SKYCITY ENTERTAINMENT GROUP LIMITED

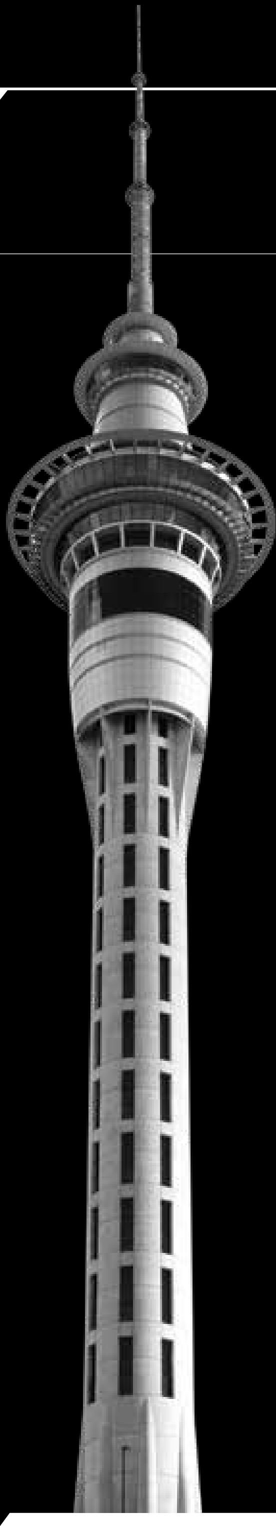
INTERIM REPORT 2014

CONTENTS

This report is dated 10 March 2014
Unless otherwise stated, all dollar amounts in this report are expressed in New Zealand dollars

A copy of the FY14 interim result presentation can be found in the Investor Centre on our company website at www.skycityentertainmentgroup.com

- Normalised NPAT for 1H14 of $66.4M in line with previously announced guidance
- Interim dividend of 10c per share – consistent with 1H13
- Flagship Auckland property showing EBITDA growth with good cost control and a return to growth in electronic gaming machine revenue
- International business turnover up 30% in first quarter, with confidence overall turnover will exceed $6B for FY14
- Discussions underway with the New Zealand Government and other stakeholders on the NZICC concept design lodged on 13 January 2014
- Adelaide Casino transformation underway with new gaming regulations in effect from February 2014
- High New Zealand dollar impacted Australian results by 12.5% when converted into New Zealand dollars
- January 2014 trading pleasing, with revenues above prior year in all businesses
- Earnings growth in local currency is expected across all SKYCITY businesses in 2H14



	1H14 $'M	1H13[1] $'M	Movement $'M	Movement %
Reported				
Group Revenues	**465.1**	487.3	**(22.2)**	(4.6)
EBITDA	**143.6**	152.8	**(9.2)**	(6.0)
NPAT	**61.1**	66.3	**(5.2)**	(7.8)
Normalised – actual currency				
Group Revenues	**467.0**	493.4	**(26.4)**	(5.4)
EBITDA	**149.8**	160.4	**(10.6)**	(6.6)
NPAT	**66.4**	72.1	**(5.7)**	(7.9)
Normalised – constant currency [2]				
Group Revenues	**489.5**	493.4	**(3.9)**	(0.8)
EBITDA	**155.6**	160.4	**(4.8)**	(3.0)
NPAT	**68.8**	72.1	**(3.3)**	(4.6)

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
(1) Normalised 1H13 results above, and throughout this report unless noted otherwise, exclude $2.3M of investment income from the Christchurch Casino at revenue, EBITDA and NPAT levels
(2) Constant currency figures are calculated using the 1H13 average cross rate of 0.7836 for the conversion of 1H14 Australian dollars results to New Zealand dollars

For illustrative purposes only, converting normalised actual currency results in Australian dollars using the 10 February 2014 rate of 0.9252 for 1H14 and the 11 February 2013 rate of 0.8111 for 1H13 as outlined below:

	1H14 A$'M	1H13 A$'M	Movement A$'M	Movement %
Normalised – actual currency - Australian dollars				
Group Revenues	**432.1**	400.2	**31.9**	8.0
EBITDA	**138.6**	130.1	**8.5**	6.5
NPAT	**61.4**	58.5	**2.9**	5.0

CHIEF EXECUTIVE'S REVIEW

NIGEL
MORRISON

NIGEL MORRISON / CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

DEAR SHAREHOLDER

We have made solid progress in 1H14 establishing a strong platform for growth in what has been a challenging period due to the high New Zealand dollar and continued soft consumer spending on both sides of the Tasman.

We concluded agreements with the New Zealand Government to build the New Zealand International Convention Centre (NZICC) in Auckland, and the South Australian Government to transform Adelaide Casino into a world-class integrated entertainment complex. Both investments are being made in return for regulatory and taxation concessions and extended casino licences, providing both certainty and a platform for future growth. We are now actively working to progress these developments and realise the benefits. We believe these projects are not only good for our business, but also for our partners and the wider communities we are a part of.

I am also pleased to report we were included in the S&P/ASX 200 Index for the first time in December 2013.

RECENT HIGHLIGHTS

- Normalised Net Profit After Tax for 1H14 of $66.4M in line with our previously announced guidance
- Flagship Auckland property showing EBITDA growth with good cost control and a return to growth in electronic gaming machine (EGMs) revenue
- The transformation of Adelaide Casino is underway. New gaming regulations came into effect in February 2014
- The South Australian Government announced in February 2014 the development of a 1,400 space car park for the Adelaide Festival Plaza, of which SKYCITY will exclusively lease 1,000
- Discussions are progressing with the New Zealand Government and other stakeholders on the concept design of the NZICC lodged on 13 January 2014
- Trading in January 2014 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 in 1H14 – consistent with 1H13

SKYCITY AUCKLAND

While Auckland revenues fell 2.2% to $258M in 1H14, it is pleasing to see that 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.

We continually look for ways to excite our customers and provide them with compelling reasons to keep staying, dining and playing at our properties in safe environments. A new high-end VIP EGMs room, 'Black', was opened in December 2013 and has been well-received. The new Baccarat room, situated on 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 Federal Delicatessen opening in 1H14 to wide acclaim and success. Our new Italian restaurant and bar, Gusto at the Grand by Sean Connolly, opened in the SKYCITY Grand Hotel lobby in February 2014, adding to the diversity of world-class restaurants on offer.

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

SKYCITY Hotel continues to exceed customer expectations and has been named New Zealand's top accommodation in the 2014 TradeMe Travelbug Awards, ranking highest in popularity and guest reviews. This follows the SKYCITY 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 NZICC and engaging proactively with the Government and other significant stakeholders in Auckland.

The NZICC development is Auckland's largest visitor infrastructure project since SKYCITY itself was built in 1996. The centre will add vibrancy to Auckland while also driving economic growth, tourism and creating jobs. It is estimated that the NZICC will bring $90M a year in economic benefits for the New Zealand economy.

A team of highly experienced architectural advisers is working with SKYCITY on the NZICC, including Warren & Mahoney, Woods Bagot and Moller Architects. The concept design was delivered on schedule to the New Zealand Government on 13 January 2014.

SKYCITY ADELAIDE

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 with almost A$4B being invested to deliver major tourism, sporting and hospitality infrastructure projects in the immediate precinct surrounding Adelaide Casino. Within this context, SKYCITY has commenced the transformation of Adelaide Casino into a new, world-class integrated entertainment complex which will also drive tourism and economic growth.

We reached a significant milestone on 14 February 2014, with the commencement of the new regulatory and taxation framework for Adelaide Casino, which places Adelaide Casino on a level playing field with its peers for the first time. This will allow us to compete for our fair share of gaming visitors from around the region, and to offer a modern and contemporary gaming and entertainment experience for our customers.

Coinciding with the commencement of the new regulations, the first stages of a A$45M refurbishment and reconfiguration of the current Adelaide Casino facilities were completed, with further enhancements ongoing throughout 2H14. These completed works have included:

- An exciting new table games area focusing on Baccarat and featuring an iconic Asian-style pavilion as its centrepiece, which opened on 31 January in time for Chinese New Year
- A new Platinum EGMs room for premium gaming machine customers, featuring 150 EGMs enabled with ticket-in ticket-out (TITO) functionality, unlimited maximum bet and jackpots, and new gaming machine product available exclusively at Adelaide Casino and for the first time in South Australia.

Further stages of work are being undertaken throughout the course of 2014, including additional new premium gaming areas, upgrading main gaming floor areas and delivering new restaurant and bar concepts. We are working through our plans for the Adelaide Casino and hotel expansion, which we hope to commence towards the end of 2014.

The Premier of South Australia recently 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's premises. The Government will lease 1,000 spaces for SKYCITY's exclusive use to support its A$350M casino and hotel redevelopment.

SKYCITY DARWIN

In Darwin, local and International Business 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 TITO functionality on all SKYCITY Darwin EGMs.

SKYCITY HAMILTON

Hamilton's 1H14 results were 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.

SKYCITY QUEENSTOWN

The management integration of SKYCITY's second casino in Queenstown (SKYCITY Wharf Casino) is now complete with both casinos being refurbished in 1H14. International Business growth continues to improve following the opening of the first Horizon International Business Salon. These are exciting developments which provide our customers with a high quality and distinctly New Zealand gaming experience.

INTERNATIONAL BUSINESS

International Business experienced a good first quarter with turnover up 30%. However, volumes softened in the second quarter and overall International Business turnover for 1H14 was 8% down on a constant currency basis (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 is confident that International Business turnover will exceed $6B for FY14 (compared to $5.7B for FY13).

CONTINUED FOCUS ON CORPORATE SOCIAL RESPONSIBILITY

Our focus on responsible operations and our Corporate Social Responsibility (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 our regulators 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 well-being.

OUTLOOK FOR 2H14

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 New Zealand dollar, actual normalised revenue was up 5.4% on January 2013.

International Business performed well in January 2014, with Last Twelve Months (LTM) Turnover reaching $5.7B (up from $5.4B at December 2013).

Auckland had a relatively soft January in the prior year, however it benefited from good table games growth and conventions revenues in January 2014.

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

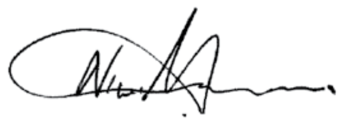
Queenstown benefited from additional International Business visitation in January, whilst Darwin and Hamilton were relatively flat.

February 2014 has also started well, compared to the prior year. In particular, Asian visitation was strong over Chinese New Year and International Business LTM Turnover reached $6B (although Chinese New Year was two weeks earlier this year).

Whilst the macro economic environment in Australia remains challenging, there are positive factors that management believes will deliver growth in Adelaide and Darwin in 2H14. The New Zealand macro environment is more buoyant with a sense of momentum. As such, we expect earnings growth in local currency across all SKYCITY businesses in 2H14.

Finally, I would like to thank everyone at SKYCITY for their commitment and hard work in what has continued to be a busy period. It has been an exciting start to the year and together we will continue to strive to provide fun and safe entertainment for our customers and communities.

Yours sincerely



NIGEL MORRISON / CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

FINANCIAL STATEMENTS

FOR THE
SIX MONTH
PERIOD ENDED
31 DECEMBER
2013

pwc

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 11 to 26, 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.

PricewaterhouseCoopers

Chartered Accountants
12 February 2014

Auckland

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:				
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.

STATEMENT OF COMPREHENSIVE INCOME

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
Profit for the period		**61,061**	66,407	127,382
Other comprehensive income				
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		**(25,106)**	(2,543)	(16,453)
Total comprehensive income for the period, net of tax		**35,955**	63,864	110,929
Total comprehensive income for the period is attributable to:				
Shareholders of the company		**35,955**	63,771	110,836
Non controlling interest		**-**	93	93
		35,955	63,864	110,929

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

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 sheet should be read in conjunction with the accompanying notes.

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	13	–	–	–	(57,462)	–	(57,462)
Shares issued under dividend reinvestment plan	10	11,959	–	–	–	–	11,959
Share rights issued for employee services		821	–	–	–	–	821
Net purchase of treasury shares	10	(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	13	–	–	–	(46,171)	–	(46,171)
Net purchases of treasury shares	10	127	–	–	–	–	127
Share rights issued for employee services		637	–	–	–	–	637
Acquisition of non controlling interest	12	–	–	–	(3,324)	(1,676)	(5,000)
Repayment of non controlling interest	12	–	–	–	–	(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	13	–	–	–	(103,856)	–	(103,856)
Share rights issued for employee services		1,394	–	–	–	–	1,394
Repayment of non controlling interest	12	–	–	–	–	(121)	(121)
Acquisition of non controlling interest	12	–	–	–	(3,324)	(1,676)	(5,000)
Net purchase of treasury shares	10	403	–	–	–	–	403
Balance as at 30 June 2013		**729,395**	**(5,595)**	**(12,708)**	**101,799**	**-**	**812,891**

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 2013	NOTES	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		**(257,297)**	(256,136)	(515,501)
		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		**(13,796)**	(15,892)	(36,394)
Net cash inflow from operating activities	19	**126,714**	136,298	256,947
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 (outflow) from investing activities		**(65,040)**	(75)	(47,868)
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		**(25,403)**	(25,665)	(49,200)
Net cash (outflows) from financing activities		**(44,767)**	(89,067)	(199,348)
Net (decrease)/increase in cash and bank balances		**16,907**	47,156	9,731
Cash and bank balances at the beginning of the period		**51,131**	41,400	41,400
Cash and cash equivalents at end of the period		**68,038**	88,556	51,131

The above consolidated statement of cash flows 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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:			
Depreciation			
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
Amortisation			
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
Other expenses includes:			
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
	57,619	61,010	119,447
Restructuring costs			
Redundancy and other staff payments	**704**	1,040	1,566
Adelaide Redevelopment costs	**1,350**	–	–
Other restructuring costs	**1,589**	809	1,669
	3,643	1,849	3,235

6. FINANCE COSTS – NET

	6 MONTHS 31 DECEMBER 2013 $'000	6 MONTHS 31 DECEMBER 2012 $'000	12 MONTHS 30 JUNE 2013 $'000
Finance costs			
Interest and finance charges	**24,785**	26,857	51,661
Exchange losses/(gains)	**192**	288	249
Interest Income	**(745)**	(941)	(2,647)
Total finance costs	**24,232**	26,204	49,263

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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	369,192
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	**554,496**	575,214	558,806

(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 US$115,500,000 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).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

(c) Fair values

Fair value of long term fixed rate USPP debt is estimated at $345M compared to a carrying value of $300M. 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 $20M of capital notes that were previously held as treasury stock. The remaining $74M 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	–	–
	580,016,676	576,958,340	576,958,340	**728,537**	728,362	729,395

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 executive long term incentive plan or upon the exercise of share rights/options.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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)
	(43,409)	(4,393)	(18,303)
Hedging reserve – cash flow hedges			
Balance at the beginning of the period	**(5,595)**	(13,355)	(13,355)
Revaluation – refer 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	**(6,585)**	(12,638)	(5,595)
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	**(36,824)**	8,245	(12,708)

(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 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	**105,398**	98,509	101,799

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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 period	**-**	-	-

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	**57,462**	46,171	103,856

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 distribution/dividend	**10.00¢**	8.00¢	8.00¢
Interim distribution/dividend	**-**	-	10.00¢

14. CONTINGENCIES

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

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

	31 DECEMBER 2013 $'000	31 DECEMBER 2012 $'000	30 JUNE 2013 $'000
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
Commitments not recognised in the financial statements	**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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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, 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, SKYCITY Wharf Casino 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.

NOTES TO THE FINANCIAL STATEMENTS

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)	**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**

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)	80,067	12,058	18,573	20,916	841	(18,043)	114,412
Finance costs – net							(26,204)
Profit before income tax							88,208

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)	(30,284)	(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)	155,630	19,868	32,574	33,058	11,897	(35,844)	217,183
Finance costs							(49,263)
Profit before income tax							167,920

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

18. ACQUISITION OF SUBSIDIARY

During the period the Group purchased Otago Casinos Limited (Wharf Casino) for $4.3M. After the completion of the fair value acquisition accounting, a casino licence of $4.5M 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

RECONCILIATION BETWEEN REPORTED AND NORMALISED RESULTS

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

	1H14				IH13			
	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 $4M
- Profit from sale of Christchurch Casino, sold in December 2012
- Other adjustments includes one-off costs associated with the acquisition of Wharf Casino, 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 complimentary expenses
- Other minor items.

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

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