

21 March, 2016

ASX Market Announcements
Australian Stock Exchange
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Dear Sir/Madam

**RE: SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
INTERIM REPORT**

Please find attached our announcement made to the New Zealand Stock Exchange regarding our Interim Report.

Yours faithfully



Peter Treacy
Company Secretary

SKYCITY Entertainment Group Limited

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21 March 2016

Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
WELLINGTON

Dear Sir/Madam

**SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
INTERIM REPORT**

In accordance with Listing Rules 10.4.2 and 10.6.2, please find **attached** the following documents:

- (a) SKYCITY Entertainment Group Limited's Interim Report for the six month period ended 31 December 2015; and
- (b) Email to SKYCITY security holders, which will be sent to security holders today.

The Interim Report will be available later today on the company's website, www.skycityentertainmentgroup.com, in the Investor Centre section.

The Interim Report includes information in connection with the trading performance of SKYCITY's International Business during February 2016 (including Chinese New Year). This information can be found at page 8 of the Interim Report and is also provided below:

"After a quieter month in January, International Business had a very strong Chinese New Year. International Business turnover for the first two months of the second half was \$2.0 billion (with a win rate above theoretical), up 47% on the previous period. The year-to-date turnover at the end of February was \$9.2 billion, compared to \$9.3 billion for the whole of FY15."

For any investor or analyst queries in connection with the Interim Report, please contact Ben Kay, SKYCITY's Investor Relations & Corporate Development Manager, on + 64 9 363 6067 or at ben.kay@skycity.co.nz.

Yours faithfully



Peter Treacy
Company Secretary

SKYCITY ENTERTAINMENT GROUP LIMITED

INTERIM FINANCIAL REPORT

FOR THE SIX-MONTH PERIOD
ENDED 31 DECEMBER 2015

2016



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This report is dated 21 March 2016.

Unless otherwise stated, all dollar amounts in this report are expressed in New Zealand dollars.



A copy of the FY16 interim result presentation can be found in the Investor Centre on our company website at www.skycityentertainmentgroup.com

- ▶ 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 International Business, the ongoing 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 macro-economic 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 New Zealand International Convention Centre gaming concessions are delivering positive results.
- ▶ Significant progress made on the NZICC and Hobson Street 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 during January 2016.
- ▶ Interim dividend increased by 5% to 10.5 cents per share, reflecting the significant earnings per share growth over the period.



	1H16 \$'M	1H15 \$'M	Movement \$'M	Movement %
Reported				
Group Revenue	566.1	495.5	70.6	14.2%
EBITDA	171.6	140.8	30.8	21.9%
NPAT	71.0	54.6	16.4	30.0%
Normalised				
Group Revenue	562.0	510.0	52.0	10.2%
EBITDA	178.2	154.4	23.8	15.4%
NPAT	85.4	66.6	18.8	28.2%

CHIEF EXECUTIVE'S REVIEW



NIGEL MORRISON
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

DEAR SHAREHOLDER

I am very pleased to report that SKYCITY Entertainment Group's strong momentum has continued in 1H16 with improved performance across all properties and this momentum has continued in 2H16.

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 result. Pleasingly, the performance in Adelaide has significantly improved and we continue to achieve EBITDA growth in Darwin, despite the more challenging local markets in Australia.

RESULTS HIGHLIGHTS

- Record normalised revenue and earnings for a six-month period
- Normalised revenue up 10.2% to \$562.0 million
- Normalised EBITDA up 15.4% to \$178.2 million
- Normalised NPAT up 28.2% to \$85.4 million
- Reported NPAT up 30.0% to \$71.0 million
- Strong International Business growth, with turnover in excess of \$7 billion for the six months, up 51.4%
- Significantly lower funding costs due to lower interest rates, lower average debt and capitalisation of interest on projects now proceeding

- Strong growth in operating cash flows, ensuring stable debt levels despite significant investment across the Group.

AUCKLAND

SKYCITY Auckland continues to perform strongly, with normalised revenue up 7.4% to \$324.9 million and EBITDA up 8.9% to \$135.4 million. Excluding International Business, Auckland's revenue increased 6.4% to \$273.9 million and EBITDA increased 10.7% to \$124.3 million over the six months. We've seen a continuation of recent positive momentum across all business segments, with the property now having delivered eight consecutive quarters of EBITDA growth on the previous corresponding period.

