

12 February 2014

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WELLINGTON

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Dear Sir/Madam

**RE : SKYCITY ENTERTAINMENT GROUP LIMITED – SKC
INTERIM RESULT (FOR THE SIX MONTHS TO 31 DECEMBER 2013)**

We supply herewith the financial information as required by Listing Rule 10.4 together with a copy of the company's FY14 Interim Result presentation and the SKYCITY Entertainment Group Limited financial statements for the six month period ended 31 December 2013.

Please find attached:

1. Appendix 1 (Rule 10.4.2) detailing the Preliminary Announcement for the six month period ended 31 December 2013.
2. FY14 Interim Result for the six month period ended 31 December 2013.
3. Appendix 7 (NZX Listing Rule 7.12.2) detailing the interim distribution of NZ\$0.10 cents per ordinary share to be paid on 4 April 2014 to those shareholders on the company's share register as at 5.00pm on 21 March 2014.
4. Financial statements and notes for the six month period ended 31 December 2013.
5. ASX Listing Rule 4.2A.2 declaration by directors in respect of the half year financial statements and notes.
6. Media release.

Yours faithfully



James Burrell
Chief Financial Officer

SKYCITY Entertainment Group Limited	
Results for announcement to the market	
Reporting Period	1 July 2013 to 31 December 2013
Previous Reporting Period	1 July 2012 to 31 December 2012

Reported	Amount (000s)	Percentage change
Reported revenue including gaming GST from ordinary activities	NZ\$465,159	-4.6%
Reported revenue from ordinary activities ¹	NZ\$423,511	-4.7%
Reported profit (loss) from ordinary activities after tax attributable to security holder	NZ\$61,061	-7.9%
Reported net profit (loss) attributable to security holders	NZ\$61,061	-7.9%

Normalised	Amount (000s)	Percentage change
Normalised revenue including gaming GST from ordinary activities	NZ\$467,011	-5.8%
Normalised revenue from ordinary activities	NZ\$425,259	-5.9%
Normalised profit (loss) from ordinary activities after tax attributable to security holder	NZ\$66,410	-10.7%
Normalised net profit (loss) attributable to security holders	NZ\$66,410	-10.7%

Note: Normalised results sets International Business win to theoretical win rate of 1.35% and adjust for certain revenue and expense items. Reconciliation between reported and normalised financial information is provided at the end of this document.

¹ On the Income Statement this is the total of Revenue, Other Income and Share of net profit of associates

Interim Dividend	Amount per security	Imputed amount per security
	NZ\$ 0.10	-

Record Date	21 March 2014
Payment Date	4 April 2014

Comments:	<p>SKYCITY's FY14 interim performance is set out in the Company's Result Presentation which is attached to this announcement. It provides detail and explanatory comment on operating and financial performance for each business unit and the Group as a whole and various other relevant aspects of the financial performance for the six months ended 31 December 2013.</p> <p>The Result Presentation will be available on the Company's website from 12 February 2014.</p>
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NTA Backing

	2013	2012
Net tangible asset backing per ordinary share	73.4¢	71.9¢

Auditors

This report is based on accounts that have been the subject of a review by the company's auditor. Their review report is provided with this preliminary final report.

Earnings per share

	Amount (cents per share)	Percentage change
Reported	10.6	-7.8%
Normalised	11.5	-10.9%

Reported earnings per share for the six months to 31 December 2013 year were 10.6 cents per share (31 December 2012: 11.5 cents per share). Normalised earnings per share for the six months to 31 December 2013 year were 11.5 cents per share (31 December 2012: 12.9 cents per share). "Normalised" eliminates certain revenue and expense items and adjusts International VIP commission business win rate to theoretical.

Dividends

100% of the April 2014 dividend will be franked for Australian purposes (unimputed for New Zealand).

Reconciliation between reported and normalised financial information

	1H14				1H13			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Reported	465.1	143.6	104.4	61.1	487.3	152.8	114.4	66.3
Restructuring costs		0.7	0.7	0.5		1.1	1.1	0.7
One-off costs for launching new business		0.5	0.5	0.4		0.4	0.4	0.3
Costs from Adelaide Redevelopment		1.4	1.4	1.0				
Interest on purchased NZICC land bank				1.1				1.0
Profit from sale of Christchurch				(1.0)				(0.1)
Other Adjustments		1.0	2.0	1.4		0.4	0.4	0.3
Total Adjustments	-	3.6	4.6	3.4		1.9	1.9	2.2
Adjusted	465.1	147.2	109.0	64.5	487.3	154.7	116.3	68.5
Provision for IB Debtors	-	-	-	-	-	0.3	0.3	0.2
International Business at Theoretical	1.9	2.6	2.6	1.9	8.4	7.7	7.7	5.7
Normalised incl Chch	467.0	149.8	111.6	66.4	495.7	162.7	124.3	74.4
Results from Christchurch Casino	-	-	-	-	(2.3)	(2.3)	(2.3)	(2.3)
Normalised	467.0	149.8	111.6	66.4	493.4	160.4	122.0	72.1

SKYCITY's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group.

Gaming revenue figures reflect gaming win (inclusive of gaming GST). This facilitates Australasian comparisons and is consistent with the treatment adoption by major Australian casinos

Non-gaming revenues are net of GST

Total revenues are gaming win plus non-gaming revenues

Key adjustments are:

- restructuring costs – costs associated with changing the staffing structures designed to create future efficiencies
- one-off costs for launching new business – costs associated with the opening of new Auckland restaurants and VIP Gaming Machines 'Black' room
- costs arising as a result of the Adelaide redevelopment, predominantly the launch and marketing of a new 'Premium' gaming offering
- interest on purchase of New Zealand International Convention Centre (NZICC) land bank – calculated using the Group's average cost of debt of 6.94% on an average balance of \$45m
- profit from sale of Christchurch Casino, sold in December 2012
- other adjustments includes one-off costs associated with the acquisition of The Wharf, demolition costs not able to be capitalised and other miscellaneous items

IB win rate at 1.28% for 1H14. As the actual win rate was close to the theoretical rate of 1.35%, the adjustment to revenue was minor (\$1.9m).

The adjustment to normalised expenses is largely as a result of:

- for a number of players, the IB win rate was well in excess of the theoretical 1.35% and for these players that lost significantly and therefore earned less commission, we paid a higher level of complementary expenses
- other minor items

Normalisation adjustments have been calculated in a consistent manner in 1H14 and 1H13



SKYCITY
Entertainment
Group Limited

Half Year Result Presentation

Six month period ended 31 December 2013
12 February 2014

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1H14 Result Presentation



1H14 Result Overview – Normalised Results

Normalised Results – <u>Constant Currency</u>	1H14	1H13	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	489.5	493.4	(3.9)	(0.8%)
Normalised EBITDA	155.6	160.4	(4.8)	(3.0%)
Normalised NPAT	68.8	72.1	(3.3)	(4.6%)
Normalised EPS	11.9 cps	12.5 cps	(0.6 cps)	(4.8%)

Normalised Results – <u>Actual Currency</u>	1H14	1H13	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	467.0	493.4	(26.4)	(5.4%)
Normalised EBITDA	149.8	160.4	(10.6)	(6.6%)
Normalised NPAT	66.4	72.1	(5.7)	(7.9%)
Normalised EPS	11.5 cps	12.5 cps	(1.0 cps)	(8.0%)

Normalised 1H13 results above, and throughout this document unless noted otherwise, exclude \$2.3m of investment income from the Christchurch Casino at revenue, EBITDA and NPAT levels. FY14 is the last period in which this will affect comparisons.

- Average NZD/AUD cross-rate during 1H14 0.8820 and 1H13 0.7836
- Constant currency figures are calculated using the 1H13 average cross rate of 0.7836 for the conversion of both 1H14 AUD results to NZD

1H14 Result Overview – Reported Results

Reported Results	1H14	1H13	Movement	
	\$m	\$m	\$m	%
Reported Revenue (incl Gaming GST)	465.1	487.3	(22.2)	(4.6%)
Reported EBITDA	143.6	152.8	(9.2)	(6.0%)
Reported NPAT	61.1	66.3	(5.2)	(7.8%)
Reported EPS	10.6 cps	11.5 cps	(0.9 cps)	(7.8%)
Interim Dividend NZ\$ cps	10.0 cps	10.0 cps	0.0 cps	0.0%

For illustrative purposes:

- converting Reported NPAT to A\$, 1H14 Reported NPAT would be A\$56.5m vs 1H13 A\$53.8m, up 5.0%
- converting Normalised NPAT actual currency to A\$, 1H14 Normalised NPAT would be A\$61.4m vs 1H13 A\$58.5m, up 5.0%
- for illustrative purposes, converting Annual Dividend cps to A\$, 1H14 AUD9.3 cps vs 1H13 AUD8.1 cps up 14.1%

• NZD/AUD cross-rate for illustrative purposes – 1H14 converted at the 10th February 2014 rate of 0.9252, 1H13 converted at the 11th February 2013 rate of 0.8111
 • 1H13 reported includes Christchurch Casino \$2.3m

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1H14 Result Overview – Highlights and Achievements

- Auckland EGM revenues firmed in 2Q14 and cost reduction initiatives across the business, particularly around marketing costs, have led to an improved EBITDA margin in 1H14
 - 2Q14 EBITDA margin improved to 43.7%, from 40.1% in 1Q14 and 40.8% in 1H13
 - the Black VIP EGMs room, the newly refurbished Baccarat Room and Sugar Club, Masu and Gusto Italian openings, as well as ongoing cost focus, will help support further growth in 2H14
- Given the degree of construction disruption in 2Q14, the local economic conditions and train line closures, Adelaide performed relatively well in 1H14
 - the Casino first phase refurbishment is on track. The Baccarat Pavilion opened on 31 January and the Platinum Premium EGMs room is scheduled to open on 14 February
- Darwin continues to show good non-gaming revenue growth, with high hotel occupancy and strong demand for the new Lagoon Resort
- The integration of SKYCITY's two casinos in Queenstown is now complete. Both have been refurbished and revenues are up 67.5% on 1H13. IB growth continues following the opening of our first IB Salon
- Concluded the Agreements with the South Australian Government and the New Zealand Government – now in execution phase on both agreements, with Adelaide's reforms effective from 14 February
- Entered the ASX-200 on 20 December 2013

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1H14 Result Overview – Disappointments and Challenges

- The 1H14 result has been adversely impacted by the significant currency appreciation of the NZD against the AUD – from 0.78 in 1H13 to 0.88 in 1H14 - up 13%
 - this negatively impacted SKYCITY's 1H14 Normalised EBITDA by \$5.8 million and Normalised NPAT by approximately NZ\$2.4m
- Transformation of Federal Street into a paved pedestrian-friendly precinct, refurbishment of the Grand Hotel rooms and development of a new bar and Italian restaurant within the Grand Hotel lobby has resulted in some minor disruption in Auckland's 1H14 non-gaming revenues
- In Darwin, local and IB gaming revenues have been somewhat disappointing. There is some cost pressure in the Darwin market, which has resulted in softer EBITDA margin in 1H14 of 28.8% (1H13: 30.8%)
- International Business experienced a good 1Q14, but volumes softened quite significantly in 2Q14 and overall IB turnover is 8% down on a constant currency basis for 1H14. This is mostly attributed to timing of visits from a small number of large players. IB Turnover will be showing growth on FY13 during 3Q14
- Hamilton had a strong 1H13, which hasn't been repeated in 1H14. Measures have been taken to address this for 2H14, including improvements to the main gaming floor (which have already shown benefits)

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Understanding the 1H14 Result

Normalised EBITDA and NPAT Reconciliation			EBITDA	NPAT
1H13 Normalised (NZ\$m) including Christchurch Casino			162.7	74.4
CCH	Disposal of Christchurch Casino 50%	• Disposed in Dec-13 for \$80m	(2.3)	(2.3)
1H13 Normalised (NZ\$m)			160.4	72.1
Adelaide	Construction in the main casino due to refurbishment (c.100 EGMs and 10 Tables disrupted in 2Q14, plus F&B)	• Disruption will continue through 3Q14, but improve from 4Q14 onwards as new facilities open	(1.0)	(0.7)
IB	2Q14 Turnover was lower than 2Q13 due to timing of visits of a number of large players from Asia	• Players scheduled to visit in 2H14. Management remain confident IB Turnover for FY14 will be \$6+ bn.	(2.8)	(2.0)
Hamilton	Soft 1Q14, compounded by a strong comparative period in 1H14 in TG	• Gaming floor layout improvements and increase in MTGM product	(2.2)	(1.6)
Auckland	Strong cost control and discipline in Auckland Marketing spend	• Continued focus on cost in 2H14, with core gaming revenue growth	2.5	1.8
Darwin	Flat performance in local gaming. Pressure on labour, utilities, living costs	• Focus on costs, more IB growth and mass market slots revenue in 2H14	(1.0)	(0.7)
Interest	Lower average debt balance in 1H14		-	1.6
Other	Including depreciation (NPAT impact \$1.5m)		(0.3)	(1.7)
1H14 Normalised – Constant Currency (NZ\$m)			155.6	68.8
Currency	Strong NZ\$ reduces A\$ results by 12.5%	• Avg rate 1H14: 0.882 (1H13: 0.784)	(5.8)	(2.4)
1H14 Normalised – Actual Currency (NZ\$m)			149.8	66.4

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1H14 Revenue Summary by Business (incl Gaming GST)

	1H14	1H13	Movement	
	\$m	\$m	\$m	%
New Zealand Casinos				
▪ Auckland	258.0	263.7	(5.7)	(2.2%)
▪ Hamilton	24.9	27.7	(2.8)	(10.1%)
▪ Queenstown, Other	7.1	4.5	2.6	57.8%
Total New Zealand	290.0	295.9	(5.9)	(2.0%)
Australian Casinos				
▪ Adelaide (A\$)	83.4	82.5	0.9	1.1%
▪ Darwin (A\$)	72.9	72.1	0.8	1.1%
Total Australia (A\$)	156.3	154.6	1.7	1.1%
Total Australia at LY fx rate 0.7836 (NZ\$)	199.5	197.5	2.0	1.1%
Normalised Revenues at constant currency	489.5	493.4	(3.9)	(0.8%)
Exchange rate impact at CY fx rate 0.882	(22.5)	-		
Normalised Revenues at actual currency	467.0	493.4	(26.4)	(5.4%)
Adjust International Business to actual win rate	(1.9)	(8.4)	6.5	
Christchurch Casino	0.0	2.3	(2.3)	
Reported Revenue at actual currency	465.1	487.3	(22.2)	(4.6%)

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised Revenue is adjusted for IB at theoretical win rate of 1.35%, versus actual 1.28% in 1H14 (1H13: 1.06%)
- Average NZD/AUD cross-rate during 1H14 0.8820 and 1H13 0.7836

