SKYCITY Entertainment Group Limited
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8 August 2018

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

Copy to:
ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Dear Sir/Madam

**RE : SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
ANNUAL RESULT FOR THE YEAR ENDED 30 JUNE 2018**

Please find attached the following information relating to SKYCITY Entertainment Group Limited's result for the year ended 30 June 2018:

1. NZX Appendix 1 (as required by NZX Listing Rule 10.3.2) detailing the preliminary announcement;

2. FY18 Result - Investor Presentation;

3. Audited financial statements and notes; and

4. NZX Appendix 7 (as required by NZX Listing Rule 7.12.2) detailing the final dividend of NZ 10.0 cents per ordinary share to be paid on 14 September 2018 to those shareholders on the company's share register as at 5pm (NZ time) on 31 August 2018. The company's Dividend Reinvestment Plan will be activated in respect of the final dividend, with no discount being offered.

For the purposes of ASX Listing Rule 1.15.3, SKYCITY Entertainment Group Limited confirms that it continues to comply with the listing rules of its home exchange, the NZX Main Board.

SKYCITY is hosting a conference call for investors and analysts today at 12.00 noon (NZ time) to discuss the FY18 result. Details for this call were released on the NZX and ASX on 10 July 2018.

Yours faithfully

Rob Hamilton
Chief Financial Officer

SKYCITY Entertainment Group Limited	
Results for announcement to the market	
Reporting Period	1 July 2017 to 30 June 2018
Previous Reporting Period	1 July 2016 to 30 June 2017

Reported	Amount (millions)	Percentage change
Reported revenue including gaming GST from ordinary activities	NZ$1,096.8	7.3%
Reported revenue from ordinary activities [1]	NZ$996.8	7.4%
Reported profit (loss) from ordinary activities after tax attributable to security holders	NZ$169.5	277.9%
Reported net profit (loss) attributable to security holders	NZ$169.5	277.9%

Normalised	Amount (millions)	Percentage change
Normalised revenue including gaming GST from ordinary activities	NZ$1,100.8	7.0%
Normalised revenue from ordinary activities	NZ$998.6	6.9%
Normalised profit (loss) from ordinary activities after tax attributable to security holders	NZ$169.9	10.4%
Normalised net profit (loss) attributable to security holders	NZ$169.9	10.4%

Notes:
- ‘Reported’ information is per the audited financial statements
- ‘Normalised’ results sets International Business win to theoretical win rate of 1.35% and adjusts for certain revenue and expense items. Reconciliation between reported and normalised financial information is provided at the end of this document
- ‘EBITDA’ = Earnings before interest, tax, depreciation and amortisation
- ‘EBIT’ = Earnings before interest and tax
- ‘NPAT’ = Net profit after tax
- Comparative data changed as per adjustment to IB turnover announced 1 May 2018

[1] On the Income Statement this is the total of Revenue, Other Income and Share of losses from associates.

Final Dividend	Amount per security	Imputed amount per security
	NZ$0.10	$0.038889

Record Date	31 August 2018
Payment Date	14 September 2018

Comments:	SKYCITY's FY18 performance is set out in the Company's Investor 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 year ended 30 June 2018. The Investor Presentation will be available on the Company's website from 8 August 2018.

NTA Backing

	2018	2017
Net tangible asset backing per ordinary share	$0.483	$0.377

Auditors

This report is based on accounts that have been audited. The audit report is provided with the accounts which accompany this announcement.

Discontinued Operations

None.

Dividends

100% of the September 2018 dividend will be imputed at the company's New Zealand tax rate of 28% and not franked for Australian purposes.

For the September 2018 dividend, Dividend Reinvestment Plan will be effective with no discount. Elections to participate in the DRP for the September 2018 dividend close on 31 August 2018.

Reconciliation between reported and normalised financial information

	FY18				FY17			
	Revenue $m	EBITDA $m	EBIT $m	NPAT $m	Revenue $m	EBITDA $m	EBIT $m	NPAT $m
Normalised	**1,100.8**	**338.2**	**243.8**	**169.9**	**1,028.9**	**320.4**	**225.4**	**153.8**
IB at theoretical	(4.0)	0.5	0.5	(0.4)	(6.9)	(13.4)	(13.4)	(9.4)
Asset write-offs	-	-	-	-	-	-	(99.5)	(99.5)
Reported	**1,096.8**	**338.7**	**244.3**	**169.5**	**1,022.0**	**307.0**	**112.5**	**44.9**

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.

Total revenues are gaming win plus non-gaming revenues.

Normalisation adjustments have been calculated in a consistent manner in FY18 and FY17.

FY18 adjustments

- None

FY17 adjustments

- Impairment of Darwin goodwill, A$94.6m (NZ$99.5 million)

The actual win rate on IB was 1.32% for FY18 (FY17: 1.27%).

FY18 Results – Investor Presentation

8 August 2018

SKYCITY ENTERTAINMENT GROUP

Important Information

- Average NZ$ vs. A$ cross-rate for FY18 = 0.9199 and FY17 = 0.9433
- Weighted average number of shares[(1)] for FY18 = 669,112,499 and FY17= 656,691,523
- Revenue (incl Gaming GST), calculated as gaming win (incl GST) plus non gaming revenue (excl GST), is shown to facilitate Australasian comparisons
- Normalised revenue is adjusted for IB at the theoretical win rate of 1.35% versus an actual win rate of 1.32% in FY18 (FY17: 1.27%)
- EBITDA margin is calculated as a % of revenue (incl Gaming GST) to facilitate Australasian comparisons
- Normalised EBITDA is adjusted for IB at the theoretical win rate of 1.35% and certain other items (see page 27 for more details)
- Certain totals, subtotals and percentages may not agree due to rounding

(1) *Excludes treasury shares*

Contents

FY18 Key Achievements

Record financial performance – Normalised NPAT up 10.4%

Improved operational performance at all properties

Completed refresh of group strategy

Successfully progressed key strategic initiatives

Increased focus on CSR initiatives and sustainability

New Chairman / management team on-board and focused on executing strategic plan

FY18 Results

Results Overview

SKYCITY

	FY18	FY17	Movement	
	$m	$m	$m	%
Normalised Revenue (incl Gaming GST)	1,100.8	1,028.9	71.9	7.0%
Normalised EBITDA	338.2	320.4	17.8	5.5%
Normalised NPAT(1)	169.9	153.8	16.1	10.4%
Normalised EPS	25.4cps	23.4cps	2.0cps	8.5%
Final Dividend NZ$ DPS	10.0cps	10.0cps	0.0cps	0.0%

	FY18	FY17	Movement	
	$m	$m	$m	%
Reported Revenue (incl Gaming GST)	1,096.8	1,022.0	74.8	7.3%
Reported EBITDA	338.7	307.0	31.7	10.3%
Reported NPAT	169.5	44.9	124.6	277.9%
Reported EPS	25.3cps	6.8cps	18.5cps	272.1%

(1) When adjusted for post-tax accounting impact of interest currently being capitalised on major projects, FY18 Normalised NPAT up 6.7% on the pcp to $153.6m (vs. $144.0m in FY17)

FY18 Revenue by Business[1]

		FY18 $m	FY17 $m	Movement %
New Zealand Casinos (excl IB)				
▪ Auckland		584.7	566.7	3.2%
▪ Hamilton		60.6	59.4	2.1%
▪ Queenstown / other		12.7	11.8	7.2%
Total New Zealand Revenue		**658.0**	**637.8**	**3.2%**
Australian Casinos (excl IB)				
▪ Adelaide	(A$)	149.0	148.0	0.6%
▪ Darwin	(A$)	110.8	112.2	(1.3%)
Total Australia	(A$)	259.8	260.3	(0.2%)
Total Australia Revenue	**(NZ$)**	**282.6**	**275.9**	**2.4%**
Normalised IB Revenue		160.3	115.1	39.2%
Normalised Revenue		**1,100.8**	**1,028.9**	**7.0%**
Adjust International Business to actual win rate		(4.0)	(6.9)	
Reported Revenue		**1,096.8**	**1.022.0**	**7.3%**

(1) Including gaming GST

FY18 EBITDA by Business

		FY18 $m	FY17 $m	Movement %
New Zealand Casinos (excl IB)				
▪ Auckland		260.7	251.3	3.7%
▪ Hamilton		26.9	25.8	4.3%
▪ Queenstown / other		2.1	1.3	56.5%
Total New Zealand EBITDA		**289.7**	**278.5**	**4.0%**
Australian Casinos (excl IB)				
▪ Adelaide	(A$)	22.5	20.0	12.5%
▪ Darwin	(A$)	25.1	26.5	(5.3%)
Total Australia	(A$)	47.6	46.5	2.3%
Total Australia EBITDA	**(NZ$)**	**51.8**	**49.2**	**5.3%**
Normalised IB EBITDA		32.6	19.1	71.2%
Corporate Costs		(33.0)	(24.4)	(35.4%)
NZICC Operating Costs		(3.0)	(1.9)	(54.1%)
Normalised EBITDA		**338.2**	**320.4**	**5.5%**
Adjust International Business to actual win rate		0.5	(13.4)	
Reported EBITDA		**338.7**	**307.0**	**10.3%**

Results Commentary

Group

- Record annual normalised and reported EBITDA and NPAT
- Normalised EBITDA growth of 5.5% vs. pcp (+9.5% in 2H18 vs. pcp), ahead of previous guidance
- Key drivers were strong growth in IB, continued growth in Auckland, improved performance in Adelaide and effective cost management at the properties, offset by increase in corporate costs

New Zealand Properties

- Auckland: Record EBITDA with improved 2H18 EGMs growth (+5.4% vs. pcp) and another positive hotel performance, offset by 2H18 tables performance impacted by lower hold %
- Hamilton: Record EBITDA with modest EGM growth and strong non-gaming performance
- Queenstown: Higher visitation, especially from premium customers and tourists

Australian Properties

- Adelaide: EBITDA growth achieved despite construction disruption, with improved 2H18 EGMs performance (+4.5% vs. pcp) and increased premium gaming activity
- Darwin: Recent competitive pressures stabilised, visitation increased and EBITDA growth achieved if normalise for Keno 10-spot jackpots (three in FY18 vs. none in FY17)

Results Commentary

International Business

- Strong growth achieved with full-year turnover of $11.9bn and actual win rate of 1.32%
- Record normalised EBITDA with increased margins due to operating efficiencies and low bad debts

Corporate Costs and Other Expenses

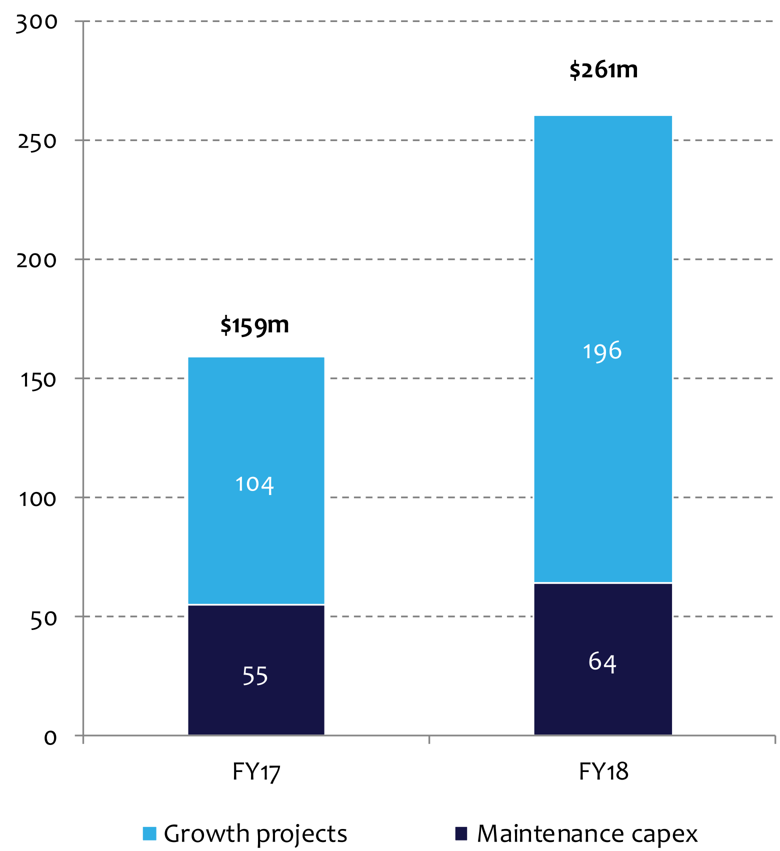
- Higher corporate costs due to increased investment in ICT and return to normal level of incentive remuneration
- D&A flat due to increased capex offset by certain assets now being fully depreciated
- Reduced net interest expense reflecting higher average debt offset by lower average interest rate and increased capitalised interest (~$23m) from major projects
- Stable effective tax rate of 26.6% (normalised) – as previously flagged, changes in tax legislation will increase effective tax rate to ~29% in FY19

