ECHO

13 August 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2014

In accordance with ASX Listing Rule 4.3A, Echo Entertainment Group Limited (***Echo***) provides the following information:

1. Media Release; and

2. Directors' Report and Financial Report for the financial year ended 30 June 2014.

Final Dividend

The Directors have declared a final dividend of 4 cents per share fully franked at the company tax rate of 30%, to be paid on 30 September 2014.

The Record Date for the purpose of entitlement to the final dividend will be 26 August 2014. The Ex-Dividend Date is 20 August 2014.

Dividend Reinvestment Plan

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 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 business day following the Record Date (27 August 2014).

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

Paula Martin
Group General Counsel & Company Secretary

ECHO

MEDIA RELEASE

13 August 2014

Echo Entertainment Group Limited (ASX: EGP) today announced its full year results for the year ended 30 June 2014[1]. Key highlights include:

- Statutory NPAT of $106.3 million, up 27.3% on the prior comparable period (pcp).
- Normalised[2] NPAT before significant items[3] of $158.2 million, up 24.6% on the pcp.
- Reported EBITDA of $387.1 million, up 15.7% on the pcp.
- Normalised EBITDA of $439.1 million, up 12.2% on the pcp driven by:
  - Normalised gross revenue of $1,973.1 million up 3.8% with growth in 2H FY14 of 12.8% on the pcp
  - Domestic revenues up 2.8% on the pcp for the year, driven by EGM market share growth across all properties in 2H FY14
  - Normalised international VIP Rebate gross revenue up 6.9% to $472.2 million with normalised turnover of $29,123.3 million up 6.5% on the pcp
  - Cost reduction program exceeding guidance with operating expenses[4] of $866.9m down 0.2% on the pcp.
- Declared final dividend of 4 cents per share bringing total dividends of 8 cents per share for the year, up 33% on the pcp.
- Short-listed for the next stage of the Queen's Wharf Brisbane development competitive bid process by the Queensland Government and subsequently formed the Destination Brisbane Consortium with Chow Tai Fook Enterprises Limited and Far East Consortium (Australia) Pty Limited.
- Expect to close Jupiters Townsville divestment for $70 million in 1H FY15, subject to all necessary regulatory approvals being received.

Echo Entertainment Chairman John O'Neill AO said: "The business has gained solid momentum in the second half of FY14, and it is pleasing to close out the year ahead of market expectations.

We have the initiatives and management team in place to make further significant enhancements in the underlying performance of the business. On this basis, we are pleased to declare a dividend slightly in excess of our payout policy.

[1] This media release should be read in conjunction with Echo Entertainment Group Limited's Full Year 2014 Results Presentation and Directors' Report and Financial Report for the full year ended 30 June 2014.
[2] Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the international VIP Rebate business. Normalised results are adjusted using an average win rate of 1.62% and average number of turns of front money of 13 times based on the 5 year average to the end of FY13. Normalisation rates applied to the FY14 results are consistent with FY13 rates.
[3] Significant items of $15.5 million after tax relate to finance costs associated with closing out of a number of out-of-the-money interest rate swaps and restructure of lending arrangements.
[4] Operating expenses exclude gaming taxes, levies and commissions and significant items.

Echo welcomes the opportunity to put forward to the Queensland Government in late 2014 a proposal for the development of the Queen's Wharf Brisbane site. We are pleased that we can pursue this exciting opportunity with the added strengths and extensive complementary capabilities that our partners Chow Tai Fook Enterprises and Far East Consortium bring to our Destination Brisbane Consortium."

Performance overview

The main drivers behind the result were a significant acceleration of revenue growth in the second half of the financial year and tightly managed expenses throughout the period. Particularly pleasing was the performance of The Star, where the expanded facilities are gaining traction and customers are responding well to the new marketing initiatives and the rewards of the loyalty program.

Statutory revenue of $1,805.7 million was up 3.9% on the pcp, with most of the revenue growth generated in the domestic gaming businesses.

Normalised revenues grew across the year from $1,901.8 million in FY13 to $1,973.1 million in FY14 (up 3.8%). All of the growth was generated in 2H FY14, when revenues grew at 12.8% (compared to -4.8% in 1H FY14) on the pcp.

Operating expenses of $866.9 million were down 0.2% compared to FY13, in line with recent guidance of $870 million and well below original guidance released at the beginning of the year. This was driven by the FY13 cost reduction program that delivered lower operating expenditures in FY14, despite increased volume growth. No significant operating expense items were recorded in FY14 (FY13: $38.3 million).

Normalised EBITDA (excluding significant items) of $439.1 million was up 12.2% on the pcp, marginally higher than the guidance provided on 16 June 2014.

Normalised NPAT, excluding significant items, was $158.2 million, up 24.6% on the pcp, inclusive of $14.1 million of additional Government levies and taxes.

Statutory Net Profit After Tax (NPAT) was $106.3 million, up 27.3% on the pcp. The earnings absorb the one-off cost of $22.2 million (pre-tax) from extinguishing out-of-the-money interest rate swaps, $14.1 million of additional Government levies and taxes and a lower actual win rate in the international VIP Rebate business.

Statutory Earnings Per Share were 12.9 cents, up 27.7% on the pcp. A final dividend per share of 4 cents fully franked was declared, giving a total dividend of 8 cents per share, up 33% on the pcp. This year's dividend represents a payout ratio of 62% of statutory NPAT.

Net debt was $658.2 million (FY13 $707.3m) with $330m in undrawn facilities and an average drawn debt maturity of 4.3 years. Operating cash flow before interest & tax was $356.6 million (FY13 $393.9 million) with 92% of EBITDA to cash conversion.

All segments contributed positively to the performance of Echo:

The Star

Normalised EBITDA was $298.8 million, up 14.8% (actual $260.1 million, up 3.8%) on the pcp. Normalised EBIT was $208.9 million, up 26.1% (actual $170.2 million, up 9.1%) on the pcp.

Overall revenue performance at The Star was solid with normalised gross revenue of $1,327.5 million up 6.8% on the pcp (actual $1,277.3 million, up 6.2%). Domestic gross gaming revenue was up 4.2% on the pcp with all areas performing well in 2H FY14. Non-gaming revenue was strong as new product continued to gain momentum (up 14.2% on the pcp). Taxes, levies, rebates and commissions of $494.6 million were up 8.9% on the pcp as a result of increased volume and an additional NSW Government levy of $6.8 million in the period. Operating expenditure of $522.6 million (up 4.8% on the pcp) reflects the increased activity across the business.

Queensland casinos

Normalised EBITDA was $140.3 million, up 7.0% on the pcp (actual $127.1 million, up 3.9%). Normalised EBIT was $84.4 million, up 5.9% on the pcp (actual $71.3 million, up 0.5%).

Overall, normalised revenue for the Queensland properties was down 1.9% to $645.6 million (actual $620.1 million, down 3.7%) on the pcp. The domestic gaming business saw gross revenue flat on the pcp despite 10.7% electronic gaming revenue growth in 2H FY14 on 1H FY14. Non-gaming revenue continues to be impacted by the lack of new attractions and the difficult consumer environment, with revenue down 5.3% on the pcp. Taxes, levies, rebates and commissions were down 1.6% on the pcp (including an additional Queensland Government levy of $7.3 million in relation to Treasury Casino & Hotel in Brisbane). Operating expenditure across the Queensland properties of $344.2 million was down 7.0% on the pcp as a result of cost saving initiatives and lower volumes.

International VIP Rebate business

The results of the international VIP Rebate business are embedded in the segment results above. Normalised gross revenue of $472.2 million was up 6.9% (actual $396.5 million, up 2.5%) on the pcp. International VIP Rebate front money was up 6.5% on the pcp to $2,232.0 million. International VIP Rebate win rate of 1.45% was below the pcp (FY13 1.62%) and actual turns of front money of 12.2 times were lower than the historic average – although 2H FY14 turns were closer to normalised levels. Net trade receivables of $76.5 million were largely unchanged from $74.3 million at 30 June 2013.

Trading update and outlook for FY15

FY15 YTD revenue growth broad based with all major properties delivering revenue growth at levels consistent with 2H FY14, as the momentum built in 2H FY14 carries forward into the new financial year. Expenses continue to be in line with expectations for FY15 YTD.

Managing Director and Chief Executive Officer, Matt Bekier said: “We have started FY15 the same way we finished FY14, with good momentum in our major properties. The Star is our flagship property where we will continue to invest in product and with new management coming on board, we expect to see continued improvement in FY15.

We have three priorities for this financial year. Firstly, to continue growing earnings across the Group through greater focus on our customers and prudent expense management. Secondly, we will deliver on the initial stage of the capital program to substantially redevelop and expand the Gold Coast property. And thirdly, we are working hard to develop a compelling proposal for the Queen’s Wharf Brisbane development.”

In order to make Echo’s underlying results more comparable with domestic peers and to more closely approximate normalised results with the actual win rate experienced over the last 7 years, Echo will adopt a simplified approach to the reporting of international VIP Rebate revenues for future reporting periods. The new approach will adopt real turnover measures (including bets placed where the outcome is a tie) and a fixed win rate of 1.43%. This new methodology to estimate underlying revenues will apply from FY15 results onwards.

The full 2015 financial year result may be impacted by a number of factors (which may be material in nature) including general macro-economic conditions, potential hold and win rate volatility in the PGR and international VIP Rebate business, level of debt or provisions, success of the company’s marketing programs and any uncertainty related to the regulatory environment.

For more information:

Financial analysts:	Chad Barton, Chief Financial Officer, 02 9657 8025
	Harry Theodore, Head of Strategy, Investor Relations and Group Reporting, 02 9657 8040
Media:	Peter Brookes, Citadel, 02 9290 3033

Echo Entertainment Group full year results to 30 June 2014

Statutory	
Statutory revenue	$1,805.7 million, up 3.9%
EBITDA	$387.1 million, up 15.7%
EBIT	$241.5 million, up 28.0%
NPAT	$106.3 million, up 27.3%
Earnings Per Share	12.9 cents, up 27.7%
Normalised (Underlying)	
Revenue	$1,973.1 million, up 3.8%
- The Star	$1,327.5 million, up 6.8%
- Queensland	$645.6 million, down 1.9%
EBITDA	$439.1 million, up 12.2%
- The Star	$298.8 million, up 14.8%
- Queensland	$140.3 million, up 7.0%
EBIT	$293.4 million, up 19.5%
- The Star	$208.9 million, up 26.1%
- Queensland	$84.4 million, up 5.9%
NPAT	$158.2 million, up 24.6%
Dividend per share	
Final dividend (fully franked)	4.0 cents
Full year dividend (fully franked)	8.0 cents, up 33.3%
Balance sheet	
Gross Debt	$803.1 million
Net Debt[5]	$658.2 million
Net Debt/EBITDA (actual)	1.7x
Government taxes and levies	
New South Wales	$250.4 million, up 6.9%
Queensland	$131.6 million, up 5.8%

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

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 2014

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 2014.

1. 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).

2. Directors

The names and titles 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. Directors were in office for this entire period unless otherwise stated.

Directors	
John O'Neill AO	Chair and Independent Non-Executive Director
Matt Bekier (i)	Managing Director & Chief Executive Officer
Anne Brennan (ii)	Deputy Chair and Independent Non-Executive Director
Katie Lahey AM	Independent Non-Executive Director
Richard Sheppard	Independent Non-Executive Director
Gerard Bradley	Independent Non-Executive Director
Dr Sally Pitkin (iii)	Proposed Non-Executive Director subject to the receipt of all necessary regulatory approvals
John Redmond (iv)	Managing Director & Chief Executive Officer

(i) Ceased as Chief Financial Officer & Executive Director on 10 April 2014 and appointed as Managing Director & Chief Executive Officer on 11 April 2014

(ii) To cease as Deputy Chair and Independent Non-Executive Director following the Company's 2014 Annual General Meeting

(iii) On 31 July 2014, the Company announced the proposed appointment of Dr Sally Pitkin as a Non-Executive Director subject to regulatory approvals being obtained

(iv) Ceased as a Director on 11 April 2014

3. Financial results and review of operations

The Group's consolidated profit after income tax for the financial year ended 30 June 2014 was $106.3 million (2013: $83.5 million) after significant items of $15.5 million, an increase of 27.3% on the previous financial year.

Earnings before interest and tax (EBIT) were $241.5 million (2013: $188.6 million), an increase of 28.0% on the previous financial year.

The increase in earnings was attributable to a number of items, including increased revenue from electronic gaming (including slots), and increased volumes in table games on the main gaming floor. This growth was offset by a lower win rate in the International VIP Rebate business that was down 10.5% on the prior year, to 1.45%. Good cost control across the group was maintained, with operating expenditure of $866.9m, down 4.4% on the prior year.

Statutory net revenue was $1,805.7 million (2013: $1,737.9 million), an increase of 3.9% on the previous financial year. Gross revenue at The Star was up 6.2%, offset by Queensland gross revenues that were down 3.7%. Revenue in the International VIP Rebate business was up 2.5% 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.

3.1. The Star

The Group operates The Star in Sydney.

The Star achieved EBIT of $170.2 million, an increase of 9.1% on the previous financial year. Gross revenue increased by 6.2% to $1,277.3 million for the financial year.

Gaming revenue was driven by a strong performance in multi terminal table games and slots in the second half of the year as a result of the effective marketing strategy and the loyalty program gaining traction. The International VIP Rebate business showed some volume growth but experienced a lower win rate in the 2014 financial year than the prior period. Non-gaming revenue was up largely as a result of increased cash room occupancy and the Event Centre being operational for the full year as compared to six months in the prior year. Bars and restaurants also experienced revenue growth. Costs were well maintained, with a growth of 4.8% on the prior comparative period, driven largely by increased activity.

3.2. 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.

Treasury achieved EBIT of $43.6 million, which was 4.0% below the previous financial year. Gross revenue increased by 1.1% to $283.6 million.

Jupiters (comprising the Gold Coast and Townsville businesses) achieved EBIT of $27.7 million, which was 8.6% above the previous financial year. Gross revenue decreased by 7.4% to $336.5 million.

The Queensland properties' result was driven by an increase in revenues from electronic gaming in the second half of the year, with that business benefitting from regulatory changes, including changes allowing the use of $50 and $100 note acceptors in electronic gaming machines (EGMs), the approval of ticket in ticket out (TITO) technology and the rolling out of a new gaming management system offering the opportunity for more diverse games to be introduced. The loyalty program also gained momentum through the period. Win rates and volumes from table games (including International VIP Rebate business) were lower leading to a softer result in these areas. Non-gaming revenue was also lower due to limited new product and relatively soft market conditions. Operating expenses were well controlled and 7.0% below the previous corresponding period due to the cost optimisation program implemented in previous years.

Gold Coast expansion plans

The Company is pursuing Board approved plans for the expansion and refresh of the Jupiters Gold Coast property to the value of $345 million, comprising $230 million growth capital expenditure and $115 million maintenance expenditure to refurbish the existing facilities. The modernisation of Jupiters Gold Coast will increase its attractiveness as a world class resort. The planned investment includes a new six star hotel and upgrade of existing hotel, significant expansion in food and beverage offering, new International VIP Rebate gaming facilities and private gaming rooms for domestic high rollers. Planning has progressed in the current financial year, with works expected to be initiated early in the 2015 financial year.