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1H14 EBITDA Summary by Business Unit

	1H14	1H13	Movement	
	\$m	\$m	\$m	%
New Zealand Casinos				
▪ Auckland	108.1	107.6	0.5	0.5%
▪ Hamilton	9.2	11.4	(2.2)	(19.3%)
▪ Queenstown, Other	1.2	0.8	0.4	50.0%
Total New Zealand	118.5	119.8	(1.3)	(1.1%)
Australian Casinos				
▪ Adelaide (A\$)	18.6	20.1	(1.5)	(7.5%)
▪ Darwin (A\$)	21.0	22.2	(1.2)	(5.4%)
Total Australia (A\$)	39.6	42.3	(2.7)	(6.4%)
Total Australia at LY fx rate 0.7836 (NZ\$)	50.5	54.1	(3.6)	(6.4%)
Corporate Costs	(13.4)	(13.5)	0.1	0.7%
Normalised EBITDA at constant currency	155.6	160.4	(4.8)	(3.0%)
Exchange rate impact at CY fx rate 0.882	(5.8)	-		
Normalised EBITDA at actual currency	149.8	160.4	(10.6)	(6.6%)
Adjustments (Note 1)	(3.6)	(1.9)	(1.7)	
International Business adjustments (Note 1)	(2.6)	(8.0)	5.4	
Christchurch	0.0	2.3	(2.3)	
Reported EBITDA at actual currency	143.6	152.8	(9.2)	(6.0%)

- Normalised EBITDA is adjusted for certain items and IB at theoretical
 - Average NZD/AUD cross-rate during 1H14 0.8820 and 1H13 0.7836
- Note 1: Adjustments are outlined on page 55

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January 2014 Trading Update



January 2014 Trading Update - Revenue

Revenues for the January month		Jan 14 \$m	Jan 13 \$m	Movement	
				\$m	%
New Zealand Casinos					
▪ Auckland		42.2	36.8	5.4	14.7%
▪ Hamilton		4.1	4.0	0.1	2.5%
▪ Queenstown, Other		1.2	0.7	0.5	71.4%
Total New Zealand		47.5	41.5	6.0	14.5%
Australian Casinos					
▪ Adelaide	(A\$)	13.6	12.3	1.3	10.6%
▪ Darwin	(A\$)	9.3	9.0	0.3	3.3%
Total Australia	(A\$)	22.9	21.3	1.6	7.5%
Total Australia at LY fx rate 0.795	(NZ\$)	28.8	26.7	2.1	7.5%
Normalised Revenues at constant currency		76.3	68.2	8.1	11.9%
Exchange rate impact at CY fx rate 0.939		(4.4)	-		
Normalised Revenues at actual currency		71.9	68.2	3.7	5.4%

Note: January trading is not materially impacted by Chinese New Year (which started on 31st January in FY14)

January 2014 – Revenue Trading Update

- Normalised revenue (constant currency) in January 2014 was 11.9% above prior year, with growth across all businesses. Even including the impact of the strong NZ\$, actual Normalised revenue is up 5.4% on January 2013
- International Business performed very well in January, with Last Twelve Months (LTM) Turnover reaching \$5.7 billion (up from \$5.4 billion at Dec-13)
- Auckland had a relatively soft month in the prior year, however benefitted from good table games growth and conventions revenues in January 2014, albeit slots revenue was flat
- Adelaide's local gaming experienced ongoing disruption, as works on the gaming enhancements continues. IB was the primary driver of revenue growth. The new Baccarat Pavilion has performed well since opening on 31 January
- Queenstown benefitted from additional IB visitation in January, whilst Darwin and Hamilton were relatively flat
- February 2014 has also started well, compared to prior year. In particular, Asian visitation was strong over Chinese New Year and IB LTM Turnover reached \$6.0 billion (although CNY is two weeks earlier this year)
- Whilst the macro economic environment in Australia remains challenging, there are property-specific factors that management believe will deliver growth in both Adelaide and Darwin in 2H14
- The New Zealand macro environment is more buoyant with good momentum. As such, earnings growth is forecast across all SKYCITY businesses in 2H14
- Further guidance in relation to the FY14 result will be provided later in 2H14

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Interim Dividend



Interim Dividend of 10 cents per share

	1H14	1H13	Movement	
Dividend – NZ\$	10.0 cps	10.0 cps	0.0 cps	0.0%
Dividend – A\$*	9.3 cps	8.1 cps	1.1 cps	14.1%

- The interim dividend of 10 cents per share is consistent with the 1H13 interim dividend of 10 cents
 - for Australian shareholders, given the strengthening of the NZD, this would be a 14% increase*
- Based on a share price of \$3.66, this represents an annual gross dividend yield of 6.5% for NZ shareholders over the past 12 months
- The dividend is calculated in accordance with the previously announced policy of an annual dividend of not less than 20 cents per share and not less than 80% of Annual Normalised NPAT
- The interim 1H14 dividend will be 100% franked for Australia, with no imputation for NZ shareholders
- Subject to the availability of imputation credits, the FY14 final dividend will be fully imputed in NZ
- The Dividend Reinvestment Plan will be applied at nil discount
- The payment date is 4 April 2014 (entitlement / record date 21 March 2014)

* For illustrative purposes, converting Interim Dividend cps to A\$, 1H14 converted at the 10th of February 2014 rate of 0.9252 and 1H13 at the 11th of February 2013 rate of 0.8111

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Major Projects Update – Adelaide



New Regulatory and Taxation Framework – Key Milestones

- New Casino legislation was passed by SA Parliament and received Royal Assent on 8 August 2013
- Final agreements detailing the revised regulatory and taxation environment for the Adelaide Casino were executed with the South Australian Government on 11 October 2013 and approved by the Independent Gaming Authority on 30 October 2013
- SKYCITY and the SA Government have now agreed that from **Friday, 14 February 2014**:
 - all necessary regulatory approvals and testing will be complete
 - the revised Approved Licensing Agreement (ALA) and Casino Duty Agreement (CDA) will come into effect
 - new Premium Gaming areas will commence operation – initially comprising the newly constructed Platinum Room (150 Premium EGMs) and the enhanced Grange Room (Premium Table Games)
 - new Premium Gaming Tax rates commence
 - TITO on all Premium EGMs
 - Introduction of new and exclusive EGM product not previously available in SA
 - unlimited max bet, prizes in Premium areas
 - new ATG product can be deployed with new ATG tax rate (effectively new product for SA)
 - voluntary pre-commitment system and automated risk monitoring introduced
 - further enhancing Adelaide Casino’s already industry leading host responsibility practices
 - full cashless on all EGMs and Automated product expected from end April 2014

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Adelaide Casino Redevelopment – Existing Casino

- The first stages of new development works within the Heritage Adelaide Railway Station building commenced in December 2013 and are now complete. These works have included:
 - an exciting new table games area focussing on Baccarat and featuring an iconic Asian style Pavilion as its centrepiece. This area opened on 31 January, in time for Chinese New Year
 - a new Platinum EGM room with 150 Premium EGMs for premium gaming machine customers, created on level one, adjacent to the Grange room
 - various smaller enabling works projects – new cashier / loyalty desks, upgrades to gaming floor bars and cafes and a minor refresh and reconfiguration of gaming product in non-premium areas
- Further stages of work will be undertaken through the course of calendar year 2014, including:
 - additional new Premium Gaming areas,
 - upgrading MGF areas and delivering new restaurant and bar concepts
- Due to lack of spare floor space within existing Heritage building, the operations of Adelaide Casino have experienced moderate levels of disruption during this period
- Since November, the property has operated with an average 150 fewer EGMs and 12 fewer Table Games and with an estimated circa 30% of gaming floor space impacted by works

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Adelaide Redevelopment – Open 31st January



Baccarat Table Games area – Baccarat Pavilion

- Opened on 31 January 2014, in time for CNY
- Baccarat now #1 table game product by volume
- Non-Premium table games area featuring 6 mini and 6 midi Baccarat tables, and 40 ATG terminals (Rapid Roulette and Baccarat)

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Adelaide Redevelopment – Open



Grange Room – Premium Table Games

- Minor refresh of existing room to integrate with other Premium Gaming facilities
- Commenced 24/7 operation end January 2014
- 14 tables plus 2x salons featuring up to 6 tables
- For Local, Interstate and International Premium customers



Chandelier Bar

- Main Gaming Floor bar
- Directly adjacent to Marble Hall

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Adelaide Redevelopment – to open 14th February



Artist Impression

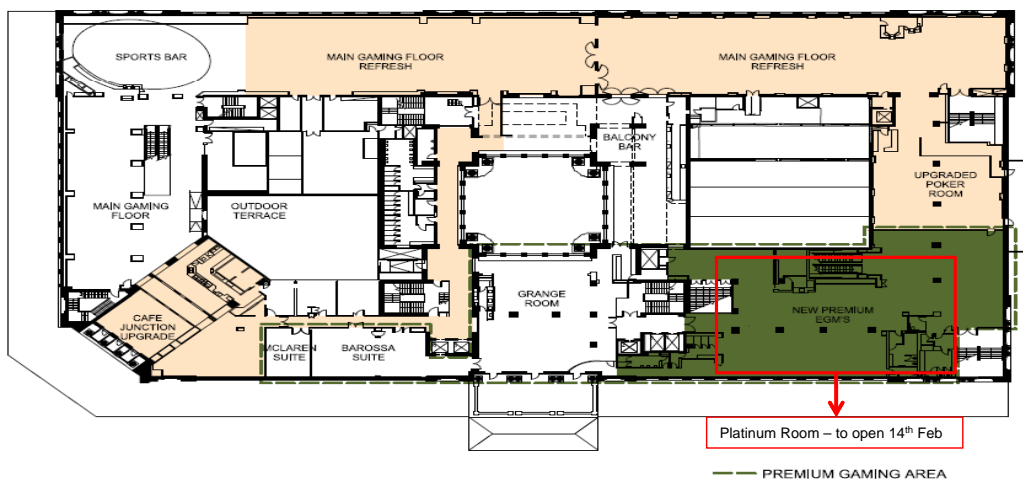
Platinum Room – first truly VIP EGM Room in South Australia

- Will open Friday, 14th February 2014
- Featuring 150 EGMs (many new games)
- All with TITO / e-kiosks
- Unlimited max bet and jackpots
- New levels of luxurious fit-out and customer service
- Initially for both Platinum and Pearl EGM tiers, International and Interstate VIP / gaming programme customers

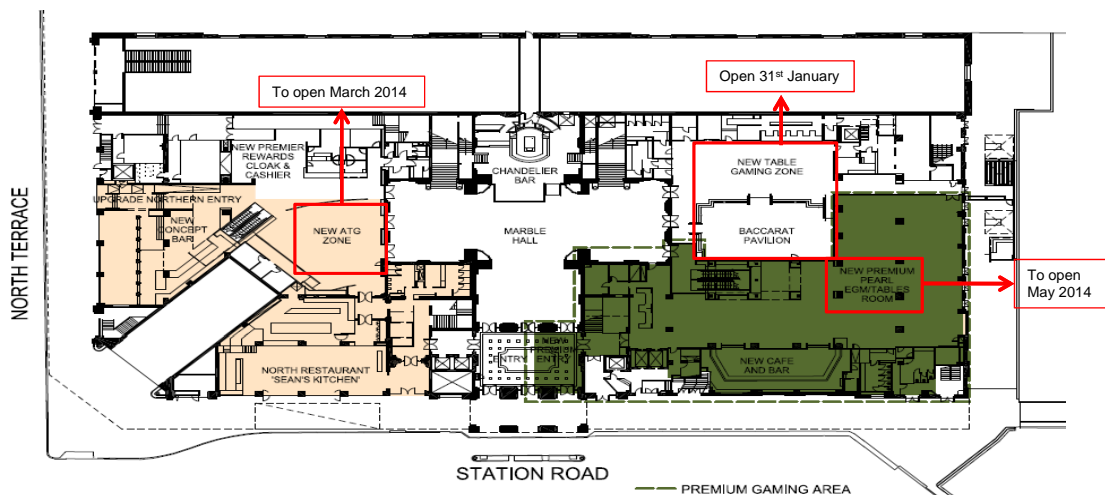


Adelaide Redevelopment – Completed Works

Completed Works (Stage One) – First Floor



Adelaide Redevelopment – Ground Floor



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Adelaide Redevelopment – 2H14



Artist Impression

Pearl EGM Room – second Premium Gaming lounge

- Construction commences February 2014
- Opening expected in May 2014
- Additional 160 EGMs and 8 Table Games
- For mid-tier Premium customers, including interstate and International non-programme / casual gaming

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Adelaide Redevelopment – New Bar and Restaurant

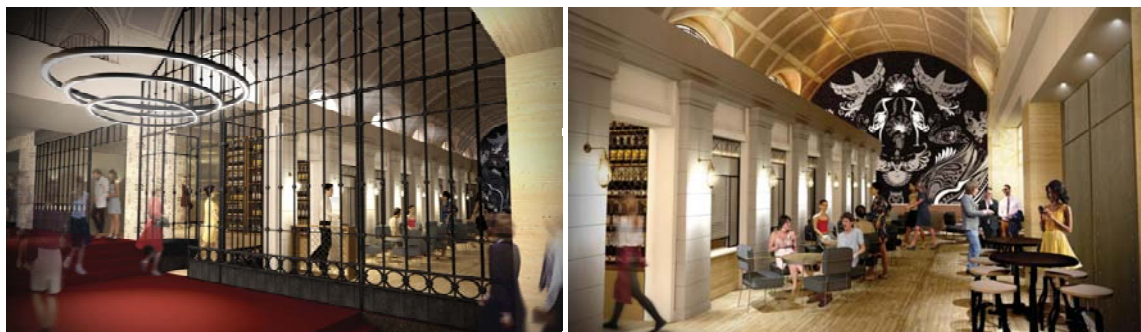


Artist Impression

Sean's Kitchen

- New restaurant / bar / function space, replacing current 'North' restaurant
- Showcasing award-winning celebrity chef Sean Connelly – The Grill, Gusto at The Grand (SKYCITY Auckland), The Morrison (Sydney)
- Expected opening August 2014

Adelaide Redevelopment – New Bar and Restaurant



Artist Impression

New Gastro-Bar concept – North Terrace Entry

- Including upgrade of North Terrace entrance
- Expected opening August 2014

SKYCITY Adelaide – Transformation Update

- SKYCITY is now satisfied that all outstanding Conditions Precedent for the commencement of operations under the new ALA and CDA agreements have been met
- SKYCITY has satisfied itself that it will secure tenure on acceptable terms over the site of the hotel development and casino expansion and that it is confident of being able to receive the necessary development approvals
- On Tuesday 11th February, the Premier of South Australia announced the development of a 1,400 space car park and civic plaza redevelopment on the Government-owned Adelaide Festival Plaza site, adjacent to the SKYCITY Adelaide Casino premises
 - under the development agreement, the Government will lease 400 spaces at a capped cost of \$30m over 30 years, with the vast majority being provided to the Adelaide Festival Centre
 - the remaining 1,000 parks will be leased to SKYCITY for its exclusive use, on terms to be agreed by the parties, but on similar terms to those of the State Government
- Having achieved a satisfactory resolution to these outstanding issues SKYCITY can now fully focus on the design and development of its announced \$350 million transformation of the Adelaide Casino into a world class integrated entertainment destination with International “Horizon” Gaming facilities, 6 Star hotel, celebrity and signature restaurants and expanded gaming facilities