It's pleasing to see that an ongoing focus on cost management and efficiencies has contributed to a further improvement in normalised EBITDA margin to 41.7%.

In mid-November 2015, the New Zealand International Convention Centre (NZICC) gaming concessions were activated. As shareholders will recall, these concessions include an extension to the term of the Auckland casino licence out to 2048, gaming tax certainty for the next seven years (approximately 18% including GST), 230 additional electronic gaming machines (EGMs), 240 additional multi terminal gaming machines (MTGMs), 40 additional gaming tables, the opportunity to conduct gaming in other properties owned by SKYCITY in Federal Street, cashless gaming and ticket in ticket out (TITO) functionality. The benefits from these concessions (including cashless gaming, TITO and the additional 200 EGMs placed on the gaming floor to date) have been pleasing, with EGM revenue up over 10% during December 2015 and January 2016 versus the previous corresponding period.

We are also reinvesting to enhance our Auckland property with a major upgrade of the main Atrium area at a total cost of \$24 million. Stage one has been completed with the delivery of a new main escalator (providing direct access from the Atrium to the main gaming floor on Level 2), a second escalator linking Levels 2 and 3, new ground floor bathrooms and a new restaurant, Andy's Burgers & Bar. Stage two includes an extension of the main gaming floor and partial infill of the new Atrium space (to accommodate additional gaming product), completion of the entrance, foyer, flooring, lighting and wall treatments, and the development of a new world-class Cantonese restaurant. Stage two is expected to be complete by September 2016.

There is no doubt SKYCITY is continuing to benefit from the robust macro-economic factors driving the city of Auckland at this time - strong immigration, record tourism numbers with tourism now the largest industry in New Zealand, strong property prices, low interest rates and low fuel prices. These positive external influences are no doubt supportive of further medium-term growth.

HAMILTON

SKYCITY Hamilton continues to deliver strong underlying growth with revenue up 9.9% to \$27.7 million and EBITDA up 18.4% to \$11.6 million, underpinned by strong local gaming activity. The strong macro-economic factors influencing Auckland are also benefiting our Hamilton business, being only 120 kilometres from Auckland.

The positive momentum seen in FY15 has continued, with an ongoing focus on the customer experience and the addition of popular new restaurants and bars adding significant appeal to the property. Future prospects remain positive with strategic initiatives in place to drive incremental visitation.

QUEENSTOWN

Our combined Queenstown operations delivered record growth for the period, underpinned by significant International Business and local gaming activity and a focus on cost control. Normalised revenue was up 107.6% to \$13.7 million and normalised EBITDA was up 420% to \$2.6 million. Excluding International Business, revenue increased 20.3% to \$6.6 million and EBITDA increased 300% to \$1.6 million.

Queenstown remains an iconic location with strong international tourism growth expected over the medium-term, which presents as an exciting opportunity for SKYCITY. We are keen to enhance our international VIP offering in Queenstown over the medium-term, but any significant property or licence change to facilitate investment would require government approval.

ADELAIDE

I'm pleased to report the significantly improved performance of our Adelaide operations, with normalised revenue up 18.7% to A\$103.6 million and normalised EBITDA up 58.5% to A\$21.4 million with improved EBITDA margins. Adelaide's improved result was underpinned by a significant increase in International Business activity, with turnover up approximately 146% to A\$1.9 billion, the ongoing success of the new signature restaurants and cost saving initiatives implemented across the property. The outstanding challenge in Adelaide remains increasing local gaming revenues. There is no doubt the local market is challenging and not having a car park will always be a major impediment to revenue growth, given 75% of local gaming customers travel by car.

Our plans to expand Adelaide Casino, transforming it into a world-class integrated entertainment destination, reached another milestone in January 2016, when the design was approved by the South Australian Government's Development Assessment Commission. The development includes an

80-room all-suite luxury hotel, premium gaming spaces, additional signature restaurants and new 'Horizon' salons and villas for our growing International Business. We have committed to a total development cost of no more than A\$300 million, including the capital cost of the ground lease (~A\$12 million) and the commissioning of gaming product (~A\$30 million). SKYCITY's commencement of the development remains contingent upon finalisation of the ground lease with the State Government, the car park lease with Walker Corporation and the development approvals of various adjacent works by other parties, in particular the 1,500 space car park being developed by Walker Corporation. These are important factors to the overall success of SKYCITY's expansion.

While early ground works are expected to start by the middle of the year, core construction of the expansion is now unlikely to commence before early 2017.

DARWIN

SKYCITY Darwin delivered pleasing EBITDA growth of 6.9% for the period, despite a challenging market. Darwin's performance was largely underpinned by significant growth in International Business turnover (up 69.4% to A\$700 million) and a focus on operating costs and efficiencies. Non-gaming business activities were weaker due to the hotel and hospitality sectors both facing challenging local market conditions.

The Northern Territory Government completed its gaming tax review for SKYCITY Darwin in July 2015, which resulted in an increase in operating costs for Darwin of approximately A\$1 million per annum.

Medium to longer term growth for SKYCITY Darwin is dependent on increased direct full service air flights from Asia and further promotion of Darwin as an attractive destination for VIP

customers. The potential activation of the Little Mindil site (adjacent to the property) provides further opportunity for growth.

INTERNATIONAL BUSINESS

SKYCITY's International Business has delivered record activity for the period, with Group turnover and normalised revenue up 51.4% to \$7.2 billion and \$96.6 million respectively. Normalised EBITDA was up 57.3% to \$22.8 million with margins expanding due to operating leverage. Pleasingly, the actual win rate for the period was 1.41%, slightly above the theoretical win rate of 1.35%.

We've seen a greater recognition of our 'Horizon' brand and offering amongst Asian VIP customers and have put a strong focus on direct relationships, which has contributed to this strong and sustained growth as well as healthy industry-leading EBITDA margins for International Business. Significant growth in revenue share programmes, additional new players and increased play at higher table differential levels (with the maximum table differential having increased to \$300,000 in December 2015) have also contributed to this momentum.

It's pleasing to see strong growth in turnover achieved particularly in Adelaide and also in Darwin and Queenstown, highlighting the potential of these destinations for our VIP customers.

NEW ZEALAND INTERNATIONAL CONVENTION CENTRE

After nearly seven years of planning, negotiation and design, it's wonderful to have now turned the first sod of the NZICC development, which was celebrated with the Prime Minister, the Right Hon. John Key, and the Minister for Economic Development, the Hon. Steven Joyce, on 18 February 2016.

In November 2015, Fletcher Construction was appointed as the main contractor for the NZICC and Hobson Street hotel projects following a competitive tender process. Demolition and preparation works commenced on-site in December 2015 and the overall programme is progressing on time and on budget. The total development cost for the NZICC development, expanded 1,327 space car park, Nelson to Hobson Street laneway, 300-room 5-star Hobson Street hotel and all the land for the development remain consistent with previous market guidance of approximately \$700 million (including appropriate contingencies).

DEBT FUNDING

Following our successful \$125 million New Zealand bond issue in September 2015, SKYCITY had over \$350 million of committed undrawn bank facilities before the interim dividend payment on 18 March 2016. To provide further funding headroom in FY18 and FY19, assuming the Adelaide expansion proceeds on the current timeline, we are progressing well with the real estate sale of the Hobson Street hotel. This has attracted strong interest from a broad range of domestic and international investors. Based on indicative feedback received from credit ratings agency Standard & Poor's, should a successful sale of the Hobson Street hotel be completed, SKYCITY should be able to retain its BBB- credit rating and maintain the existing dividend policy.

We intend to provide a further update on SKYCITY's long-term funding plan following the completion of the Hobson Street hotel sale process and once the timing for the Adelaide expansion is finalised.

DIVIDEND

SKYCITY announced an interim dividend of 10.5 cents per share, which was paid on 18 March 2016.

While representing a payout of only 73% of Normalised NPAT, this dividend was 5% higher than 1H15, reflecting significant growth in earnings per share on the previous corresponding period. The dividend reinvestment plan was available for the 1H16 interim dividend with a 2% discount.

SKYCITY is committed to its stated dividend policy of paying out not less than 80% of Normalised NPAT for the foreseeable future. We believe this dividend policy offers our shareholders an attractive yield and is sustainable over the medium-term.

OUTLOOK FOR 2H16

As reported when we released our 1H16 results in February 2016, January trading saw a continuation of the trends exhibited during the first half of FY16. Strong performances from the New Zealand businesses were offset by relatively softer 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. As previously identified, early indicators suggest the NZICC gaming concessions are delivering the anticipated revenue growth.

Hamilton continued its strong momentum with local revenue up 11.1% on the prior period, underpinned by strong local gaming growth. Adelaide achieved modest growth on the prior period underpinned by improved performance in tables and food and beverage. Darwin continued to face a challenging local market with local revenue down 6.5%.

After a quieter month in January, International Business had a very strong Chinese New Year. International Business turnover for the first two months of the second half was \$2.0 billion

(with a win rate above theoretical), up 47% on the previous period. The year-to-date turnover at the end of February was \$9.2 billion, compared to \$9.3 billion for the whole of FY15.

Over the balance of this financial year, our focus is to continue to optimise the operating performance of our businesses, ensure the continued successful rollout of the NZICC concessions in Auckland, maintain the growth of our successful International Business across the Group, complete the sale process for the Hobson Street hotel and finalise the Adelaide expansion.

In closing, I would like to thank everyone at SKYCITY, across all our businesses, for their hard work during what has been an extremely busy period and one where a great deal has been achieved. We look forward to delivering shareholders more of the very pleasing results we have seen in the first half of this financial year.

Yours sincerely



NIGEL MORRISON / CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD
ENDED 31 DECEMBER 2015

TO THE SHAREHOLDERS OF SKYCITY ENTERTAINMENT GROUP LIMITED

REPORT ON THE INTERIM FINANCIAL STATEMENTS

We have reviewed the accompanying financial statements of SKYCITY Entertainment Group Limited ("the Group") on pages 11 to 30 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.

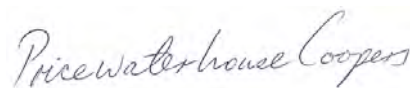
Our firm carries out other services for the Group in the areas of accounting assistance, tax, and other advisory services. Appropriate safeguards were applied to reduce the threats to independence from the provision of other services to an acceptable level. The provision of these other services has not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

CONCLUSION

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

RESTRICTION ON USE OF OUR REPORT

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



Chartered Accountants
10 February 2016
Auckland

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2015	NOTES	UNAUDITED 6 MONTHS 31 DECEMBER 2015 \$'000	UNAUDITED 6 MONTHS 31 DECEMBER 2014 \$'000	AUDITED 12 MONTHS 30 JUNE 2015 \$'000
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.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2015	NOTES	UNAUDITED 6 MONTHS 31 DECEMBER 2015 \$'000	UNAUDITED 6 MONTHS 31 DECEMBER 2014 \$'000	AUDITED 12 MONTHS 30 JUNE 2015 \$'000
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

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015	NOTES	UNAUDITED 31 DECEMBER 2015 \$'000	UNAUDITED 31 DECEMBER 2014 \$'000	AUDITED 30 JUNE 2015 \$'000
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		139,018	138,136	123,507
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		2,191,545	1,723,766	1,802,054
Total assets		2,330,563	1,861,902	1,925,561
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		124,288	275,079	130,760
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		1,371,325	802,834	977,879
Total liabilities		1,495,613	1,077,913	1,108,639
Net assets		834,950	783,989	816,922
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
Total equity		834,950	783,989	816,922

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2015	NOTES	SHARE CAPITAL \$'000	HEDGING RESERVES \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	RETAINED PROFITS \$'000	TOTAL EQUITY \$'000
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 statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2015	NOTES	UNAUDITED 6 MONTHS 31 DECEMBER 2015 \$'000	UNAUDITED 6 MONTHS 31 DECEMBER 2014 \$'000	AUDITED 12 MONTHS 30 JUNE 2015 \$'000
Cash flows from operating activities				
Receipts from customers		492,052	447,124	918,243
Payments to suppliers and employees		(331,115)	(294,555)	(550,189)
		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 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.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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.

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 INTERNATIONAL DARWIN \$'000	INTERNATIONAL BUSINESS \$'000	CORPORATE/ GROUP \$'000	TOTAL \$'000
Revenue from external customers and other income	249,020	30,378	79,361	66,325	88,646	-	513,730
Expenses	(124,754)	(17,647)	(64,059)	(43,477)	(72,467)	(19,741)	(342,145)
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	7,207	5,973	15,635	16,179	(22,972)	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 INTERNATIONAL 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 INTERNATIONAL 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:			
Depreciation			
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
Amortisation			
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
Restructuring costs			
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
	-	2,517	4,316
Other expenses includes:			
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
	100,762	71,021	137,772

7. NET FINANCE COSTS

	6 MONTHS 31 DECEMBER 2015 \$'000	6 MONTHS 31 DECEMBER 2014 \$'000	12 MONTHS 30 JUNE 2015 \$'000
Finance costs			
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	17,335	24,899	43,927

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	142,236	388,118	25,675	556,029
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	136,458	769,512	26,143	932,113
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	136,458	769,512	26,143	932,113
	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	137,290	374,678	25,680	537,648
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	134,638	362,869	24,814	522,321
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	134,638	362,869	24,814	522,321

	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	137,290	374,678	25,680	537,648
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	142,236	388,118	25,675	556,029
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	142,236	388,118	25,675	556,029

CASINO LICENCE**CONTRACT TERM**

SKYCITY DARWIN CASINO 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\$31.7 million (1H15: A\$31.7 million, FY15 A\$31.7 million).

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\$306.6 million (1H15: A\$311.3 million, FY15: A\$309.2 million).

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 was 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 of \$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 cash flow 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 \$4.4 million (1H15: \$4.4 million, FY15: \$4.4 million).

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	-	88,202	-

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			
United States Private Placement (USPP)	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	701,403	538,753	699,092

(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.

(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 \$125 million 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)
	(55,338)	(55,195)	(38,894)
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	(11,454)	(10,391)	(10,803)
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 at the end of the period	(43,884)	(44,804)	(28,091)

(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	109,819	81,432	97,016

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	58,216	58,042	116,643

	31 DECEMBER 2015 CENTS PER SHARE	31 DECEMBER 2014 CENTS PER SHARE	30 JUNE 2015 CENTS PER SHARE
Cents per share			
Prior year's final distribution/dividend	10.00¢	10.00¢	10.00¢
Interim distribution/dividend			10.00¢

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

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

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

FOR THE PERIOD ENDED	31 DECEMBER 2015 \$'000	31 DECEMBER 2014 \$'000	30 JUNE 2015 \$'000
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

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	131,306	119,306	290,675

RECONCILIATION BETWEEN REPORTED AND NORMALISED FINANCIAL INFORMATION

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

	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)	(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 (\$2.7 million 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 (\$7.6million 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 \$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

International Business 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.

DEBT LISTING AND WAIVER

On 21 August 2015, NZX Limited ("NZX") granted SKYCITY a waiver from NZX Listing Rule 5.2.3 (which requires securities to be held by at least 500 members of the public holding at least 25% of the number of securities of the class issued, with each such member holding at least a minimum holding, before being considered by NZX for quotation on the New Zealand stock exchange) in relation to the proposed offer by the company of new unsubordinated, unsecured, redeemable, fixed rate bonds ("Bonds") to be quoted on the NZX Debt Market for a period of 12 months from the quotation date for the Bonds.

The waiver permits SKYCITY to have fewer than 500 Bond holders who are members of the public holding at least 25% of the Bonds, with the effect that the Bonds may not be widely held and there may be reduced liquidity in those Bonds.

NZ\$125 million of Bonds were subsequently issued on 28 September 2015 to 1,326 Bond holders. As at 22 February 2016, the Bonds were held by 1,115 Bond holders. The Bonds are quoted on the NZX Debt Market under the ticker code SKC040.

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SKYCITY

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From: SKYCITY Entertainment Group Limited
[ComputershareNZ@mailservice.computershare.com.au]
Sent:
To:
Subject: SKYCITY Entertainment Group Limited - Interim Report



Dear Investor

We are pleased to advise that our 2016 Interim Report is now available to view on the SKYCITY Entertainment Group Limited website. You can access the report by clicking [here](#).

Regards
SKYCITY Entertainment Group Limited

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