

11 February 2016

ASX Market Announcements
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AUSTRALIA

SKYCITY Entertainment Group Limited

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Dear Sir/Madam

**RE : SKYCITY ENTERTAINMENT GROUP LIMITED – SKC
INTERIM RESULT (FOR THE SIX MONTHS ENDED 31 DECEMBER 2015)**

Pursuant to ASX Listing Rule 1.15.2, the following information relating to SKYCITY Entertainment Group Limited's interim result for the six month period ended 31 December 2015 was lodged with NZX Limited today:

1. Appendix 1 (as required by NZX Listing Rule 10.3.2) detailing the preliminary announcement;
2. FY16 Interim Result presentation;
3. Appendix 7 (as required by NZX Listing Rule 7.12.2) detailing the interim dividend of NZ 10.5 cents per ordinary share to be paid on 18 March 2016 to those shareholders on the company's share register as at 5.00pm on 4 March 2016. The company's Dividend Reinvestment Plan will be activated in respect of the interim dividend, with a 2% discount being offered;
4. Financial statements and notes; and
5. Media release.

Yours faithfully



Rob Hamilton
Chief Financial Officer

SKYCITY Entertainment Group Limited	
Results for announcement to the market	
Reporting Period	1 July 2015 to 31 December 2015
Previous Reporting Period	1 July 2014 to 31 December 2014

Reported	Amount (000s)	Percentage change
Reported revenue including gaming GST from ordinary activities	NZ\$566,112	14.2%
Reported revenue from ordinary activities ¹	NZ\$513,730	13.8%
Reported profit (loss) from ordinary activities after tax attributable to security holder	NZ\$71,019	30.2%
Reported net profit (loss) attributable to security holders	NZ\$71,019	30.2%

Normalised	Amount (000s)	Percentage change
Normalised revenue including gaming GST from ordinary activities	NZ\$561,964	10.2%
Normalised revenue from ordinary activities	NZ\$510,630	10.1%
Normalised profit (loss) from ordinary activities after tax attributable to security holder	NZ\$85,417	28.4%
Normalised net profit (loss) attributable to security holders	NZ\$85,417	28.4%

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

¹ On the Income Statement this is the total of Revenue and Other Income

Interim Dividend	Amount per security	Imputed amount per security
	NZ\$ 0.105	-

Record Date	4 March 2016
Payment Date	18 March 2016

Comments:	SKYCITY's FY16 interim performance is set out in the Company's Result Presentation which is attached to this announcement. It provides detail and explanatory comment on operating and financial performance for each business unit and the Group as a whole and various other relevant aspects of the financial performance for the six months ended 31 December 2015. The Result Presentation will be available on the Company's website from 11 February 2016.
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NTA Backing

	2015	2014
Net tangible asset backing per ordinary share	-16.4¢	44.5¢
<i>Adjusted for:</i>		
Impact of initial recognition of the Adelaide casino licence enhancements (14 February 2014)	25.6¢	25.9¢
Impact of initial recognition of the Auckland casino licence enhancements (11 November 2015)	68.3¢	n/a
Adjusted net tangible asset backing per ordinary share	77.5¢	70.4¢

Net tangible asset backing per ordinary share has declined as a result of the increase in the carrying values of the Adelaide casino licence and Auckland casino licence (intangible assets which are excluded from the calculation) and the associated deferred licence values (liabilities which are not excluded from the calculation). If the deferred licence values are also excluded the net tangible asset backing per ordinary share would be 77.5 cents per share as at 31 December 2015.

Auditors

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

Earnings per share

	Amount (cents per share)	Percentage change
Reported	12.0	29.0%
Normalised	14.5	27.2%

Reported earnings per share for the six months to 31 December 2015 were 12.0 cents per share (31 December 2014: 9.3 cents per share). Normalised earnings per share for the six months to 31 December 2015 were 14.5 cents per share (31 December 2014: 11.4 cents per share). "Normalised" eliminates certain revenue and expense items and adjusts International VIP commission business win rate to theoretical.

Dividends

There are no imputation or franking credits attached to the 1H16 dividend.

Reconciliation between Reported and Normalised Financial Information

	1H16				1H15			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Normalised	562.0	178.2	132.3	85.4	510.0	154.4	111.2	66.6
International Business at Theoretical	4.1	(6.6)	(6.6)	(4.6)	(14.5)	(11.1)	(11.1)	(8.2)
International Business Adjustments	4.1	(6.6)	(6.6)	(4.6)	(14.5)	(11.1)	(11.1)	(8.2)
Adelaide redevelopment costs	-	-	-	-	-	(1.5)	(1.5)	(1.0)
NZICC interest and other costs	-	-	-	-	-	(0.3)	(0.3)	(2.3)
Asset write-offs	-	-	(10.4)	(9.8)	-	-	-	-
Restructuring costs	-	-	-	-	-	(0.5)	(0.5)	(0.4)
Auckland project costs	-	-	-	-	-	(0.2)	(0.2)	(0.1)
Total Other Adjustments	0.0	0.0	(10.4)	(9.8)		(2.5)	(2.5)	(3.8)
Reported	566.1	171.6	115.3	71.0	495.5	140.8	97.6	54.6

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). Non-gaming revenues are net of GST. Total revenues are gaming win plus non-gaming revenues.

This approach facilitates Australasian and period-on-period comparisons and is consistent with the treatment adopted by major Australian casinos.

Other Key Adjustments are:

1H16 Adjustments

- Write-off of the Hamilton Hotel project costs as this project is no longer proceeding (\$2.7m of capitalised costs incurred over 2011 to 2014)
- Write-off of 101 Hobson Street and the Nelson Street car park to make way for the NZICC (\$7.6m book value)

1H15 Adjustments

- Adelaide redevelopment costs – Structural redundancies and launch costs for new facilities (Sean's Kitchen and Madame Hanoi)
- 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 \$85m) and other costs specific to this project
- Restructuring costs – Costs associated with changing the staffing structures under an approved restructuring plan
- Auckland project costs – Federal Street launch and Federal Street fire costs

IB win rate at 1.41% for 1H16 (1H15: 1.04%).

During FY16 the application of the Group's non-GAAP financial information policy was tightened to further restrict the number of adjustments between Reported and Normalised results

SKYCITY
Entertainment
Group Limited

Half-Year Result Presentation

Six months ended 31 December 2015

11 February 2016



SKYCITY Results 1H16

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1H16 Results Overview

	1H16	1H15	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	562.0	510.0	52.0	10.2%
Normalised EBITDA	178.2	154.4	23.8	15.4%
Normalised NPAT	85.4	66.6	18.8	28.2%
Normalised EPS	14.5 cps	11.4 cps	3.1 cps	27.2%

	1H16	1H15	Movement	
	\$m	\$m	\$m	%
Reported Revenue (incl Gaming GST)	566.1	495.5	70.6	14.2%
Reported EBITDA	171.6	140.8	30.8	21.9%
Reported NPAT	71.0	54.6	16.4	30.0%
Reported EPS	12.0 cps	9.3 cps	2.7 cps	29.0%
Interim Dividend	10.5 cps	10.0 cps	0.5 cps	5.0%

- Average NZD/AUD cross-rate during 1H16 0.9130 and 1H15 0.9147
- Weighted average number of shares 1H16 = 590,191,246 and 1H15 = 584,692,624

Group Result

- Normalised revenue up 10.2% to \$562.0m, normalised EBITDA up 15.4% to \$178.2m and normalised NPAT up 28.2% to \$85.4m
 - Record revenue and earnings for a six-month period, at the upper-end of guidance given on 19 January 2016
- Strong group result underpinned by improved performance across all properties
 - Continued strong growth in Auckland
 - Significantly improved performance in Adelaide
 - Sustained revenue and EBITDA growth in Hamilton
 - EBITDA growth in Darwin despite a challenging local market
 - Strong International Business (“IB”) growth – with turnover in excess of \$7bn for the period
- Significantly lower funding costs due to lower interest rates, lower average debt and capitalisation of interest on projects now proceeding
- Strong growth in operating cashflows, ensuring stable debt levels despite significant investment across the group
- 10.5cps interim dividend declared, up 5% reflecting strong growth in earnings per share vs. the pcps
- Dividend Reinvestment Plan will be available with a 2% discount

Property Updates

Auckland

- Auckland continues to perform strongly, with normalised revenue up 7.4% to \$324.9m and EBITDA up 8.9% to \$135.4m. Excluding IB, Auckland's revenue increased 6.4% to \$273.9m and EBITDA 10.7% to \$124.3m
- Continuation of recent positive momentum across all business segments, with the property now having delivered 8 consecutive quarters of EBITDA growth on the pcg
- On-going focus on cost management contributed to a further improvement in normalised EBITDA margin to 41.7%
- New NZICC gaming concessions were activated in mid-November 2015
- Benefits from cashless gaming, TITO and increased EGM numbers have been pleasing, with EGM revenue up ~10% over December and January vs. the pcg
- Early indicators suggest the concessions will result in higher revenue during peak trading periods
- Auckland continues to benefit from positive external influences which are supportive of further medium-term growth

Other NZ

- SKYCITY Hamilton continues to deliver strong underlying growth resulting in revenue up 9.9% to \$27.7m and EBITDA up 18.4% to \$11.6m, underpinned by strong local gaming activity
- Combined Queenstown operations are delivering record growth, underpinned by significant IB and local gaming activity, with normalised revenue up 107.6% to \$13.7m and normalised EBITDA up 420% to \$2.6m

Adelaide

- Significantly improved performance in Adelaide with normalised revenue up 18.7% to A\$103.6m, which together with cost savings during the period resulted in normalised EBITDA up 58.5% to A\$21.4m with improved EBITDA margins
- The improved result was underpinned by a significant increase in IB activity, with turnover up ~146% to A\$1.9bn and the on-going success of the new signature restaurants
- Local gaming revenue was down marginally, consistent with trends observed in the broader Adelaide market

Darwin

- Darwin delivered EBITDA growth of 6.9% for the period, despite flat local revenue in a challenging market
- IB volumes showed strong growth over the period, up 69.4% to \$700m, reinforcing Darwin's appeal and potential as an attractive destination for VIP customers
- The NT Government completed its gaming tax review for SKYCITY Darwin in July 2015, the net impact of which was an increase in operating costs for Darwin of approximately A\$1m per annum (vs. FY15)

International Business

- SKYCITY's International Business delivered record activity for the period, with group turnover and normalised revenue up 51.4% to \$7.2bn and \$96.6m, respectively
- Normalised EBITDA was up 57.3% to \$22.8m with margins expanding due to operating leverage
- Actual win rate for the period was 1.41%, slightly above the theoretical win rate of 1.35%

January 2016 Trading Update

- January trading has broadly seen a continuation of the trends exhibited during 1H16
- Strong performances from the NZ businesses were offset by weaker performances from Darwin and IB, resulting in normalised group revenue for the month of \$88.4m which was flat on the pcg
- Auckland continued to deliver growth across all business segments, with local revenue (excluding IB) up 7.6% on the pcg. As previously identified, early indicators suggest the NZICC gaming concessions are having a positive impact
- IB had a quieter month with turnover of \$700m against a strong comparative period (~\$1bn), but has a very busy outlook for Chinese New Year in February
- EBITDA margins for all businesses were broadly in-line with those in both January 2015 and 1H16

NZICC and Hobson St Hotel Projects

- Fletcher Construction was appointed in November 2015 as the main contractor for the NZICC and Hobson St hotel projects following a competitive tender process, with demolition and preparation works commencing on-site in December 2015, and the overall programme progressing on-time and on-budget
- Total project costs, including the NZICC development, the expanded 1,327 space car park, the laneway and the Hobson St hotel remain consistent with previous market guidance of ~\$700m (including appropriate contingencies)

Adelaide Redevelopment

- SKYCITY is well advanced in finalising the design for the expansion of its Adelaide property, with development approval received from the Development Assessment Commission (“DAC”) on 22 January 2016
- SKYCITY is committed to a total development cost of no greater than A\$300m, including the capital cost of the ground lease (~A\$12m) and the commissioning of gaming product (~A\$30m)
- While early ground works are expected to commence by the middle of the year, commencement of core construction of the expansion is unlikely to be before December 2016
- SKYCITY’s commencement remains contingent upon the satisfactory finalisation of the ground lease, the car park lease with Walker Corporation and the development approvals of adjacent works, all of which are important to the overall success of SKYCITY’s expansion

Funding

- Following the recent \$125m NZ bond issue, SKYCITY now has ~\$322m of committed undrawn bank facilities – sufficient headroom to fund the committed NZICC and Hobson St hotel projects
- The proposed sale of the Hobson St hotel is progressing well, with strong interest from a broad range of domestic and international investors

- Based on indicative feedback received from S&P, SKYCITY expects that a successful sale of the Hobson St hotel should enable it to retain its BBB- credit rating
- SKYCITY intends to provide a further update on its long-term funding plan following the completion of the Hobson St hotel sale process and once the plans and timing for the Adelaide expansion are further progressed

1H16 Revenue Summary by Business (incl Gaming GST)

	1H16 \$m	1H15 \$m	Movement	
			\$m	%
New Zealand Casinos				
▪ Auckland	324.9	302.5	22.4	7.4%
▪ Hamilton	27.7	25.2	2.5	9.9%
▪ Queenstown, Other	13.7	7.0	6.7	95.7%
Total New Zealand	366.3	334.7	31.6	9.4%
Australian Casinos				
▪ Adelaide (A\$)	103.6	87.3	16.3	18.7%
▪ Darwin (A\$)	75.0	73.1	1.9	2.6%
Total Australia (A\$)	178.6	160.4	18.2	11.3%
Total Australia (NZ\$)	195.7	175.3	20.4	11.6%
Normalised Revenue	562.0	510.0	52.0	10.2%
Adjust International Business to actual win rate	4.1	(14.5)	18.6	128.3%
Reported Revenue	566.1	495.5	70.6	14.2%

