

SKYCITY ENTERTAINMENT GROUP LIMITED

# INTERIM FINANCIAL REPORT

FOR THE SIX-MONTH PERIOD  
ENDED 31 DECEMBER 2014

## 2015



[www.skycityentertainmentgroup.com](http://www.skycityentertainmentgroup.com)



# TABLE OF CONTENTS

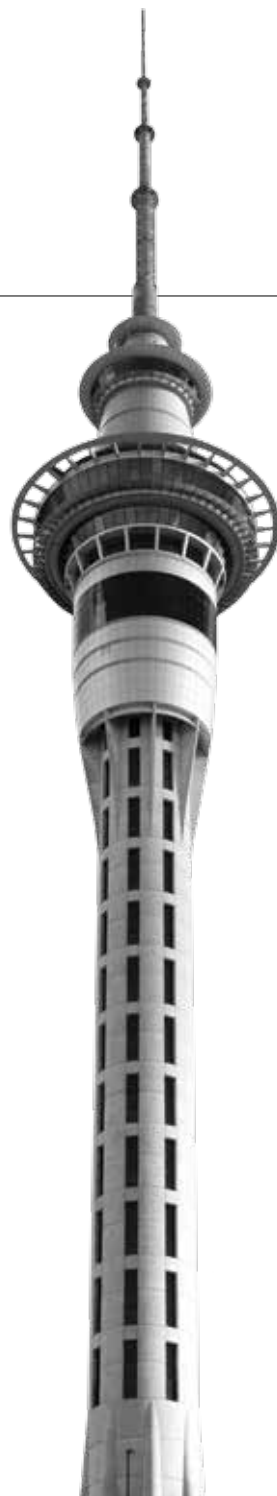
INTERIM REPORT SECTIONS	Page number
Highlights	2
Chief Executive's Review	4
Financial Statements	9
Reconciliation	27
Directory	28

*This report is dated 10 March 2015.  
Unless otherwise stated, all dollar amounts in this report are expressed in New Zealand dollars*



*A copy of the FY15 interim result presentation can be found in the Investor Centre  
on our company website at [www.skycityentertainmentgroup.com](http://www.skycityentertainmentgroup.com)*

- ▶ Normalised NPAT for 1H15 of \$66.6M in line with expectations
- ▶ Interim dividend of 10 cents per share - consistent with 1H14
- ▶ Continued strong growth in Auckland across all business segments, with normalised revenue up 17.2% and normalised EBITDA up 15.0%
- ▶ Strong growth in group-wide International Business with turnover and normalised revenues up 83.6% and normalised EBITDA up 133.9%
- ▶ Significant progress on the development of the New Zealand International Convention Centre (NZICC) project
- ▶ Redevelopment of existing Adelaide Casino now complete, but as foreshadowed performance significantly impacted by disruption
- ▶ Momentum of 1H15 continues into January 2015, with group normalised revenues up 23.2% and International Business actual win rate back above theoretical



	1H15 \$'M	1H14 \$'M	Movement \$'M	Movement %
<b>Reported</b>				
Group Revenue	<b>495.5</b>	465.1	<b>30.4</b>	6.5%
EBITDA	<b>140.8</b>	143.6	<b>(2.8)</b>	(1.9%)
NPAT	<b>54.6</b>	61.1	<b>(6.5)</b>	(10.6%)
<b>Normalised</b>				
Group Revenue	<b>510.0</b>	467.0	<b>43.0</b>	9.2%
EBITDA	<b>154.4</b>	149.8	<b>4.6</b>	3.1%
NPAT	<b>66.6</b>	66.4	<b>0.2</b>	0.3%

*On pages 2 to 8, revenues refer to gaming win (GST inclusive to facilitate Australasian comparisons) plus non-gaming revenue  
The difference between normalised and reported can be seen on page 27*

**For illustrative purposes only, converting normalised results in Australian dollars using the 31 December 2014 rate of 0.9569 for 1H15 and the 31 December 2013 rate of 0.9214 for 1H14 as outlined below:**

	1H15 A\$'M	1H14 A\$'M	Movement A\$'M	Movement %
<b>Normalised - Australian dollars</b>				
Group Revenue	<b>488.0</b>	430.3	<b>57.7</b>	13.4%
EBITDA	<b>147.7</b>	138.0	<b>9.7</b>	7.0%
NPAT	<b>63.7</b>	61.2	<b>2.5</b>	4.0%

# CHIEF EXECUTIVE'S REVIEW



**NIGEL MORRISON** /  
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

## DEAR SHAREHOLDER

I am pleased to be able to report to you that SKYCITY Entertainment Group has achieved strong momentum across our core business in 1H15, with strong growth in Auckland and International Business in particular.

This reflects the investment we have made in these businesses over the past few years, and it is exciting to see the returns now being achieved. Pleasingly, we have also returned Hamilton to growth and continued to achieve EBITDA growth in Darwin, despite the challenging local market in the Northern Territory.

Auckland continued to build on the momentum of 2H14 and delivered strong growth across gaming and non-gaming businesses. The ongoing success of our widely-lauded restaurants on Federal Street, high average occupancies in our SKYCITY Hotel and Grand Hotel and significant growth in Sky Tower visitation and Convention Centre bookings have contributed to Auckland's strong results.

As was foreshadowed at our Annual Meeting in October 2014, the disruption to trading from the redevelopment of the Adelaide Casino over this period has been significant, with normalised Adelaide EBITDA down 27.4%. As a result, EBITDA growth across the Group has been curtailed over this period. The A\$50 million redevelopment of the Adelaide Casino was finally completed in January 2015 with the opening of the Madame Hanoi restaurant, and Adelaide management are now firmly focused on returning the property to growth.