Townsville sale

On 24 January 2014, the Group entered into an agreement to sell its Jupiters Townsville complex to Colonial Leisure Group (CLG) for $70 million. The transaction is for the sale of all the shares and units in Breakwater Island Limited and Breakwater Island Trust respectively. The sale of Jupiters Townsville is at an advanced stage and completion is expected to occur in the upcoming weeks, subject to all the necessary regulatory approvals being received. The financial results of Jupiters Townsville are included within the results for the Jupiters segment.

3.3. International VIP Rebate business

The results of the International VIP Rebate business are embedded in the segment results above. Normalised[1] gross revenue of $472.2 million was up 6.9% (actual $396.5 million, up 2.5%) on the previous financial year. International VIP Rebate front money was up 6.5% on the previous financial year to $2,232.0 million. International VIP Rebate win rate of 1.45% was below the previous financial year (2013: 1.62%) and actual turns of front money of 12.2 times were lower than the historic average, although turns in the second half of the year were closer to normalised levels. Net trade receivables of $76.5 million were largely unchanged from the previous financial year (2013: $74.3 million).

[1] Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the international VIP Rebate business. Normalised results are adjusted using an average win rate of 1.62% and average number of turns of front money of 13 times based on the 5 year average to the end of FY13. Normalisation rates applied to the FY14 results are consistent with FY13 rates.

4. Earnings per share (EPS)

Basic and diluted EPS for the financial year were 12.9 cents (2013: 10.1 cents), up 27.7% on the previous financial year. EPS is disclosed in note 13 of the financial report.

5. Dividends

5.1. 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 14 March 2014.

A final dividend of 4 cents per share (fully franked) has been declared by the Company for the financial year ended 30 June 2014, to be paid to shareholders on 30 September 2014.

The final dividend is above the Group's target payout ratio of 50% of NPAT, reflecting the Board's confidence in the underlying business momentum.

5.2. 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 27 August 2014. 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 (26 August 2014). Shares allocated under the DRP will rank equally with the Company's existing fully paid ordinary shares.

6. 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.

6.1. Shareholder Activity – applications to increase shareholding/voting power

Applications to increase shareholding/voting power above 10%

The application made by the Genting group of companies on 27 June 2012 for approval to increase their shareholding or voting power in the Company above the 10% restriction in the Company's constitution is still pending approval by the New South Wales Independent Liquor and Gaming Authority and the Queensland Attorney General and Minister for Justice as at the date of this report. The New South Wales Independent Liquor and Gaming Authority and the Queensland Attorney General and Minister for Justice have previously granted approvals for Perpetual Limited (through its subsidiary Perpetual Investments Management Limited) and Crown Resorts Limited (through its subsidiary Pennwin Pty Limited) to increase their shareholding or voting power in the Company up to 15% and 23% respectively.

6.2. Restructure of financing arrangements

During the financial year, the Group closed out a number of its out-of-the-money interest rate swaps (IRS) to restructure lending arrangements. The close-out of the swap positions coincided with a restructuring of the Group's lending arrangements. This resulted in a reduction of the syndicated revolving facility by $250 million and the establishment of a $150 million working capital facility during the year. Maturities of the facilities were also extended by a further 12 months (refer to note 26).

The expense associated with closing out the out-of-the-money IRS and financing restructure was $22.2 million before tax and has been treated as a significant item in the financial report (refer to note 8). This initiative will lead to lower financing costs in future periods.

6.3. New South Wales Unsolicited Licence and Proposal to New South Wales Government

In New South Wales, The Star's casino licence continues until 2093 and includes exclusivity arrangements with the New South Wales Government that support a single casino licence in New South Wales until November 2019.

On 4 July 2013, the New South Wales Government progressed Crown Resorts Limited's (Crown) proposal to develop a gaming facility at Barangaroo to Stage 3 of the Unsolicited Proposal process. On 20 November 2013, the Casino Control Amendment (Barangaroo Restricted Gaming Facility) Bill 2013 was passed and on 8 July 2014 the Independent Liquor and Gaming Authority (ILGA) issued a restricted gaming licence to Crown to operate a VIP casino at Barangaroo from November 2019 onwards. The development of the Crown Sydney Hotel Resort is still subject to the granting of all necessary planning approvals and the finalisation of certain agreements with the Barangaroo Delivery Authority and the developer of Barangaroo South, Lend Lease. If Crown subsequently builds and develops the proposed facility, the exclusivity of The Star's casino licence will cease after November 2019.

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 time frame.

6.4. Queensland licenses

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.

On 19 December 2013, the Queensland Government launched two competitive bid processes in relation to up to three potential new integrated resort developments in Queensland (one in Brisbane and two in regional Queensland) for which additional casino licences may be awarded.

The Queensland Government has announced a proposed timeline for the competitive bid process for the Queen's Wharf Brisbane development that will require the submission of detailed proposals by late 2014. The Company submitted its Expression of Interest for the Queen's Wharf Brisbane development to the Queensland Government on 31 March 2014 and was subsequently shortlisted by the Queensland Government in May 2014 to proceed to the next stage of the development process, along with three other participants.

In June 2014, the Company signed a binding Memorandum of Understanding (MOU) with shortlisted participants, Chow Tai Fook Enterprises Limited (CTF) and Far East Consortium (Australia) Pty Limited (FEC (Australia)), a subsidiary of Far East Consortium International Limited (FEC), to form a strategic joint venture for the competitive bid process for the Queen's Wharf Brisbane development which combines Echo's extensive Queensland and broader Australian experience in operating integrated resorts with CTF and FEC's international hospitality operations, mixed use development expertise and strong links into Chinese and other Asian markets.

The MOU provides that the Company will contribute 50% of the capital to develop the integrated resort and will act as the operator under a long dated gaming operator agreement. CTF and FEC (Australia) will each contribute 25% of the capital to develop the integrated resort and together will also undertake the residential and related component of the broader Queen's Wharf Brisbane development. It is expected that the successful bidder will be announced by the Queensland Government in early 2015.

7. Business strategies

The key strategic priorities for the Group are as follows:

- Create "world class casino resorts with local spirit", including the proposed expansion of the South East Queensland casinos;
- Manage planned capital expenditure programs in Queensland and Sydney to deliver value and returns for shareholders;
- Increase volume of high-value visitation, from local, domestic and international markets;
- Grow domestic and international VIP business, including providing world class private gaming facilities;
- Improve customer experience, including providing customers with tailored product and service offerings; and
- Maximise value from technology, including further enhancing gaming and loyalty experience and delivering integrated and new IT platforms.

8. Significant events after the end of the financial year

Other than those events that have already been disclosed in this report or elsewhere in these financial statements, there have been no other significant events occurring after the statement of financial position date and up to the date of this report, which may materially affect either the Group's operations or results of those operations or the Group's state of affairs.

9. 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.

10. Auditors

The Group's external auditor is Ernst & Young. The Group's internal audit function is fully resourced by the Company.

11. Environmental regulation and performance

The Group is committed to continuously improving its level of environmental performance across all its operations by identifying opportunities to reduce energy and water consumption, reducing waste to landfill, procuring more sustainable products and services and reducing its overall carbon emissions. Each of the Group's properties applies environmental management procedures and systems which assist in maintaining high levels of environmental regulation and performance. Implementation of the Group's Environment and Sustainability Strategy aims to minimise adverse environmental impacts and deliver continual improvement in environmental performance which exceeds state and federal regulations.

The Company is registered under the National Greenhouse Energy Reporting System (NGERS) and reports all energy consumption and greenhouse gas emissions to the Federal Government every year.

12. Risk management

The Group's approach to risk management is to identify and manage risks so that business activities align with the Group's risk appetite. This is achieved by a structured approach to the evaluation and management of strategic, people, financial and compliance risks and opportunities faced by the Group. This approach is central to achieving the corporate objective of delivering long-term value to shareholders.

13. Directors' qualifications, experience and special responsibilities

The details of the Company's Directors in office during the financial year and until the date of this report (except as otherwise stated) are set out below.

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 the Australian Institute of Company Directors 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 formerly a Director of Tabcorp Holdings Limited and Rugby World Cup 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. Mr O'Neill is an ex-officio member of all Board committees.
Matt Bekier	**Managing Director and Chief Executive Officer** (from 11 April 2014); **Director** (from 2 March 2011); **Chief Financial Officer and Executive Director** (from 15 June 2011 to 10 April 2014) Master of Economics and Commerce; PhD in Finance Matt Bekier was previously Chief Financial Officer and Executive Director of the Company and also previously Chief Financial Officer of Tabcorp Holdings Limited from late 2005 and until the demerger of the Company and its controlled entities in June 2011. Prior to his role at Tabcorp, Mr Bekier previously held various roles with McKinsey & Company.
Anne Brennan(i)	**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 & Nomination Committee and a member of the People, Culture and Social Responsibility Committee. Ms Brennan was Chairman of the Audit Committee until 1 September 2013, when Mr Gerard Bradley assumed the role. Ms Brennan remains a member of the Audit Committee.

Name	Qualifications, experience and special responsibilities
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. Ms Lahey was previously the Chair of Carnival Australia and also 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 Risk and Compliance Committee and the Remuneration & Nomination Committee. Ms Lahey is also the Chair of the People, Culture and Social Responsibility Committee.
Richard Sheppard	**Non-Executive Director** (from 1 March 2013) Bachelor of Economics (1st Class Honours); Fellow of the Australian Institute of Company Directors 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 Green State Power. During the financial year Mr Sheppard was a Non-Executive Director of Dexus Property Group and Treasurer of the Bradman Foundation. During the financial year, Mr Sheppard was the Chairman of the Risk and Compliance Committee and a member of the Audit Committee and the People, Culture and Social Responsibility Committee.
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 Risk and Compliance Committee and the Remuneration & Nomination Committee. Mr Bradley commenced as Chairman of the Audit Committee on 1 September 2013 following a period of transition from Ms Anne Brennan and continues as the Chairman of the Audit Committee.
Former	
John Redmond(ii)	**Managing Director and Chief Executive Officer** (from 18 January 2013 to 11 April 2014) 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 was the Managing Director and Chief Executive Officer until 11 April 2014 when Mr Matt Bekier assumed this role after a transition period.

(i) On 31 July 2014, the Company announced that Anne Brennan would cease as Deputy Chair and Independent Non-Executive Director following the Company's 2014 Annual General Meeting.

(ii) Ceased as a Director of the Company on 11 April 2014. Information was applicable at the time of cessation as a Director.

14. 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
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	N/A
Former		
John Redmond(i)	Nil	N/A

(i) Ceased as a Director of the Company on 11 April 2014.

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
Matt Bekier	225,739	656,680
Anne Brennan	10,000	Nil
Katie Lahey AM	7,142	Nil
Richard Sheppard	50,000	Nil
Gerard Bradley	20,000	Nil
Former		
John Redmond(i)	150,000	Nil

(i) Ceased as a Director of the Company on 11 April 2014. The number of Echo Entertainment Group Limited securities disclosed above was applicable at the time of cessation. Performance rights previously allocated lapsed as a result of cessation of employment.

16. 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 a 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 a member of the Queensland Law Society, Australian Corporate Lawyers Association and a member of the Governance Institute of Australia.

17. Board and Committee meeting attendance

During the financial year ended 30 June 2014 the Company held 12 meetings of the Board of Directors. The numbers of Board and Committee meetings attended by each of the Directors during the year are set out in the table below:

	Board of Directors		Audit Committee		Risk and Compliance Committee		Remuneration & Nomination Committee		People, Culture & Social Responsibility Committee	
Name	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Current										
John O'Neill AO	12	12	4	4	4	4	4	5	4	4
Matt Bekier(i)	12	12	0	0	0	0	0	0	0	0
Anne Brennan	12	12	4	4	0	0	5	5	4	4
Katie Lahey AM	12	12	1	1	4	4	5	5	4	4
Richard Sheppard	12	12	4	4	4	4	1	1	4	4
Gerard Bradley	12	12	4	4	4	4	5	5	0	0
Former										
John Redmond(i)(ii)	8	9	0	0	0	0	0	0	0	0

A – Number of meetings attended as a Director or observer

B – Maximum number of meetings available for attendance prior to changes to committee structures implemented during the year

(i) 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) Ceased as a Director on 11 April 2014.

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 Group's website.

18. 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.

19. 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 2014. 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 did not compromise auditor's independence. These statements are made in accordance with advice provided by the Audit Committee.

The Audit Committee reviews the activities of the independent external auditor and reviews the auditor's performance on an annual basis. The Chairman of the Audit Committee must approve all non-statutory audit and other work to be undertaken by the auditor. 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	80
Other non-audit services including taxation services	356
Total of all non-audit and other services	**436**

Amounts paid or payable by the Company for audit and non-audit services are disclosed in note 36 of the financial report.

20. 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.

21. 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 2014. 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

John O'Neill AO

Chairman
Sydney
13 August 2014

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

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

Auditor's Independence Declaration to the Directors of 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 2014, 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
13 August 2014

ECHO ENTERTAINMENT GROUP

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 2014

Contents

Introduction

Echo is pleased to present its Remuneration Report to the shareholders for the year ended 30 June 2014. The Board is committed to clear and transparent disclosure of the Company's remuneration structure and the individual remuneration details for Key Management Personnel (***KMP***) which drives Echo's performance. The term *'Executives'* in this report does not refer to Non-Executive Directors ***(NED)***.

There have been no additional changes to the design of Executive remuneration arrangements outside those which were disclosed to shareholders in the FY13 report. There are no expected remuneration framework changes for FY15.

A summary below by remuneration component shows outcomes as a result of either changes in role or performance. Table 1 shows the actual cash remuneration received by Executives for FY14.

Fixed remuneration

- Geoff Hogg, Managing Director Queensland, received an increase due to a change in his role; and
- Matt Bekier, Managing Director and Chief Executive Officer, received an increase on promotion from the Chief Financial Officer and Executive Director role.

Short-term incentives

- No incentives were paid to Executives during FY14 as a result of performance from FY13; and
- Incentives will be paid at 100% of target under the Short Term Performance Plan (***STPP***) during FY15 as a result of performance in FY14.
    - As advised in the FY13 Remuneration Report, one-third of short-term incentives awarded to Executives will be deferred into restricted shares for a period of twelve months and clawback provisions will apply.

Long-term incentives

- Long-term incentives were awarded to Executives under the Long Term Performance Plan (***LTPP***) based on individual contractual obligations and the recognition of future performance expectations. There were no performance tests and no vesting of past granted equity.
    - As advised in the FY13 Remuneration Report, in addition to the Total Shareholder Return measure, a second performance measure of Earnings per Share has been introduced.

Other considerations

Frederic Luvisutto, Managing Director The Star, resigned and John Redmond, Managing Director and Chief Executive Officer, retired from the Group during the performance year. Mr. Luvisutto and Mr. Redmond did not receive any performance-based remuneration on termination.

Following a restructure of the management of the Queensland operations, the role of Managing Director Jupiters Hotel and Casino was made redundant. Aaron Gomes received a redundancy payment which included, in part, a payment in place of a short term incentive.

As announced via the ASX on 29 April 2014, Gregory Hawkins was offered and accepted the role of Managing Director, The Star. Mr. Hawkins received a sign-on bonus of $400,000 and will commence in September 2014.