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Major Projects Update – New Zealand



New Zealand International Convention Centre (NZICC)

- Following the passing of enabling legislation for the New Zealand International Convention Centre Agreement in November 2013, SKYCITY delivered its Concept Design for the NZICC on 13 January, in accordance with the timetable in the NZICC Agreement
- SKYCITY is engaging proactively with the government and other stakeholders, to achieve a design that meets all parties' aspirations and will be a landmark development for Auckland. We look forward to releasing this design, as we progress it with Government
- SKYCITY's commitment to the NZICC is \$402m, including land of c.\$90m
- A world-class project team has been appointed with a multi-disciplinary architecture collaboration:
 - Warren Mahoney – John Coop and Andrew Barclay
 - Woods Bagot – Gavin Kain
 - Moller Architects – Craig Moller
- The SKYCITY senior executive team comprises Simon Jamieson, Group GM – NZICC Development & Tourism and recently appointed Andrew Buckingham, Project Director
 - Andrew joined SKYCITY from Kiwi Income Property Trust (KIPT), where he was responsible for the \$400m Sylvia Park development and the \$130m ASB Head Office, both in Auckland
- SKYCITY non-executive director, Richard Didsbury, is providing valuable input to the team. Richard is a founding shareholder of KIPT, one of the largest property vehicles listed on the NZX

New Zealand International Convention Centre (NZICC)



WARREN AND MAHONEY

John Coop

John is a Director and major shareholder of Warren and Mahoney Architects and Regional Director. His experience includes the ANZ Centre Redevelopment and Corporate Headquarters refurbishment, the Victoria Park Tunnel, and the Waterview Connection. John has a wealth of experience in commercial and public sector master planning, and is a highly accomplished client relationship manager.



WOODS BAGOT

Gavin Kain

Gavin Kain is Woods Bagot's Global Lifestyle Sector Leader and has 20 years experience in the design and delivery of major mixed use and civic projects. Gavin is currently leading the A\$350m Adelaide Convention Centre Redevelopment. He has also advised the NSW Government on the A\$1 bn Sydney Convention Centre redevelopment and is a consultant to the New Zealand Government in the development of the Christchurch convention centre.



WARREN AND MAHONEY

Andrew Barclay

Andrew is Warren and Mahoney's Design Director and has frequently collaborated in leading the design of major public buildings. Recent projects include 80 Queen Street, AIAL Novotel and the Christchurch Blueprint.



moller ARCHITECTS

Craig Moller

Craig is a Director of Moller Architects and has a detailed knowledge of SKYCITY's requirements and objectives, developed through several years of working with SKYCITY in exploring the brief, masterplanning, and design options for the project. He has extensive experience in commercial buildings, educational buildings, urban design and masterplanning, public buildings, hospitality, representational and governmental buildings.

Auckland – Other Key Projects in FY14



Masu

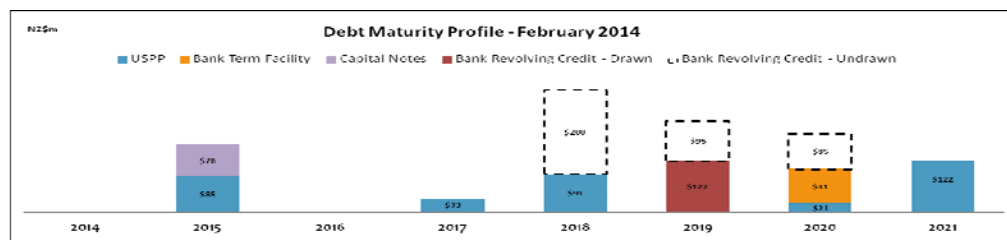


Federal St Works in December 2013

- The internationally-recognised Chef, Nic Watt, formerly from Roka, Zuma and Nobu, opened Masu on 16 October, in the Grand Hotel. Masu has been highly acclaimed since opening
- The \$10m redevelopment of Federal Street began in 1H14, with Auckland Council contributing \$4.5m to the costs. Federal Street is now re-open and completion is expected in June 2014
- The new high-end VIP EGMs ‘Black’ Room was opened in December 2013
- The Grand Hotel is currently undergoing a room refurbishment of 5 floors, for completion February 2014

Well Funded for Future Growth

- Net debt at 31 December 2013 is \$612m (\$605m in Dec-12). Currently available committed and undrawn bank facilities total \$380m. Total available funding facilities are \$454m (being committed undrawn bank facilities and Treasury Stock)
- The syndicated bank facility has been amended and extended in February 2014;
 - NZ\$200m revolving credit tranche maturing February 2017 extended to February 2019. Converted to A\$200m limit
 - the NZ\$85m revolving credit and A\$75m term tranches maturing March 2019 extended to March 2020
- As a result of the bank facility extension, average debt maturity has been maintained at 4.8 years, consistent with FY13
- The Capital Notes are a perpetual instrument, with the next interest reset date May 2015. In 2Q14, an additional \$20m were sold, increasing the total in the market to \$76m. The balance of \$74m are held as Treasury Stock for future issue
- 1H14 average borrowing cost is 6.94% (1H13: 6.92%)
- SKYCITY holds a Standard and Poor’s Investment Grade Rating of BBB- (Stable outlook)





Appendices and Financial Summaries

Half Year Period Ended
31 December 2013



1H14 Group Result – Actual currency Normalised Revenues and Earnings

Normalised	1H14 \$m	1H13 \$m	Movement	
			\$m	%
Revenue (including Gaming GST)	467.0	493.4	(26.4)	(5.4%)
Gaming GST	41.7	43.9	2.2	5.0%
Revenue	425.3	449.5	(24.2)	(5.4%)
Expenses	275.5	289.1	13.6	4.7%
EBITDA	149.8	160.4	(10.6)	(6.6%)
Depreciation and Amortisation	38.2	38.4	0.2	0.5%
EBIT	111.6	122.0	(10.4)	(8.5%)
Interest Cost	22.6	24.9	2.3	9.2%
Net Profit Before Tax	89.0	97.1	(8.1)	(8.3%)
Tax and Minority Interest	22.6	25.0	2.4	9.6%
Normalised NPAT (excl Chch)	66.4	72.1	(5.7)	(7.9%)
Christchurch Casino	-	2.3		
Normalised NPAT (incl Chch)	66.4	74.4	(8.0)	(10.8%)

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised NPAT adjusts for certain items and International Business (IB) at theoretical win rate of 1.35% versus actual 1.28% in 1H14 (1H13: 1.06%)

1H14 Group Result – Constant currency Normalised Revenues and Earnings

Normalised	1H14 \$m	1H13 \$m	Movement	
			\$m	%
Revenue (including Gaming GST)	489.5	493.4	(3.9)	(0.8%)
Gaming GST	43.6	43.9	0.3	0.7%
Revenue	445.9	449.5	(3.6)	(0.8%)
Expenses	290.3	289.1	(1.2)	(0.4%)
EBITDA	155.6	160.4	(4.8)	(3.0%)
Depreciation and Amortisation	39.7	38.4	(1.3)	(3.4%)
EBIT	115.9	122.0	(6.1)	(5.0%)
Interest Cost	23.5	24.9	1.4	5.6%
Net Profit Before Tax	92.4	97.1	(4.7)	(4.8%)
Tax and Minority Interest	23.6	25.0	1.4	5.6%
Normalised NPAT (excl Chch)	68.8	72.1	(3.3)	(4.6%)
Christchurch Casino	-	2.3		
Normalised NPAT (incl Chch)	68.8	74.4	(5.6)	(7.5%)

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised NPAT adjusts for certain items and International Business (IB) at theoretical win rate of 1.35% versus actual 1.28% in 1H14 (1H13: 1.06%)

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1H14 Group Result Reported Revenues and Earnings

Reported	1H14 \$m	1H13 \$m	Movement	
			\$m	%
Revenue (including Gaming GST)	465.1	487.3	(22.2)	(4.6%)
Gaming GST	41.6	42.8	1.2	2.8%
Revenue	423.5	444.5	(21.0)	(4.7%)
Expenses	279.9	291.7	11.8	4.0%
EBITDA	143.6	152.8	(9.2)	(6.0%)
Depreciation and Amortisation	39.2	38.4	(0.8)	(2.1%)
EBIT	104.4	114.4	(10.0)	(8.7%)
Interest Cost	24.2	26.3	2.1	8.0%
Profit from disposal of Christchurch Casino	0.9	0.1	0.8	800.0%
Net Profit Before Tax	81.1	88.2	(7.1)	(8.0%)
Tax and Minority Interest	20.0	21.9	1.9	8.7%
Reported NPAT	61.1	66.3	(5.2)	(7.8%)

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- 1H13 includes Christchurch Casino \$2.3m

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SKYCITY Auckland 1H14

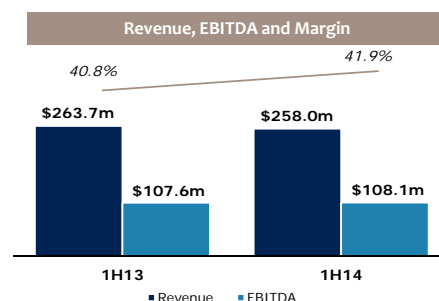
	1H14	1H13	Movement	
	\$m	\$m	\$m	%
Revenues				
Machines	109.9	108.6	1.3	1.2%
Tables – Local	60.8	61.8	(1.0)	(1.6%)
Tables – International (Normalised)	22.4	28.8	(6.4)	(22.2%)
Gross Gaming Revenue (incl GST)	193.1	199.2	(6.1)	(3.1%)
Food and Beverage	24.8	24.1	0.7	2.9%
Hotels and Conventions	29.1	30.0	(0.9)	(3.0%)
Sky Tower, Parking, Other	11.0	10.4	0.6	5.8%
Non-Gaming Revenue	64.9	64.5	0.4	0.6%
Total Revenue (incl gaming GST)	258.0	263.7	(5.7)	(2.2%)
Gaming GST	25.1	25.6	0.5	2.0%
Total Revenue (excl gaming GST)	232.9	238.1	(5.2)	(2.2%)
Expenses	124.8	130.5	5.7	4.4%
Normalised EBITDA including IB	108.1	107.6	0.5	0.5%
EBITDA Margin	41.9%	40.8%		

- Gaming revenue figures as shown in the charts on this page are gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenues are net of GST
- Total revenues as shown are gaming win plus non-gaming revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

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SKYCITY Auckland 1H14

- EGM revenue is up \$1.3m (1.2% on PCP). 1Q14 EGMs revenue was flat, with all growth in 2Q14 (the new premium VIP Black room opened 29 November 2013)
- Local table revenue down \$1.0m or 1.6% on PCP. The recently expanded Baccarat Room and Main Gaming Floor have shown growth, albeit offset by some softness in the higher tier, Eight
- Normalised IB revenue down \$6.4m or 22.2%. IB showed growth in 1Q14, but slowed in 2Q14, due to a decrease in turnover from high volume players who hadn't yet visited in FY14
- Non-gaming revenue up \$0.4m or 0.6% on PCP driven by new F&B restaurant openings and strong SKYCITY hotel performance, partially offset by a challenging period in Conventions and Out-Catering and a reduction in rooms available in the Grand Hotel due to refurbishment
- Normalised EBITDA up \$0.5m or 0.5%, with an improving trend through the half. 2Q14 EBITDA margin improved to over 43%, from 40% in 1Q14 and 41% in 1H13
- Improving trends in EGM performance in 2Q14 and cost control and efficiency improvements across the business, including Marketing savings of c.\$2.5m, have offset the impact of the soft IB performance in 2Q14



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International Business – Consolidated Group Result

	1H14	1H13	Movement		1H14	1H13
	NZ\$b	NZ\$b	NZ\$b	%	Actual Win %	
Turnover						
Auckland (NZ\$)	1.7	2.1	(0.5)	(22.2%)	1.42%	0.91%
Other (NZ\$)	0.1	0.0	0.1	900.0%	1.46%	1.12%
Adelaide (AU\$)	0.5	0.3	0.2	49.7%	0.78%	0.33%
Darwin (AU\$)	0.3	0.3	(0.0)	(8.8%)	1.24%	2.88%
Total Turnover (NZ\$)	2.6	2.9	(0.3)	(11.7%)	1.28%	1.06%
Normalised Revenue (incl Gaming GST)						
	NZ\$m	NZ\$m	NZ\$m	%	Theoretical Win %	
Auckland (NZ\$)	22.4	28.8	(6.4)	(22.2%)	1.35%	1.35%
Other (NZ\$)	1.3	0.1	1.2	900.0%	1.35%	1.35%
Adelaide (AU\$)	6.8	4.5	2.3	49.7%	1.35%	1.35%
Darwin (AU\$)	3.3	3.7	(0.4)	(8.8%)	1.35%	1.35%
Total Normalised Revenue (NZ\$)	34.8	39.4	(4.6)	(11.7%)	1.35%	1.35%

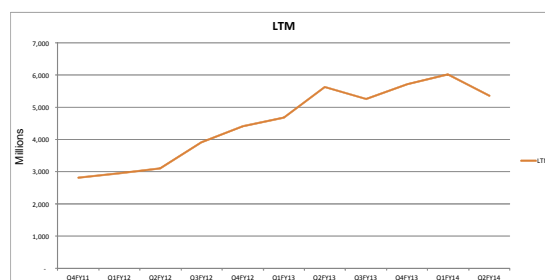
- Turnover in Auckland contracted by \$0.5b compared to last year. This was primarily driven by some large players from FY13 who have delayed their visits until 2H14, all of which occurred in 2Q14
- Turnover at other sites increased by \$0.1b compared to last year, driven by growth in Adelaide and the new Commission play offering in Queenstown
- No bad debt or doubtful debts in 1H14. Management comfortable with the collectability of IB debtors

• Adelaide and Darwin are shown in AUD. The totals in each section have Australian numbers converted at the relevant exchange in each month of 1H14
 • Average NZD/AUD cross-rate during 1H14 0.8820 and 1H13 0.7836

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International Business – Trend Analysis