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised Revenue is adjusted for IB at theoretical win rate of 1.35%, versus actual 1.41% in 1H16 (1H15: 1.04%)
- Average NZD/AUD cross-rate during 1H16 0.9130 and 1H15 0.9147
- Certain totals, sub-totals and percentages may not agree due to rounding

1H16 EBITDA Summary by Business

	1H16 \$m	1H15 \$m	Movement	
			\$m	%
New Zealand Casinos				
▪ Auckland	135.4	124.3	11.1	8.9%
▪ Hamilton	11.6	9.8	1.8	18.4%
▪ Queenstown, Other	2.7	0.5	2.2	440.0%
Total New Zealand	149.7	134.6	15.1	11.2%
Australian Casinos				
▪ Adelaide (A\$)	21.4	13.5	7.9	58.5%
▪ Darwin (A\$)	23.1	21.6	1.5	6.9%
Total Australia (A\$)	44.5	35.1	9.4	26.8%
Total Australia (NZ\$)	48.8	38.3	10.5	27.4%
Corporate costs	(17.5)	(16.4)	(1.1)	(6.7%)
	181.0	156.5	24.5	15.6%
Branding project costs ⁽¹⁾	(0.7)	(2.1)	1.4	
Adelaide restructure costs ⁽²⁾	(1.6)	-	(1.6)	
NZICC operating costs ⁽³⁾	(0.5)	-	(0.5)	
Normalised EBITDA	178.2	154.4	23.8	15.4%
International Business adjustments	(6.6)	(11.1)	4.5	
Other adjustments ⁽⁴⁾	-	(2.5)	2.5	
Reported EBITDA	171.6	140.8	30.8	21.9%

• Normalised EBITDA is adjusted for IB at theoretical win rate of 1.35% and certain other items (see page 55 for more details)

• Average NZD/AUD cross-rate during 1H16 0.9130 and 1H15 0.9147

(1) Relates to the Adelaide and Auckland brand campaigns. (2) Redundancy and related costs in Adelaide. (3) NZICC operating costs not able to be capitalised. (4) Other adjustments in 1H15 were Adelaide restructure costs \$1.5m, NZICC operating costs \$0.3m and other items \$0.7m

1H16 Property Updates



- SKYCITY Auckland delivered a strong result for the period, reflecting the continued benefits of significant investment in the property over recent years
- Revenue and EBITDA growth was achieved across all business segments, with total normalised revenue increasing 7.4% to \$324.9m and normalised EBITDA increasing 8.9% to \$135.4m
- Excluding IB, Auckland's revenue increased 6.4% to \$273.9m and EBITDA 10.7% to \$124.3m
- Auckland's performance was primarily driven by:
 - Strong local tables growth (especially in the expanded Baccarat room) with revenue up 13.5% on the pcp
 - Further growth from gaming machines on both the main gaming floor and in premium rooms, with revenues up 2.3% on the pcp
 - IB turnover of \$3.8bn being up 13.2% on the pcp (and representing ~53% of total group IB turnover)
 - Further growth in average room rates and RevPar across both Auckland hotels
 - The ongoing strength of our Federal Street dining precinct, with our signature restaurants achieving ~5% revenue growth and improved margins on the pcp
 - Continued focus on cost management across the Auckland business which contributed to a further improvement in normalised EBITDA margin to 41.7% (1H15: 41.1%)

- Early indicators suggest that Auckland is benefiting from the NZICC gaming concessions activated in mid-November 2015
 - 241 EGMs, 25 tables and 10 ATGs of the additional product have been accommodated on the existing casino floor, in-line with previous guidance
 - Rollout of the remaining gaming product requires development of new gaming spaces, including IB salons on Level 7 of the Grand Hotel and infilling part of the atrium to expand the main floor
 - TITO and cashless gaming have been successfully introduced on all gaming machines, with a strong customer adoption rate and a majority of both cash-in and cash-out already using this technology
 - EGM revenue was up 10% over December and January vs. the pcp and Auckland expects to continue to achieve higher revenue during peak trading periods
- SKYCITY continues to invest in the Auckland property to enhance the customer experience, including the refurbishment of the main site atrium and establishment of a new high-end Cantonese restaurant, both of which are expected to be completed by September 2016
- Auckland continues to benefit from positive external influences which are supportive of further growth over the medium-term

SKYCITY Auckland 1H16 – Normalised

	1H16 \$m	1H15 \$m	Movement	
			\$m	%
Revenues				
Machines	116.7	114.1	2.6	2.3%
Tables – Local	76.6	67.5	9.1	13.5%
Tables – IB (Normalised)	51.0	45.0	6.0	13.3%
Normalised Gaming Revenue (incl GST)	244.3	226.6	17.7	7.8%
Food and Beverage	32.5	31.7	0.8	2.5%
Hotels and Conventions	35.0	31.8	3.2	10.1%
Sky Tower, Parking and Other	13.1	12.4	0.7	5.6%
Non-Gaming Revenue	80.6	75.9	4.7	6.2%
Total Normalised Revenue (incl gaming GST)	324.9	302.5	22.4	7.4%
Gaming GST	(31.5)	(29.2)	(2.3)	(7.9%)
Total Normalised Revenue (excl gaming GST)	293.4	273.3	20.1	7.4%
Expenses (excluding IB)	(124.8)	(121.8)	(3.0)	(2.5%)
Expenses – IB (Normalised)	(33.2)	(27.2)	(6.0)	(22.1%)
Normalised EBITDA	135.4	124.3	11.1	8.9%
Normalised EBITDA Margin	41.7%	41.1%		
Normalised EBITDA excluding IB	124.3	112.3	12.0	10.7%

- Gaming revenue shown on this page is gaming win (GST inclusive) - to facilitate Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

1H16 Property Update – Hamilton

- Hamilton delivered a strong performance for the period with the positive momentum exhibited during FY15 continuing
- Normalised revenue was up 9.9% to \$27.7m and normalised EBITDA up 18.4% to \$11.6m
- Hamilton's strong performance was largely driven by:
 - Solid local gaming growth, delivered from both the main floor and premium gaming rooms
 - Ongoing focus on customer experience and loyalty programmes
 - Opening of new F&B outlets during the period
 - Successful cost management initiatives across the property
 - Robust local macroeconomic conditions
- Hamilton's five new F&B outlets opened to much acclaim and have added significant appeal and amenity to the property
- The medium-term outlook for Hamilton remains positive, underpinned by strategic initiatives to drive incremental visitation to the property

SKYCITY Hamilton 1H16 – Normalised

	1H16 \$m	1H15 \$m	Movement	
			\$m	%
Revenues				
Machines	17.8	17.0	0.8	4.7%
Tables – Local	5.8	4.4	1.4	31.8%
Tables – IB (Normalised)	0.0	0.0	0.0	NM
Normalised Gaming Revenue (incl GST)	23.6	21.4	2.2	10.3%
Food and Beverage	2.7	2.4	0.3	12.5%
Conventions, Parking, Bowlelland and Other	1.4	1.4	0.0	0.0%
Non-Gaming Revenue	4.1	3.8	0.3	7.9%
Total Normalised Revenue (incl gaming GST)	27.7	25.2	2.5	9.9%
Gaming GST	(3.1)	(2.8)	(0.3)	(10.7%)
Total Normalised Revenue (excl gaming GST)	24.6	22.4	2.2	9.8%
Expenses (excluding IB)	(13.0)	(12.6)	(0.4)	(3.2%)
Expenses – IB (Normalised)	0.0	0.0	0.0	NM
Normalised EBITDA	11.6	9.8	1.8	18.4%
Normalised EBITDA margin	41.9%	38.9%		

- Gaming revenue figures shown on this page is gaming win (GST inclusive) – to facilitate Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons



The Local Taphouse and Eat Burger - view from the atrium

SKYCITY Hamilton – ‘City Co-Op’

(page 2 of 2)



La Parrilla



Marble Room

1H16 Property Update – Queenstown/Wharf Casino

- The combined Queenstown operations have delivered record growth for the period, underpinned by significant growth in IB and local gaming activity and a focus on cost control
- Normalised revenue was up 107.6% to \$13.7m and normalised EBITDA up 420% to \$2.6m
- Excluding IB, revenue increased 20.3% to \$6.6m and EBITDA 300% to \$1.6m
- Queenstown remains an iconic location with strong tourism growth expected over the medium-term
- Potential medium-term opportunity exists to enhance VIP offering and/or consolidate licences, but any significant actions would require regulatory change

SKYCITY Queenstown/Wharf 1H16 – Normalised

	1H16 \$m	1H15 \$m	Movement	
			\$m	%
Revenues				
Machines	3.1	2.8	0.3	10.7%
Tables – Local	2.8	1.8	1.0	55.6%
Tables – IB (Normalised)	7.1	1.2	5.9	491.7%
Normalised Gaming Revenue (incl GST)	13.0	5.8	7.2	124.1%
Food and Beverage	0.7	0.8	(0.1)	(12.5%)
Non-Gaming Revenue	0.7	0.8	(0.1)	(12.5%)
Total Normalised Revenue (incl gaming GST)	13.7	6.6	7.1	107.6%
Gaming GST	(1.7)	(0.7)	(1.0)	(142.9%)
Total Normalised Revenue (excl gaming GST)	12.0	5.9	6.1	103.4%
Expenses (excluding IB)	(4.2)	(4.4)	0.2	4.5%
Expenses – IB (Normalised)	(5.2)	(1.0)	(4.2)	(420.0%)
Normalised EBITDA	2.6	0.5	2.1	420.0%
Normalised EBITDA margin	19.0%	7.6%		
Normalised EBITDA excluding IB	1.6	0.4	1.2	300.0%

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

1H16 Property Update – Adelaide Casino

- Adelaide Casino delivered strong growth for the period, despite a small decline in local gaming revenue (down 4%) which was consistent with trends observed in the broader Adelaide gaming market
- Normalised revenue was up 18.7% on the pcp to A\$103.6m with normalised EBITDA up 58.5% to A\$21.4m
- Excluding IB, Adelaide's revenue increased 1.9% to A\$78.4m and EBITDA was up 34.6% to \$14.0m
- Adelaide's improved performance was underpinned by:
 - Significant growth in IB with normalised revenue up 145.8% to \$25.2m, reflecting the benefit of successfully attracting VIP customers visiting the eastern seaboard of Australia to Adelaide as an additional destination
 - Significant growth in F&B activity with revenue up 64.8% to A\$11.7m, along with improved margins, following the successful opening of two new signature restaurants, Sean's Kitchen and Madame Hanoi
 - Cost saving initiatives implemented across the property delivering significantly improved margins
- SKYCITY remains firmly focused on delivering sustained revenue and earnings growth at the Adelaide property and has implemented a range of strategic initiatives to grow visitation to ensure the casino captures a greater share of local, interstate and international markets

Adelaide Casino 1H16 – Normalised

	1H16 A\$m	1H15 A\$m	Movement	
			A\$m	%
Revenues				
Machines	27.2	28.9	(1.7)	(5.9%)
Tables – Local	39.0	40.2	(1.2)	(3.0%)
Tables – IB (Normalised)	25.2	10.3	14.9	145.8%
Normalised Gaming Revenue (incl GST)	91.4	79.4	12.0	15.1%
Food and Beverage	11.7	7.1	4.6	64.8%
Parking and Other	0.5	0.8	(0.3)	(37.5%)
Non-Gaming Revenue	12.2	7.9	4.3	54.4%
Total Normalised Revenue (incl gaming GST)	103.6	87.3	16.3	18.7%
Gaming GST	(8.3)	(7.2)	(1.1)	(15.3%)
Total Normalised Revenue (excl gaming GST)	95.3	80.1	15.2	19.0%
Expenses (excluding IB) ^{(1) (2)}	(58.4)	(59.2)	0.8	1.4%
Expenses – IB (Normalised)	(15.5)	(7.4)	(8.1)	(109.5%)
Normalised EBITDA ^{(1) (2)}	21.4	13.5	7.9	58.5%
EBITDA margin	20.7%	15.5%		
Normalised EBITDA excluding IB	14.0	10.4	3.6	34.6%

(1) Excludes \$1.1m of branding project costs during 1H15 – nil adjustment in 1H16

(2) Excludes \$1.4m of restructure costs in 1H16

- Gaming revenue figures shown on this page is gaming win (GST inclusive) – to facilitate Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

1H16 Property Update – Darwin

- SKYCITY Darwin achieved a satisfactory result despite a challenging local market with normalised revenue increasing 2.6% to A\$75.0m and normalised EBITDA increasing 6.9% to A\$23.1m
- Excluding IB, Darwin's revenue decreased 3.3% to A\$65.0m and EBITDA decreased 3.2% to A\$20.8m
- Darwin's performance was largely driven by:
 - Positive growth in gaming machines, despite stronger competition from local pubs and clubs, which benefitted from the introduction of note acceptors and an increase in product entitlements
 - Significant growth in IB turnover, reflecting the attraction of Darwin as a destination for IB customers
 - Challenging local market conditions in both the hotel and F&B sectors
 - Strong management focus on operating costs and efficiencies
- The NT Government completed its gaming tax review for SKYCITY Darwin in July 2015, the net impact of which was an increase in operating costs for Darwin of approximately A\$1m per annum (vs. FY15)
- Medium to longer-term growth prospects for the Darwin property will depend on further promotion of IB play, potential activation of the Little Mindil site (adjacent to the property) and any further investment in existing facilities