Actual Cash Remuneration – Executives

Table 1: Actual Cash Remuneration for the year ended 30 June 2014 – Executives

Executive	Actual Cash Remuneration Salary $	Other[(i)] $	STPP Incentive $	Total $
Matt Bekier	1,014,043	-	-	1,014,043
Aaron Gomes (ceased 28/05/14)	533,909	489,153	-	1,023,062
Chad Barton (appointed 02/06/14)	52,685	-	-	52,685
Frederic Luvisutto (ceased 24/01/14)	462,844	-	-	462,844
Geoff Hogg	382,604	-	-	382,604
John Redmond (ceased 01/05/14)	1,943,385	-	-	1,943,385
TOTAL FY14	**4,389,470**	**489,153**	**-**	**4,878,623**

(i) Includes termination payments for ceased KMP (excluding superannuation).

1. Remuneration Report (audited)

This Remuneration Report outlines the remuneration policy and arrangements for Key Management Personnel of Echo Entertainment Group Limited (***Echo*** or the ***Company***). The report is prepared 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 and Nomination Committee (the ***Committee***) considers matters relating to the remuneration of KMP 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 Corporate Governance Statement outlines the Committee membership.

The main responsibilities of the Committee are:

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

The Committee engages with PricewaterhouseCoopers (***PwC***) to provide remuneration advice and recommendations. Echo employs in-house remuneration professionals who provide information to the Committee throughout the year leveraging content provided from external providers, e.g., Mercer.

In FY14 PwC provided remuneration recommendations in relation to the Managing Director and Chief Executive Officer role. PwC, the Committee and the Board are satisfied that the advice received from PwC is free from undue influence from Executives as the remuneration recommendations were provided to the Chairman of the Board and Chair of the Remuneration and Nomination Committee.

The fees paid to PwC for remuneration recommendation advice totalled $31,500. PwC also provided non-remuneration related consulting advice to the Company, including advice in relation to the performance and ongoing improvements in the Absolute Rewards program. Fees for non-remuneration advice totalled $716,294.

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

3. Key Management Personnel for the year ended 30 June 2014

Echo's KMP are those persons who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company. They consist of:

- Independent Non-Executive Directors; and
- Executives are comprised of an Executive Director (Managing Director & Chief Executive Officer) and Executives (Chief Financial Officer and Property Managing Directors - Queensland and The Star).

Table 2: Key Management Personnel changes for the year ended 30 June 2014

Name	Title *(at year end)*	Changes during FY14
Non-Executive Directors		
John O'Neill AO	Chair and Independent Non-Executive Director	No change
Anne Brennan	Deputy Chair and Independent Non-Executive Director	No change
Katie Lahey AM	Independent Non-Executive Director	No change
Richard Sheppard	Independent Non-Executive Director	No change
Gerard Bradley	Independent Non-Executive Director	No change

Name	Title *(at year end)*	Change during FY14
Executives		
Matt Bekier	Managing Director and Chief Executive Officer	Ceased as Chief Financial Officer and Executive Director on 10 April 2014 Appointed as Managing Director and Chief Executive Officer on 11 April 2014
Geoff Hogg	Managing Director Queensland	Ceased as Managing Director Treasury Casino & Hotel and Managing Director Jupiters Townsville on 29 May 2014 Appointed as Managing Director Queensland on 30 May 2014
Chad Barton	Chief Financial Officer	Appointed on 2 June 2014
Aaron Gomes	Managing Director Jupiters Hotel & Casino	Retrenchment effective on 28 May 2014
John Redmond	Managing Director and Chief Executive Officer	Resignation effective on 1 May 2014
Frederic Luvisutto	Managing Director The Star	Resignation effective on 24 January 2014

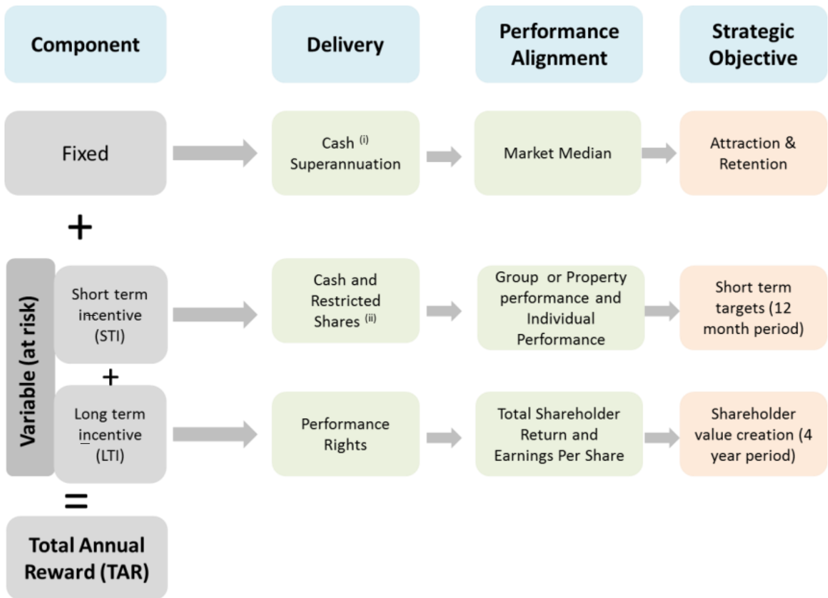
4. Remuneration Strategy and Programs

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

- Market-based fixed remuneration which is relative to our peers (domestic and international gaming competitors, as well as similar sized ASX listed companies);
- Short-term performance based incentives measured through scorecards; and
- 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.

Figure 1: Components of Executive Total Annual Reward (*TAR*)



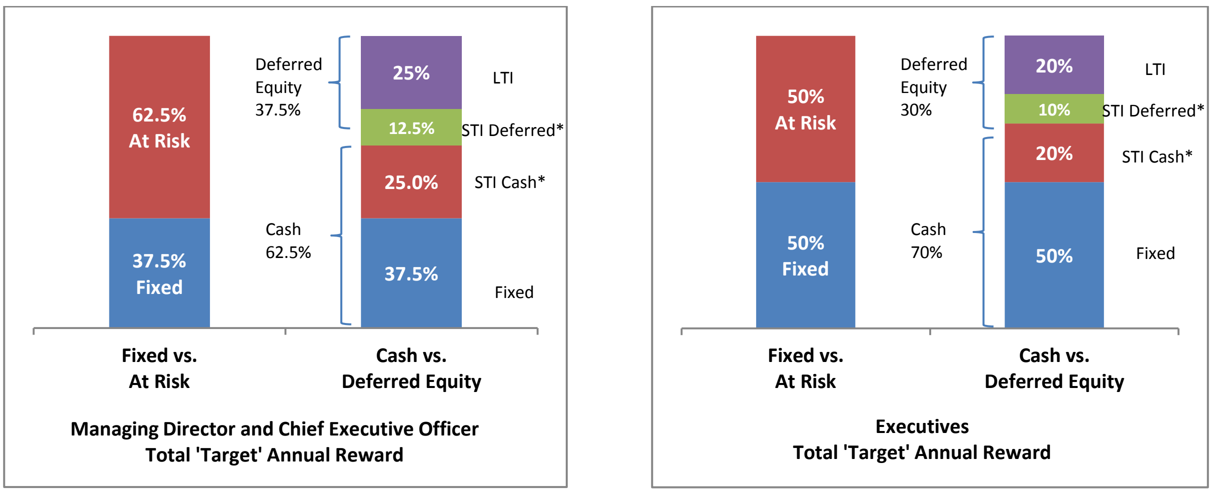
(i) Employees may voluntarily elect to salary sacrifice for additional superannuation contributions and motor vehicle novated leases (from fixed component only).

(ii) A mandatory one third of the Short Term Performance Plan (STPP) award is deferred into Echo shares for a period of 12 months.

Target remuneration pay mix - fixed versus variable (at risk) remuneration

Echo balances the level of fixed versus variable remuneration based on the Company's market (specifically, Echo's domestic gaming competitors), the views of shareholders and the need for effective reward mechanisms to connect short and longer term performance against the Company's strategic objectives.

Figure 2: Components of the Executives' Total Annual Reward



*Executives' maximum STI opportunity is 150% of their target for outstanding performance.

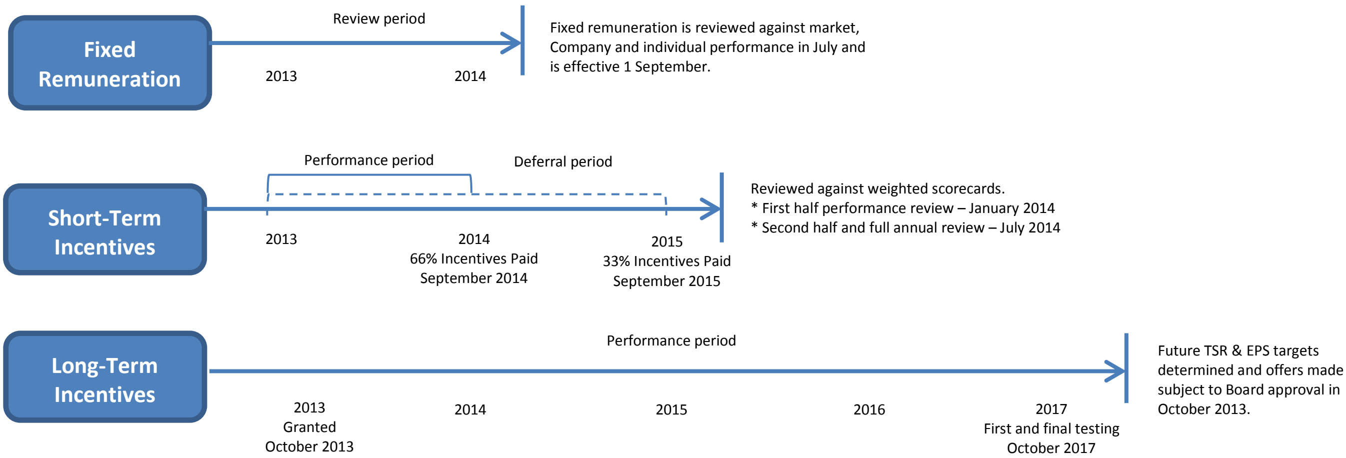
Remuneration Report (audited)

For the year ended 30 June 2014

Performance and reward cycle

Each remuneration component has a different performance and reward cycle. Figure 3 shows the review/performance period, the timing of key decisions and adjustments.

Figure 3: Performance and reward cycle



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 is based on the:

- scope and responsibilities of the role;
- reference peer group from ASX 20-100 companies and Echo's domestic and international gaming competitors; and
- level of international and domestic gaming knowledge, skills and experience of the individual.

Variable (at risk) remuneration

Echo has two variable reward programs which drive short-term earnings and long-term value creation for shareholders. They are the Short Term Performance Plan (***STPP***) and the Long Term Performance Plan (***LTPP***).

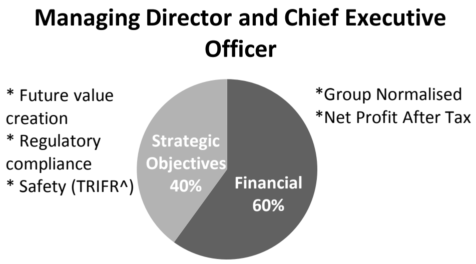
Short Term Performance Plan

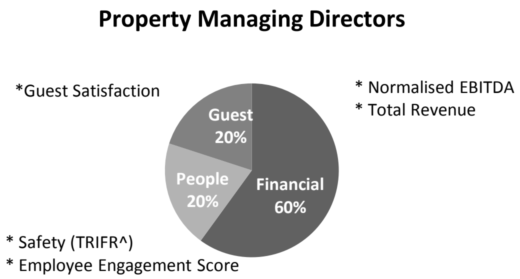
The Echo Short Term Performance Plan is designed to reward Executives for their contribution against a weighted scorecard. For payments to be made, the Echo Board first reviews the Company's performance against the NPAT budget to determine if awards will be available.

Table 3: Key design features of the plan

Purpose	To motivate, assess and reward Executives based on their short-term (12 month) contribution to the Company and property/team results.
Gateway	Normalised net profit after tax (NPAT) before non-recurring and significant items as approved by the Echo Board. This gateway applies to all Executives and participants in the plan. The level of Company performance required before the gateway is opened is determined by the threshold.
Threshold	100% of budget, otherwise known as an 'on target' Company result. The Board may use its discretion to make payments to reward for significant non-financial performance, e.g., strategic objectives, where the 'on target' result hasn't been achieved.
Pool size	The pool is determined by the Board through an assessment of: 1. Company performance (Normalised NPAT) 2. Property performance (EBITDA) 3. Individual performance (Financial and strategic objectives).
Incentive opportunity levels	Incentives are based on the Executive's incentive target as per their employment contract. The payment range available to the Board is 0%-150% of the Executive's incentive target.
Payment calculation	Individual performance is determined by using a weighted scorecard of measures (Figure 4) to arrive at a performance rating. Performance ratings link to payment ranges which are: • Outstanding: 125 – 150% of target • Exceeds: 100 – 125% of target • Meets: 75 – 100% of target • Meets some: 0 – 75% of target • Did not meet: 0% of target Payments are capped at 150% of the Executive's STPP target. Where performance and/or behaviours have been deemed unsatisfactory, no incentives are awarded.
Delivery of the payments (including deferrals)	Two-thirds of any payments are delivered in cash immediately following the performance assessment. One-third of all payments are held in restricted Echo shares for a period of 12 months. These shares are forfeited in the event that the Executive voluntarily terminates from the Company. Executives may receive dividends on shares held during the restrictive period.
Clawback	Incentives may be clawed back where there has been a material misrepresentation of the financial outcomes on which the payment had been assessed and/or the Executive's actions have been to found to be fraudulent, dishonest or in breach of the Code of Conduct, e.g., misconduct.

Figure 4: FY14 Goal Setting





^Total Recordable Injury Frequency Rate

The Managing Director and Chief Executive Officer goals were set for the Company at the start of the performance period. These goals transitioned from Mr. Redmond to Mr. Bekier in April 2014. The focus of these goals were:

- Financial – earnings to shareholders, in part by ensuring the company has the correct financial structure.
- Future value creation – objectives outlined in the Directors' Report e.g. preparing the Company for the Queensland developments.

The Property Managing Directors' goals were set for each property at the start of the performance period. Mr. Luvisutto was responsible for these goals at The Star until his resignation. Mr. Hogg assumed responsibilities for the Queensland property goals in May 2014. The focus of these goals were:

- Financial – driving top line revenue growth of key segments whilst delivering appropriate margins and ensuring prudent cost management, which was the focus of the FY13 optimisation program.
- Guest Satisfaction & Employee Engagement – combined, these measures seek to deliver exceptional experiences to Echo's guests.

Long Term Performance Plan

The Echo Long Term Performance Plan is principally designed to reward Executives for their contributions to long-term shareholder value creation. It is an annual opportunity for an equity award granted at the start of the financial year, which vests after four years (subject to performance). Performance is measured at the test date against two criteria – Total Shareholder Return (TSR) and Earnings Per Share (EPS). There is no retesting of awards after the test date.

Table 4: Key design features of the plan

<table>
<tr><td>Type of equity awarded</td><td colspan="2">Performance rights. Upon satisfying the vesting conditions, the Executive is entitled to receive one fully paid ordinary Echo share in exchange for each right they hold.</td></tr>
<tr><td>Determination of the number of rights</td><td colspan="2">The number of performance rights allocated to an Executive is based on the following calculation:
Target LTI ($) ÷ Moderated Face Value of a Performance Right = Number of Performance Rights allocated
Moderated Face Value (MFV) reflects the face value of the share at the allocation date less the value of any dividends foregone by the award holder during the vesting period, i.e., Share price x Dividend Discount Factor.</td></tr>
<tr><td>Vesting conditions (hurdles)</td><td>Total Shareholder Return (50% of the award)
TSR has been included to focus the Executives on the return received by shareholders (capital returns, dividends and share price movement) over the four year period relative to a peer group of companies.

<u>TSR peer group</u>: S&P ASX 100
Exclusions: 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.

<u>Vesting schedule</u>
<table>
<tr><th>Echo's relative TSR ranking</th><th>Percentage of Performance Rights that will vest</th></tr>
<tr><td>Below 50th percentile</td><td>0%</td></tr>
<tr><td>At 50th percentile</td><td>50%</td></tr>
<tr><td>Above 50th and below 75th percentile</td><td>Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)</td></tr>
<tr><td>At or above 75th percentile</td><td>100%</td></tr>
</table></td><td>Earnings Per Share (50% of the award)
EPS has been included to drive line of sight between shareholder value creation and management's financial performance, against the Company's business plan. It measures growth in accounting-based earnings per ordinary share.

<u>FY14 EPS target</u>: EPS Growth to FY17
Echo will disclose the actual EPS target on a retrospective basis to ensure that the Company's competitive position is not undermined.

<u>Vesting schedule</u>
<table>
<tr><th>EPS performance outcome</th><th>Percentage of Performance Rights that will vest</th></tr>
<tr><td>Below 90% target</td><td>0%</td></tr>
<tr><td>At 90% target</td><td>50%</td></tr>
<tr><td>Greater than 90% and less than 100%</td><td>An additional 5% of Performance Rights will vest for each 1% increase above 90%</td></tr>
<tr><td>At target (100%)</td><td>100%</td></tr>
</table></td></tr>
<tr><td>Vesting and Test date</td><td colspan="2">Performance rights are subject to a four year performance period. They are tested on the fourth anniversary of the grant and are not subject to retesting.
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.</td></tr>
<tr><td>Cessation of employment</td><td colspan="2">All unvested performance rights lapse immediately upon cessation of employment with Echo. However, the Board has discretion in special circumstances to determine the number of performance rights retained and the terms applicable. Special circumstances include events such as retirement, redundancy, death and permanent disability.</td></tr>
</table>

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).

5. Executive Performance and Reward Outcomes

Executives were assessed against their weighted scorecards and behaviours for the full financial year. The Board first considered the Group's performance against the NPAT budget to determine if any incentives would be paid.

In summary:

- Based on the achievement of results above the Normalised NPAT budget, the Board approved the creation of an 'on target' (i.e. 100%) incentive pool. The basis for the amounts distributed from this pool to current Executives is outlined in Table 5 below.
- Performance rights were granted to Executives in FY14 (Table 9) to acknowledge future share price growth expectations against the Echo peer group, and to drive shareholder earnings against budget.
- There were no performance tests for past equity grants under the LTPP in FY14.

Current Executives:
Table 5 outlines each Executive's assessment against both financial and non-financial measures.

- Mr. Bekier, Managing Director and Chief Executive Officer, oversaw the delivery of financial performance ahead of budget and significantly ahead of the prior year during his transition into the role of Managing Director and Chief Executive Officer. The cost optimisation program delivered results substantially ahead of initial targets and other key strategic objectives, including the sale of Jupiters Townsville, were delivered. As a result, based on the outcomes outlined in Table 5, the Board approved an overall 'exceeds' outcome.
- Mr. Hogg, Managing Director Queensland, has exceeded every formal target set for the financial year and managed the separation of the Townsville property. This supported his appointment to an expanded role under which he now assumes responsibility for the performance measures for the Queensland properties. As a result, based on the outcomes outlined in Table 5, the Board approved an overall 'exceeds' outcome.

Table 5 below presents the STPP outcomes for each Executive, which will be paid two-thirds in cash and one-third in restricted shares. Mr. Bekier will be paid a total award of $1,170,000 and Mr. Hogg will be paid a total award of $294,000.

Table 5: FY14 Financial and non-financial KMP performance assessment and outcome

Measure & outcome	Managing Director and Chief Executive Officer	Managing Director Queensland
Financial	Exceeded Normalised NPAT budget	Exceeded Adjusted EBITDA budget*
Non-Financial Objectives	Substantial leadership throughout the year, contributing to favourable strategic outcomes	Exceeded every formal target as MD of Treasury Brisbane. Showed strong leadership in Brisbane development
Incentive outcome	**120% STPP target****	**120% STPP target****

* Excludes Jupiters Gold Coast and Jupiters Townsville given limited periods of responsibility and transitional arrangements for Jupiters Townsville
** Based on the target STPP applicable against the average Fixed Remuneration over the performance period.

External providers were engaged to report People measures, i.e., Employee Engagement score and Total Reportable Injury Frequency Rate, and the Guest measure, i.e., Guest satisfaction which includes third party mystery shop results.

Former Executives:

- Following a restructure of the management of the Queensland operations, the role of Managing Director Jupiters Hotel and Casino was made redundant. Mr. Gomes received a redundancy payment which included, in part, a payment in place of a short term incentive. All previously granted performance rights granted under the plan lapsed.
- Mr. Redmond, Managing Director and Chief Executive Officer, retired and Mr. Luvisutto, Managing Director, The Star, resigned from the Company. No short-term incentives were awarded. All previously granted performance rights lapsed.

Echo performance and shareholder wealth

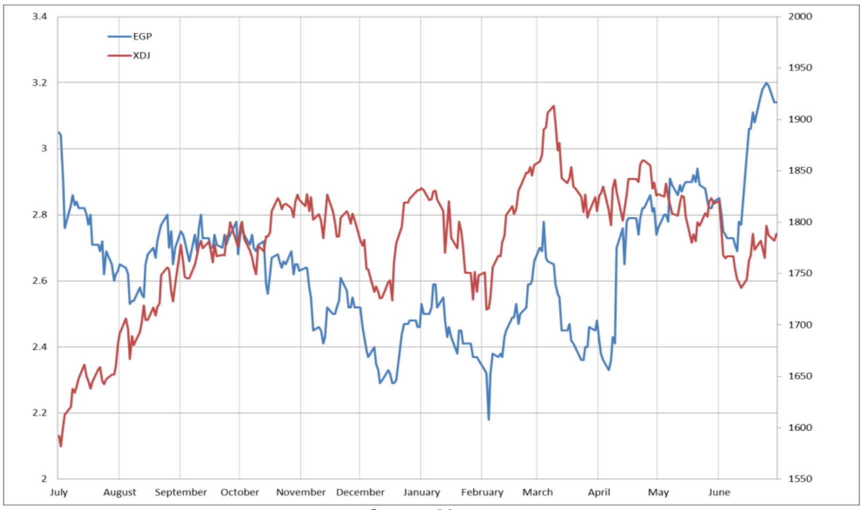
Table 6: Echo historical NPAT and EPS

This table outlines the link between the Company's performance (NPAT) and shareholder returns (EPS). The Company was incorporated on 2 March 2011 and has been listed since 6 June 2011.

	Statutory NPAT	Earnings Per Share
FY14	$106.3m	12.9c
FY13	$83.5m	10.1c
FY12	$42.2m	5.9c

Figure 5: Echo share price movement against S&P ASX Consumer Discretionary Index

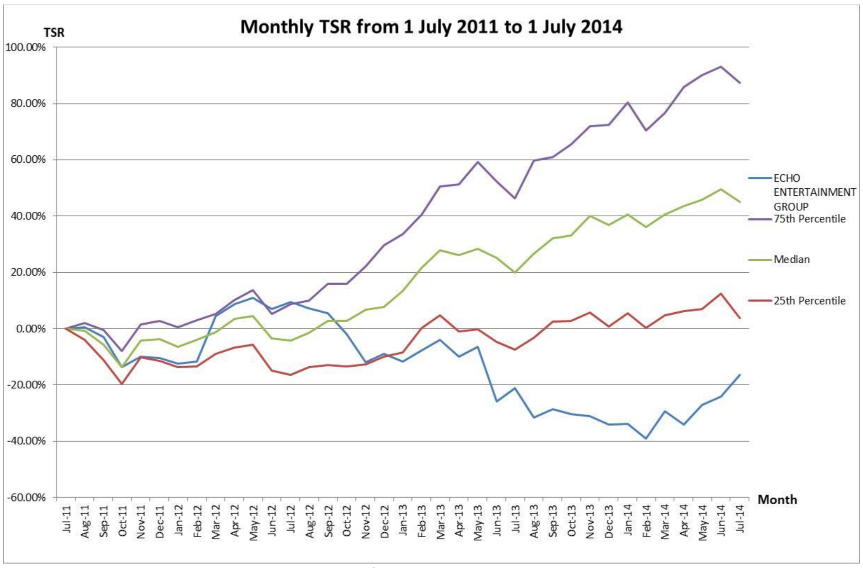
This figure shows the changes in Echo's share price (red) against the S&P ASX Consumer Discretionary Index (blue). This peer group includes Crown, Tatts, Aristocrat, Tabcorp and Echo, and shows the rolling average over a period of a twelve month period ending 1 July 2014.



Source: Mercer

Figure 6: Echo's rolling three year Total Shareholder Return against the peer group

The chart shows the Company's rolling TSR performance against its LTPP peer group. It has been prepared on 1 July 2014, showing monthly share price movement and dividends paid from 1 July 2011.



Source: Mercer

Remuneration Report (audited)

For the year ended 30 June 2014

6. Executive Employment Contracts

The following table sets out details of the contract terms relating to Executives as at 30 June 2014 and includes Gregory Hawkins, who will be an Executive during FY15.

Table 7: Executive Employment Contracts

Executive & role	**Matt Bekier[(i)]** **Managing Director and Chief Executive Officer**	**Geoff Hogg[(i)]** **Managing Director Queensland**	**Chad Barton** **Chief Financial Officer**	**Gregory Hawkins** **Managing Director The Star** **(commences September 2014)**
Fixed remuneration	$1,500,000	$500,000	$650,000	$1,200,000
Superannuation	Echo deducts superannuation from the Executives' fixed remuneration as per the Australian Tax Office Superannuation Guarantee Cap.			
Short-term incentive target	$1,500,000	$300,000	$390,000	$720,000
Long-term incentive	$1,000,000	$200,000	$260,000	$480,000
Total Target Annual Reward (TAR)	**$4,000,000**	**$1,000,000**	**$1,300,000**	**$2,400,000**
Non-monetary benefits	N/A	N/A	N/A	N/A
Other benefits	N/A	N/A	N/A	Sign on bonus $400,000. Relocation reimbursement and benefits (flights, accommodation, initial setup costs) to support his relocation to New South Wales for year one.
Notice by the Executive	12 months	6 months	6 months	9 months
Notice by the Company	12 months	9 months	9 months	Executive may be terminated at any time up to the 24th month anniversary by providing the Executive with either: • 21 months' notice • 9 months' notice as determined by the Board. Thereafter, 9 months' notice applies.
Restraint [(ii)]	12 months	12 months	Either: • Notice period • 6 months following the notice of termination by the Company for any reason.	12 months
Non solicitation	12 months	12 months	12 months	12 months
Contract duration	Open ended	Open ended	Open ended	Open ended

i. The detail for the previous roles for Mr. Bekier and Mr. Hogg were disclosed in the FY13 Remuneration Report.
ii. Exclusion from being engaged in any business or activity in Australia which competes with or is substantially similar to the business of Echo.

7. Executive Remuneration for the year ended 30 June 2014 with comparison to 30 June 2013

Table 8: Executive Remuneration

	Short-term				Long-term	Post-Employment	Total excluding charge for share based allocations $	Charge for share based allocations		Total Remuneration (vi) $	Performance related (vii) %	Termination benefits $
Executive	Salary & fees (i) $	Bonus (ii) $	Non-monetary benefits (iii) $	Other (iv) $	Long service leave $	Superannuation $		Performance Rights (v) $	Restricted Shares (ii) $			
Matt Bekier												
FY14	1,060,584	780,000	4,302	-	102,679	17,775	1,965,340	365,854	390,000	2,721,194	56%	-
FY13	899,654	-	57,800	-	41,531	16,470	1,015,455	260,416	-	1,275,871	20%	-
Aaron Gomes (ceased 28/05/14)												
FY14	536,067	-	60,093	-	(1,395)	20,737	615,502	(24,965)	-	590,537	0%	489,153
FY13	351,550	-	19,951	120,000	1,395	12,353	505,259	24,965	-	530,214	5%	-
Chad Barton (appointed 02/06/14)												
FY14	56,658	-	-	-	860	1,481	58,999	-	-	58,999	0%	-
Frederic Luvisutto (ceased 24/01/14)												
FY14	462,844	-	227,216	-	(7,497)	10,369	692,932	(89,315)	-	603,617	0%	-
FY13	689,063	-	355,059	-	4,834	16,470	1,065,426	73,537	-	1,138,963	6%	-
Geoff Hogg												
FY14	413,029	196,000	-	-	30,997	17,775	657,801	93,204	98,000	849,005	46%	-
FY13	337,724	-	6,205	-	10,919	16,470	371,318	60,714	-	432,032	14%	-
John Redmond (ceased 01/05/14)												
FY14	1,943,385	-	418,984	-	(2,823)	15,545	2,375,091	(125,000)	-	2,250,091	0%	-
FY13	1,072,908	-	282,899	-	2,823	8,235	1,366,865	125,000	-	1,491,865	8%	-
Larry Mullin (ceased 31/01/13) (viii)												
FY13	821,989	-	366,776	-	(85,263)	-	1,103,502	(250,000)	-	853,502	0%	2,406,473
TOTAL FY14	**4,472,567**	**976,000**	**710,595**	**-**	**122,821**	**83,682**	**6,365,665**	**219,778**	**488,000**	**7,073,443**		**489,153**
TOTAL FY13	**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) Represents portion of STPP award related to FY14 performance, delivered as two-thirds cash award and one-third restricted share grant. For accounting purposes, the charge relating to the restricted share award is recognised as a share based payment expense in the income statement over the vesting period.

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

(iv) Comprises cash appointment incentives, where applicable. Mr. Gomes was entitled to a $120,000 sign on bonus upon his appointment as Managing Director of Jupiters Hotel & Casino in FY13.

(v) 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. 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 using a fair value of $2.01 ($2.20 for FY13) per performance right granted. Table 8 represent the expenses incurred during the year in respect of current and past incentive allocations. These amounts are not representative of the value 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 TSR performance of the Company relative to a peer group of listed companies and EPS.

(vi) There were reversals for terminated Executives – Mr. Gomes, Mr. Luvisutto and Mr. Redmond; this included long service leave and performance rights. Mr. Gomes was given a redundancy payment inclusive of termination benefits and statutory entitlements. The total payment was assessed to be under the Terminations Cap as per the Corporations Act. Shareholder approval was not required.