- As the chart opposite shows, IB Turnover grew consistently from FY11 until 2Q14
- 1Q14 Turnover grew 30% on 1Q13, with a particularly strong quarter in Auckland
- The comparative period was very strong in 2Q13, with \$1.8 billion turnover, compared to \$1.1 billion in 2Q14
- The shortfall of \$700m is largely explained by a number of significant players who visited in 2Q13, but did not visit yet in FY14
- On a last twelve months (LTM) basis, Turnover peaked at \$6 billion in 1Q14, before falling to \$5.4 billion by 2Q14
- Management remain confident that FY14 Turnover will return to \$6+ billion, compared to \$5.7 billion in FY13



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Adelaide Casino 1H14

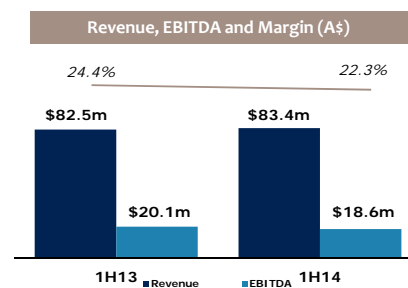
	1H14	1H13	Movement	
	A\$m	A\$m	A\$m	%
Revenues				
Machines	30.0	30.5	(0.5)	(1.6%)
Tables – Local	38.8	39.0	(0.2)	(0.5%)
Tables – International (Normalised)	6.8	4.5	2.3	51.1%
Gross Gaming Revenue (incl GST)	75.6	74.0	1.6	2.2%
Food and Beverage, Other	7.8	8.5	(0.7)	(8.2%)
Total Revenue (incl gaming GST)	83.4	82.5	0.9	1.1%
Gaming GST	6.9	6.7	(0.2)	(3.0%)
Total Revenue (excl gaming GST)	76.5	75.8	0.7	0.9%
Expenses	57.9	55.7	(2.2)	(3.9%)
Normalised EBITDA	18.6	20.1	(1.5)	(7.5%)
EBITDA Margin	22.3%	24.4%		

- Gaming revenue figures as shown in the charts on this page are gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenues are net of GST
- Total revenues as shown are gaming win plus non-gaming revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

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Adelaide Casino 1H14

- Access difficulties continued in 1H14 contributing to a visitation decline of 5.9% particularly resulting from two main railway lines servicing >30% of Adelaide's population being out of service since January 2013
- EGMs win decline has resulted from a 2.5% decrease in turnover. Revenue impacted by loyalty points being used as free-play instead of cash, visitation decline and impact from construction disruption
- Local Table Gaming volumes increased by 7% however lower hold (down 1.5pp) contributed to the \$0.2m decline in revenue
- Premium EGMs and Table Gaming continued to grow albeit MGF activity challenging throughout 1H14 due to the weak SA economy and business disruption due to redevelopment works
- IB turnover increased significantly, up 51.1%, albeit from a low base
- Non-Gaming revenues continue to be impacted in challenging economic environment for F&B in Adelaide. Business disruption due to redevelopment works also impacted
- Expenses well managed despite significant increases in utilities, rates, insurance and cost of parking for Premium / VIP customers



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Key Regulatory and Taxation Reforms

Casino Licence	20 year extension to casino exclusivity in South Australia (to 2035) Casino licence expires in 2085
Additional Product	Ability to purchase 505 additional EGMs entitlements increasing to max 1,500 Additional 300 Automated stations (equivalent to 15 tables) Further additional 95 Regular tables increasing to 185
Gaming Tax rates (Excl. GST of 9.09%)	New Premium / Non-Premium classification – with reduction in tax rate for Premium players: <ul style="list-style-type: none"> • EGMs currently 34.41%, becomes max 41.0% for Non Premium • New Premium EGM tax rate of 10.91% • New Automated Tables tax rate of 10.91% • Tables currently 0.91%, becomes 3.41% Non-Premium / 0.91% Premium • Certain pre-approved costs linked to Premium turnover deductible for gaming tax purposes • Tax rates fixed for period of agreement to 2035
Other reforms	Account based cashless gaming on all EGMs / Automated Tables throughout property Exclusive Premium Gaming reforms: TITO / no max bets / no cashless transaction limits / unlimited jackpots / no max prizes Ability to purchase greater range of new EGM product
Capital investment	A\$350m – incl. refurbishment of existing casino, plus significant expansion delivering new facilities including a 6 star Hotel, enlarged casino and VIP facilities, new signature bars and restaurants, new product, machine entitlements, and A\$20m upfront payment to SA Govt
Host Responsibility	SKYCITY Adelaide will offer a system of voluntary pre-commitment for EGM and ATGs Will also introduce new risk monitoring tools, further enhancing SKYCITY Adelaide's already leading host responsibility practices
Compensation	Receive compensation for changes in taxes / product / regulatory reforms prior to 2035

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SKYCITY Darwin 1H14

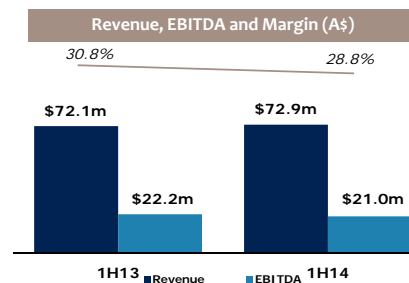
	1H14	1H13	Movement	
	A\$m	A\$m	A\$m	%
Revenues				
Machines	32.3	32.4	(0.1)	(0.3%)
Tables – Local	9.5	9.7	(0.2)	(2.1%)
Tables – International (Normalised)	3.3	3.7	(0.4)	(10.8%)
Keno	9.4	9.1	0.3	3.3%
Gross Gaming Revenue (incl GST)	54.5	54.9	(0.4)	(0.7%)
Food and Beverage, Hotel, Other	18.4	17.2	1.2	7.0%
Total Revenue (incl gaming GST)	72.9	72.1	0.8	1.1%
Gaming GST	4.9	4.9	0.0	0.0%
Total Revenue (excl gaming GST)	68.0	67.2	0.8	1.2%
Expenses	47.0	45.0	(2.0)	(4.4%)
Normalised EBITDA	21.0	22.2	(1.2)	(5.4%)
EBITDA Margin	28.8%	30.8%		

- Gaming revenue figures as shown in the charts on this page are gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenues are net of GST
- Total revenues as shown are gaming win plus non-gaming revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

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SKYCITY Darwin 1H14

- Local Gaming Machines revenues flat versus PY
- Local Tables showing a small reduction in turnover but improved hold percentage resulting in a 2% reduction in Revenue
- Keno revenues continue to grow as the 10 spot exceeds \$2m
- International Business has slowed as a result of players who have not yet visited in FY14 – this should improve in 2H14
- Non-gaming revenue positively impacted by strong Hotel revenue growth, up 19% on 1H13. The Lagoon Day Spa also improved in 1H14
- Food and beverage and convention revenues flat compared to PY
- Expenses up \$2m (4.4%)
 - Employment costs up \$1m (8%) as a result of 3% EBA increase, coupled with additional staffing requirements to new facilities
 - increased marketing and complimentary expenses with additional SKYROOM Tier benefits offered
- EBITDA margin 28.8% affected by changes in revenue mix with lower margin non-gaming revenue not offsetting flat gaming revenue



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SKYCITY Hamilton 1H14

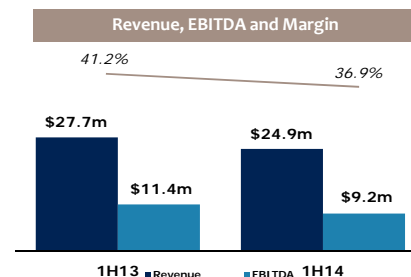
	1H14	1H13	Movement	
	\$m	\$m	\$m	%
Revenues				
Machines	16.0	17.2	(1.2)	(7.0%)
Tables – Local	4.6	6.0	(1.4)	(23.3%)
Tables – International (Normalised)	0.0	-	0.0	0.0%
Gross Gaming Revenue (incl GST)	20.6	23.2	(2.6)	(11.2%)
Food and Beverage, Other	4.3	4.5	(0.2)	(4.4%)
Total Revenue (incl gaming GST)	24.9	27.7	(2.8)	(10.1%)
Gaming GST	2.7	3.0	0.3	10.0%
Total Revenue (excl gaming GST)	22.2	24.7	(2.5)	(10.1%)
Expenses	13.0	13.3	0.3	2.3%
Normalised EBITDA	9.2	11.4	(2.2)	(19.3%)
EBITDA Margin	36.9%	41.2%		

- Gaming revenue figures as shown in the charts on this page are gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenues are net of GST
- Total revenues as shown are gaming win plus non-gaming revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

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SKYCITY Hamilton 1H14

- Revenue down 10.1% on pcp, largely a reflection of declining visitation from VIP gaming customers throughout 2013 made more noticeable when compared with the strong gaming revenue result of 1H13
- Gaming revenue was down on 1H13 due to a downturn in visitation from high end table games players and less frequent visits from higher end gaming machines players
- To address this shortfall, 1H14 has seen a series of changes to Hamilton gaming floor including:
 - enhancements to the main gaming floor product offering
 - creation of new gaming machine and table games environments – 40% of machines were moved around on the floor in 1H-14 to improve layout
 - an increase to 19 Rapid Roulettes, 12 Vegas Star and change in Table Game denomination mixes
- Non-gaming revenue is down 4.4% on 1H13, a result of softer visitation



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SKYCITY Queenstown 1H14

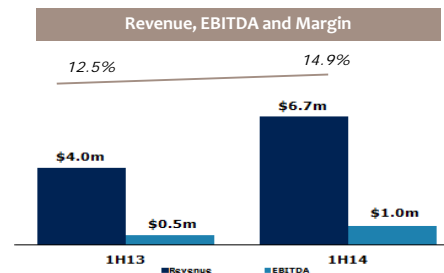
	1H14	1H13	Movement	
	\$m	\$m	\$m	%
Revenues				
Machines	2.0	2.2	(0.2)	(9.1%)
Tables – Local	1.6	1.1	0.5	45.5%
Tables – International (Normalised)	1.2	0.1	1.1	1100.0%
Gross Gaming Revenue (incl GST)	4.8	3.4	1.4	41.2%
Food and Beverage, Other	0.5	0.6	(0.1)	(16.7%)
Total Revenue (incl gaming GST)	5.3	4.0	1.3	32.5%
Wharf Casino	1.4	-	1.4	100.0%
Total Revenue (incl Wharf Casino)	6.7	4.0	2.7	67.5%
Gaming GST	0.7	0.5	0.2	40.0%
Total Revenue (excl gaming GST)	6.0	3.5	2.5	71.4%
Expenses	5.0	3.0	(2.0)	(66.7%)
Normalised EBITDA	1.0	0.5	0.5	100.0%
EBITDA Margin	18.9%	12.5%		

- Gaming revenue figures as shown in the charts on this page are gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenues are net of GST
- Total revenues as shown are gaming win plus non-gaming revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

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SKYCITY Queenstown 1H14

- A good 1H14, with revenue and EBITDA well up on 1H13
- Table Games revenue was favourable, with a higher spend per customer and a strong hold
- Gaming machines revenue was slightly down, due to a lower spend per customer and a lower hold
- F&B revenue was also down reflecting increased competition in Queenstown
- There was strong growth in IB turnover. IB play is expected to further increase in 2H14, particularly with the recent refurbishment of the Queenstown Horizon Room
- SKYCITY purchased Wharf Casino in July 2013. The property was refurbished in December with a fresh new look and newer gaming machines were installed. It was only EBITDA breakeven in 1H14
- SKYCITY Queenstown Casino was also refurbished in December, offering customers a modern and stylish gaming environment
- Costs were well managed across the business, with local expenses held flat while revenues grew, leading to an improved EBITDA margin



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Depreciation, Interest and Tax

Depreciation and Amortisation: \$38.2m, down \$0.2m (0.5%)*

- Depreciation and Amortisation for full year FY14 is projected to be circa \$80m

Debt and Interest: \$22.6m, down \$2.3m (9.2%)*

- Average debt balance during 1H14 at \$635m (1H13: \$710m) with average cost of debt of 6.94% (1H13: 6.92%)
- We have shown a \$1.6m (1H13: \$1.4m) adjustment to interest costs relating to interest on borrowings for acquiring the NZICC land. This represents the amount that could have been capitalised had the project been in the active development phase
- Additionally, SKYCITY is currently holding \$380m committed unutilised bank facilities. These facilities are held for the Adelaide redevelopment and in anticipation of the NZICC approval. The 1H14 cost of holding these facilities is approximately \$1.5m. This has not been adjusted for in Normalised NPAT

Tax: \$22.6m, down \$2.4m (9.6%)*

- Effective tax rate for 1H14 at 25.4%
- FY14 tax rate projected to slightly increase to around 26%

* Normalised

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Group Capex 1H14

Capex Spend	1H14	1H13
New Auckland F&B Outlets	\$9.7m	\$2.6m
NZICC	\$5.6m	\$8.8m
Adelaide Development	\$4.8m	\$0.6m
Grand Hotel Room Refurbishment	\$3.2m	\$0.5m
VIP Black – Auckland	\$2.7m	-
Federal Street Streetscape	\$1.2m	-
Darwin Resort	\$0.1m	\$10.7m
Bally	-	\$8.1m
Other Development Capex	\$7.8m	\$13.7m
Total Project Capex	\$35.1m	\$45.0m
Maintenance Capex	\$30.2m	\$30.5m
Total	\$65.3m	\$75.5m

- 1H14 capex was \$65.3m, comprising Project capex \$35.1m and Maintenance capex \$30.2m
- 1H14 new Auckland F&B outlets comprises of MASU, Sugar Club, Federal St Deli, Gusto at the Grand and Jade Dragon
- 2H14 project capex is expected to be c.\$100m;
 - Adelaide redevelopment \$37m plus payment to the SA Government A\$20m
 - NZICC \$23m (of which \$15m relates to land)
 - completion payments on Auckland’s VIP Black room \$4m
 - Federal Street Streetscape \$3m (net of Auckland Council contribution)
- 2H14 Maintenance capex expected to be consistent with 1H14, at c.\$30m

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Cash Flows 1H14

- Consistent and reliable cash flows
 - SKYCITY continues to generate strong cash flows
 - cash flows from operating activities were \$126.7m and \$136.3m in 1H14 and 1H13 respectively
- Capex * spend \$65.0m
 - capex is outlined in more detail on page 51
- Dividends \$45.5m
 - Dividends represents the 2H13 dividend paid in cash to shareholders electing to not participate in the Dividend Reinvestment Plan
- Share Purchases \$13.6m
 - Shares purchased for the CEO and Executive Long Term Incentive Plans
- New Debt \$40m
 - \$20m Capital Notes issued from Treasury Stock, plus \$20m revolving bank debt drawn from facility

