INTERIM REPORT 2011

SKYCITY ENTERTAINMENT GROUP

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A copy of the FY11 Interim Result presentation can be found in the Investor Centre on our company website (**www.skycityentertainmentgroup.com).**

HIGHLIGHTS

Normalised net profit after tax of $67.4m, up 2.1% on first half last year

- Revenues[1] $447.1m, up 3.4% on first half last year
- Expenses (excluding International) up 3.1% on first half last year
- Earnings per share 11.7cps, up from 11.5cps on first half last year

Reported net profit after tax of $67.1m, down 2.2% (excluding Cinemas) on first half last year

Interim dividend of 8.0cps, in line with FY10 interim dividend

Strong balance sheet with Net Debt:EBITDA of 2.1 times

Debt profile enhanced following negotiation of new and extended flexible funding facilities on attractive terms

- US$175m US Private Placement funding split into 7 and 10 year tenors
- Extended syndicated bank facility split into 3 and 5 year tenors

KEY FINANCIAL RESULTS	1H11	1H10	Movement	
	$M	$M	$M	%
Normalised Group Revenues [1]	447.1	432.5	14.6	3.4%
Normalised EBITDA [2]	151.4	151.7	(0.3)	-0.2%
Reported EBITDA [2]	150.9	153.5	(2.6)	-1.7%
Normalised NPAT [2]	67.4	66.0	1.4	2.1%
Reported NPAT [2]	67.1	68.6	(1.5)	-2.2%

(1) On pages 1 to 4, revenues refer to gaming win (GST inclusive to facilitate Australasian comparisons) plus non-gaming revenues.

(2) Excluding Cinemas divested in February 2010.

CHIEF EXECUTIVE'S REVIEW

DEAR SHAREHOLDER

I am pleased to report continuing progress in our core objectives and a solid 1H11 result across the Group, despite the challenging economic conditions in New Zealand and a softening retail environment in Australia.

RECENT HIGHLIGHTS

- Positive signs of momentum from key business segments heading into 2H11 and leading into Rugby World Cup (RWC) in 1H12.
- International turnover up by 96% versus 1H10 to almost $1.5b.
- As at early February 2011 our Group International business turnover had exceeded the total for all of the 2010 financial year.
- Repaid the SKYCITY ACES notes and secured new flexible funding facilities.
- Commenced redevelopment of levels five and six of the SKYCITY Hotel to accommodate VIP Villas and Gaming Salons – to be ready for RWC.
- Commenced development of three new signature bars and restaurants on Federal Street – to be ready for RWC.
- Gearing (net debt:EBITDA) remains strongly investment grade at 2.1 times.

Normalised net profit after tax was $67.4m, up 2.1%, after adjusting for non-recurring items and the difference between the actual win rate and theoretical win rate on our International business.

Normalised revenues were up 3.4% at $447.1 million. Strong revenue growth was achieved in International during the half, with turnover increasing by 96% versus 1H10 to almost $1.5b.

Revenue growth was also achieved for Adelaide and Hamilton, while Auckland revenues were overall flat (with an improved second quarter offsetting a slightly softer first quarter). Darwin revenues were lower as a result of the smoking ban introduced on 2 January 2010.

Expenses were held well across the Group with increased marketing spend in Auckland towards the end of the half that delivered improved revenue trends and created momentum into 2H11, particularly in gaming machines, hotels and food and beverage. While International business expenses were higher, this reflected the variable costs of commissions and taxes associated with the significant increase in turnover volumes.

NIGEL MORRISON – CHIEF EXECUTIVE

Normalised EBITDA was down marginally (-0.2%) after absorbing the additional cost of $2.7m due to the GST increase in New Zealand from 12.5% to 15% as of 1 October 2010. Backing out this GST increase would have resulted in an increase in normalised EBITDA of 1.6% over the prior period.

VERY STRONG BALANCE SHEET

During the last six months we have further strengthened our financial position and enhanced our funding profile by repaying the ACES facility in December 2010 and securing new and replacement funding facilities on attractive terms; the US$175m US Private Placement debt out to seven and ten years and the $400m–$450m new syndicated debt bank facility spilt between three and five years. These funding arrangements provide SKYCITY with flexibility and ensure that we have the capacity in place to undertake a range of projects as and when they unveil.

We have declared an interim dividend of 8.0 cents per share which is consistent with what we declared after the first half last year. We continue to have a very strong balance sheet with net debt to EBITDA of 2.1 times and our debt profile has been significantly enhanced.

NEW ZEALAND

The economic environment in New Zealand remains challenging and this has been reflected in our Auckland revenues (inclusive of GST on gaming) that were flat (down by 0.2%) compared to the first half last year.

AUCKLAND

While Auckland gaming machine revenues in this half were in line with the corresponding half last year, they were well ahead of the immediately preceding half year (2H10), up over 6%. Growth was particularly evident in the second quarter of this first half, up 5% on the first quarter. This trend continued through January and February 2011.

