vesting period. The total value incorporates the possibility that less than the maximum number of Performance Rights can vest because the relative TSR performance condition is incorporated into the Monte-Carlo simulation-based model. The total value does not contain any specific discount for forfeiture if the employee leaves the Company during the vesting period. This adjustment, if required, is based on the number of equity instruments expected to vest at the end of each reporting period.

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

Effective grant date	**Test and vesting date**	**Share price at date of grant $**	**Expected volatility in share price %**	**Expected dividend yield %**	**Risk free interest rate %**	**Value per Performance Right $**
20 September 2011	**20 September 2014**	**3.61**	**30.00**	**3.00**	**3.57**	**2.15**
19 September 2012	**19 September 2016**	**3.86[a]**	**25.00**	**2.18**	**2.70**	**2.20**

a For the purposes of valuation the 20 September 2012 closing share price of $3.86 (as opposed to the 19 September 2012 price of $4.10) has been used. On 19 September 2012 at 4:17pm (after the market had closed) Genting Singapore PLC announced to the market it had entered into an agreement to sell a 4.8% shareholding in the Group at an average price of $3.99. Accordingly the 20 September 2012 closing price (post divestment announcement) was applied for the purposes of the valuation.

37. Auditor's remuneration

	2013 $000's	2012 $000's
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- An audit or review of the financial report of the entity and any other entity in the consolidated group	**934**	956
- Other assurance related services in relation to the Company and any other entity in the consolidated group	**16**	15
- Other non-audit services including due diligence services	**57**	877
	1,007	1,848
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
Assurance related services	**7**	7

The auditor of the Company and its controlled entities is Ernst & Young. From time to time, Ernst & Young provides other services to the Group, which are subject to strict corporate governance procedures encompassing the selection of service providers and the setting of their remuneration. The Chairman of the Audit Committee must approve any other services provided by Ernst & Young to the Group.

38. Parent entity disclosures

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

	2013 $m	2012 $m
Result of the parent entity		
Profit for the period	**138.7**	64.8
Total comprehensive income for the period	**138.7**	64.8
Financial position of the parent entity		
Current assets	**2.2**	40.5
Total assets	**3,765.8**	3,656.9
Current liabilities	**11.1**	7.8
Total liabilities	**1,041.2**	1,038.4
Total equity of the parent entity comprising of:		
Issued capital	**2,580.5**	2,580.5
Retained earnings	**143.0**	37.3
Employee equity benefits reserve	**1.1**	0.7
Total equity	**2,724.6**	2,618.5

Contingent liabilities

There were no contingent liabilities for the parent entity at 30 June 2013 (2012: nil).

Capital expenditure

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2013 (2012: nil).

Guarantees

Echo Entertainment Group Limited has guaranteed the liabilities of Echo Entertainment Finance Limited and Echo International No. 3 Pty Ltd. As at 30 June 2013, the carrying amount included in current liabilities at 30 June 2013 was nil (2012: nil), and the maximum amount of these guarantees was $124.8 million (2012: $124.3 million).

39. Subsequent events

Aside from those events that have already been disclosed in this report, there have been no other significant events occurring after the statement of financial position date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Directors' declaration

In the opinion of the directors of Echo Entertainment Group Limited ('the Company'):

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

 (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

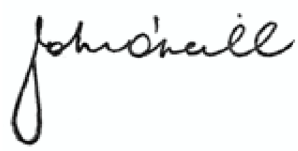
 (ii) complying with Accounting Standards and Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of directors.



John O'Neill AO
Chairman

Sydney
22 August 2013

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

Report on the financial report

We have audited the accompanying financial report of Echo Entertainment Group Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor’s Independence Declaration, a copy of which is included in the directors’ report.

Opinion

In our opinion:

a. the financial report of Echo Entertainment Group Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 31 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Echo Entertainment Group Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

John Robinson
Partner

Sydney
22 August 2013