Cashflow summary	1H14	1H13
Reported EBITDA	143.6	152.8
Tax paid	(13.8)	(15.9)
Working capital/other	(3.1)	(0.6)
Operating cash flow	126.7	136.3
Capex - net	(65.0)	(75.5)
Free cash flow	61.7	60.8
Dividends	(45.5)	(46.2)
Interest paid	(25.4)	(25.7)
Share purchases	(13.6)	0.1
Divestment of Christchurch Casino:	-	80.0
Payments for Queenstown Casinos	-	(5.0)
Repayment of debt	-	(16.0)
New debt	40.0	-
Derivatives/other	(0.3)	(0.9)
Change in cash balance	16.9	47.1
Opening cash balance	51.1	41.4
Closing cash balance	<u>68.0</u>	<u>88.5</u>

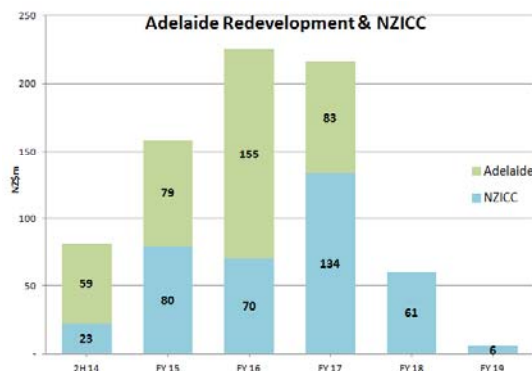
* Dollar amounts represent cash expenditure in 1H14

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NZICC and Adelaide Forecast Capital Expenditure

NZICC and Adelaide

- Total cumulative capex on the two significant projects of c.NZ\$750m, over the next 6 years
- The NZICC capex commitment is contractually agreed as \$402m, of which \$80m is already invested. The balance, plus \$50m casino expansion capex, will be invested over the 6 year period FY14 to FY19
- Earnings uplift from both Adelaide and Auckland will arise in advance of capex being invested, as reforms take effect



Funding

- SKYCITY has a strong balance sheet, with 2.1x net debt / EBITDA gearing and no debt maturity until March 2015
- Through these facilities and operational cash flow, both projects are fully funded and our current dividend policy can be maintained

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Normalised P&L Summary by Business Unit

Normalised P&L Summary by Business Unit Excluding Chch

New Zealand operations expressed in NZ\$m
Australian operations expressed in A\$m (normalised)

	1H14									1H13										
	Auckland NZ\$m	Adelaide A\$m	Darwin A\$m	Total Australia A\$m	Total Australia NZ\$m	Hamilton NZ\$m	Other NZ Operations NZ\$m	Corporate NZ\$m	SKYCITY Group NZ\$m	Auckland NZ\$m	Adelaide A\$m	Darwin A\$m	Total Australia A\$m	Total Australia NZ\$m	Hamilton NZ\$m	Other NZ Operations NZ\$m	Corporate NZ\$m	SKYCITY Group ex- Chch NZ\$m	Christchurch NZ\$m	SKYCITY Group incl- Chch NZ\$m
Gross Gaming revenue	193.1	75.6	54.5	130.1	147.3	20.6	5.8	0.0	366.8	199.2	74.0	54.9	128.9	164.8	23.2	3.4	0.0	390.6	0.0	390.6
Non-Gaming Revenue	64.9	7.8	18.4	26.2	29.7	4.3	1.3	0.0	100.2	64.5	8.5	17.2	25.7	32.7	4.5	1.1	0.0	102.8	2.3	105.1
Total Revenue (incl Gaming GST)	258.0	83.4	72.9	156.3	177.0	24.9	7.1	0.0	467.0	263.7	82.5	72.1	154.6	197.5	27.7	4.5	0.0	493.4	2.3	495.7
Gaming GST	(25.1)	(6.9)	(4.9)	(11.8)	(13.2)	(2.7)	(0.7)	0.0	(41.7)	(25.6)	(6.7)	(4.9)	(11.6)	(14.8)	(3.0)	(0.5)	0.0	(43.9)	0.0	(43.9)
Total Revenue (excl Gaming GST)	232.9	76.5	68.0	144.5	163.8	22.2	6.4	0.0	425.3	238.1	75.8	67.2	143.0	182.7	24.7	4.0	0.0	449.5	2.3	451.8
Expenses	124.8	57.9	47.0	104.9	119.1	13.0	5.2	13.4	275.5	130.5	55.7	45.0	100.7	128.6	13.3	3.2	13.5	289.1	0.0	289.1
EBITDA	108.1	18.6	21.0	39.6	44.7	9.2	1.2	(13.4)	149.8	107.6	20.1	22.2	42.3	54.1	11.4	0.8	(13.5)	160.4	2.3	162.7
	41.9%	22.3%	28.8%	25.3%	25.3%	36.9%	16.9%		32.1%	40.8%	24.4%	30.8%	27.4%	27.4%	41.2%	17.8%		32.5%		32.8%
Depreciation	20.7	3.2	6.0	9.2	10.5	2.0	0.5	1.3	35.0	20.7	3.2	5.1	8.3	10.6	1.9	0.4	1.3	34.9	0.0	34.9
Amortisation	0.5	1.2	0.1	1.3	1.4	0.0	0.1	1.3	3.2	0.4	1.1	0.2	1.3	1.5	0.1	0.0	1.5	3.5	0.0	3.5
EBIT	86.9	14.2	14.9	29.1	32.8	7.2	0.7	(16.0)	111.6	86.5	15.8	16.9	32.7	42.0	9.4	0.4	(16.3)	122.0	2.3	124.3
	33.7%	17.0%	20.4%	18.6%	18.5%	28.9%	9.9%		23.9%	32.8%	19.2%	23.4%	21.2%	21.3%	33.9%	8.9%		24.7%	100.0%	25.1%
Funding									22.6									24.9		24.9
Net Profit before tax									89.0									97.1		99.4
									19.1%									19.7%		20.1%
Tax									22.6									24.9		24.9
Minority Interest (Queenstown)									0.0									0.1		0.1
Normalised Net Profit									66.4									72.1		74.4

- Other NZ Operations includes Queenstown and other minor operations. Minority Interests related to SKYCITY Queenstown
- EBITDA margin is calculated as a % of GST-inclusive gaming revenues and GST-exclusive non-gaming revenues to facilitate Australasian comparisons

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Reported and Normalised Earnings

	1H14				1H13			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Reported	465.1	143.6	104.4	61.1	487.3	152.8	114.4	66.3
Restructuring costs		0.7	0.7	0.5		1.1	1.1	0.7
One-off costs for launching new business		0.5	0.5	0.4		0.4	0.4	0.3
Costs from Adelaide Redevelopment		1.4	1.4	1.0				
Interest on purchased NZICC land bank				1.1				1.0
Profit from sale of Christchurch				(1.0)				(0.1)
Other Adjustments		1.0	2.0	1.4		0.4	0.4	0.3
Total Adjustments	-	3.6	4.6	3.4	1.9	1.9	1.9	2.2
Adjusted	465.1	147.2	109.0	64.5	487.3	154.7	116.3	68.5
Provision for IB Debtors	-	-	-	-	-	0.3	0.3	0.2
International Business at Theoretical	1.9	2.6	2.6	1.9	8.4	7.7	7.7	5.7
Normalised incl Chch	467.0	149.8	111.6	66.4	495.7	162.7	124.3	74.4
Results from Christchurch Casino	-	-	-	-	(2.3)	(2.3)	(2.3)	(2.3)
Normalised	467.0	149.8	111.6	66.4	493.4	160.4	122.0	72.1

- Revenue includes GST inclusive gaming revenues and GST exclusive non-gaming revenues
- 'Normalised' (underlying) earnings eliminates certain items and adjusts international VIP commission business win rate to theoretical

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Reported and Normalised Earnings

- SKYCITY's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group
- Gaming Revenue figures reflect gaming win (inclusive of gaming GST). This facilitates Australasian comparisons and is consistent with the treatment adopted by major Australian casinos
- Non-gaming Revenues are net of GST
- Total Revenues are gaming win plus Non-gaming Revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus Non-gaming Revenue – to facilitate Australasian and period on period comparisons

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Reported and Normalised Earnings

- Key adjustments are:
 - restructuring costs – costs associated with changing the staffing structures designed to create future efficiencies
 - one-off costs for launching new business – costs associated with the opening of new Auckland restaurants and VIP Gaming Machines ‘Black’ room
 - costs arising as a result of the Adelaide redevelopment, predominantly the launch and marketing of a new ‘Premium’ gaming offering
 - interest on purchase of New Zealand International Convention Centre (NZICC) land bank – calculated using the Group’s average cost of debt of 6.94% on an average balance of \$45m
 - profit from sale of Christchurch Casino, sold in December 2012
 - other adjustments includes one-off costs associated with the acquisition of The Wharf, demolition costs not able to be capitalised and other miscellaneous items

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Reported and Normalised Earnings

- IB win rate at 1.28% for 1H14 (1H13: 1.06%). As the actual win rate was close to the theoretical rate of 1.35% the adjustment to revenue was minor (\$1.9m)
- The adjustment to normalised expenses is largely as a result of:
 - for a number of players, the IB win rate was well in excess of the theoretical 1.35% and for these players that lost significantly and therefore earned less commission, we paid a higher level of complementary expenses
 - other minor items
- Normalisation adjustments have been calculated in a consistent manner in 1H14 and 1H13

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Consolidated Balance Sheet SKYCITY Entertainment Group Limited

Equity	As at 31/12/13 NZ\$m	As at 30/06/13 NZ\$m	Movement NZ\$m
Share Capital	728.5	729.4	(0.9)
Retained profits	105.4	101.8	3.6
Reserves	(43.4)	(18.3)	(25.1)
Total Equity	790.5	812.9	(22.4)
Current Assets			
Cash and bank	68.0	51.1	16.9
Receivables and prepayments	20.6	20.4	0.2
Inventories	8.5	7.4	1.1
Tax prepayment	38.7	38.2	0.5
Derivative financial instruments	5.0	0.7	4.3
Total Current Assets	140.8	117.8	23.0
Non-Current Assets			
Property, plant and equipment	1,101.4	1,094.1	7.3
Intangible assets	364.6	389.6	(25.0)
Tax prepayment	-	16.6	(16.6)
Derivative financial instruments	21.2	33.9	(12.7)
Total Non-Current Assets	1,487.2	1,534.2	(47.0)
Total Assets	1,628.0	1,652.0	(24.0)

Equity

- Movements in share capital relate to the employee long-term incentive plan and the dividend reinvestment plan
- Movement in retained profits records the current period's net profit after tax less the FY13 final dividend

Reserves

- The movement in foreign currency translation reserve reflects changes in the New Zealand dollar value of the company's net Australian assets due to movements in the NZD / AUD exchange rate
- The movement in the cash flow hedge reserve represents fair value movements in SKYCITY's interest rate and cross currency interest rate swaps that are part of cash flow hedging relationships

Current Assets

- Cash and bank balances: \$19.0m interest-bearing deposits and \$49.0m cash held in-house / on-property

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Consolidated Balance Sheet (continued) SKYCITY Entertainment Group Limited

	As at 31/12/13 NZ\$m	As at 30/06/13 NZ\$m	Movement NZ\$m
Total Assets (carried forward)	1,628.0	1,652.0	(24.0)
Current Liabilities			
Payables	103.7	105.4	1.7
Current tax liabilities	-	-	-
Derivative financial instruments	0.1	0.3	0.2
Total Current Liabilities	103.8	105.7	1.9
Non-Current Liabilities			
Interest bearing liabilities - Term	554.6	558.8	4.2
Subordinated debt - capital notes	76.4	56.4	(20.0)
Deferred tax liabilities	77.3	87.6	10.3
Derivative financial instruments	25.4	30.6	5.2
Total Non-Current Liabilities	733.7	733.4	(0.3)
Total Liabilities	837.5	839.1	1.6
Net Assets	790.5	812.9	(22.4)
Net Debt (excluding cash in house)	612.0	605.0	(7.0)
Net Debt:EBITDA	2.1x	2.0x	
Net Position of Derivative Financial Instruments included in Balance Sheet Assets/(Liabilities)	0.7	3.7	(3.0)

Non-Current Assets

- \$7.3m increase in Property, Plant and Equipment relates primarily to additions partially offset by depreciation and the impact of movement in the NZD / AUD exchange rate
- The decrease in intangible assets is largely the result of movements in the NZD / AUD exchange rate and amortisation partially offset by additional software purchases

Current and Non-Current Liabilities

- Derivative financial instruments represent the market value of interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts
- At 31 December 2013 all interest bearing liabilities (US Private Placement debt and bank facility) are non-current

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Australian Dollar Earnings Adelaide and Darwin

- 1H14 NPAT result comparison to 1H13 is impacted by NZD / AUD exchange rate
- Average NZD / AUD cross-rate during 1H14 0.8820
- Average NZD / AUD cross-rate during 1H13 0.7836
- Restating 1H14 at 0.7836 to remove the FX differential would have the following impact
 - 1H14 Reported EBITDA (+\$5.4m)
 - 1H14 Normalised EBITDA (+\$5.8m)
 - 1H14 Reported NPAT (+\$2.1m)
 - 1H14 Normalised NPAT (+\$2.4m)

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Disclaimer

- *All information included in this presentation is provided as at 12 February 2014.*
- *The presentation includes a number of forward-looking statements. Forward looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond SKYCITY's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative.*
- *This presentation has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SKYCITY.*

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Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10. For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant details on additional pages)

Full name of Issuer **SKYCITY Entertainment Group Limited**

Name of officer authorised to make this notice **Peter Treacy** Authority for event, e.g. Directors' resolution **Directors' resolution**

Contact phone number **(09) 363 6141** Contact fax number **(09)363 6140** Date **11 / 2 / 2014**

Nature of event
Tick as appropriate

Bonus Issue If ticked, state whether: Taxable / Non Taxable Conversion Interest Rights Issue Renounceable

Rights Issue non-renounceable Capital change Call Dividend If ticked, state whether: Interim Full Year Special DRP Applies

EXISTING securities affected by this *If more than one security is affected by the event, use a separate form.*

Description of the class of securities **Ordinary Shares** ISIN **NZSKCE0001S2**
If unknown, contact NZX

Details of securities issued pursuant to this event *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities _____ ISIN _____
If unknown, contact NZX

Number of Securities to be issued following event _____ Minimum Entitlement _____ Ratio, e.g. ① for ② _____ for _____

Conversion, Maturity, Call Payable or Exercise Date _____ Treatment of Fractions _____

Strike price per security for any issue in lieu or date Strike Price available. _____ Tick if *pari passu* OR provide an explanation of the ranking _____

Monies Associated with Event *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

In dollars and cents

Amount per security (does not include any excluded income)	\$0.1000	Source of Payment	Profit
Excluded income per security (only applicable to listed PIEs)	_____	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents \$0.000000
Currency	NZ Dollars	Date Payable	_____
Total monies	\$58,001,668		

Taxation *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price	\$ _____	Resident Withholding Tax	\$0.033000	Imputation Credits (Give details)	\$0.000000
		Foreign Withholding Tax	\$ _____	FWP Credits (Give details)	_____

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -* **21 March, 2014**

Application Date *Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.* **4 April, 2014**

Notice Date *Entitlement letters, call notices, conversion notices mailed* _____

Allotment Date *For the issue of new securities. Must be within 5 business days of application closing date.* _____

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:
Security Code:



SKYCITY Entertainment Group Limited
Interim Financial Report
for the six month period ended 31
December 2013

For and on behalf of the Board:



Chris Moller
Chairman



Bruce Carter
Chairman of the Audit and Financial Risk Committee

12 February 2014



Independent Accountants' Report

To the shareholders of SKYCITY Entertainment Group Limited

Report on the Interim Financial Statements

We have reviewed the interim condensed financial statements ("financial statements") of SKYCITY Entertainment Group Limited (the "Group") on pages 1 to 15, which comprise the balance sheet as at 31 December 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Interim Financial Statements

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 31 December 2013, and its financial performance and cash flows for the period ended on that date.