## RESULTS HIGHLIGHTS

- Normalised revenue up 9.2% to \$510.0 million, normalised EBITDA up 3.1% to \$154.4 million and normalised NPAT up 0.3% to \$66.6 million
- Continued strong growth in Auckland across all business segments, with normalised revenue up 17.2% and normalised EBITDA up 15.0%

- Strong growth in group-wide International Business with turnover and normalised revenues up 83.6% and normalised EBITDA up 133.9%
- Return to revenue and EBITDA growth in Hamilton
- Redevelopment of existing Adelaide Casino now complete, but as foreshadowed performance significantly impacted by disruption
- EBITDA growth achieved in Darwin despite challenging local market
- Momentum of 1H15 continues into January 2015, with group normalised revenues up 23.2% for the month and International Business actual year to date win rate back above theoretical
- Interim dividend maintained at 10 cents per share

## SKYCITY AUCKLAND

SKYCITY Auckland was the standout performer of the Group, with normalised revenues rising 17.2% to \$302.5 million and normalised EBITDA up 15.0% to \$124.3 million over the period. This significant growth builds on the positive momentum exhibited during 2H14, and means that Auckland has now delivered four consecutive quarters of EBITDA growth.

Revenue and EBITDA growth was achieved across all business activities. Notable improvements were achieved in the gaming business, driven by the continued appeal of the VIP rooms, including the new Baccarat and BLACK rooms, loyalty programmes and marketing initiatives.

In addition, the revitalised Federal Street precinct, with our range of signature restaurants and both SKYCITY Auckland hotels, continues to be hugely popular and reflects the benefits of being able to offer world-class integrated casino and entertainment offerings to local and international customers alike.

It is pleasing to see our Auckland business now delivering the expected returns on the significant investment we have made in the facilities in Auckland over the past few years.

The strong growth in Auckland is a direct result of the value-adding investments made over the last four years, the strong management team and positive external factors, which remain supportive of our underlying business.

Auckland continues to be an economic powerhouse, with the city recently achieving an annualised figure of two million visitors for the first time. Auckland is also benefitting from a substantial increase in major events such as the ASB Classic, Heineken Open, Auckland NRL Nines, Cricket World Cup, FIFA Under-20 World Cup and large music concerts. These appeal to both local residents and tourists and are hugely beneficial for the local economy and local businesses.

#### SKYCITY HAMILTON

SKYCITY Hamilton returned to revenue and EBITDA growth in the interim period, with a strong second quarter. Normalised revenue was up 1.2% to \$25.2 million for the half and normalised EBITDA up 6.5% to \$9.8 million.

The improved performance achieved at SKYCITY's Hamilton property was underpinned by 6.3% growth in gaming machine revenues, and also benefitted from a revitalised marketing and loyalty programme, the success of new VIP gaming spaces and a strong focus on cost management.

SKYCITY Hamilton is well placed to benefit from the Hamilton City Council's River Plan Project, given the property's ideal location and proximity to this planned tourism infrastructure investment.

A new management team is now in place, led by Michelle Baillie (General Manager) following her promotion from SKYCITY Queenstown. Hamilton is now being overseen by John Mortensen, who has been promoted to Chief Operating Officer - New Zealand, effective 1 January 2015.

#### SKYCITY QUEENSTOWN

The combined performance of SKYCITY Queenstown and SKYCITY Wharf was disappointing. Normalised revenues were down

1.5% to \$6.6 million and normalised EBITDA was down \$0.5 million to \$0.5 million.

The focus for Queenstown moving forward remains on growing International Business in this world-renowned tourist location. Unfortunately neither of our current properties there (both leasehold), will allow us to realise the full potential of the opportunity in Queenstown.

#### SKYCITY ADELAIDE

The Adelaide Casino was significantly impacted by the disruption of the redevelopment works. There is also no doubt the South Australian economy and short term economic outlook is extremely challenging. Normalised revenue increased 4.7% to A\$87.3 million but normalised EBITDA (before branding project costs) declined 27.4% to A\$13.5 million.

The decline in EBITDA margins was primarily due to reduced visitation during the extensive disruption, higher costs associated with the launch of new gaming and food and beverage facilities, increased marketing spend during the redevelopment phase, and relatively high fixed labour costs over the period.

The A\$50 million redevelopment of the existing Adelaide Casino has now been completed and the disruption came to an end on 22 January 2015. The revitalised property now offers a significantly improved main gaming floor experience, a range of premium gaming experiences, and two signature restaurants – Sean Connolly's Sean's Kitchen and Madame Hanoi, with Nic Watt. The outstanding new premium and VIP gaming facilities will enable the property to compete with its regional peers for the first time.

With the physical works to the existing facility at Adelaide now complete, the new Adelaide Casino management team, led by Aaron Morrison, is now firmly focused on returning the property to sustainable revenue and EBITDA growth.

We remain committed to transforming the Adelaide Casino into a world-class integrated casino and entertainment destination. We continue to develop plans for the broader expansion of the Adelaide Casino and look forward, as an essential first step, to concluding an agreement with Walker Corporation, in the very near term, on the lease of up to 750 car parks in the adjacent Festival Plaza 1,500 car park development.

#### SKYCITY DARWIN

SKYCITY Darwin achieved EBITDA growth over the interim period despite modest revenue growth, Australian economic headwinds and a challenging local market. Normalised revenue was marginally up to A\$73.1 million and normalised EBITDA increased 2.9% to A\$21.6 million.

The performance was primarily driven by robust growth in local table games, good growth in International Business turnover and a strong focus on cost and subsidy management.