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

(viii) 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.

8. Variable Remuneration achieved for the year ended 30 June 2014 with comparison to 30 June 2013

Table 9: Variable Remuneration

	Short-Term Incentives					Long-Term Incentives							
Executive	Actual STI payment $	Actual STI Deferred to FY15 $	As a % of Total Remuneration (Table 8)	STI not achieved as a % of Target STI(i)	Number Performance Rights Granted	Face Value of Performance Rights Granted	Allocation Methodology	Face Value at Grant Date	Grant date	Exercise date (First and Final Test)	As a % of Total Remuneration (Table 8)(ii)	Number Performance Rights Exercised(iii)	Number Performance Rights Lapsed(iv)
Matt Bekier(vi)													
FY14	780,000	390,000	43%	0%	196,850	499,998	Moderated Face Value	2.54	1/10/2013	1/10/2017	13%	-	-
FY13	-	-	0%	100%	227,272	499,998	Fair Value	2.2	19/09/2012	19/09/2016	20%	-	-
Aaron Gomes (ceased 28/05/14)													
FY14	-	-	0%	100%	70,866	180,000	Moderated Face Value	2.54	1/10/2013	1/10/2017	0%	-	131,388
FY13	-	-	0%	100%	60,522	133,148	Fair Value	2.2	19/09/2012	19/09/2016	5%	-	-
Chad Barton ^ (appointed 02/06/14)													
FY14	-	-	-	-	-	-	-	-	-	-	-	-	-
Frederic Luvisutto (ceased 24/01/14)													
FY14	-	-	0%	100%	110,236	279,999	Moderated Face Value	2.54	1/10/2013	1/10/2017	0%	-	266,862(v)
FY13	-	-	0%	100%	127,272	279,998	Fair Value	2.2	19/09/2012	19/09/2016	6%	-	-
Geoff Hogg(vii)													
FY14	196,000	98,000	35%	0%	62,992	160,000	Moderated Face Value	2.54	1/10/2013	1/10/2017	11%	-	-
FY13	-	-	0%	100%	63,636	139,999	Fair Value	2.2	19/09/2012	19/09/2016	14%	-	-
John Redmond (ceased 01/05/14)													
FY14	-	-	0%	100%	590,551	1,500,000	Moderated Face Value	2.54	1/10/2013	1/10/2017	0%	-	590,551
FY13	-	-	-	-	-	-	-	-	-	-	-	-	-
Larry Mullin (ceased 31/01/13)													
FY13	-	-	0%	100%	-	-	-	-	-	-	-	-	465,116

^ Mr. Barton was not eligible for incentives in FY14 due to service below the minimum requirement.

i. Maximum opportunity available is 150% of the Executives target incentive level.
ii. Represents the fair value of Performance Rights expensed during the year (including accelerated charge) as a percentage of total remuneration (from Table 8), excluding termination payments. Total remuneration includes the charge for share based allocations.
iii. 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. As at year end, no Performance Rights had vested.
iv. Represents the cumulative number of Performance Rights forfeited during the year due to cessation of employment.
v. Contains FY12 performance rights of 29,534 that lapsed upon termination.
vi. The total number of Performance Rights held by Mr. Bekier at year end was 656,680 (2013: 459,830).
vii. The total number of Performance Rights held by Mr. Hogg at year end was 174,718 (2013: 111,726).

9. Non-Executive Director Remuneration Framework

Remuneration Framework

The Remuneration and Nomination Committee has responsibility for reviewing and recommending to the Board the 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 20-100 companies (excluding mining and infrastructure groups);
- Operational and regulatory complexity.

The aggregate fees payable to the NEDs for their services as directors are limited to the maximum annual amount approved by shareholders, currently set at $2,000,000 including superannuation contributions. Since the adoption of the Company's Constitution on 6 June 2011, the Company has not sought shareholder approval to increase this limit.

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 NEDs 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 other Executive Directors, if any). Executives do not receive fees for directorships of any subsidiaries.

FY14 and FY15 NED Fees

A market review of NED fees was completed by PwC in FY12. The review considered fees for the Board Chair and Members, and Chair and Members for each Committee. With a view to simplifying and uplifting fees to better align to market and the internal relativity of Committee fees, the Board introduced a new fee structure commencing FY13. This change was implemented over a two year period, completed by the end of FY14.

This year the Board introduced a Deputy Chair fee, which is paid in addition to the Board member fee.

There are no planned changes to NED fees in FY15.

Table 10: Annual Non-Executive Director Fees (inclusive of superannuation)

	FY13 $	FY14 $	FY15 $
Board			
Chair (All inclusive fee from 1 July 2013)	400,000	475,000	475,000
Deputy Chair (New fee from 1 July 2013)	-	25,000	25,000
Member	140,000	150,000	150,000
Audit			
Chair	43,600	35,000	35,000
Member	16,350	17,500	17,500
Risk and Compliance			
Chair	27,250	30,000	30,000
Member	16,350	15,000	15,000
Remuneration and Nomination Committee			
Chair	27,250	35,000	35,000
Member	10,900	17,500	17,500
Nomination (Combined with Remuneration Committee from 1 July 2013)			
Chair	8,175	-	-
Member	8,175	-	-
People, Culture and Social Responsibility			
Chair	-	30,000	30,000
Member	-	15,000	15,000

10. NED Remuneration for the year ended 30 June 2014 with comparison to 30 June 2013

Table 11: NED Remuneration

	Short-term			Post-Employment	Total $
NED	Salary & fees[(i)] $	Non-monetary benefits $	Other[(ii)] $	Superannuation $	
John O'Neill (Chair)					
FY14	440,000	-	-	35,000	475,000
FY13	429,742	-	909	23,850	454,501
Anne Brennan (Deputy Chair) [(iii)]					
FY14	227,642	-	-	17,775	245,417
FY13	212,092	-	30,429	16,470	258,991
Brett Paton (Ceased 25/09/12)					
FY13	58,541	-	-	5,269	63,810
Gerard Bradley					
FY14	196,411	-	-	18,172	214,583
FY13	73,308	-	-	6,598	79,906
John Redmond (Ceased as NED 17/01/13)					
FY13	178,227	-	31,337	-	209,564
Katie Lahey					
FY14	194,482	-	-	18,018	212,500
FY13	131,955	-	-	11,876	143,831
Richard Sheppard					
FY14	194,482	-	-	18,018	212,500
FY13	120,627	-	-	10,856	131,483
TOTAL FY14	**1,253,017**	**-**	**-**	**106,983**	**1,360,000**
TOTAL FY13	**1,204,492**	**-**	**62,675**	**74,919**	**1,342,086**

(i) Comprises salary and fees.
(ii) Payments made in respect of period ending 30 June 2012.
(iii) Ms. Brennan assumed the role of Deputy Chair on 1 July 2013.

11. KMP shareholdings for year ended 30 June 2014 with comparison to 30 June 2013

Table 12: Shares held in Echo Entertainment Group Limited (number)

KMP	KMP Start Date	Number of shares held at the beginning of the year	Number Acquired	Net Change Other (i)	KMP Cessation Date	Number of shares held at the end of the year
John O'Neill (Chair)	N/A				N/A	
FY14		46,120	-	-		**46,120**
FY13		15,500	30,620	-		**46,120**
Anne Brennan (Deputy Chair)	N/A				N/A	
FY14		10,000	-	-		**10,000**
FY13		-	10,000	-		**10,000**
Aaron Gomes	N/A					
FY14		-	-	-	28 May 2014	**-**
FY13		-	-	-		**-**
Brett Paton	N/A					
FY13		75,000	15,000	(90,000)	25 September 2012	**-**
Chad Barton	2 June 2014				N/A	
FY14		-	-	-		**-**
Frederic Luvisutto	N/A					
FY14		-	-	-	24 January 2014	**-**
FY13		-	-	-		**-**
Geoff Hogg	N/A				N/A	
FY14		30,579	-	-		**30,579**
FY13		30,579	-	-		**30,579**
Gerard Bradley	N/A				N/A	
FY14		-	20,000(ii)	-		**20,000**
FY13		-	-	-		**-**
John Redmond	N/A					
FY14		-	150,000	(150,000)	1 May 2014	**-**
FY13		-	-	-		**-**
Katie Lahey	N/A				N/A	
FY14		-	7,142	-		**7,142**
Larry Mullin	N/A					
FY13		154,703	30,941	(185,664)	31 January 2013	**-**
Matt Bekier	N/A				N/A	
FY14		220,964	4,775	-		**225,739**
FY13		184,136	36,828	-		**220,964**
Richard Sheppard	N/A				N/A	
FY14		-	50,000	-		**50,000**
TOTAL FY14		**307,663**	**231,917**	**(150,000)**		**389,580**
TOTAL FY13		**459,918**	**123,389**	**(275,654)**		**307,663**

(i) Represents shares held on cessation from Echo.
(ii) Includes 5,000 shares purchased on 30 June 2014 with the purchase settled in July 2014.

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 2014

Contents

Consolidated statement of comprehensive income

For the year ended 30 June 2014

	Note	2014 $m	2013 $m
Revenue	3	**1,805.7**	1,737.9
Other (expenses)/income	4	**(0.1)**	3.1
Government taxes and levies		**(382.0)**	(358.7)
Commissions and fees		**(169.7)**	(137.6)
Employment costs	5	**(530.9)**	(563.8)
Depreciation, amortisation and impairment	6	**(145.6)**	(146.0)
Cost of sales		**(77.0)**	(78.1)
Property costs		**(78.1)**	(78.6)
Advertising and promotions		**(66.9)**	(72.1)
Other expenses		**(113.9)**	(117.5)
Profit before net finance costs and income tax		**241.5**	188.6
Net finance costs	9	**(88.3)**	**(79.4)**
Profit before income tax	7	**153.2**	109.2
Income tax expense	11	**(46.9)**	(25.7)
Net profit after tax		**106.3**	83.5
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges taken to equity net of tax	10	**11.5**	(5.3)
Total comprehensive income for the year		**117.8**	78.2
Earnings per share:			
Basic and diluted earnings per share	13	**12.9 cents**	10.1 cents

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 2014

	Note	2014 $m	2013 $m
ASSETS			
Cash and cash equivalents	15	**144.9**	265.5
Trade and other receivables	16	**87.1**	84.8
Inventories	17	**6.5**	7.2
Income tax receivable		**11.7**	1.3
Derivative financial instruments	18	**2.9**	3.4
Other assets	19	**21.7**	14.7
Assets classified as held for sale	39	**69.7**	-
Total current assets		**344.5**	376.9
Property, plant and equipment	20	**1,911.1**	2,006.2
Intangible assets	21	**1,845.8**	1,848.3
Derivative financial instruments	18	**86.7**	91.8
Other assets	19	**30.1**	22.4
Total non current assets		**3,873.7**	3,968.7
TOTAL ASSETS		**4,218.2**	4,345.6
LIABILITIES			
Trade and other payables	23	**154.7**	184.0
Provisions	24	**51.7**	58.5
Derivative financial instruments	18	**14.7**	30.3
Other liabilities	25	**16.2**	11.4
Liabilities directly associated with assets as held for sale	39	**8.0**	-
Total current liabilities		**245.3**	284.2
Interest bearing liabilities	26	**803.1**	972.8
Deferred tax liabilities	11	**177.9**	160.4
Provisions	24	**8.9**	8.0
Derivative financial instruments	18	**51.4**	57.6
Total non current liabilities		**1,041.3**	1,198.8
TOTAL LIABILITIES		**1,286.6**	1,483.0
NET ASSETS		**2,931.6**	2,862.6
EQUITY			
Share capital	27	**2,580.5**	2,580.5
Retained earnings		**367.3**	310.5
Reserves	27	**(16.2)**	(28.4)
TOTAL EQUITY		**2,931.6**	2,862.6

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 2014

	Note	2014 $m	2013 $m
Cash flows from operating activities			
Net cash receipts in the course of operations		**1,800.0**	1,757.4
Payments to suppliers, service providers and employees		**(1,057.8)**	(982.2)
Payment of government levies, gaming taxes and GST		**(385.6)**	(381.3)
Interest received		**3.3**	3.6
Income tax (paid)/received		**(44.6)**	9.0
Net cash inflow from operating activities	29	**315.3**	406.5
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		**(110.0)**	(147.3)
Increase in other non current assets	37	**(9.6)**	-
Net cash (outflow) used in investing activities		**(119.6)**	(147.3)
Cash flows from financing activities			
Proceeds from interest bearing liabilities	26	**150.0**	48.0
Repayment of interest bearing liabilities	26	**(315.0)**	(443.0)
Repayment of derivative financial instruments		**(22.6)**	-
Proceeds from Entitlement Offer		**-**	186.9
Dividends paid	12	**(49.5)**	(33.0)
Finance costs		**(75.1)**	(95.2)
Net cash (outflow) from financing activities		**(312.2)**	(336.3)
Net (decrease) in cash and cash equivalents		**(116.5)**	(77.1)
Net cash transferred to assets held for sale	39	**(4.1)**	-
Cash and cash equivalents at beginning of the year		**265.5**	342.6
Cash and cash equivalents at end of the year		**144.9**	265.5

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 2014

	Note	Ordinary shares $m	Retained earnings $m	Hedging reserve $m	Share based payment reserve $m	Total equity $m
2014						
Balance at 1 July 2013		**2,580.5**	**310.5**	**(29.5)**	**1.1**	**2,862.6**
Profit for the year		**-**	**106.3**	**-**	**-**	**106.3**
Hedge reserve (written off)/transferred to income statement on termination of interest rate swaps	10	**-**	**-**	**17.4**	**-**	**17.4**
Other comprehensive (loss)	10	**-**	**-**	**(5.9)**	**-**	**(5.9)**
Total comprehensive income		**-**	**106.3**	**11.5**	**-**	**117.8**
Dividends provided for or paid	12	**-**	**(49.5)**	**-**	**-**	**(49.5)**
Employee share based payments	28	**-**	**-**	**-**	**0.7**	**0.7**
Balance at 30 June 2014		**2,580.5**	**367.3**	**(18.0)**	**1.8**	**2,931.6**
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)	10	-	-	(5.3)	-	(5.3)
Total comprehensive income / (loss)		-	83.5	(5.3)	-	78.2
Dividends paid	12	-	(33.0)	-	-	(33.0)
Employee share based payments	28	-	-	-	0.4	0.4
Balance at 30 June 2013		2,580.5	310.5	(29.5)	1.1	2,862.6

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 incorporated and domiciled in Australia. The financial report of the Company for the year ended 30 June 2014 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 13 August 2014.

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 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. Refer to "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 standards, which became applicable from 1 July 2013:

AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interest in Other Entities
AASB 13	Fair Value Measurement
AASB 119 (2011)	Employee Benefits
AASB 2012-5	Amendments arising from Annual Improvements 2009-2011 Cycle
AASB 2012-6	Amendments - Mandatory Effective Date of AASB 9 and Transition Disclosure
AASB 2012-9	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
AASB 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities - Amendments
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

The adoption of these standards did not have any material effect on the financial position or performance of the Group, additional disclosures have been made where required.

Standards and amendments issued but not yet effective

The Group has early adopted *AASB2013-3 - Recoverable amount disclosures for non-financial asset,* which impacts disclosure only and not measurement or recognition.