Accountants' Responsibility

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 31 December 2013 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with, or interests in, SKYCITY Entertainment Group Limited other than in our capacities as accountants conducting this review, tax and accounting advisors, and auditors. These services have not impaired our independence as accountants of the Group.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements which have been prepared in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting do not present fairly the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the period ended on that date.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an accountants' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our review procedures, for this report or for the opinions we have formed.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
12 February 2014

Auckland

SKYCITY Entertainment Group Limited
Consolidated income statement
For the six month period ended 31 December 2013

	Notes	Unaudited 6 months 31 December 2013 \$'000	Unaudited 6 months 31 December 2012 \$'000	Audited 12 months 30 June 2013 \$'000
Total receipts including GST	3	478,053	498,395	970,651
Less non-gaming GST	3	(13,546)	(13,704)	(26,148)
Gaming win plus non-gaming revenue	3	464,507	484,691	944,503
Less gaming GST	3	(41,648)	(42,852)	(84,954)
Revenue	3	422,859	441,839	859,549
 Revenue	3	422,859	441,839	859,549
Other income	4	652	401	1,022
Share of net profit of associate	7	-	2,245	2,245
Employee benefits expense		(139,287)	(143,163)	(281,281)
Other expenses	5	(57,619)	(61,010)	(119,447)
Direct consumables		(33,942)	(35,318)	(67,453)
Gaming taxes and levies		(29,420)	(31,473)	(61,573)
Marketing and communications		(15,431)	(18,288)	(34,796)
Directors' fees		(565)	(558)	(1,123)
Depreciation and amortisation expense	5	(39,157)	(38,473)	(76,784)
Restructuring costs	5	(3,643)	(1,849)	(3,235)
Gain on disposal of associate		934	59	59
Finance costs - net	6	(24,232)	(26,204)	(49,263)
Profit before income tax		81,149	88,208	167,920
Tax expense		(20,088)	(21,801)	(40,538)
Profit for the period		61,061	66,407	127,382
Attributable to:				
Profit attributable to shareholders of the company		61,061	66,314	127,289
Non controlling interest		-	93	93
		61,061	66,407	127,382
		Cents	Cents	Cents
Earnings per share for profit attributable to the shareholders of the company:				
Basic earnings per share (cents)		10.6	11.5	22.1
Diluted earnings per share (cents)		10.4	11.5	22.1

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

SKYCITY Entertainment Group Limited
Statement of comprehensive income
31 December 2013

	Unaudited 6 months 31 December 2013 \$'000	Unaudited 6 months 31 December 2012 \$'000	Audited 12 months 30 June 2013 \$'000
Profit for the period	61,061	66,407	127,382
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of overseas subsidiaries	11 (24,116)	(3,260)	(24,213)
Movement in cash flow hedges	11 (1,455)	1,033	10,878
Income tax relating to components of other comprehensive income	465	(316)	(3,118)
Other comprehensive (expenses)/income for the period	<u>(25,106)</u>	<u>(2,543)</u>	<u>(16,453)</u>
Total comprehensive income for the period	<u>35,955</u>	<u>63,864</u>	<u>110,929</u>
Total comprehensive income for the period is attributable to:			
Shareholders of the company	35,955	63,771	110,836
Non-controlling interest	-	93	93
	<u>35,955</u>	<u>63,864</u>	<u>110,929</u>

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

SKYCITY Entertainment Group Limited
Consolidated balance sheet
As at 31 December 2013

	Notes	Unaudited 31 December 2013 \$'000	Unaudited 31 December 2012 \$'000	Audited 30 June 2013 \$'000
ASSETS				
Current assets				
Cash and bank balances		68,038	88,556	51,131
Receivables and prepayments		20,575	29,889	20,398
Inventories		8,492	7,952	7,416
Tax prepayment		38,694	37,066	38,227
Derivative financial instruments	16	4,964	-	692
Total current assets		140,763	163,463	117,864
Non-current assets				
Tax prepayment		-	20,179	16,624
Property, plant and equipment		1,101,470	1,098,869	1,093,982
Intangible assets	18	364,558	407,459	389,639
Derivative financial instruments	16	21,203	14,457	33,910
Total non-current assets		1,487,231	1,540,964	1,534,155
Total assets		1,627,994	1,704,427	1,652,019
LIABILITIES				
Current liabilities				
Payables		103,701	113,318	105,399
Current tax liabilities		-	4,884	-
Derivative financial instruments	16	140	698	304
Total current liabilities		103,841	118,900	105,703
Non-current liabilities				
Interest bearing liabilities	8	554,496	575,214	558,806
Subordinated debt - capital notes	9	76,434	56,420	56,427
Deferred tax liabilities		77,273	84,076	87,603
Derivative financial instruments	16	25,424	47,339	30,589
Total non-current liabilities		733,627	763,049	733,425
Total liabilities		837,468	881,949	839,128
Net assets		790,526	822,478	812,891
EQUITY				
Share capital	10	728,537	728,362	729,395
Reserves	11(a)	(43,409)	(4,393)	(18,303)
Retained profits	11(b)	105,398	98,509	101,799
Total equity		790,526	822,478	812,891

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

SKYCITY Entertainment Group Limited
Consolidated statement of changes in equity
For the six month period ended 31 December 2013

Notes	Share capital \$'000	Hedging Reserves \$'000	Foreign Currency Translation Reserve \$'000	Retained profits \$'000	Non controlling interest \$'000	Total equity \$'000
Balance as at 1 July 2013	729,395	(5,595)	(12,708)	101,799	-	812,891
Total comprehensive income/(expense)	-	(990)	(24,116)	61,061	-	35,955
Dividends	-	-	-	(57,462)	-	(57,462)
Shares issued under dividend reinvestment plan	11,959	-	-	-	-	11,959
Share rights issued for employee services	821	-	-	-	-	821
Net purchase of treasury shares	(13,638)	-	-	-	-	(13,638)
Balance as at 31 December 2013	728,537	(6,585)	(36,824)	105,398	-	790,526
Balance as at 1 July 2012	727,598	(13,355)	11,505	81,690	1,704	809,142
Total comprehensive income/(expense)	-	717	(3,260)	66,314	93	63,864
Dividends	-	-	-	(46,171)	-	(46,171)
Net purchase of treasury shares	127	-	-	-	-	127
Share rights issued for employee services	637	-	-	-	-	637
Acquisition of non controlling interest	-	-	-	(3,324)	(1,676)	(5,000)
Repayment of non controlling interest	-	-	-	-	(121)	(121)
Balance as at 31 December 2012	728,362	(12,638)	8,245	98,509	-	822,478
Balance as at 1 July 2012	727,598	(13,355)	11,505	81,690	1,704	809,142
Total comprehensive income/(expense)	-	7,760	(24,213)	127,289	93	110,929
Dividends	-	-	-	(103,856)	-	(103,856)
Share rights issued for employee services	1,394	-	-	-	-	1,394
Repayment of non controlling interest	-	-	-	-	(121)	(121)
Acquisition of non controlling interest	-	-	-	(3,324)	(1,676)	(5,000)
Net purchase of treasury shares	403	-	-	-	-	403
Balance as at 30 June 2013	729,395	(5,595)	(12,708)	101,799	-	812,891

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

SKYCITY Entertainment Group Limited
Statement of cash flows
For the half year ended 31 December 2012

	Unaudited 6 months 31 December 2013 \$'000	Unaudited 6 months 31 December 2012 \$'000	Audited 12 months 30 June 2013 \$'000
Cash flows from operating activities			
Receipts from customers	423,616	434,357	861,559
Payments to suppliers and employees	<u>(257,297)</u>	<u>(256,136)</u>	<u>(515,501)</u>
	166,319	178,221	346,058
Dividends received	7	1,615	1,616
Interest received	-	69	69
Gaming taxes paid	(25,816)	(27,715)	(54,402)
Income taxes paid	<u>(13,796)</u>	<u>(15,892)</u>	<u>(36,394)</u>
Net cash inflow / (outflow) from operating activities	19 <u>126,714</u>	<u>136,298</u>	<u>256,947</u>
Cash flows from investing activities			
Purchase of/proceeds from property, plant and equipment	(57,320)	(72,088)	(111,785)
Payments for intangible assets	(7,720)	(3,393)	(11,489)
Non controlling interest share repurchase	-	(121)	(121)
Purchase of non controlling interest in Queenstown Casinos Limited	-	(5,000)	(5,000)
Loan repayment from Christchurch Hotels Limited during the period	-	527	527
Loan repayment from Christchurch Hotels Limited as part of the disposal	-	4,598	4,598
Proceeds from sale of Christchurch Casinos Limited	-	75,402	75,402
Net cash inflow / (outflow) from investing activities	<u>(65,040)</u>	<u>(75)</u>	<u>(47,868)</u>
Cash flows from financing activities			
Cash flows associated with derivatives	(223)	(1,358)	(3,695)
Repayment of borrowings	-	(16,000)	(43,000)
New borrowings	8/9 40,000	-	-
Net issue/(purchase) of treasury shares	(13,638)	127	403
Dividends paid to company shareholders	(45,503)	(46,171)	(103,856)
Interest paid	<u>(25,403)</u>	<u>(25,665)</u>	<u>(49,200)</u>
Net cash (outflows) from financing activities	<u>(44,767)</u>	<u>(89,067)</u>	<u>(199,348)</u>
Net (decrease)/increase in cash and bank balances	16,907	47,156	9,731
Cash and bank balances at the beginning of the period	<u>51,131</u>	<u>41,400</u>	<u>41,400</u>
Cash and cash equivalents at end of the half-year	<u>68,038</u>	<u>88,556</u>	<u>51,131</u>

The above cash flow statements should be read in conjunction with the accompanying notes.

1 General information

SKYCITY Entertainment Group Limited (SKYCITY or the company and its subsidiaries or the Group) operates in the gaming/entertainment, hotel and convention, hospitality, recreation, and tourism sectors. The Group has operations in New Zealand and Australia.

SKYCITY is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Federal House, 86 Federal Street, Auckland. The company is dual listed on the New Zealand and Australian stock exchanges.

SKYCITY is a company registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. These consolidated interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993.

These consolidated financial statements have been approved for issue by the board of directors on 12 February 2014.

2 Summary of significant accounting policies

These general purpose financial statements for the interim half year reporting period ended 31 December 2013 have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting.

The preparation of interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments (including derivative instruments). The Group is designated as a profit-oriented entity for financial reporting purposes.

The accounting policies that materially affect the measurement of the Income Statement, Balance Sheet and the Statement of Cash Flows have been applied on a basis consistent with those used in the audited financial statements for the year ended 30 June 2013 and the unaudited financial statements for the six months ended 31 December 2012.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013.

(a) Changes in accounting policies

There have been no significant changes in accounting policies during the current period. Accounting policies have been applied on a basis consistent with prior half year and annual financial statements.

During the period the Group adopted NZIFRS 13 *Fair Value Measurement*. As a result a limited number of disclosures have been added to these financial statements, there has been no material impact on the Income Statement or Balance Sheet.

3 Revenue

	6 months 31 December 2013 \$'000	6 months 31 December 2012 \$'000	12 months 30 June 2013 \$'000
Total receipts including GST	478,053	498,395	970,651
Less non-gaming GST	(13,546)	(13,704)	(26,148)
Gaming win plus non-gaming revenue	464,507	484,691	944,503
Less gaming GST	(41,648)	(42,852)	(84,954)
Total revenue	422,859	441,839	859,549
Gaming	323,205	339,367	666,684
Non-gaming	99,654	102,472	192,865
Total revenue	422,859	441,839	859,549

Included within gaming revenue is revenue relating to loyalty points of \$697,000 (31 December 2012: \$1,615,000, 30 June 2013: \$1,945,000).

Included within non-gaming revenue is revenue relating to loyalty points of \$265,000 (31 December 2012: \$55,000, 30 June 2013: \$931,000).

Gaming win represents the gross cash inflows associated with gaming activities. "Total receipts including GST" and "Gaming win plus non gaming revenue" do not represent revenue as defined by NZ IAS 18 "Revenue". The Group has decided to disclose these amounts as they give shareholders and interested parties a better appreciation for the scope of the Group's gaming activities and is consistent with industry practice adopted by casino operations in Australia.

4 Other income

	6 months 31 December 2013 \$'000	6 months 31 December 2012 \$'000	12 months 30 June 2013 \$'000
Net gain on disposal of property, plant and equipment	645	327	947
Interest income - Christchurch Hotels Limited	-	69	69
Dividend income	7	5	6
	652	401	1,022

5 Expenses

	6 months 31 December 2013 \$'000	6 months 31 December 2012 \$'000	12 months 30 June 2013 \$'000
Profit before income tax includes the following specific expenses:			
<i>Depreciation</i>			
Buildings	12,887	13,727	24,980
Plant and equipment	18,673	17,065	35,751
Furniture and fittings	4,026	3,920	8,001
Motor vehicles	206	200	417
Total depreciation	35,792	34,912	69,149
<i>Amortisation</i>			
Casino licence (Adelaide)	1,186	1,336	2,618
Software	2,179	2,225	5,017
Total amortisation	3,365	3,561	7,635
Total depreciation and amortisation	39,157	38,473	76,784

5 Expenses (continued)

	31 December 2013 \$'000	31 December 2012 \$'000	30 June 2013 \$'000
<i>Other expenses includes:</i>			
Utilities, insurance and rates	11,664	11,914	24,169
Community Trust donations	1,318	1,212	2,919
Minimum lease payments relating to operating leases	2,221	2,288	4,589
Other property expenses	7,346	8,184	15,760
Other items (including International commissions)	35,021	36,806	69,282
Provision for bad and doubtful debts	49	606	2,728
	<u>57,619</u>	<u>61,010</u>	<u>119,447</u>
<i>Restructuring costs:</i>			
Redundancy and other staff payments	704	1,040	1,566
Adelaide Redevelopment costs	1,350	-	-
Other restructuring costs	1,589	809	1,669
	<u>3,643</u>	<u>1,849</u>	<u>3,235</u>

6 Finance costs - net

	6 months 31 December 2013 \$'000	6 months 31 December 2012 \$'000	12 months 30 June 2013 \$'000
<i>Finance costs</i>			
Interest and finance charges	24,785	26,857	51,661
Exchange gains	192	288	249
Interest Income	(745)	(941)	(2,647)
Total finance costs	<u>24,232</u>	<u>26,204</u>	<u>49,263</u>

7 Significant Associates

The Group previously held a 50% interest in Christchurch Casinos Limited. This interest was sold effective 20 December 2012 for \$80,000,000 cash (including repayment of the loan to Christchurch Hotels Limited). As a result of this disposal a gain of \$59,000 has been recognised in the prior results.

