



SKYCITY ENTERTAINMENT GROUP LIMITED

**FY06 Interim Result
Half Year Ended
31 December 2005**

SKYCITY Entertainment Group Limited

1H06 cf 1H05



	1H06 \$m	1H05 \$m	% Movement	\$m Movement
Revenue	\$386.3	\$349.8	▲ 10.4%	+\$36.5
EBITDA	\$154.6	\$150.8	▲ 2.5%	+\$3.8
EBIT	\$119.7	\$121.6	▼ 1.6%	-\$1.9
Net Profit	\$58.6	\$59.6	▼ 1.7%	-\$1.0
Earnings per Share	14.0cps	14.3cps	▼ 2.1%	-0.3cps

- 1H05 restated for IFRS. 1H05 Net Profit previously reported at \$57.1m. Restated under IFRS at \$59.6m
- EBITDA = Earnings before interest, tax, depreciation, amortisation. EBIT = Earnings before interest and tax
- In this result presentation interest received, foreign exchange gains/losses, and gains/losses from interest and currency swaps are included within Funding Costs. This treatment is designed to separate the operational and financial performance of the business and thereby assist interpretation and understanding of the business outcome for the period. This presentation differs from the IFRS-compliant format as set out in the company's financial statements in which interest received and interest and cross currency interest rate swap gains or losses are reported as other income.

SKYCITY Entertainment Group Limited

1H06 cf 2H05



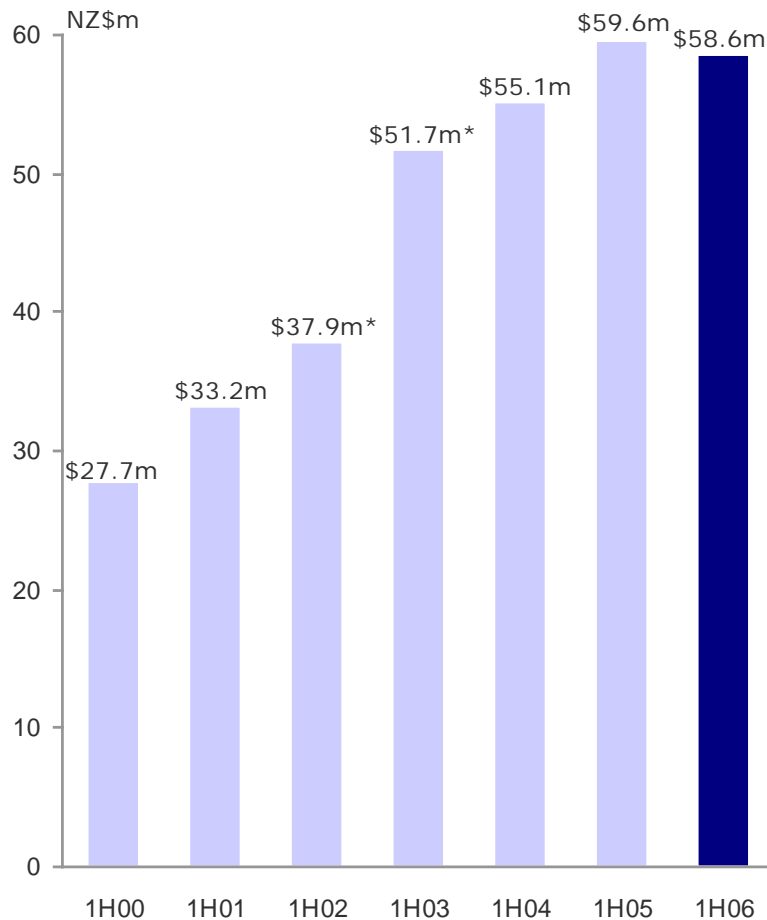
The summary below compares the 1H06 result against the preceding half year period (2H05) which was the first period after implementation of smoking bans in New Zealand and smoking restrictions in South Australia. These comparisons show a significant turnaround performance for the Group with the main contributors being SKYCITY Auckland and SKYCITY Adelaide.

