

SKYCITY ENTERTAINMENT GROUP LIMITED

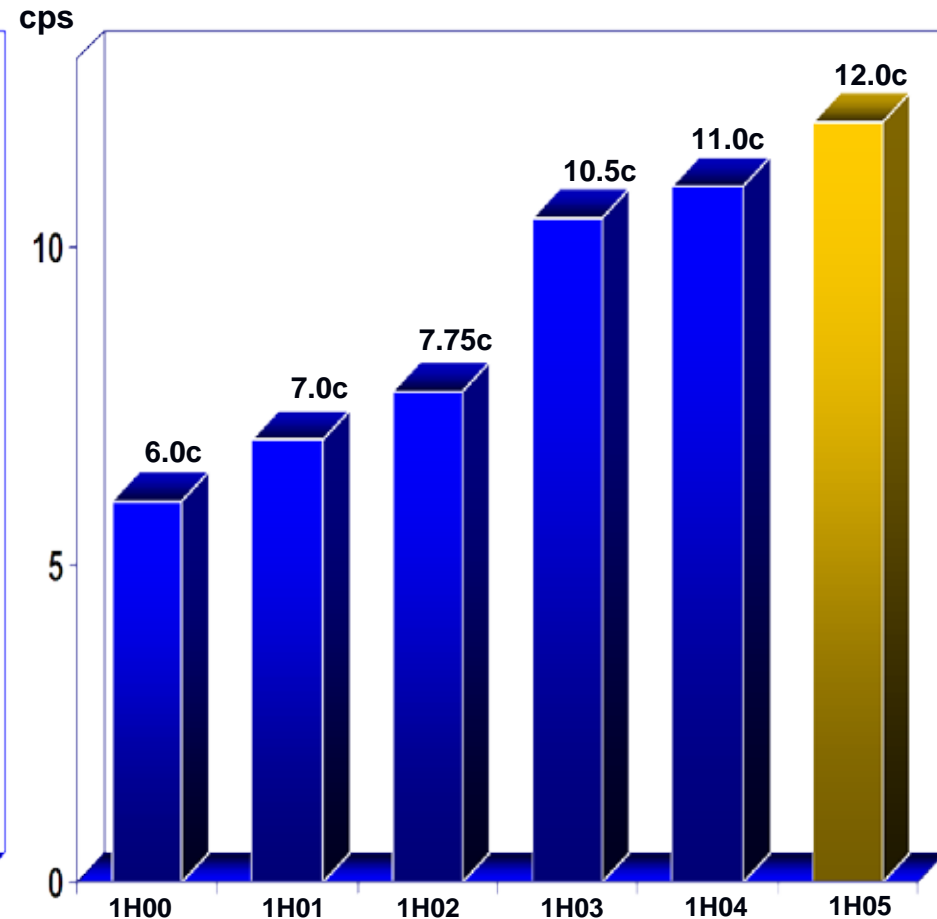
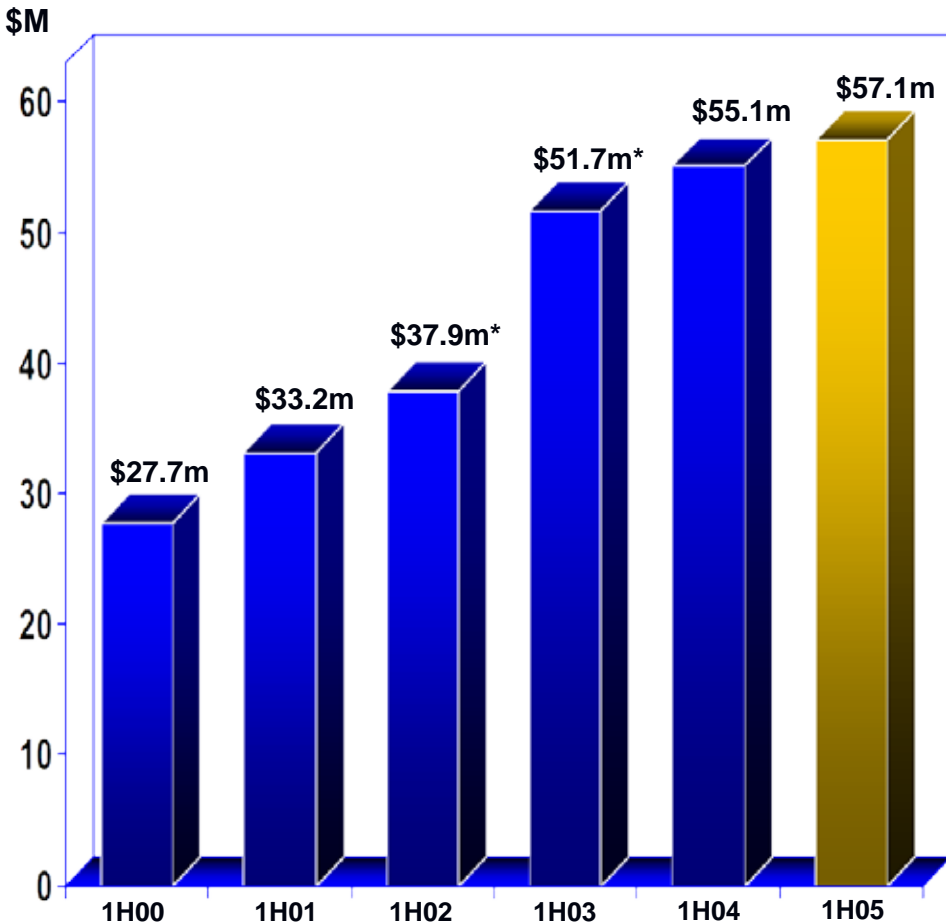
**Interim Result
Half Year Ended 31 December 2004**