While SKYCITY Darwin is facing increased competition from the local pubs and clubs due to recent regulatory changes, the outlook for the property remains positive. SKYCITY Darwin is an increasingly attractive destination for Asian VIP customers and further investments are also being made in the new 'Aces' Sports Bar, the soft refurbishment of the main gaming floor and the redevelopment of the Sunset Restaurant.

Under SKYCITY Darwin's Casino Operator Agreement (COA), the NT Government will review gaming tax rates toward the end of FY15. This process must be completed by 31 August 2015. The COA outlines factors that the Minister must consider in his tax review, including the GST rate and the average tax rates for similar casinos in Australia.

#### INTERNATIONAL BUSINESS

SKYCITY's International Business delivered record activity during the interim period, with turnover and normalised revenues across all properties nearly

doubling to \$4.7 billion and \$63.8 million respectively and normalised EBITDA up 133.9% to \$14.5 million.

Growth in International Business turnover was underpinned by the success of an expanded sales and marketing team, increased recognition of the Group's Horizon brand and offering, higher table differential levels introduced in FY14, a strong focus on direct relationships with the Group's VIP customers and continued growth in the number of Asian VIP customers visiting New Zealand.

SKYCITY is really starting to see the benefits of its investment in the Horizon product across the Group. There is potential for further significant growth in the International Business and hence SKYCITY will continue to invest prudently to provide better VIP customer experiences and also achieve attractive returns.

The average actual win for the interim period was 1.04% versus the theoretical win rate of 1.35%. However, pleasingly a strong performance from the International Business in January has resulted in the average year-to-date win rate increasing back above theoretical to 1.50% as at 31 January 2015.

#### NEW ZEALAND INTERNATIONAL CONVENTION CENTRE

Having now received confirmation from the New Zealand Government that it is not prepared to make any contribution to the funding of the project, the estimated cost of which is currently significantly over SKYCITY's contractual commitment of \$402 million, SKYCITY has agreed to review the design of the NZICC.

The revised expected total project cost, which SKYCITY will be responsible for, will be more in the vicinity of SKYCITY's \$402 million, commitment, as set out in the original NZICC Agreement with the Crown.

We accept the Crown's position and this decision gives SKYCITY the clarity needed to move forward with the development of this exciting project.

We remain committed to delivering a world-class Convention Centre for Auckland and New Zealand.

SKYCITY's preference is not to have to significantly downsize the NZICC, but to review the design to take out any unnecessary costs while leaving the essential fabric and the key elements of the design intact. In particular, we will do everything we can to keep the size of the plenary and the exhibition hall as close to the existing metrics as possible. We are proceeding with that review right now.

#### DEBT FUNDING

SKYCITY is progressing various funding initiatives to refinance the upcoming maturity of \$88.2 million of US Private Placement senior notes in March 2015 and \$76.5 million of capital notes in May 2015.

SKYCITY has already received credit approval to extend the term of its bank facilities, and has achieved significant future interest savings in the process. While our existing bank facilities provide plenty of headroom to address the maturities noted above, SKYCITY is considering the potential New Zealand issue of senior bonds.

These funding initiatives are attractive as they will lock-in current interest rates, extend the debt maturity profile and maintain SKYCITY's current debt funding headroom of approximately \$300 million.

SKYCITY is committed to maintaining its BBB-investment grade rating.

#### DIVIDEND

SKYCITY announced an interim dividend of 10 cents per share, which is payable on 2 April 2015. The dividend will be 25% franked in Australia but not imputed in New Zealand.

The Dividend Reinvestment Plan will not be available for this interim dividend.

SKYCITY is committed to its existing dividend policy for the foreseeable future. We believe this dividend policy offers our shareholders an attractive yield and is sustainable going forward,

#### OUTLOOK FOR 2H15

January trading has seen a continuation of the momentum exhibited during 1H15. Revenue and EBITDA growth was achieved in all properties, with particularly strong performances from Auckland and International Business.

Auckland continued its strong growth across all business segments, with normalised revenues up 33.9% to \$56.5 million. With the construction now at an end at Adelaide Casino, the property is starting to show early signs of recovery. International Business delivered turnover during January of \$925 million at win rates well above theoretical.

The outlook for SKYCITY remains positive. In particular, the macroeconomic outlook in Auckland continues to be favourable.

Finally, I would like to thank everyone at SKYCITY for their hard work during an extremely busy time. We look forward to delivering on the continued momentum we've seen in the first half of this financial year and to seeing further progress in the significant projects we are undertaking as a Group.

Yours sincerely



NIGEL MORRISON / CHIEF EXECUTIVE OFFICER  
AND MANAGING DIRECTOR

# FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD  
ENDED 31 DECEMBER 2014

## TO THE SHAREHOLDERS OF SKYCITY ENTERTAINMENT GROUP LIMITED

### REPORT ON THE INTERIM FINANCIAL STATEMENTS

We have reviewed the accompanying financial statements of SKYCITY Entertainment Group Limited ("the Group") on pages 11 to 26 which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement, the statement of comprehensive income, the statement of cash flows and the consolidated statement of changes in equity for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors' of the Group are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal controls as the Directors' determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### OUR RESPONSIBILITY

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement.

The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly we do not express an audit opinion on these financial statements.

Our firm carries out other services for the Group in the areas of accounting assistance, tax, and other advisory services. Appropriate safeguards were applied to reduce the threats to independence from the provision of other services to an acceptable level. The provision of these other services has not impaired our independence as auditors of the Group.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Group are not prepared, in all material respects, in accordance with NZ IAS 34.