	1H06 \$m	2H05 \$m	% Movement	\$m Movement
Revenue	\$386.3	\$329.8	▲ 17.1%	+\$56.5
EBITDA	\$154.6	\$129.9	▲ 19.0%	+\$24.7
EBIT	\$119.7	\$100.3	▲ 19.3%	+\$19.4
Net Profit	\$58.6	\$46.8	▲ 25.2%	+\$11.8
Earnings per Share	14.0cps	11.2cps	▲ 25.0%	+2.8cps

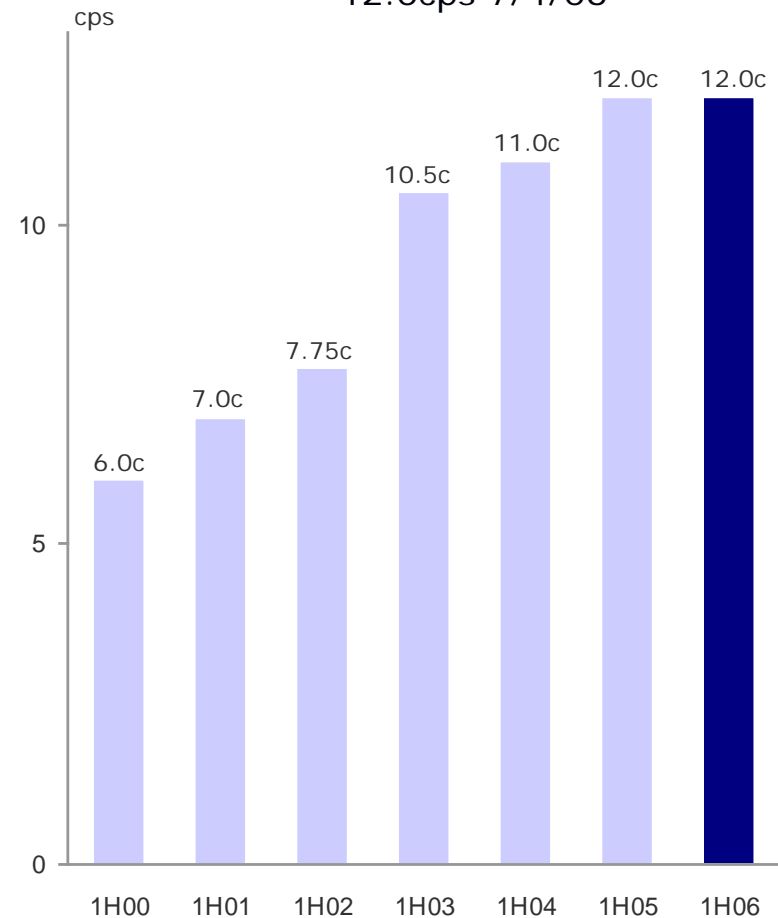
FY06 First Half Result Profits and Distributions



Net Profit : \$58.6m



Interim Dividend/Distribution
12.0cps 7/4/06



* Before non-recurring items

1H05 Net Profit restated from NZ GAAP (\$57.1m) to NZ IFRS (\$59.6m)

Key Elements of the 1H06 Result



- + Group Net Profit has shown strength in the post smoking ban implementation period with the 1H06 net profit result only marginally below the 1H05 period. The majority of the 1H05 comparative period was prior to the introduction of smoking bans in New Zealand and smoking restrictions in South Australia in December 2004
- + 1H06 Net Profit at \$58.6m is 25% ahead of the 2H05 result of \$46.8m. 2H05 was the first six month reporting period post smoking ban introduction in New Zealand and smoking restrictions in South Australia

Key Elements of the 1H06 Result (continued)



- + Earnings performance (EBITDA, EBIT) shows strength across the Group, as summarised below:
 - SKYCITY Auckland in line with 1H05 (despite smoking bans) due to strong performances from gaming, convention and restaurant operations and the new revenue stream from the SKYCITY Grand Hotel
 - SKYCITY Adelaide result for 1H06 turns around the result reported for 2H05 with the expanded gaming area, North Restaurant and Loco Bar facilities attracting new patronage and a favourable response from existing customers
 - SKYCITY Darwin continues to perform strongly and its 1H06 growth has largely covered removal of the community slots rebate from 1 July 2005

Key Elements of the 1H06 Result (continued)



- SKYCITY Hamilton's revenues and earnings were supported by the new entertainment facilities acquired as part of the acquisition of the Riverside Entertainment Centre
- Christchurch Casino is performing in line with prior period, despite the smoking ban implications
- SKYCITY Queenstown is down on prior period due to a combination of factors including limited international VIP/commission play and lower visitation numbers to the Queenstown/Southern Lakes region. Whilst Queenstown is an important component of the overall SKYCITY mix, its financial result remains relatively immaterial to the Group outcome
- SKYCITY Leisure held revenues and earnings despite increased competition in the Auckland cinema market and a lack of strength in film product during 1H06

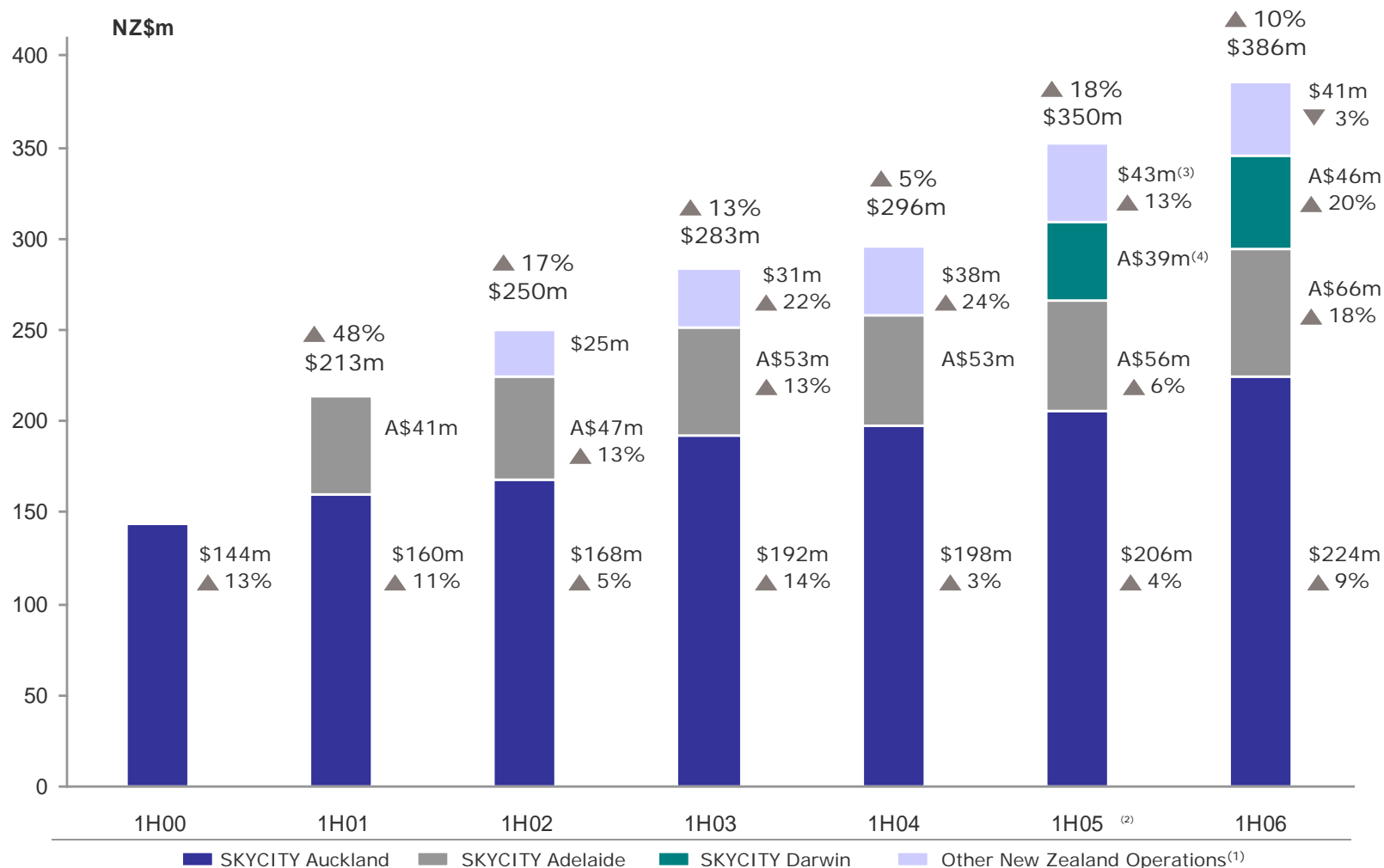
Interim Distribution (Dividend)



- + 12.0 cents per share (12.0 cps 1H05)
- + Entitlement/record date 10 March
- + Payment date 7 April
- + New structure for the 1H06 interim distribution as a non-taxable bonus share issue but with a cash alternative available (fully-imputed). The cash alternative will leave shareholders who elect that option in the same position they would have been in under a fully-imputed cash dividend
- + Cash alternative effected by way of an off-market buyback of the bonus shares: shareholder elections to share registry due not later than 5 April
- + Dividend Reinvestment Plan discontinued: replaced by the new distribution structure
- + Distribution calculated (as has historically been the practice) at 90% x Net Profit after adding back Adelaide and Darwin casino licence amortisation
- + Distribution weighting for interim: final ratio maintained at 45:55

- + A flexible distribution structure in the best interests of shareholders
 - reduced cash distribution and imputation credit utilisation
 - distribution in shares with cash alternative
 - can elect full or partial cash conversion/retention of shares
 - can elect cash alternative for 1H06 and not required to repeat that election for future distributions
- + Strike price for bonus share issue for interim 1H06 will be the weighted average of SKC on the NZSX during the 5 day period 13-17 March, less a discount of 2.5%
- + Advice of number of bonus shares to be issued, copy of the profit distribution plan document and the shareholder election notice (for the share buyback/cash option) will be sent to shareholders on 22 March, following determination of the bonus issue strike price

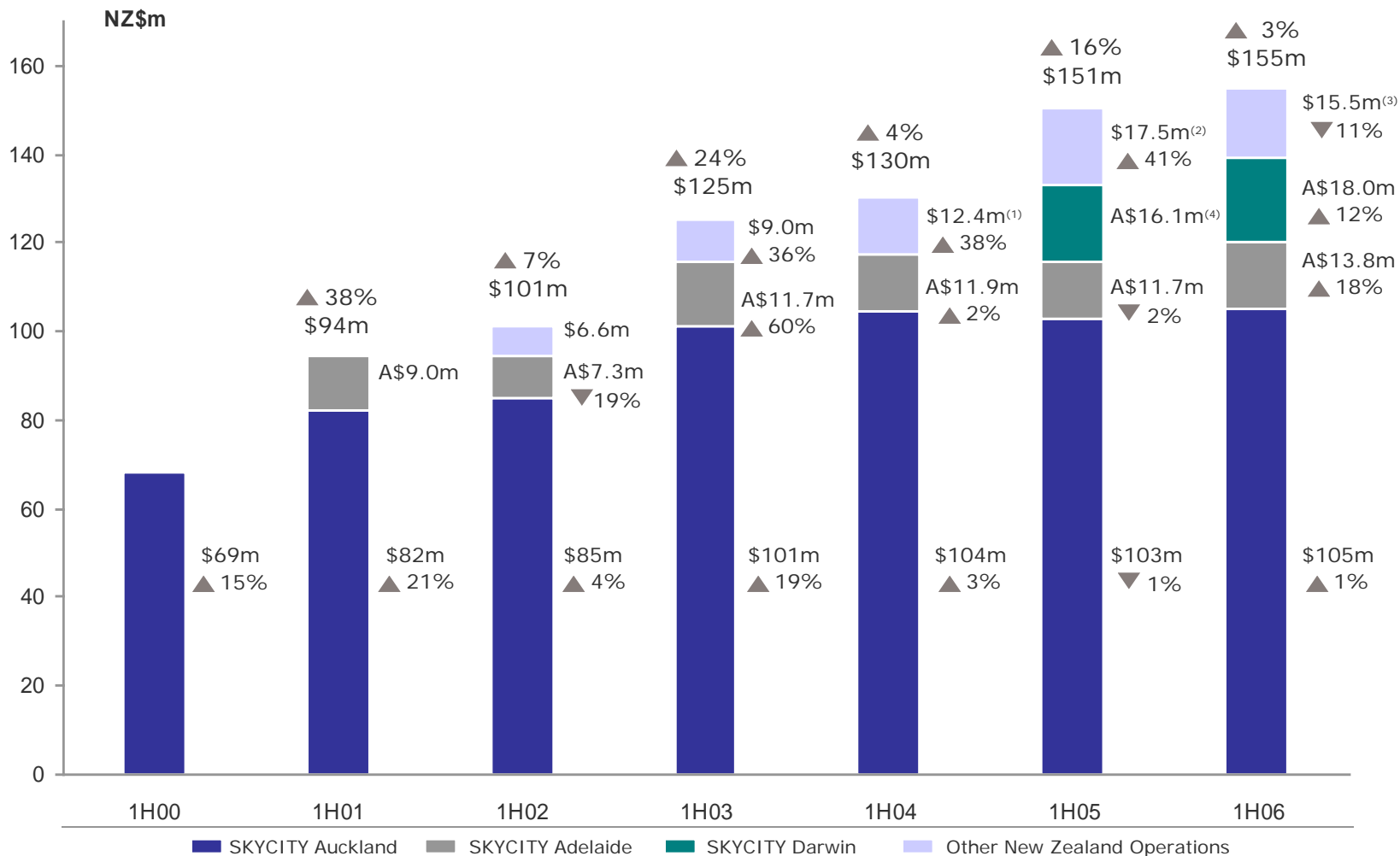
FY06 First Half Result Operating Revenues



Notes (1) – (4) refer page 12

FY06 First Half Result

EBITDA



Notes (1) – (4) refer page 12

FY06 First Half Result

Operating Revenues and EBITDA



Notes re Revenue Graphs (page 10)

- (1) Other New Zealand Operations include SKYCITY Hamilton, SKYCITY Queenstown, SKYCITY Leisure and Christchurch Casino. SKYCITY Hamilton commenced operations September 2002, SKYCITY Darwin acquired July 2004, 40.5% shareholding in Christchurch Casino acquired June 2004
- (2) Restated from NZ GAAP to NZ IFRS
- (3) The 1H05 result for Christchurch Casino included approximately \$1.8m of revenues arising from the purchase agreement with Aspinall (NZ) Limited which distorts the 1H06 to 1H05 comparison (refer note 2 on page 17)
- (4) The 1H05 result for Darwin covers a reporting period of 162 days, from 22/7/04-31/12/04: ie. effectively a 5.3 month period. 1H06 covers a full 6 month period ie. 184 days)

Notes re EBITDA Graphs (page 11)

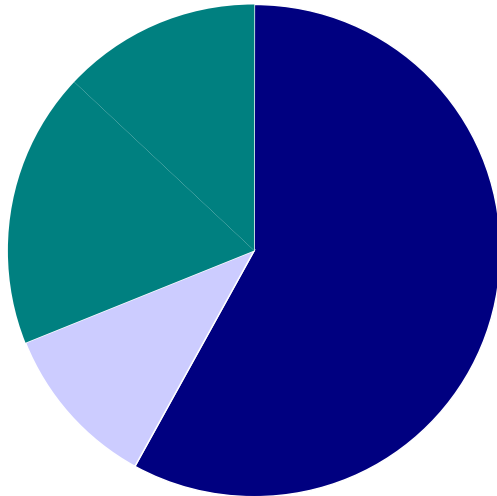
- (1) 1H04: Hamilton \$6.9m, Leisure \$5.6m
- (2) 1H05: Hamilton \$7.5m, Queenstown \$0.3m, Leisure \$5.5m, Christchurch \$4.5m
- (3) 1H06: Hamilton \$7.9m, Queenstown (\$0.1m), Leisure \$5.2m, Christchurch \$2.7m
- (4) The 1H05 result for Darwin covers a reporting period of 162 days, from 22/7/04-31/12/04: ie. effectively a 5.3 month period. 1H06 covers a full 6 month period (ie. 184 days)

FY06 First Half Result

Revenues and EBIT Composition

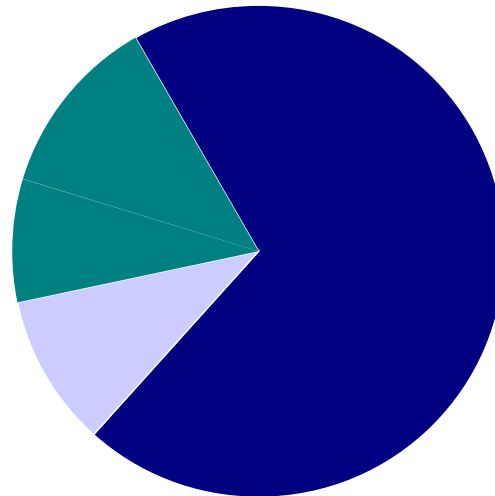


Group Revenues
\$386m



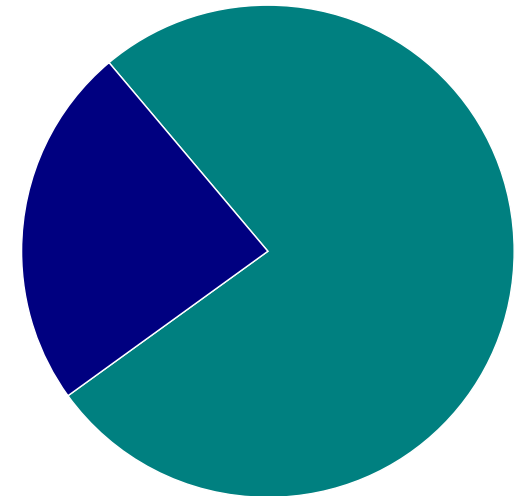
■ Auckland	NZ\$224m	58%
■ Other NZ	NZ\$41m	11%
■ Adelaide	A\$66m	18%
■ Darwin	A\$46m	13%
TOTAL	NZ\$386m	

EBIT
\$120m



■ Auckland	NZ\$84m	70%
■ Other NZ	NZ\$12m	10%
■ Adelaide	A\$9m	8%
■ Darwin	A\$14m	12%
TOTAL	NZ\$120m	

Gaming/Non-Gaming
Revenues



■ Gaming	\$295m	76%
■ Non-Gaming	\$91m	24%

SKYCITY Auckland FY06 First Half Result



Comparison to corresponding prior period (1H05)

Revenues	\$223.5m	▲ 8.6%	+\$17.7m
- Gaming	\$177.1m	▲ 4.5%	+\$7.7m
- Other	\$46.4m	▲ 27.5%	+\$10.0m
EBITDA	\$104.7m	▲ 1.4%	+\$1.4m
EBIT	\$84.1m	▼ 2.8%	-\$2.4m

- + EBITDA, despite smoking ban implementation, up 1.4% at \$104.7m. EBITDA ratio to revenue holding well at 47% despite revenue mix change, with an increasing proportion of non-gaming revenue (17.7% in 1H05 to 20.8% in 1H06)
- + Increased depreciation charges, as a consequence of recent major capital programmes, resulted in EBIT being marginally below 1H05 at \$84.1m (\$86.5m in 1H05)

Key features of the 1H06 result comparison to corresponding prior period (1H05):

- + 1H06 Revenue, EBITDA and EBIT comparisons to immediately prior period (2H05), being the first period post smoking ban implementation, show increases of 16%, 12% and 10% respectively
- + Strong result despite smoking bans and the initial phase of the new regulatory regime
- + Strong revenue performance in gaming (+4.5%) and non-gaming (+27.5%) with the 1H06 result enhanced by increased revenues from table games, food and beverage and conventions supplemented by the new SKYCITY Grand Hotel
- + Gaming machine revenues down but only by 4.3% on corresponding prior period (1H05). The majority of the 1H05 comparative period was prior to the introduction of smoking bans in New Zealand (December 2004) and comparison of 1H06 to immediately preceding period (2H05), being the first half year period after the introduction of smoking bans, shows machine revenue growth of 7.8%

- + Excellent customer response to the new Platinum Room facilities and a good response to the Quicket feature by higher-end machine players
- + Table game revenues up 14.0%. Excellent local and international customer response to the new members'/VIP facilities as the early smoking impact wears off. Poker introduced December 2005
- + SKYCITY Grand Hotel a new revenue stream of \$5.1m in 1H06 at an average room rate of \$220
- + SKYCITY Auckland Hotel maintained strong occupancy support at 85% (83% in 1H05)
- + Conventions revenues up 40% to \$8.4m (\$6.0m in 1H05)

Other New Zealand Operations



\$m	Hamilton		Queenstown ⁽¹⁾		Christchurch ⁽²⁾		Leisure	
	1H06	1H05	1H06	1H05	1H06	1H05	1H06	1H05
Revenue	\$16.5	\$16.5	\$2.8	\$3.4	\$2.7	\$4.5	\$18.9	\$18.2
EBITDA	\$7.9	\$7.4	(\$0.1)	\$0.3	\$2.7	\$4.5	\$5.2	\$5.4
EBIT	\$5.7	\$5.2	(\$0.6)	(\$0.1)	\$2.7	\$4.5	\$4.2	\$4.3

⁽¹⁾ Results are for SKYCITY Queenstown Casino. Other NZ Operations also include revenues and expenses for the Hard Rock Café operation in which SKYCITY previously owned 50%. The Hard Rock restaurant was closed during FY05 and has been replaced by an Asian restaurant, "Memories of Hong Kong"

⁽²⁾ The Christchurch Casinos investment for 1H05 included some prior period earnings arising from the settlement agreement between Aspinall (NZ) Limited and SKYCITY. 1H06 earnings from Christchurch Casino of \$2.7m compare to \$2.5m for 2H05

SKYCITY Hamilton FY06 First Half Result



Comparison to corresponding prior period (1H05)

Revenue	\$16.5m	Steady	
EBITDA	\$7.9m	▲ 6.8%	+\$0.5m
EBIT	\$5.7m	▲ 9.6%	+\$0.5m

- + Revenues steady compared to 1H05 (despite smoking bans from December 2004) but cost and margin management has led to increases in EBITDA and EBIT, by 6.8% and 9.6% respectively
- + Acquisition of entertainment operations and the balance of the Riverside Entertainment Centre during the period, on 30 September 2005

- + A number of external factors adversely affected the Queenstown result for 1H06, namely:
 - poor ski season
 - lower summer visitation to the Queenstown/Southern Lakes region
 - lower than anticipated visitation by international player groups

- + Revenues and EBIT consequently down on corresponding prior period by \$0.6m and \$0.5m respectively

Christchurch Casino FY06 First Half Result



- + Christchurch Casino is now accounted for by SKYCITY as an Associate (equity-accounted) under IFRS - previously accounted for as an Investment (dividends and interest received)
- + Christchurch Casino is trading in line with prior year despite introduction of smoking bans in December 2004
- + Christchurch comparison 1H06 v 1H05 distorted somewhat by pre-settlement elements which were taken to account when the transaction was settled in July 2005. Approximate impact (non-recurring) of +\$1.8m on 1H05 figures

SKYCITY Leisure FY06 First Half Result



- + Revenues up 3.8% at \$18.9m (1H05 \$18.2m), EBIT margin steady at \$4.2m (1H05 \$4.3m) despite increased competition in Auckland cinema market and lack of strong box-office product
- + Blockbuster films King Kong and Chronicles of Narnia released late in the half - limited impact on 1H06 result
- + Gold Class cinema facilities introduced in December 2005
- + Exit from Village Cinemas Argentina shareholding achieved and contingent liability of US\$4m extinguished (October 2005)

SKYCITY Adelaide FY06 First Half Result



Comparison to corresponding prior period (1H05)

Total Revenues	A\$65.7m	▲ 17.5%	+A\$9.8m
- Gaming	A\$56.4m	▲ 12.4%	+A\$6.2m
- Other	A\$9.3m	▲ 63.2%	+A\$3.6m
EBITDA	A\$13.8m	▲ 17.9%	+A\$2.1m
EBIT	A\$8.5m	▲ 14.9%	+A\$1.1m

- + Revenues, EBITDA and EBIT up strongly on corresponding prior period
- + A comparison of 1H06 to preceding period (2H05) shows revenues up 26% (+A\$13.5m), EBITDA up A\$7.7m (from A\$6.1m) and EBIT up A\$7.1m (from A\$1.4m)
- + Adelaide 1H06 a major turnaround performance from 2H05

Key features of the 1H06 result comparison to corresponding prior period (1H05):

- + Strong increases in gaming (machines +19.7% and tables +7.5%) and food and beverage revenues (+48%) from the new facilities (Stage 1 of the redevelopment project: new gaming area, North restaurant and Loco bar)
- + Table revenues up 7.5% despite one metre smoking ban from December 2004
- + Additional depreciation and other costs associated with the new facilities in 1H06 but EBITDA and EBIT have recovered strongly from the levels reported in second half FY05
- + Platinum Room facility for VIP machine players opened in December and well received by customers

- + Compared to 2H05, 1H06 gaming machine revenues were up 18%, table games revenues up 24% and food and beverage revenues up 53%

- + Award of Distinction at the 2005 South Australian Tourism Awards for the new Southside (Stage 1) development
 - new gaming
 - North restaurant
 - Loco bar