While table games were softer (consistent with the trend observed in recent reporting periods and largely influenced by the challenging discretionary retail environment), there are signs of growth from the 2H10 lows with revenues in the first half of this financial year up 3% over 2H10.

Non-gaming revenues from our market-leading hospitality businesses were up almost 7% on the first half last year. Our hotels and convention businesses have done very well and that's primarily been the reason for the significant growth there.

Attributing International play in Auckland to the Auckland business (currently reported as part of International business) would add $4.1m to the Auckland EBITDA result and further adjusting for the additional costs associated with the GST increase would result in EBITDA growth of 1.8% against the comparable prior period for the Auckland operations.

The GST increase in New Zealand from 1 October 2010 has resulted in an additional cost of $2.7m to our New Zealand businesses.

SKYCITY recently announced three new signature bars and restaurants for Federal Street to be up and running by Rugby World Cup. Acclaimed chef Al Brown, one of the partners in Wellington's Logan Brown, will open Depot; Auckland celebrity bar owner and restaurateur Luke Dallow will open The Red Hummingbird and Sydney based chef Sean Connolly will open The Grill.

HAMILTON

Hamilton delivered a good result with revenues up over 5%, resulting in an increase in EBITDA of 3% over the same period last year. Growth in gaming machines revenue has been a particular highlight – this result represented the fourth consecutive quarter of sequential growth.

CHRISTCHURCH

During the 1H11 period, we increased our shareholding in Christchurch Casino from 47% to 50% with the third shareholder being bought out from excess cash reserves retained within Christchurch Casino.

Christchurch Casino's trading result during the 1H11 period has been affected by a combination of general economic conditions and the negative impact on consumer behaviour following the earthquake on 4 September 2010 and ongoing aftershocks.

Due to the devastating earthquake on 22 February 2011, the trading outlook for Christchurch Casino remains uncertain at this time. Christchurch Casino appears to have escaped major structural damage and only sustained superficial damage. This will, however, need to be fully assessed by structural engineers. Christchurch Casino has comprehensive material damage and business interruption insurance in place.

AUSTRALIA

Despite a softening retail environment in Australia, Adelaide Casino delivered another solid performance with costs being held well against flat revenues, and an increase in EBITDA of approximately 6%. We expect this softer retail environment to continue throughout the second half of this financial year.

We remain in discussions with the South Australian Government on the proposed Adelaide Casino redevelopment and our desire for casino regulatory reforms.

Darwin's comparison to last year was always going to be difficult given the introduction of smoking bans on 2 January 2010. Overall Darwin revenues were down 5% against the pre-smoking ban period for the first half, with machine revenues down 12% (in line with other Australasian jurisdictions with smoking bans), but other revenues helped to mitigate this impact. As a result, despite expenses being held flat, EBITDA was down 13.4%. From now on, Darwin comparisons will be on a like-for-like basis and we expect a return to reporting positive growth.

Brad Morgan (former COO Lasseters International) commenced as General Manager Darwin during the period. Brad brings strong leadership and gaming experience to the Darwin management team.

Little Mindil and car parking were completed on time and on budget, while the Lagoon Resort development is proceeding well and is anticipated to open mid-2012 as planned.

INTERNATIONAL BUSINESS

Strong revenue growth was achieved in our International business which was pleasing, with turnover almost double at $1.5b from the previous six month period, the majority of which was in Auckland. This underpins SKYCITY's focus on continuing to grow and increase capacity for our International business and enhance the quality of the facilities in Auckland.

Turnover growth is currently being achieved with limited VIP room capacity. This will be addressed when we open four new VIP Gaming Salons from July 2011 (representing a fourfold increase in capacity).

We are currently redeveloping levels five and six of the SKYCITY Hotel to include dedicated VIP Gaming Salons and Villas and a new Pacific Room. We will also introduce a new Platinum Room for our top tier VIP players and we have received approval for a new Diamond Room catering to our second tier of players.

SKYCITY was very pleased to work with Auckland Airport in assisting the decision of Southern China Airlines – the world's fifth largest airline – to fly direct into Auckland three times a week from Guangzhou from April 2011. We think this is a great opportunity, with Guangzhou having a population of 12 million.

INTERIM DIVIDEND

An interim dividend has been declared at 8.0cps, in line with last year's interim dividend. The company's dividend policy is to distribute between 60-70% of NPAT to shareholders. The FY11 interim dividend payout ratio is at the upper end of the policy range, at 69%.

The payment date for the dividend will be 1 April 2011, to shareholders registered on 18 March 2011. Whilst this dividend will be fully imputed we advise that, going forward, the level of imputation will reduce to not less than 60%, including the final dividend in September.

Repayment of the SKYCITY ACES notes means that franking credits can now be applied to dividends which will benefit our Australian shareholders. Franking at 60% will be applied to the interim dividend and, we anticipate, future dividends.