FY05 First Half Result: Profit and Dividend



Net Profit (NSAT): \$57.1m (+4%)

Interim Dividend FY05
12.0cps 1/4/05 (18/3/05)



* Before non-recurring items

Interim Dividend

- 12.0 cents per share (11.0 cps 2004)
- Entitlement date 18 March
- Payment date 1 April
- Fully-imputed
- Calculated at 90% x NSAT after adding back Adelaide and Darwin amortisation

Dividend policy for interim:final dividend at 45:55 ratio






- Dividend Reinvestment Plan being reintroduced

Applies to the interim dividend (1/4/05)

SKYCITY Entertainment Group

Financial Summary: 1H05 v 1H04



Revenues		19%	+\$55m
EBITDA		17%	+\$22m
EBIT		13%	+\$14m
NSAT		4%	+\$2m
EPS		3%	at 13.7 cps

EBITDA = Earnings before interest, tax, depreciation, amortisation
EBIT = Earnings before interest and tax
NSAT = Net surplus after tax
EPS = Earnings per share

Comparative Revenues, EBITDA and EBIT numbers have been restated to align with NZ GAAP. Revenues have been adjusted to include interest received (previously netted against interest expense) and share of associates, and property rents (Adelaide, Queenstown, Leisure) have been included as EBITDA expenses rather than shown separately below the EBITDA line.

SKYCITY Entertainment Group Limited

Half Year Ended 31 December 2004



	1H05 \$m	1H04* \$m
• Revenue	\$351.1	\$295.8
• EBITDA	\$152.2 43.3%	\$130.1 44.0%
• EBIT	\$119.6 34.1%	\$106.0 35.8%
• Interest	38.6	23.4
• Tax	23.3	27.1
• Minorities	0.6	0.4
• NSAT	\$57.1	\$55.1

* Comparative Revenues, EBITDA and EBIT numbers have been restated to align with NZ GAAP. Revenues have been adjusted to include interest received (previously netted against interest expense) and share of associates, and property rents (Adelaide, Queenstown, Leisure) have been included as EBITDA expenses rather than shown separately below the EBITDA line.