SKY CITY Darwin 1H16 – Normalised

	1H16 A\$m	1H15 A\$m	Movement	
			A\$m	%
Revenues				
Machines	32.1	31.2	0.9	2.9%
Tables – Local	9.7	10.1	(0.4)	(4.0%)
Keno	8.3	8.8	(0.5)	(5.7%)
Tables – IB (Normalised)	10.0	5.9	4.1	69.5%
Normalised Gaming Revenue (incl GST)	60.1	56.0	4.1	7.3%
Food and Beverage	6.7	8.1	(1.4)	(17.3%)
Hotel	4.6	5.3	(0.7)	(13.2%)
Conventions and Other	3.6	3.7	(0.1)	(2.7%)
Non-Gaming Revenue	14.9	17.1	(2.2)	(12.9%)
Total Normalised Revenue (incl gaming GST)	75.0	73.1	1.9	2.6%
Gaming GST	(5.4)	(5.0)	(0.4)	(8.0%)
Total Normalised Revenue (excl gaming GST)	69.6	68.1	1.5	2.2%
Expenses (excluding IB)	(39.7)	(41.1)	1.4	3.4%
Expenses – IB (Normalised)	(6.8)	(5.4)	(1.4)	(25.9%)
Normalised EBITDA	23.1	21.6	1.5	6.9%
EBITDA Margin	30.8%	29.5%		
Normalised EBITDA excluding IB	20.8	21.5	(0.7)	(3.2%)

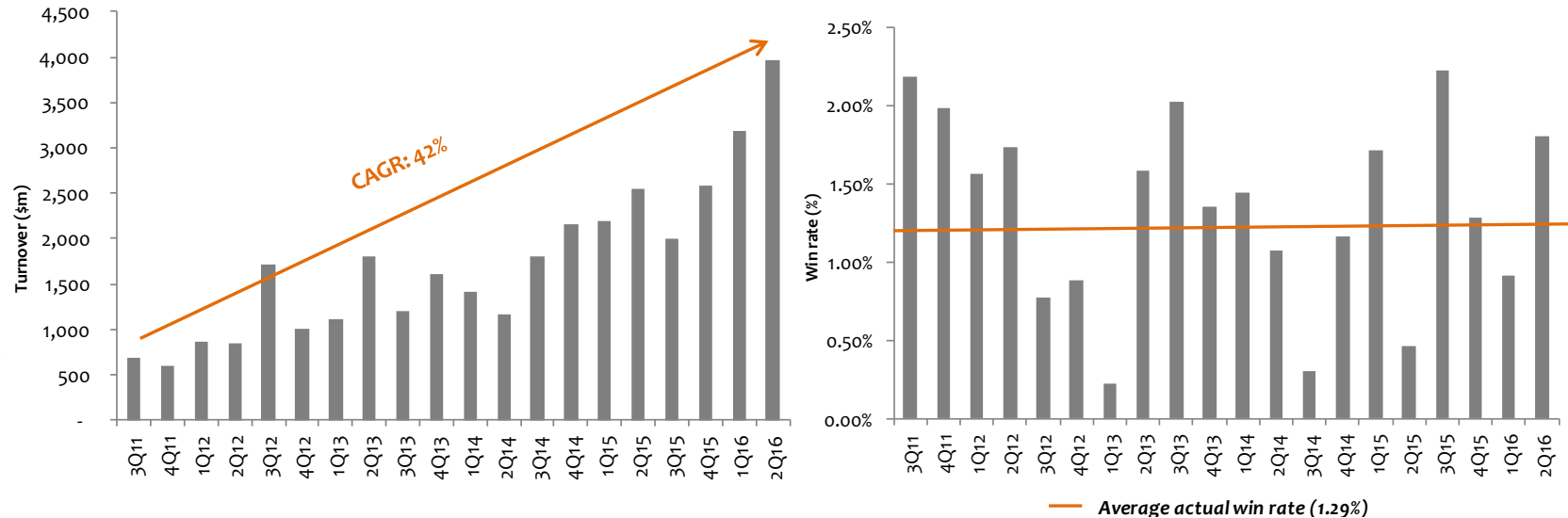
- Gaming revenue figures shown on this page is gaming win (GST inclusive) – to facilitate Australasian comparisons
- Non-gaming revenue are net of GST
- Total revenue shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue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

- IB delivered record activity during the period, with turnover increasing by 51.4% to \$7.2bn and normalised EBITDA increasing 57.3% to \$22.8m
- Strong and sustained growth in IB has been underpinned by:
 - Increased recognition of our 'Horizon' brand and offering amongst Asian VIP customers
 - Strong focus on direct relationships with our VIP customers
 - Increased play at higher table differential levels (maximum increased to \$300k since December 2015)
 - Significant growth in revenue share programmes
- Strong growth in turnover was achieved in Adelaide, Darwin and Queenstown, highlighting the potential of these destinations for VIP customers
- Normalised EBITDA margins increased to 23.6% from 22.7% due to operating leverage being achieved
- Actual win rate of 1.41% was slightly above the theoretical win rate of 1.35%
- Provision for doubtful debts during the period was \$0.3m on a normalised basis (\$1.3m on a reported basis)

1H16 Update – International Business

(page 2 of 3)

- Sustained turnover growth across IB, with a 42% CAGR since December 2010 and 1H16 up 51.4% on the pcip
- Average actual win rate of 1.29% since December 2010, broadly in-line with the theoretical win rate of 1.35%



1H16 Update – International Business

(page 3 of 3)

	1H16	1H15	Movement	
Turnover	\$b	\$b	\$b	%
Auckland (NZ\$)	3.8	3.3	0.4	13.2%
Other (NZ\$)	0.5	0.1	0.4	477.0%
Adelaide (AU\$)	1.9	0.8	1.1	145.8%
Darwin (AU\$)	0.7	0.4	0.3	69.4%
Total Turnover (NZ\$)	7.2	4.7	2.4	51.4%
Normalised Revenue (incl Gaming GST)	\$m	\$m	\$m	%
Auckland (NZ\$)	51.0	45.0	6.0	13.2%
Other (NZ\$)	7.1	1.2	5.9	477.0%
Adelaide (AU\$)	25.2	10.3	14.9	145.8%
Darwin (AU\$)	10.0	5.9	4.1	69.4%
Total Normalised Revenue (NZ\$)	96.6	63.6	33.0	51.4%

1H16	1H15
Actual Win %	
1.58%	0.54%
1.33%	1.30%
0.85%	1.04%
1.08%	3.29%
1.41%	1.04%

	1H16	1H15	Movement	
Normalised EBITDA	\$m	\$m	\$m	%
Auckland	11.1	12.0	(0.9)	(7.5%)
Other	1.0	0.1	0.9	900.0%
Adelaide (AU\$)	7.4	2.0	5.4	270.0%
Darwin (AU\$)	2.2	0.1	2.1	2,144.7%
Total Normalised EBITDA	22.8	14.5	8.3	57.3%
Total Reported EBITDA	16.2	3.4	12.8	376.5%

1H16	1H15
Normalised EBITDA %	
21.8%	26.7%
14.1%	8.3%
29.4%	19.4%
22.0%	1.7%
23.6%	22.7%

- Adelaide and Darwin are shown in A\$. The totals in each section have Australian numbers converted at the relevant exchange rate each month
- Average NZD/AUD cross-rate during 1H16 0.9130 and 1H15 0.9147

1H16 Update – Corporate and Other Costs

Normalised	1H16 \$m	1H15 \$m	Movement	
			\$m	%
Corporate costs	17.5	16.4	1.1	6.7%
Branding project costs	0.7	2.1	(1.4)	(66.7%)
Adelaide restructure costs	1.6		1.6	NM
NZICC operating costs	0.5		0.5	NM

- Corporate costs were in-line with expectations for 1H16
 - Increase mainly driven by higher licence fees for Bally IT system, development of our CSR framework and investment in digital innovation
 - Corporate costs expected to be slightly higher in 2H16 due to the annualised impact of these changes
- Branding project costs, Adelaide restructure costs and NZICC operating costs have been shown separately to facilitate comparisons with 1H15
 - Branding project costs are not expected to continue beyond FY16
 - Adelaide restructure costs and NZICC operating costs were previously treated in 1H15 as normalisation adjustments

1H16 Update – Normalised Interest and Tax

Normalised	1H16 \$m	1H15 \$m	Movement	
			\$m	%
Interest	17.3	22.0	(4.7)	(21.4%)
Tax	29.6	22.6	7.0	31.0%

- Normalised net interest expense was down 21.4% on the pcg, reflecting the favourable interest rate environment, lower average debt across the period and increased capitalised interest on projects
 - Average cost of debt for 1H16 was down 0.86% vs. the pcg to 6.00%
 - Capitalised interest of \$3.9m related to the funding of the NZICC, Hobson St Hotel and Adelaide expansion projects
- Expect net interest expense in 2H16 to be broadly similar to that in 1H16, with capitalised interest expected to be around ~\$5m
- Normalised tax expense was up 31.0% on the pcg, reflecting higher pre-tax earnings and an effective tax rate of 25.7%
- Expect the effective tax rate in 2H16 to be broadly similar to that in 1H16

1H16 Update – Depreciation & Amortisation

- Normalised D&A was up \$2.7m (+6.3%) on the pcip due to the amortisation of the increased Adelaide Casino licence value and the impact of recent capex in connection with:

- New F&B outlets in Hamilton
- Redevelopment of existing Adelaide Casino
- Vue restaurant and Aces sports bar in Darwin
- Bally IT system and PeopleSoft payroll upgrade

- Expect normalised D&A in 2H16 to be higher than 1H16 due to the annualised impact of above changes plus recent capex in Auckland

- Reported D&A in 1H16 included the \$10.4m write-off of property assets on the NZICC site and capitalised costs associated with the Hamilton hotel project incurred in 2011-14

	1H16 \$m	1H15 \$m	Movement %	
Auckland	23.3	23.3	-	-
Hamilton	2.3	2.2	0.1	4.5%
Queenstown	0.5	0.5	-	-
Adelaide (A\$)	8.5	7.1	1.4	19.7%
Darwin (A\$)	6.6	6.2	0.4	6.5%
Group	3.2	2.8	0.4	14.3%
Normalised D&A (NZ\$)	45.9	43.2	2.7	6.3%
Write-off of 101 Hobson St and Nelson St car park	7.6	-	7.6	NM
Write-off of Hamilton hotel project costs	2.7	-	2.7	NM
Reported D&A (NZ\$)	56.3	43.2	13.1	30.3%

• Certain totals, sub-totals and percentages may not agree due to rounding

1H16 Update – Capital Expenditure

1H16 Capex

- Maintenance capex of \$26.8m was in-line with expectations
- Project capex of \$46.3m primarily related to the NZICC project, activation of the NZICC gaming concessions and the refurbishment of the atrium in Auckland
- Other projects included Hamilton's F&B outlets and Darwin's Vue restaurant

Future Capex

- Still expect maintenance capex of \$60-65m for FY16
- Key project capex for 2H16 will relate to:
 - NZICC and Hobson St hotel (~\$47m)
 - Adelaide expansion (~A\$4m)
 - Further activation of NZICC gaming concessions (~\$28m)
 - Auckland atrium refurbishment, expanded gaming podium and Cantonese restaurant in Auckland (~\$16m)
- No change to previous long-term capex guidance for NZICC and Hobson St hotel projects

Capital Expenditure	1H16 \$m	1H15 \$m
NZICC	11.0	5.4
Activation of NZICC Concessions	14.1	-
Auckland Atrium Refurbishment	9.3	-
Adelaide Expansion (A\$)	3.2	19.2
Other Projects	8.3	10.6
Total Project Capex (NZ\$)	46.3	36.1
Maintenance Capex	26.8	24.9
Total Capex (NZ\$)	73.2	61.0

- Average NZD/AUD cross-rate during 1H16 0.9130 and 1H15 0.9147
- Certain totals, sub-totals and percentages may not agree due to rounding

January 2016 Trading Update



January 2016 Trading Update

- January trading has broadly seen a continuation of the trends exhibited during 1H16
- Strong performances from the NZ businesses were offset by weaker performances from Darwin and IB, resulting in normalised group revenue for the month of \$88.4m which was flat on the pcg
- Auckland continued to deliver growth across all business segments, with local revenue (excluding IB) up 7.6% on the pcg
 - Early indicators suggest the NZICC gaming concessions are having a positive impact
 - New direct escalator access to the casino has been well received by customers
- Hamilton continued its strong momentum with local revenue (excluding IB) up 11.1% on the pcg
- Adelaide achieved modest growth with local revenue (excluding IB) up 1.6% on the pcg, underpinned by improved performances of tables and F&B
- Darwin continued to face a challenging local market with local revenue (excluding IB) down 6.5% on the pcg
- IB had a quieter month with turnover of \$700m against a strong comparative period (~\$1bn) but has a very busy outlook for Chinese New Year in February
- EBITDA margins for all businesses were broadly in-line with those in both January 2015 and 1H16

Interim Dividend



Interim dividend of 10.5 cents per share

	1H16	1H15	Movement	
Dividend – NZ\$	10.5 cps	10.0 cps	0.5cps	5.0%
Dividend – A\$ ⁽¹⁾	9.9cps	9.5 cps	0.4cps	4.2%

- Interim dividend of 10.5 cps is 5% higher than 1H15 and reflects significant growth in earnings per share on the pc
- Represents a payout ratio of 73% of Normalised 1H16 NPAT – slightly below our policy target of 80% over each full financial year
- Based on a share price of NZ\$4.44, represents an annualised cash dividend yield of 4.7%
- Dividend Reinvestment Plan will be available for the 1H16 interim dividend with a 2% discount
- Payment date is 18 March 2016 with a record date of 4 March 2016
- SKYCITY remains committed to its stated dividend policy for the foreseeable future

(1) For illustrative purposes, only to show the dividend in A\$, 1H16 converted at 10 February 2016 rate of 0.9395 and 1H15 at 9 February 2015 rate of 0.9471

Major Projects Update



- Fletcher Construction was appointed in November 2015 as main contractor for the NZICC and Hobson St hotel projects following a competitive tender process
- Construction contracts for NZICC and Hobson St hotel were signed on 11 November 2015, triggering the activation of the gaming concessions under the NZICC Agreement
- Agreed commercial terms provide significant risk protection for SKYCITY
- Total project costs, including the NZICC development, the expanded 1,327 space car park, the laneway and the Hobson St hotel remain consistent with previous market guidance of ~\$700m (including appropriate contingencies)
- Demolition and preparation works commenced on-site in December 2015 and excavation is schedule to commence during March 2016
- Overall programme is progressing on-time and on-budget with completion of both the NZICC and Hobson St hotel expected in Q1 2019

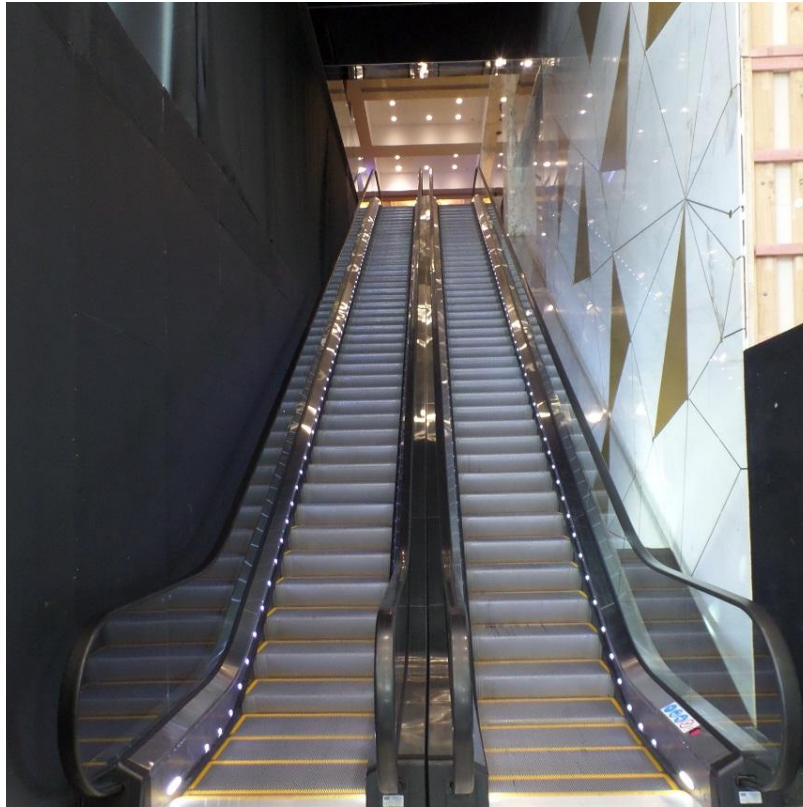


Demolition of NZICC and Hobson St hotel site, December 2015

- SKYCITY is enhancing its Auckland property with a major upgrade of its main atrium for a total cost of \$24m
- Stage 1 was completed on-time and on-budget, in-line with previous market guidance with the delivery of:
 - New main escalator providing direct access to main gaming floor on level 2
 - Second escalator linking levels 2 and 3
 - New bathrooms on the ground floor
 - Andy's Burgers & Bar, which has enhanced the quality and variety of SKYCITY's existing F&B offering
- Stage 2 is expected to be completed by September 2016
 - Extension of main gaming floor through partial infill of the new atrium space
 - Completion of entrance, foyer, flooring and wall treatments, and new light features
 - Development of a new Cantonese restaurant to complement the existing Federal Street dining precinct

Auckland Atrium Refurbishment

(page 2 of 2)



New atrium escalator and expansion of casino entry in Auckland, opened December 2015

Adelaide Expansion

- SKYCITY is well advanced in finalising the design for the expansion of the Adelaide Casino, having received development approval from the DAC on 22 January 2016
- SKYCITY's design envisages:
 - ~80 room all-suite boutique hotel
 - Horizon VIP villas and suites for SKYCITY's growing International Business
 - Two new signature restaurants
 - Expanded gaming podium, allowing for the staged rollout of the additional gaming product
- SKYCITY is committed to a total development cost of no greater than A\$300m, including the capital cost of the ground lease (~A\$12m) and the commissioning of gaming product (~A\$30m)
- While early ground works are expected to commence by the middle of the year, commencement of core construction of the expansion is unlikely to be before December 2016
- SKYCITY's commencement remains contingent upon the satisfactory finalisation of the ground lease, the car park lease with Walker Corporation and the development approvals of adjacent works, all of which are important to the overall success of SKYCITY's expansion

Funding



Funding – Current Debt Facilities

- Total hedged debt as at 31 December 2015 of \$654m (reported total debt of \$705m)
- Gearing ratio (net hedged debt/normalised EBITDA) of 1.9x as at 31 December 2015 (down from 2.3x vs. the pcip)
- Current debt funding headroom is expected to be sufficient to meet expected funding requirements until at least the start of FY18

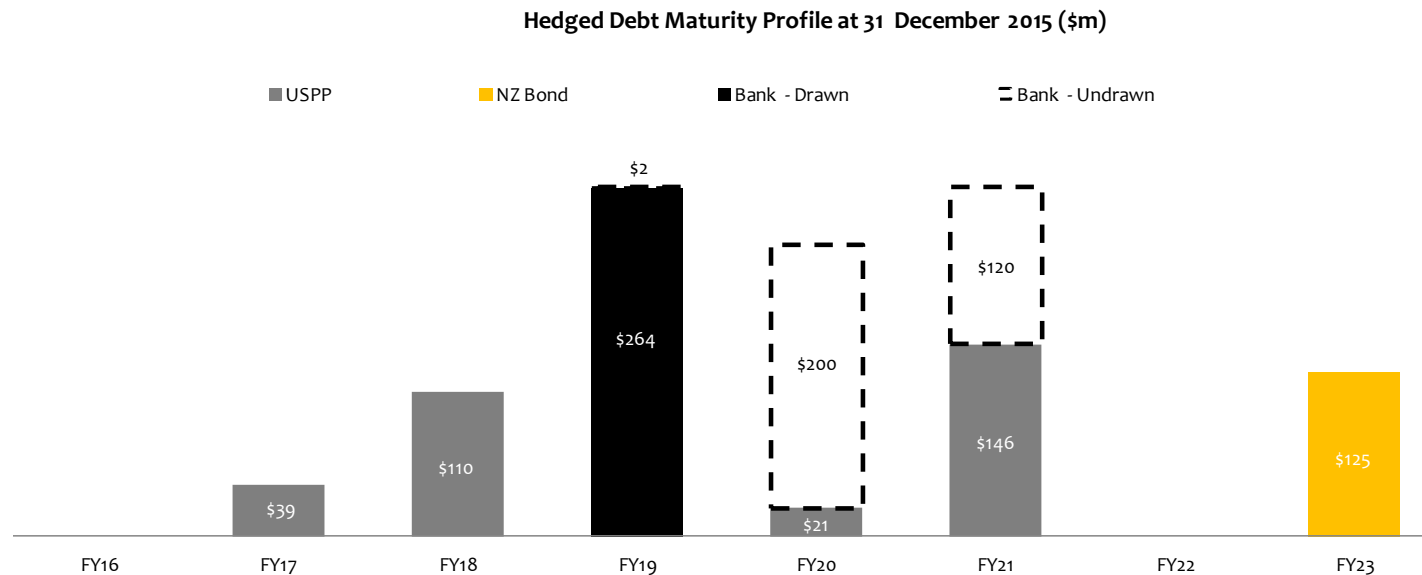
Debt Facilities (as at 31 December 2015)	Utilised \$m		Total Available \$m		Headroom \$m
	Hedged ⁽¹⁾	Reported ⁽²⁾	Hedged ⁽¹⁾	Reported ⁽²⁾	
Bank Facilities	264	264	586	586	322
NZ Bond	125	125	125	125	-
USPP Notes	265	316	265	316	-
Total Debt	654	705	976	1,027	322
Less: Cash at Bank	(17)	(17)			
Net Debt	638	689			

(1) After adjusting for the exchange rate hedging effect of CCIRS

(2) Based on exchange rates at 31 December 2015 of NZD/AUD 0.9396, NZD/USD 0.6848

Funding – Debt Maturity Profile

- Weighted average maturity of existing debt facilities is 4.3 years
- Next maturity is US\$27m (NZ\$39m) of USPP notes in March 2017



Funding – Outlook

- Following its recent \$125m NZ bond issue, SKYCITY has over \$300m of committed undrawn bank facilities – sufficient headroom to fund the NZICC and Hobson St hotel projects
- SKYCITY continues to explore various options for funding all major projects, including the Adelaide expansion
- Proposed sale of the Hobson St hotel is progressing well
 - Strong interest from a broad range of domestic and international investors
 - Seeking to complete the process in April 2016
- Based on indicative feedback received from S&P, SKYCITY expects that a successful sale of the Hobson St hotel should enable it to retain its BBB- credit rating
- SKYCITY intends to provide a further update on its long-term funding plan following the completion of the Hobson St hotel sale process and once plans and timing for the Adelaide expansion are further progressed

Conclusion

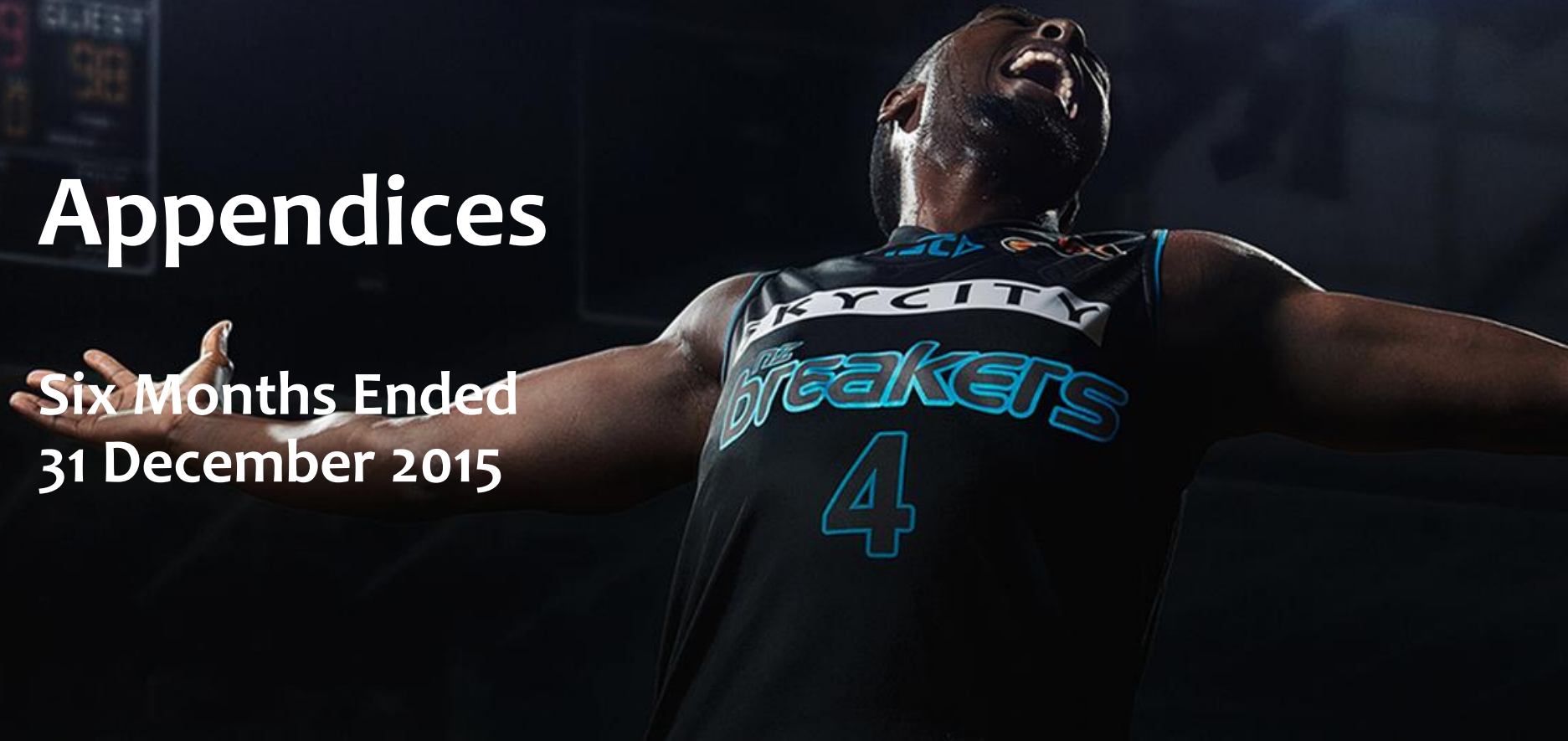


Conclusion

- Strong 1H16 result with record normalised revenue and earnings for the group, at the upper-end of previous market guidance
- Strong performance by all NZ businesses, continued growth in IB and a much improved performance in Adelaide
- Momentum from 1H16 has broadly continued into January 2016, with strong performance by the NZ businesses being offset by weaker results in Darwin and IB
- Significant milestones achieved on the NZICC project during 1H16 with gaming concessions activated and construction commencing on-site
- Early indicators suggest the NZICC gaming concessions are having a positive impact in Auckland
- Good progress on finalising plans for the Adelaide expansion, with design approval received from the DAC
- Management focus for FY16:
 - Continue to optimise the operating performance of all business segments, especially the gaming concessions in Auckland
 - Continue to drive improved performance at the Adelaide Casino
 - Finalise plans for the Adelaide expansion
 - Complete sale process for the Hobson St hotel
 - Complete the Auckland atrium refurbishment
 - Finalise the funding plan through to completion of the major projects

Appendices

Six Months Ended
31 December 2015



Accounting Treatment of NZICC Regulatory Concessions

(page 1 of 2)

- Following the activation of the NZICC regulatory concessions in November 2015, SKYCITY is required to recognise the fair value of these concessions as an intangible asset (being the Auckland licence enhancement)
 - Based on external valuation advice, SKYCITY has assessed the fair value of the Auckland licence enhancement at \$405m
 - Prior to completion of the NZICC, SKYCITY will also recognise a “deferred licence value” liability of an equivalent amount (\$405m)
 - Following completion of the NZICC, the deferred licence value will be reversed and offset against the value of tangible NZICC assets
- This accounting treatment for the NZICC regulatory concessions is consistent with the approach adopted for the new Adelaide Casino regulatory reforms in FY14
 - Value of the Adelaide licence (an intangible asset) as at 31 December 2015 was A\$306.6m
 - The Adelaide licence value is required to be amortised over the relevant period of the regulatory benefits (being 2035 or 2085 depending upon whether the benefit is associated with the exclusivity period or full licence period)
 - The Auckland licence enhancement is not required to be amortised but will be reviewed annually for impairment

Accounting Treatment of NZICC Regulatory Concessions

(page 2 of 2)

- The \$405m value of the Auckland licence enhancement includes the present value of the expected gross gaming cash-flows associated with the regulatory concessions and the capital costs required to activate the regulatory concessions, but excludes:
 - Expected cash-flows associated with the development and operation of the NZICC, Hobson St hotel, laneway and additional car parks
 - Expected on-spend from NZICC convention delegates and Hobson St hotel guests across the broader SKYCITY Auckland precinct (excluding the gaming business)
 - Cost of the land acquired for the development of the NZICC and Hobson St hotel
 - Benefit of extending the SKYCITY Auckland casino licence to 2048
 - Benefit of the seven-year gaming tax rate certainty period for SKYCITY Auckland

1H16 Results Overview – Normalised Results

Normalised	1H16 \$m	1H15 \$m	Movement	
			\$m	%
Normalised Revenue (including Gaming GST)	562.0	510.0	52.0	10.2%
Gaming GST	(51.4)	(46.1)	(5.3)	(11.5%)
Normalised Revenue	510.6	463.9	46.7	10.1%
Expenses	(332.4)	(309.5)	(22.9)	(7.4%)
Normalised EBITDA	178.2	154.4	23.8	15.4%
Depreciation and Amortisation	(45.9)	(43.2)	(2.7)	(6.3%)
Normalised EBIT	132.3	111.2	21.1	19.0%
Interest	(17.3)	(22.0)	4.7	21.4%
Normalised NPBT	115.0	89.2	25.8	28.9%
Tax	(29.6)	(22.6)	(7.0)	(31.0%)
Normalised NPAT	85.4	66.6	18.8	28.2%
Normalised EPS	14.5 cps	11.4 cps	3.1 cps	27.2%

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised NPAT adjusts for certain items and International Business (IB) at theoretical win rate of 1.35% versus actual 1.41% in 1H16 (1H15: 1.04%)
- Average NZD/AUD cross-rate during 1H16 0.9130 and 1H15 0.9147
- Certain totals, sub-totals and percentages may not agree due to rounding

1H16 Results Overview – Reported Results

Reported	1H16 \$m	1H15 \$m	Movement	
			\$m	%
Reported Revenue (including Gaming GST)	566.1	495.5	70.6	14.2%
Gaming GST	(52.4)	(44.0)	(8.4)	(19.1%)
Reported Revenue	513.7	451.5	62.2	13.8%
Expenses	(342.1)	(310.7)	(31.4)	(10.1%)
Reported EBITDA	171.6	140.8	30.8	21.9%
Depreciation and Amortisation	(56.3)	(43.2)	(13.1)	(30.3%)
Reported EBIT	115.3	97.6	17.7	18.1%
Interest	(17.3)	(24.9)	7.6	30.5%
Reported NPBT	98.0	72.7	25.3	34.8%
Tax	(26.9)	(18.1)	(8.8)	(48.6%)
Reported NPAT	71.0	54.6	16.4	30.0%
Reported EPS	12.0 cps	9.3 cps	2.7 cps	29.0%
Final Dividend	10.5 cps	10.0 cps	0.5 cps	5.0%

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Average NZD/AUD cross-rate during 1H16 0.9130 and 1H15 0.9147
- Certain totals, sub-totals and percentages may not agree due to rounding

1H16 EBIT Summary by Business

		1H16 \$m	1H15 \$m	Movement \$m %	
New Zealand Casinos					
▪ Auckland		112.0	101.0	11.0	10.9%
▪ Hamilton		9.4	7.6	1.8	23.7%
▪ Queenstown, Other		2.1	0.0	2.1	100.0%
Total New Zealand		123.5	108.6	14.9	13.7%
Australian Casinos					
▪ Adelaide	(A\$)	12.9	6.4	6.5	101.6%
▪ Darwin	(A\$)	16.5	15.4	1.1	7.1%
Total Australia	(A\$)	29.4	21.8	7.6	34.9%
Total Australia	(NZ\$)	32.2	24.0	8.2	34.2%
Corporate Costs		(20.6)	(19.3)	(1.3)	(6.7%)
		135.1	113.3	21.8	19.2%
Branding project costs ⁽¹⁾		(0.7)	(2.1)	1.4	NM
Adelaide restructure costs ⁽²⁾		(1.6)	-	(1.6)	
NZICC operating costs ⁽³⁾		(0.5)	-	(0.5)	
Normalised EBIT		132.3	111.2	21.1	19.0%
International Business adjustments		(6.6)	(11.1)	4.5	
Other adjustments ⁽⁴⁾		(10.4)	(2.5)	(7.9)	
Reported EBIT		115.3	97.6	17.7	18.1%

• Normalised EBIT is adjusted for IB at the theoretical win rate of 1.35% and certain other items (see page 55 for more details)

• Average NZD/AUD cross-rate during 1H16 0.9130 and 1H15 0.9147

(1) Relates to the Adelaide and Auckland brand campaigns. (2) Redundancy and related costs in Adelaide. (3) NZICC operating costs not able to be capitalised. (4) Other adjustments in 1H16 were the write-off of various fixed assets. Other adjustments in 1H15 were Adelaide restructure costs \$1.5m, NZICC operating costs \$0.3m and other items \$0.7m

1H16 Reported and Normalised Earnings

	1H16				1H15			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Normalised	562.0	178.2	132.3	85.4	510.0	154.4	111.2	66.6
International Business at Theoretical	4.1	(6.6)	(6.6)	(4.6)	(14.5)	(11.1)	(11.1)	(8.2)
International Business Adjustments	4.1	(6.6)	(6.6)	(4.6)	(14.5)	(11.1)	(11.1)	(8.2)
Adelaide redevelopment costs	-	-	-	-	-	(1.5)	(1.5)	(1.0)
NZICC interest and other costs	-	-	-	-	-	(0.3)	(0.3)	(2.3)
Asset write-offs	-	-	(10.4)	(9.8)	-	-	-	-
Restructuring costs	-	-	-	-	-	(0.5)	(0.5)	(0.4)
Auckland project costs	-	-	-	-	-	(0.2)	(0.2)	(0.1)
Total Other Adjustments	0.0	0.0	(10.4)	(9.8)		(2.5)	(2.5)	(3.8)
Reported	566.1	171.6	115.3	71.0	495.5	140.8	97.6	54.6

- Revenue includes GST inclusive gaming revenue and GST exclusive non-gaming revenue
- Normalised (underlying) earnings adjusts for IB at the theoretical win rate of 1.35% and certain other items
- Certain totals, sub-totals and percentages may not agree due to rounding

- 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). Non-gaming revenue is net of GST. Total revenue is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue
- This approach facilitates Australasian and period-on-period comparisons and is consistent with the treatment adopted by major Australian casinos

- Key other adjustments are:

- **1H16 Adjustments**

- Write-off of the Hamilton Hotel project costs as this project is no longer proceeding (\$2.7m of capitalised costs incurred over 2011 to 2014)
 - Write-off of 101 Hobson Street and the Nelson Street car park to make way for the NZICC (\$7.6m book value)

- **1H15 Adjustments**

- Adelaide redevelopment costs – Structural redundancies and launch costs for new facilities (Sean’s Kitchen and Madame Hanoi)
 - NZICC – Interest on purchase of New Zealand International Convention Centre (NZICC) land bank (calculated using the group’s average cost of debt of 6.8% on an average balance of \$85m) and other costs specific to this project
 - Restructuring costs – Costs associated with changing the staffing structures under an approved restructuring plan
 - Auckland project costs – Federal Street launch and Federal Street fire costs

- Actual IB win rate was 1.41% for 1H16 (1H15: 1.04%)

- During FY16 the application of the Group’s non-GAAP financial information policy was tightened to further restrict the number of adjustments between Reported and Normalised results

Disclaimer

- *All information included in this presentation is provided as at 11 February 2016*
- *The presentation includes a number of forward-looking statements. Forward looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond SKYCITY's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative*
- *This presentation has not taken into account any particular investors investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SKYCITY*

Notice of event affecting securities

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

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

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

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

Contact phone number **(09) 363 6000** Contact fax number **(09)363 6140** Date **11 / 2 / 2016**

Nature of event
Tick as appropriate
Bonus Issue ☐ If ticked, state whether: Taxable ☐ / Non Taxable ☐ Conversion ☐ Interest ☐ Rights Issue Renounceable ☐
Rights Issue non-renounceable ☐ Capital change ☐ Call ☐ Dividend ☒ If ticked, state whether: Interim ☒ Full Year ☐ Special ☐ DRP Applies ☒

EXISTING securities affected by this If more than one security is affected by the event, use a separate form.
Description of the class of securities **Ordinary Shares** ISIN **NZSKCE0001S2**
If unknown, contact NZX

Details of securities issued pursuant to this event If more than one class of security is to be issued, use a separate form for each class.
Description of the class of securities
Number of Securities to be issued following event
Minimum Entitlement
Ratio, e.g. ① for ②
Conversion, Maturity, Call Payable or Exercise Date
Treatment of Fractions
Enter N/A if not applicable
Tick if *pari passu* ☐ OR provide an explanation of the ranking
Strike price per security for any issue in lieu or date Strike Price available.

Monies Associated with Event Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.
In dollars and cents
Amount per security (does not include any excluded income) **\$0.1050** Source of Payment **Profit**
Excluded income per security (only applicable to listed PIEs)
Currency **NZ Dollars** Supplementary dividend details - NZSX Listing Rule 7.12.7
Amount per security in dollars and cents **\$0.000000**
Total monies **\$62,268,210** Date Payable **18 March, 2016**

Taxation Amount per Security in Dollars and cents to six decimal places
In the case of a taxable bonus issue state strike price \$
Resident Withholding Tax **\$0.034650** Imputation Credits (Give details) **\$0.000000**
Foreign Withholding Tax \$
FWP Credits (Give details)

Timing (Refer Appendix 8 in the NZSX Listing Rules)
Record Date 5pm For calculation of entitlements - **4 March, 2016** **Application Date** Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week. **18 March, 2016**
Notice Date Entitlement letters, call notices, conversion notices mailed
Allotment Date For the issue of new securities. Must be within 5 business days of application closing date.

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

Security Code:
Security Code:



SKYCITY Entertainment Group Limited
Interim financial report
for the six month period ended 31
December 2015

For and on behalf of the Board:

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Chris Moller
Chairman

A handwritten signature in black ink, appearing to be 'Bruce Carter' with a long horizontal stroke at the end.

Bruce Carter
Chairman of the Audit and Financial Risk Committee

10 February 2016



Independent Review Report

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 1 to 18 which comprise the consolidated balance sheet as at 31 December 2015, 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.



Independent Review Report

SKYCITY Entertainment Group Limited

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.

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

Chartered Accountants
10 February 2016

Auckland

SKYCITY Entertainment Group Limited
Consolidated income statement
For the six month period ended 31 December 2015

		Unaudited 6 months 31 December 2015 \$'000	Unaudited 6 months 31 December 2014 \$'000	Audited 12 months 30 June 2015 \$'000
	Notes			
Total receipts including GST	4	581,092	509,552	1,036,966
Less non-gaming GST	4	(15,794)	(14,832)	(29,259)
Gaming win plus non-gaming revenue	4	565,298	494,720	1,007,707
Less gaming GST	4	(52,382)	(44,047)	(91,620)
Revenue	4	512,916	450,673	916,087
Revenue	4	512,916	450,673	916,087
Other income	5	814	794	1,356
Employee benefits expense	6	(155,190)	(152,337)	(302,748)
Other expenses	6	(100,762)	(71,021)	(137,772)
Directors fees		(586)	(578)	(1,179)
Restructuring costs	6	-	(2,517)	(4,316)
Gaming taxes and levies		(30,821)	(27,711)	(56,676)
Direct consumables		(39,539)	(37,880)	(75,327)
Marketing and communications		(15,247)	(18,574)	(35,348)
Earnings before interest, taxes, depreciation and amortisation expenses (EBITDA)		171,585	140,849	304,077
Depreciation, amortisation and asset write-offs	6	(56,297)	(43,299)	(89,292)
Earnings before interest and taxes (EBIT)		115,288	97,550	214,785
Net finance costs	7	(17,335)	(24,899)	(43,927)
Profit before income tax		97,953	72,651	170,858
Income tax expense		(26,934)	(18,092)	(42,114)
Profit for the period		71,019	54,559	128,744
		CENTS	CENTS	CENTS
Earnings per share for profit attributable To the shareholders of the company:				
Basic earnings per share (cents)		12.0	9.3	22.0
Diluted earnings per share (cents)		12.0	9.3	22.0

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

SKYCITY Entertainment Group Limited
Statement of comprehensive income
For the six month period ended 31 December 2015

		Unaudited 6 months 31 December 2015 \$'000	Unaudited 6 months 31 December 2014 \$'000	Audited 12 months 30 June 2015 \$'000
	Notes			
Profit for the period		71,019	54,559	128,744
Other comprehensive income				
Items that may be reclassified subsequently to Profit and Loss				
Exchange differences on translation of overseas subsidiaries	13	(15,793)	(4,994)	11,719
Movement in cash flow hedges	13	(843)	(2,263)	(2,805)
Income tax relating to components of other comprehensive income	13	192	638	768
Other comprehensive income for the period, net of tax		(16,444)	(6,619)	9,682
Total comprehensive income and expense for the period		54,575	47,940	138,426

SKYCITY Entertainment Group Limited
Consolidated balance sheet
As at 31 December 2015

		Unaudited 31 December 2015 \$'000	Unaudited 31 December 2014 \$'000	Audited 30 June 2015 \$'000
	Notes			
ASSETS				
Current assets				
Cash and bank balances		68,285	60,428	53,232
Receivables and prepayments		38,058	23,188	16,654
Inventories		8,532	8,249	8,362
Tax prepayment		23,147	39,729	45,227
Derivative financial instruments	8	996	6,542	32
Total current assets		<u>139,018</u>	<u>138,136</u>	<u>123,507</u>
Non-current assets				
Tax prepayment		-	12,841	779
Property, plant and equipment		1,185,539	1,144,544	1,174,248
Intangible assets	9	932,113	522,321	556,029
Derivative financial instruments	8	73,893	44,060	70,998
Total non-current assets		<u>2,191,545</u>	<u>1,723,766</u>	<u>1,802,054</u>
Total assets		<u>2,330,563</u>	<u>1,861,902</u>	<u>1,925,561</u>
LIABILITIES				
Current liabilities				
Payables		123,884	110,137	130,085
Derivative financial instruments	8	404	293	675
Senior interest bearing liabilities	10	-	88,202	-
Subordinated debt - capital notes		-	76,447	-
Total current liabilities		<u>124,288</u>	<u>275,079</u>	<u>130,760</u>
Non-current liabilities				
Senior interest bearing liabilities	11	701,403	538,753	699,092
Provisions		2,752	-	3,739
Deferred tax liabilities		77,566	81,248	80,613
Derivative financial instruments	8	32,600	31,144	33,513
Deferred licence value	9	557,004	151,689	160,922
Total non-current liabilities		<u>1,371,325</u>	<u>802,834</u>	<u>977,879</u>
Total liabilities		<u>1,495,613</u>	<u>1,077,913</u>	<u>1,108,639</u>
Net assets		<u>834,950</u>	<u>783,989</u>	<u>816,922</u>
EQUITY				
Share capital	12	780,469	757,752	758,800
Reserves	13(a)	(55,338)	(55,195)	(38,894)
Retained profits	13(b)	109,819	81,432	97,016
Parent entity interest		<u>834,950</u>	<u>783,989</u>	<u>816,922</u>
Total equity		<u>834,950</u>	<u>783,989</u>	<u>816,922</u>

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

SKYCITY Entertainment Group Limited
Consolidated statement of changes in equity
For the six month period ended 31 December 2015

		Share capital \$'000	Hedging Reserves \$'000	Foreign Currency Translation Reserve \$'000	Retained profits \$'000	Total equity \$'000
Notes						
Balance as at 1 July 2015		758,800	(10,803)	(28,091)	97,016	816,922
Total comprehensive income/(expense)		-	(651)	(15,793)	71,019	54,575
Dividends	14	-	-	-	(58,216)	(58,216)
Shares issued under dividend reinvestment plan	12	21,036	-	-	-	21,036
Shares issued for employee services	12	643	-	-	-	643
Net movement in treasury shares	12	(10)	-	-	-	(10)
Balance as at 31 December 2015		780,469	(11,454)	(43,884)	109,819	834,950
Balance as at 1 July 2014		737,546	(8,766)	(39,810)	84,915	773,885
Total comprehensive income/(expense)		-	(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
Shares issued for employee services	12	552	-	-	-	552
Net movement in treasury shares	12	400	-	-	-	400
Balance as at 31 December 2014		757,752	(10,391)	(44,804)	81,432	783,989
Balance as at 1 July 2014		737,546	(8,766)	(39,810)	84,915	773,885
Total comprehensive income/(expense)		-	(2,037)	11,719	128,744	138,426
Dividends	14	-	-	-	(116,643)	(116,643)
Shares issued under dividend reinvestment plan	12	19,254	-	-	-	19,254
Share rights issued for employee services	12	1,245	-	-	-	1,245
Net purchase of treasury shares	12	755	-	-	-	755
Balance as at 30 June 2015		758,800	(10,803)	(28,091)	97,016	816,922

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

SKYCITY Entertainment Group Limited
Statement of cash flows
For the six month period ended 31 December 2015

	Unaudited 6 months 31 December 2015 \$'000	Unaudited 6 months 31 December 2014 \$'000	Audited 12 months 30 June 2015 \$'000
Notes			
Cash flows from operating activities			
Receipts from customers	492,052	447,124	918,243
Payments to suppliers and employees	<u>(331,115)</u>	<u>(294,555)</u>	<u>(550,189)</u>
	160,937	152,569	368,054
Dividends received	10	8	8
Gaming taxes paid	(22,274)	(23,514)	(48,328)
Income taxes paid	(7,367)	(9,757)	(29,059)
Net cash inflow from operating activities	18 131,306	119,306	290,675
Cash flows from investing activities			
Purchase of/proceeds from property, plant and equipment	(69,024)	(58,785)	(106,310)
Payments for intangible assets	(4,168)	(2,216)	(5,724)
Net cash inflow / (outflow) from investing activities	(73,192)	(61,001)	(112,034)
Cash flows from financing activities			
Cash flows associated with derivatives	2,992	(2,543)	4,839
Repayment of borrowings	(109,809)	-	(40,677)
New borrowings	125,000	14,700	-
Net issue/(purchase) of treasury shares	(10)	400	755
Dividends paid to company shareholders	(37,180)	(38,788)	(97,389)
Interest paid	(24,054)	(25,698)	(46,989)
Net cash (outflows) from financing activities	(43,061)	(51,929)	(179,461)
Net movement in cash and bank balances	15,053	6,376	(820)
Cash and bank balances at the beginning of the period	53,232	54,052	54,052
Cash and cash equivalents at end of the half-year	68,285	60,428	53,232

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

1 General information

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

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

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 a company registered under the Companies Act 1993 and is an FMC Reporting Entity under part 7 of the Financial Markets Conduct Act 2013.

These consolidated financial statements have been approved for issue by the board of directors on 10 February 2016.

2 Summary of significant accounting policies

These general purpose financial statements for the interim half year reporting period ended 31 December 2015 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 2015 and the unaudited financial statements for the six months ended 31 December 2014.

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 2015.

(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 centres, food and beverage, carparking, Sky Tower, and a number of other related activities.

Rest of New Zealand

Rest of New Zealand includes the Group's interest in SKYCITY Hamilton, SKYCITY Queenstown Casino and SKYCITY Wharf Casino.

SKYCITY Adelaide

SKYCITY Adelaide includes casino operations and food and beverage.

SKYCITY Darwin

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

3 Segment information (continued)

International Business

International Business includes revenue share, 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 include legal and regulatory, group finance, human resources and information technology, the Chief Executive's office and directors.

Half year ended 31 December 2015	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 income	249,020	30,379	79,361	66,325	88,646	-	513,731
Expenses	(124,754)	(17,648)	(64,059)	(43,477)	(72,467)	(19,741)	(342,146)
Depreciation and amortisation	(31,000)	(5,524)	(9,329)	(7,213)	-	(3,231)	(56,297)
Segment profit/(loss) (Earnings before Interest and Tax)	93,266	7,208	5,973	15,635	16,179	(22,973)	115,288
Finance costs - net							(17,335)
Profit before income tax							97,953

Half year ended 31 December 2014	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 income	234,105	27,626	77,299	68,621	43,842	-	451,493
Expenses	(121,837)	(17,106)	(65,895)	(45,124)	(40,440)	(20,242)	(310,644)
Depreciation and amortisation	(23,332)	(2,701)	(7,664)	(6,773)	-	(2,829)	(43,299)
Segment profit/(loss) (Earnings before Interest and Tax)	88,936	7,819	3,740	16,724	3,402	(23,071)	97,550
Finance costs - net							(24,899)
Profit before income tax							72,651

Year end ended 30 June 2015	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 income	473,725	56,157	152,291	123,170	112,100	-	917,443
Expenses	(245,540)	(34,288)	(129,069)	(82,738)	(82,217)	(39,514)	(613,366)
Depreciation and amortisation	(47,759)	(5,489)	(16,319)	(13,782)	-	(5,943)	(89,292)
Segment profit/(loss) (Earnings before Interest and Tax)	180,426	16,380	6,903	26,650	29,883	(45,457)	214,785
Finance costs							(43,927)
Profit before income tax							170,858

4 Revenue

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000	12 months 30 June 2015 \$'000
Total receipts including GST	581,092	509,552	1,036,966
Less non-gaming GST	(15,794)	(14,832)	(29,259)
Gaming win plus non-gaming revenue	565,298	494,720	1,007,707
Less gaming GST	(52,382)	(44,047)	(91,620)
Total revenue	512,916	450,673	916,087
Gaming	398,393	342,793	704,066
Non-gaming	114,523	107,880	212,021
Total revenue	512,916	450,673	916,087

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 2015 \$'000	6 months 31 December 2014 \$'000	12 months 30 June 2015 \$'000
Net gain on disposal of property, plant and equipment	804	786	1,348
Dividend income	10	8	8
	814	794	1,356

6 Expenses

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000	12 months 30 June 2015 \$'000
Profit before income tax includes the following specific expenses:			
<i>Depreciation</i>			
Buildings	14,035	13,641	27,359
Plant and equipment	19,373	19,450	40,226
Furniture and fittings	6,033	4,894	10,832
Motor vehicles	250	232	492
Asset write-offs	10,406	-	-
Total depreciation	50,097	38,217	78,909
<i>Amortisation</i>			
Casino licence (Adelaide)	2,859	2,230	4,402
Software	3,341	2,852	5,981
Total amortisation	6,200	5,082	10,383
Total depreciation and amortisation	56,297	43,299	89,292

6 Expenses (continued)

	6 months 31 December 2015 \$'000	6 months 31 December 2015 \$'000	6 months 31 December 2015 \$'000
<i>Restructuring costs:</i>			
Restructuring costs	-	754	1,576
Adelaide Redevelopment costs	-	1,218	1,689
Auckland project costs	-	179	318
NZICC costs	-	366	629
Darwin preopening costs	-	-	104
	<u>-</u>	<u>2,517</u>	<u>4,316</u>
<i>Other expenses includes:</i>			
Utilities, insurance and rates	11,742	11,423	23,014
Community trust donations	1,994	1,494	3,762
Property expenses	7,435	7,138	14,023
Other items (including International Business commissions)	75,974	47,938	92,197
Lease payments relating to operating leases	2,378	2,357	4,675
Provision for bad and doubtful debts	1,239	671	101
	<u>100,762</u>	<u>71,021</u>	<u>137,772</u>

7 Finance costs - net

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000	12 months 30 June 2015 \$'000
<i>Finance costs</i>			
Interest and finance charges	21,986	26,512	49,421
Exchange (gains)/losses	(119)	(140)	(1,077)
Interest Income	(680)	(1,185)	(2,324)
Capitalised interest	(3,852)	(288)	(2,093)
Total finance costs	<u>17,335</u>	<u>24,899</u>	<u>43,927</u>

8 Derivatives

The Group carries derivatives at fair value and 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 Non-current assets - Intangible assets

	Goodwill \$'000	Casino licences \$'000	Computer software \$'000	Total \$'000
At 1 July 2015				
Cost	142,236	429,994	79,054	651,284
Accumulated amortisation and impairment	-	(41,876)	(53,379)	(95,255)
Net book amount	<u>142,236</u>	<u>388,118</u>	<u>25,675</u>	<u>556,029</u>
Half-year ended 31 December 2015				
Opening net book amount	142,236	388,118	25,675	556,029
Exchange differences	(5,778)	(20,747)	(359)	(26,884)
Additions	-	405,000	4,168	409,168
Amortisation charge	-	(2,859)	(3,341)	(6,200)
Closing net book amount	<u>136,458</u>	<u>769,512</u>	<u>26,143</u>	<u>932,113</u>
At 31 December 2015				
Cost	136,458	811,893	82,637	1,030,988
Accumulated amortisation and impairment	-	(42,381)	(56,494)	(98,875)
Net book amount	<u>136,458</u>	<u>769,512</u>	<u>26,143</u>	<u>932,113</u>

9 Non-current assets - Intangible assets (continued)

	Goodwill \$'000	Casino licences \$'000	Computer software \$'000	Total \$'000
At 1 July 2014				
Cost	137,290	410,219	74,635	622,144
Accumulated amortisation and impairment	-	(35,541)	(48,955)	(84,496)
Net book amount	<u>137,290</u>	<u>374,678</u>	<u>25,680</u>	<u>537,648</u>

Half-year ended 31 December 2014

Opening net book amount	137,290	374,678	25,680	537,648
Exchange differences	(2,652)	(9,579)	(135)	(12,366)
Additions	-	-	2,121	2,121
Amortisation charge	-	(2,230)	(2,852)	(5,082)
Closing net book amount	<u>134,638</u>	<u>362,869</u>	<u>24,814</u>	<u>522,321</u>

At 31 December 2014

Cost	134,638	399,616	75,273	609,527
Accumulated amortisation and impairment	-	(36,747)	(50,459)	(87,206)
Net book amount	<u>134,638</u>	<u>362,869</u>	<u>24,814</u>	<u>522,321</u>

	Goodwill \$'000	Casino licences \$'000	Computer software \$'000	Total \$'000
At 1 July 2014				
Cost	137,290	410,219	74,635	622,144
Accumulated amortisation and impairment	-	(35,541)	(48,955)	(84,496)
Net book amount	<u>137,290</u>	<u>374,678</u>	<u>25,680</u>	<u>537,648</u>

Year ended 30 June 2015

Opening net book amount	137,290	374,678	25,680	537,648
Exchange differences	4,946	17,842	252	23,040
Additions	-	-	5,724	5,724
Amortisation charge	-	(4,402)	(5,981)	(10,383)
Closing net book amount	<u>142,236</u>	<u>388,118</u>	<u>25,675</u>	<u>556,029</u>

At 30 June 2015

Cost	142,236	429,994	79,054	651,284
Accumulated amortisation and impairment	-	(41,876)	(53,379)	(95,255)
Net book amount	<u>142,236</u>	<u>388,118</u>	<u>25,675</u>	<u>556,029</u>

Casino Licence

SKYCITY Darwin
Casino

Contract Term

The casino and associated operations are carried out by SKYCITY Darwin Pty Limited under a casino licence/operator agreement (the Casino Operator's Agreement) with the Northern Territory Government. The current licence term was extended in 2011 and now expires on 30 June 2031. The Casino Operator's Agreement is subject to extension for a further 5 years once its period to maturity reaches 15 years. These licence extensions apply on a continuing 5 year basis so that, subject to certain criteria being met, the licence period is never less than 15 years. The carrying value of the casino licence is A\$31.7m (1H15: A\$31.7m, FY15 A\$31.7m).

Adelaide Casino

The casino and associated operations are carried out by SKYCITY Adelaide Pty Limited under a casino licence (the Approved Licensing Agreement (ALA)) dated October 1999 (as amended). Unless terminated earlier, the expiry date of the ALA is 30 June 2085. The term of the ALA can be renewed for a further fixed term pursuant to section 9 of the Casino Act 1997 (SA). The carrying value of the casino licence is amortised over the life of the ALA.

Effective 14 February 2014, the ALA and associated agreements were amended to (a) extend Adelaide Casino's exclusivity period for casino gaming in South Australia for a further 20 years until 30 June 2035 (during which period no other casino gaming is permitted, except for interactive gambling); (b) permit the implementation of account based cashless gaming and ticket-in-ticket-out gaming systems; (c) permit an increase in the number of both gaming machines and gaming tables; (d) reflect new taxation rates; and (e) implement various other operational improvements. As part of the agreement with the South Australian Government, SKYCITY Adelaide made a A\$20 million payment to the South Australian Government and agreed to undertake a casino expansion and hotel development project.

These reforms are exclusive to the Group and have therefore been recorded at fair value based on the estimated incremental benefit of the reforms over the life of the reforms. The asset is amortised over 20 years or 71 years depending on whether the incremental benefit is associated with the exclusivity period or the full licence period.

The carrying value of the casino licence is A\$306.6m (1H15: A\$311.3, FY15: A\$309.2m).

SKYCITY Auckland Casino

SKYCITY Auckland Limited holds a Casino Premises Licence for the Auckland premises. The Casino Premises Licence was for an initial 25 year term from 2 February 1996.

The initial licence was granted in 1996 for nil consideration, and hence there is no associated carrying value.

Pursuant to the terms of the New Zealand International Convention Centre Project and Licensing Agreement between Her Majesty the Queen in Right of New Zealand and the Company dated 5 July 2013 ("Agreement"), the initial term of the licence was extended to 30 June 2048 on 11 November 2015. This was the date the Company executed a building works contract with The Fletcher Construction Company Limited to construct the New Zealand International Convention Centre.

In addition to the licence extension, the Casino Premises Licence was amended to (a) permit the implementation of account based cashless gaming and ticket in ticket out ("TITO") gaming systems; (b) permit an increase in the number of gaming machines, gaming tables and automated gaming machines; and (c) implement various other operational improvements. Under the Agreement, the Company has agreed to construct the New Zealand International Convention Centre for a total cost \$430 million.

The reforms (a to c above) are exclusive to the Group and have therefore been recorded at fair value based on the estimated incremental benefit over the life of the reforms. The fair value has been determined using a discounted cashflow model falling within level 3 of the fair value hierarchy over the life of the reforms.

Key assumptions used in determining the fair value are as follows:

- A discount rate of 9.5%
- An additional 230 single terminal gaming machines
- An additional 40 gaming tables
- An additional 12 gaming tables that can each be substituted for 20 additional automated table game terminals
- The introduction of TITO and cashless gaming
- Up to 359 gaming machines being permitted to accept bank notes with a denomination up to \$100
- Operating margins (net of labour costs, direct costs, comps/commissions and marketing) are calculated based on an internal view of the structural changes to the cost base required to support the incremental revenue

The assumptions underpinning the model are inherently uncertain and require the exercise of significant judgement about the future expected benefits of the reforms to the Group.

The asset will not be amortised but will be reviewed for impairment annually.

Deferred Licence Value included within non-current liabilities will be transferred and offset against property, plant and equipment when the New Zealand International Convention Centre has been completed.

**SKYCITY Hamilton
Casino**

SKYCITY Hamilton Limited holds a Casino Premises Licence for the Hamilton premises. The Casino Premises Licence is for an initial 25 year term from 19 September 2002. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.

**SKYCITY Queenstown
Casino**

Queenstown Casinos Limited holds a Casino Premises Licence for these Queenstown premises. The Casino Premises Licence is for an initial 25 year term from 7 December 2000. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.

**SKYCITY Wharf
Casino (Queenstown)**

Otago Casinos Limited holds a Casino Premises Licence for these Queenstown premises. The Casino Premises Licence is for an initial 25 year term from 11 September 1999. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). The carrying value of the casino licence which arose on SKYCITY's acquisition of Otago Casinos Limited is \$4.4m (1H15: \$4.4m, FY15: \$4.4m).

The asset is not amortised but will be reviewed for impairment annually.

10 Current liabilities - Senior interest bearing liabilities

	31 December 2015 \$'000	31 December 2014 \$'000	30 June 2015 \$'000
Unsecured			
United States Private Placement (USPP)	-	88,202	-
Total current interest bearing borrowings	<u>-</u>	<u>88,202</u>	<u>-</u>

Refer note 11 (Non-current liabilities) for details of the USPP.

11 Non-current liabilities - Senior interest bearing liabilities

	31 December 2015 \$'000	31 December 2014 \$'000	30 June 2015 \$'000
Unsecured			
US Private Placement	316,104	279,142	317,228
Syndicated bank facility	264,285	261,387	383,808
NZ bond	125,000	-	-
Deferred funding expenses	(3,986)	(1,776)	(1,944)
Total unsecured non-current interest bearing borrowings	<u>701,403</u>	<u>538,753</u>	<u>699,092</u>

(a) United States Private Placement (USPP)

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

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 2015 relates to foreign exchange movements.

11 Non-current liabilities - Senior interest bearing liabilities (continued)

(b) Syndicated bank facility

The syndicated banking facility 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).

As at 31 December 2015, SKYCITY had in place revolving credit facilities of:

- A\$250.0 million maturing 30 June 2019
- NZ\$200.0 million maturing 30 June 2020
- NZ\$120.0 million maturing 15 March 2021

(c) Fair value

Fair value of USPP debt is estimated at NZ\$355 million compared to a carrying value of NZ\$316 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.

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.

(d) New Zealand Bond

\$125 million of unsubordinated, unsecured, redeemable fixed rate bonds were issued on 28 September 2015 with a maturity of seven years.

The bonds are quoted on the NZDX. As at 31 December 2015 the closing price was \$1.0013 per \$1 bond. The bonds are carried at amortised cost. The total fair value is \$125m and is a level 1 valuation as they are listed securities.

12 Share capital

	31 December 2015 Shares	31 December 2014 Shares	30 June 2015 Shares	31 December 2015 \$'000	31 December 2014 \$'000	30 June 2015 \$'000
Opening balance of ordinary shares issued	587,472,741	582,088,094	582,088,094	758,800	737,546	737,546
Share rights issued for employee services	-	-	-	643	552	1,245
Employee share entitlements issued	-	67,799	76,617	-	-	-
Treasury shares issued	-	(67,799)	(76,617)	-	-	-
Net movement in treasury shares value	-	-	-	(10)	400	755
Shares issued under dividend reinvestment plan	5,557,833	5,384,647	5,384,647	21,036	19,254	19,254
Closing balance of ordinary shares issued	593,030,574	587,472,741	587,472,741	780,469	757,752	758,800

Included within the number of shares are treasury shares of 6,699,707 (31 December 2014: 6,708,778 and 30 June 2015: 6,699,707) held by the company. 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 2015 \$'000	6 months 31 December 2014 \$'000	12 months 30 June 2015 \$'000
(a) Reserves			
Hedging reserve - cash flow hedges	(11,454)	(10,391)	(10,803)
Foreign currency translation reserve	(43,884)	(44,804)	(28,091)
	<u>(55,338)</u>	<u>(55,195)</u>	<u>(38,894)</u>

Hedging reserve - cash flow hedges

Balance at the beginning of the period	(10,803)	(8,766)	(8,766)
Revaluation (note 8)	1,070	29,952	57,467
Transfer to net profit	(1,913)	(32,215)	(60,272)
Deferred tax	192	638	768
Balance at the end of the period	<u>(11,454)</u>	<u>(10,391)</u>	<u>(10,803)</u>

Foreign currency translation reserve

Balance at the beginning of the period	(28,091)	(39,810)	(39,810)
Exchange differences on translation of overseas subsidiaries	(15,793)	(4,994)	11,719
Balance 31 December	<u>(43,884)</u>	<u>(44,804)</u>	<u>(28,091)</u>

(i) Hedging reserve - cash flow hedges

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

(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 2015 \$'000	31 December 2014 \$'000	30 June 2015 \$'000
Balance at the beginning of the period	97,016	84,915	84,915
Profit attributable to shareholders of the company	71,019	54,559	128,744
Dividends	(58,216)	(58,042)	(116,643)
Balance at the end of the period	<u>109,819</u>	<u>81,432</u>	<u>97,016</u>

14 Dividends

	31 December 2015 \$'000	31 December 2014 \$'000	30 June 2015 \$'000
Prior year's final dividend	58,216	58,042	58,042
Interim dividend	-	-	58,601
Total dividends provided for or paid	<u>58,216</u>	<u>58,042</u>	<u>116,643</u>

14 Dividends (continued)

Subsequent to balance date the Board of Directors has resolved to pay an interim dividend of 10.5 cents per share.

	31 December 2015	31 December 2014	30 June 2015
Cents per share	Cents per share	Cents per share	Cents per share
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 2014 and 30 June 2015: none).

16 Commitments

(a) Capital commitments

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

	31 December 2015 \$'000	31 December 2014 \$'000	30 June 2015 \$'000
Property, plant and equipment	497,245	16,345	10,477

The significant increase in capital commitments relates to the New Zealand International Convention Centre and Hobson Street Hotel. Construction contracts were signed with The Fletcher Construction Company Limited on 11 November 2015.

(b) Operating lease commitments

	31 December 2015 \$'000	31 December 2014 \$'000	30 June 2015 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year	3,915	6,861	7,472
Later than one year but not later than five years	13,288	16,873	18,023
Later than five years	291,352	293,396	309,902
	308,555	317,130	335,397

17 Events occurring after the balance date

(a) Dividend

On 10 February 2016, the directors resolved to provide for an interim dividend to be paid in respect of the six months ended 31 December 2015. The unfranked, unimputed dividend of 10.5 cents per share will be paid on 18 March 2016 to all shareholders on the company's register at the close of business on 4 March 2016.

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

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000	12 months 30 June 2015 \$'000
Profit for the period	71,019	54,559	128,744
Depreciation, amortisation and asset write offs	56,297	43,299	89,292
Net finance costs	17,335	24,899	43,927
Current period employee share entitlement	643	552	1,245
Gain on sale of property, plant and equipment	(804)	(786)	(1,348)
Change in operating assets and liabilities			
(Increase)/decrease in receivables and prepayments	(21,404)	(4,378)	2,156
(Increase) in inventories	(170)	(378)	(491)
(Decrease)/increase in payables and accruals	(6,201)	(9,363)	10,585
(Decrease)/increase in deferred tax liability	(3,047)	5,533	4,898
Decrease in net tax receivable	22,859	1,771	8,335
(Decrease)/increase in provisions	(987)	-	3,739
Capital items included in working capital movements	(4,234)	3,598	(407)
Net cash inflow from operating activities	<u>131,306</u>	<u>119,306</u>	<u>290,675</u>

MEDIA/MARKET RELEASE

11 February 2016

SKYCITY Entertainment Group Limited

Half-year results for six months to 31 December 2015

Result Highlights:

- Record normalised revenue and earnings for the group for an interim period, at the upper-end of the market guidance provided on 19 January 2016.
- Normalised revenue up 10.2% on the previous corresponding period to \$562.0 million, normalised EBITDA up 15.4% to \$178.2 million and normalised NPAT up 28.2% to \$85.4 million.
- Reported NPAT for the half-year of \$71.0 million, up 30.0%, reflecting a higher win rate in International Business over the period.
- Continued strong growth in Auckland, across all business segments, with normalised revenue up 7.4% and normalised EBITDA up 8.9%.
- Strong growth in group-wide International Business with turnover and normalised revenue up 51.4% and normalised EBITDA up 57.3%.
- Hamilton continues to deliver strong underlying growth.
- Improved performance in Adelaide with normalised EBITDA up 58.5% to A\$21.4 million underpinned by a significant increase in IB, the on-going success of the new signature restaurants and cost saving initiatives.
- EBITDA in Darwin up 6.9% to A\$23.1 million, despite modest revenue growth in a challenging macroeconomic environment.
- Operating cash flows for the group up 7.4% for the period, maintaining current debt levels, despite the significant capital investment across the group.
- January trading has broadly seen a continuation of the trends exhibited during 1H16. Trading in December and January also suggests the NZICC gaming concessions are delivering positive results.
- Significant progress made on the NZICC and Hobson St hotel projects with construction contracts signed with Fletcher Construction on 11 November 2015 activating the gaming concessions under the NZICC Agreement.
- Design and planning approval for the Adelaide expansion received from the Development Assessment Commission ("DAC") during January 2016.
- SKYCITY remains firmly committed to its BBB- credit rating. Based on indicative feedback received from S&P, SKYCITY expects that a successful sale of the Hobson St hotel should enable it to retain this credit rating.
- Interim dividend increased by 5% to 10.5 cents per share, reflecting the significant earnings per share growth over the period.

SKYCITY Entertainment Group Limited (NZX:SKC) today announced its half-year results for the 6 months ended 31 December 2015.

SKYCITY has delivered record normalised revenue and earnings for the group for an interim period, at the upper-end of the market guidance provided on 19 January 2016.

Normalised revenue (including gaming GST) was up 10.2% to \$562.0 million and normalised EBITDA up 15.4% to \$178.2 million. Normalised Net Profit After Tax (NPAT) of \$85.4 million was up 28.2% on the previous period.

Reported NPAT for the half-year was \$71.0 million, up 30.0%, reflecting an improved win rate in International Business over the period of 1.41% (vs. 1.04% in 1H15), slightly above the theoretical.

SKYCITY Chief Executive Nigel Morrison says that, overall, the half-year results for FY16 were very satisfying with strong and sustained momentum across the core businesses.

"We have continued to achieve strong growth across our New Zealand properties and International Business and have delivered record revenue and earnings for an interim period. Pleasingly, the performance in Adelaide has significantly improved, and we continue to achieve EBITDA growth in Darwin, despite the challenging local market in the Northern Territory," he says.

Mr Morrison says that Auckland delivered a strong result for the period despite a healthy comparative period. The Auckland results reflects the benefits of significant investment over the past few years, the robust Auckland economy and strength of hospitality and tourism in the city, and our on-going focus on cost management and efficiencies.

January trading has broadly seen a continuation of the trends exhibited during 1H16. Strong performances from the NZ businesses were offset by weaker performances from Darwin and International Business, resulting in flat normalised group revenue for the month on the prior period.

Depreciation and Amortisation was up \$2.7 million on a normalised basis due primarily to higher depreciation on recent capital investment across the group, and increased amortisation of the Adelaide Casino licence value. Corporate costs were also higher in the half-year period, but in-line with management expectations. Interest costs were down by \$4.7 million for the period reflecting the lower interest rate environment, lower average debt and increased capitalised interest on projects now proceeding. Normalised tax expense was up 31% for the period, reflecting improved financial performance.

Auckland

SKYCITY Auckland, SKYCITY's flagship property, delivered a strong result for the period, with normalised revenue rising 7.4% to \$324.9 million and normalised EBITDA up 8.9% to \$135.4 million over the period. This significant growth continues the positive momentum exhibited over the past two years, and means that Auckland has now delivered eight consecutive quarters of EBITDA growth on previous corresponding periods.

Revenue and EBITDA growth was achieved across all business activities. Notable improvements were achieved in the gaming business, particularly within table games, underpinned by improved customer segmentation and the success of our

expanded Baccarat room. Gaming machines delivered a robust performance across both the main gaming floor and in premium rooms.

The Federal Street dining precinct and both Auckland hotels continued to be very popular and reflected the benefits of being able to offer world-class integrated casino and entertainment facilities to local and international customers. Non-gaming revenue was up 6.2% to \$80.6 million, with all business segments showing revenue growth and stable or improving margins.

Early indicators suggest that Auckland is benefiting from the gaming concessions which were triggered on 11 November 2015. 70% of the additional gaming product has been accommodated on the existing casino floor with the balance to be activated once capital works to create new contemporary gaming spaces are completed around the middle of the year. Notably, the initial customer response to ticket-in-ticket-out and cashless technology has been positive with a majority of both cash-in and cash-out transactions now using this technology.

As previously announced, SKYCITY is enhancing the Auckland property with a major upgrade of the main site atrium, for a total cost of ~\$24 million. Stage 1 of the Atrium project was completed on-time and on-budget which included a new main escalator providing direct access to the main gaming floor on level 2, a second escalator linking levels 2 and 3 and Andy's Burgers & Bar, which has enhanced the quality and variety of SKYCITY's existing F&B offering. Stage 2 of the Atrium project is due to be completed by September 2016 and includes an extension of the main gaming floor through partial infill of the atrium space, completion of the entrance and foyer and the development of a new Cantonese restaurant to complement the existing Federal Street dining precinct.

Mr Morrison says that it is very pleasing to see SKYCITY Auckland continuing to deliver sustained strong financial performance.

"The continued momentum in Auckland reflects the benefits of the significant investment in the property over the past few years and positive external factors which remain supportive of our underlying business with record low interest rates, record high net migration and strong tourist inflows continuing to support discretionary spending levels. Furthermore, we expect the property to benefit from the continued activation of the NZICC gaming concessions and strategic investment in the property over the medium-term reflecting the needs of our customers," he says.

Hamilton

SKYCITY Hamilton delivered a strong performance for the period with the positive momentum exhibited during FY15 continuing. Normalised revenue was up 9.9% to \$27.7 million and normalised EBITDA was up 18.4% to \$11.6 million.

The improved performance has been underpinned by solid gaming revenue across both main floor and premium gaming spaces, an on-going focus on customer experiences, the opening of new bars and restaurants during the period, and delivering cost efficiencies across the property.

SKYCITY Hamilton's five new F&B outlets opened by December 2015 to much acclaim and have added significant appeal and amenity to the property.

The medium-term outlook for Hamilton remains positive, underpinned by strategic initiatives to drive incremental visitation to the property.

Queenstown

The combined Queenstown operations have delivered record results for the period, underpinned by significant growth in International Business volumes and local gaming activity and a focus on cost control. Normalised revenue was up 107.6% to \$13.7 million and normalised EBITDA up 420% to \$2.6 million.

Queenstown remains an iconic location with strong tourism growth expected over the medium-term. There is a significant potential medium-term opportunity for Queenstown to enhance its VIP offering and/or consolidate the two existing gaming licences but any significant action would require regulatory and licence change.

Adelaide

Adelaide Casino delivered strong growth for the period. Normalised revenue was up 18.7% on the prior period to A\$103.6 million with normalised EBITDA up 58.5% to A\$21.4 million. This was despite a modest decline in local gaming revenue (down 4%) which was broadly consistent with trends observed in the Adelaide gaming market.

Adelaide's improved performance was primarily influenced by significant growth in International Business (reflecting the benefit of successfully attracting VIP customers visiting the eastern seaboard of Australia to Adelaide as an additional destination), strong F&B activity, along with improved margins, following the successful opening of two new signature restaurants (Sean's Kitchen and Madame Hanoi), and cost saving initiatives implemented across the property.

Mr Morrison says that SKYCITY remains firmly focused on delivering sustained revenue and earnings growth at the Adelaide property.

"Whilst we are pleased with the improved performance in Adelaide, challenges remain delivering growth in a soft local market. We remain confident that the changes we have made in Adelaide will continue to deliver revenue growth over the medium term," he says.

Darwin

SKYCITY Darwin achieved a satisfactory result despite a challenging local market with normalised revenue increasing 2.6% to A\$75.0 million and normalised EBITDA increasing 6.9% to A\$23.1 million.

The performance was primarily driven by robust growth in gaming machines, despite stronger competition from local pubs and clubs, significant growth in International Business volumes, reflecting the attraction of Darwin as a destination for VIP customers, challenging local market conditions in the hotel and F&B sectors, and a continued strong focus on operating costs and efficiencies.

The Northern Territory Government completed the gaming tax review for SKYCITY Darwin in July 2015. As previously announced, the net impact of the new gaming tax rates (which will apply until June 2025) and community benefit levy is an increase in operating costs for Darwin of approximately A\$1 million per annum.

The medium to longer-term growth prospects for the Darwin property will depend on further promotion of International Business play, potential activation of the Little Mindil site (adjacent to the property) and any further investment in existing facilities.

International Business

SKYCITY's International Business delivered record activity during the half-year, with turnover increasing 51.4% to \$7.2 billion and normalised EBITDA up 57.3% to \$22.8 million.

Growth in International Business turnover continues to be underpinned by the success of the expanded sales and marketing team, increased recognition of the 'Horizon' brand and offering, a strong focus on direct relationships with VIP customers, significant growth in revenue share programmes, and increased play at higher table differential levels (the maximum was increased to \$300,000 in December 2015).

The average actual win rate for the half-year period was 1.41%, which is slightly above the theoretical win rate of 1.35%.

January 2016 Trading Update

January trading has broadly seen a continuation of the trends exhibited during the first-half of FY16. Strong performances from the NZ businesses were offset by quieter performances from Darwin and in International Business, resulting in normalised group revenue for the month of \$88.4 million which was flat on the prior period.

Auckland continued to deliver good growth across all business segments, with local revenue (excluding International Business) up 7.6% on the prior period. The new direct escalator access to the casino in the main atrium has been well received by customers. Hamilton continued its strong momentum with local revenue up 11.1% on the prior period, underpinned by strong local gaming growth. International Business turnover was \$700 million for the month against a strong comparative period (~\$1 billion).

Adelaide achieved modest growth on the prior period underpinned by improved performance in tables and F&B. Darwin continued to face a challenging local market with local revenue down 6.5%.

EBITDA margins for all businesses were broadly in-line with both January 2015 and 1H16.

New Zealand International Convention Centre and Hobson St Hotel

Significant progress has been achieved on the NZICC and Hobson St hotel projects during the period.

Construction contracts for the NZICC and Hobson St hotel were signed on 11 November 2015 with Fletcher Construction, triggering the gaming concessions under the NZICC Agreement. Demolition and preparation works commenced on-site in December 2015 and excavation is scheduled to commence during March 2016. The overall programme is progressing on-time and on-budget with completion of both the NZICC and Hobson St hotel expected in early 2019.

Mr Morrison says this is a very exciting time for the NZICC and Hobson St hotel projects, with construction having commenced after SKYCITY received the necessary planning and approvals allowing it to proceed with the development.

"We're pleased these much needed tourism infrastructure projects have now entered the construction phase, bringing jobs, growth, and additional economic investment in downtown Auckland. The NZICC, Hobson St Hotel and the planned retail laneway will

be world-class facilities to be enjoyed by both visitors to the city and Aucklanders alike," he says.

Adelaide Redevelopment

SKYCITY is well advanced in finalising the design for the Adelaide expansion, having received development approval from the DAC on 22 January 2016.

SKYCITY is committed to a total development cost of no greater than A\$300 million and while early ground works are expected to commence by the middle of the year, commencement of core construction of the expansion is unlikely to be before December this year. SKYCITY's commencement remains contingent upon the satisfactory finalisation of the ground lease, the car park lease with Walker Corporation and the development approvals of adjacent works, all of which are important to the overall success of SKYCITY's expansion.

Funding

Following its recent \$125 million NZ bond issue, SKYCITY has over \$300 million of committed undrawn bank facilities.

As previously announced, SKYCITY continues to explore property-related funding options, including seeking external investors to fund and own the proposed Hobson St hotel. The Hobson St hotel sale process is progressing well with strong interest from both local and international investors. SKYCITY is seeking to complete the sale process by April.

Based on indicative feedback received from S&P, SKYCITY expects that a successful sale of the Hobson St hotel should enable it to retain its BBB- credit rating.

SKYCITY intends to provide a further update on its long-term funding plan following the completion of the Hobson St hotel sale process and once plans and timing for the Adelaide expansion are further progressed.

Dividend

SKYCITY has announced an interim dividend of 10.5 cents per share, 5% up on the prior period, which is payable on 18 March 2016.

The Dividend Reinvestment Plan will be available for this dividend, with a 2% discount applying.

Mr Morrison reiterated SKYCITY's commitment to its existing dividend policy for the foreseeable future.

"We are pleased to increase our interim dividend by 5%, thereby enabling our shareholders to share in the improved financial performance of the group. We believe our dividend policy continues to offer our shareholders an attractive yield and is sustainable over the medium-term," he says.

ENDS

Notes to editors:

- All numbers in this media release are unaudited. Further information on adjustments between normalised and reported information is available in SKYCITY's investor presentation at: <http://ir.skycityentertainmentgroup.com>.

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Appendix

Reconciliation between reported and normalised financial information

	1H16				1H15			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Normalised	562.0	178.2	132.3	85.4	510.0	154.4	111.2	66.6
International Business at Theoretical	4.1	(6.6)	(6.6)	(4.6)	(14.5)	(11.1)	(11.1)	(8.2)
International Business Adjustments	4.1	(6.6)	(6.6)	(4.6)	(14.5)	(11.1)	(11.1)	(8.2)
Adelaide redevelopment costs	-	-	-	-	-	(1.5)	(1.5)	(1.0)
NZICC interest and other costs	-	-	-	-	-	(0.3)	(0.3)	(2.3)
Asset write-offs	-	-	(10.4)	(9.8)	-	-	-	-
Restructuring costs	-	-	-	-	-	(0.5)	(0.5)	(0.4)
Auckland project costs	-	-	-	-	-	(0.2)	(0.2)	(0.1)
Total Other Adjustments	0.0	0.0	(10.4)	(9.8)		(2.5)	(2.5)	(3.8)
Reported	566.1	171.6	115.3	71.0	495.5	140.8	97.6	54.6

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

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

Total revenue is gaming win plus non-gaming revenue.

EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue – to facilitate Australasian and period-on-period comparisons.

Key other adjustments are:

- 1H16 adjustments:
 - Write-off of the Hamilton Hotel project costs given that this project is no longer proceeding (\$2.7 million of capitalised costs incurred over 2011 to 2014).
 - Write-off of 101 Hobson Street and the Nelson Street car park to allow for the NZICC development (\$7.6 million book value).
- 1H15 adjustments:
 - Adelaide redevelopment costs – Structural redundancies and launch costs for new facilities (Sean's Kitchen and Madame Hanoi).
 - NZICC – Interest on purchase of New Zealand International Convention Centre (NZICC) land bank (calculated using the group's average cost of debt of 6.8% on an average balance of \$85 million) and other costs specific to this project.
 - Restructuring costs – Costs associated with changing the staffing structures under an approved restructuring plan.
 - Auckland project costs – Federal Street launch and Federal Street fire costs.

Actual IB win rate was 1.41% for 1H16 (1H15: 1.04%).

During FY16 the application of the Group's non-GAAP financial information policy was tightened to further restrict the number of adjustments between Reported and Normalised results.