### RESTRICTION ON USE OF OUR REPORT

This report is made solely to the Group's shareholders, as a body. Our review work has been undertaken so that we might state to the Group's shareholders those matters which we are required to state to them in our review 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 Group's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

Chartered Accountants  
11 February 2015  
Auckland

## CONSOLIDATED INCOME STATEMENT

		UNAUDITED 6 MONTHS 31 DECEMBER 2014 2014 \$'000	UNAUDITED 6 MONTHS 31 DECEMBER 2013 2013 \$'000	AUDITED 12 MONTHS 30 JUNE 2014 2014 \$'000
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2014				
	NOTES			
Total receipts including GST	4	509,552	478,053	928,228
Less non-gaming GST	4	(14,832)	(13,546)	(26,694)
Gaming win plus non-gaming revenue	4	494,720	464,507	901,534
Less gaming GST	4	(44,047)	(41,648)	(81,051)
Revenue	4	450,673	422,859	820,483
<b>Revenue</b>	4	<b>450,673</b>	422,859	820,483
Other income	5	794	652	1,000
Employee benefits expense		(152,337)	(139,287)	(280,009)
Other expenses	6	(71,021)	(57,619)	(121,007)
Direct consumables		(37,880)	(33,942)	(68,028)
Gaming taxes and levies		(27,711)	(29,420)	(55,361)
Marketing and communications		(18,574)	(15,431)	(30,343)
Directors' fees		(578)	(565)	(1,130)
Depreciation and amortisation expense	6	(43,299)	(39,157)	(80,769)
Restructuring costs	6	(2,517)	(3,643)	(9,170)
Gain on disposal of associate		-	934	934
Finance costs - net	7	(24,899)	(24,232)	(48,049)
<b>Profit before income tax</b>		<b>72,651</b>	81,149	128,551
Income tax expense		(18,092)	(20,088)	(30,014)
<b>Profit for the period</b>		<b>54,559</b>	61,061	98,537
		CENTS	CENTS	CENTS
<b>Earnings per share for profit attributable to the shareholders of the company:</b>				
Basic earnings per share (cents)		9.3	10.6	17.0
Diluted earnings per share (cents)		9.3	10.4	17.0

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

## STATEMENT OF COMPREHENSIVE INCOME

31 DECEMBER 2014	NOTES	UNAUDITED 6 MONTHS 31 DECEMBER 2014 \$'000	UNAUDITED 6 MONTHS 31 DECEMBER 2013 \$'000	AUDITED 12 MONTHS 30 JUNE 2014 \$'000
Profit for the period		<b>54,559</b>	61,061	98,537
Other comprehensive income				
Items that may be reclassified subsequently to Profit and Loss				
Exchange differences on translation of overseas subsidiaries	13	<b>(4,994)</b>	(24,116)	(27,102)
Movement in cash flow hedges	13	<b>(2,263)</b>	(1,455)	(4,546)
Income tax relating to components of other comprehensive income	13	<b>638</b>	465	1,375
<b>Other comprehensive (expenses)/income for the period</b>		<b>(6,619)</b>	(25,106)	(30,273)
<b>Total comprehensive income for the period, net of tax</b>		<b>47,940</b>	35,955	68,264

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

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2014	NOTES	UNAUDITED 31 DECEMBER 2014 \$'000	UNAUDITED 31 DECEMBER 2013 \$'000	AUDITED 30 JUNE 2014 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances		<b>60,428</b>	68,038	54,052
Receivables and prepayments		<b>23,188</b>	20,575	18,810
Inventories		<b>8,249</b>	8,492	7,871
Tax prepayment		<b>39,729</b>	38,694	33,158
Derivative financial instruments	8	<b>6,542</b>	4,964	769
<b>Total current assets</b>		<b>138,136</b>	140,763	114,660
<b>Non current assets</b>				
Tax prepayment		<b>12,841</b>	-	21,183
Property, plant and equipment		<b>1,144,544</b>	1,101,470	1,141,947
Intangible assets		<b>522,321</b>	364,558	537,648
Derivative financial instruments	8	<b>44,060</b>	21,203	15,889
<b>Total non current assets</b>		<b>1,723,766</b>	1,487,231	1,716,667
<b>Total assets</b>		<b>1,861,902</b>	1,627,994	1,831,327
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables		<b>110,137</b>	103,701	119,500
Derivative financial instruments	8	<b>293</b>	140	10,753
Senior interest bearing liabilities	9	<b>88,202</b>	-	81,724
Subordinated debt - capital notes	11	<b>76,447</b>	-	76,441
<b>Total current liabilities</b>		<b>275,079</b>	103,841	288,418
<b>Non current liabilities</b>				
Senior interest bearing liabilities	9,10	<b>538,753</b>	554,496	498,935
Subordinated debt - capital notes	11	<b>-</b>	76,434	-
Deferred tax liabilities		<b>81,248</b>	77,273	75,715
Derivative financial instruments	8	<b>31,144</b>	25,424	28,833
Deferred licence value		<b>151,689</b>	-	165,541
<b>Total non current liabilities</b>		<b>802,834</b>	733,627	769,024
<b>Total liabilities</b>		<b>1,077,913</b>	837,468	1,057,442
<b>Net assets</b>		<b>783,989</b>	790,526	773,885
<b>EQUITY</b>				
Share capital	12	<b>757,752</b>	728,537	737,546
Reserves	13(a)	<b>(55,195)</b>	(43,409)	(48,576)
Retained profits	13(b)	<b>81,432</b>	105,398	84,915
Parent entity interest		<b>783,989</b>	790,526	773,885
<b>Total equity</b>		<b>783,989</b>	790,526	773,885