Dividends

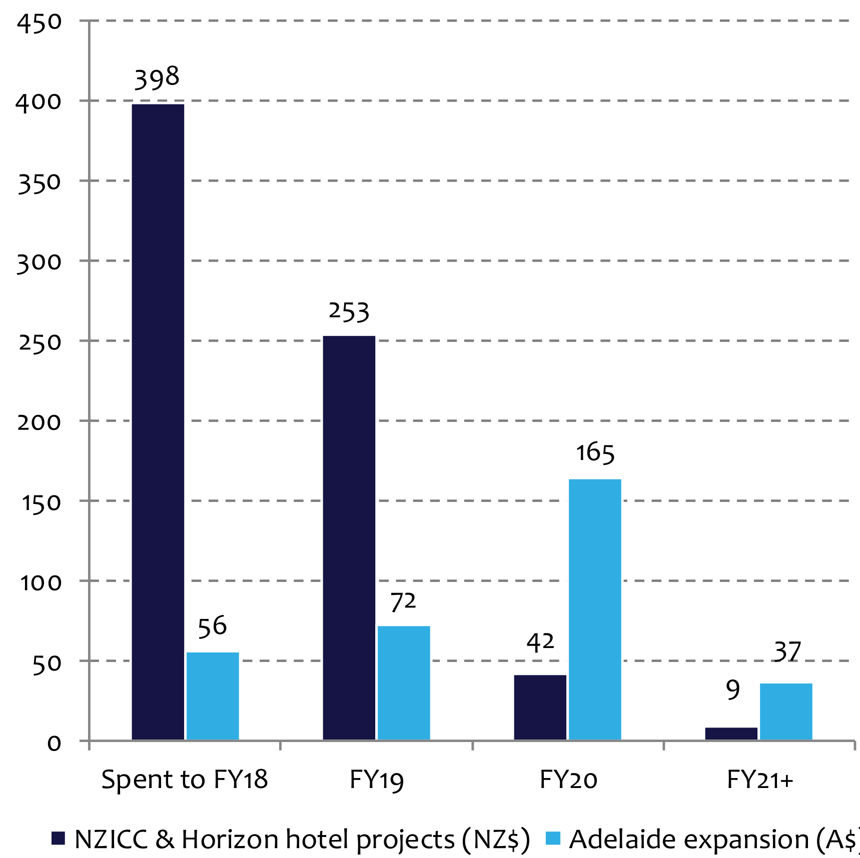
- Fully-imputed final dividend of 10cps, payable 14 September 2018
- Total FY18 dividend of 20cps (fully-imputed), in-line with existing policy
- Dividend Reinvestment Plan available for final dividend, but no discount (previously 2%)

Capital Expenditure

FY18 capital expenditure (NZ$m)(1)



Projected capex for major projects ($m)



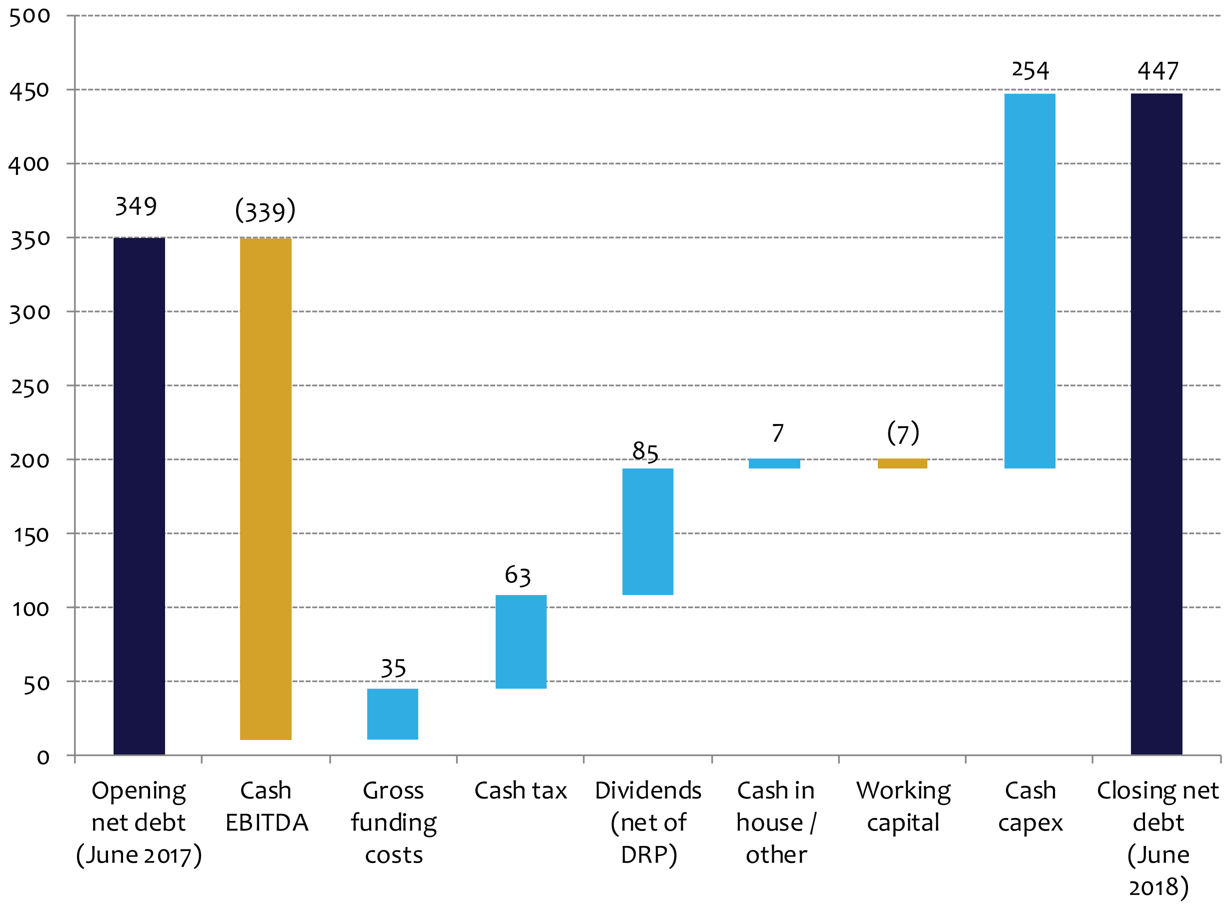
- Growth capex primarily related to NZICC and Horizon Hotel project, Adelaide expansion and Auckland property acquisitions

- Timing of capex on NZICC and Horizon Hotel project slightly delayed due to changes to construction programme

(1) Includes accruals for capital expenditure incurred, but not yet paid

Funding and Capital Management

Movement in net hedged debt (NZ$m)



- Gross hedged debt of $474m at year-end, with no bank debt drawn
- Cash at bank of $27m at year-end
- Net hedged debt up ~$100m reflecting increased capex from major projects and Auckland property acquisitions
- Average interest rate of 6.21%, reflecting higher cost USPP debt issued in 2011
- Remain committed to maintaining BBB- credit rating

FY19 Outlook

SKYCITY

Group

- Expect to achieve modest growth in normalised group EBITDA in FY19 vs. pcp
- Trading YTD in-line with expectations following positive finish to FY18
- Key drivers of FY19 performance expected to be further growth in Auckland and IB, offset by higher corporate costs
- After increase in effective tax rate, normalised group NPAT expected to be slightly below pcp
- Plan to continue existing dividend policy with minimum annual dividend of 20cps
- Maintenance capex expected to be around $80-85m

Properties

- Combined NZ properties expected to achieve similar EBITDA growth to that achieved in FY18
- Further growth expected in Adelaide EBITDA, despite continued construction disruption
- Improved operating performance in Darwin expected to continue
- IB turnover expected to improve vs. pcp

Corporate / Other

- Corporate costs expected to be around $37m, reflecting further investment in ICT and group marketing function, and higher incentive remuneration
- NZICC operating costs expected to be around $6m
- Net interest expense expected to be around $15m, with ~$30m of capitalised interest
- D&A expected to be around $100m
- Effective tax rate expected to be around 29% (was 26.6% in FY18)

Group Strategy Update

Refreshed Group Strategic Plan

VISION

To be the leader in gaming, entertainment and hospitality in our communities

BUSINESS GOALS

- Improve our operating performance
- Optimise our existing portfolio
- Grow and diversify our business

CHARACTER & CULTURE GOALS

- Offer a great and safe place to work
- Always put customers first
- Be responsible leaders in our communities

Improve Our Operating Performance

- New events and more effective marketing driving visitation growth at all properties – greater focus on data analytics
- Invested in new EGM product across the group – focus on floor mix, layout and bonusing
- Focus on growing IB and premium gaming (both tables and EGMs)
- Managing disruption during Riverbank precinct development in Adelaide
- Significant ongoing investment in ICT and digital capability
- Commenced group-wide review of brand, CRM and loyalty programme
- Strong operating cost focus driving margin growth at all properties
- Starting to see benefits from group-wide coordination and removal of property silos (Group COO)

Optimise Our Existing Portfolio

- Pursuing 'capital-lighter' approach to enhance returns on capital
  - Sold Federal St car park for $40m
  - Commenced marketing process for potential sale of Auckland main site car parks
- Process for potential sale of Darwin nearing conclusion – indicative bids above book value
- Property acquisitions in Auckland completed as part of broader master planning
- Developing plans to enhance IB and premium gaming offerings in Auckland
- Continue to evaluate master planning opportunities in Hamilton
- Exploring options to create improved VIP / premium facility in Queenstown
- Major projects progressing satisfactorily (NZICC / Horizon Hotel and Adelaide)

NZICC and Horizon Hotel Project

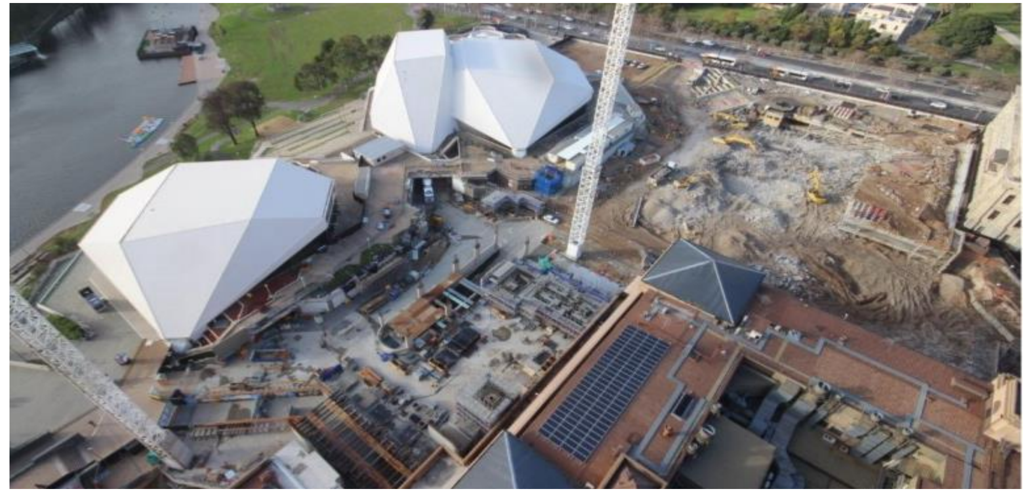
- Positive momentum on project over recent months
- Strong alignment with Fletcher Construction to complete by December 2019
- Remain comfortable with contractual arrangements
- Expect SKYCITY's investment in the project to be in-line with original budget
- Additional SKYCITY costs due to delays expected to be covered by liquidated damages
- Litigation risk will be evaluated in year ahead
- Major conventions secured for 2020 and pursuing strong pipeline of leads
- First tranche of NZICC car parks (~600 spaces) expected to be available for use in September

NZICC and Horizon Hotel development site (as at July 2018)

Adelaide Expansion

SKYCITY

- Hansen Yuncken appointed as building contractor
  - Largely fixed price, lump sum, build-only contract
  - Commercial terms provide significant risk protection
- Total project costs remain at A$330m (including contingency)
- Main construction works commenced in June
- Expect car park to be opened contemporaneous with expansion in 1H21 (Q3 2020)
- SA Government has commenced regulatory review with focus on ‘level playing field’ for SA vs. other states



Adelaide expansion development site (as at July 2018)

Grow and Diversify Our Business

- Progressing strategy to grow hotels business
  - Second largest EBITDA contributor after gaming
  - Capitalises on existing hotel portfolio and operational expertise
  - Potential to be highly scalable asset class – positive hotel outlook in key NZ market
  - Actively seeking investment partner for future developments and / or acquisitions
- Exploring options to develop online casino offering
  - Offshore based online casinos are already operating in NZ (taking business from land-based)
- Broadening entertainment offering to attract new customers and ensure long-term relevance (e.g. LPL and All Blacks Experience)