We have introduced a dividend reinvestment plan for those shareholders who would prefer to receive their dividends in shares rather than cash. The plan, with zero discount on this occasion, will apply to the interim dividend.

OUTLOOK FOR 2011

We continue to note the discretionary retail environment as remaining challenging both in New Zealand and Australia. Nevertheless, as noted, there are positive trends within our core business operations which will provide momentum going into the second half and into Rugby World Cup.

Our National Convention Centre proposal remains under consideration by the Government and we hope that an outcome may be known within the next six months. We believe that we have presented the best proposal for all stakeholders, including our shareholders.

Consistent with the guidance provided at the annual meeting in October 2010, we re-confirm that we would be disappointed if we did not achieve normalised NPAT of $127.4m for the 2011 financial year.

In closing, I would like to express my thanks to the Board for their support and guidance over this period and to our management and staff across all our businesses and properties for their commitment and hard work.

I'd also like to extend the heartfelt wishes of us all at SKYCITY to those families, friends, colleagues and businesses impacted by the recent Christchurch earthquake and the enormous loss of life.
As Christchurch rebuilds it will need a helping hand and we are committed to assisting where possible. SKYCITY has donated $500,000 towards the Red Cross fund following the February earthquake and will match the generous donations made by our staff and customers across the five SKYCITY properties up to another $250,000. Christchurch Casino staff will continue to be paid for the immediate foreseeable future.

I look forward to updating you further with the release of our results for the full year in August.

Yours sincerely

Nigel Morrison
Chief Executive Officer and Managing Director
16 March 2011

FINANCIAL STATEMENTS

SIX MONTH PERIOD ENDED 31 DECEMBER 2010

RELEASED TO THE NZX AND ASX ON 16 FEBRUARY 2011 pwc

Independent Accountants' Report

To the shareholders of SKYCITY Entertainment Group Limited

Report on the Interim Financial Statements

We have reviewed the interim condensed financial statements ("financial statements") of SKYCITY Entertainment Group Limited on pages 7 to 25, which comprise the balance sheet as at 31 December 2010, the income statement, statement of comprehensive income and statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Interim Financial Statements

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 31 December 2010 and its financial performance and cash flows for the period ended on that date.

Accountants' Responsibility

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 31 December 2010 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with, or interests in SKYCITY Entertainment Group other than in our capacities as accountants conducting this review, auditors, tax and accounting advisors. These matters have not impaired our independence as accountants of the Group.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements which have been prepared in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting do not present fairly the financial position of the Group as at 31 December 2010 and its financial performance and cash flows for the period ended on that date.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an accountant'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 review procedures, for this report, or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
16 February 2011

Auckland

CONSOLIDATED INCOME STATEMENT

For the half year ended 31 December 2010	Notes	**Unaudited 6 months 31 December 2010 $'000**	Unaudited 6 months 31 December 2009 $'000	Audited 12 months 30 June 2010 $'000
Total receipts including GST	3	**455,614**	442,647	856,909
Less non-gaming GST	3	**(11,526)**	(10,161)	(19,521)
Gaming win plus non-gaming revenue	3	**444,088**	432,486	837,388
Less gaming GST	3	**(37,111)**	(34,867)	(67,451)
Total revenue	3	**406,977**	397,619	769,937
Revenue	3	**406,977**	397,619	769,937
Other income	4	**448**	653	920
Share of net profits of associates		**3,222**	3,352	5,868
Employee benefits expense		**(130,076)**	(124,634)	(251,655)
Other expenses	5	**(49,785)**	(46,938)	(85,245)
Direct consumables		**(24,950)**	(24,379)	(47,451)
Gaming taxes and levies		**(30,562)**	(30,192)	(59,045)
Marketing and communications		**(23,398)**	(20,848)	(42,163)
Directors' fees		**(350)**	(403)	(744)
Depreciation and amortisation expense	5	**(34,521)**	(33,668)	(67,507)
Restructuring costs		**(648)**	(740)	(2,019)
Finance costs – net	6	**(23,180)**	(24,972)	(47,388)
Profit before income tax		**93,177**	94,850	173,508
Income tax expense pre Government Budget change		**(26,025)**	(26,252)	(45,431)
Profit before discontinued operations and tax expense relating to Government Budget changes		**67,152**	68,598	128,077
Profit from discontinued operations – Cinemas	16	**-**	2,423	13,491
Profit for the year before tax expense relating to Government Budget changes		**67,152**	71,021	141,568
Tax expense relating to Government Budget changes		**-**	-	(39,700)
Profit for the year		**67,152**	71,021	101,868