Factors Impacting the 1H05 Result

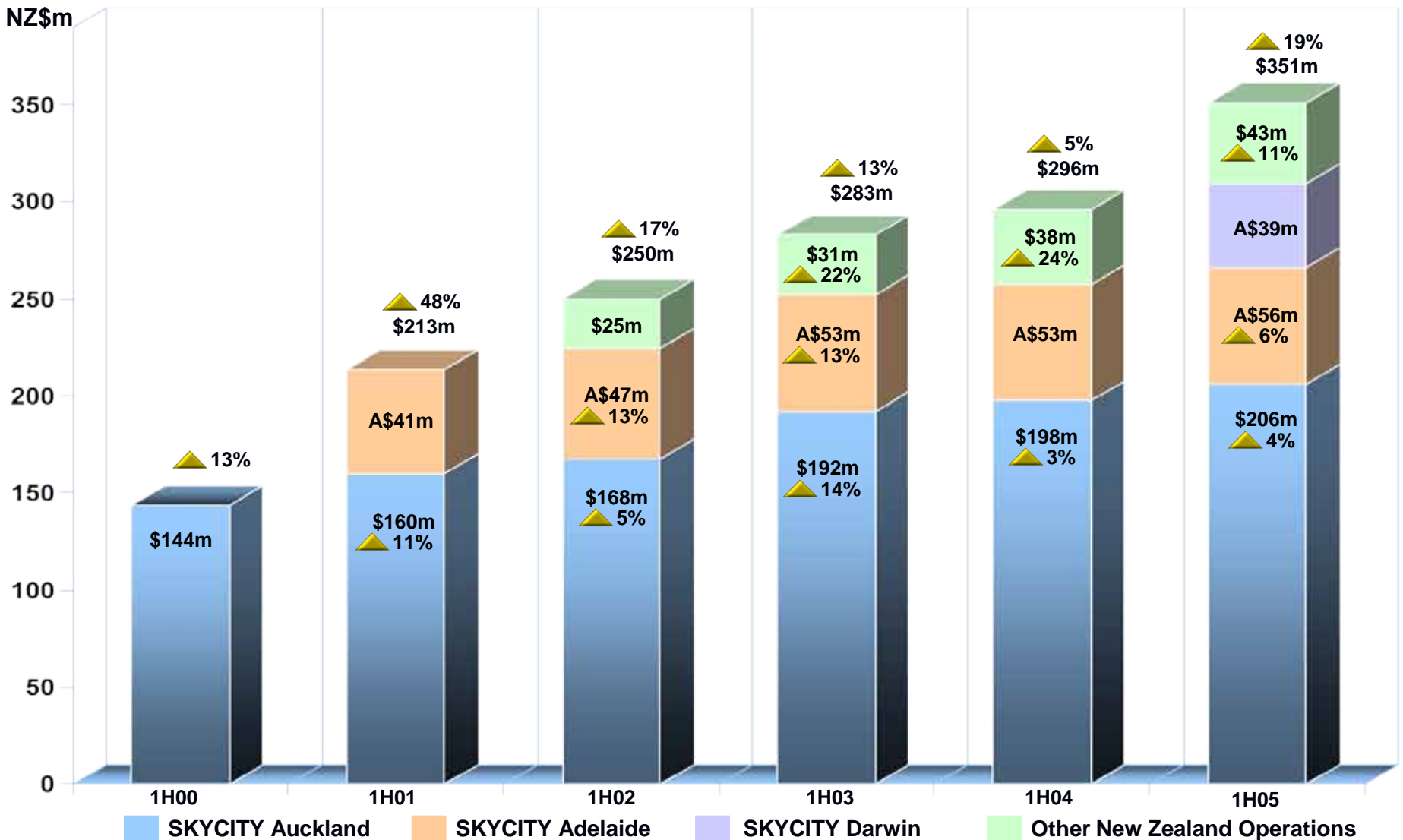
- Introduction of smoking bans in New Zealand from 10 December 2004
 - SKYCITY's three New Zealand properties were well prepared with smoking balconies in place and internal signage to assist customer familiarisation
 - too early to assess the medium-term impact of smoking bans on customers. SKYCITY's expectations with respect to smoking bans are not changed at this time
- Introduction of smoking restrictions (table games) at SKYCITY Adelaide in December 2004
- \$20 note acceptor limitation (from March 2004) continued to impact gaming machine performance at SKYCITY Auckland during the six month period
- Benefits of new ticket technology system at SKYCITY Auckland have been inhibited by technical issues. EBITDA impact of delays/problems with ticket implementation in 1H05 is assessed as being in excess of \$2.5m. Installation issues expected to be resolved and technology functioning effectively by March 2005
- Increased Group EBITDA offset by increased interest costs associated with the fully debt funded acquisitions of SKYCITY Darwin, 40.5% shareholding in Christchurch Casino, full takeover of SKYCITY Leisure and acquisition of additional 15% of SKYCITY Hamilton. Growth in earnings from these acquisitions will offset the higher interest costs in future periods