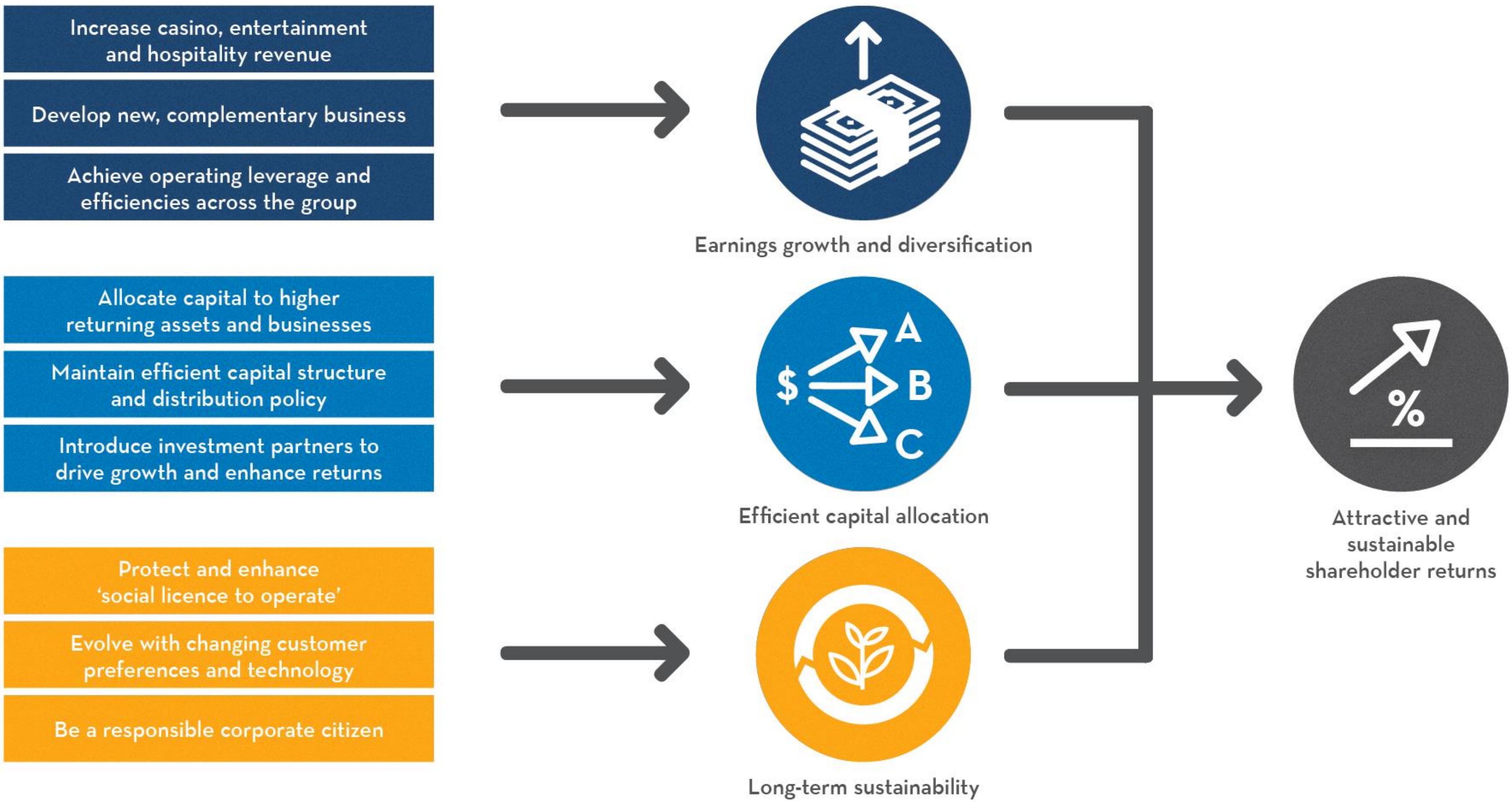
Character and Culture Goals

Offer a great and safe place to work	Always put customers first	Be responsible leaders in our communities
■ Committed to minimum wage in NZ of $20 by 2020 ■ Focused on diversity, health and wellbeing ■ Principal partner of Global Women initiative in NZ ■ 'Rainbow Tick' and 'White Ribbon' certified ■ Investing in training programmes and youth employment initiatives ■ Focused on talent identification and succession planning ■ Developed new executive performance incentive plan	■ Continued investment in host responsibility programme ■ Investing in customer-focused digital initiatives ■ Developing new CRM and loyalty programme ■ Initiated customer journey mapping ■ Developed strategy and programme to ensure relevance in fast growing Asian markets ■ Leveraging 'co-lab' customer survey panel	■ Recognised as industry leader in sustainability practices(1) ■ Signatory to Climate Leaders Statement in NZ (target to be carbon neutral by 2050) ■ Focused on local and ethical sourcing in procurement ■ Focused on supporting youth development / employment ■ Distributed over $3m to local communities through trusts ■ Helped raise over $1.5m for Leukaemia & Blood Cancer

Expanded and upweighted Health & Safety strategy and focus

(1) ACSI report, 2018

Creating Long-Term Value



Maintaining Social Licence To Operate

OUR CORPORATE SOCIAL RESPONSIBILITY MISSION

As a cornerstone enterprise at the heart of our communities, the communities in which SKYCITY operates are better off for our involvement.

Appendices

FY18 Results Overview – Normalised

SKYCITY

	FY18 $m	FY17 $m	Movement $m	Movement %
Normalised Revenue (including Gaming GST)	1,100.8	1,028.9	71.9	7.0%
Gaming GST	(102.2)	(94.4)	(7.9)	(8.3%)
Normalised Revenue	**998.6**	**934.5**	**64.0**	**6.9%**
Expenses	(660.4)	(614.1)	(46.3)	(7.5%)
Normalised EBITDA	**338.2**	**320.4**	**17.8**	**5.5%**
Depreciation and Amortisation	(94.4)	(95.0)	0.7	0.7%
Normalised EBIT	**243.8**	**225.4**	**18.4**	**8.2%**
Net Interest	(12.5)	(16.7)	4.3	25.5%
Normalised NPBT	**231.4**	**208.7**	**22.7**	**10.9%**
Tax	(61.5)	(54.8)	(6.7)	(12.2%)
Normalised NPAT	**169.9**	**153.8**	**16.1**	**10.4%**
Normalised EPS	**25.4cps**	**23.4cps**	**2.0cps**	**8.5%**

FY18 Results Overview – Reported

	FY18 $m	FY17 $m	Movement $m	 %
Reported Revenue (including Gaming GST)	1,096.8	1,022.0	74.8	7.3%
Gaming GST	(100.0)	(93.9)	(6.1)	(6.5%)
Reported Revenue	**996.8**	**928.1**	**68.8**	**7.4%**
Expenses	(658.1)	(621.1)	(37.1)	(6.0%)
Reported EBITDA	**338.7**	**307.0**	**31.7**	**10.3%**
Impairment of Darwin goodwill	-	(99.5)	99.5	n/a
Depreciation and Amortisation	(94.4)	(95.0)	0.7	0.7%
Reported EBIT	**244.4**	**112.5**	**131.9**	**117.2%**
Net Interest	(12.5)	(16.7)	4.3	25.5%
Reported NPBT	**231.9**	**95.8**	**136.1**	**142.2%**
Tax	(62.4)	(50.9)	(11.5)	(22.5%)
Reported NPAT	**169.5**	**44.9**	**124.6**	**277.9%**
Reported EPS	**25.3cps**	**6.8cps**	**18.5cps**	**272.1%**
Final Dividend NZ$ cps	**10.0cps**	**10.0cps**	**0.0cps**	**0.0%**

Reported and Normalised Earnings

- 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. Application of the group's non-GAAP financial information policy is consistent with the approach adopted in FY17
- **FY18 adjustments**
  - Actual win rate on IB of 1.32% vs. theoretical win rate of 1.35%
- **FY17 adjustments**
  - Actual win rate on IB of 1.27% vs. theoretical win rate of 1.35%
  - A$95m (NZ$99.5m) write-off of goodwill at Darwin following annual impairment review

	FY18				FY17			
	Revenue $m	EBITDA $m	EBIT $m	NPAT $m	Revenue $m	EBITDA $m	EBIT $m	NPAT $m
Normalised	**1,100.8**	**338.2**	**243.8**	**169.9**	**1,028.9**	**320.4**	**225.4**	**153.8**
IB at theoretical	(4.0)	0.5	0.5	(0.4)	(6.9)	(13.4)	(13.4)	(9.4)
Asset write-offs	-	-	-	-	-	-	(99.5)	(99.5)
Reported	**1,096.8**	**338.7**	**244.4**	**169.5**	**1,022.0**	**307.0**	**112.5**	**44.9**

SKYCITY Auckland

	FY18 $m	FY17 $m	Movement %
Revenue			
Gaming Machines	252.2	244.5	3.2%
Tables	161.9	159.2	1.7%
Gaming Revenue (incl GST)	414.2	403.7	2.6%
Non-Gaming Revenue	170.5	163.0	4.6%
Total Revenue (incl gaming GST) (excl IB)	**584.7**	**566.7**	**3.2%**
Gaming GST	(53.6)	(52.0)	(3.1%)
Total Revenue (excl gaming GST) (excl IB)	**531.0**	**514.6**	**3.2%**
Expenses	(270.3)	(263.3)	(2.6%)
EBITDA (excl IB)	**260.7**	**251.3**	**3.7%**
EBITDA Margin (excl IB)	*44.6%*	*44.3%*	-
Depreciation & Amortisation	(50.4)	(50.8)	0.8%
EBIT (excl IB)	**210.3**	**200.5**	**4.9%**
Normalised EBITDA (incl IB)	**284.4**	**264.6**	**7.5%**
Normalised EBITDA Margin (incl IB)	*40.9%*	*40.8%*	-

- Record EBITDA performance
- Improved 2H18 performance from EGMs with revenue up 5.4% vs. pcp
- Flat 2H18 performance from tables due to lower hold % in premium rooms
- Positive hotels performance
  - Occupancy ~90%
  - RevPAR growth of 6% vs. pcp
- Restaurant and bar covers up 2%
- Sky Tower visitation up 7% and now #1 Auckland attraction on Trip Advisor

SKYCITY Hamilton

	FY18 $m	FY17 $m	Movement %
Revenue			
Gaming Machines	42.9	42.1	1.8%
Tables	9.4	9.7	(3.8%)
Gaming Revenue (incl GST)	52.2	51.8	0.8%
Non-Gaming Revenue	8.4	7.6	11.1%
Total Revenue (incl gaming GST) (excl IB)	**60.6**	**59.4**	**2.1%**
Gaming GST	(6.8)	(6.8)	(0.8%)
Total Revenue (excl gaming GST) (excl IB)	**53.8**	**52.6**	**2.3%**
Expenses	(26.9)	(26.8)	(0.4%)
EBITDA (excl IB)	**26.9**	**25.8**	**4.3%**
EBITDA margin (excl IB)	44.4%	43.5%	-
Depreciation & Amortisation	(4.3)	(4.6)	6.0%
EBIT (excl IB)	**22.6**	**21.3**	**6.5%**
Normalised EBITDA (incl IB)	**27.1**	**25.9**	**4.6%**
Normalised EBITDA margin (incl IB)	44.5%	43.5%	

- Record EBITDA performance
- Growth rates moderating following consecutive years of record performances
- Modest growth in EGMs, but maintaining average win per unit comparable to that in Auckland
- Slightly weaker tables performance due to lower hold %
- TITO and cashless technology introduced in 1H18
- Non-gaming performance driven by increased activity in 'Bowl & Social'

SKYCITY Queenstown / Wharf Casino

	FY18 $m	FY17 $m	Movement %
Revenue			
Gaming Machines	6.7	5.9	12.0%
Tables	4.8	4.7	3.4%
Gaming Revenue (incl GST)	11.5	10.6	8.2%
Non Gaming Revenue	1.5	1.3	21.0%
Total Revenue (incl gaming GST) (excl IB)	**13.0**	**11.9**	**9.6%**
Gaming GST	(1.5)	(1.4)	(8.0%)
Total Revenue (excl gaming GST) (excl IB)	**11.5**	**10.5**	**9.8%**
Expenses	(9.5)	(9.2)	(3.0%)
EBITDA (excl IB)	**2.1**	**1.3**	**56.5%**
EBITDA margin (excl IB)	*16.0%*	*11.2%*	
Depreciation & Amortisation	(1.1)	(1.1)	(1.6%)
EBIT (excl IB)	**1.0**	**0.3**	**285.3%**
Normalised EBITDA (incl IB)	**5.4**	**2.1**	**154.1%**
Normalised EBITDA margin (incl IB)	*20.2%*	*11.8%*	

- Improved performance driven by higher visitation, especially from premium customers and tourists
- TITO and cashless technology introduced in 1H18
- Reduced operating hours at Wharf implemented in 4Q18

Adelaide Casino

	FY18 A$m	FY17 A$m	Movement %
Revenue			
Gaming Machines	51.5	51.4	0.3%
Tables	75.7	74.5	1.6%
Gaming Revenue (incl GST)	127.2	125.9	1.1%
Non Gaming Revenue	21.7	22.2	(2.0%)
Total Revenue (incl gaming GST) (excl IB)	**149.0**	**148.0**	**0.6%**
Gaming GST	(11.6)	(11.4)	(1.2%)
Total Revenue (excl gaming GST) (excl IB)	**137.4**	**136.6**	**0.6%**
Expenses	(114.9)	(116.6)	1.5%
EBITDA (excl IB)	**22.5**	**20.0**	**12.5%**
EBITDA margin (excl IB)	15.1%	13.5%	
Depreciation & Amortisation	(16.8)	(16.8)	(0.1%)
EBIT (excl IB)	**5.6**	**3.2**	**78.1%**
Normalised EBITDA (incl IB)	**26.8**	**23.8**	**12.7%**
Normalised EBITDA margin (incl IB)	15.4%	14.1%	

- EBITDA growth achieved despite disruption from Riverbank precinct works
- Improved 2H18 performance from EGMs with revenue up 4.5% vs. pcp
- EGM market share in SA up slightly to 7.2% during 2H18
- Tables performance impacted by lower hold % in premium rooms during 4Q18
- Margins improved due to effective cost management and increase in premium gaming activity
- SA Government commenced regulatory review with focus on ‘level playing field’ for SA vs. other states