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2014	NOTES	SHARE CAPITAL \$'000	HEDGING RESERVES \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	RETAINED PROFITS \$'000	TOTAL EQUITY \$'000
<b>Balance as at 1 July 2014</b>		<b>737,546</b>	<b>(8,766)</b>	<b>(39,810)</b>	<b>84,915</b>	<b>773,885</b>
<b>Total comprehensive income/(expense)</b>		-	(1,625)	(4,994)	54,559	47,940
Dividends	14	-	-	-	(58,042)	(58,042)
Shares issued under dividend reinvestment plan	12	19,254	-	-	-	19,254
Share rights issued for employee services	12	552	-	-	-	552
Net movement in treasury shares value	12	400	-	-	-	400
<b>Balance as at 31 December 2014</b>		<b>757,752</b>	<b>(10,391)</b>	<b>(44,804)</b>	<b>81,432</b>	<b>783,989</b>
<b>Balance as at 1 July 2013</b>		<b>729,395</b>	<b>(5,595)</b>	<b>(12,708)</b>	<b>101,799</b>	<b>812,891</b>
<b>Total comprehensive income/(expense)</b>		-	(990)	(24,116)	61,061	35,955
Dividends	14	-	-	-	(57,462)	(57,462)
Shares issued under dividend reinvestment plan	12	11,959	-	-	-	11,959
Share rights issued for employee services	12	821	-	-	-	821
Net movement in treasury shares value	12	(13,638)	-	-	-	(13,638)
<b>Balance as at 31 December 2013</b>		<b>728,537</b>	<b>(6,585)</b>	<b>(36,824)</b>	<b>105,398</b>	<b>790,526</b>
<b>Balance as at 1 July 2013</b>		<b>729,395</b>	<b>(5,595)</b>	<b>(12,708)</b>	<b>101,799</b>	<b>812,891</b>
<b>Total comprehensive income/(expense)</b>		-	(3,171)	(27,102)	98,537	68,264
Dividends	14	-	-	-	(115,421)	(115,421)
Shares issued under dividend reinvestment plan	12	20,126	-	-	-	20,126
Share rights issued for employee services	12	1,238	-	-	-	1,238
Net movement in treasury shares value	12	(13,213)	-	-	-	(13,213)
<b>Balance as at 30 June 2014</b>		<b>737,546</b>	<b>(8,766)</b>	<b>(39,810)</b>	<b>84,915</b>	<b>773,885</b>

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

## STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014	NOTES	UNAUDITED 6 MONTHS 31 DECEMBER 2014 \$'000	UNAUDITED 6 MONTHS 31 DECEMBER 2013 \$'000	AUDITED 12 MONTHS 30 JUNE 2014 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers		<b>447,124</b>	423,616	820,259
Payments to suppliers and employees		<b>(294,555)</b>	(257,297)	(501,268)
		<b>152,569</b>	166,319	318,991
Dividends received		<b>8</b>	7	5
Gaming taxes paid		<b>(23,514)</b>	(25,816)	(48,206)
Income taxes paid		<b>(9,757)</b>	(13,796)	(40,017)
<b>Net cash inflow from operating activities</b>	18	<b>119,306</b>	126,714	230,773
<b>Cash flows from investing activities</b>				
Purchase of/proceeds from property, plant and equipment		<b>(58,785)</b>	(57,320)	(156,164)
Payments for intangible assets		<b>(2,216)</b>	(7,720)	(11,899)
Proceeds from sale of Christchurch Casinos Limited		-	-	1,440
<b>Net cash (outflow) from investing activities</b>		<b>(61,001)</b>	(65,040)	(166,623)
<b>Cash flows from financing activities</b>				
Cash flows associated with derivatives		<b>(2,543)</b>	(223)	9,202
New borrowings		<b>14,700</b>	40,000	67,193
Proceeds from sale of capital notes		-	-	20,000
Net issue/(purchase) of treasury shares		<b>400</b>	(13,638)	(13,213)
Dividends paid to company shareholders		<b>(38,788)</b>	(45,503)	(95,295)
Interest paid		<b>(25,698)</b>	(25,403)	(49,116)
<b>Net cash (outflows) from financing activities</b>		<b>(51,929)</b>	(44,767)	(61,229)
<b>Net increase in cash and bank balances</b>		<b>6,376</b>	16,907	2,921
Cash and bank balances at the beginning of the period		<b>54,052</b>	51,131	51,131
<b>Cash and cash equivalents at end of the period</b>		<b>60,428</b>	68,038	54,052

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

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

The interim financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the New Zealand Stock Exchange (NZX).

SKYCITY Entertainment Group Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

These consolidated financial statements have been approved for issue by the board of directors on 11 February 2015.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half year reporting period ended 31 December 2014 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 Group has a negative working capital balance as the capital notes and some of the USPP debt matures within the next six months. The Group has significant available undrawn committed banking facilities totalling \$311 million as at 31 December 2014 (refer to note 10) and has the ability to fully pay all debts as they fall due.

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 2014 and the unaudited financial statements for the six months ended 31 December 2013.

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 2014.

#### (a) CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies during the current period.

### 3. 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, car parking, 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 (including The 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.