Interpretation of the 1H05 Result

- SKYCITY Auckland is being impacted by a number of issues associated with changes in regulations (\$20 note acceptor limit and smoking bans). These impacts will continue in 2H05 but it is expected that growth will resume in the 2006 financial year
- Some new cost factors have restricted the SKYCITY Adelaide 1H05 result. However the 6% revenue growth achieved in 1H05 and the imminent opening of stage 1 of the property development augur well for increased earnings performance in FY06
- SKYCITY Darwin has produced an excellent result and the strong performance of this property is expected to continue
- SKYCITY Hamilton has delivered another strong result and, although growth rate is expected to slow, the revenue and cost management performance of this property is expected to continue

FY05 First Half Result: Operating Revenues

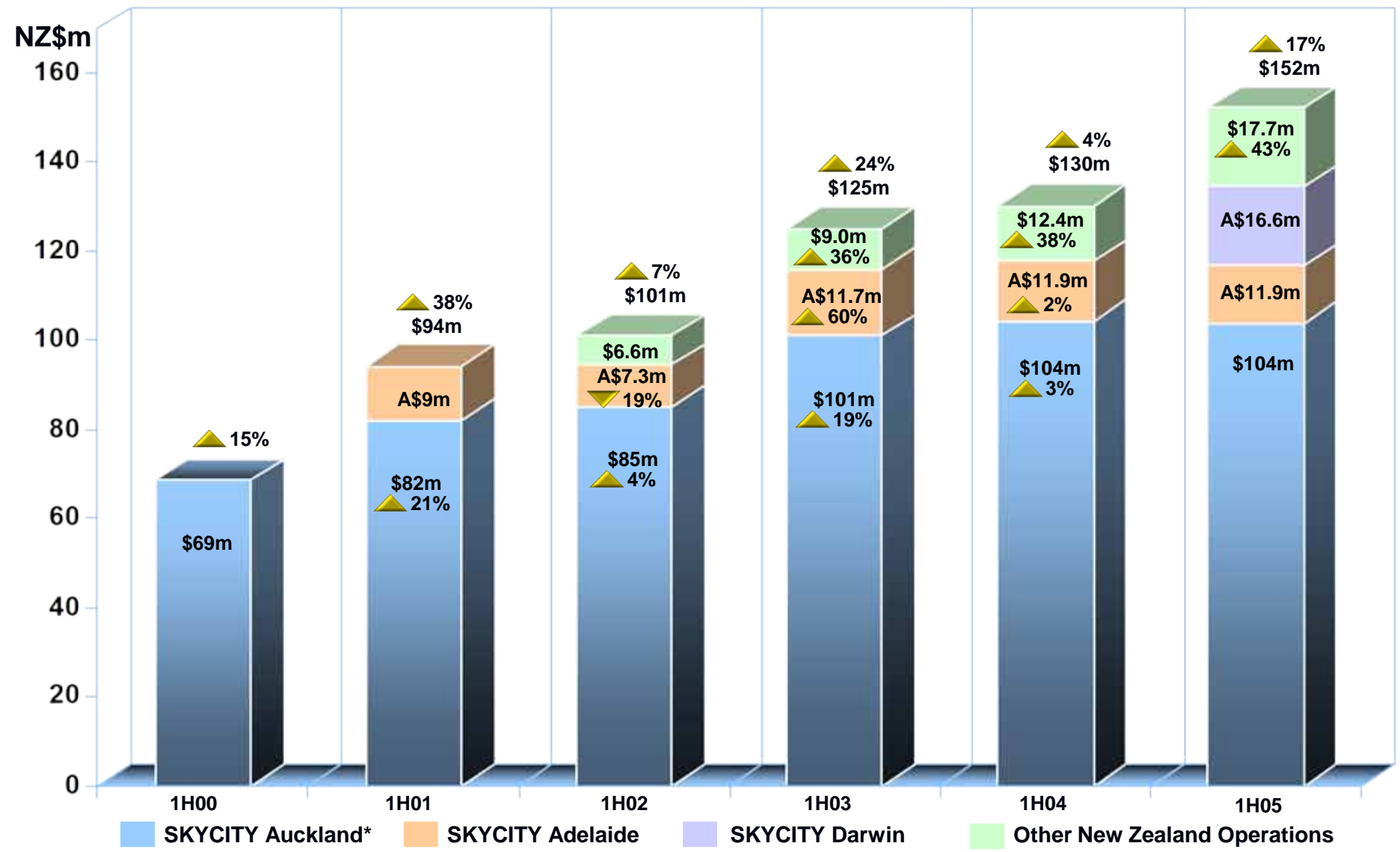
Revenues are stated net of complimentarys. All figures are stated in NZ\$ unless otherwise indicated



Other New Zealand Operations include SKYCITY Hamilton, SKYCITY Queenstown, SKYCITY Leisure and Christchurch Casino
 SKYCITY Hamilton commenced operations September 2002, SKYCITY Darwin acquired 22 July 2004, 40.5% shareholding in Christchurch Casino acquired June 2004

FY05 First Half Result: EBITDA

%s within the bar graphs identify the ratio of EBITDA to Revenue



* Includes Group/Corporate Expenses

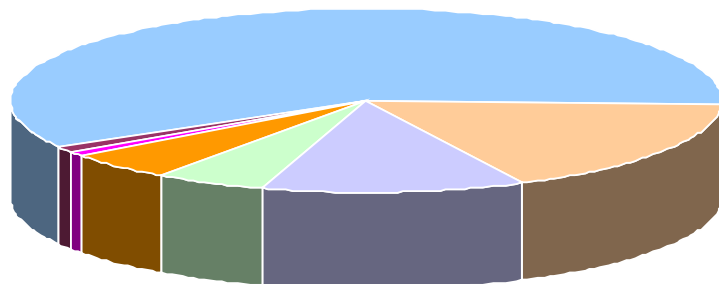
■ 1H04: Hamilton \$6.9m, Leisure \$5.6m

■ 1H05: Hamilton \$7.5m, Queenstown \$0.3m, Leisure \$5.5m, Christchurch \$4.5m

Group Revenues and EBIT

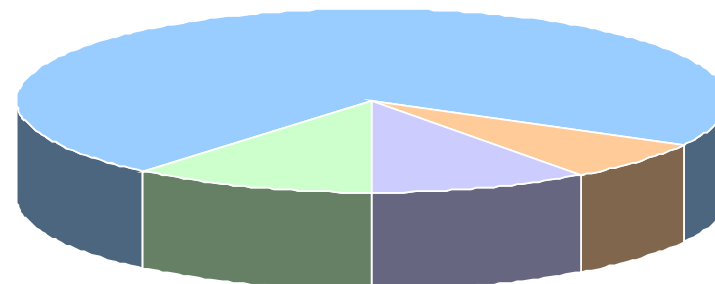
FY05 First Half Result

Group Revenues \$351m (+19%)