SKYCITY Darwin

	FY18 A$m	FY17 A$m	Movement %
Revenue			
Gaming Machines	53.2	52.7	1.1%
Tables	17.6	17.6	(0.3%)
Keno	12.6	15.9	(20.2%)
Gaming Revenue (incl GST)	83.5	86.2	(3.1%)
Non-Gaming Revenue	27.4	26.1	4.9%
Total Revenue (incl gaming GST) (excl IB)	**110.8**	**112.2**	**(1.3%)**
Gaming GST	(7.5)	(7.8)	3.1%
Total Revenue (excl gaming GST) (excl IB)	**103.3**	**104.5**	**(1.1%)**
Expenses	(78.2)	(78.0)	(0.3%)
EBITDA (excl IB)	**25.1**	**26.5**	**(5.3%)**
EBITDA Margin (excl IB)	22.7%	23.6%	
Depreciation & Amortisation	(12.4)	(13.0)	4.6%
EBIT (excl IB)	**12.7**	**13.5**	**(5.9%)**
Normalised EBITDA (incl IB)	**25.8**	**27.3**	**(5.3%)**
Normalised EBITDA margin (incl IB)	21.9%	23.3%	

- Recent competitive pressures stabilised with 2H18 EGMs revenue up 3.9% vs. pcp
- Visitation up with positive response to broadening on-site entertainment
- Keno 10-spot jackpot won three times vs. none in FY17, leading to decline in EBITDA
- Darwin EBITDA up 6.7% vs. pcp if normalise for Keno 10-spot jackpots
- Exclusive casino licence extended to 2036

Group International Business

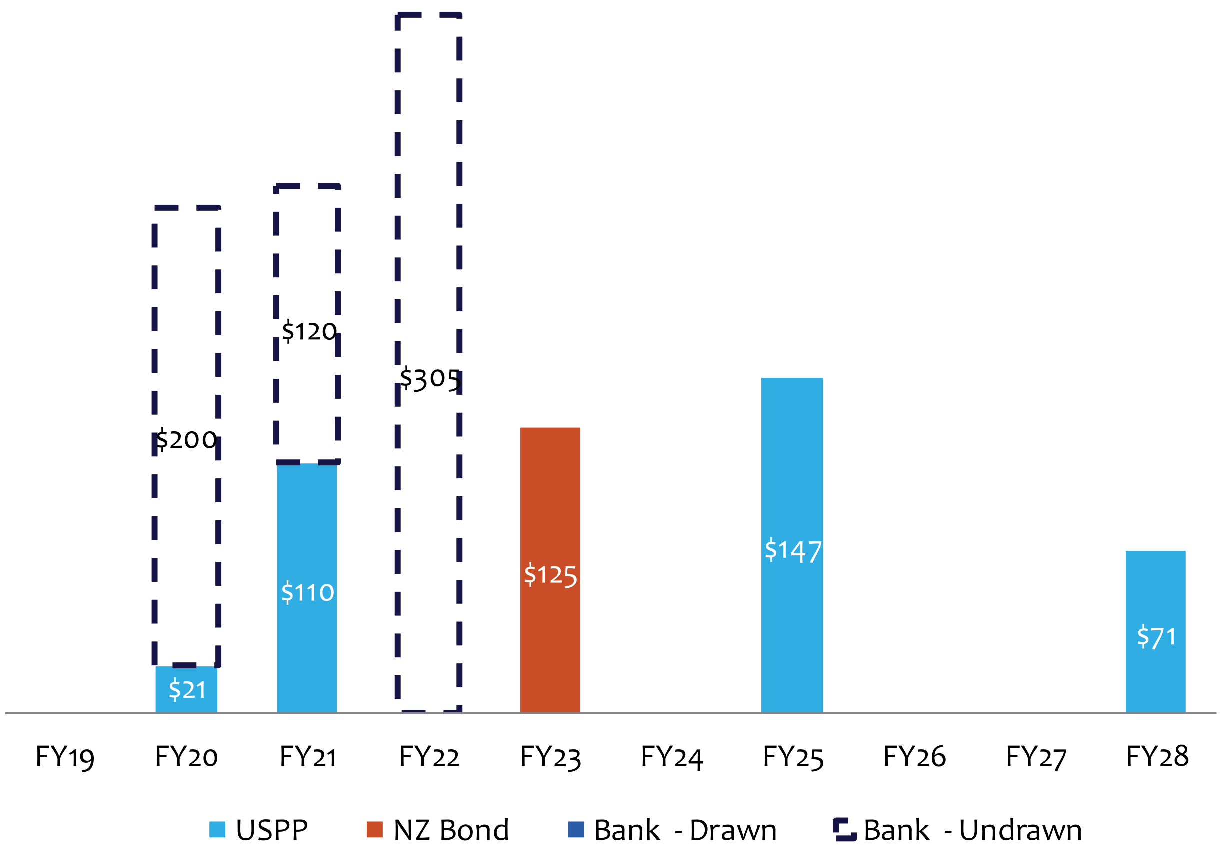
	FY18	FY17	Movement	FY18	FY17
Turnover	**$bn**	**$bn**	%	**Actual Win %**	
Auckland	8.2	6.0	36.9%		
Other NZ	1.1	0.5	125.3%		
Adelaide (A$)	1.8	1.6	18.3%		
Darwin (A$)	0.5	0.4	40.9%		
Total Turnover	**11.9**	**8.6**	**39.2%**	**1.32%**	**1.27%**
Total Normalised Revenue ($m)	**160.3**	**115.1**	**39.2%**		

	FY18	FY17	Movement	FY18	FY17
Normalised EBITDA	**$m**	**$m**	%	**Margin %**	
Auckland	23.7	13.3	77.7%		
Other NZ	3.5	0.8	315.1%		
Adelaide (A$)	4.4	3.8	13.3%		
Darwin (A$)	0.8	0.8	(6.5%)		
Total Normalised EBITDA	**32.6**	**19.1**	**71.2%**	**20.4%**	**16.6%**
Total Reported EBITDA	**33.2**	**5.7**	**486.2%**		

- Record EBITDA performance
- Record six month turnover in 2H18 ($7.5bn – +76% vs. pcp)
- Increased use of junkets and repeat visits from major customers
- Improved service standards and operating efficiencies
- Low bad debts consistent with conservative approach to credit
- FY17 normalised results restated to reflect changes to historical turnover

Debt Maturity Profile

Hedged debt maturity profile as at 30 June 2018 (NZ$m)



- Committed debt facilities (at hedged exchange rates) of $1.1bn at year-end, with $474m currently drawn
- Net hedged debt / FY18 normalised EBITDA of 1.3x at year-end
- Average debt maturity of 4.0 years

Disclaimer

- All information included in this presentation is provided as at 8 August 2018
- This 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

SKYCITY
ENTERTAINMENT GROUP

SKYCITY Entertainment Group Limited
Financial Statements
for the year ended 30 June 2018

For and on behalf of the Board:

Rob Campbell
Chairman

Bruce Carter
Chairman of the Audit and Risk Committee

7 August 2018

SKYCITY Entertainment Group Limited
Income Statement
For the year ended 30 June 2018

	Notes	Consolidated 2018 $'000	2017 $'000
Gaming win plus non-gaming revenue	3	**1,094,566**	1,021,259
Less gaming GST	3	**(99,987)**	(93,959)
Revenue	3	**994,579**	927,300
Other income	4	**2,608**	767
Share of losses from associates		**(347)**	-
Employee benefits expense		**(322,563)**	(306,513)
Other expenses	5	**(172,806)**	(152,486)
Directors fees		**(1,273)**	(1,161)
Gaming taxes		**(41,950)**	(41,860)
Direct consumables		**(70,787)**	(69,155)
Marketing and communications		**(27,839)**	(29,453)
Community contributions, levies and sponsorships		**(20,095)**	(20,429)
Fair value adjustment to investment property	11	**(799)**	-
Earnings Before Interest, Taxes, Depreciation and Amortisation Expenses (EBITDA)		**338,728**	307,010
Depreciation and amortisation expense	5	**(94,377)**	(95,049)
Impairment of goodwill	16	**-**	(99,486)
Earnings Before Interest and Tax (EBIT)		**244,351**	112,475
Net finance costs	8	**(12,458)**	(16,712)
Profit Before Income Tax		**231,893**	95,763
Income tax expense	12	**(62,374)**	(50,901)
Profit for the Year Attributable to Shareholders of the Company		**169,519**	44,862

Earnings per share for profit attributable to the shareholders of the company

		Cents	Cents
Attributable to continuing operations:			
Basic earnings per share	6	**25.3**	6.8
Diluted earnings per share	6	**25.3**	6.7

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

SKYCITY Entertainment Group Limited
Statement of Comprehensive Income
For the year ended 30 June 2018

	Consolidated 2018 $'000	2017 $'000
Profit for the year	**169,519**	44,862
Other Comprehensive Income		
Items that may be Reclassified Subsequently to Profit or Loss		
Exchange differences on translation of overseas subsidiaries	**8,436**	2,154
Cashflow Hedge Reserve		
- Cash flow hedges - revaluations	**(18,241)**	(11,092)
- Cash flow hedges - transfer to finance costs	**8,376**	10,952
- Cash flow hedges - income tax	**2,855**	89
Cost of Hedging Reserve		
- Cost of hedging reserve - costs incurred	**(2,757)**	-
- Cost of hedging reserve - income tax	**772**	-
Other Comprehensive (Loss) for the Year, Net of Tax	**(559)**	2,103
Total Comprehensive Income for the Year Attributable to Shareholders of the Company	**168,960**	46,965

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

SKYCITY Entertainment Group Limited
Balance Sheet
As at 30 June 2018

	Notes	Consolidated 2018 $'000	Consolidated 2017 $'000
ASSETS			
Current Assets			
Cash and bank balances	18	**75,955**	56,727
Receivables and prepayments	17	**23,379**	17,363
Derivative financial instruments	22	**-**	8,097
Inventories		**7,570**	7,037
Current tax receivables		**4,799**	2,068
Non-current assets classified as held for sale	19	**22,175**	-
Total current assets		**133,878**	91,292
Non-current Assets			
Property, plant and equipment	15	**1,498,610**	1,324,577
Intangible assets	16	**831,833**	819,025
Investment properties	11	**35,300**	-
Investments accounted for using the equity method		**2,290**	-
Derivative financial instruments	22	**42,597**	43,417
Total non-current assets		**2,410,630**	2,187,019
Total Assets		**2,544,508**	2,278,311
LIABILITIES			
Current Liabilities			
Payables	20	**192,679**	136,570
Interest bearing liabilities	9	**-**	102,375
Current tax liabilities		**7,376**	13,741
Derivative financial instruments	22	**534**	2,554
Total current liabilities		**200,589**	255,240
Non-current Liabilities			
Interest bearing liabilities	10	**508,453**	289,404
Provisions		**3,288**	2,943
Derivative financial instruments	22	**28,770**	24,307
Deferred tax liabilities	13	**84,547**	80,021
Deferred licence value	16	**560,835**	555,459
Total non-current liabilities		**1,185,893**	952,134
Total Liabilities		**1,386,482**	1,207,374
Net Assets		**1,158,026**	1,070,937
EQUITY			
Share capital	21	**1,152,260**	1,100,792
Reserves		**(63,929)**	(63,370)
Retained earnings		**69,695**	33,515
Total Equity		**1,158,026**	1,070,937

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

Consolidated	Notes	**Share Capital** $'000	**Hedging Reserve** $'000	**Foreign Currency Translation Reserve** $'000	**Retained Earnings** $'000	**Cost of Hedging Reserve** $'000	**Total Equity** $'000
Balance as at 1 July 2016		1,055,737	(14,430)	(51,043)	122,778	-	1,113,042
Total comprehensive income/(expense)		-	(51)	2,154	44,862	-	46,965
Dividends provided for or paid	7	-	-	-	(134,125)	-	(134,125)
Shares issued under dividend reinvestment plan	21	44,511	-	-	-	-	44,511
Share rights issued for employee service	21	736	-	-	-	-	736
Net purchase of treasury shares	21	(192)	-	-	-	-	(192)
Balance as at 30 June 2017		1,100,792	(14,481)	(48,889)	33,515	-	1,070,937
Balance as at 1 July 2017		1,100,792	(14,481)	(48,889)	33,515	-	1,070,937
Total comprehensive income/(expense)		-	(7,010)	8,436	169,519	(1,985)	168,960
Dividends provided for or paid	7	-	-	-	(133,339)	-	(133,339)
Shares issued under dividend reinvestment plan	21	48,257	-	-	-	-	48,257
Share rights issued for employee service	21	2,983	-	-	-	-	2,983
Net purchase of treasury shares	21	228	-	-	-	-	228
Balance as at 30 June 2018		1,152,260	(21,491)	(40,453)	69,695	(1,985)	1,158,026

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

SKYCITY Entertainment Group Limited
Statement of Cash Flows
For the year ended 30 June 2018

	Notes	Consolidated 2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Receipts from customers		**988,412**	938,820
Payments to suppliers and employees		**(577,390)**	(567,951)
		411,022	370,869
Gaming taxes and levies paid		**(59,189)**	(60,933)
Income taxes paid		**(62,744)**	(30,412)
Net Cash Inflow from Operating Activities	29	**289,089**	279,524
Cash Flows from Investing Activities			
Purchase of/proceeds from property, plant and equipment		**(206,466)**	(154,617)
Payments for investment property		**(36,099)**	-
Payments for associates		**(2,637)**	-
Payments for intangible assets		**(8,589)**	(3,970)
Net Cash Outflow from Investing Activities		**(253,791)**	(158,587)
Cash Flows from Financing Activities			
Cash flows associated with derivatives	22	**9,736**	(5,028)
New borrowings	10	**206,956**	10,000
Repayment of borrowings	10	**(112,459)**	(38,972)
Net purchase of treasury shares	21	**228**	(192)
Dividends paid to company shareholders	7	**(85,082)**	(89,614)
Interest paid		**(35,449)**	(30,713)
Net Cash Outflow from Financing Activities		**(16,070)**	(154,519)
Net Increase / (Decrease) in Cash and Bank Balances		**19,228**	(33,582)
Cash and bank balances at the beginning of the year		**56,727**	90,309
Cash and Cash Equivalents at End of Year	18	**75,955**	56,727

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SKYCITY Entertainment Group Limited (SKYCITY or the company and its subsidiaries or the Group) operates in the gaming, entertainment, hotel, 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.