With the exception of AASB2013-3 noted above, the Group has not applied Australian Accounting Standards and IFRS that were issued or amended but not yet effective. These 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
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	1 July 2014
Interpretation 21	Levies	1 July 2014
Annual Improvements 2010–2012 Cycle	Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014
AASB 1031	Materiality	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 July 2014
IFRS 15	Revenue from Contracts with Customers	1 July 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 July 2016
AASB 9	Financial Instruments	1 January 2018

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 in future periods.

2. Significant accounting policies (continued)

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 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 programs 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 (refer to note 22).

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.

Provision for impairment of trade receivables
The Group recognises a provision for impairment of trade receivables when there is objective evidence that an individual trade debt is impaired or when a debt reaches a certain age. Factors considered when determining if an impairment exists include the age of the debt, management's experienced judgement, and the facts in the individual situation.

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 of $14.0 million on demerger as a result of setting up a new tax consolidation group. The liability relates to the resetting of tax values of certain assets on demerger. Following the completion of the tax consolidation setting process, the forecasted balance of the liability at 30 June 2014 is $11.9 million (2013: $10.1 million).

Basis of consolidation
Controlled entities
The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Controlled entities are consolidated from the date control is transferred to the Group and are no longer consolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

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

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

Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Gains and losses arising from the translation are credited or charged to the 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.

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 criteria is also applied:

Gaming revenue
Revenue is recognised as the net gaming win less player rebates and promotional allowances.

Customer loyalty programs
The Group operates customer loyalty programs enabling customers to accumulate award credits for gaming and on property spend. A portion of the spend, equal to the fair value of the award credits earned, is treated as deferred revenue (refer to note 25). Revenue from the award credits is recognised in the income statement when the award is redeemed or expires.

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:
- not in 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.

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.

2. Significant accounting policies (continued)

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

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

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

Cash and cash equivalents
Cash and cash equivalents are carried in the 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 statement of cash flows.

Trade and other receivables
Trade receivables are recognised and carried at original settlement amount less a provision for impairment, where applicable. Bad debts are written off when identified. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income. Other receivables are carried at amortised cost less impairment.

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

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

All other items of property, plant and equipment are stated at historical cost net of depreciation, amortisation and impairment, and depreciated over periods deemed appropriate to reduce carrying values to estimated residual values over their useful lives. Historical cost includes expenditure that is directly attributable to the acquisition of these items. 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 a 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.

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. Goodwill is assessed for impairment on an annual basis and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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

Other intangible assets
Indefinite life intangible assets are not amortised and are assessed annually for impairment. Expenditure on gaming licences acquired, casino concessions acquired, computer software and other intangibles are capitalised and amortised using the straight line method as follows:

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

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

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, which expires in 2070.

Software
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. These costs are amortised over their estimated useful lives (three to ten years).

Gold Coast Convention and Exhibition Centre
This relates 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.

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). Refer to note 22 for further details of key assumptions included in the impairment calculation.

2. Significant accounting policies (continued)

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.

Self insurance
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.

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.

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.

Superannuation guarantee charges (SGC) 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.

Annual leave
Liabilities for annual leave are calculated at discounted amounts based on remuneration rates the Group expects to pay, including related on-costs when the liability is expected to be settled. Annual leave is an other long term benefit and measured using the projected credit unit method.

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 three years for Performance Rights granted on 20 September 2011, and four 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.

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 35 for details of fair value determination.

Derivative assets and 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.

Hedging
Cash flow hedge
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.

2. Significant accounting policies (continued)

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.

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

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

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.

Basic earnings per share
Basic earnings per share is calculated by dividing the net earnings after tax for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share
Diluted earnings per share is calculated by dividing the net earnings attributable to ordinary equity holders adjusted by the after tax effect of:
- any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss
- attributable to ordinary equity holders,
- any interest recognised in the period related to dilutive potential ordinary shares; and
- any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares;

by the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Non-current assets and disposal groups held for sale
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Additional disclosures are provided in note 39.

	2014 $m	2013 $m
3. Revenue		
Gross revenue	**1,897.4**	1,846.8
Player rebates and promotional allowances	**(91.7)**	(108.9)
	1,805.7	1,737.9
4. Other (expenses)/income		
Net foreign exchange (loss)/gain	**(0.1)**	3.1
	(0.1)	3.1
5. Employment costs		
Salaries, wages, bonuses and other benefits	**494.7**	526.3
Defined contribution plan expense (SGC)	**35.5**	37.1
Share based payments expense (refer to note 28)	**0.7**	0.4
	530.9	563.8
6. Depreciation, amortisation and impairment		
Property, plant and equipment (refer to note 20)	**123.7**	125.1
Intangible assets (refer to note 21)	**20.9**	19.6
Other	**1.0**	1.3
	145.6	146.0
7. Profit before income tax is stated after charging the following		
Impairment and write off of trade receivables (refer to note 16)	**23.3**	17.8
Operating lease charges - property, aircraft and other	**11.3**	13.9
Significant items (refer to note 8)	**22.2**	38.3

8. Significant items

	2014 $m	2013 $m
Net profit before income tax is stated after charging the following significant items:		
Finance costs related to debt and derivative restructuring activities [a]	**22.2**	-
Restructuring costs [b]	**-**	33.3
Costs related to the New South Wales Government's unsolicited proposal process [c]	**-**	5.0
	22.2	38.3

a Finance costs include an amount of $22.2 million relating to costs associated with the close out of a number of the Group's out-of-the-money interest rate swaps and the restructure of lending arrangements. The total comprises $17.4 million relating to the hedge reserve written off to the income statement on termination of the swaps (refer to note 10) and $4.8 million of borrowing and amendment fees.

b 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.

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

9. Net finance costs

	2014 $m	2013 $m
Interest paid on borrowings	**63.3**	79.6
Capitalised to property, plant and equipment and intangible assets (refer to notes 20 and 21)	**(1.2)**	(8.9)
Finance costs related to debt and derivative restructuring activities (refer to note 8)	**22.2**	**-**
Other finance costs	**7.1**	12.6
Finance costs	**91.4**	83.3
Finance income	**(3.1)**	(3.9)
Net finance costs recognised in profit and loss	**88.3**	79.4

10. Other comprehensive income/(loss)

	2014 $m	2013 $m
Net (loss)/gain on cash flow hedges	**(9.3)**	37.8
Hedge reserve written off on interest rate swap termination [a]	**17.4**	**-**
Transfer of hedging reserve to the statement of comprehensive income [b]	**8.3**	(45.3)
Tax on above items recognised in other comprehensive income/(loss)	**(4.9)**	2.2
	11.5	(5.3)

a As part of the financing restructure that took place during the year, the Group terminated $485 million of its interest rate swaps (IRS) portfolio designated against its syndicated revolving facility and repaid $250 million of the drawn facility. As the debt relating to the IRS was extinguished, hedge accounting ceased and $17.4 million of accumulated losses relating to these swaps was recycled from the hedge reserve to the income statement (included in significant items, refer to note 8).

b 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.

11. Income tax

	2014 $m	2013 $m
(a) Income tax expense		
The major components of income tax expense are:		
Current tax expense	**(33.7)**	(30.3)
Recognition of losses	**(0.6)**	-
Deferred income tax expense	**(12.6)**	4.6
Income tax expense reported in the statement of comprehensive income	**(46.9)**	(25.7)
Aggregate current and deferred tax relating to items charged or credited to equity:		
Share capital raising costs	**-**	(0.1)
Change in value of cash flow hedges	**(4.9)**	2.2
Income tax (expense)/benefit reported in equity	**(4.9)**	2.1
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:		
Accounting profit before income tax expense	**153.2**	109.2
At the Group's statutory income tax rate of 30%	**(46.0)**	(32.8)
- Recognition of tax losses	**0.6**	-
- Recognition/de-recognition of temporary differences	**(1.9)**	3.7
- Research and development tax offset	**2.1**	4.9
- Other items	**(1.7)**	(1.5)
Aggregate income tax expense	**(46.9)**	(25.7)
(b) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Provisions		
- employee benefits	**15.3**	15.2
- other	**4.8**	2.2
Accrued expenses	**3.5**	4.4
Allowance for doubtful debts	**5.4**	12.3
Other	**8.1**	6.4
Fair value of derivatives	**2.7**	5.2
Foreign exchange on loan	**17.5**	20.0
Amounts recognised directly in equity		
Share issue transaction costs	**2.2**	3.2
Fair value of cash flow hedges	**17.1**	21.2
	76.6	90.1
Set off against deferred tax liabilities	**(76.6)**	(90.1)
Net deferred tax assets	**-**	-
Movements		
Carrying amount at beginning of year	**90.1**	100.1
(Credited) to the statement of comprehensive income	**(9.4)**	(1.5)
Charged to other	**-**	(1.2)
Charged to equity	**(4.1)**	(7.3)
Carrying amount at end of year	**76.6**	90.1

11. Income tax (continued)

(c) Deferred tax liabilities

	2014 $m	2013 $m
The balance comprises temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Intangible assets	**74.1**	73.8
Property, plant and equipment	**135.3**	128.7
Rent in advance	**2.8**	2.8
Consumables	**8.7**	8.7
Prepayments	**3.0**	1.1
Research and development	**2.0**	4.2
Other	**1.7**	2.6
Fair value of derivatives	**17.5**	20.0
Amounts recognised directly in equity		
Fair value of cash flow hedges	**9.4**	8.6
	254.5	250.5
Set off against deferred tax assets	**(76.6)**	(90.1)
Net deferred tax liabilities	**177.9**	160.4
Movements		
Carrying amount at beginning of year	**250.5**	265.7
Credited to the statement of comprehensive income	**3.2**	(5.8)
Charged to equity	**0.8**	(9.4)
Carrying amount at end of year	**254.5**	250.5

There is no net impact to the statement of comprehensive income.

(d) Tax consolidation

Effective on 15 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 15 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 members' current and deferred taxes. The Group Allocation method as adopted by the Group will not give rise to any contribution or distribution of the subsidiaries' equity accounts as there will not be any differences between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under the Group Allocation method.

12. Dividends

	2014 $m	2013 $m
Dividends declared and paid during the year on ordinary shares		
Final dividend paid during the year in respect of the year ended 30 June 2013 [a]	**16.5**	-
Interim dividend paid during the year in respect of the half year ended 31 December 2013 [b]	**33.0**	33.0
	49.5	33.0

a A final dividend of 2 cents per share fully franked for the year ended 30 June 2013 was declared on 22 August 2013 and paid on 9 October 2013

b An interim dividend of 4 cents per share fully franked for the half year ended 31 December 2013 was declared on 5 February 2014 and paid on 14 March 2014

	2014 $m	2013 $m
Dividends declared after balance date		
Final dividend declared for the year ended 30 June 2014 [c]	**33.0**	16.5

c Since the end of the financial year, the directors have declared a final dividend of 4 cents per ordinary share (2013: 2 cents), fully franked. The aggregate amount is expected to be paid on 30 September 2014 out of retained earnings at 30 June 2014, but not recognised as a liability at the end of the year.

	2014 $m	2013 $m
Franking credit balance		
Amount of franking credits available to shareholders	**27.5**	4.2

13. Earnings per share

	2014 $m	2013 $m
Net profit after tax attributable to ordinary shareholders	**106.3**	83.5
Basic and diluted earnings per share (cents per share)	**12.9**	10.1

	2014 Number	2013 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares issued	**825,672,730**	825,672,730

14. 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 the executive decision makers, being the Managing Director and Chief Executive Officer, 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
2014				
Gross revenues /(loss) - VIP [a b]	**388.6**	**8.2**	**(0.3)**	**396.5**
Gross revenues - external [a b]	**888.7**	**328.3**	**283.9**	**1,500.9**
Segment revenue	**1,277.3**	**336.5**	**283.6**	**1,897.4**
Segment profit before income tax expense and net finance costs (excluding significant items)	**170.2**	**27.7**	**43.6**	**241.5**
Depreciation, amortisation and impairment	**89.8**	**30.4**	**25.4**	**145.6**
Capital expenditure	**45.7**	**35.9**	**29.7**	**111.3**

	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 profit before income tax expense and net finance costs (excluding significant items)	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

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

	2014 $m	2013 $m
Reconciliation of reportable segment profit to profit before income tax		
Segment profit before net finance costs and income tax	**241.5**	226.9
Significant items (refer to note 8)	**(22.2)**	(38.3)
Unallocated items:		
- net finance costs (excluding significant items)	**(66.1)**	(79.4)
Profit before income tax	**153.2**	**109.2**

	2014 $m	2013 $m

15. Cash and cash equivalents

	2014 $m	2013 $m
Cash on hand and in banks	**88.4**	88.8
Short term deposits, maturing within 30 days	**56.5**	176.7
	144.9	265.5

16. Trade and other receivables

	2014 $m	2013 $m
Trade receivables [a]	**94.8**	115.5
Less provision for impairment	**(18.3)**	(41.2)
Net trade receivables	**76.5**	74.3
Other receivables	**10.6**	10.5
	87.1	84.8

a Includes patron cheques not deposited of $30.9 million (2013: $37.6 million).

(a) Provision for impairment of trade receivables
Movement in provision

	2014 $m	2013 $m
Balance at beginning of year	**(41.2)**	(30.8)
Net doubtful debt expense for the year [b]	**(23.3)**	(17.8)
Net amounts written off	**46.2**	7.4
Balance at end of year	**(18.3)**	(41.2)

b These amounts are included in other expenses in the statement of comprehensive income.

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

(b) Ageing of trade receivables	0 - 30 days $m	30 days - 1 year $m	1 - 3 years $m	3 years + $m	Total $m
2014					
Not yet due	**35.6**	**-**	**-**	**-**	**35.6**
Past due not impaired	**-**	**32.4**	**8.5**	**-**	**40.9**
Considered impaired	**-**	**9.7**	**8.5**	**0.1**	**18.3**
	35.6	**42.1**	**17.0**	**0.1**	**94.8**
2013					
Not yet due	41.8	-	-	-	41.8
Past due not impaired	-	11.4	19.7	1.4	32.5
Considered impaired	-	4.0	29.7	7.5	41.2
	41.8	15.4	49.4	8.9	115.5

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

17. Inventories

	2014 $m	2013 $m
Consumables	**6.5**	7.2

Cost of inventories recognised as an expense during the period in respect of continuing operations was $77.0 million (2013: $78.1 million).

18. Derivative financial instruments

	2014 $m	2013 $m
Current assets		
Cross currency swaps	**2.7**	3.2
Forward currency contracts	**0.2**	0.2
	2.9	3.4
Non current assets		
Cross currency swaps	**85.7**	89.7
Forward currency contracts	**1.0**	2.1
	86.7	91.8
Current liabilities		
Interest rate swaps[a]	**14.5**	30.2
Forward currency contracts	**0.2**	0.1
	14.7	30.3
Non current liabilities		
Interest rate swaps[a]	**51.2**	57.6
Forward currency contracts	**0.2**	-
	51.4	57.6
Net financial assets	**23.5**	7.3

a During the year the Group terminated $485 million (notional principal) of its interest rate swaps portfolio.

Refer to note 35 for additional financial instruments disclosure.

19. Other assets

	2014 $m	2013 $m
Current		
Prepayments	**17.2**	9.9
Rental paid in advance	**0.3**	0.2
Other assets	**4.2**	4.6
	21.7	14.7
Non current		
Prepayments	**0.1**	0.1
Rental paid in advance	**10.2**	10.3
Other assets	**19.8**	12.0
	30.1	22.4

Other assets above are shown net of impairment of nil (2013: nil).

20. Property, plant and equipment

	2014 $m	2013 $m
Freehold land		
- at cost	**81.5**	104.4
	81.5	104.4
Freehold and leasehold buildings		
- at cost [a]	**1,568.4**	1,593.3
- accumulated depreciation	**(226.5)**	(207.0)
	1,341.9	1,386.3
Leasehold improvements		
- at cost [a]	**271.6**	269.6
- accumulated depreciation	**(70.5)**	(61.8)
	201.1	207.8
Plant and equipment		
- at cost [a]	**739.6**	718.3
- accumulated depreciation	**(452.9)**	(410.6)
	286.6	307.7
	1,911.1	2,006.2
a Includes capital works in progress of:		
Buildings - at cost	**25.0**	21.5
Leasehold improvements - at cost	**1.5**	0.7
Plant and equipment - at cost	**6.5**	15.1
Total capital works in progress	**33.0**	37.3

Reconciliations

	Note	Freehold land $m	Freehold and leasehold buildings $m	Leasehold improve-ments $m	Plant and equipment $m	Total $m
2014						
Carrying amount at beginning of the year		**104.4**	**1,386.3**	**207.8**	**307.7**	**2,006.2**
Additions		**-**	**22.2**	**4.9**	**57.0**	**84.1**
Reclassification/transfer [b]		**-**	**(0.4)**	**(1.9)**	**9.4**	**7.1**
Transferred to assets held for sale	39	**(22.9)**	**(28.1)**	**-**	**(11.6)**	**(62.6)**
Depreciation expense	6	**-**	**(38.1)**	**(9.7)**	**(75.9)**	**(123.7)**
Carrying amount at end of the year		**81.5**	**1,341.9**	**201.1**	**286.6**	**1,911.1**
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 [c]		-	(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

Borrowing costs of $0.5 million (2013: $8.2 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 9.8% (2013: 10.2%).

b Reclassification of $7.1 million from intangibles - software (refer to note 21).

c Reclassification of $17.7 million from intangibles - software (refer to note 21).

21. Intangible assets

	2014 $m	2013 $m
Goodwill		
- at cost (refer to note 22)	**1,442.2**	1,443.7
	1,442.2	1,443.7
The Star and Treasury casino licences		
- at cost	**294.7**	294.7
- accumulated amortisation	**(56.5)**	(53.3)
	238.2	241.4
The Star casino concessions		
- at cost	**100.0**	100.0
- accumulated amortisation	**(14.5)**	(11.6)
	85.5	88.4
Software		
- at cost [a]	**130.1**	111.4
- accumulated amortisation and impairment	**(66.4)**	(53.2)
	63.7	58.2
Investment in Gold Coast Convention and Exhibition Centre		
- at cost	**20.1**	20.1
- accumulated amortisation and impairment	**(3.9)**	(3.5)
	16.2	16.6
	1,845.8	1,848.3

a Includes capital works in progress of $6.5 million (2013: $18.4 million).

Reconciliations

	Note	Goodwill $m	The Star and Treasury casino licences $m	The Star casino concessions $m	Software $m	Other $m	Total $m
2014							
Carrying amount at beginning of the year		**1,443.7**	**241.4**	**88.4**	**58.2**	**16.6**	**1,848.3**
Additions		**-**	**-**	**-**	**27.2**	**-**	**27.2**
Reclassification/transfer [b]		**-**	**-**	**-**	**(7.1)**	**-**	**(7.1)**
Transferred to assets held for sale	39	**(1.5)**	**-**	**-**	**(0.2)**	**-**	**(1.7)**
Amortisation expense	6	**-**	**(3.2)**	**(2.9)**	**(14.4)**	**(0.4)**	**(20.9)**
Carrying amount at end of the year		**1,442.2**	**238.2**	**85.5**	**63.7**	**16.2**	**1,845.8**
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 [c]		-	-	-	(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

Borrowing costs of $0.7 million (2013: $0.7 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 9.8% (2013: 10.2%).

b Reclassification of $7.1 million to property, plant & equipment (refer to note 20).

c Reclassification of $17.7 million to property, plant & equipment (refer to note 20).

22. Impairment testing of goodwill

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

Carrying amount of goodwill allocated to each cash generating unit:

Cash generating unit (Reportable segment)	The Star (The Star) $m	Jupiters Gold Coast (Jupiters) $m	Treasury (Treasury) $m	Jupiters Townsville [a] (Jupiters) $m	Total carrying amount $m
2014	**1,013.5**	**165.5**	**263.2**	**-**	**1,442.2**
2013	1,013.5	165.5	263.2	1.5	1,443.7

a The Jupiters Townsville operation is classified as held for sale at year end (refer to note 39) therefore not included above.

The recoverable amount of each of the three cash generating units at year end (The Star, Jupiters Gold Coast and Treasury) 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 longer term Board approved capital investment plans, extrapolated using an implied terminal growth rate of 2.5% (2013: 2.5% to 3.0%). 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 9.8% (2013: 9.6% to 10.3%).

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 and longer term Board approved capital investment plans for each cash generating unit.

ii. Terminal value

The terminal growth rate used is in line with the forecast long term underlying growth rate in CPI.

iii. Discount rates

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

iv. Regulatory

Queensland

On 19 December 2013, the Queensland Government launched two competitive bid processes in relation to up to three potential new integrated resort developments in Queensland (one in Brisbane and two in regional Queensland) for which additional casino licences may be awarded. The Queensland Government has announced a proposed timeline for the competitive bid process for the Queen’s Wharf Brisbane development that will require the submission of detailed proposals by late 2014. The Company submitted its Expression of Interest for the Queen’s Wharf Brisbane development to the Queensland Government on 31 March 2014 and was subsequently shortlisted by the Queensland Government in May 2014 to proceed to the next stage of the development process, along with three other participants.

In June 2014, the Company signed a binding Memorandum of Understanding (MOU) with shortlisted participants, Chow Tai Fook Enterprises Limited (CTF) and Far East Consortium (Australia) Pty Limited (FEC (Australia)), a subsidiary of Far East Consortium International Limited (FEC), to form a strategic joint venture for the competitive bid process for the Queen’s Wharf Brisbane development. The MOU provides that the Company will contribute 50% of the capital to develop the integrated resort and will act as the operator under a long dated gaming operator agreement. CTF and FEC (Australia) will each contribute 25% of the capital to develop the integrated resort and together will also undertake the residential and related component of the broader Queen’s Wharf Brisbane development. It is expected that the successful bidder will be announced by the Queensland Government in early 2015.

As the details regarding the nature and location of the additional potential licences are unknown, as well as the outcome of the bidding process, it is impossible to reliably quantify the likely impact this would have on the Queensland cash generating units’ respective carrying values, including to what extent an impairment adjustment, if any, would be required. As and when the successful bidders are announced and details of the nature, location and scope of the additional licences become known, management will be in a position to determine the impact on the carrying values of the cash generating units that may require a material adjustment.

New South Wales

On 4 July 2013, the New South Wales Government progressed Crown Resorts Limited’s (Crown) proposal to develop a gaming facility at Barangaroo to Stage 3 of the Unsolicited Proposal process. On 20 November 2013, the Casino Control Amendment (Barangaroo Restricted Gaming Facility) Bill 2013 was passed and on 8 July 2014 the Independent Liquor and Gaming Authority (ILGA) issued a restricted gaming licence to Crown to operate a VIP casino at Barangaroo from November 2019 onwards. The development of the Crown Sydney Hotel Resort is still subject to the granting of all necessary planning approvals and the finalisation of certain agreements with the Barangaroo Delivery Authority and the developer of Barangaroo South, Lend Lease. The expected impact of the above has been taken into consideration in determining the recoverable amount of The Star at 30 June 2014. 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, future investment plans and external information. They 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 1.5% decline in the compound annual growth rate to be a reasonably possible change that would give rise to an impairment charge of approximately $105 million for The Star and $140 million for Jupiters Gold Coast being recognised.

	2014 $m	2013 $m

23. Trade and other payables

	2014 $m	2013 $m
Trade creditors and accrued expenses	**152.5**	181.2
Interest payable	**2.2**	2.8
	154.7	184.0

24. Provisions

	2014 $m	2013 $m
Current		
Employee benefits	**39.9**	42.7
Workers' compensation	**11.8**	15.8
	51.7	58.5
Non current		
Employee benefits	**8.9**	8.0
	8.9	8.0

Reconciliation

Reconciliation of workers' compensation at the end of the current year is set out below:

	2014 $m	2013 $m
Carrying amount at beginning of the year	**15.8**	15.3
Provisions made during the year	**0.1**	3.1
Provisions utilised during the year	**(2.9)**	(2.6)
Amounts transferred to liabilities held for sale	**(1.2)**	-
Carrying amount at end of the year (current)	**11.8**	15.8

25. Other liabilities (current)

	2014 $m	2013 $m
Customer loyalty deferred revenue [a]	**13.5**	7.6
Other deferred revenue	**2.7**	3.8
	16.2	11.4

a The Group operates customer loyalty programs enabling customers to accumulate award credits for gaming and on property spend. A portion of the spend, equal to the fair value of the award credits earned, is treated as deferred revenue. Revenue from the award credits is recognised in the income statement when the award is redeemed or expires.

26. Interest bearing liabilities

	2014 $m	2013 $m
Non current		
Bank loans - unsecured [a]	**316.1**	477.8
Private placement - US dollar [b]	**487.0**	495.0
	803.1	972.8

a Bank loans - unsecured

Syndicated revolving facility

On 10 December 2013, the Group completed a program to close out a number of its out-of-the-money interest rate swaps (IRS) and to restructure lending arrangements (refer to note 8). The Group repaid $250 million of the drawn syndicated revolving facility by reducing its cash holdings by $100 million and drawing down $150 million from a bridge facility. The Group repaid a further $65 million during the year and in June 2014, the term of the existing syndicated revolving facility was extended by 12 months with minor changes made to the terms of the facility. As part of the extension an additional bank was added to the banking group.

2014

Type	Facility amount $m	Unutilised at 30 June $m	Maturity date
Syndicated revolving facility - tranche A	250.0	80.0	July 2016
Syndicated revolving facility - tranche B	250.0	250.0	July 2018
	500.0	330.0	

2013

Type	Facility amount $m	Unutilised at 30 June $m	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	

Interest is variable, linked to BBSY (Bank Bill Swap Bid Rate), plus a margin tiered against the reported gearing ratio at the end of certain test dates.

Working capital facility

On 30 May 2014, the Group entered into a new working capital facility. This working capital facility has been executed on essentially the same terms and conditions as the existing syndicated revolving facility agreement.

2014

Type	Facility amount $m	Unutilised at 30 June $m	Maturity date
Working capital facility	150.0	-	July 2015
	150.0	-	

Interest is variable, linked to BBSY (Bank Bill Swap Bid Rate), plus a margin tiered against the reported gearing ratio at the end of certain test dates.

b US Private Placement (USPP)

The Group's USPP borrowings have not changed during the year, and are summarised below.

2014/2013

Type	$m (USD)	$m(AUD)*	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.*

Interest is variable, linked to BBSW (Bank Bill Swap Rate), and a defined gearing ratio at the end of certain test dates.

All of the above borrowings are subject to financial undertakings as to gearing and interest cover.

Fair value disclosures
Details of the fair value of the Group's interest bearing liabilities are set out in note 35.

27. Share capital and reserves

(a) Share capital

	2014 $m	2013 $m
Ordinary shares - issued and fully paid [a]	**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.

	Number of shares	Number of shares
Movements in ordinary share capital		
Balance at beginning of year	**825,672,730**	688,019,737
Shares issued under Entitlement Offer	**-**	137,652,993
Balance at end of year	**825,672,730**	825,672,730

(b) Reserves

	2014 $m	2013 $m
Hedging reserve [a]	**(18.0)**	(29.5)
Share based payments reserve [b]	**1.8**	1.1
	(16.2)	(28.4)

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 to note 28 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 net debt to earnings before interest, tax, depreciation, amortisation and impairment (EBITDA). Net debt comprises interest bearing liabilities, with US dollar borrowings translated at the 30 June 2014 USD/AUD spot rate of 1.0618 (2013: 1.0798), after adjusting for cash and cash equivalents.

The Group is not subject to any externally imposed capital requirements, other than the banking covenants referred to in note 26.

	2014 $m	2013 $m
Gross Debt	**803.1**	972.8
Net Debt [a]	**658.2**	707.3
EBITDA [b]	**387.1**	372.9
Gearing ratio	**1.7x**	1.9x

a Net debt is stated after adjusting for cash and cash equivalents
b EBITDA is stated before significant items

28. Employee share plans

During the current and prior periods, the Company issued Performance Rights under the Long Term Performance Plan to eligible employees. The share based payment expense of $0.7 million (2013: $0.4 million) in respect of the equity instruments granted is recognised in the statement of comprehensive income.

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

2014 **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	**545,927**	**-**	**29,354**	**-**	**-**	**516,573**
19 September 2012	**817,725**	**-**	**187,794**	**-**	**-**	**629,931**
1 October 2013	**-**	**1,303,717**	**771,653**	**-**	**-**	**532,064**
	1,363,652	**1,303,717**	**988,801**	**-**	**-**	**1,678,568**

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

The grants of 20 September 2011 and 19 September 2012 included market-based hurdles. The grant of 1 October 2013 includes a market based hurdle and an EPS component. The Performance Rights have been independently valued. Under AASB 2, market-based hurdles (such as TSR) impact the value of the Performance Right while internal performance hurdles (such as EPS) do not impact on determination on the value of the Performance Right. In accordance with AASB 2, an allowance cannot be made for the impact of internal performance hurdles and hence the impact of this hurdle is taken into account during the expensing process. For the relative TSR component, valuation was based on assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model. For the EPS component, a discounted cash flow technique was utilised. 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	25.00%	2.18%	2.70%	2.20
1 October 2013	1 October 2017	2.68	27.00%	1.75%	3.03%	2.01

29. Notes to the statement of cash flows

Reconciliation of net profit after tax to net cash inflow from operations:		**2014 $m**	**2013 $m**
Net profit after tax		**106.3**	83.5
Non cash items and items dealt with separately:			
- depreciation, amortisation and impairment	6	**145.6**	146.0
- employee share based payments expense	27	**0.7**	0.4
- unrealised foreign exchange gains or losses		**0.6**	(1.7)
Items classified as investing/financing activities:			
- finance costs	9	**91.4**	83.3
Cash generated by operations before working capital changes		**344.6**	311.5
Working capital changes			
- (Increase)/decrease in trade and other receivables and other assets		**(9.7)**	60.2
- Decrease in inventories		**0.1**	0.2
- (Decrease) in trade and other payables, accruals and provisions		**(22.0)**	(0.2)
- Increase in tax provisions		**2.3**	34.8
Net cash inflow from operating activities		**315.3**	**406.5**

30. 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 (unless stated otherwise below).