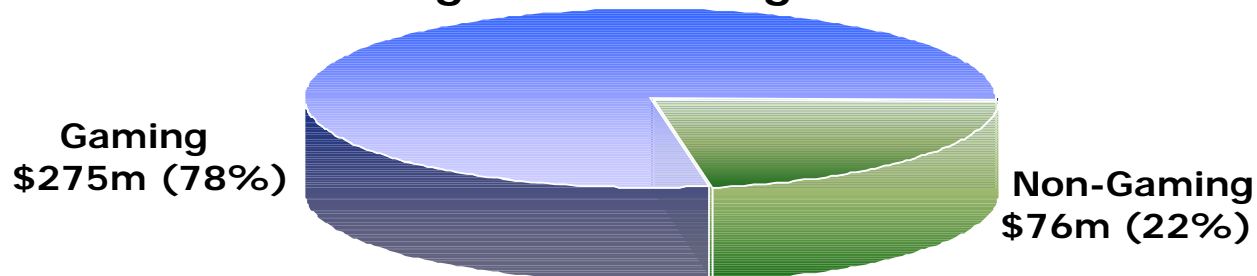
Auckland	\$206m	59%
Adelaide	A\$56m	17%
Darwin	A\$39m	12%
Leisure	\$18m	5%
Hamilton	\$17m	5%
Queenstown	\$3m	1%
Christchurch	\$5m	1%

EBIT \$120m (+13%)



Auckland	\$87m	72%
Adelaide	A\$8m	7%
Darwin	A\$11m	10%
Other NZ Operations	\$13m	11%

Gaming/Non-Gaming Revenues



Revenues from New Zealand operations 71%. Revenues from Australian operations 29%.

SKYCITY Auckland

FY05 First Half Result

• Revenues	▲	4%	(+\$8.4m)
- Gaming	▲	1%	(+\$1.3m)
- F&B	▲	3%	(+\$0.5m)
- Hotel, Conference	▲	45%	(+\$4.3m)
- Sky Tower	▲	16%	(+\$0.7m)
- Parking	▲	2%	(+\$0.1m)
- Complimentaries	Steady	at 2.5% of revenues	
• Expenses (excl depreciation)	▲	10%	(+\$9.1m)
• EBITDA	▼	0.6%	(50.4% of revenues)
• EBIT	▼	4.6%	(42.0% of revenues)

Key Elements of the Auckland 1H05 Result

- Operating earnings (EBITDA) down on prior period due to pressures on gaming machine activities and a range of cost increases
- A difficult six month period for gaming operations. Table game revenues were up 3.8% over prior period but the \$20 note acceptor limitation imposed in March 2004 continued to adversely impact gaming machine revenues throughout the period (down 1.2% on corresponding prior period)
- Technical problems associated with implementation of the new ticket technology have impeded customer take-up of this new feature (installed on 300 machines): refer also page 6
- Main floor gaming customers adversely impacted by construction activity associated with the new Pacific Room facilities for VIP players (completed November 2004)
- Smoking ban impact from early December
- New convention centre 15% ahead of expectations but this revenue stream at lower average margin %
- Continuing programme of gaming machine upgrading and new game implementations to enhance customer experience