These consolidated financial statements were approved for issue by the Board of directors on 8 August 2018.

In preparing these financial statements SKYCITY has adopted "streamlined" reporting. Streamlined reporting aims to present the financial statements in a more logical manner and eliminate unnecessary information. This approach is supported by the New Zealand Financial Markets Authority.

(a) Basis of Preparation

The financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for-profit entities. The financial statements also comply with International Financial Reporting Standards ('IFRS').

The Group has a negative working capital balance. The Group has significant available undrawn committed banking facilities totalling $625 million as at 30 June 2018 (refer to note 10) and has the ability to fully pay all debts as they fall due.

The Group is designated as a for-profit entity for financial reporting purposes.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Statutory Base

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. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

Measurement Basis

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities and investment properties (including derivative instruments) at fair value through profit or loss.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the company to exercise its judgement in the process of applying the Group's accounting policies. Judgement is used in the determination of recoverable amount (or value in use) of goodwill and indefinite useful life casino licences.

The Group tests annually whether goodwill and indefinite useful life licences have suffered any impairment, in accordance with the accounting policy stated in note 16. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates.

There is sufficient headroom between the value in use calculations and the carrying value of the remaining assets that significant changes in the assumptions used would not require an impairment.

Judgement has been used in determining the appropriate accounting for liquidated damages, as outlined in note 27.

(b) Principles of Consolidation

(i) ***Subsidiaries***

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of Consolidation (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(c) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the company's operations are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that operation (functional currency). The consolidated financial statements are presented in New Zealand dollars which is the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on financial assets and liabilities carried at fair value through profit and loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equity classified at fair value through other comprehensive income are included in other comprehensive income.

(iii) Foreign Operations

The results and financial position of foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as outlined below:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

At 30 June 2018, there was a $19.8m debit balance in the Foreign Currency Translation Reserve associated with SKYCITY Darwin.

(d) Goods and Services Tax (GST)

The Income Statement, Statement of Cash Flows and Statement of Changes in Equity have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(e) Statement of Cash Flows

Cash flows associated with derivatives that are part of a hedging relationship are off-set against cash flows associated with the hedged item.

(f) New Accounting Standards Adopted in the Year

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with prior year.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Standards, Amendments and Interpretations to Existing Standards that are not yet Effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2018 or later periods, but which the Group has not early adopted. The significant items are:

- **NZ IFRS 15, Revenue from Contracts with Customers** (Effective date: periods beginning on or after 1 January 2018). NZ IFRS 15, 'Revenue from Contracts with Customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group intends to adopt NZ IFRS 15 from 1 July 2018.

  The Group has assessed the impact of NZ IFRS 15. Work focused on segregating the different revenue streams that exist within the business. The majority of revenue relates to non-complex transactions where there is no material impact on the adoption of NZ IFRS 15. Had the Group adopted this standard effective 1 July 2017, liabilities for loyalty points would have increased by approximately $1m. The Group intends to use the full retrospective approach to applying the new standard.

  As part of the assessment of the impact of adopting IFRS 15 and considering current and developing industry practice, the Group is also assessing how certain arrangements with International Business customers should be treated, with the impact being revenue and expenses which are currently disclosed separately being netted against each other.

  The Group intends to use the full retrospective approach to applying the new standard.

- **NZ IFRS 16: Leases** (Effective date: periods beginning on or after 1 January 2019). NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets.

  This standard will affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating leases commitments of $347.2 million (refer note 28).

  Management is completing an initial analysis of the impact on the Group's consolidated balance sheet and income statement of NZ IFRS 16. This requires significant judgement on the incremental borrowing rate used to discount lease assets and liabilities. Given the long term nature of the Group's lease commitments the discount rate has a significant impact on the quantum of change. Indicatively management expects the recognition of a right of use asset and a lease liability of between $30 million and $45 million depending on the final discount rate used. This excludes the impact of the future lease commitments that are not yet effective identified in note 28. The impact on the income statement will be to:

  - reduce operating expenses

  - increase depreciation; and

  - increase finance costs.

  The overall impact on Net Profit After Taxation is not expected to be significant.

  The above impacts have no cash effect to the Group and the changes are for financial reporting purposes only.

  The Group currently intends to adopt the simplified transition approach under NZ IFRS 16 in the year ending 30 June 2020 and will not restate comparative amounts for the year prior to first adoption.

2 SEGMENT INFORMATION

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer.

(a) Primary Reporting Format - Business Segments

2018	SKYCITY AUCKLAND $'000	REST OF NEW ZEALAND $'000	ADELAIDE CASINO $'000	SKYCITY DARWIN $'000	INTERNATIONAL BUSINESS $'000	CORPORATE/GROUP $'000	Total $'000
Revenue from external customers and other income	531,028	65,348	149,396	112,398	139,017	-	997,187
Shares of net profits/(losses) of associates	-	(347)	-	-	-	-	(347)
Expenses	(270,319)	(36,315)	(124,971)	(85,020)	(105,834)	(35,653)	(658,112)
Depreciation and amortisation	(50,385)	(5,401)	(18,287)	(13,515)	-	(6,789)	(94,377)
Segment profit/EBIT	210,324	23,285	6,138	13,863	33,183	(42,442)	244,351
Net finance costs							(12,458)
Profit before income tax							231,893
Segment assets	1,167,809	97,075	515,746	231,801	-	532,077	2,544,508
Net additions to non-current assets (other than financial assets and deferred tax)	96,894	6,582	43,925	10,664	-	158,038	316,103

2017	SKYCITY AUCKLAND $'000	REST OF NEW ZEALAND $'000	ADELAIDE CASINO $'000	SKYCITY DARWIN $'000	INTERNATIONAL BUSINESS $'000	CORPORATE/GROUP $'000	Total $'000
Revenue from external customers and other income	514,642	63,056	144,832	110,712	94,825	-	928,067
Expenses	(263,349)	(37,884)	(123,691)	(82,646)	(89,164)	(24,323)	(621,057)
Impairment of Goodwill	-	-	-	(99,486)	-	-	(99,486)
Depreciation and amortisation	(50,817)	(5,690)	(17,809)	(13,809)	-	(6,924)	(95,049)
Segment profit/EBIT	200,476	19,482	3,332	(85,229)	5,661	(31,247)	112,475
Net finance costs							(16,712)
Profit before income tax							95,763
Segment assets	1,119,935	56,632	475,169	229,461	-	397,114	2,278,311
Net additions to non-current assets (other than financial assets and deferred tax)	48,130	5,028	23,042	7,890	-	105,127	189,217

(b) Secondary Reporting Format - Geographical Segments

	Segment Revenues		Non-current Assets Excluding Financial Instruments	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
New Zealand	**661,770**	656,928	**1,658,548**	1,480,510
Australia	**332,809**	270,372	**709,485**	663,092
	994,579	927,300	**2,368,033**	2,143,602

2 SEGMENT INFORMATION (continued)

(c) Description of Segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to assess performance and allocate resources.

The Group is organised into the following main operating segments:

SKYCITY Auckland
SKYCITY Auckland includes casino operations, hotels and convention, food and beverage, carparking, Sky Tower, investment properties and a number of other related activities, and excludes International Business customers.

Rest of New Zealand
Rest of New Zealand includes the Group's operations at SKYCITY Hamilton, SKYCITY Queenstown, SKYCITY Wharf and Associates, and excludes International Business customers.

Adelaide Casino
Adelaide Casino includes casino operations and food and beverage, and excludes International Business customers.

SKYCITY Darwin
SKYCITY Darwin includes casino operations, food and beverage and hotel, and excludes International Business customers.

International Business
The International Business segment is made up of international customers sourced mainly from Asia. The revenue is generated at SKYCITY's Auckland, Darwin, Adelaide, Queenstown and Hamilton locations. The results of the segment includes commission and complimentary play.

Corporate/Group
Head office and group-wide functions including legal and regulatory, group finance, human resources, information technology, innovation, the Chief Executive Officer's office and directors. The Group's interest in the New Zealand International Convention Centre is also included here.

3 REVENUE

Accounting Policy

Revenues include gaming, hotel & conventions, food and beverage, Sky Tower, carparking and other revenues. Gaming revenues represent the net win to the casino from gaming activities, being the difference between amounts wagered and amounts won by casino patrons.

Revenues exclude the retail value of hotel rooms, food, beverage and other promotional allowances provided on a complimentary basis to customers.

	2018 $'000	2017 $'000
Gaming win plus non-gaming revenue	**1,094,566**	1,021,259
Less gaming GST	**(99,987)**	(93,959)
Total revenue	**994,579**	927,300
Gaming	**763,141**	704,854
Non-gaming	**231,438**	222,446
Total revenue	**994,579**	927,300

Gaming win represents the gross cash inflows associated with gaming activities and includes GST. "Gaming win plus non-gaming revenue" does not represent revenue as defined by NZ IFRS. The Group has decided to disclose this amount as it gives shareholders and interested parties a better appreciation for the scope of the Group's gaming activities and is consistent with industry practice adopted by casino operations in Australia.

4 OTHER INCOME

	2018 $'000	2017 $'000
Net gain on disposal of property, plant and equipment	**1,071**	762
Dividend income	**6**	5
Rental income from investment properties	**1,531**	-
	2,608	767

5 EXPENSES

	2018 $'000	2017 $'000
Other Expenses Includes:		
Utilities, insurance and rates	**25,506**	23,584
Other property expenses	**14,302**	15,039
Other items (including International Business commissions)	**126,440**	101,616
Minimum lease payments relating to operating leases	**4,870**	4,587
Provision for bad and doubtful debts	**1,688**	7,660
	172,806	152,486

Depreciation and Amortisation		
Depreciation	**82,127**	82,766
Casino licence amortisation (Adelaide)	**5,786**	5,533
Computer software amortisation	**6,464**	6,750
	94,377	95,049

5 EXPENSES (continued)

Auditor's Fees

During the year the following fees were paid or are payable for services provided by the auditor of the parent entity and its related practices.

The Group employs PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important and auditor independence is not impaired. These assignments are principally tax advice and tax compliance. For other work, the company's External Audit Independence Policy requires that advisers other than PricewaterhouseCoopers should be engaged wherever practical. Other assurance services are defined by the Group where PricewaterhouseCoopers provide assistance with the Group's internal compliance or risk activities.

Tax advisory services relates to ad-hoc queries covering a range of tax related matters.

	2018 $'000	2017 $'000
(a) Assurance Services		
Audit Services		
Group Audit	**690**	837
Total remuneration for audit services	**690**	837
Other Assurance Services		
Accounting assistance	**27**	27
IT risk review	**-**	48
Tax compliance services	**100**	100
Total remuneration for other assurance services	**127**	175
Total remuneration for assurance services	**817**	1,012
(b) Other Services		
Taxation advisory services	**406**	322
Executive benchmarking assistance	**121**	72
Total remuneration for other services	**527**	394
Total fees expense	**1,344**	1,406

6 EARNINGS PER SHARE

Accounting Policy

(i) ***Basic Earnings per Share***
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year

(ii) ***Diluted Earnings per Share***
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2018 $'000	2017 $'000
Basic Earnings per Share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**169,519**	44,862
Diluted Earnings per Share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**170,186**	44,500

	2018 Number	2017 Number
Weighted average number of ordinary shares in issue	**669,112,499**	656,691,523
Adjustments for Calculation of Diluted Earnings per Share:		
Share rights	**2,605,883**	2,623,124
Weighted average number of ordinary shares for diluted earnings per share	**671,718,382**	659,314,647

7 DIVIDENDS

Accounting Policy

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

	2018 $'000	2017 $'000
Prior year final dividend	**66,210**	68,457
Current year interim dividend	**67,129**	65,668
Total dividends provided for or paid	**133,339**	134,125
Cents per share		
Prior year final dividend (per share)	**10.0**	10.5
Current year interim dividend (per share)	**10.0**	10.0

On 7 August 2018, the directors resolved to declare a final dividend of 10.0 cents per share in respect of the year ended 30 June 2018 (refer to note 30 for further details).

8 NET FINANCE COSTS

	2018 $'000	2017 $'000
Finance costs	**35,915**	32,303
Exchange (gains)/losses	**(136)**	(534)
Interest income	**(422)**	(1,187)
Capitalised interest (refer Property, Plant and Equipment note)	**(22,899)**	(13,870)
Total finance costs	**12,458**	16,712

9 CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

Accounting Policy

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

	2018 $'000	2017 $'000
United States private placement notes	-	102,375

Refer note 10(a) for details concerning the US private placement notes.