HALF YEAR ENDED 31 DECEMBER 2014	SKYCITY AUCKLAND \$'000	REST OF NEW ZEALAND \$'000	SKYCITY ADELAIDE \$'000	SKYCITY INTERNATIONAL DARWIN \$'000	INTERNATIONAL BUSINESS \$'000	CORPORATE/ GROUP \$'000	TOTAL \$'000
Revenue from external customers and other revenue	<b>234,105</b>	<b>27,626</b>	<b>77,299</b>	<b>68,621</b>	<b>43,842</b>	-	<b>451,493</b>
Less							
Expenses	<b>(121,837)</b>	<b>(17,106)</b>	<b>(65,895)</b>	<b>(45,124)</b>	<b>(40,440)</b>	<b>(20,242)</b>	<b>(310,644)</b>
Depreciation and amortisation	<b>(23,332)</b>	<b>(2,701)</b>	<b>(7,664)</b>	<b>(6,773)</b>	-	<b>(2,829)</b>	<b>(43,299)</b>
Segment profit/(loss) (Earnings before Interest and Tax)	<b>88,936</b>	<b>7,819</b>	<b>3,740</b>	<b>16,724</b>	<b>3,402</b>	<b>(23,071)</b>	<b>97,550</b>
Finance costs - net							<b>(24,899)</b>
Profit before income tax							<b>72,651</b>

HALF YEAR ENDED 31 DECEMBER 2013	SKYCITY AUCKLAND \$'000	REST OF NEW ZEALAND \$'000	SKYCITY ADELAIDE \$'000	SKYCITY INTERNATIONAL 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	-	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)	81,205	8,438	14,281	17,312	3,604	(19,459)	105,381
Finance costs - net							(24,232)
Profit before income tax							81,149

YEAR END ENDED 30 JUNE 2014	SKYCITY AUCKLAND \$'000	REST OF NEW ZEALAND \$'000	SKYCITY ADELAIDE \$'000	SKYCITY INTERNATIONAL DARWIN \$'000	INTERNATIONAL BUSINESS \$'000	CORPORATE/ GROUP \$'000	TOTAL \$'000
Revenue from external customers and other revenue	430,519	53,949	150,504	130,704	55,807	-	821,483
Share of net profits of associate	-	934	-	-	-	-	934
Less							
Expenses	(226,366)	(35,426)	(118,465)	(90,298)	(58,083)	(36,410)	(565,048)
Depreciation and amortisation	(44,898)	(5,269)	(11,508)	(13,425)	-	(5,669)	(80,769)
Segment profit/(loss) (Earnings before Interest and Tax)	159,255	14,188	20,531	26,981	(2,276)	(42,079)	176,600
Finance costs							(48,049)
Profit before income tax							128,551

#### 4. REVENUE

	6 MONTHS 31 DECEMBER 2014 \$'000	6 MONTHS 31 DECEMBER 2013 \$'000	12 MONTHS 30 JUNE 2014 \$'000
Total receipts including GST	<b>509,552</b>	478,053	928,228
Less non gaming GST	<b>(14,832)</b>	(13,546)	(26,694)
Gaming win plus non gaming revenue	<b>494,720</b>	464,507	901,534
Less gaming GST	<b>(44,047)</b>	(41,648)	(81,051)
<b>Total revenue</b>	<b>450,673</b>	422,859	820,483
Gaming	<b>342,793</b>	323,205	626,339
Non gaming	<b>107,880</b>	99,654	194,144
<b>Total revenue</b>	<b>450,673</b>	422,859	820,483

Included within gaming revenue is revenue relating to loyalty action points of \$653,000 (31 December 2013: \$697,000, 30 June 2014: \$1,342,000).

Included within non-gaming revenue is revenue relating to loyalty action points of \$279,000 (31 December 2013: \$265,000, 30 June 2014: \$728,000).

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.

#### 5. OTHER INCOME

	6 MONTHS 31 DECEMBER 2014 \$'000	6 MONTHS 31 DECEMBER 2013 \$'000	12 MONTHS 30 JUNE 2014 \$'000
Net gain on disposal of property, plant and equipment	<b>786</b>	645	995
Dividend income	<b>8</b>	7	5
	<b>794</b>	652	1,000

## 6. EXPENSES

	6 MONTHS 31 DECEMBER 2014 \$'000	6 MONTHS 31 DECEMBER 2013 \$'000	12 MONTHS 30 JUNE 2014 \$'000
<b>Profit before income tax includes the following specific expenses:</b>			
<b>Depreciation</b>			
Buildings	13,641	12,887	24,421
Plant and equipment	19,450	18,673	37,915
Furniture and fittings	4,894	4,026	9,516
Motor vehicles	232	206	403
<b>Total depreciation</b>	<b>38,217</b>	<b>35,792</b>	<b>72,255</b>
<b>Amortisation</b>			
Casino licence (Adelaide)	2,230	1,186	3,115
Software	2,852	2,179	5,339
<b>Total amortisation</b>	<b>5,082</b>	<b>3,365</b>	<b>8,514</b>
<b>Total depreciation and amortisation</b>	<b>43,299</b>	<b>39,157</b>	<b>80,769</b>
<b>Other expenses includes:</b>			
Utilities, insurance and rates	11,423	11,664	23,002
Community Trust donations	1,494	1,318	2,635
Operating leases payments	2,357	2,221	4,382
Other property expenses	7,139	7,346	14,035
Other items (including international commissions)	47,938	35,021	75,944
Provision for bad and doubtful debts	670	49	1,009
	<b>71,021</b>	<b>57,619</b>	<b>121,007</b>
<b>Restructuring costs</b>			
Redundancy and other staff payments	500	1,113	2,303
Adelaide Redevelopment costs	1,468	1,588	4,262
Strategic projects and development costs	370	354	1,373
Auckland project costs	179	588	1,232
	<b>2,517</b>	<b>3,643</b>	<b>9,170</b>

## 7. FINANCE COSTS - NET

	6 MONTHS 31 DECEMBER 2014 \$'000	6 MONTHS 31 DECEMBER 2013 \$'000	12 MONTHS 30 JUNE 2014 \$'000
<b>Finance costs</b>			
Interest and finance charges	26,224	24,785	50,130
Exchange (gains)/losses	(140)	192	(125)
Interest income	(1,185)	(745)	(1,956)
<b>Total finance costs - net</b>	<b>24,899</b>	<b>24,232</b>	<b>48,049</b>

## 8. DERIVATIVES

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

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.

## 9. CURRENT LIABILITIES - SENIOR INTEREST BEARING LIABILITIES

	31 DECEMBER 2014 \$'000	31 DECEMBER 2013 \$'000	30 JUNE 2014 \$'000
<b>Unsecured</b>			
United States Private Placement (USPP)	88,202	-	81,724
<b>Total current interest bearing borrowings</b>	<b>88,202</b>	<b>-</b>	<b>81,724</b>

Refer note 10 (Non-current liabilities) for details of the USPP.

## 10. NON CURRENT LIABILITIES - SENIOR INTEREST BEARING LIABILITIES

	31 DECEMBER 2014 \$'000	31 DECEMBER 2013 \$'000	30 JUNE 2014 \$'000
<b>Unsecured</b>			
United States Private Placement (USPP)	279,142	352,881	251,300
Syndicated bank facility	261,387	203,398	249,673
Deferred funding expenses	(1,776)	(1,783)	(2,038)
<b>Total unsecured non current interest bearing borrowings</b>	<b>538,753</b>	554,496	498,935

### (a) UNITED STATES PRIVATE PLACEMENT (USPP)

USPP non-current debt matures between March 2017 and March 2021.

Maturities of US\$47,000,000 and NZ\$28,169,000 in March 2015 are recognised as current liabilities.

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 movement in the USPP amount from 30 June 2014 relates to foreign exchange movements.

### (b) SYNDICATED BANK FACILITY

	AMOUNT	MATURITY
Revolving credit	A\$200m	February 2019
Revolving credit	NZ\$200m	October 2018
Revolving credit	NZ\$85m	March 2020
Term Loan	A\$75m	March 2020

The syndicated bank facility is on an unsecured negative pledge basis. The syndicate of banks is comprised of ANZ (New Zealand and Australia), Commonwealth Bank of Australia, Bank of New Zealand, National Australia Bank and Westpac (New Zealand and Australia).

### (c) FAIR VALUES

Fair value of long term fixed rate USPP debt is estimated at NZ\$409 million compared to a carrying value of NZ\$367 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.

Fair value is calculated using inputs other than quoted prices that are observable for the liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This is a level 2 valuation as defined in note 8.

## 11. SUBORDINATED DEBT - CAPITAL NOTES

Capital notes are a current liability as at 30 June 2014 and 31 December 2014 and were a non-current liability as at 31 December 2013. The capital notes next election date (at which time SKYCITY may redeem) is 15 May 2015.

The capital notes are listed on the NZX. As at 31 December 2014 the closing price was \$1.016 per \$1 note. The capital notes are carried at amortised cost.

The total fair value is \$78m, and is a level 1 valuation, as they are listed on the NZX.

## 12. SHARE CAPITAL

	31 DECEMBER 2014 SHARES	31 DECEMBER 2013 SHARES	30 JUNE 2014 SHARES	31 DECEMBER 2014 \$'000	31 DECEMBER 2013 \$'000	30 JUNE 2014 \$'000
Opening balance of ordinary shares issued	582,088,094	576,958,340	576,958,340	737,546	729,395	729,395
Share rights issued for employee services	-	-	-	552	821	1,238
Employee share entitlements issued	67,799	768,382	746,714	-	-	-
Treasury shares issued	(67,799)	(768,382)	(746,714)	-	-	-
Net movement in treasury shares value	-	-	-	400	(13,638)	(13,213)
Shares issued under dividend reinvestment plan	5,384,647	3,058,336	5,129,754	19,254	11,959	20,126
	<b>587,472,741</b>	580,016,676	582,088,094	<b>757,752</b>	728,537	737,546

Included within the number of shares are treasury shares of 6,708,778 (31 December 2013: 6,776,577 and 30 June 2014: 6,776,574) 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.

### 13. RESERVES AND RETAINED PROFITS

	6 MONTHS 31 DECEMBER 2014 \$'000	6 MONTHS 31 DECEMBER 2013 \$'000	12 MONTHS 30 JUNE 2014 \$'000
<b>(a) Reserves</b>			
Hedging reserve - cash flow hedges	(10,391)	(6,585)	(8,766)
Foreign currency translation reserve	(44,804)	(36,824)	(39,810)
	<b>(55,195)</b>	(43,409)	(48,576)
<b>Hedging reserve - cash flow hedges</b>			
Balance at the beginning of the period	(8,766)	(5,595)	(5,595)
Revaluation (note 8)	29,952	(12,468)	(40,294)
Transfer to net profit	(32,215)	11,013	35,748
Deferred tax	638	465	1,375
Balance at the end of the period	<b>(10,391)</b>	(6,585)	(8,766)
<b>Foreign currency translation reserve</b>			
Balance at the beginning of the period	(39,810)	(12,708)	(12,708)
Exchange differences on translation of overseas subsidiaries	(4,994)	(24,116)	(27,102)
Balance at the end of the period	<b>(44,804)</b>	(36,824)	(39,810)

#### (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.

#### (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 2014 \$'000	31 DECEMBER 2013 \$'000	30 JUNE 2014 \$'000
Balance at the beginning of the period	84,915	101,799	101,799
Profit attributable to shareholders of the company	54,559	61,061	98,537
Dividends	(58,042)	(57,462)	(115,421)
Balance at the end of the period	<b>81,432</b>	105,398	84,915

### 14. DIVIDENDS

	31 DECEMBER 2014 \$'000	31 DECEMBER 2013 \$'000	30 JUNE 2014 \$'000
Prior year's final dividend	58,042	57,462	57,462
Interim dividend	-	-	57,959
Total dividends provided for or paid	<b>58,042</b>	57,462	115,421
Subsequent to balance date the Board of Directors has resolved to pay a 25% franked, unimputed interim dividend of 10 cents per share.			
<b>Cents per share</b>			
Prior year's final distribution/dividend	10.00¢	10.00¢	10.00¢
Interim distribution/dividend	-	-	10.00¢

### 15. CONTINGENCIES

There are no significant contingent liabilities or assets (31 December 2013 and 30 June 2014: none).

### 16. COMMITMENTS

#### (a) CAPITAL COMMITMENTS

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

	31 DECEMBER 2014 \$'000	31 DECEMBER 2013 \$'000	30 JUNE 2014 \$'000
Property, plant and equipment	16,345	19,382	17,084

#### (b) OPERATING LEASE COMMITMENTS

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	31 DECEMBER 2014 \$'000	31 DECEMBER 2013 \$'000	30 JUNE 2014 \$'000
Within one year	6,861	6,436	5,561
Later than one year but not later than five years	16,873	13,850	15,813
Later than five years	293,396	296,396	293,627
Commitments not recognised in the financial statements	<b>317,130</b>	316,682	315,001

## 17. EVENTS OCCURRING AFTER THE BALANCE DATE

### DIVIDEND

On 11 February 2015, the directors resolved to provide for an interim dividend to be paid in respect of the six months ended 31 December 2014. The partially (25%) franked, unimputed dividend of 10 cents per share (total payment \$58.7m) will be paid on 2 April 2015 to all shareholders on the company's register at the close of business on 20 March 2015.

## 18. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	6 MONTHS 31 DECEMBER 2014 \$'000	6 MONTHS 31 DECEMBER 2013 \$'000	12 MONTHS 30 JUNE 2014 \$'000
Profit for the period	54,559	61,061	98,537
Depreciation and amortisation	43,299	39,157	80,769
Finance costs - net	24,899	24,232	48,049
Current period employee share entitlement	552	821	1,238
Net (gain) on sale of associates	-	(934)	(934)
Gain on sale of property, plant and equipment	(786)	(645)	(995)
Change in operating assets and liabilities			
(Increase)/decrease in receivables and prepayments	(4,378)	757	1,081
(Increase) in inventories	(378)	(1,076)	(455)
(Decrease)/increase in payables and accruals	(9,363)	(1,698)	14,102
(Decrease)/increase in deferred tax liability	5,533	(10,330)	(11,888)
Decrease in net tax receivable	1,771	16,157	510
Capital items included in working capital movements	3,598	(788)	759
Net cash inflow from operating activities	119,306	126,714	230,773

## RECONCILIATION BETWEEN REPORTED AND NORMALISED RESULTS

The following information has not been subject to the Independent Accountants' review.

	1H15				1H14			
	REVENUE \$M	EBITDA \$M	EBIT \$M	NPAT \$M	REVENUE \$M	EBITDA \$M	EBIT \$M	NPAT \$M
<b>Normalised</b>	<b>510.0</b>	<b>154.4</b>	<b>111.2</b>	<b>66.6</b>	<b>467.0</b>	<b>149.8</b>	<b>111.6</b>	<b>66.4</b>
Adelaide redevelopment costs	-	(1.5)	(1.5)	(1.0)	-	(1.6)	(1.6)	(1.1)
NZICC interest and other costs	-	(0.3)	(0.3)	(2.3)	-	-	-	(1.1)
Strategic projects	-	-	-	-	-	(0.3)	(0.3)	(0.2)
Restructuring projects	-	(0.5)	(0.5)	(0.4)	-	(1.1)	(1.1)	(0.8)
Auckland project costs	-	(0.2)	(0.2)	(0.1)	-	(0.6)	(1.6)	(1.2)
Profit from sale of Christchurch	-	-	-	-	-	-	-	1.0
<b>Total Adjustments</b>	<b>-</b>	<b>(2.5)</b>	<b>(2.5)</b>	<b>(3.8)</b>	<b>-</b>	<b>(3.6)</b>	<b>(4.6)</b>	<b>(3.4)</b>
<b>Adjusted</b>	<b>510.0</b>	<b>151.9</b>	<b>108.7</b>	<b>62.8</b>	<b>467.0</b>	<b>146.2</b>	<b>107.0</b>	<b>63.0</b>
International Business at Theoretical	(14.5)	(11.1)	(11.1)	(8.2)	(1.9)	(2.6)	(2.6)	(1.9)
<b>Reported</b>	<b>495.5</b>	<b>140.8</b>	<b>97.6</b>	<b>54.6</b>	<b>465.1</b>	<b>143.6</b>	<b>104.4</b>	<b>61.1</b>

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:

- Adelaide redevelopment costs – Structural redundancies and launch costs for new facilities (Sean's Kitchen, Black Room)
- NZICC – Interest on purchase of New Zealand International Convention Centre (NZICC) land bank (calculated using the Group's average cost of debt of 6.7% on an average balance of \$83m) and other costs specific to this project
- Strategic project costs – Brisbane, Gold Coast and other miscellaneous items
- Restructuring costs – Costs associated with changing the staffing structures under an approved restructuring plan
- Auckland project costs – Project, pre-opening and launch costs related to Auckland facilities such as the Federal Street launch. 1H14 includes The Sugar Club, Federal Delicatessen, MASU and the new gaming rooms.

IB win rate at 1.04% for 1H15 (1H14: 1.28%).

Normalisation adjustments have been calculated in a consistent manner in 1H15 and 1H14.

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