SKYCITY Darwin FY06 First Half Result



- + SKYCITY acquisition of MGM Darwin occurred on 22 July 2004. The 1H05 comparative figures for Darwin have been grossed up from 5.3 months to 6 months to facilitate the comparison of the 1H06 result with the 1H05 result on a like with like basis

Total Revenues	A\$46.3m	▲ 6.2%	+A\$2.7m
- Gaming	A\$36.7m	▲ 4.9%	+A\$1.7m
- Other	A\$9.6m	▲ 11.6%	+A\$1.0m
EBITDA	A\$18.0m	Steady	
EBIT	A\$13.5m	▼ 2.9%	-A\$0.4m

- + Underlying earnings momentum continues in Darwin despite removal of the community slots rebate from 1 July 2005 (-A\$2.4m)

Key features of the 1H06 result comparison to corresponding prior period (1H05):

- + Gaming revenues up 4.9%* (machines +12.9%, tables +5.5%, slots rebate -A\$2.4m) despite removal of community slots rebate from 1 July 2005
- + Hotel revenues up strongly with occupancy up 6% points to 86% on an additional 10 rooms (117 rooms in total)
- + Platinum Room facility for VIP machine players opened in November - well received by customers
- + Access to Darwin improving: Tiger Air (Singapore Airlines) has commenced a four flights per week service into Darwin from Singapore and the Ghan train from Adelaide has been increased to two services per week during the busy "dry" season

** SKYCITY acquisition of MGM Darwin occurred on 22 July 2005. The 1H05 comparative figures for Darwin have been grossed up from 5.3 months to 6 months to facilitate the comparison of the 1H06 result with the 1H05 result on a like with like basis*

- + SKYCITY Darwin received two Northern Territory tourism awards for “Best Luxury Accommodation” and “Tourism Restaurant and Catering Services”
- + Economic momentum continues in Darwin although the “wet” season impacts the SKYCITY Darwin second half result - the seasonality impact is favourable to the first half of the financial year compared to the second half

Capital Efficiency, Gearing



- + Gearing ratio at 38.5% is towards the upper end of the 30%-40% range but, given SKYCITY's strong cash-based earnings, this gearing level is seen as prudent, appropriate, and capital efficient
- + Funding cost for 1H06 was reduced by \$5.3m due to interest rate swap and foreign exchange gains associated with the company's debt restructuring
- + A\$150m issue of capital notes in Australia in September 2005 to efficiently use Australian franking credits. SKYCITY ACES awarded FinanceAsia magazine's Best Equity-Linked Deal for 2005
- + SKYCITY placed fifth in the PricewaterhouseCoopers 2005 Corporate Value Survey for New Zealand companies

- + SKYCITY has adopted New Zealand International Financial Reporting Standards (NZ IFRS) from 1 July 2004
- + The company has IFRS-restated its net profit for the half year ended 31 December 2004 and the full year ended 30 June 2005, and its balance sheets as at 1 July 2004, 30 June 2005 and 31 December 2005. The IFRS-restated figures for 1H05 are used for comparative purposes in the 1H06 financial statements
- + The IFRS adjustments relate primarily to depreciation (consequent upon some minor adjustments to asset values) and goodwill amortisation

NZ IFRS remains subject to ongoing clarification and interpretation. Restated historical figures and interpretations which will apply to FY06 financial statements could be subject to adjustment/change depending on IFRS developments

+ The impact of the IFRS restatements on previously reported results is relatively insignificant

– net profit 1H05	: as originally reported (Feb '05)	\$57.1m
	: IFRS-restated*	\$59.6m
– net profit FY05	: as originally reported (Aug '05)	\$104.0m
	: IFRS-restated*	\$106.4m

NZ IFRS remains subject to ongoing clarification and interpretation. Restated historical figures and interpretations which will apply to FY06 financial statements could be subject to adjustment/change depending on IFRS developments

SKYCITY as at February 2006



- + SKYCITY's operating units are well-placed moving into 2H06 with smoking ban impact abatement in line with or now marginally ahead of previous guidance
- + Significant turnaround achieved in 1H06 from the preceding half year period (2H05) which was the first half year period following smoking bans in New Zealand and smoking restrictions in Adelaide
- + Good recoveries recorded in gaming (1H06 v 2H05) and growth in non-gaming revenues as a consequence of the company's asset investment and re-investment programmes
- + Strong balance sheet with a well-structured and efficient debt portfolio
- + Continuity of profit distribution (dividend) at 12.0 cents per share.