Name of controlled entity	Note	Country of incorporation	Equity type	Equity interest at 30 June 2014 %	Equity interest at 30 June 2013 %
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		Australia	ordinary shares	**100.0**	100.0
Star City Superannuation Fund Pty Ltd	c	Australia	ordinary shares	**0.0**	100.0
Jupiters Limited		Australia	ordinary shares	**100.0**	100.0
Breakwater Island Limited	d	Australia	ordinary shares	**100.0**	100.0
Breakwater Island Trust	d	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	**0.0**	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		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		Vanuatu	ordinary shares	**99.9**	99.9
Echo Entertainment International (Hong Kong) Limited		Hong Kong	ordinary shares	**100.0**	100.0
Echo Entertainment (Shanghai) TradingCo. Ltd	f g	China	ordinary shares	**100.0**	0.0
EEI Services (Hong Kong) Limited	h	Hong Kong	ordinary shares	**100.0**	0.0
EEI C&C Services Pte Ltd	f i	Singapore	ordinary shares	**100.0**	0.0
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
PPIT Pty Ltd	j	Australia	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 (refer to note 32).

b These companies have provided a charge over their assets and undertakings as explained in note 34.

c These companies were de-registered during the year.

d These companies were classified as held for sale at year end (refer to note 39).

e Formerly Echo Entertainment Culinary Institute Pty Ltd.

f These companies' financial year end is 31 December.

g This company was incorporated in China on 20 August 2013.

h This company was incorporated in Hong Kong on 7 November 2013.

i This company was incorporated in Singapore on 18 November 2013.

j This company was incorporated in Australia on 25 July 2013.

30. Related party disclosure (continued)

(c) Transactions with controlled entities

Echo Entertainment Group Limited

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

- loans of $56.9 million were repaid by controlled entities (2013: the Company repaid loans of $54.1 million and advanced loans of $142.5 million); and
- income tax and GST paid on behalf of controlled entities of $166.0 million (2013: income tax and GST paid of $108.3 million).

The amount receivable by the Company from controlled entities at year end is $85.6 million (2013: $142.5 million). All the transactions were undertaken on normal commercial terms and conditions.

31. Parent entity disclosures

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

	2014	2013
Result of the parent entity	**$m**	**$m**
(Loss)/profit for the period	**(1.6)**	138.7
Total comprehensive (loss)/income for the period [a]	**(1.6)**	138.7

a Since the end of the financial year, the Company has declared a final dividend of 4 cents per ordinary share (2013: 2 cents), which is expected to be paid on 30 September 2014 out of retained earnings at 30 June 2014 to its shareholders (refer to note 12). The Company's controlled entities have also proposed a dividend of $53.0 million to the Company subsequent to the year end.

	2014	2013
Financial position of the parent entity		
Current assets	**1,127.1**	1,173.7
Non current assets	**2,590.6**	2,591.1
Total assets	**3,717.7**	3,764.8
Current liabilities	**12.9**	10.0
Non current liabilities	**1,030.6**	1,030.2
Total liabilities	**1,043.5**	1,040.2
Net assets	**2,674.2**	2,724.6
Total equity of the parent entity		
Issued capital	**2,580.5**	2,580.5
Retained earnings	**91.9**	143.0
Share based payments benefits reserve	**1.8**	1.1
Total equity	**2,674.2**	2,724.6

Certain financial position comparatives have been restated to conform to current year presentation.

Contingent liabilities

There were no contingent liabilities for the parent entity at 30 June 2014 (2013: 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 2014 (2013: 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 2014, the carrying amount included in current liabilities at 30 June 2014 was nil (2013: nil), and the maximum amount of these guarantees was $124.7 million (2013: $124.8 million). The Company has also undertaken to support its controlled entities when necessary to enable them to pay their debts as and when they fall due.

Accounting policy for investments in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given. Subsequently investments are carried at cost less any impairment losses.

32. 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 2014 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

	2014 $m	2013 $m
Revenue	**1,197.1**	1,111.2
Other income	**(0.5)**	2.6
Government taxes and levies	**(250.4)**	(234.3)
Commissions and fees	**(164.1)**	(127.9)
Employment costs	**(280.7)**	(300.4)
Depreciation, amortisation and impairment	**(84.9)**	(88.8)
Cost of sales	**(38.8)**	(37.3)
Property costs	**(49.4)**	(49.0)
Advertising and promotions	**(39.5)**	(38.7)
Other expenses	**(166.2)**	(102.7)
Profit before net finance costs and income tax	**122.6**	134.7
Finance income	-	-
Profit before income tax	**122.6**	134.7
Income tax expense	**(42.0)**	(41.4)
Net profit after tax	**80.6**	93.3
Total comprehensive income for the year	**80.6**	93.3
Summary of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial year	**(95.9)**	(29.6)
Profit for the year	**80.6**	93.3
Dividends paid	**-**	(159.6)
Accumulated losses at the end of the financial year	**(15.3)**	(95.9)

32. 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 2014 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.

	2014	2013
ASSETS	**$m**	**$m**
Cash assets	**53.2**	39.3
Receivables	**80.9**	70.9
Inventories	**4.4**	3.7
Other	**6.2**	5.0
Total current assets	**144.7**	118.9
Property, plant and equipment	**1,210.4**	1,249.5
Intangible assets	**307.1**	315.6
Other	**15.2**	16.5
Total non current assets	**1,532.7**	1,581.6
TOTAL ASSETS	**1,677.4**	1,700.5
LIABILITIES		
Payables	**452.6**	559.4
Provisions	**32.2**	36.3
Other	**9.3**	7.8
Total current liabilities	**494.1**	603.5
Net deferred tax liabilities	**53.9**	48.8
Provisions	**4.8**	4.2
Total non current liabilities	**58.7**	53.0
TOTAL LIABILITIES	**552.8**	656.5
NET ASSETS	**1,124.6**	1,044.0
EQUITY		
Issued capital	**1,139.9**	1,139.9
Accumulated (losses)	**(15.3)**	(95.9)
TOTAL EQUITY	**1,124.6**	1,044.0

33. Key Management Personnel disclosures

	2014	2013
Compensation of Key Management Personnel	**$000**	**$000**
Short term	**7,412**	6,649
Long term	**313**	121
Share based payments	**708**	295
Termination benefits	**489**	2,406
Total compensation	**8,922**	9,471

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

34. 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 2014 after taking into account the effect of interest rate swaps, approximately 60% (2013: 100%) 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 options and the use of a central credit agency which collates information from the major casinos around the world; and
- the provision of non gaming credit is covered by a risk assessment process for customers using the Credit Reference Association of Australia, bank opinions and trade references.

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

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 35.

34. Financial risk management objectives and policies (continued)

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 (2013: 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 30 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 (2013: $1.5 billion).

Guarantees and indemnities
The controlled entities denoted (b) in note 30 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.

Echo Entertainment Finance Limited and Echo International No. 3 Pty Ltd 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 $124.7 million (2013: $124.8 million).

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

The Group'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 2014, the Group's debt facilities that will mature in less than one year is nil (2013: nil). The next debt maturity is the working capital facility of $150 million in July 2015. This represents 19% of total debt and is within the Group's policy.

Refer to notes 26 and 35 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

	2014			**2013**		
	< 1 year	**1 - 5 years**	**> 5 years**	**< 1 year**	**1 - 5 years**	**> 5 years**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Financial assets						
Cash assets	**88.4**	**-**	**-**	88.8	-	-
Short term deposits	**56.5**	**-**	**-**	176.7	-	-
Net receivables	**87.1**	**-**	**-**	84.8	-	-
	232.0	**-**	**-**	350.3	-	-
Financial liabilities						
Trade creditors and accrued expenses	**152.5**	**-**	**-**	184.0	-	-
Bank loans - unsecured	**13.1**	**328.2**	**-**	24.7	522.7	-
Private placement - US dollar	**27.1**	**209.1**	**424.9**	27.6	218.1	454.2
	192.7	**537.3**	**424.9**	236.3	740.8	454.2
Net inflow / (outflow)	**39.3**	**(537.3)**	**(424.9)**	114.0	(740.8)	(454.2)

34. Financial risk management objectives and policies (continued)

(b) Derivative financial instruments

	2014			2013		
	< 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	**11.5**	**43.6**	**17.7**	25.2	60.6	27.6
Cross currency swaps - receive USD fixed	**27.1**	**209.1**	**424.9**	27.6	218.1	454.2
Forward currency contract - receive USD	**7.5**	**23.6**	**-**	7.7	29.7	1.0
	46.1	**276.3**	**442.6**	60.5	308.4	482.8

	2014			2013		
	< 1 year	**1 - 5 years**	**> 5 years**	**< 1 year**	**1 - 5 years**	**> 5 years**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Financial liabilities						
Interest rate swaps - pay AUD fixed	**26.8**	**101.4**	**41.4**	55.8	135.8	62.5
Cross currency swaps - pay AUD floating	**24.8**	**187.7**	**374.3**	25.2	194.6	394.8
Forward currency contract - pay AUD fixed	**7.7**	**24.1**	**-**	7.7	29.7	0.9
	59.3	**313.2**	**415.7**	88.7	360.1	458.2
Net inflow / (outflow)	**(13.2)**	**(36.9)**	**26.9**	(28.2)	(51.7)	24.6

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

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:

2014	**Net profit after tax higher/ (lower) $m**	**Other comprehen-sive income higher/ (lower) $m**
AUD		
+ 0.5% (50 basis points)	**(0.8)**	**9.3**
- 0.5% (50 basis points)	**0.8**	**(9.6)**
USD		
+ 0.5% (50 basis points)	**-**	**(11.2)**
- 0.25% (25 basis points)	**-**	**5.7**

2013	**Net profit after tax higher/ (lower) $m**	**Other comprehen-sive 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

34. Financial risk management objectives and policies (continued)

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:

	Net profit after tax higher/ (lower) 2014 $m	**Other comprehen-sive income higher/ (lower) 2014 $m**	**Net profit after tax higher/ (lower) 2013 $m**	**Other comprehen-sive income higher/ (lower) 2013 $m**
AUD/USD + 10 cents	**-**	**(7.6)**	-	(10.4)
AUD/USD - 10 cents	**-**	**9.3**	-	12.9

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.

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 12 months.

35. 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.

Forward currency contracts

Fair value is calculated using forward exchange market rates at the 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:

	2014 $m	2013 $m
Financial assets		
Cash assets	**25.0**	15.6
Short term deposits	**56.5**	176.7
Total financial assets	**81.5**	192.3
Financial liabilities		
Bank loans - unsecured [a]	**320.0**	477.8
USPP cross currency swaps	**430.0**	430.0
Derivatives[b]	**(430.0)**	(915.0)
Total financial liabilities	**320.0**	(7.2)

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:

	2014	2013
Less than one year	**-**	250.0
One to five years	**94.0**	329.0
More than five years	**336.0**	336.0
Notional principal	**430.0**	915.0
Fixed interest rate range p.a.	**6.0% - 7.3%**	5.9% - 7.6%
Variable interest rate range p.a.	**2.7%**	2.8%

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.

35. 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:

	2014		2013	
	AUD $m	USD $m	AUD $m	USD $m
One to five years	**94.0**	**100.0**	94.0	100.0
More than five years	**336.0**	**360.0**	336.0	360.0
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.	**5.6% - 5.8%**	**-**	5.7% - 5.9%	-

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 26.

(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:

	2014	2013
	$m	$m
Buy USD / sell AUD		
Less than one year	**7.7**	7.7
One to five years	**24.1**	29.7
More than five years	**-**	0.9
Notional principal	**31.8**	38.3
Average exchange rate (AUD/USD)	**0.92**	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 Echo's derivative financial instruments are valued using the Level 2 valuation techniques, being observable inputs. There have been no transfers between levels during the year.

36. Auditor's remuneration

	2014 $	2013 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- An audit or review of the financial report of the Company and any other entity in the consolidated group	**857,000**	933,550
- Other services in relation to the Company and any other entity in the consolidated group:		
- Assurance related	**80,000**	16,450
- Other non-audit services including taxation services	**355,807**	56,805
	1,292,807	1,006,805
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
- Assurance related services	**-**	7,000

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.

37. Commitments

	2014 $m	2013 $m
(a) Operating lease commitments [a] [b]		
Not later than one year	**10.5**	12.1
Later than one year but not later than five years	**31.6**	44.5
Later than five years	**69.8**	71.6
	111.9	128.2

a The Group leases property (including The Star property lease) under operating leases expiring between 1 to 79 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.

	2014 $m	2013 $m
(b) Other commitments [c]		
Not later than one year	**45.4**	-
Later than one year but not later than five years	**6.1**	-
Later than five years	**-**	-
	51.5	-

c On 24 December 2013, the Group entered into a purchase agreement for the construction of assets to be completed in the future. The Group paid AU$9.6 million (US$8.6 million) during the year and are committed to pay the above amounts during the next one to five years.

38. Contingent liabilities

Legal challenges

There are outstanding legal actions between the Company and its controlled entities and third parties as at 30 June 2014. The Group has notified its insurance carrier of all relevant litigation, and believes that any damages (other than exemplary damages) that may be awarded against the Group, in addition to its costs incurred in connection with the action, will be covered by its insurance policies where such policies are in place. Where there are no policies in place, provisions are made for known obligations where the existence of a liability is probable and can be reasonably quantified. As the outcomes of these actions remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts covered for by the insurance policies in place or of the amounts provided for.

Financial guarantees

Refer to note 34 for details of financial guarantees provided by the Group at the reporting date.

39. Assets and liabilities held for sale

On 24 January 2014, the Group entered into an agreement to sell its Jupiters Townsville complex to Colonial Leisure Group ("CLG") for $70 million. The transaction is for the sale of all the shares and units in Breakwater Island Limited and Breakwater Island Trust respectively. The sale of Jupiters Townsville is at an advanced stage and completion is expected to occur in the upcoming weeks, subject to all the necessary regulatory approvals being received.

The results of the Townsville operation for the year have been included in the results for the Group and are presented within the 'Jupiters' reportable segment in note 14.

(a) Impairment losses

There have been no impairment losses associated with the held for sale classification as the carrying value of the Townsville operation exceeds its recoverable amount less costs to sell.

(b) Assets and liabilities held for sale

The following assets and liabilities were reclassified as held for sale in relation to the Townsville operation as at 30 June 2014:

		2014
Assets	Note	**$m**
Intangible assets	21	**1.7**
Property, plant and equipment	20	**62.6**
Inventories		**0.5**
Other current assets		**0.4**
Trade and other receivables		**0.4**
Cash and cash equivalents		**4.1**
Assets classified as held for sale		**69.7**
Liabilities		
Trade and other payables		**4.4**
Income tax payable		**0.2**
Provisions		**3.4**
Liabilities directly associated with the assets classified as held for sale		**8.0**
Net assets classified as held for sale		**61.7**

(c) Cumulative income or expenses included in other comprehensive income

There are no cumulative income or expenses included in other comprehensive income relating to the Townsville operations.

40. Subsequent events

Other than those events disclosed in the Directors' report or elsewhere in these financial statements, there have been no other significant events occurring after the statement of financial position date and up to the date of this report, which may materially affect either the Group's operations or results of those operations or the Group's state of affairs.

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 2014 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
13 August 2014

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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 2014, 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 Echo Entertainment Group Limited 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 2014 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 the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

John Robinson
Partner

Sydney
13 August 2014