Key Elements of the Auckland 1H05 Result

- Revenues strong in non-gaming sectors, especially in hotel/convention and Sky Tower (new retail facility at Sky Tower entry/exit)
- Hotel occupancy maintained at 83% with average room rate steady at \$124
- Additional marketing expenditure during the half aimed at maintaining visitation given construction programme and other pressures
- Higher cost structure for new gaming presentation on level 3 (PLAY Casino) but revenues still emerging
- Other cost increases in utilities, and corporate costs associated with the integration of SKYCITY Darwin and regulatory/compliance activities
- Depreciation expenses increased significantly (+\$3.6m) due to new facilities becoming operational: PLAY Casino and Bar3 and the new convention and exhibition centre
- Overall, steady progress in Auckland despite technology issues, construction interference, and regulatory restrictions
- EBITDA ratio at 50.4% down (from 52.8%) due to change in margin mix (convention, Sky Tower retail, and table games all up, but gaming machines down 1.2% in the period) and some higher cost elements, but superior return for gaming/entertainment operators in Australasia maintained







SKYCITY Auckland

Forthcoming Period: 2H05

- Increasing focus on higher value customer sector
- SKYCITY Grand Hotel opening in April
- The new hotel restaurant “Dine - by Peter Gordon” will be a major drawcard restaurant in Auckland
- Ticket technology expected to be fully operational by March
- New Members’ facilities will provide significantly enhanced experience for VIP players
- Smoking ban will impact revenue prospects
- Additional carparking capacity secured with acquisition of existing carpark building in Federal Street (340 spaces with potential to increase to 460 spaces) and resource consent application in process for up to 500 spaces in Victoria Street West

SKYCITY Adelaide

FY05 First Half Result

- Revenues and costs increased, no change in first half earnings
- Revenues  6% (+A\$3.1m)
 - Gaming  7% (+A\$3.2m)
 - Other  2% (-A\$0.1m)
- Expenses  7.5%
- EBITDA  at A\$11.9m (21% of revenues)
- EBIT  3% at A\$7.6m (14% of revenues)

SKYCITY Adelaide

FY05 First Half Result

- Gaming machine and table games revenues both increased by 7%
- Increased marketing expenditure has generated increased revenues. Ongoing benefit of these initiatives anticipated into 2H05 period
- New regulatory costs (A\$450k) levied in 1H05 contributed to the increased cost outcome compared to the corresponding prior period
- Gaming revenue growth augurs well for the first stage of the facility renewal scheduled for May 2005 opening
- The focus for 2H05/1H06 will be on a successful launch of the new gaming, restaurant, and bar facilities and on developing enhanced revenues and earnings during the initial operating period

SKYCITY Darwin

FY05 First Half Result



- SKYCITY ownership from 22 July 2004 (5.3 months)
- Revenues A\$39m, up 18% on prior period
 - Gaming revenue mix: Tables 16%, Machines 65%, Keno 11%, Community Machine Rebate 8%
 - Gaming and Hotel revenues both up 15%, Food and Beverage up 24%
- EBITDA A\$17m, up 24% on prior period
EBITDA 43% of revenues
- EBIT A\$11m, up 16% on prior period
EBIT 29% of revenues
- SKYCITY Darwin is performing very strongly, significantly ahead of pre-acquisition expectations
- After tax return on investment in excess of 11%, significantly ahead of SKYCITY's weighted average cost of capital of just over 8%

SKYCITY Darwin

FY05 First Half Result






- Property rebranded as SKYCITY Darwin
- Smooth transition to SKYCITY ownership
- VIP play: new revenue stream initiated
- Hotel capacity will increase by 10 rooms to 117 rooms in April 2005

Hotel occupancy 1H05 at 80% (up from 74% in 1H04) and average room rate up 5% at A\$149

- Positive regulatory environment in Northern Territory
- Favourable economic environment/outlook in Northern Territory

SKYCITY Hamilton

FY05 First Half Result

- Revenues up, costs managed, increased operating earnings
- Revenue  5% at \$16.5m
- EBITDA \$  9% at \$7.5m (1H04 \$6.9m)
- EBITDA % at 46% up from 44%
- EBIT \$  16% at \$5.0m (1H04 \$4.3m)
- EBIT % at 30% up from 28%
- New function centre (July 2004) performing well, ahead of expectations
- SKYCITY Hamilton a cornerstone enterprise within the Hamilton and Waikato communities