10 NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

Accounting Policy

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Apart from US dollar denominated USPP debt issued in March 2018, interest bearing liabilities are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The interest margin on the US dollar denominated USPP debt issued in March 2018 is accounted under IFRS9 as a fair value hedge. Therefore the carrying value of this debt is carried at fair value for the interest rate risk.

	2018 $'000	2017 $'000
Unsecured		
United States private placement notes	**386,658**	157,627
Syndicated bank facility	-	10,000
New Zealand bonds	**125,000**	125,000
Deferred funding expenses	**(3,205)**	(3,223)
Total non-current interest-bearing liabilities	**508,453**	289,404

(a) United States Private Placement (USPP) Notes

As at 30 June 2018, SKYCITY had US$200.0 million, A$65.4 million and NZ$21.1 million of USPP notes outstanding:

- NZ$21.1 million maturing 15 March 2020
- US$100.0 million maturing 15 March 2021
- US$100.0 million maturing 15 March 2025
- A$65.4 million maturing 15 March 2028

10 NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES (continued)

Movements in the outstanding balance in the current year relate to repayment of US$75.0 million and issuance of US$100.0 million and A$65.4 million of USPP notes in March 2018, foreign exchange rate movements of $24.5 million and fair value adjustments of -$2.4 million in relation to fair value hedges.

The US dollar USPP notes have been hedged to NZ dollars or Australian dollars by way of cross currency interest rate swaps to eliminate foreign exchange exposure to the US dollar. The offsetting changes in the value of the cross currency interest rate swaps are included within derivative financial instruments in note 22.

Fair value of USPP debt is estimated at NZ$398.0 million compared to a carrying value of NZ$386.7 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.

(b) Syndicated Bank Facility

The syndicated banking facility is provided by ANZ (New Zealand and Australia), Commonwealth Bank of Australia, Bank of New Zealand, National Australia Bank and Westpac (New Zealand and Australia).

As at 30 June 2018, SKYCITY had in place revolving credit facilities of:

- NZ$200.0 million maturing 30 June 2020
- NZ$120.0 million maturing 15 March 2021
- A$280.0 million maturing 31 March 2022

(c) 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 30 June 2018, the closing price was $1.03385 per $1 bond. The bonds are carried at amortised cost. The total fair value is $129.2 million and is a level 1 valuation as they are listed securities.

(d) Negative Pledge Deeds

A negative pledge deed has been executed in relation to each of the funding facilities - bank, USPP and New Zealand bonds. In each deed are requirements for minimum guarantee group participation as well as financial covenants. All requirements of the negative pledge deeds have been met as at 30 June 2018.

(e) Weighted Average Interest Rate as at 30 June

	2018		2017	
	%	**$'000**	%	$'000
Interest bearing liabilities *	**6.21%**	**511,658**	6.70%	395,002

* The weighted average debt interest rate includes the impact of interest rate hedging.

10 NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES (continued)

(f) Net debt reconciliation

	2018 $'000	2017 $'000
Net debt		
Cash at bank	**27,198**	11,526
Cash in house	**48,757**	45,201
Borrowings - repayable within one year (including overdraft)	**-**	(102,375)
Borrowings - repayable after one year	**(511,658)**	(292,627)
Net debt	**(435,703)**	(338,275)
Cash at bank and in house	**75,955**	56,727
Gross debt - fixed interest rates	**(490,531)**	(363,875)
Gross debt - variable interest rates	**(21,127)**	(31,127)
Net debt	**(435,703)**	(338,275)

11 NON-CURRENT ASSETS - INVESTMENT PROPERTIES

Accounting Policy

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Group . Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the New Zealand Property Institute. Changes in fair values are recorded in the income statement.

	2018 $'000	2017 $'000
At fair value		
Balance at the beginning of the year	**-**	-
Acquisitions	**36,099**	-
Net (loss) from fair value adjustment	**(799)**	-
Closing balance at 30 June	**35,300**	-

(a) Amounts recognised in profit and loss for investment property

	Consolidated	
	2018 $'000	2017 $'000
Rental income	**1,531**	-
Direct operating expenses from property that generated rental income	**(467)**	-
Loss from fair value adjustment	**(799)**	-
	265	-

11 NON-CURRENT ASSETS - INVESTMENT PROPERTIES (continued)

(b) Valuation basis

Investment properties purchased during the year were valued on 30 June 2018 by Bower Valuations Limited and Extensory Advisory Limited, Registered Valuers, Members of the New Zealand Institute of Valuers and the Property Institute of New Zealand, at a total value of $29.2m. The valuers have recent experience in the location and category of the investment being valued. The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The $6.1m purchase price of Investment Properties purchased on 29 June 2018 has been deemed to be fair value.

12 INCOME TAX EXPENSE

Accounting Policy

The income tax expense for the year is the tax payable on the current year's taxable income, based on the income tax rate for each jurisdiction. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and changes in unused tax losses.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	2018 $'000	2017 $'000
(a) Income Tax Expense		
Current tax	**54,175**	49,467
Deferred tax	**8,199**	1,434
Income Tax Expense	**62,374**	50,901
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Profit from continuing operations before income tax expense	**231,893**	95,763
Prima facie income tax @ 28%	**64,930**	26,814
Tax effects of:		
Expenses not deductible for tax purposes	**2,118**	2,687
Foreign exchange rate differences	**(88)**	(433)
Share of partnership expenditure	**(6,399)**	(6,213)
Differences in overseas tax rates	**828**	(2,023)
Asset held for sale	**999**	-
Impairment of goodwill	**-**	30,083
Other	**(14)**	(14)
Income tax expense	**62,374**	50,901

The weighted average applicable tax rate was 26.9% (2017: 53.2%).

13 DEFERRED TAX LIABILITIES

	2018 $'000	2017 $'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	(14,537)	(14,378)
Depreciation	108,611	106,282
Foreign exchange variances	141	521
Tax losses (Australian operations)	-	(6,476)
Cashflow hedges	(9,217)	(5,542)
Other	(451)	(386)
Net deferred tax liabilities	84,547	80,021
Movements:		
Balance at the beginning of the year	80,021	78,688
Charged to the income statement (note 12)	8,199	1,434
Debited to equity reserves	(3,627)	(89)
Foreign exchange differences	(46)	(12)
Closing balance at 30 June	84,547	80,021

14 IMPUTATION AND FRANKING CREDITS

	2018 $'000	2017 $'000
Balances available for use in subsequent reporting periods		
Imputation credit account (New Zealand)	47,254	52,034
Franking credit account (Australia)	3,476	3,870

As required by relevant tax legislation, the imputation credit account had a credit balance as at 31 March 2018.

15 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as below:

Buildings and fitout	5-75 years
Plant, equipment and motor vehicles	2-75 years
Fixtures and fittings	3-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

	Land $'000	Buildings and Fitout $'000	Plant, Equipment and Motor Vehicles $'000	Fixtures and Fittings $'000	Capital Work in Progress $'000	Total $'000
At 1 July 2016						
Cost	189,771	962,623	384,212	121,093	178,487	1,836,186
Accumulated depreciation	-	(293,948)	(249,401)	(69,775)	-	(613,124)
Net book amount	189,771	668,675	134,811	51,318	178,487	1,223,062
Year Ended 30 June 2017						
Opening net book amount	189,771	668,675	134,811	51,318	178,487	1,223,062
Exchange differences	89	589	146	42	158	1,024
Net additions/transfers	16	13,541	35,411	8,171	126,118	183,257
Depreciation charge (note 5)	-	(27,014)	(43,752)	(12,000)	-	(82,766)
Closing net book amount	189,876	655,791	126,616	47,531	304,763	1,324,577
At 30 June 2017						
Cost	189,876	976,690	412,569	128,629	304,763	2,012,527
Accumulated depreciation	-	(320,899)	(285,953)	(81,098)	-	(687,950)
Net book amount	189,876	655,791	126,616	47,531	304,763	1,324,577
Year ended 30 June 2018						
Opening net book amount	189,876	655,791	126,616	47,531	304,763	1,324,577
Exchange differences	948	6,074	1,509	424	2,183	11,138
Net additions/transfers	-	15,982	37,444	8,725	205,046	267,197
Assets classified as held for sale and other disposals	(9,850)	(12,292)	(31)	(2)	-	(22,175)
Depreciation charge (note 5)	-	(28,675)	(41,458)	(11,994)	-	(82,127)
Closing net book amount	180,974	636,880	124,080	44,684	511,992	1,498,610
At 30 June 2018						
Cost	180,974	985,155	443,233	137,689	511,992	2,259,043
Accumulated depreciation	-	(348,275)	(319,153)	(93,005)	-	(760,433)
Net book amount	180,974	636,880	124,080	44,684	511,992	1,498,610

15 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Capitalised Borrowing Costs

Borrowing costs of $22,898,838 have been capitalised in the current year relating to capital projects (2017: $13,869,753) using the Group's weighted average cost of debt of 6.27% (2017: 6.98%).

(b) Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities was $490.5 million (2017: $390.9 million). The majority of the 2018 capital commitment relates to the construction of the New Zealand International Convention Centre, the Horizon Hotel, the Adelaide expansion and the purchase of the strata title interests in the AA Centre in Auckland.

(c) Encumbrances

A memorandum of encumbrance is registered against the title of land for the Auckland casino in favour of Auckland Council. Auckland Council requires prior written consent before any transfer, assignment or disposition of the land. The intent of the covenant is to protect the Council's rights under the resource consent, relating to the provision of the bus terminus, public car park and public footpaths around the complex.

A further encumbrance records the Council's interest in relation to the sub soil areas under Federal and Hobson Streets used by SKYCITY as car parking and a vehicle tunnel. The encumbrance is to notify any transferee of the Council's interest as lessor of the sub soil areas.

There are four encumbrances relating to the NZICC site land. One encumbrance protects the rights of the Crown under the NZICC Project and Licensing Agreement, two relate to firewalls between buildings that have now been demolished and the final encumbrance protects the underground vehicle entrance to the car park on the main Auckland casino site. The NZICC site land is also subject to a covenant in favour of the Crown which restricts the subdivision and use of the site to that permitted under the NZICC Project and Licensing Agreement.

16 INTANGIBLE ASSETS

Accounting Policy

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in Intangible Assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Casino Licences

The Group's casino licences that have a finite useful life are carried at cost less accumulated amortisation. Amortisation of these casino licences is calculated on a straight line basis so as to expense the cost of the licences over their legal life.

The casino licences that have been determined to have an indefinite useful life for amortisation purposes are not amortised but are reviewed for impairment on an annual basis.

Judgement is exercised in determining whether a casino licence has a finite or indefinite useful life. Consideration is given to the terms and conditions of the relevant licence and in particular the renewal terms.

(iii) Regulatory Reforms Associated with Casino Licences

Regulatory reforms granted which are specific to the Group are initially recognised at their fair value where there is a reasonable assurance that the reforms will be received and the Group will comply with all conditions attached.

16 INTANGIBLE ASSETS (continued)

Regulatory reforms are recognised as an intangible asset and included within the value of casino licences. Where a regulatory reform is related to property, plant and equipment, once constructed the carrying value of that property, plant and equipment is reduced by the value of the regulatory reforms. Prior to construction of the related property, plant and equipment, the value of the regulatory reforms is accounted for as deferred licence value.

(iv) ***Acquired Software***
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life (three to seven years) on a straight line basis.

	Goodwill $'000	Casino Licences $'000	Computer Software $'000	Total $'000
At 1 July 2016				
Cost	134,938	805,818	86,670	1,027,426
Accumulated amortisation	-	(44,477)	(59,692)	(104,169)
Net book amount	134,938	761,341	26,978	923,257
Movements in the Year Ended 30 June 2017				
Exchange differences	334	1,226	17	1,577
Additions	-	-	5,960	5,960
Impairment charge	(99,486)	-	-	(99,486)
Amortisation charge	-	(5,533)	(6,750)	(12,283)
Closing net book amount	35,786	757,034	26,205	819,025
At 30 June 2017				
Cost	35,786	807,152	92,829	935,767
Accumulated amortisation	-	(50,118)	(66,624)	(116,742)
Net book amount	35,786	757,034	26,205	819,025
Movements in the Year Ended 30 June 2018				
Exchange differences	-	12,411	133	12,544
Additions	-	-	12,514	12,514
Amortisation charge	-	(5,786)	(6,464)	(12,250)
Closing net book amount	35,786	763,659	32,388	831,833
At 30 June 2018				
Cost	35,786	821,364	102,842	959,992
Accumulated amortisation	-	(57,705)	(70,454)	(128,159)
Net book amount	35,786	763,659	32,388	831,833

16 INTANGIBLE ASSETS (continued)

Casino Licence	**Contract Term**
SKYCITY Auckland Casino (indefinite useful life)	SKYCITY Auckland Limited holds a Casino Premises Licence for the Auckland premises. The initial licence was granted in 1996 for nil consideration, and hence there was no associated initial 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 (NZICC Agreement), the initial term of the licence was extended to 30 June 2048. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). 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 table games; and (c) implement various other operational improvements. Under the NZICC Agreement, the Company has agreed to construct the NZICC for a total cost of at least $430 million. The reforms (a to c above) are exclusive to the Group and were recorded at fair value based on the estimated incremental benefit over the life of the reforms. The fair value was determined using a discounted cashflow model falling within level 3 of the fair value hierarchy over the life of the reforms. The asset will not be amortised but will be reviewed for impairment annually. The carrying amount of the casino licence is $405 million (FY17: $405 million)
Adelaide Casino (finite useful life)	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. The casino licence and associated regulatory reforms 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$293.5 million (FY17: A$298.8 million).
SKYCITY Darwin Casino (indefinite useful life)	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 2018 and now expires on 30 June 2036. The Casino Operator's Agreement is subject to extension for a further five years once its period to maturity reaches 15 years. These licence extensions apply on a continuing five 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 (FY17: A$31.7 million).

