



# SKYCITY ENTERTAINMENT GROUP LIMITED

**FY07 Interim Result**

**Half Year Ended 31 December 2006**

SKYCITY Entertainment Group Limited  
1H07 cf 1H06



Group Result	1H07 \$m	1H06 \$m	\$m Movement	% Movement
Revenue	\$419.2	\$386.3	+\$32.9	▲ 8.5%
EBITDA	\$147.2	\$154.6	-\$7.4	▼ 4.8%
EBIT	\$110.3	\$119.7	-\$9.4	▼ 7.9%
Net Profit	\$45.0	\$58.6	-\$13.6	▼ 23.2%
Earnings per Share	10.3cps	14.0cps	-3.7cps	▼ 26.4%

+ Normalised Net Profit \$48.2m and normalised earnings per share 11.1cps  
(refer pages 2, 3).

*EBITDA = Earnings before interest, tax, depreciation and amortisation. EBIT = Earnings before interest and tax.  
Consistent with previous result presentations, interest received on surplus funds (\$803k) has been netted off against funding expense. NZIFRS-compliant format requires interest received to be reported as other income.*

1H07 cf 1H06

Normalised Net Profit: \$48.2m



- + A number of adjustments can be made to the NPAT result to eliminate non-recurring gains or losses, in order that the underlying or 'normalised' performance of the business is identified.
- + Casino companies engaged in high-end VIP/commission play typically report their result in terms of normalised net profit after restating VIP/commission play at 'theoretical' outcome. This adjustment removes the volatility (both positive and negative) that can arise in this sector of the business within six monthly reporting periods. The objective is as outlined above, to restate the outcome in terms of the underlying business performance.
- + The normalised net profit for 1H07 is derived at \$48.2m and normalised earnings per share at 11.1cps (refer table on following page).

# 1H07 cf 1H06

## Normalised Net Profit: \$48.2m



	1H07
Actual Net Profit as reported	\$45.0m
Adjustments for non-recurring gains and losses, normalised tax rate at 28%, and VIP/commission play at theoretical win rate	+\$3.2m
Normalised Net Profit	\$48.2m
Normalised Earnings per Share	11.1cps

- + The table above includes the following adjustments to the reported 1H07 NPAT:
  - non-recurring gain from capital restructuring
  - VIP/commission play at theoretical win rate. This adjustment would add \$9.4m (before tax) to the 1H07 result
  - tax at the embedded/normalised rate of 28% (29.6% in 1H07 actual).

# Profit Guidance



- + Guidance statement dated October 2006 (FY07 full year NPAT projected at \$100m-\$110m) made reference to the following impacts on YTD financial performance:
  - adverse VIP/commission outcomes in Auckland
  - weaker economic and trading conditions (Auckland)
  - expected increase in Group tax rate to 30%
  
- + Because the SKYCITY Group experiences relatively little seasonality effect between half year reporting periods across its business units, the October guidance of \$100m-\$110m for full year FY07 therefore implied an approximate half year split as below:

	Range	Mid-Point
1H07	\$45m-\$50m	\$47.5m
2H07	\$55m-\$60m	\$57.5m
	<u>\$100m-\$110m</u>	<u>\$105.0m</u>

## Actual 1H07 Result cf Guidance Statement (10/06)



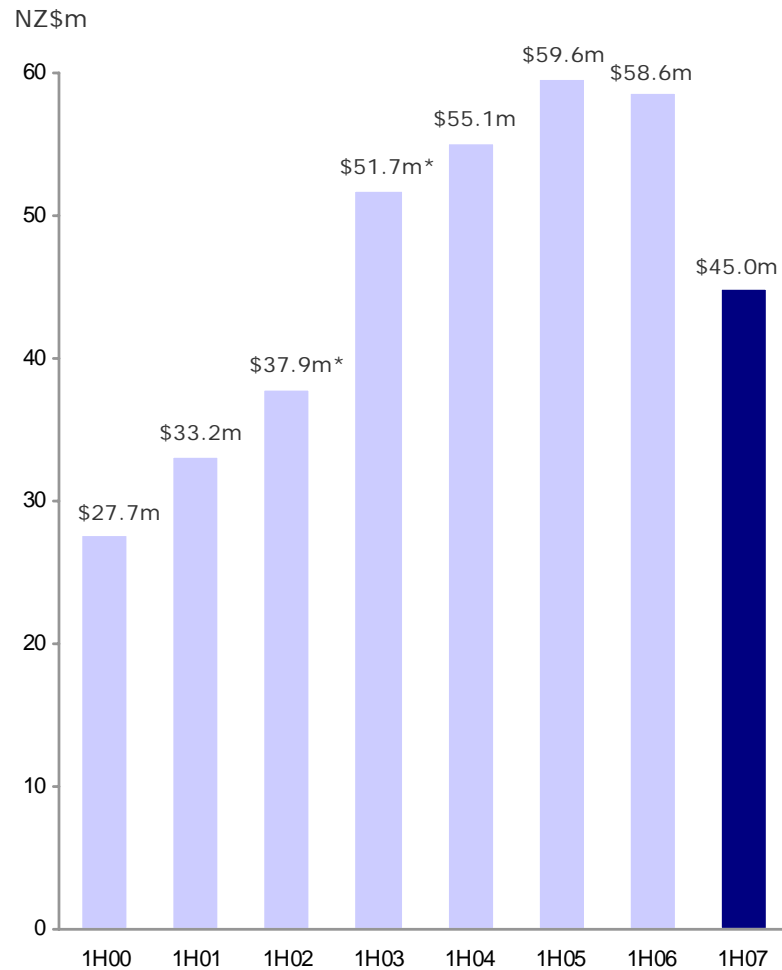
- + Actual reported result (before non-recurring and normalised VIP/commission) is at the lower end of the October 2006 guidance range for the half year
- + Auckland VIP/commission outcomes did normalise during the second quarter
- + Weaker than expected economic and trading conditions have continued to impact the Auckland business
- + Cinema result has been hindered by a lack of strong film product
- + Adelaide, Darwin, Hamilton, Queenstown and Christchurch all trading in line with expectations and ahead of or in line with corresponding prior period.

- + Weaker economic and trading conditions (Auckland) are projected to prevail for most of the second half
- + Assumed that VIP/commission will perform at theoretical win rate
- + Higher quality film product is expected to lift cinema performance
- + 2H07 trading in other business units (Adelaide, Darwin, Hamilton, Christchurch) expected to continue in similar vein to 1H07
- + The factors referred to above, combined with the 1H07 interim result being at the lower end of the October guidance, suggest that the full year FY07 result will also be around the lower end of the guidance range.

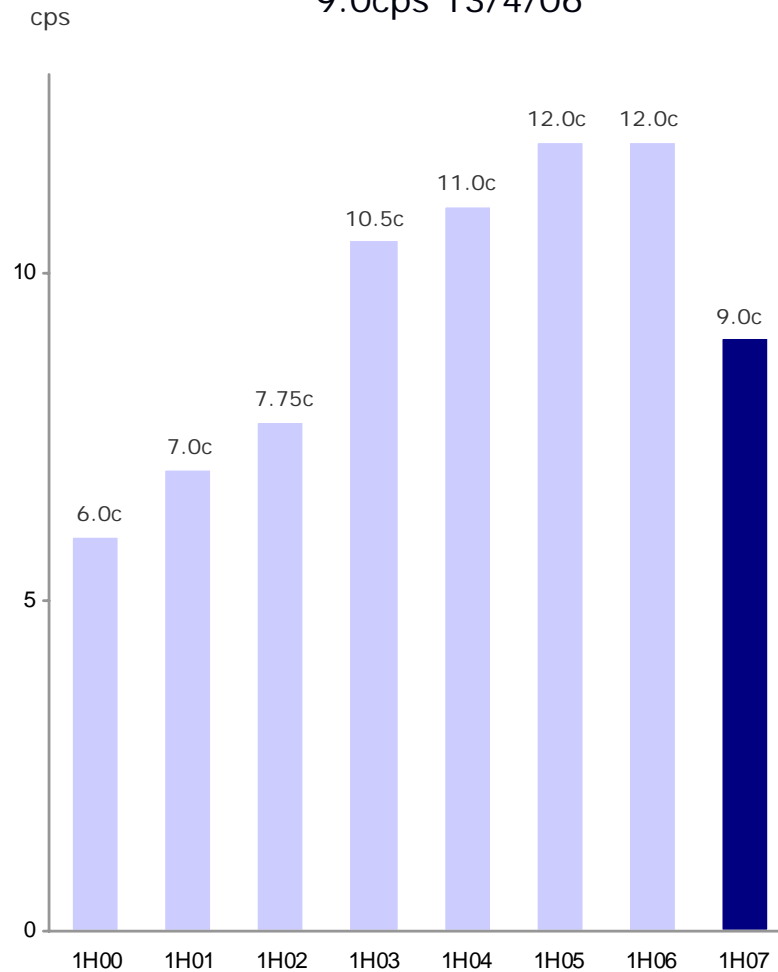
# FY07 First Half Result Profits and Distributions



Net Profit : \$45.0m



Interim Dividend/Distribution  
9.0cps 13/4/06



\* Before non-recurring items

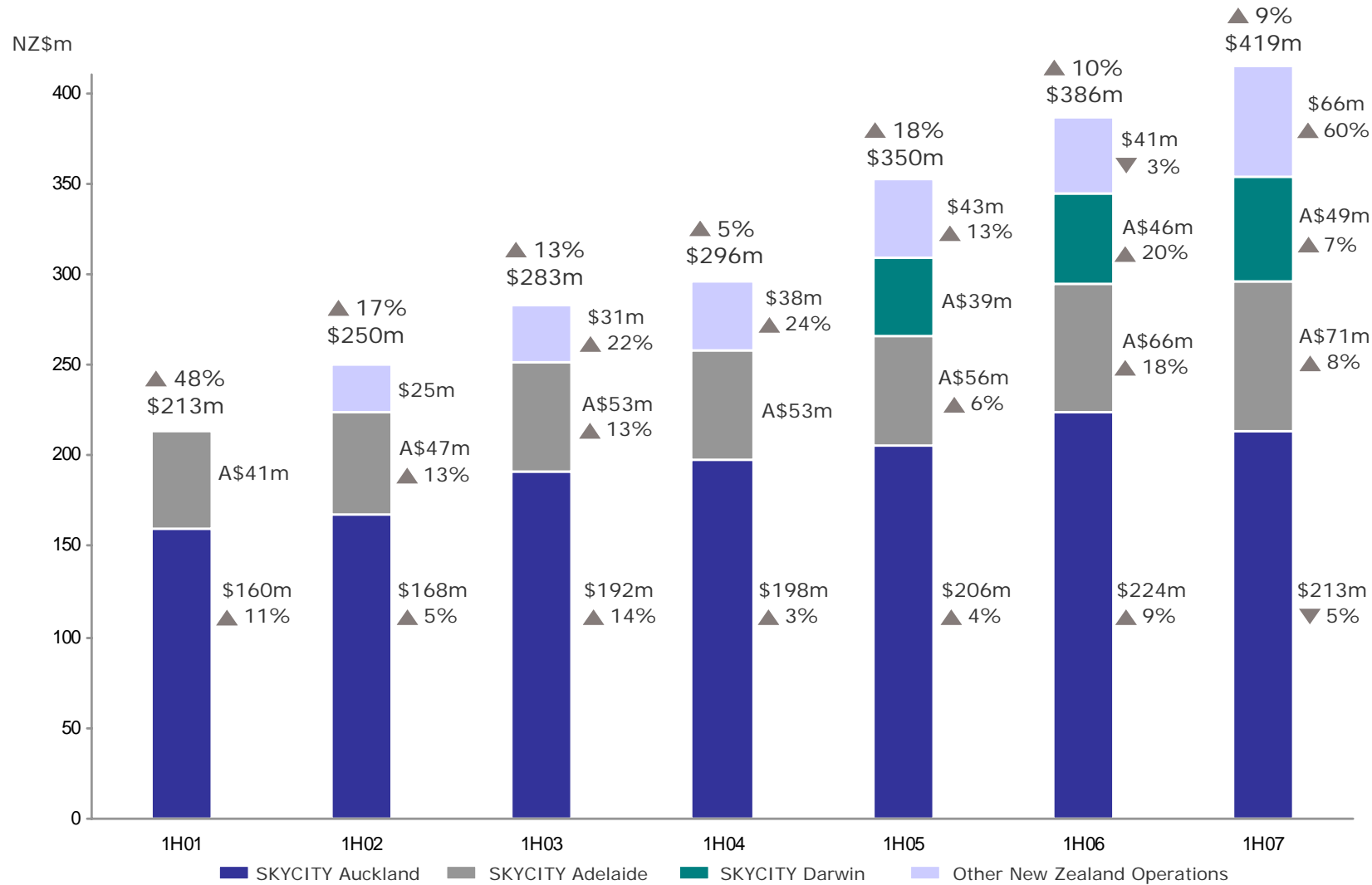


## Interim Distribution (9.0cps)



- + 9.0 cents per share (12.0cps 1H06)
- + Entitlement/record date 14 March
- + Payment date 13 April
- + Distribution by way of non-taxable bonus shares with fully-imputed cash buyback alternative continued for 1H07
- + Strike price for the bonus share issue for the 1H07 distribution will be the weighted average SKC price on the NZSX during the 5 day period 15-21 March less a 2.5% discount
- + Shareholder elections (to elect the cash/buyback option) are due to the share registry (Computershare) by 11 April
- + Advice of the number of bonus shares to be issued in respect of the 1H07 distribution to shareholders on 13 April
- + Distribution calculated (as has historically been the practice) at 90% x Net Profit after adding back casino licence amortisation
- + Distribution weighting for interim:final ratio maintained at 45:55.

# FY07 First Half Result Operating Revenues



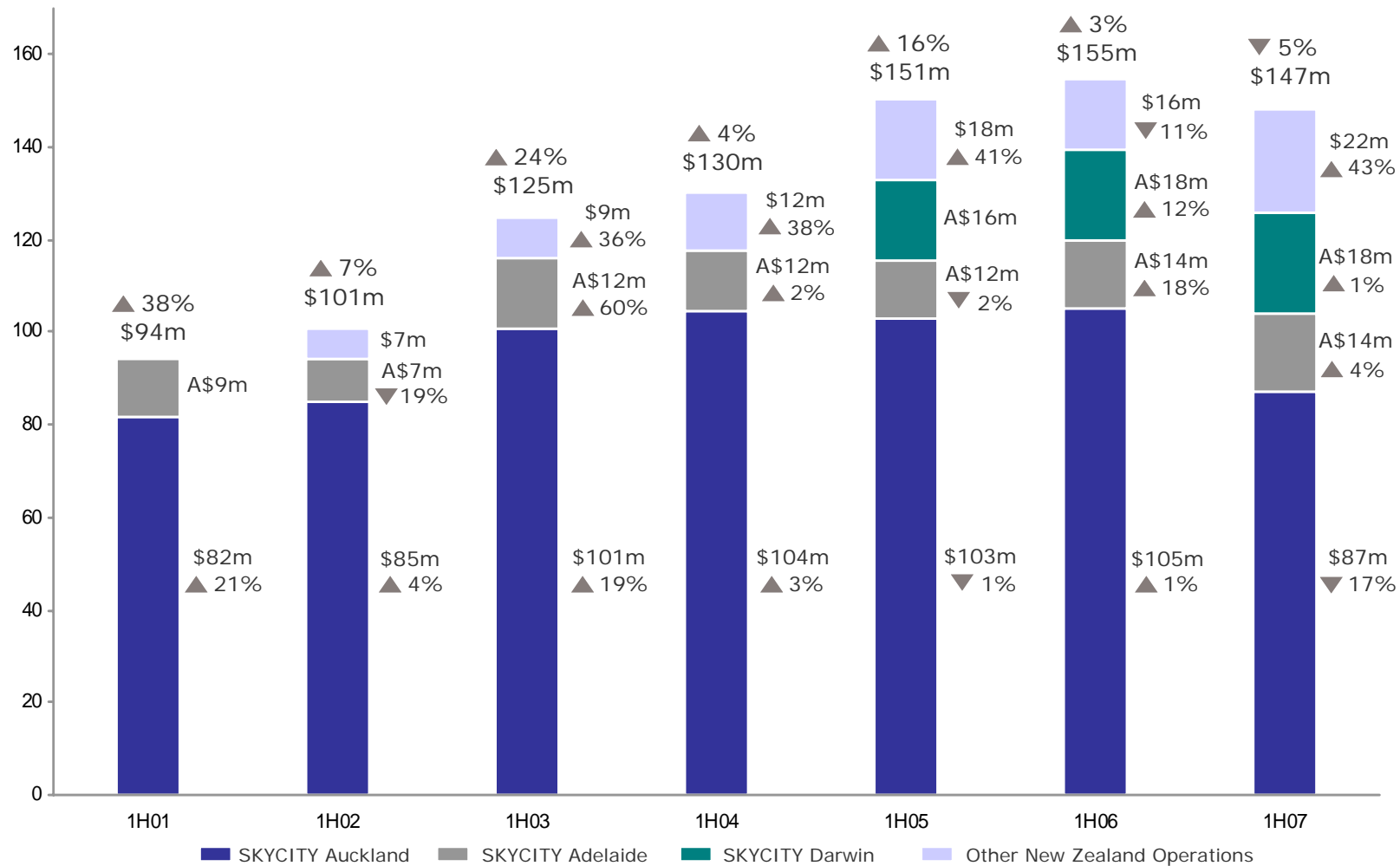
Other New Zealand Operations include SKYCITY Hamilton, SKYCITY Queenstown, SKYCITY Cinemas, Christchurch Casino and \$4.6m of Corporate Revenues (gains on capital restructuring and property sale Christchurch). 1H07 is the first reporting period of 100% ownership of SKYCITY Cinemas following acquisition of the Village Roadshow 50% joint venture interest in July 2006.

# FY07 First Half Result

## EBITDA



NZ\$m

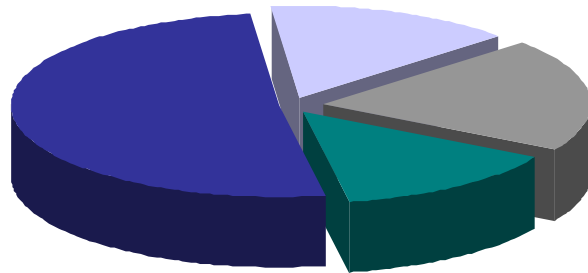


Other New Zealand Operations include Hamilton \$9.8m (1H06 \$7.8m), Queenstown \$0.5m (1H06 -\$0.1m), Cinemas/Leisure \$4.7m (1H06 \$5.2m), Christchurch Casino \$2.5m (1H06 \$2.7m). Also included in Other NZ are foreign exchange gain on capital restructuring \$3.9m and gain on sale of Christchurch property \$0.7m.

# FY07 First Half Result Revenues and EBIT Composition

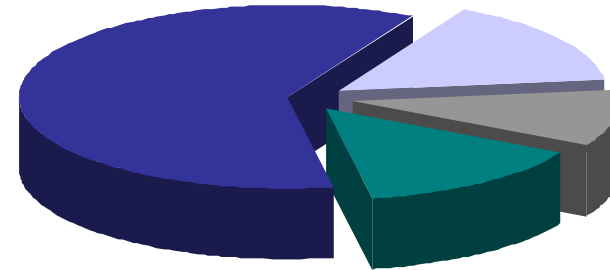


Group Revenues  
\$419m



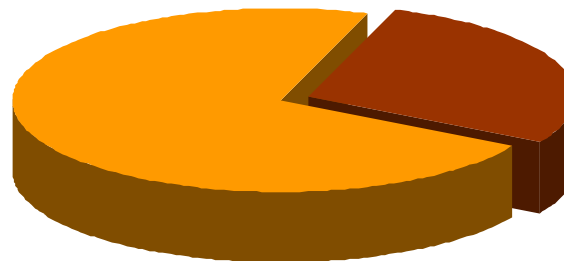
Auckland	NZ\$213m	51%
Other NZ	NZ\$66m	15%
Adelaide	A\$71m	20%
Darwin	A\$49m	14%
<b>TOTAL</b>	<b>NZ\$419m</b>	

EBIT  
\$110m



Auckland	NZ\$65m	59%
Other NZ	NZ\$16m	15%
Adelaide	A\$9m	10%
Darwin	A\$15m	16%
<b>TOTAL</b>	<b>NZ\$110m</b>	

Gaming/Non-Gaming  
Revenues



Gaming	\$300m	72%
Non-Gaming	\$119m	28%

# SKYCITY Auckland FY07 First Half Result



Comparison to corresponding prior period (1H06)

Revenue	\$213.1m	-\$10.4m	▼ 4.7%
- Gaming	\$163.0m	-\$14.1m	▼ 8.0%
- Other	\$50.1m	+\$3.7m	▲ 8.0%
EBITDA	\$86.9m	-\$17.8m	▼ 17.0%
EBIT	\$65.4m	-\$18.7m	▼ 22.2%

- + The Auckland result is primarily impacted by the following key factors:
  - adverse VIP/commission outcomes
  - marginal downturn (2%) in machine play when compared to corresponding prior period (1H06) although 2.6% up on 2H06
  - inevitably some disruption to customers from the first stage of the main gaming floor renovation project
  - adverse external factors (petrol prices, weaker economic situation)
  - offset by strong performance in non-gaming operations and management of indirect costs.

# SKYCITY Auckland FY07 First Half Result



	1H07 \$m	Variance to 1H06	
		\$m	%
Revenue			
Gaming Machines	\$98.3	-\$2.1	▼ 2.1%
Gaming Tables - Local	\$55.3	-\$5.7	▼ 9.3%
VIP/International*	\$9.4	-\$6.3	▼ 40.1%
<b>Total Gaming</b>	<b>\$163.0</b>	<b>-\$14.1</b>	<b>▼ 8.0%</b>
Food and Beverage	\$19.4	-\$0.1	▼ 0.5%
Hotels	\$15.4	+\$2.3	▲ 17.6%
Conventions	\$8.7	+\$0.3	▲ 3.6%
Sky Tower, Parking, Other	\$12.4	+\$1.4	▲ 12.7%
Complimentaries	(\$5.8)	(+\$0.2)	(▲ 3.6%)
<b>Total Revenue</b>	<b>\$213.1</b>	<b>-\$10.4</b>	<b>▼ 4.7%</b>

\*Revenues before commissions. International/VIP revenues net after commissions shows a loss for 1H07 of \$2.9m, compared to a net win of \$11.3m in 1H06.

# SKYCITY Auckland

## 1H07 v 1H06



- + Whilst gaming machines, local table play and international/VIP/commission all reported lower revenues compared to 1H06, the major impact on direct gaming expenses relates to commissions paid in respect of VIP play
- + Strong performances recorded in the non-gaming businesses as the revenue delivery from recent capital projects continues to build:
  - food and beverage (new tapas bar 'Bellota' opened in November, renovated/refreshed 'ACES' bar and Deli food service outlet on main gaming floor opened mid-December)
  - SKYCITY Hotel held occupancy at 83% but achieved a 5% increase in average room rate at \$144. SKYCITY Grand Hotel increased occupancy from 36% to 44% at an average room rate of \$217
  - SKYCITY Auckland Convention Centre continues to consolidate its position as Auckland's premier convention and banquet venue, generating close to \$9m in revenues for the half year
  - good revenue increments from Sky Tower and carparking.
- + Focus for next period is on regenerating gaming revenues and tight management of costs in order to rebuild gaming GOI performance.

# SKYCITY Adelaide FY07 First Half Result



Comparison to corresponding prior period (1H06)

	1H07 A\$m	Variance to 1H06	
		A\$m	%
Revenue			
- Gaming Machines	A\$28.7	+A\$1.1	▲ 4.0%
- Gaming Tables - Local	A\$26.4	+A\$0.7	▲ 2.6%
- VIP/International	A\$6.7	+A\$3.6	▲ 116%
- Total Gaming	A\$61.8	+A\$5.4	▲ 9.6%
- Food and Beverage, Other	A\$8.8	-A\$0.5	▼ 5.4%
Total Revenue	A\$70.6	+A\$4.9	▲ 7.5%
EBITDA	A\$14.4	+A\$0.6	▲ 4.3%
EBIT	A\$9.4	+A\$0.9	▲ 10.6%



# SKYCITY Adelaide FY07 First Half Result



- + Improved performance (1H06/2H06) continued into 1H07
- + Continuing revenue increases: up 7.5% over corresponding prior period (1H06) and up 7.8% over 2H06
- + Non-gaming revenues (mainly food and beverage) down 5% on corresponding period 1H06 but 17% ahead of 2H06. Corresponding prior period (1H06) was the immediate post-opening period of the new Southside facilities (new gaming space, 'North' restaurant and 'Loco' bar) which saw a stronger than expected initial response to the new facilities
- + Continuation of the property redevelopment is on hold pending an outcome to the long-awaited decision on the carpark proposal. Of a total of A\$75m for the project, A\$21m was expended on the Southside component (opened June 2005).

# SKYCITY Darwin FY07 First Half Result



Comparison to corresponding prior period (1H06)

	1H07 A\$m	Variance to 1H06	
		A\$m	%
Revenue			
- Gaming Machines	A\$27.6	+A\$2.1	▲ 8.2%
- Gaming Tables	A\$5.8	-A\$0.9	▼ 13.4%
- Keno/other	A\$5.5	+A\$1.0	▲ 22.2%
- Total Gaming	A\$38.9	+A\$2.2	▲ 6.0%
- Hotel, Food & Beverage, Other	A\$10.5	+A\$0.9	▲ 9.4%
Total Revenue	A\$49.4	+A\$3.1	▲ 6.7%
EBITDA	A\$18.2	+A\$0.2	▲ 1.1%
EBIT*	A\$14.9	+A\$1.4	▲ 10.4%

\* EBIT comparison with the 1H06 licence amortisation of A\$1.5m eliminated (reversed in the 2H06/FY06 result)  
is down marginally: 1H07 cf 1H06

# SKYCITY Darwin

## FY07 First Half Result



- + Growth momentum continues: gaming and non-gaming
- + Gaming revenues up in machines and keno, offset by a drop in table revenues (but noting that this reduction follows a strong +44% performance in FY06)
- + Hotel and convention revenues up 13% and food and beverage up 6%
- + Casino licence extension agreed with the Northern Territory Government. Effectively a 15/20 year renewable licence with continuing exclusivity
- + Expansion of existing facilities is planned (gaming, restaurant, bar) in response to increasing demand (and also as required by the terms of the casino licence extension). Estimated capital cost of A\$35-A\$40m over a 24 month period
- + Little Mindil site (adjacent to existing site) secured to optimise future flexibility.

# SKYCITY Hamilton FY07 First Half Result



Comparison to corresponding prior period (1H06)

	1H07 \$m	Variance to 1H06	
		\$m	%
Revenue			
- Gaming	\$16.1	+\$2.1	▲ 15%
- Food & Beverage, Other	\$3.4	+\$1.0	▲ 42%
<b>Total Revenue</b>	<b>\$19.5</b>	<b>+\$3.1</b>	<b>▲ 19%</b>
EBITDA	\$9.8	+\$2.0	▲ 26%
EBIT	\$7.4	+\$1.8	▲ 32%

- + Strong performance (revenues and cost management) with EBITDA ratio up from 47.6% to 50.3%
- + Gaming growth of 15% contributed by gaming machines up 16% and gaming tables up 12%
- + Food and beverage revenues up strongly over 1H06 with new 'Zone' bar a significant contributor to revenue growth
- + New cafe/restaurant under construction with expected opening in May 2007.

# Other New Zealand Operations FY07 First Half Result



\$m	Christchurch Casino		Queenstown		Cinemas/ Metro		Other*		Total Other NZ	
	1H07	1H06	1H07	1H06	1H07	1H06	1H07	1H06	1H07	1H06
Revenue	\$2.5	\$2.7	\$3.8	\$2.8	\$35.0	\$18.9	\$4.9	\$0.3	\$46.2	\$24.7
EBITDA	\$2.5	\$2.7	\$0.5	(\$0.1)	\$4.7	\$5.2	\$4.6	(\$0.1)	\$12.3	\$7.7
EBIT	\$2.5	\$2.7	\$0.2	(\$0.6)	\$1.8	\$4.2	\$4.4	(\$0.1)	\$8.9	\$6.2

*\*Other primarily comprises gain on foreign exchange from Australian company capital restructure of \$3.9m and profit on sale of Christchurch property of \$0.7m.*

# Christchurch and Queenstown FY07 First Half Results



## Christchurch Casino (41% shareholding)

- + Christchurch Casino is trading marginally below corresponding prior period year to date with the Crowne Plaza Hotel (CCL and the CCL shareholders at 69% shareholding) trading in line with expectations and prior period
- + Earnings from Christchurch Casino at \$2.52m down \$230k on corresponding period (1H06)
- + New gaming floor bar opened November 2006 with further property enhancements and new facilities currently under consideration.  
Neighbouring site acquired to ensure future carparking capacity and flexibility.

## SKYCITY Queenstown Casino (60% shareholding)

- + Positive EBITDA and EBIT results driven by international/commission play, although gaming machine revenues also up (+6%) over corresponding prior period
- + Food and beverage revenues in line with prior periods (1H06 and 2H06).

# SKYCITY Cinemas and Metro



- + SKYCITY Metro Centre sale agreement negotiated at \$55.1m (subject only to Overseas Investment Office approval which is not expected to be withheld). Sale proceeds cover the cost of acquisition of the Village 50% cinema joint venture interest (New Zealand and Fiji, July 2006, \$52.0m)
- + Comparison to prior period needs to allow for 100% ownership in 1H07, 50% ownership in 1H06
- + Disappointing cinemas outcome for 1H07 on the back of low performing film product. Stronger film product in 2H07 is expected to provide a positive impetus to second half revenue performance
- + Cinema revenues (allowing for doubling of ownership interest) essentially flat/marginally down (despite new cinema venues in Queensgate (Lower Hutt), New Plymouth and The Embassy Wellington) at \$33.0m compared to \$16.6m in 1H06
- + Expenses increased more than proportionately (due mainly to an increase in number of sites/screens) from \$14.7m in 1H06 to \$33.2m in 1H07, resulting in an EBIT contraction of \$2.4m (from \$4.2m in 1H06 to \$1.8m in 1H07).



## **Summary Financial Results**

**Half Year Ended 31 December 2006**

The financial results as set out on the following pages summarise the key features of the operating performance achieved by the SKYCITY Group during the half year ended 31 December 2006. They are not the financial statements of SKYCITY Entertainment Group Limited and therefore do not contain all the detail and disclosures which are included in the company's 2007 interim financial statements. In the financial statements, interest received and gains on some financial transactions are included as other revenue. In these result summaries these items are included within funding costs to better identify the net cost of the company's debt funding arrangements.



**SKYCITY Entertainment Group Limited**  
**Result Summary**  
**For the six months ended 31 December 2006**

New Zealand operations expressed in NZ\$m	1H07						1H06					
	Auckland & Corporate	Hamilton	Other NZ Operations <sup>(1) (2)</sup>	Adelaide	Darwin	SKYCITY Group	Auckland & Corporate	Hamilton	Other NZ Operations <sup>(1) (2)</sup>	Adelaide	Darwin	SKYCITY Group
Australian operations expressed in A\$m	NZ\$m	NZ\$m	NZ\$m	A\$m	A\$m	NZ\$m	NZ\$m	NZ\$m	A\$m	A\$m	NZ\$m	NZ\$m
<b>Including Complimentaries Gaming<sup>(3)</sup></b>												
Revenue	163.0	16.1	3.4	61.8	38.9	300.4	177.1	14.0	2.5	56.4	36.7	294.6
Direct Expenses	65.4	6.0	2.2	41.0	17.7	142.3	55.7	5.7	2.0	37.2	16.5	122.2
Gross Margin	97.6	10.1	1.2	20.8	21.2	158.1	121.4	8.3	0.5	19.2	20.2	172.4
	59.9%	62.7%	35.3%	33.7%	54.5%	52.6%	68.5%	59.3%	20.0%	34.0%	55.0%	58.5%
<b>Other<sup>(3)</sup></b>												
Revenue	55.9	3.6	42.9	11.7	13.4	131.8	52.0	2.8	22.3	11.8	12.2	103.2
Direct Expenses	32.9	2.1	26.2	9.5	10.2	84.3	32.8	1.6	12.0	9.7	8.7	65.9
Gross Margin	23.0	1.5	16.7	2.2	3.2	47.5	19.2	1.2	10.3	2.1	3.5	37.3
	41.1%	41.7%	38.9%	18.8%	23.9%	36.0%	36.9%	42.9%	46.2%	17.8%	28.7%	36.1%
<b>Excluding Complimentaries Total</b>												
Revenue	213.1	19.5	46.2	70.6	49.4	419.2	223.5	16.4	24.7	65.7	46.3	386.3
Direct Expenses	92.5	7.9	28.3	47.6	25.0	213.6	82.9	6.9	13.9	44.4	22.6	176.6
Gross Margin	120.6	11.6	17.9	23.0	24.4	205.6	140.6	9.5	10.8	21.3	23.7	209.7
	55.1%	58.9%	38.7%	31.3%	46.7%	47.6%	61.4%	56.5%	43.5%	31.2%	48.5%	52.7%
<b>Indirect Expenses</b> (excl. depreciation & amortisation)	33.7	1.8	5.6	8.6	6.2	58.4	35.9	1.7	3.1	7.5	5.7	55.1
	15.8%	9.2%	12.1%	12.2%	12.6%	13.9%	16.1%	10.4%	12.6%	11.4%	12.3%	14.3%
<b>EBITDA</b>	<b>86.9</b>	<b>9.8</b>	<b>12.3</b>	<b>14.4</b>	<b>18.2</b>	<b>147.2</b>	<b>104.7</b>	<b>7.8</b>	<b>7.7</b>	<b>13.8</b>	<b>18.0</b>	<b>154.6</b>
	40.8%	50.3%	26.6%	20.4%	36.8%	35.1%	46.8%	47.6%	31.2%	21.0%	38.9%	40.0%
Depreciation	18.8	2.4	3.4	3.8	3.2	32.7	18.9	2.2	1.5	4.2	2.9	30.3
Amortisation	2.7	-	-	1.2	0.1	4.2	1.7	-	-	1.1	1.6	4.6
<b>EBIT</b>	<b>65.4</b>	<b>7.4</b>	<b>8.9</b>	<b>9.4</b>	<b>14.9</b>	<b>110.3</b>	<b>84.1</b>	<b>5.6</b>	<b>6.2</b>	<b>8.5</b>	<b>13.5</b>	<b>119.7</b>
	30.7%	37.9%	19.3%	13.3%	30.2%	26.3%	37.6%	34.1%	25.1%	12.9%	29.2%	31.0%
Funding						46.2						40.7
<b>Net Profit Before Tax</b>						<b>64.1</b>						<b>79.0</b>
						15.3%						20.5%
Tax						19.0						20.6
Minority Interest						(0.1)						0.2
<b>Net Profit After Tax and Minority Interest</b>						<b>45.0</b>						<b>58.6</b>
<sup>(1)</sup> Other NZ Operations include Queenstown and Leisure (fully consolidated) and Christchurch Casinos Limited (associate)												
<sup>(2)</sup> Full consolidation of revenues and expenses for Hamilton, Queenstown and Leisure. Minority Interest relates to SKYCITY Queenstown												
<sup>(3)</sup> Gaming and Other revenue and expenses are shown inclusive of complimentaries. In the company's statutory accounts complimentaries are eliminated												
	NZ\$	NZ\$	NZ\$	A\$	A\$	NZ\$	NZ\$	NZ\$	A\$	A\$	NZ\$	NZ\$
Complimentaries	5.8	0.2	0.1	2.9	2.9	13.0	5.6	0.4	0.1	2.5	2.6	11.5

**SKYCITY Entertainment Group Limited**  
**Revenue Reconciliation**  
**Six Months Ended 31 December 2006**

**1H07**

The SKYCITY financial statements include interest received (\$0.8m) as other revenues.

In the result summary (as set out herein) funding-related gains and interest received on debt management are netted off against funding cost. The purpose of these adjustments is to identify revenue from trading/operations separately from financial transactions and to identify the net cost of funding and interest rate management.

This is summarised below:

	\$000
• Revenue per financial statements	\$419,973
• Less interest received	\$803
• Revenue per result summary	<u>\$419,170</u>
• Interest cost per financial statements	\$46,963
• Less interest received	\$803
• Funding cost per result summary	<u>\$46,160</u>

**1H06**

Similar adjustments were made to 1H06.

For 1H06 interest received of \$0.8m and interest rate swap gains of \$4.1m were eliminated from revenue (per the financial statements) and netted off against funding cost, as below.

	\$000
• Revenue per financial statements	\$391,179
• Less interest received and IRS gains	\$4,918
• Revenue per result summary	<u>\$386,261</u>
• Interest cost per financial statements	\$45,645
• Less interest received and IRS gains	\$4,918
• Funding cost per result summary	<u>\$40,727</u>

**SKYCITY Entertainment Group Limited  
Result Summary**

**For the six months ended 31 December 2006**

All figures in NZ\$m unless otherwise indicated	1H07	1H06
<b>Revenue</b>	<b>\$419m</b>	<b>\$386m</b>
- New Zealand Operations <span style="float: right;">+\$14.2m</span>	+\$33m	
- Adelaide <span style="float: right;">+A\$4.9m (+\$11.3m)</span>		
- Darwin <span style="float: right;">+A\$3.1m (+\$7.4m)</span>		
<b>Gross Margin</b>	<b>\$206m</b>	<b>\$210m</b>
- New Zealand Operations <span style="float: right;">-\$10.8m</span>	-\$4m	
- Adelaide <span style="float: right;">+A\$1.7m (+\$4.0m)</span>		
- Darwin <span style="float: right;">+A\$0.7m (+\$2.7m)</span>		
<b>Indirect Expenses</b> (including depreciation & amortisation)	<b>\$95m</b>	<b>\$90m</b>
	+\$5m	
<b>EBIT</b>	<b>\$110m</b>	<b>\$120m</b>
- New Zealand Operations <span style="float: right;">-\$14.1m</span>	-\$10m	
- Adelaide <span style="float: right;">+A\$0.9m (+\$1.8m)</span>		
- Darwin <span style="float: right;">+A\$1.4m (+\$2.9m)</span>		
<b>Funding</b>	<b>\$46m</b>	<b>\$41m</b>
	+\$5m	
<b>Net Profit after Tax</b>	<b>\$45.0m</b>	<b>\$58.6m</b>
	-\$13.6m	

**SKYCITY Entertainment Group Limited**  
**Consolidated Balance Sheet**

	<b>As at 31/12/06</b> NZ\$000	<b>As at 30/6/06</b> NZ\$000
<b>Equity</b>		
Share capital	345,112	281,735
Retained profits	9,725	32,756
Reserves	(21,983)	(8,171)
Minority interests	2,511	2,463
<b>TOTAL EQUITY</b>	<b>335,365</b>	<b>308,783</b>
<b>Current Assets</b>		
Cash and bank	71,521	74,098
Receivables and prepayments	40,412	30,803
Inventories	5,917	5,241
Assets held for sale	52,424	52,400
Other current assets	463	1,477
	170,737	164,019
<b>Non-Current Assets</b>		
Property, plant and equipment	948,073	935,123
Investment properties	8,730	8,593
Intangible assets	432,078	426,011
Investments in associates and other investments	82,785	78,304
Tax receivables	30,475	47,438
Deferred tax assets	17,658	26,667
Derivative financial instruments	7,052	37,055
Other non-current assets	2,592	2,622
	1,529,443	1,561,813
<b>TOTAL ASSETS</b>	<b>1,700,180</b>	<b>1,725,832</b>
<b>Current Liabilities</b>		
Payables	140,669	100,801
	140,669	100,801
<b>Non-Current Liabilities</b>		
Term borrowings	867,536	950,904
Subordinated debt	287,556	301,676
Deferred tax liabilities	56,720	60,596
Derivative financial instruments	12,334	3,072
	1,224,146	1,316,248
<b>TOTAL LIABILITIES</b>	<b>1,364,815</b>	<b>1,417,049</b>
<b>NET ASSETS</b>	<b>335,365</b>	<b>308,783</b>

**SKYCITY Entertainment Group Limited**  
**Balance Sheet Notes**  
**As at 31 December 2006**

**Equity**

- Share capital increased by \$63.4m as a result of bonus shares issued under the company's profit distribution plan in October 2006, shares issued to SKYCITY personnel under the company's incentive remuneration plan, and shares issued pursuant to the exercise of options by executives.
- Retained profits decreased by \$23.0m. The transactions during the half year that affected retained profits were net surplus after tax for the half year ended 31 December 2006 of \$45.0m, less the FY06 final dividend payment \$68.0m.
- The Reserves balance as at 31 December 2006 is represented by the shares awarded but not yet issued to salaried staff under the Performance Pay Incentive Plan \$3.7m, foreign currency translation reserve balance -\$16.6m, and cash flow hedge reserve -\$9.1m.

The foreign currency translation reserve reflects changes in the New Zealand dollar value of the company's net Australian assets due to movements in the NZD/AUD exchange rate.

The cash flow hedge reserve (created on adoption of NZ IFRS) represents fair value movements in SKYCITY's interest and cross currency interest rate swaps that are part of cash flow hedging relationships.

- Minority interest of \$2.5m is Skyline Enterprises' 40% shareholding in Queenstown Casinos Limited.

**Current Assets**

- Cash and bank comprises \$21.7m of funds on interest-bearing deposit and \$49.8m of cash held in-house/on-property.
- The increase in receivables and prepayments of \$9.6m is a general increase in trade/interest receivables.
- Assets held for sale of \$52.4m relate to the SKYCITY Metro property in Queen Street, Auckland. Subsequent to 31/12/06 a conditional contract in excess of this carrying amount has been entered into for the sale of the Metro property.

**Non-Current Assets**

- The \$13.0m increase in property, plant and equipment relates primarily to the Auckland main gaming floor refurbishment, Bellota tapas bar (Auckland), Zone sports bar (Hamilton), Adelaide systems upgrades, and gaming machine expenditure across most sites, offset by depreciation.
- Investment property of \$8.7m relates to the property at 99-101 Hobson Street, Auckland, acquired in June 2006. This strategically-located property has been purchased for potential future carparking expansion.

## Balance Sheet Notes (continued)

- Intangible assets have increased by \$6.1m mainly as a result of goodwill arising from the purchase of Village Roadshow's New Zealand and Fiji cinema exhibition interests (\$36.0m), the impact of movements in the NZD/AUD exchange rate on the Adelaide and Darwin casino licences (-\$29.4m) and amortisation of the Adelaide casino licence.
- Investments in associates and other investments comprise SKYCITY's direct investment in Christchurch Casinos Limited (30.7%) and other minor associates of SKYCITY Cinemas Holdings Limited.
- SKYCITY's effective shareholding in Christchurch Casinos Limited is 40.5%. An effective 9.8% is held via a shareholding and repayable advance in Christchurch Hotels Limited which owns (through a subsidiary) the Christchurch Crowne Plaza Hotel.
- Tax receivables of \$30.5m relates to prepaid tax to ensure the Group's imputation credit account was in credit on 31/3/06 (re the profit distribution plan). The decrease in this balance relates to the tax liability for the six months.
- Deferred tax assets of \$17.7m relates to tax losses recognised from SKYCITY Cinemas Holdings Limited and Queenstown Casinos Limited and other temporary differences. Refer deferred tax liability under non-current liabilities (below).
- Derivative financial instruments are the fair value of interest and cross currency interest rate swaps that were previously held off balance sheet and are now required to be recognised under NZ IFRS. Derivative assets and derivative liabilities are not netted off under NZ IFRS. The combined derivative asset and liability position as at 31/12/06, if able to be netted off, would be a net liability of \$5.3m. It is the company's current intention that interest rate swap instruments will run through to maturity and not be realised early. However, NZ IFRS requires that all derivatives be marked to market and recorded on the balance sheet as at the company's reporting date.

## Current Liabilities

- The increase in payables includes the \$35m deferred settlement portion of the acquisition price payable to Village Roadshow for its New Zealand and Fiji cinema exhibition interests.

## Non-Current Liabilities

- Term borrowings represent funds drawn down on the senior debt facility (\$302.0m) and US Private Placement debt (\$568.7m), less deferred funding expenses (\$3.2m).
- Subordinated debt includes New Zealand capital notes (\$124m) and Australian capital notes (SKYCITY ACES) (A\$150m).
- Deferred tax liabilities decreased by \$3.9m as a result of temporary differences associated with tax versus accounting carrying values and movements in the fair value of the Group's derivative financial instruments. Deferred tax assets and deferred tax liabilities are not netted off under NZ IFRS. The combined deferred tax asset and liability position as at 31/12/06, if able to be netted off, would be a net liability of \$39.1m.