SKYCITY Leisure




FY05 First Half Result



- Steady result (revenues and earnings) compared to prior period
- Revenues down slightly at \$18.3m compared to \$19.2m in 1H04
- EBIT down marginally at \$3.3m compared to \$3.4m in 1H04
- A mixed period for film product with only Shrek 2 and Spiderman 2 being strong performers at the box office
- Full takeover of SKYCITY Leisure by SKYCITY Entertainment Group in July 2004

SKYCITY Queenstown Casino

FY05 First Half Result

- Revenue  15% at \$3.4m
- EBITDA  \$0.3m at \$0.3m
- EBIT  \$0.4m from -\$0.5m to -\$0.1m
- New machine presentation well received by customers
- Increase in regional customer base
- Attractive destination for VIP customers

Christchurch Casino

- Dividends and interest received from Christchurch Casino of \$4.5 million. Not consolidated but dividends and interest reported as Revenue - Other New Zealand Operations
- \$20 note acceptor limitation has impacted on gaming machine revenues since introduction in March 2004
- Smoking bans will restrain 2H05 earnings
- New CEO recruitment currently in progress
- A more stable period anticipated in 2H05

- Gambling Act (New Zealand) contains a number of provisions relating to harm minimisation and restriction of opportunities to increase casino gaming.

The new environment, post enactment of the Gambling Act 2003, means that the casino sector in New Zealand is currently experiencing a period during which a number of issues need to be worked through between the industry and the regulatory agencies.

We anticipate a period of approximately 12 months to establish the appropriate foundations which will allow the industry to move forward positively and with confidence

- Codes of Practice (South Australia) largely resolved with a satisfactory outcome for community groups and the company
- Positive regulatory environment in Northern Territory
- High compliance levels continue at all properties

Term Funding Facilities

- US and Trans-Tasman private placement of US\$400m long-term debt at maturities between 7 and 15 years (in three currencies: USD, NZD, AUD), at equivalent interest cost to existing senior debt
- Will be used to repay existing senior bank debt
- Extends SKYCITY's average debt maturity profile and diversifies the company's sources of debt funding
- Currency and interest rate risk exposures fully hedged
- Placement significantly over-subscribed
- NZ\$150m capital notes programme (maturing May 2005) to be renewed

Dividends, Shares

- Consistent 90% dividend payout ratio maintained
- Dividend reinvestment plan (DRP) reintroduced

SKYCITY as at February 2005

- Strong returns and wealth creation for shareholders: 19% pa pretax return by SKC on the NZSX: July 2003-December 2004
- New SKYCITY Auckland Convention Centre exceeding expectations and SKYCITY Grand Hotel (320 five star rooms) on schedule to open April 2005
- First phase of Adelaide redevelopment to open in May 2005
- Strong first period for SKYCITY in Darwin
- Active capital management: efficient gearing, dividends, DRP, share buybacks
- Strong balance sheet
- Strong investor interest in SKYCITY on both sides of the Tasman

Guidance for Full Year FY05

- SKYCITY guidance at the FY04 result announcement (August 2004) was that the company was comfortable with median analyst NSAT expectation for FY05 of \$116m - \$119m
- Pre 1H05 result release analyst expectation (average) is \$114m - \$115m
- SKYCITY advises it is comfortable with these expectation ranges for its full year result, provided the pre December predictions for the impact of smoking bans in New Zealand are in line with actual outcomes
- It is too early at this time (February 2005) to reliably estimate the impact of smoking bans. However, the company remains of the view that the impact of smoking bans will largely abate over the 12 month period following introduction of the legislation (in December 2004)
- SKYCITY is experiencing a number of pressures at its Auckland operation which have disrupted growth and, in a number of instances, have reduced revenues. Technology advances and time (in the case of smoking bans) are expected to overcome these impacts and growth is anticipated to resume in the 2006 financial year