16 INTANGIBLE ASSETS (continued)

Casino Licence	Contract Term
SKYCITY Hamilton Casino (indefinite useful life)	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 (indefinite useful life)	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) (indefinite useful life)	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 (FY17: $4.4 million). The asset is not amortised but will be reviewed for impairment annually.

The deferred licence value relating to Auckland ($405.0 million) and Adelaide (NZ$155.8 million, 2017: NZ$150.5 million) included within non-current liabilities will be transferred and offset against property, plant and equipment when the New Zealand International Convention Centre and Adelaide redevelopment, respectively, have been completed.

(a) Impairment Tests for Intangibles with Indefinite Lives

2018	SKYCITY Auckland	Otago Casinos Limited *	SKYCITY Hamilton *	SKYCITY Darwin	Total
	$'000	$'000	$'000	$'000	$'000
Goodwill	-	-	35,786	-	35,786
Casino Licence	405,000	4,391	-	34,566	443,957
Total	405,000	4,391	35,786	34,566	479,743

2017	SKYCITY Auckland	Otago Casinos Limited *	SKYCITY Hamilton *	SKYCITY Darwin	Total
	$'000	$'000	$'000	$'000	$'000
Goodwill	-	-	35,786	-	35,786
Casino Licence	405,000	4,391	-	33,374	442,765
Total	405,000	4,391	35,786	33,374	478,551

The recoverable amount of a cash generating unit is determined based on value in use calculations. These calculations use cash flow projections approved by directors which include cash flows in relation to International Business where those cash flows relate to the relevant Cash Generating Unit. There is a surplus between the calculated value in use and the carrying value for each asset.

* SKYCITY Hamilton and Otago Casinos Limited are included within the "Rest of New Zealand" segment in note 2.

16 INTANGIBLE ASSETS (continued)

The movement in goodwill is as follows:

	Notes	**2018 $'000**	2017 $'000
Balance at 1 July		35,786	134,938
Impairment charge		-	(99,486)
Exchange differences		-	334
Balance at 30 June		35,786	35,786

(b) Key Assumptions used for Value in Use Calculations of Cash Generating Units

	EBITDA Margin		**Growth Rate**		**Discount Rate**	
	2018 %	2017 %	**2018 %**	2017 %	**2018 %**	2017 %
SKYCITY Auckland	40.9	40.9	2.0	2.0	9.0	9.5
SKYCITY Hamilton	44.5	43.5	2.0	2.0	9.0	9.5
SKYCITY Darwin	21.9	23.3	2.5	-	9.0	9.5

These assumptions are consistent with past experience adjusted for economic indicators. The discount rates are post tax and reflect specific risks relating to the relevant operating segment.

(c) Impairment Charge

In the prior year, an impairment of the goodwill associated with SKYCITY Darwin of A$94.6m was recognised. The write-off of Darwin's goodwill was primarily attributable to increased competitive pressures in the gaming machine business. This stems from the unforeseen policy decision in December 2014 by the previous Northern Territory Government to remove the cap on gaming machines in the Territory. This significant increase in competing gaming machines in the catchment area of the casino had an adverse impact on revenue and earnings at SKYCITY Darwin.

17 RECEIVABLES AND PREPAYMENTS

Accounting Policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for doubtful debts.

	2018 $'000	2017 $'000
Trade receivables (net)	**14,611**	11,882
Sundry receivables	**8,768**	5,481
Total receivables and prepayments	**23,379**	17,363

Due to the short-term nature of these receivables, their carrying value is assumed to be equal to their fair value.

18 CASH AND BANK BALANCES

	2018 $'000	2017 $'000
Cash at bank	**27,198**	11,526
Cash in house	**48,757**	45,201
Total cash and bank balances	**75,955**	56,727

19 CURRENT ASSETS - NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Accounting Policy

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

	2018 $'000	2017 $'000
Land	**9,850**	-
Buildings	**12,292**	-
Plant and equipment	**33**	-
Total	**22,175**	-

20 PAYABLES

Accounting Policy

Payables are stated at fair value or estimated liability where accrued.

	2018 $'000	2017 $'000
Trade payables	**32,118**	16,945
Liquidated damages (refer note 27b)	**26,931**	-
Deferred income	**1,738**	1,061
Accrued expenses	**89,145**	81,331
Employee benefits	**42,747**	37,233
Total payables	**192,679**	136,570

21 SHARE CAPITAL

	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Opening balance of ordinary shares issued	**667,376,523**	656,986,761	**1,100,792**	1,055,737
Share rights issued for employee services	-	-	**2,983**	736
Employee share entitlements issued	-	204,689	-	-
Treasury shares issued	-	(204,689)	-	-
Net issue/(purchase) of treasury shares	-	-	**228**	(192)
Shares issued under dividend reinvestment plan	**12,965,585**	10,389,762	**48,257**	44,511
	680,342,108	667,376,523	**1,152,260**	1,100,792

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share.

Included within the number of shares is 5,515,841 treasury shares (2017: 5,515,841) held by the company. The movement in treasury shares during the prior year related to the issuance of shares under the employee incentive plans and purchases of shares by an external trustee as part of the executive long term incentive plan (refer note 24). Treasury shares may be used to issue shares under the company's employee incentive plans or upon the exercise of share rights/options.

22 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting Policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(2) hedges of exposures to variability in cash flows associated with recognised assets or liabilities or highly probable forecast transactions (cash flow hedges).

Fair Value Hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

22 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Amounts accumulated in equity are recognised in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the income statement.

Derivatives that do not Qualify for Hedge Accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised in the income statement.

	Notional Value		Fair Value	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current Assets				
Cross currency interest rate swaps - cash flow hedges	-	102,375	-	6,384
Forward foreign exchange contracts	-	81,078	-	1,713
Total current derivative financial instrument assets	-	183,453	-	8,097
Non-current Assets				
Interest rate swaps - cash flow hedges	**50,000**	100,517	**71**	2,275
Cross-currency interest rate swaps - cash flow hedges	**110,106**	106,308	**42,526**	41,142
Total non-current derivative financial instrument assets	**160,106**	206,825	**42,597**	43,417
Current Liabilities				
Forward foreign currency contracts	**61,607**	71,959	**86**	362
Interest rate swaps - cash flow hedges	**80,000**	98,100	**448**	2,192
Total current derivative financial instrument liabilities	**141,607**	170,059	**534**	2,554
Non-current Liabilities				
Interest rate swaps - cash flow hedges	**399,682**	456,450	**24,742**	24,307
Cross-currency interest rate swaps - cash flow hedges	**148,346**	-	**4,028**	-
Total non-current derivative financial instrument liabilities	**548,028**	456,450	**28,770**	24,307
Total net derivative financial instruments			**13,293**	24,653

A component of the interest margin in US$100.0 million of these CCIRS is treated as a fair value hedge.

23 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risks (including currency and interest rate risk), liquidity risk, and credit risk. The Group's overall risk management programme recognises the nature of these risks and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under a formal Treasury Policy approved by the Board of Directors. The Treasury Policy sets out written principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess funds. The Treasury Policy sets conservative limits for allowable risk exposures which are formally reviewed at least annually.

23 FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk

(i) Currency Risk
The Group operates internationally and is exposed to currency risk, primarily with respect to Australian and US dollars. Exposure to the Australian dollar arises from the Group's investment in, and intercompany loans to, its Australian operations. Exposure to the US dollar arises from funding denominated in that currency.

The Group utilises natural hedges wherever possible with forward foreign exchange contracts used to manage any significant residual risk to the income statement.

The Group's exposure to the US dollar (refer to US private placement notes detailed in note 10) has been fully hedged by way of cross currency interest rate swaps (CCIRS), hedging US dollar exposure on both principal and interest. The CCIRS correspond in amount and maturity to the US dollar borrowings with no residual US dollar exposure.

(ii) Interest Rate Risk
The Group's interest rate risk arises from long-term borrowings.

Interest rate swaps (IRS) and CCIRS are utilised to modify the interest repricing profile of the Group's debt to match the profile required by Treasury Policy. All IRS and CCIRS are in designated hedging relationships that are highly effective.

As the Group has no significant interest bearing assets, the Group's revenue is substantially independent of changes in market interest rates.

(iii) Summarised Sensitivity Analysis
SKYCITY manages its interest rate and foreign exchange rate exposure to minimise the impact of fluctuations in the market. The residual exposure is not considered material or significant.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its financial obligations. SKYCITY is largely a cash based business and its material credit risks arise mainly from financial instruments utilised in funding and from International Business activity.

Financial instruments (other than International Business discussed below) that potentially create a credit exposure can only be entered into with counterparties that are explicitly approved by the board. Maximum credit limits for each of these parties are approved on the basis of long term credit rating (Standard & Poor's or Moody's). A minimum long term rating of A+ (S&P) or A1 (Moody's) is required to approve individual counterparties.

The maximum credit risk of any financial instrument at any time is the fair value where that instrument is an asset. All derivatives are carried at fair value in the balance sheet. Trade receivables are presented net of an allowance for estimated doubtful receivables.

International Business activity is managed in accordance with accepted industry practice. Settlement risk associated with International Business customers is minimised through credit checking and a formal review and approval process.

There are no significant concentrations of credit risk in the Group.

(c) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of unutilised committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maturities.

Maturities of Committed Funding Facilities

Debt maturities are detailed in note 10.

(d) Fair Value Estimation

The financial instruments are measured in the balance sheet at fair value by level of the fair value measurement hierarchy:

23 FINANCIAL RISK MANAGEMENT (continued)

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is,unobservable inputs) (level 3).

Other than the New Zealand bonds, which are listed on the NZDX and therefore level 1, all SKYCITY financial instruments, which includes cross-currency interest rate swaps, interest rate swaps and forward foreign currency contracts, are valued using level two in the above fair value measurement hierarchy.

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 and cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- 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.

Further details on derivatives are provided in note 22.

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise returns for shareholders and benefits for other stakeholders over the long term.

In order to optimise its capital structure, the Group manages actual and forecast operational cash flows, capital expenditure and equity distributions.

The Group primarily manages capital on the basis of gearing measured as a ratio of net debt (debt at hedged exchange rates less cash at bank) to EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) and interest coverage (EBITDA relative to net interest cost).

The primary ratios were as follows at 30 June:

	2018	2017
Gearing ratio	**1.3 x**	1.1 x
Interest coverage	**9.5 x**	10.3 x

These types of ratios are consistent with the financial covenants in the Group's various funding facilities. Actual gearing ratio and interest cover as at 30 June 2018 were within covenant limits on funding facilities.

24 SHARE-BASED PAYMENTS

Accounting Policy

SKYCITY operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share rights granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each balance sheet date, the company revises its estimates of the number of shares expected to be distributed. It recognises the impact of the revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to equity over the remaining vesting period.

24 SHARE-BASED PAYMENTS (continued)

Current Plans

2009 Executive Long Term Incentive Plan

Under this plan, executives purchase SKYCITY shares funded by an interest-free loan from the Group. The shares purchased by the executives are held by a trustee company with executives entitled to exercise the voting rights attached to the shares and receive dividends, the proceeds of which are used to repay the interest-free loan.

At the end of the restricted period (three to four years), the Group will pay a bonus to each executive to the extent their performance targets have been met which is sufficient to repay the initial interest-free loan associated with the shares which vest. The shares upon which performance targets have been met will then fully vest to the executives. The loan owing on shares upon which performance targets have not been met (the forfeited shares) will be novated from the executives to the trustee company and will be fully repaid by the transfer of the forfeited shares. Performance targets relate to total shareholder return relative to other comparable companies.

At 30 June 2018, the interest free loans on the Executive Long Term Incentive Plan total $8,352,332 (2017: $8,712,764).

2017 Chief Executive Officer commencement shares

Effective 4 November 2016, the newly appointed Chief Executive Officer was granted 325,000 ordinary shares to be issued on 3 November 2018. There are no performance targets associated with these shares, and there is no right to dividends in the intervening period.

2018 Chief Operating Officer commencement shares

Effective 1 November 2017, the newly appointed Chief Operating Officer was granted 35,000 ordinary shares to be issued on 1 November 2019. There are no performance targets associated with these shares, and there is no right to dividends in the intervening period.

2018 SKYCITY Restricted Share Rights Plan

The 2018 Short Term Incentive Plan was changed for selected senior staff. For approximately 116 staff the 2018 short term incentive has been replaced with restricted share rights. These rights will be issued to staff after the finalisation of the Group's results. Each right converts to one share provided the staff member continues to be employed by the Group on 30 June 2020.