8 Non-current liabilities - Interest bearing liabilities

	31 December 2013 \$'000	31 December 2012 \$'000	30 June 2013 \$'000
Unsecured			
US Private Placement (USPP)	352,881	352,843	369,142
Syndicated bank facility	203,398	223,817	191,275
Deferred funding expenses	(1,783)	(1,446)	(1,611)
Total unsecured non-current interest bearing borrowings	<u>554,496</u>	<u>575,214</u>	<u>558,806</u>

(a) United States Private Placement (USPP)

On 15 March 2005 SKYCITY borrowed NZ\$96,571,000, A\$74,900,000 and US\$274,500,000 with maturities between 2012 and 2020 from private investors (primarily US based) on an unsecured basis.

In July and August 2009, the Group repurchased USD115,500,000 of USPP debt. All repurchased debt was previously maturing in March 2012.

In March 2011, additional US\$175,000,000 of USPP debt was raised, US\$100,000,000 with 10 year maturity and US\$75,000,000 with 7 years.

The USPP fixed rate US dollar borrowings have been converted to New Zealand and Australian dollar floating rate borrowings by use of cross-currency interest rate swaps to eliminate foreign exchange exposure to the US dollar within the Income Statement. The off-setting value of the cross currency interest rate swaps is included within derivative financial instrument. Concurrent with the debt repurchase in 2009, all cross-currency interest rate swaps and interest rate swaps hedging the relevant debt were closed out.

The movement in the USPP from 30 June 2013 relates to foreign exchange movements.

(b) Syndicated bank facility

As at 31 December 2013, SKYCITY had in place a NZ\$485,000,000 revolving credit (31 December 2012: \$485,000,000; 30 June 2013: \$485,000,000) and A\$75,000,000 term facility (31 December 2012: A\$75,000,000; 30 June 2013: A\$75,000,000) on an unsecured, negative pledge basis in two tranches of NZ\$200,000,000 each maturing January 2015 and October 2018, and two tranches maturing March 2019 of \$85,000,000 and A\$75,000,000.

The funding syndicate is comprised of ANZ National Bank Limited, Bank of New Zealand Limited, Commonwealth Bank of Australia, New Zealand Branch and Westpac New Zealand Limited. As at 31 December 2013 the revolving credit bank facilities were drawn to \$122,000,000 (31 December 2012: \$129,000,000; 30 June 2013: \$102,000,000).

(c) Fair values

Fair value of long term fixed rate USPP debt is estimated at \$345 million compared to a carrying value of \$300 million. Fair value has been calculated based on the present value of future principal and interest cash flows, using market interest rates and credit margins at balance date. The carrying value of floating rate debt approximates its fair value.

9 Subordinated debt - Capital Notes

During the period the Group sold into the market \$20 million of capital notes that were previously held as treasury stock. The remaining \$74 million continue to be held as treasury stock.

The capital notes are listed on the NZX. As at 31 December 2013 the closing price was \$1.0260 per \$1 note. The capital notes are carried at amortised cost.

10 Share capital

	31 December 2013 Shares	31 December 2012 Shares	30 June 2013 Shares	31 December 2013 \$'000	31 December 2012 \$'000	30 June 2013 \$'000
Opening balance of ordinary shares issued	576,958,340	576,958,340	576,958,340	729,395	727,598	727,598
Share rights issued for employee services	-	-	-	821	637	1,394
Employee share entitlements issued	768,382	416,150	432,162	-	-	-
Treasury shares issued	(768,382)	(416,150)	(432,162)	-	-	-
Net issue/(purchase) of treasury shares	-	-	-	(13,638)	127	403
Shares issued under dividend reinvestment plan	3,058,336	-	-	11,959	-	-
	<u>580,016,676</u>	<u>576,958,340</u>	<u>576,958,340</u>	<u>728,537</u>	<u>728,362</u>	<u>729,395</u>

Included within the number of shares are treasury shares of 6,776,577 (31 December 2012: 4,080,292 and 30 June 2013: 4,085,151) held by the company. The movement in treasury shares during the period related to the purchase of shares by an external trustee as part of the executive long term incentive plan. Treasury shares may be used to issue shares under the company's employee incentive plan or upon the exercise of share rights/options.

11 Reserves and retained profits

	6 months 31 December 2013 \$'000	6 months 31 December 2012 \$'000	12 months 30 June 2013 \$'000
(a) Reserves			
Hedging reserve - cash flow hedges	(6,585)	(12,638)	(5,595)
Foreign currency translation reserve	(36,824)	8,245	(12,708)
	<u>(43,409)</u>	<u>(4,393)</u>	<u>(18,303)</u>
Hedging reserve - cash flow hedges			
Balance at the beginning of the period	(5,595)	(13,355)	(13,355)
Revaluation (note 16)	(12,468)	(17,753)	10,782
Transfer to net profit	11,013	18,786	96
Deferred tax	465	(316)	(3,118)
Balance at the end of the period	<u>(6,585)</u>	<u>(12,638)</u>	<u>(5,595)</u>
Foreign currency translation reserve			
Balance at the beginning of the period	(12,708)	11,505	11,505
Exchange differences on translation of overseas subsidiaries	(24,116)	(3,260)	(24,213)
Balance at the end of the period	<u>(36,824)</u>	<u>8,245</u>	<u>(12,708)</u>

(i) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

11 Reserves and retained profits (continued)

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

(b) Retained profit

Movements in retained profit were as follows:

	31 December 2013 \$'000	31 December 2012 \$'000	30 June 2013 \$'000
Balance at the beginning of the period	101,799	81,690	81,690
Profit attributable to shareholders of the company	61,061	66,314	127,289
Dividends	(57,462)	(46,171)	(103,856)
Acquisition of non controlling interest - refer note 12	-	(3,324)	(3,324)
Balance at the end of the period	<u>105,398</u>	<u>98,509</u>	<u>101,799</u>

12 Non controlling interest

	31 December 2013 \$'000	31 December 2012 \$'000	30 June 2013 \$'000
Balance at the beginning of the period	-	1,704	1,704
Share of surplus of subsidiaries	-	93	93
Repayment of non controlling interest	-	(121)	(121)
Acquisition of non controlling interest	-	(1,676)	(1,676)
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>

The non controlling interest related to the 40% of Queenstown Casinos Limited which was not previously owned by SKYCITY. Effective 20 December 2012 this interest was purchased by the group for \$5,000,000. The purchase consideration in excess of the carrying value of the non controlling interest being \$3,324,000 is recognised in retained profits.

13 Dividends

	31 December 2013 \$'000	31 December 2012 \$'000	30 June 2013 \$'000
Prior year's final dividend	57,462	46,171	46,171
Interim dividend	-	-	57,685
Total dividends provided for or paid	<u>57,462</u>	<u>46,171</u>	<u>103,856</u>

Subsequent to balance date the Board of Directors has resolved to pay a 100% franked, unimputed interim dividend of 10 cents per share.

Cents per share

Prior year's final dividend	10.00¢	8.00¢	8.00¢
Interim dividend	-	-	10.00¢

14 Contingencies

There are no significant contingent liabilities or assets (31 December 2012 and 30 June 2013: none).

15 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	31 December 2013 \$'000	31 December 2012 \$'000	30 June 2013 \$'000
Property, plant and equipment	19,382	16,548	15,805

(b) Operating lease commitments

	31 December 2013 \$'000	31 December 2012 \$'000	30 June 2013 \$'000
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Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	6,436	7,726	7,191
Later than one year but not later than five years	13,850	19,142	16,216
Later than five years	296,396	321,466	310,051
	316,682	348,334	333,458

16 Fair value disclosures

The Group carries derivatives at fair value, all other financial instruments are carried at amortised cost.

(a) Interest bearing debt and capital notes

The 31 December 2013 fair value of the interest bearing debt and capital notes is detailed in notes 8 and 9 respectively.

(b) Derivatives

All derivatives are fair valued using inputs other than quoted prices that are observable (level 2).

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield and credit default swap curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analyses, are used to determine fair value for the remaining financial instruments.

17 Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer/Managing Director that are used to make strategic decisions.

The Group is organised into the following main operating segments:

SKYCITY Auckland

SKYCITY Auckland includes casino operations, hotels and convention, food and beverage, carparking, Sky Tower, and a number of other related activities.

Rest of New Zealand

Rest of New Zealand includes the Group's interest in SKYCITY Hamilton, SKYCITY Queenstown Casino, SKYCITY Wharf and Christchurch Casino (sold December 2012).

SKYCITY Adelaide

SKYCITY Adelaide includes casino operations and food and beverage.

SKYCITY Darwin

SKYCITY Darwin includes casino operations, food and beverage and hotel.

International Business

International Business includes commission and complimentary play. The international business segment is made up of customers sourced mainly from Asia, and the rest of the world. The revenue is generated at all of SKYCITY's locations.

Corporate / Group

Head office functions including legal and regulatory, group finance, human resources and information technology, the Chief Executive's office and directors.

SKYCITY Entertainment Group Limited
Notes to the financial statements
31 December 2013
(continued)

17 Segment information (continued)

Half year ended 31 December 2013	SKYCITY Auckland \$'000	Rest of New Zealand \$'000	SKYCITY Adelaide \$'000	SKYCITY Darwin \$'000	International Business \$'000	Corporate / Group \$'000	Total \$'000
Revenue from external customers and other revenue	213,498	27,539	79,832	73,719	28,923	-	423,511
Share of net profits of associate and gain on disposal	-	934	-	-	-	-	934
Less							
Expenses	(110,124)	(17,499)	(60,544)	(49,467)	(25,319)	(16,954)	(279,907)
Depreciation and amortisation	(22,169)	(2,536)	(5,007)	(6,940)	-	(2,505)	(39,157)
Segment profit/(loss) (Earnings before Interest and Tax)	<u>81,205</u>	<u>8,438</u>	<u>14,281</u>	<u>17,312</u>	<u>3,604</u>	<u>(19,459)</u>	<u>105,381</u>
Finance costs - net							(24,232)
Profit before income tax							<u>81,149</u>
Half year ended 31 December 2012	SKYCITY Auckland \$'000	Rest of New Zealand \$'000	SKYCITY Adelaide \$'000	SKYCITY Darwin \$'000	International Business \$'000	Corporate / Group \$'000	Total \$'000
Revenue from external customers and other revenue	213,077	28,691	91,601	81,464	27,407	-	442,240
Share of net profits of associate	-	2,304	-	-	-	-	2,304
Less							
Expenses	(111,885)	(16,449)	(67,578)	(53,802)	(26,566)	(15,379)	(291,659)
Depreciation and amortisation	(21,125)	(2,488)	(5,450)	(6,746)	-	(2,664)	(38,473)
Segment profit/(loss) (Earnings before Interest and Tax)	<u>80,067</u>	<u>12,058</u>	<u>18,573</u>	<u>20,916</u>	<u>841</u>	<u>(18,043)</u>	<u>114,412</u>
Finance costs - net							(26,204)
Profit before income tax							<u>88,208</u>
Year end ended 30 June 2013	SKYCITY Auckland \$'000	Rest of New Zealand \$'000	SKYCITY Adelaide \$'000	SKYCITY Darwin \$'000	International Business \$'000	Corporate / Group \$'000	Total \$'000
Revenue from external customers and other revenue	418,011	54,052	173,687	147,106	67,715	-	860,571
Share of net profits of associate	-	2,304	-	-	-	-	2,304
Less							
Expenses	(221,202)	(31,605)	(129,691)	(100,344)	(55,818)	(30,248)	(568,908)
Depreciation and amortisation	(41,179)	(4,883)	(11,422)	(13,704)	-	(5,596)	(76,784)
Segment profit/(loss) (Earnings before Interest and Tax)	<u>155,630</u>	<u>19,868</u>	<u>32,574</u>	<u>33,058</u>	<u>11,897</u>	<u>(35,844)</u>	<u>217,183</u>
Finance costs							(49,263)
Profit before income tax							<u>167,920</u>

18 Acquisition of subsidiary

During the period the Group purchased Otago Casinos Limited (The Wharf) for \$4.3 million. After the completion of the fair value acquisition accounting, a casino licence of \$4.5 million has been recognised as an intangible asset.

19 Events occurring after the balance date

Dividend

On 12 February 2014, the directors resolved to provide for an interim dividend to be paid in respect of the six months ended 31 December 2013. The 100% franked, unimputed dividend of 10 cents per share will be paid on 4 April 2014 to all shareholders on the company's register at the close of business on 21 March 2014.

20 Reconciliation of profit after income tax to net cash inflow from operating activities

	6 months 31 December 2013 \$'000	6 months 31 December 2012 \$'000	12 months 30 June 2013 \$'000
Profit for the period	61,061	66,314	127,289
Non controlling interest	-	93	93
Depreciation and amortisation	39,157	38,473	76,784
Finance costs net	24,232	26,204	49,263
Current period employee share expense	821	637	1,394
Net (gain) on sale of associates	(934)	(59)	(59)
Gain on sale of property, plant and equipment	(645)	(327)	(947)
Share of profit of associate not received as dividends	-	(635)	(635)
Change in operating assets and liabilities			
Decrease/(increase) in receivables and prepayments	757	(2,357)	7,135
(Increase)/decrease in inventories	(1,076)	(1,076)	(540)
(Decrease)/increase in payables and accruals	(1,698)	6,132	(1,787)
(Decrease)/increase in deferred tax liability	(10,330)	(495)	3,032
Decrease/(increase) in net tax receivable	16,157	6,720	4,230
Capital items included in working capital movements	(788)	(3,326)	(8,305)
Net cash inflow from operating activities	126,714	136,298	256,947

12 February 2014

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Dear Sir/Madam

**Re: SKYCITY Entertainment Group Limited (SKC)
Listing Rule 4.2A.2A - Details of Directors and Directors' Declaration in
Respect of the Half Year Financial Statements and Notes**

This announcement is made pursuant to ASX Listing Rule 4.2A.2 and relates to, and should be read in conjunction with, the company's announcement of its result for the six months to 31 December 2013 dated 12 February 2014.


The directors of SKYCITY Entertainment Group Limited, at any time during or since the end of the half year ended 31 December 2013, were:

Mr Chris Moller	Chairman
Mr Bruce Carter	Deputy Chairman
Mr Nigel Morrison	Managing Director
Mr Peter Cullinane	Director
Mr Richard Didsbury	Director
Mr Brent Harman	Director
Mr Rod McGeoch	Director
Ms Sue Suckling	Director

Each of Mr Morrison, Mr Carter and Mr Moller retired from the board by rotation at the company's 2013 Annual Meeting on 18 October 2013, but were all elected or re-elected (as applicable) by shareholders at that Annual Meeting.

Attached is a declaration on behalf of the directors of the company in respect of the company's half year financial statements and notes for the six months to 31 December 2013.

Yours faithfully



P A Treacy
General Counsel & Company Secretary

SKYCITY ENTERTAINMENT GROUP LIMITED
("Company")

Directors' Declaration in respect of the Group Financial Statements
for the half year ended 31 December 2013

Introduction

It is a requirement of the Australian Stock Exchange Listing Rules that a declaration be given by the directors of the Company in respect of the financial statements for the Company and its subsidiaries and associates ("**SKYCITY**") for the half year ended 31 December 2013. This declaration must be filed with the Australian Stock Exchange.


Declaration

The directors of the Company hereby declare that, in the directors' opinion:

- the SKYCITY financial statements for the half year ended 31 December 2013 and the notes to those financial statements comply with the accounting standards issued by the External Reporting Board of New Zealand;
- the SKYCITY financial statements for the half year ended 31 December 2013 and the notes to those financial statements give a true and fair view of the financial position and performance of the Company; and
- 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 is made in accordance with a resolution of the directors dated 12 February 2014 and is signed for and on behalf of the board of directors by the board chairman.

Signed



C J D Moller
Chairman

12 February 2014

MEDIA RELEASE

12 February 2014

**SKYCITY Entertainment Group Limited Announces FY14 Interim Results -
in line with previous earnings guidance**

HIGHLIGHTS

- Normalised Net Profit After Tax for 1H14 of \$66.4 million, in line with previously announced guidance "*in the range of \$65 million to \$68 million*"
- Flagship Auckland property showing EBITDA growth with good cost control and a return to growth in EGMs revenue
- The transformation of SKYCITY Adelaide is underway – on time and on budget. New gaming regulations to take effect from 14 February
- South Australian Government announced yesterday the development of a 1,400 space car park for Adelaide Festival Plaza, of which SKYCITY will exclusively lease 1,000 spaces
- Discussions are progressing with the New Zealand Government and other stakeholders on the concept design of the NZICC lodged on 13 January 2014
- January current trading is encouraging, with momentum and growth across all businesses. Normalised Revenue growth of 5.4% in January at actual currency
- Interim dividend of 10 cents per share – consistent with 1H13

SKYCITY Entertainment Group Limited (SKC) today released interim results for the six months to 31 December 2013 (1H14) in line with guidance issued in December 2013.

Normalised Net Profit After Tax (NPAT) for 1H14 was \$66.4 million compared with \$72.1 million in 1H13. Normalised revenue (including Gaming GST) was \$467 million – down \$26.4 million from \$493.4 million for the corresponding period in FY13.

The NPAT result was adversely impacted by \$2.4 million due to the strong NZD that reduced the company's Australian results by 12.5% when converted back into NZD (the average rate in 1H14 was 0.882 compared to 0.784 in 1H13).

Other significant factors that negatively impacted the 1H14 NPAT result included lower turnover during 2Q14 in International Business due to the timing of visits of a number of large players from Asia (\$2.0 million), a softer 1H14 performance in Hamilton (\$1.6 million), disruption to Adelaide's main casino due to refurbishment (\$0.7 million), and flat performance in Darwin's core gaming business (\$0.7 million).

1H14 Reported NPAT of \$61.1 million is \$5.2 million lower than 1H13. This is largely due to the currency impact and the loss of \$2.3 million earnings following the disposal of SKYCITY's 50% share in Christchurch Casino for \$80 million in December 2012.

SKYCITY Chief Executive Nigel Morrison said that while 1H14 had been a challenging period due to the high NZD and continued soft consumer spending on both sides of the Tasman, solid progress had been made in establishing the platform for growth and the outlook for 2H14 is encouraging.

"1H14 has seen SKYCITY make significant progress in securing future growth and certainty with the conclusion of agreements with the New Zealand and South Australian governments on regulatory and taxation concessions. We are now actively working to gain the benefit of these concessions as soon as possible.

"We also entered the ASX 200 for the first time in December 2013," Mr Morrison says.

Trading Update and Outlook

Trading in January 2014 was pleasing, with revenues above prior year in all businesses. Normalised revenue (constant currency) in January 2014 was 11.9% above prior year and even including the impact of the strong NZ\$, actual normalised revenue is up 5.4% on January 2013.

International Business performed well in January, with Last Twelve Months (LTM) Turnover reaching \$5.7 billion (up from \$5.4 billion at December 2013).

Auckland had a relatively soft month in the prior year, however benefitted from good table games growth and conventions revenues in January 2014, albeit slots was flat.

Adelaide experienced ongoing disruption in the local gaming business, as works on the gaming enhancements continued. IB was the primary driver of January's revenue growth. The new Baccarat Pavilion has performed well since opening on 31 January.

Queenstown benefitted from additional IB visitation in January, whilst Darwin and Hamilton were relatively flat.

February 2014 has also started well, compared to prior year. In particular, Asian visitation was strong over Chinese New Year and IB LTM Turnover reached \$6.0 billion (although CNY is two weeks earlier this year).

Whilst the macro economic environment in Australia remains challenging, there are positive factors that management believe will deliver growth in Adelaide and Darwin in 2H14. The New Zealand macro environment is more buoyant with good momentum. As such, earnings growth is forecast across all SKYCITY businesses in 2H14.

Further guidance in relation to the FY14 result will be provided later in 2H14.

New Zealand

While **Auckland** revenues fell 2.2% to \$258.0 million in 1H14, it is pleasing to see EBITDA margins improved throughout the period following cost reduction initiatives across the business. The trend in revenues and EBITDA improved through 2Q14 and this has firmed further in 3Q14 trading.

A new high-end VIP EGMs Room, 'Black' was opened in December 2013 and has been well-received. The new Baccarat room situated in a mezzanine level looking across the main gaming floor is also proving to be popular with our Asian patrons.

SKYCITY's vibrant Federal Street dining precinct continues to go from strength to strength with new signature restaurants Masu, The Sugar Club, and the Federal Deli opening in 1H14 to wide acclaim and success. Sean Connelly's new bar and Italian restaurant, Gusto at The Grand, is scheduled to open in the Grand Hotel lobby later this month.

The \$10 million redevelopment of Federal Street into a pedestrian friendly zone began in 1H14, with Auckland Council contributing \$4.5 million towards costs. Work is due for completion in June 2014. This work, along with the continuing refurbishment of the Grand Hotel rooms, and the development of Gusto at The Grand, caused some minor disruption to Auckland's non-gaming revenues in 1H14.

SKYCITY Auckland Hotel has been named New Zealand's top accommodation in the 2014 TradeMe Travelbug awards, ranking highest in popularity and guest reviews. This follows the Grand Hotel being named New Zealand's Leading Business Hotel in the World Travel Awards in Dubai in October 2013.

Following the passing of enabling legislation for the **New Zealand International Convention Centre** Agreement in November 2013, SKYCITY is working on the designs for the New Zealand International Convention Centre (NZICC) and engaging proactively with the Government and other significant stakeholders. The Concept Design was delivered on schedule to the Government on 13 January.

A team of highly experienced architectural advisers is working with SKYCITY on the NZICC, including Warren & Mahoney, Woods Bagot and Moller Architects. This is covered in a separate press release, announced today.

Hamilton's 1H14 results are softer than 1H13, which benefited from a strong table games performance. Measures have been taken to address this for 2H14, including a number of improvements to the main gaming floor. Encouragingly, the 3Q14 revenues suggest that these improvements are starting to take effect.

The management integration of SKYCITY's second casino in **Queenstown** (the Wharf) is now complete, with both casinos being refurbished in 1H14. International Business growth has improved following the opening of the first Horizon IB Salon.

Australia

Adelaide showed resilience in 1H14, performing relatively well despite challenging local economic conditions, train line closures and significant refurbishments to the main casino which all impacted performance.

The Adelaide Riverbank precinct is undergoing a major transformation, which was positively received by the many thousands of visitors during the December Ashes Test at the redeveloped Adelaide Oval.

In line with previous guidance, the redevelopment of SKYCITY Adelaide is on time and on budget. From 14th February 2014, the new regulatory benefits will apply:

- all necessary regulatory approvals and testing will be complete / received for the proposed new gaming systems, equipment and technologies
- all remaining conditions precedent will be satisfied and the revised approved Licensing Agreement (ALA) / Casino Duty Agreement (CDA) will commence
- new Premium Gaming and Automated Table Games (ATG) tax rates commence
- new ATG product can be deployed (effectively new product for South Australia)
- voluntary pre-commitment system and automated risk monitoring introduced – further enhancing Adelaide Casino's already industry leading host responsibility practices.

Following the conclusion of the agreements with the South Australian Government, the first stages of new Casino development works are complete, with further enhancements ongoing throughout the balance of 2014. These completed works have included:

- an exciting new table games area focussing on Baccarat and featuring an iconic Asian style Pavilion as its centrepiece. This area opened on 31 January in time for Chinese New Year
- a new Platinum EGM room for premium gaming machine customers, which will open on 14 February, to coincide with the commencement of the new regulatory and taxation framework. This room will include 150 EGMs enabled with ticket-in ticket-out (TITO), unlimited maximum bet and jackpots, and will feature new gaming machine product available exclusively at Adelaide Casino, and for the first time in South Australia.

Two further stages of work are being undertaken through the course of 2014, including additional new Premium Gaming areas, upgrading MGF areas and delivering new restaurant and bar concepts.

The Premier of South Australia yesterday announced the development of a 1,400 space car park and civic plaza redevelopment on the Government-owned Adelaide Festival Plaza site, adjacent to SKYCITY Adelaide Casino premises. The Government will agree terms with SKYCITY to lease 1,000 spaces for SKYCITY's exclusive use, to support the \$350 million casino and hotel redevelopment.

In **Darwin**, local and IB gaming revenues have been somewhat disappointing and there is some cost pressure in the Darwin market, which has resulted in softer EBITDA margin in 1H14. However, the business has shown good non-gaming revenue growth with high hotel occupancy and strong demand for the new Lagoon Resort. The redevelopment of the resort has been well received and it was awarded "Best Redeveloped Hotel Accommodation" at the Australian Hotels Association Awards for Excellence, in October 2013.

In January 2014, SKYCITY Darwin received approval to introduce ticket-in ticket-out (TITO) on all SKYCITY Darwin EGMs. This will be implemented across the property throughout 2H14 and should start to have a positive impact on results from 4Q14.

International Business

International Business experienced a good first quarter, with turnover up 30%. However, volumes softened in the second quarter and overall IB turnover for 2H14 is 8% down on a constant currency basis for 1H14 (12% down at actual currency).

This is mostly attributed to timing of visits from a small number of large players. These players are scheduled to visit in 2H14 and based on a strong start to 2H14, supported by an expanded sales team across Asia, SKYCITY remains confident that IB turnover will exceed \$6 billion for FY14 (compared to \$5.7 billion in FY13).

Continued focus on Corporate Social Responsibility

Our focus on responsible operations and our CSR programme remains at the forefront of the business. We are proud of our world-leading host responsibility programme and continue to look for ways to improve in this area. Our aim is to exceed the requirements of the regulator while also balancing our customers' personal freedom and personal responsibility.

We also continue to play a key role in the community, and we are currently in the process of allocating funding through our community trusts. Our focus for this activity is to support organisations and programmes that make a difference to family/whanau, social health and wellbeing.

Note to editors: All numbers in this media release are unaudited

Further information on adjustments between reported and normalised information is available in SKYCITY's investor pack at <http://www.skycityentertainmentgroup.com/>

For more information please contact:

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Reconciliation between reported and normalised financial information

	1H14				1H13			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Reported	465.1	143.6	104.4	61.1	487.3	152.8	114.4	66.3
Restructuring costs		0.7	0.7	0.5		1.1	1.1	0.7
One-off costs for launching new business		0.5	0.5	0.4		0.4	0.4	0.3
Costs from Adelaide Redevelopment		1.4	1.4	1.0				
Interest on purchased NZICC land bank				1.1				1.0
Profit from sale of Christchurch				(1.0)				(0.1)
Other Adjustments		1.0	2.0	1.4		0.4	0.4	0.3
Total Adjustments	-	3.6	4.6	3.4		1.9	1.9	2.2
Adjusted	465.1	147.2	109.0	64.5	487.3	154.7	116.3	68.5
Provision for IB Debtors	-	-	-	-	-	0.3	0.3	0.2
International Business at Theoretical	1.9	2.6	2.6	1.9	8.4	7.7	7.7	5.7
Normalised incl Chch	467.0	149.8	111.6	66.4	495.7	162.7	124.3	74.4
Results from Christchurch Casino	-	-	-	-	(2.3)	(2.3)	(2.3)	(2.3)
Normalised	467.0	149.8	111.6	66.4	493.4	160.4	122.0	72.1

Key adjustments are:

- restructuring costs – costs associated with changing the staffing structures designed to create future efficiencies
- one-off costs for launching new business – costs associated with the opening of new Auckland restaurants and VIP Gaming Machines 'Black' room
- costs arising as a result of the Adelaide redevelopment, predominantly the launch and marketing of a new 'Premium' gaming offering
- interest on purchase of New Zealand International Convention Centre (NZICC) land bank – calculated using the Group's average cost of debt of 6.94% on an average balance of \$45m
- profit from sale of Christchurch Casino, sold in December 2012
- other adjustments includes one-off costs associated with the acquisition of The Wharf, demolition costs not able to be capitalised and other miscellaneous items

IB win rate at 1.28% for 1H14. As the actual win rate was close to the theoretical rate of 1.35%, the adjustment to revenue was minor (\$1.9m).

The adjustment to normalised expenses is largely as a result of:

- for a number of players, the IB win rate was well in excess of the theoretical 1.35% and for these players that lost significantly and therefore earned less commission, we paid a higher level of complementary expenses
- other minor items

Normalisation adjustments have been calculated in a consistent manner in 1H14 and 1H13.