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the half year ended 31 December 2010	Notes	**Unaudited 6 months 31 December 2010 $'000**	Unaudited 6 months 31 December 2009 $'000	Audited 12 months 30 June 2010 $'000
Attributable to:				
Equity holders of SKYCITY Entertainment Group Limited		**67,126**	71,018	102,025
Profit attributable to minority interest		**26**	3	(157)
		67,152	71,021	101,868
Total tax expense		***(26,025)***	*(26,252)*	*(85,131)*
		Cents	Cents	Cents
Earnings per share for profit attributable to the shareholders of the company				
Basic earnings per share		**11.7**	12.3	17.7
Diluted earnings per share		**10.7**	11.5	16.8
Attributable to continuing operations:				
Basic earnings per share		**11.7**	11.9	15.4
Diluted earnings per share		**10.7**	11.1	14.7
Attributable to discontinuing operations:				
Basic earnings per share		**-**	0.4	2.3
Diluted earnings per share		**-**	0.4	2.1

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

STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2010	Notes	**Unaudited 6 months 31 December 2010 $'000**	Unaudited 6 months 31 December 2009 $'000	Audited 12 months 30 June 2010 $'000
Profit for the period		**67,152**	71,021	101,868
Other comprehensive income				
Movement in cash flow hedges		**(2,997)**	6,789	8,577
Exchange differences on translation of overseas subsidiaries		**18,235**	(206)	(5,960)
Effect of hedging the net investment of overseas subsidiaries		**-**	(1,211)	(1,221)
Income tax relating to components of other comprehensive income		**1,060**	(1,681)	(2,198)
Other comprehensive income/(expenses) for the period, net of tax		**16,298**	3,691	(802)
Total comprehensive income for the period		**83,450**	74,712	101,066
Total comprehensive income for the period is attributable to:				
Equity holders of SKYCITY Entertainment Group Limited		**83,424**	74,709	101,223
Profit attributable to minority interest		**26**	3	(157)
		83,450	74,712	101,066

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2010	Notes	Unaudited 31 December 2010 $'000	Unaudited 31 December 2009 $'000	Audited 30 June 2010 $'000
ASSETS				
Current assets				
Cash and bank balances		**76,423**	118,075	102,506
Receivables and prepayments		**27,127**	21,072	23,181
Inventories		**8,592**	6,780	7,162
Tax receivables		**9,872**	12,027	18,255
Derivative financial instruments		**335**	1,832	-
Assets of discontinued operations	16	**-**	79,546	-
Total current assets		**122,349**	239,332	151,104
Non-current assets				
Tax receivable		**30,491**	5,692	25,141
Property, plant and equipment		**971,325**	948,895	953,179
Intangible assets		**422,974**	402,939	397,226
Investments in associates		**86,028**	83,261	83,549
Derivative financial instruments		**2,667**	6,937	26,041
Total non-current assets		**1,513,485**	1,447,724	1,485,136
Total assets		**1,635,834**	1,687,056	1,636,240

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2010	Notes	**Unaudited 31 December 2010 $'000**	Unaudited 31 December 2009 $'000	Audited 30 June 2010 $'000
LIABILITIES				
Current liabilities				
Payables		**99,184**	92,468	101,800
Current tax liabilities		**9,846**	3,598	7,100
Derivative financial instruments		**-**	213	523
Syndicated bank facility	8	**163,000**	-	-
Subordinated debt – capital notes		**-**	124,422	-
Subordinated debt – SKYCITY ACES	9	**-**	184,828	183,806
Liabilities of discontinued operations	16	**-**	19,797	-
Total current liabilities		**272,030**	425,326	293,229
Non-current liabilities				
Interest bearing liabilities	10	**401,504**	407,960	417,126
Subordinated debt – capital notes		**56,393**	-	47,030
Deferred tax liabilities		**95,363**	56,153	95,347
Derivative financial instruments		**24,126**	17,620	23,991
Total non-current liabilities		**577,386**	481,733	583,494
Total liabilities		**849,416**	907,059	876,723
Net assets		**786,418**	779,997	759,517
EQUITY				
Share capital	11	**729,559**	733,735	732,910
Reserves	12(a)	**24,183**	12,378	7,885
Retained profits/(losses)	12(b)	**31,325**	32,399	17,397
Parent equity interest		**785,067**	778,512	758,192
Minority interest		**1,351**	1,485	1,325
Total equity		**786,418**	779,997	759,517

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2010	Share capital $'000	Reserves $'000	Retained (losses) / profits $'000	Minority interest $'000	Total equity $'000
Balance as at 1 July 2010	**732,910**	7,885	17,397	1,325	759,517
Total comprehensive income	-	16,298	67,126	26	83,450
Share options/rights issued for employee services	**459**	-	-	-	459
Dividends	-	-	(53,198)	-	(53,198)
Movement in treasury shares	**(3,810)**	-	-	-	(3,810)
Balance as at 31 December 2010	**729,559**	24,183	31,325	1,351	786,418
Balance as at 1 July 2009	**733,085**	9,036	(1,291)	1,482	742,312
Total comprehensive income	-	3,691	71,018	3	74,712
Share options/rights issued for employee services	**380**	-	-	-	380
Employee share entitlements issued	**270**	-	-	-	270
Dividends	-	-	(37,328)	-	(37,328)
Movement in employee share entitlement reserve	-	(349)	-	-	(349)
Balance as at 31 December 2009	**733,735**	12,378	32,399	1,485	779,997
Balance as at 1 July 2009	**733,085**	9,036	(1,291)	1,482	742,312
Total comprehensive income/(expense)	-	(802)	102,025	(157)	101,066
Share options/rights issued for employee services	**895**	-	-	-	895
Employee share entitlements issued	**270**	-	-	-	270
Dividends	-	-	(83,337)	-	(83,337)
Movement in employee share entitlement reserve	-	(349)	-	-	(349)
Movement in treasury shares	**(1,340)**	-	-	-	(1,340)
Balance as at 30 June 2010	**732,910**	7,885	17,397	1,325	759,517

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

STATEMENT OF CASH FLOWS

For the half year ended 31 December 2010	Notes	**Unaudited 6 months 31 December 2010 $'000**	Unaudited 6 months 31 December 2009 $'000	Audited 12 months 30 June 2010 $'000
Cash flows from operating activities				
Receipts from customers		**405,078**	444,200	830,821
Payments to suppliers and employees		**(238,014)**	(266,073)	(494,280)
		167,064	178,127	336,541
Dividends received		**747**	1,420	3,347
Interest received		**104**	1,699	182
Gaming taxes paid		**(26,484)**	(26,612)	(51,828)
Income taxes paid		**(19,169)**	(17,560)	(60,633)
Net cash inflow from operating activities	19	**122,262**	137,074	227,609
Cash flows from investing activities				
Purchase of/proceeds from property, plant and equipment		**(31,848)**	(23,856)	(55,074)
Payments for intangible assets		**(3,783)**	(778)	(1,157)
Loan repayment from Christchurch Hotels Limited		**127**	286	1,220
Proceeds from sale of Cinemas		**-**	-	66,600
Net cash (outflow) / inflow from investing activities		**(35,504)**	(24,348)	11,589
Cash flows from financing activities				
Proceeds from borrowings		**163,000**	-	-
Cash flows associated with derivatives		**-**	(28,800)	(30,926)
Repayment of borrowings		**(199,359)**	(177,562)	(254,377)
Purchase of treasury shares		**(3,810)**	-	(1,340)
Distributions paid to company's shareholders		**(53,198)**	(37,328)	(83,337)
Interest paid		**(19,474)**	(22,113)	(42,325)
Net cash (outflows) from financing activities		**(112,841)**	(265,803)	(412,305)
Net (decrease)/increase in cash and cash equivalents		**(26,083)**	(153,077)	(173,107)
Cash and bank balances at the beginning of the period		**102,506**	275,613	275,613
Cash and bank balance classified as discontinued operations	16	**-**	(4,461)	-
Cash and cash equivalents at end of the period		**76,423**	118,075	102,506

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

1 GENERAL INFORMATION

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

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

SKYCITY is a company registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. These consolidated interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993.

These consolidated financial statements have been approved for issue by the board of directors on 16 February 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half year reporting period ended 31 December 2010 have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting.

The preparation of interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments (including derivative instruments). The Group is designated as a profit-oriented entity for financial reporting purposes.

The Group has a negative working capital balance as the bank facility is a current liabilities as at 31 December 2010. The Group has the ability to service this debt. Subsequent to balance date the Group has secured additional long term debt and will fully repay the bank facility.

The accounting policies that materially affect the measurement of the Income Statement, Balance Sheet and the Cash Flow Statement have been applied on a basis consistent with those used in the audited financial statements for the year ended 30 June 2010 and the unaudited financial statements for the six months ended 31 December 2009.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010.

Changes in accounting policies

There have been no significant changes in accounting policies during the current period. Accounting policies have been applied on a basis consistent with prior half year and annual financial statements.

3 REVENUE	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000	12 months 30 June 2010 $'000
Total receipts including GST	**455,614**	442,647	856,909
Less non-gaming GST	**(11,526)**	(10,161)	(19,521)
Gaming win plus non-gaming revenue	**444,088**	432,486	837,388
Less gaming GST	**(37,111)**	(34,867)	(67,451)
Total revenue	**406,977**	397,619	769,937
Gaming	**313,482**	311,681	603,262
Non-gaming	**93,495**	85,938	166,675
Total revenue	**406,977**	397,619	769,937

Included within gaming revenue is revenue relating to loyalty action points of $4,861,000 (31 December 2009: $4,865,000, 30 June 2010: $9,561,000).

Included within non-gaming revenue is revenue relating to loyalty action points of $159,000 (31 December 2009: $166,000, 30 June 2010: $286,000).

Gaming win represents the gross cash inflows associated with gaming activities. "Total receipts including GST" and "Gaming win plus non-gaming revenue" do not represent revenue as defined by NZ IAS 18 "Revenue". The Group has decided to disclose these amounts as they give shareholders and interested parties a better appreciation for the scope of the Group's gaming activities and is consistent with industry practice adopted by casino operations in Australia.