Outstanding rights and shares

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Grant Date	Expiry Date	Balance at Start of the Year Number	Granted During the Year Number	Exercised During the Year Number	Expired During the Year Number	Balance at End of the Year Number
2018						
28/08/13	28/08/17	493,124	-	-	(493,124)	-
27/08/14	27/08/18	665,000	-	-	(110,000)	555,000
26/08/15	28/08/19	515,000	-	-	(135,000)	380,000
24/08/16	24/08/20	625,000	-	-	(210,000)	415,000
04/11/16	03/11/18	325,000	-	-	-	325,000
23/08/17	23/08/21	-	1,015,883	-	(105,000)	910,883
18/11/17	18/11/19	-	35,000	-	-	35,000
Total		2,623,124	1,050,883	-	(1,053,124)	2,620,883
2017						
29/08/12	29/08/16	400,100	-	-	(400,100)	-
28/08/13	28/08/17	818,750	-	(204,689)	(120,937)	493,124
27/08/14	27/08/18	780,000	-	-	(115,000)	665,000
26/08/15	28/08/19	620,000	-	-	(105,000)	515,000
24/08/16	24/08/20	-	685,000	-	(60,000)	625,000
04/11/16	03/11/18	-	325,000	-	-	325,000
Total		2,618,850	1,010,000	(204,689)	(801,037)	2,623,124

24 SHARE-BASED PAYMENTS (continued)

The weighted average remaining contractual life of rights outstanding at the end of the period was 1.69 years (2017: 1.67 years).

Fair value of share rights granted
The assessed fair value at grant date of the rights granted on 23 August 2017 was $1.28 (24 August 2016 was $1.56). This was calculated using the single index model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the rights granted on 23 August 2017 included:

(a) rights are granted for no consideration

(b) exercise price: nil (2017: nil)

(c) share price at grant date: $3.90 (2017: $4.94)

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the right.

Fair Value of Chief Executive Officer commencement shares granted

The assessed fair value at grant date of the commencement shares granted on 4 November 2016 was $2.68. This was calculated using the European call option model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the Commencement Shares granted on 4 November 2016 included:

(a) granted for no consideration

(b) exercise price nil

(c) share price at grant date: $3.62

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the commencement shares.

Fair Value of Chief Operating Officer commencement shares granted
The assessed fair value at grant date of the commencement shares granted on 18 November 2017 was $2.68. This was calculated using the European call option model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the Commencement Shares granted on 18 November 2017 included:

(a) granted for no consideration

(b) exercise price: nil

(c) share price at grant date: $3.57

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the commencement shares.

Fair Value of SKYCITY Restricted Share Rights

The assessed fair value of each right was determined by Ernst & Young Transaction Advisory Services Limited at $3.02. The exact number of rights to be issued will not be determined until after the finalisation of the Group's results.

(c) Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2018 $'000	2017 $'000
Rights issued under Share Rights Plans	**2,983**	736

25 RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Compensation

Key management compensation is set out below. The key management personnel are all the directors of the company, the Chief Executive Officer and the Senior Leadership Team.

	Short-term benefits $'000	Share-based payments $'000	Total $'000
2018	**9,061**	**1,730**	**10,791**
2017	5,668	398	6,066

(b) Other Transactions with Key Management Personnel or Entities Related to Them

Certain directors and management have relevant interests in a number of companies with which SKYCITY has transactions in the normal course of business. A number of SKYCITY directors are also non-executive directors of other companies, and a register of directors' interests is maintained. Any transactions undertaken with these entities have been entered into in the normal course of business.

Certain directors and management hold shares in SKYCITY and receive dividends in the normal course of business.

(c) Subsidiaries

Interests in subsidiaries are set out in note 26.

26 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in note 1(b):

Name of Entity	**Principal Place of Business**	**Class of Shares**	**Equity Holding**	
			2018 %	2017 %
New Zealand International Convention Centre Limited	New Zealand	Ordinary	**100%**	100%
Otago Casinos Limited	New Zealand	Ordinary	**100%**	100%
Queenstown Casinos Limited	New Zealand	Ordinary	**100%**	100%
Sky Tower Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Action Management Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Auckland Holdings Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Auckland Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Casino Management Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Hamilton Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY International Holdings Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Investments Australia Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Investments Queenstown Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Management Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Wellington Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Adelaide Pty Limited	Australia	Ordinary	**100%**	100%
SKYCITY Australia Finance Pty Limited	Australia	Ordinary	**100%**	100%
SKYCITY Australian Limited Partnership	Australia	Ordinary	**100%**	100%
SKYCITY Australia Pty Limited	Australia	Ordinary	**100%**	100%
SKYCITY Darwin Pty Limited	Australia	Ordinary	**100%**	100%
SKYCITY Treasury Australia Pty Limited	Australia	Ordinary	**100%**	100%
Horizon Tourism Limited	Hong Kong	Ordinary	**100%**	100%
SKYCITY Investment Holdings Limited	Hong Kong	Ordinary	**100%**	100%

26 SUBSIDIARIES (continued)

All wholly-owned subsidiary companies and significant partly-owned subsidiaries have balance dates of 30 June.

27 CONTINGENCIES

(a) Contingent liabilities

The Group has no contingent liabilities at 30 June 2018.

(b) Contingent assets

Included within the Fletcher Construction Company Limited (FCC) construction contracts for the NZICC and Horizon Hotel is the right to liquidated damages if certain milestones are not met. To date SKYCITY has withheld $26.9 million from payments to FCC for liquidated damages. The amounts withheld have been recognised as part of current liabilities (refer note 20) as ultimate recovery is not able to be considered virtually certain due to the fact that SKYCITY's right to retain these liquidated damages is disputed by FCC.

Additional future costs expected to be incurred by SKYCITY due to delays in the NZICC and Horizon Hotel project are expected to be covered by liquidated damages.

There are no other significant contingencies at year end (2017: nil).

28 COMMITMENTS

Operating Lease Commitments
The Group leases various offices and other premises under non-cancellable operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2018 $'000	2017 $'000
Within one year	**4,947**	4,266
Later than one year but not later than five years	**13,150**	11,754
Later than five years	**329,068**	329,565
Commitments not recognised in the financial statements	**347,165**	345,585

The above operating lease summary includes a large number of leases, the most significant of which are:

SKYCITY Auckland - Hobson and Federal Streets sub soil lease: This lease is for a period of 999 years from 31 January 1996 with rent reviews every five years.

Adelaide Casino building lease: The initial lease term is until 3 March 2025 with three further rights of renewal for 20 years each and annual rent reviews.

In addition to the operating lease summary above the Group has commitments to the following leases which are not yet effective:

- Adelaide: 750 car park spaces

- Auckland: NZICC air bridge across Hobson Street

29 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018 $'000	2017 $'000
Profit for the year	**169,519**	44,862
Depreciation and amortisation	**94,377**	95,049
Net finance costs	**12,458**	16,712
Current period employee share expense	**2,983**	736
Gain on sale of fixed assets	**(1,071)**	(762)
Fair value adjustment to investment property	**799**	-
Impairment of goodwill	**-**	99,486
Share of profits/(losses) of associates	**347**	-
Change in operating assets and liabilities		
Change in receivables and prepayments	**(6,016)**	19,175
Change in inventories	**(533)**	668
Change in payables	**56,109**	(1,348)
Change in deferred tax liability	**4,526**	1,333
Change in tax receivable - current	**(2,731)**	4,847
Change in provisions	**345**	(1,182)
Change in tax payable - current	**(6,365)**	13,741
Capital items included in working capital movements	**(35,658)**	(13,793)
Net cash inflow from operating activities	**289,089**	279,524

30 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) Dividend

On 7 August 2018, the directors resolved to provide for a final dividend to be paid in respect of the year ended 30 June 2018. The fully imputed, unfranked dividend of 10.0 cents per share will be paid on 14 September 2018 to all shareholders on the company's register at the close of business on 31 August 2018.

(b) Auckland AA Centre

On 19 July 2018, the company settled the purchase of the strata title interests in the AA Centre in Auckland for a total consideration of $47 million.

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Independent auditor's report

To the shareholders of SKYCITY Entertainment Group Limited

The financial statements comprise:

- the balance sheet as at 30 June 2018;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements of SKYCITY Entertainment Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance, tax advisory, accounting assistance and executive benchmarking assistance. The provision of these other services has not impaired our independence as auditor of the Group.

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: $11.6 million, which represents 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We have determined that there are two key audit matters:

- Consideration of the carrying value of goodwill and casino licence intangible assets
- Accounting for liquidated damages.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The structure of the Group means the majority of the audit work for the Group is performed by the New Zealand Group audit team. We also utilise audit teams in Australia for specified procedures, as directed by the New Zealand Group audit team where local knowledge of the trading environment or the legal and regulatory environment is required.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

pwc

Key audit matter	How our audit addressed the key audit matter
Consideration of the carrying value of goodwill and casino licence intangible assets The Group has goodwill and casino licence intangible assets totalling $799.4 million. As noted in note 16 to the financial statements an assessment of the value in use of the goodwill and indefinite life casino licence intangible assets was made using discounted cash flow forecasts (DCF) for each cash generating unit (CGU). In preparing the DCFs management have made a number of judgements that can influence the value. The most significant of these judgements are disclosed within note 16 to the financial statements. In addition, as disclosed within note 16 of the financial statements an impairment assessment was also performed in relation to the Adelaide CGU which includes a definite life casino licence intangible asset using a DCF model. The assessments performed resulted in a conclusion that there was no impairment associated with any goodwill and casino licence intangible assets.	We performed our own assessment of the DCF models used in the impairment assessment. In relation to the forecast cash flows we performed the following procedures: • compared the forecast cash flows used to the Board approved business plan; • understood the processes undertaken, controls over and basis for preparing the forecasts; • considered key assumptions, in particular the estimated future growth rates, by comparing expectations of underlying inflation; • engaged our valuation expert to assist in our assessment of the discount rates and the terminal growth rates used in the model; • compared historical performance against budget, investigated material differences and considered the impact on future cash flow forecasts; and • performed a sensitivity analysis on the forecast cash flows to determine whether a reasonably possible change in assumptions could lead to a conclusion the intangible asset is impaired. In relation to the Adelaide forecast we also understood and assessed the commercial prospects of achieving future plans by agreeing these to detailed supporting analyses prepared by management and comparing these against historic information for the Adelaide casino and industry. We also considered the appropriateness of disclosures in relation to the valuation of intangible assets and associated impairment testing performed. As a result of our procedures, we did not propose any adjustments.

pwc

Key audit matter	How our audit addressed the key audit matter
Accounting for liquidated damages The Group has withheld liquidated damages from progress claims owing to Fletcher Construction Company Limited (FCC) under the contract to build the New Zealand International Convention Centre (NZICC). As disclosed in note 27 (b) to the financial statements, as at 30 June 2018, the Group has withheld amounts totalling $26.9 million. The amount withheld is recognised as a liability in the balance sheet. The Group has withheld these amounts as it considers that it has the right to these funds under the liquidated damages provisions in the construction contract with FCC. The accounting treatment of liquidated damages requires judgement. The critical judgment made by the Directors is whether the recovery of the liquidated damages is probable or virtually certain. At 30 June 2018, the Directors have concluded that the recovery is probable but not virtually certain as FCC have notified SKYCITY that they dispute SKYCITY's right to these liquidated damages. Therefore the liquidated damages have been disclosed as a contingent asset in note 27 (b) of the financial statements and have not been recognised as income in the income statement.	We reviewed the contract for the construction of the NZICC, noting a number of separate delivery milestones and the right to liquidated damages if certain milestones are not met. We reviewed management's paper summarising the current status of the liquidated damages, supporting invoices and progress claims. We challenged management's rationale behind the judgment applied in terms of meeting the probable threshold and not the virtually certain threshold. In particular, we considered the contract terms for the build and the fact that SKYCITY's right to retain these liquidated damages is disputed by FCC. We reviewed the disclosure in the financial statements to ensure that this is compliant with the requirements of the New Zealand accounting standards. As a result of these procedures, we have concluded that the accounting treatment is appropriate and appropriate disclosures have been made in Note 27 (b).

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not, and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Leopino Foliaki.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
7 August 2018

Auckland

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

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): 1

Full name of Issuer	**SKYCITY Entertainment Group Limited**
Name of officer authorised to make this notice	**Jo Wong**
Authority for event, e.g. Directors' resolution	**Directors' resolution**
Contact phone number	**(09) 363 6000**
Contact fax number	**(09)363 6140**
Date	8 / 8 / 2018

Nature of event
Tick as appropriate

Bonus Issue	[ ]
If ticked, state whether: Taxable	[ ]
/ Non Taxable	[ ]
Conversion	[ ]
Interest	[ ]
Rights Issue Renouncable	[ ]
Rights Issue non-renouncable	[ ]
Capital change	[ ]
Call	[ ]
Dividend	[X]
If ticked, state whether: Interim	[ ]
Full Year	[X]
Special	[ ]
DRP Applies	[X]

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

ISIN

If unknown, contact NZX

Number of Securities to be issued following event

Minimum Entitlement

Ratio, e.g 1 for 2   *for*

Conversion, Maturity, Call Payable or Exercise Date

Enter N/A if not applicable

Treatment of Fractions

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)	**$0.1000**
Source of Payment	**Profit**
Excluded income per security (only applicable to listed PIEs)	
Currency	**NZ Dollars**
Total monies	**$67,482,627**

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	**$0.017647**
Date Payable	**14 September, 2018**

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	**$0.006944**
Imputation Credits (Give details)	**$0.038889**
Foreign Withholding Tax	$
FWP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -*	**31 August, 2018**
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.*	**14 September, 2018**
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: