

SKY CITY ENTERTAINMENT GROUP LIMITED

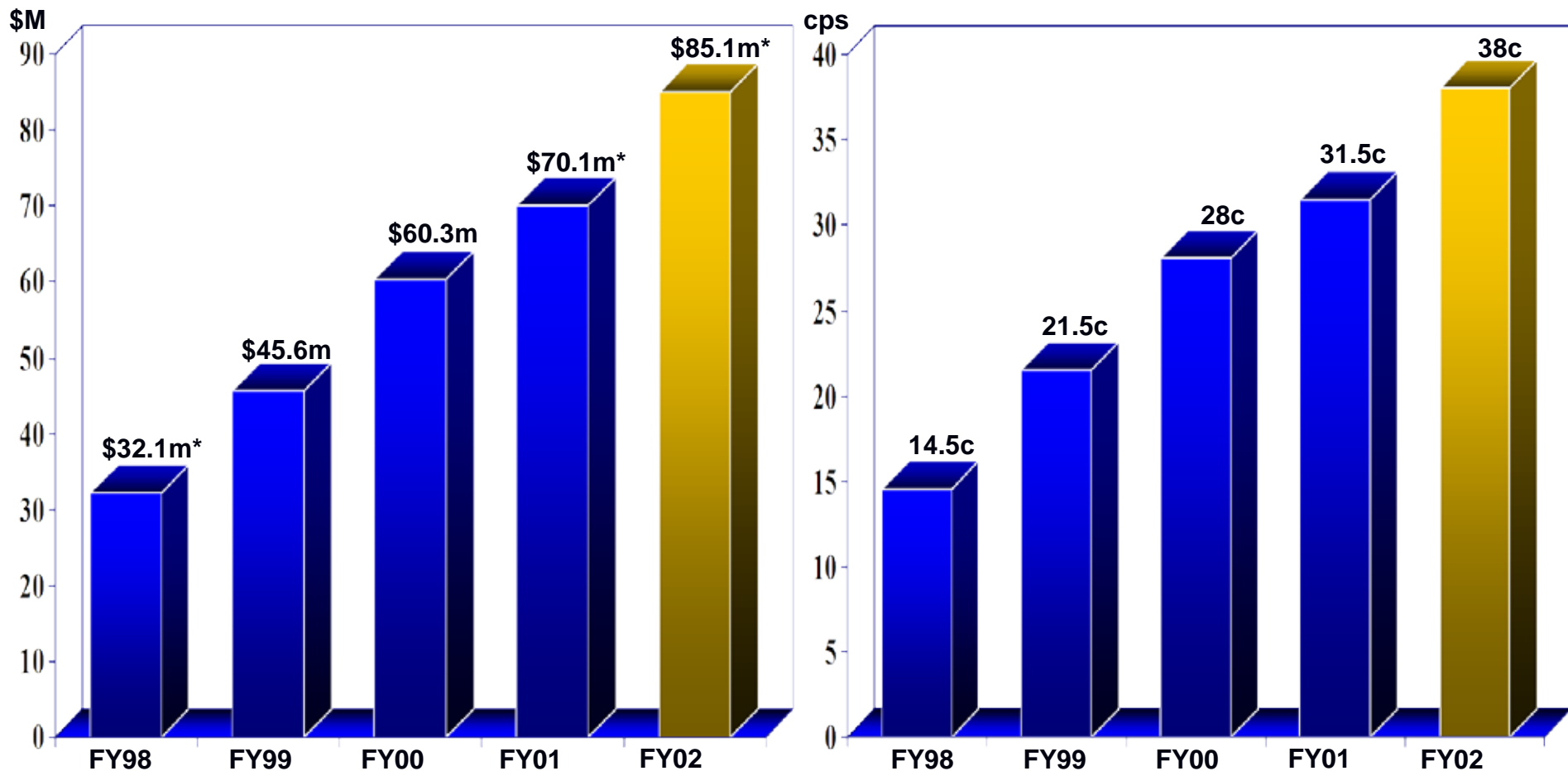
**Annual Result
Year ended 30 June 2002**

Financial Year 2002

Full Year Ended 30 June 2002

Net Profit (NSAT) \$85.1m before non-recurring
\$57.2m after non-recurring

Total Dividend 38cps
Final Dividend 22.5cps



* Before non-recurring items

Dividend FY02

- | | | |
|--------------------|----------------|------------------|
| • Interim Dividend | 15.5cps | (14.0cps) |
| Final Dividend | <u>22.5cps</u> | <u>(17.5cps)</u> |
| | 38.0cps | 31.5cps |
- Entitlement date 20 September
 - Payment date 4 October
 - Fully imputed
 - Calculated at 90% x NSAT after adding back non-recurring items (Force write-off)
 - Total dividends to shareholders since Sky City opening in Feb '96: \$315m
 - Dividend Reinvestment Plan
 - will apply for October dividend payment
 - to be discontinued thereafter

Annual Result

Year Ended 30 June 2002

Sky City Entertainment Group Limited	FY02 \$m	FY01 \$m
§ Revenue	\$510.2	\$437.3
§ EBITDA	\$221.0	\$192.0
§ EBIT	\$173.3	\$151.6
§ NSAT (after minorities, before non-recurring)	\$85.1	\$70.1
§ Non-recurring items		
- 2001 tax settlement		(\$1.8)
- 2002 Force write-offs	(\$27.9)	
§ NSAT (after non-recurring items)	\$57.2	\$68.3

Key Elements of the FY02 Performance

- Financial result (NSAT) \$85.1m* (+21%)
- Group operating revenues \$510m (+17%)
- Group revenues (excl. Force: full year FY02 v part year post acquisition FY01)
up \$42m (+10%)
- Strong (continued) growth in Auckland revenues (+9%). Consistent revenue growth across all business sectors (gaming and non-gaming)
- Strong revenue growth in Adelaide (+15%)
- Strong second half performances
 - Auckland
 - Adelaide
- Strong cinema revenue growth by Force Corporation (+22%, or +27% excluding IMAX)

* Before non-recurring item (Force write-off of \$27.9m)

Key Elements of the FY02 Performance

- New facilities, experiences, at Sky City Auckland
 - Observatory restaurant
 - Sky Jump, Vertigo
 - Convention Centre
 - Gaming Expansion
 - Noodle Bar on main gaming floor
- New facilities, experiences, at Sky City Adelaide
 - New gaming machine product
 - Entertainment experience (Marble Hall, live music, Grandstand Bar)
- Force trading performance has emerged in 2H02 (unencumbered by recapitalisation, restructuring, Argentina)
- Customer synergies: Sky City Auckland/Force initiated
- Development of Sky Riverside. Opening to the public on 20 September

Key Elements of the FY02 Performance

- **Force**

Strong year for cinema exhibition. Surplus property assets sold. Argentina risk quarantined. Company recapitalised (equity and debt)

- **Queenstown**

(Sky Alpine and 50% share of Hard Rock Café)

Earnings challenge. Difficult competitive environment (2 casino licences in Queenstown). Not financially material to Group result

- **Canbet**

Much improved performance relative to previous years

Sky City increased from 21.6% to 32.4% shareholding in March 2002

- SKC share split (November 2001)

- Pretax returns for SKC shareholders for the financial year (July 2001-June 2002) of 24.4%, compared to NZSE40 Gross Index of 5.6%

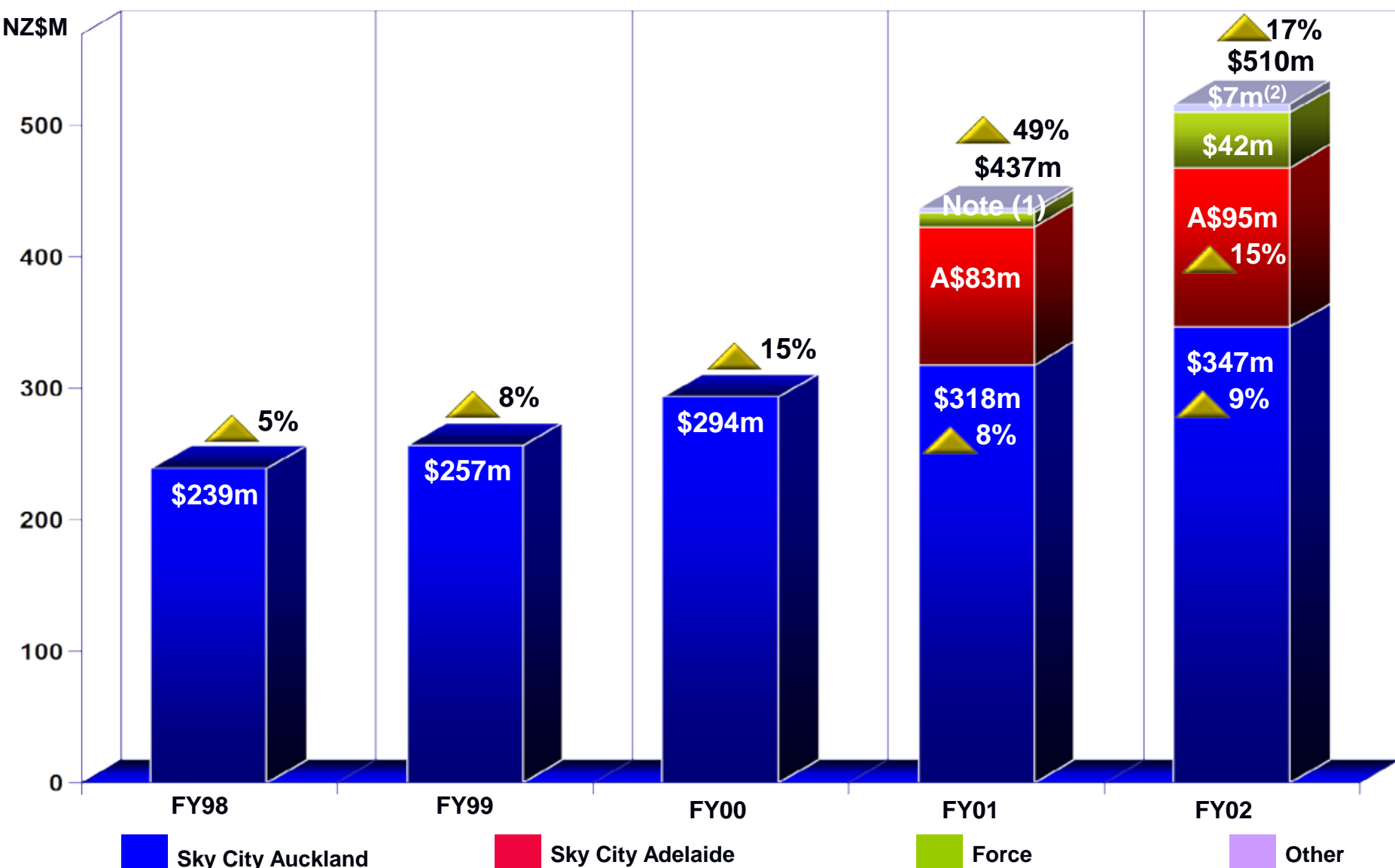
Sky City Entertainment Group Limited

Key Features of FY02

- Sky City Limited renamed Sky City Entertainment Group Limited (September 2001) to reflect Sky City's gaming/entertainment positioning
- Conference Centre and 15% Gaming Expansion (for Auckland) approved by the New Zealand Casino Control Authority (August 2001)
Conference Centre proposal subsequently expanded to a Convention and Exhibition facility project
- Sky City Auckland; Supreme Award Winner at the 2001 New Zealand Tourism Awards
- Sky City named Deloitte/Management magazine 2001 New Zealand "Company of the Year"
- Sky City Entertainment Group Limited converted to full ASX listing (July 2002)

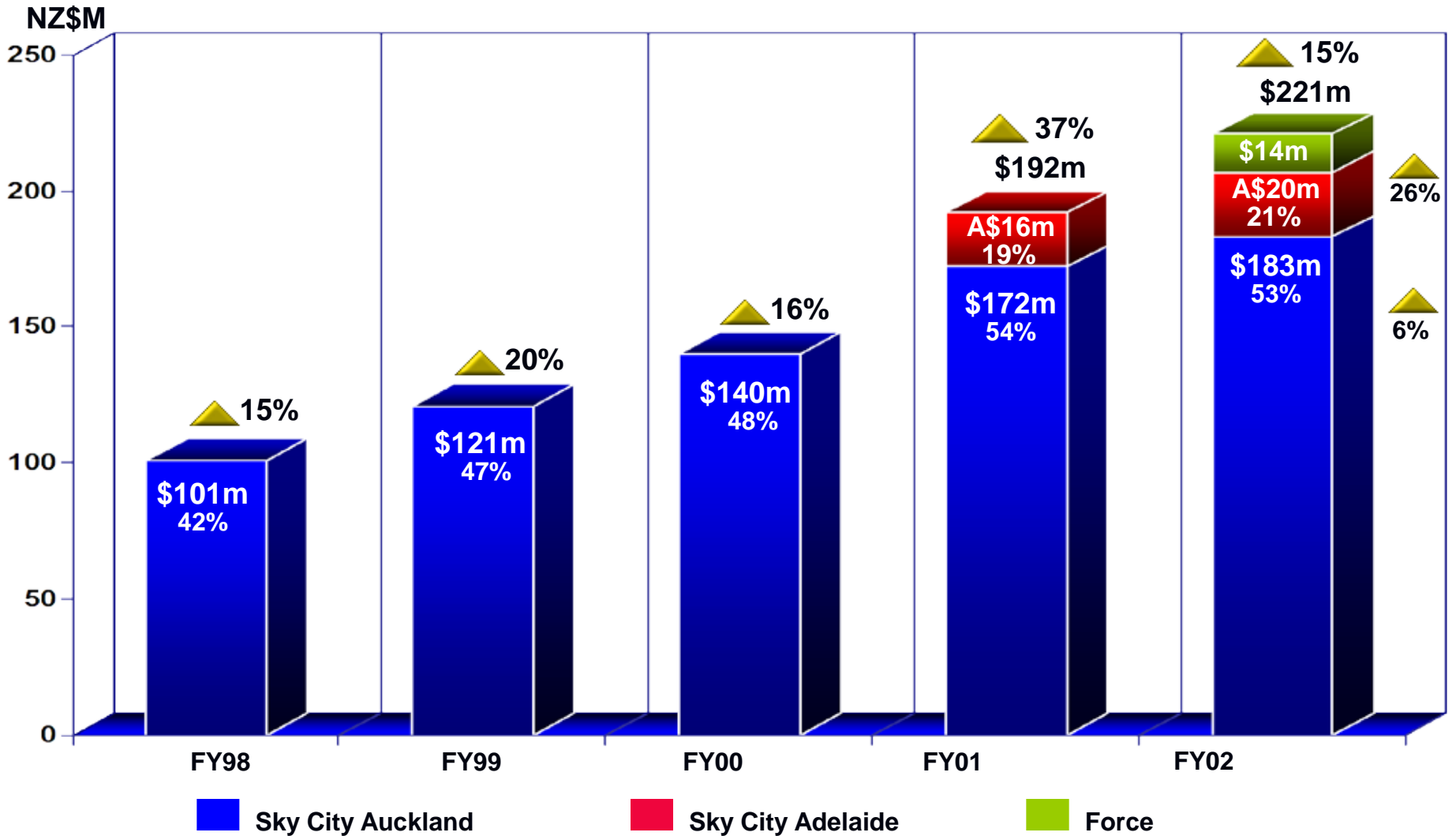
FY02: Operating Revenue

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



(1) Force \$11m (post acquisition by Sky City: 3 months), Sky Alpine Queenstown \$3m
 (2) FY02: Sky Alpine and Hard Rock \$7m

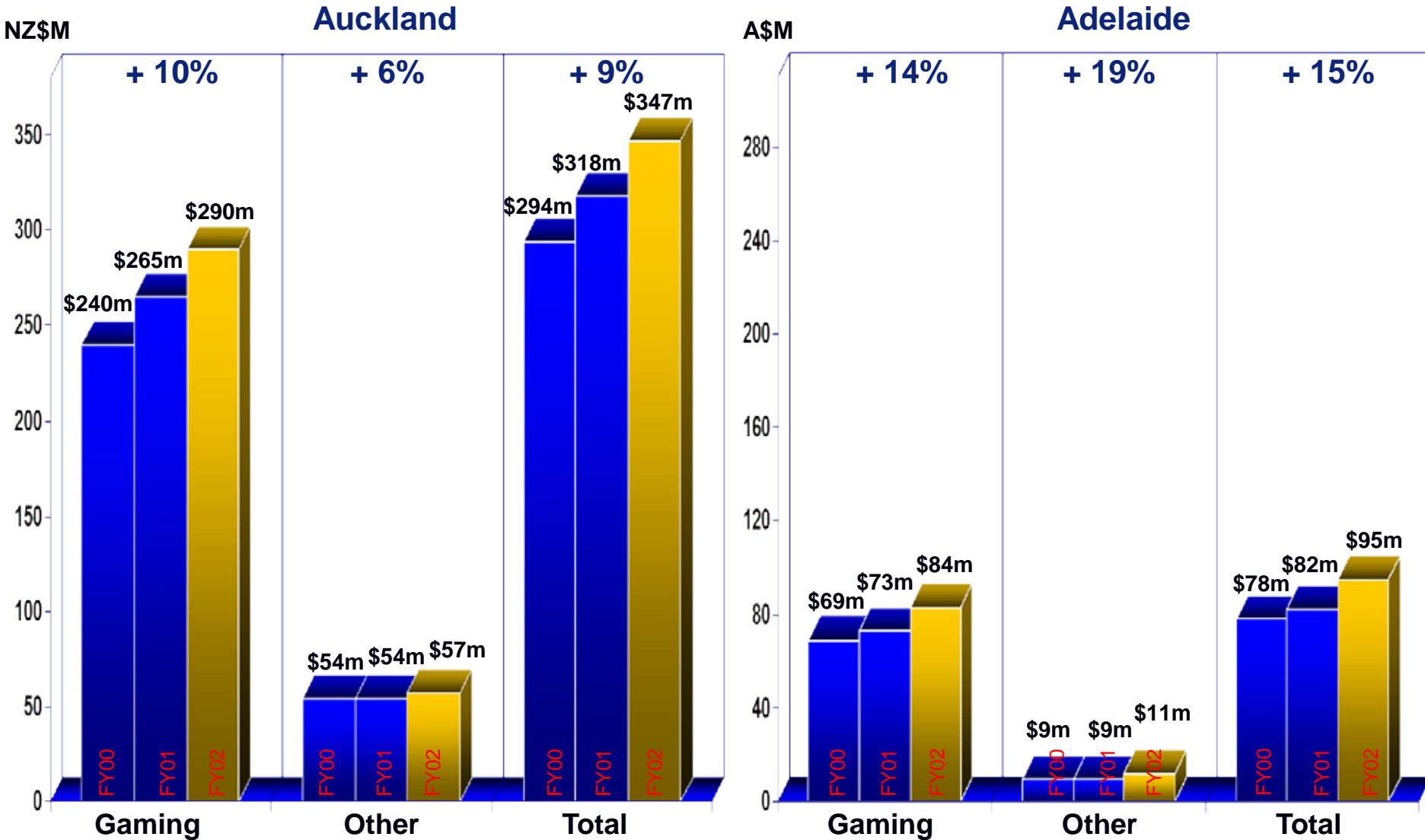
FY02: EBITDA



- FY01: Force +\$2m, Queenstown -\$2m
- FY02: Queenstown \$0.2m

FY02: Revenues

Auckland, Adelaide: Gaming, Non Gaming










Revenues are stated net of complimentary

SKY CITY AUCKLAND

- strong, consistent revenue growth (all sectors)
- margins maintained
- gaming expansion to relieve capacity constraints (FY04)

FY02 Result: Sky City Auckland

- Strong result, growth continues, costs managed, margins maintained
- Revenues  9% (+\$29.0m)
 - Gaming  10% (+\$25.3m)
 - F&B  9% (+\$2.2m)
 - Hotel & Conference  9% (+\$1.5m)
 - Sky Tower  6% (+\$0.4m)
 - Carparking  3% (+\$0.2m)
- Gross Margin % Steady at 64%
- EBITDA Steady at 53% (\$183m)
- EBIT  8% (+\$12m to \$156m)

Sky City Auckland: FY02

Gaming +10%

- Continuing growth, upgrading and refreshment of gaming products and facilities
- Revenue Growth
 - Tables  13%
 - Gaming Machines  8%
- Gross Margin up marginally from 67% to 68%
- Strong second half in gaming tables
- Gaming Expansion approved by CCA (August 2001)
Completion expected December 2003
 - ∅ 230 gaming machines
 - ∅ 12 tables
 - ∅ Bar/entertainment facilities } +15%
- Productivity initiatives
 - ∅ Continuous shuffling machines
 - ∅ Redesign of table layouts to improve labour cost performance
- 1.5 million Action cardholder visits in FY02



Sky City Auckland: FY02

Gaming +10% (cont)

- Gaming/Entertainment experience
 - ∅ 1,300 jackpots of more than \$10,000
 - ∅ 150 cars won during FY02
 - ∅ Wednesday night sweepstakes and other promotions
 - ∅ Noodle Bar: very popular new facility on main gaming floor
 - ∅ Entertainment, events
 - 56 machines added in 1H02. Total machines 1,417
 - 264 replacement machines, 190 gaming machine conversions
 - IGT Spectrum 157
 - Aristocrat 102
 - Konami 45
 - Pacific Gaming 16
- } 320 new machines

Sky City Auckland: FY02

Food and Beverage

- Revenue  9% at \$27.6m
- Gross Margin  from 21.5% to 19.5% but still a very good result
- Sky City's restaurants served more than 1 million people in FY02
- Fortuna (buffet restaurant) refurbished and verandah enclosed. Increased capacity to 420 seats. Fortuna and Rebo (café/brasserie) serve more than 1,000 people per day
- Observatory seafood brasserie/buffet restaurant (130 seats) on Sky Tower opened April 2002
- Orbit restaurant on Sky Tower now fully Sky City managed. Orbit has served over 750,000 meals since its opening (November 1997)
- Noodle Bar on main gaming floor: very successful
- Strong demand for Sky City outcatering services. Increased demand expected during the America's Cup

Sky City Auckland: FY02

Hotel and Conference

- Hotel Occupancy  from 83% to 88%
- Hotel Room Rate Steady at \$119
- Revenue  9% at \$18.7m
- Very strong support from all sectors : domestic and international, leisure and corporate, conference
- Best performing hotel in Auckland: highest occupancy in Auckland for third year in a row
- Hotel refurbishment over 3 years. Stage 1 completed. Stage 2 during FY03, Stage 3 during FY04

Sky City Auckland: FY02


Sky Tower

- Visitation (excluding Orbit and Observatory)  7% at 1,450 per day
530,000 during the 12 months
- Orbit and Observatory 600 covers per day; 220,000 per annum
- Revenues  6% at \$7.2m
- Vertigo, Sky Jump, 2 restaurants, telecommunications, education programmes, special promotions
- 53% of international visitors to Auckland visit Sky Tower (more than any other paid-for attraction in New Zealand)

Sky City Auckland: FY02

Carparking, Theatre, Other

Carparking

- Revenue  3% at \$9.3m
- New automated carpark system
- 3,500 cars per day

Other

- Revenues at \$2.8m (FY01: \$2.4m)






Theatre

- 122,000 theatre patrons in the 2002 year
- Range of productions: musicals, comedy, drama
- Sell-out seasons for a number of productions
- Auckland International Film Festival at Sky City Theatre for third successful year
- Film premieres at Sky City Theatre

SKY CITY ADELAIDE





- improved second half performance
- revenue up 15%
- costs managed
- increased gaming and entertainment profile

Sky City Adelaide: FY02

- Strong second half performance, revenues up, costs managed
- Revenues  15% to A\$95m
 - Gaming  14% (+A\$10m to A\$84m)
 - Other  19% (+A\$1.7m to A\$11m)
- Gross Margin Steady at 32% (1H02 at 30% : 2H02 at 34%)
- EBITDA  26% at A\$19.7m (1H02 at A\$8.3m: 2H02 at A\$11.4m)
- EBIT  24% at A\$10.3m (1H02 at A\$3.8m: 2H02 at A\$6.5m)

Sky City Adelaide: FY02

Gaming +14%

- Growth, upgrading, refurbishment of gaming products and facilities
- Gaming hospitality and entertainment orientation
- Revenue growth
 - Tables  14%
 - Gaming Machines  16%
- Visitation  8%
- Spend/customer  6%
- 170 new gaming machines and 140 gaming machine conversions.
Total gaming machines at 833
- Action Loyalty programme: 53,500 customers (up 44%)

Sky City Adelaide: FY02

Gaming +14% (cont)

- Gaming Machines
 - New product introduced
 - Contemporary product, new game themes, new features, enhanced graphics, fully competitive in Australia, ahead of competition in South Australia
 - Aristocrat hyperlink 'Cash Express' jackpot
 - Aristocrat 'Mr Cashman' feature game
 - Gaming machine tax for Sky City Adelaide not increased (Purchase Agreement with South Australian Government)
- 120 cars won on car jackpot games
- Premium Table Game Play
 - Grange Room revenue up 54%
 - Intimate facility (unique in Australasia)
 - Local membership up 30%
 - Interstate membership now more than 500: 60-70 visits per month
 - International players approx 10 per month

Sky City Adelaide: FY02

Gaming +14% (cont)

- Table Games
 - hours changed (now open 11am, previously 10am)
 - new supervision ratios introduced January 2002: reduced labour costs
 - party pit introduced
- Entertainment destination, live music

Sky City Adelaide: FY02

Food and Beverage

- Revenues  13% at A\$12.5m
- Gross Margin Steady at 15%

Sky City Adelaide

Gaming and Entertainment

- Sky City Adelaide positioned as one of Adelaide's leading entertainment venues
- Over 500 live music performances (local and interstate artists)
- "Under the Dome" nightclub in Marble Hall attracts 1,000 people each week. Significant impact on weekend visitation
- Cabaret acts have included James Reyne, Darryl Braithwaite and Jimmy Barnes (in October)
- Sky City Adelaide contracts over 400 local musicians per annum
- Sky City Adelaide is one of Adelaide's main talent buyers (dancers, actors, musicians)
- Grandstand Sports Bar (including TAB Sportsbet facility)

OTHER NEW ZEALAND OPERATIONS



Sky Alpine Queenstown

(since December 2000)




- Sky City 60% owner, Sky City Casino Management as operator
- Revenues (patronage and spend) below pre-licence expectations at \$5.2m (plus Hard Rock Café \$1.9m)
- EBITDA (before rent) at breakeven
- Objective for FY03 is breakeven EBIT
- Two casinos in Queenstown creates pressure for both operations
- Restructuring and cost reductions
- Upgrading gaming machine product and managing table games operating hours
- Important component of Sky City's gaming/entertainment/tourism brand, but not financially material to the Group result. Nevertheless breakeven NSAT remains a priority

Sky Riverside (Hamilton)

- Sky City 55% owner, Sky City Casino Management as operator
- On time and to budget
- Open to the public on 20 September
- Projected first year (12 months) revenues of \$27m
- Host responsibility programmes in place for start-up

Force Corporation : 50.2% of shares

: 77% of MCNs (fully diluted 74%)

- Cinema revenues (excl. IMAX)  27% at \$30m
- FEC rental revenues at \$6m (85% occupancy at 30/6/02)
- EBITDA  at \$10.1m (\$0.3m in FY01)
- EBIT  at \$6.3m (loss of \$2.6m in FY01)
- Non-recurring items -\$23m (-\$43m in FY01)
- NSAT
 - before non-recurring \$2.9m (-\$4.5m in FY01)
 - after non-recurring -\$20.1m (-\$47.5m in FY01)
- Strong cinema product in FY02. Expected to continue in FY03

Note : Figures as above are as reported by Force Corporation. Accounting consolidation and different accounting treatments of Force results in the Sky City consolidated financial statements creates some differences in results reported by Force compared to Sky City's consolidated accounts

Force: FY02 Non-Recurring Items

- The Force non-recurring items for FY02 relate to
 - net effect of the FEC settlement +\$4.2m
 - write-off of Argentina investment -\$22.4m
 - capital restructuring, issue costs re MCNs -\$3.2m
 - other items -\$1.6m
- \$23.0m
- After the write-off of \$22.4m, Force is carrying its 25% investment in Village Cinemas S.A. (Argentina) at zero value
 - Contingent liability of US\$4m relates to the Argentina debt facility
 - Sky City write-off re Force, as reported at the Interim Result, of \$27.9m

Force Corporation: Strategy


- Critical entertainment component of Sky City brand extension (consistent with other leading gaming/entertainment operators internationally)
- Increased entertainment sector market share for both properties is a key focus, through development of an inner city (Auckland) entertainment precinct concept
- Action Loyalty (customer database) programme being implemented
- Cross-selling initiatives (Sky City Auckland, Force) have commenced, including
 - inclusion of FEC offerings in Sky City “Whats On” advertising
 - Sky City promotional offers in Planet Hollywood
 - Sky Tower offers promoted through FEC
 - Movie/Sky City parking offers
- A wide range of other promotional activity is in development
- FEC tenancy strategy developed for tenancies which add significant value to the positioning of the complex as a broad entertainment destination
- Cost savings opportunities are being explored (e.g. utilisation of Sky City purchasing power for marketing, live entertainment, food and beverage procurement, etc)
- New cinema complexes in conjunction with Westfield Shopping centres in Auckland
 - West City opened July 2001
 - 10 screen multiplex at St Lukes due to open mid 2003

CANBET LIMITED

- **ASX-listed**
- **Profit for FY02 of A\$304k**
- **Sky City shareholding to 32.4%
(from 21.6%) in March 2002**



Canbet: FY02

- Turnover  44% at A\$410m (FY01: A\$285m)
- Profit (NSAT) at A\$304k is a major turnaround from loss of A\$4m in FY02
- Good prospects for FY03
- UK strategy being implemented. UK operations expected to commence during 2H03
- Canbet has acquired eCom Limited, sports wagering systems development provider to Canbet

SKY CITY ENTERTAINMENT GROUP LIMITED

FY02 FINANCIAL SUMMARY

Sky City Entertainment Group

Revenues and Cost and Margin Management

- Revenues up by NZ\$73m
 - Force full year (FY02 \$42m: FY01 post Sky City acquisition \$11m)
 - Excluding Force: up NZ\$42m (+10%)
- Direct Expenses up by NZ\$34m
- Indirect Expenses up by NZ\$10m
- Depreciation and amortisation up by NZ\$5m
- Funding Costs reduced by NZ\$1m
- NSBT up by NZ\$22.5m
- NSAT (after minority interests, but before Force write-down re Argentina) up by NZ\$15m
- NSAT % (before non-recurring) increased from 16.0% in FY01 to 16.7% in FY02

Key Features of the Group Financial Result

- Revenues increased at all locations, all sectors
- Margins maintained or improved at all locations
- Adelaide profitability significantly improved in 2H02 (over 1H02)
- Sky Alpine Queenstown breaking-even at EBITDA, but breakeven at the EBIT, then NSAT lines, is targeted
- Sky Riverside Hamilton project on time and to budget
- Force restructured and now returning good cinema exhibition profits
- Canbet profitable in FY02

REGULATORY AND COMMUNITY

Regulatory, Compliance

- The New Zealand Government Gaming Review (2001) has determined that no new casino licences, or expansion of existing facilities, will be approved
- Sky City operates comprehensive compliance, risk management, host responsibility and corporate governance programmes which are the cornerstones of excellent working relationships with the government and gaming agencies in both New Zealand and South Australia and with the New Zealand and Australian Stock Exchanges

Community Participation and Support

The Sky City Entertainment Group participates in and contributes to the local communities within which it operates, in many ways, including:

- Sky City Auckland Community Trust
- Kidz First Children's Hospital and the Starship Foundation
- Safe & Sound Appeal
- Auckland Rugby
- Special Olympics New Zealand
- Sky City Starlight Symphony
- New Zealand Breast Cancer Foundation
- Rally of New Zealand
- Sponsor of the inaugural V8 International car rally at Pukekohe
- Adelaide : South Australian Medical Research Trust, Juvenile Diabetes Research Foundation, McGuinness McDermott Foundation
- Host Responsibility programmes at all Sky City properties
- Co-operative relationships with tourism providers and participation in tourism initiatives in New Zealand and South Australia

Sky City Auckland Convention Centre

- 5,400m² of exhibition, banquet, conference space over three levels
- Main banquet room of 1,300m² plus 700m² of foyer space (banquet capacity of 1,000 or 1,500 for plenary session)
- 1,080m² of exhibition (or conference) space plus 600m² of foyer space
- Conference, breakout, boardroom facilities
- Business centre, full kitchen/catering facilities, carparking
- Overbridge connection to Sky City Auckland main complex
- Completion scheduled for December 2003
- Capital cost \$60m

AWARDS AND ACHIEVEMENTS

Achievements by Sky City

- Supreme Award Winner 2001 - New Zealand Tourism Awards (August 2001)
- Deloitte/Management Magazine “Company of the Year” Award (November 2001)
- New Zealand Society of Investment Analysts “Best Communicator” Award (November 2001)
- Enhanced shareholder value : financial results, distributions to shareholders, enhanced share price
- Recognised as the leading entertainment brand in New Zealand and South Australia

FY02 RESULTS

FY03 OBJECTIVES

At the FY01 result we identified the following objectives for FY02

	Achieved
• Auckland: growth and margin performance expected to continue	4
• Adelaide: visitation and spend per customer to increase	4
• Queenstown: cost base reduction	4
• Riverside: project to be on time and on budget	4
• Canbet: increase hold % and reduce risk exposure	4
• Force: capital restructure and customer synergies	4

FY03 Objectives

- Auckland
 - Continue revenue growth in all sectors
 - Convention Centre and Gaming Expansion projects to be advanced towards scheduled openings in December 2003
 - Achieve cross-property customer synergies with Force Corporation
- Adelaide
 - Enhance entertainment positioning
 - Grow visitation and spend
 - Improve EBITDA and EBIT results
- Queenstown
 - Reduce/eliminate EBIT losses
- Hamilton
 - Successful launch and initial phase of operations
- Canbet
 - Increase turnover and profitability
 - Establish UK operations
- Force
 - Consolidate cinema earnings
 - Achieve cross-property customer synergies with Sky City Auckland
- Increase community participation in all regions

Sky City Entertainment Group Limited

Year ended 30 June 2002

- Revenues \$510m (+17%)
- NSAT \$85.1m* (+21%)
- Dividend 38cps (+21%)
- Profits, Growth, Strength
- Shareholder Value

* Before non-recurring items