4 OTHER INCOME	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000	12 months 30 June 2010 $'000
Net gain on disposal of property, plant and equipment	**340**	562	733
Interest income – Christchurch Hotels Limited	**104**	86	182
Dividend income	**4**	5	5
	448	653	920

5 PROFIT BEFORE INCOME TAX	**6 months 31 December 2010 $'000**	6 months 31 December 2009 $'000	12 months 30 June 2010 $'000
Profit before income tax includes the following specific expenses:			
Depreciation			
Buildings	**12,640**	11,616	22,932
Plant and equipment	**14,184**	15,147	31,284
Furniture and fittings	**3,568**	3,468	6,277
Motor vehicles	**172**	162	461
Total depreciation	**30,564**	30,393	60,954
Amortisation			
Casino licence (Adelaide)	**1,346**	1,291	2,621
Software	**2,611**	1,984	3,932
Total amortisation	**3,957**	3,275	6,553
Total depreciation and amortisation	**34,521**	33,668	67,507
Other expenses includes:			
Utilities, insurance and rates	**9,750**	9,766	19,212
Community Trust donations	**1,524**	1,328	2,839
Minimum lease payments relating to operating leases	**2,156**	2,108	4,269
Other property expenses	**7,690**	7,793	14,445
Other items (including International commissions)	**28,624**	25,657	44,107
Provision for bad and doubtful debts	**41**	286	373
	49,785	46,938	85,245
Restructuring costs			
Redundancy and other payments	**648**	740	2,019
	648	740	2,019

6 FINANCE COSTS – NET	**6 months 31 December**	6 months 31 December	12 months 30 June
	2010 $'000	2009 $'000	2010 $'000
Finance costs			
Interest and finance charges paid/payable	**24,914**	29,457	56,455
Foreign currency gains	**(780)**	(957)	(2,653)
Interest Income	**(954)**	(1,609)	(4,495)
Gain on repayment of USPP (note 10)	-	(1,919)	(1,919)
Net finance costs	**23,180**	24,972	47,388

7 SIGNIFICANT ASSOCIATES AND JOINT VENTURES

The Group holds a 50% (31 December 2009: 45.7%; 30 June 2010: 45.7%) interest in Christchurch Casinos Limited (33.3% direct and 16.7% indirect). The previous interests in Vista Entertainment Solutions Limited and in the Rialto Cinemas joint venture were disposed in the prior year.

8 CURRENT LIABILITIES – SYNDICATED BANK FACILITY	**31 December**	31 December	30 June
	2010 $'000	2009 $'000	2010 $'000
Syndicated bank facility	**163,000**	-	-

At 31 December 2010, SKYCITY had in place a $500,000,000 (31 December 2009 and 30 June 2010: $500,000,000) facility on an unsecured, negative pledge basis maturing April 2011. The funding syndicate is comprised of ANZ National Bank Limited, Bank of New Zealand Limited and Commonwealth Bank of Australia, New Zealand Branch. As at 31 December 2010, the amount drawn on this facility was $163,000,000 (31 December 2009 and 30 June 2010: nil).

9 CURRENT LIABILITIES – SUBORDINATED DEBT – SKYCITY ACES	**31 December**	31 December	30 June
	2010 $'000	2009 $'000	2010 $'000
SKYCITY ACES	-	184,828	183,806
	-	184,828	183,806

Effective 15 December 2010 the SKYCITY ACES were fully redeemed.

10 NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

	31 December 2010 $'000	31 December 2009 $'000	30 June 2010 $'000
Unsecured			
US Private Placement	**402,318**	409,499	418,313
Deferred funding expenses	**(814)**	(1,539)	(1,187)
Total unsecured non-current interest bearing borrowings	**401,504**	407,960	417,126

On 15 March 2005 SKYCITY borrowed NZ$96,571,000, A$74,900,000 and US$274,500,000 with maturities between 2012 and 2020 from private investors (primarily US based) on an unsecured basis.

The USPP fixed rate US dollar borrowings have been converted to New Zealand dollar floating rate borrowings by use of cross-currency interest rate swaps to eliminate foreign exchange exposure within the Income Statement.

The movement in the USPP from 30 June 2010 relates to foreign exchange and interest rate movements. In July and August 2009, the Group repurchased US$115,500,000 of USPP debt. All repurchased debt was previously maturing in March 2012. Concurrent with the debt repurchase, all cross-currency interest rate swaps and interest rate swaps hedging the relevant debt were closed out.

11 SHARE CAPITAL

	31 December 2010 Shares	31 December 2009 Shares	30 June 2010 Shares	**31 December 2010 $'000**	31 December 2009 $'000	30 June 2010 $'000
Opening balance of ordinary shares issued	**575,114,687**	575,114,687	575,114,687	**732,910**	733,085	733,085
CEO commencement Convertible Rights	-	-	200,000	-	-	-
Share rights issued for employee services	-	-	-	**459**	380	895
Employee share entitlements issued	-	68,502	68,502	-	270	270
Allocation of treasury shares	-	(68,502)	(268,502)	-	-	-
Purchase of treasury shares	-	-	-	**(3,810)**	-	(1,340)
	575,114,687	575,114,687	575,114,687	**729,559**	733,735	732,910

Included within the number of shares is treasury shares 2,426,800 (31 December 2009: 834,682 and 30 June 2010: 1,046,800) held by the company. The movement in treasury shares during the period related to the purchase of shares by an external trustee as part of the executive long term incentive plan. Treasury shares may be used to issue shares under the company's employee incentive plan or upon the exercise of share rights/options.

12 RESERVES AND RETAINED LOSSES

	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000	12 months 30 June 2010 $'000
(a) Reserves			
Hedging reserve – cash flow hedges	**(4,677)**	(4,001)	(2,740)
Foreign currency translation reserve	**28,860**	16,379	10,625
	24,183	12,378	7,885
Hedging reserve – cash flow hedges			
Balance at the beginning of the period	**(2,740)**	(8,753)	(8,753)
Revaluation	**(26,707)**	(36,994)	(26,707)
Transfer to net profit	**23,710**	43,783	35,283
Deferred tax	**1,060**	(2,037)	(2,563)
Balance at the end of the period	**(4,677)**	(4,001)	(2,740)
Foreign currency translation reserve			
Balance at the beginning of the period	**10,625**	17,440	17,440
Exchange difference on translation of overseas subsidiaries	**18,235**	(206)	(5,960)
Effect of hedging the net investment of overseas subsidiaries	**-**	(855)	(855)
Balance at the end of the period	**28,860**	16,379	10,625

(i) Hedging reserve – cash flow hedges

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

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

(b) Retained profit/(losses)

Movements in retained profit/(losses) were as follows:

	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000	12 months 30 June 2010 $'000
Balance at the beginning of the period	**17,397**	(1,291)	(1,291)
Net profit for the year	**67,126**	71,018	102,025
Distribution/dividends	**(53,198)**	(37,328)	(83,337)
Balance at the end of the period	**31,325**	32,399	17,397

13 DIVIDENDS

	6 months 31 December	6 months 31 December	12 months 30 June
	2010 $'000	2009 $'000	2010 $'000
Prior year's final dividend	**53,198**	37,328	37,328
Interim dividend	**-**	-	46,009
Total dividends provided for or paid	**53,198**	37,328	83,337

Subsequent to balance date the Board of Directors has resolved to pay a fully imputed interim dividend of 8 cents per share.

Cents per share

Prior year's final distribution/dividend	**9.25¢**	6.50¢	6.50¢
Interim distribution/dividend	**-¢**	-¢	8.00¢

14 CONTINGENCIES

There are no significant contingent liabilities or assets (31 December 2009 and 30 June 2010: none).

15 COMMITMENTS

	31 December	31 December	30 June
	2010 $'000	2009 $'000	2010 $'000

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

Group and Parent excluding joint venture	**26,412**	20,958	12,940

(b) Operating lease commitments

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

Within one year	**7,170**	6,694	6,776
Later than one year but not later than five years	**13,401**	12,747	13,921
Later than five years	**318,338**	318,319	319,443
	338,909	337,760	340,140

16 DISCONTINUED OPERATIONS	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000	12 months 30 June 2010 $'000
(a) Description			

During December 2009 the Group announced the sale of the Cinemas business effective 18 February 2010, accordingly the Cinemas business is reported as a discontinued operation within the previous interim financial statements.

Financial information relating to the discontinued operation for the prior period is set out below.

(b) Financial performance			
Revenue	-	45,351	61,130
Expenses	-	(43,023)	(56,352)
Profit before income tax	-	2,328	4,778
Income tax expense	-	95	(1,632)
Profit after income tax of discontinued operations	-	2,423	3,146
Gain on sale before income tax	-	-	7,184
Income tax benefit	-	-	3,161
Gain on sale after income tax	-	-	10,345
Profit from discontinued operations	-	2,423	13,491
(c) Carrying amounts of assets and liabilities			
The carrying amounts of assets and liabilities are:			
Cash and bank balances	-	4,461	-
Receivables and prepayments	-	1,053	-
Inventories	-	516	-
Property, plant and equipment	-	69,558	-
Intangible assets	-	137	-
Investment in associates	-	3,821	-
Total assets	-	79,546	-
Payables	-	(19,338)	-
Deferred tax liabilities	-	(385)	-
Current tax liabilities	-	(74)	-
Total liabilities	-	(19,797)	-
Net assets	-	59,749	-

17 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer/Managing Director that are used to make strategic decisions.

Segment information excludes discontinued operations (Cinemas) which were previously part of the "Rest of New Zealand" segment.

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, and a number of other related activities.

Rest of New Zealand

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

SKYCITY Adelaide

SKYCITY Adelaide includes casino operations and food and beverage.

SKYCITY Darwin

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

International Business

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

Corporate / Group

Head office functions including legal and regulatory, group finance, human resources and information technology, the Chief Executive's office and directors.

17 SEGMENT INFORMATION	SKYCITY Auckland	Rest of New Zealand	SKYCITY Adelaide	SKYCITY Darwin	International Business	Corporate / Group	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Half year ended 31 December 2010							
Revenue from external customers and other revenue	201,438	24,716	88,067	74,876	18,328	-	407,425
Shares of net profits of associates	-	3,222	-	-	-	-	3,222
Less							
Expenses	(104,583)	(14,121)	(67,309)	(48,428)	(12,295)	(13,033)	(259,769)
Depreciation and amortisation	(17,327)	(2,512)	(5,319)	(5,875)	-	(3,488)	(34,521)
Segment profit/(loss) (Earnings before Interest and Tax)	79,528	11,305	15,439	20,573	6,033	(16,521)	116,357
Finance costs – net							(23,180)
Profit before income tax							93,177
Half year ended 31 December 2009							
Revenue from external customers and other revenue	202,777	23,656	83,727	75,404	12,708	-	398,272
Shares of net profits of associates	-	3,352	-	-	-	-	3,352
Less							
Expenses	(101,366)	(13,370)	(64,978)	(46,059)	(7,406)	(14,955)	(248,134)
Depreciation and amortisation	(18,006)	(2,409)	(4,811)	(5,713)	-	(2,729)	(33,668)
Segment profit/(loss) (Earnings before Interest and Tax)	83,405	11,229	13,938	23,632	5,302	(17,684)	119,822
Finance costs – net							(24,972)
Profit before income tax							94,850
Year end ended 30 June 2010							
Revenue from external customers and other revenue	393,326	47,261	169,263	134,522	26,485	-	770,857
Shares of net profits of associates	-	5,868	-	-	-	-	5,868
Less							
Expenses	(199,528)	(27,072)	(129,862)	(86,698)	(17,572)	(27,590)	(488,322)
Depreciation and amortisation	(35,106)	(5,212)	(9,883)	(11,542)	-	(5,764)	(67,507)
Segment profit/(loss) (Earnings before Interest and Tax)	158,692	20,845	29,518	36,282	8,913	(33,354)	220,896
Finance costs – net							(47,388)
Profit before income tax							173,508

18 EVENTS OCCURING AFTER THE BALANCE DATE

(a) Dividend

On 16 February 2011, the directors resolved to provide for an interim dividend to be paid in respect of the six months ended 31 December 2010. The fully imputed dividend of 8 cents per share will be paid on 1 April 2011 to all shareholders on the company's register at the close of business on 18 March 2011. Franking credits will be attached to 60% of the dividend.

On 16 February 2011, the Group also announced a dividend reinvestment plan for the April 2011 dividend. Shareholders will be able to convert their dividend to shares at the current market price. While the plan allows for a discount of up to 5% no discount is proposed for the April 2011 dividend.

(b) Debt

On 27 January 2011, the Group entered into an agreement to borrow a further US$175,000,000 from certain of its existing US Private Placement debt holders. These funds will be drawn down on 15 March 2011 and will be converted to New Zealand and Australian dollars.

The syndicated bank facility of $500,000,000 matures on 1 April 2011. Firm commitments have been received from four banks for 3 year/5 year extensions of the facility. The facility will be extended at between $400,000,000 and $450,000,000.

19 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES	**6 months 31 December**	6 months 31 December	12 months 30 June
	2010 $'000	2009 $'000	2010 $'000
Profit for the period	67,126	71,018	102,025
Minority interest	26	3	(157)
Depreciation and amortisation	34,521	37,777	67,507
Interest expense	23,180	26,700	47,388
Current period employee share entitlement	-	(79)	(79)
Current period share rights expense	459	380	895
Gain on sale of property, plant and equipment	(340)	(562)	(733)
Gain on disposal of Cinemas	-	-	(13,491)
Share of profits of associates not received as dividends or distributions	(2,479)	(2,445)	(2,526)
Change in operating assets and liabilities			
(Increase)/decrease in receivables and prepayments	(3,946)	3,084	974
(Increase)/decrease in inventories	(1,430)	(163)	(545)
(Decrease)/increase in payables and accruals	(2,616)	(18,213)	(8,543)
Increase/(decrease) in deferred tax liability	16	7,796	46,987
Decrease/(increase) in net tax receivable	5,779	354	(21,821)
(Decrease)/increase in other non-current liabilities	-	(2,209)	(2,547)
Working capital items classified as discontinued	-	18,228	-
Capital items included in working capital movements	1,966	(4,595)	12,275
Net cash inflow from operating activities	122,262	137,074	227,609

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