

SKYCITY
Entertainment
Group Limited

ANNUAL REPORT
YEAR ENDED 30 JUNE 2009


SKYCITY
ENTERTAINMENT GROUP



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ANNUAL MEETING

The 2009 annual meeting of SKYCITY Entertainment Group Limited will be held in the New Zealand Room, SKYCITY Auckland Convention Centre, 88 Federal Street, Auckland, on Friday 30 October 2009, commencing at 10.00am.

The notice of meeting, including agenda, will be mailed to shareholders on or before 14 October 2009.

This report is dated 25 September 2009 and is signed on behalf of the board of directors of SKYCITY Entertainment Group Limited by:



R H McGeoch
Chairman



C J D Moller
Director

25 September 2009

For further information on the business operations and performance of SKYCITY Entertainment Group during the year ended 30 June 2009 please refer to the SKYCITY Shareholder Review which has been sent to shareholders and is available in the Investor Centre section of the company's web site at www.skycityentertainmentgroup.com.

FINANCIAL STATEMENTS

AND NOTES

FOR THE YEAR ENDED 30 JUNE 2009

AUDITOR'S REPORT



To the shareholders of SKYCITY Entertainment Group Limited

We have audited the financial statements on pages 3 to 48. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2009 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 8 to 14.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2009 and their financial performance and cash flows for the year ended on that date.

Auditor's Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors, tax and accounting advisors.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 3 to 48:
 - (i) comply with generally accepted accounting practice in New Zealand;
 - (ii) comply with International Financial Reporting Standards; and
 - (iii) give a true and fair view of the financial position of the Company and Group as at 30 June 2009 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 19 August 2009 and our unqualified opinion is expressed as at that date.

A handwritten signature in dark brown ink, which appears to read 'PricewaterhouseCoopers', is written over a diagonal line that extends from the bottom left towards the top right.

Chartered Accountants
Auckland

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue	3	837,614	804,014	–	–
Other income	4	1,985	1,416	100,199	109,668
Shares of net profits of associates	18	6,913	5,456	–	–
Employee benefits expense		(255,753)	(238,319)	(15,203)	(20,594)
Other expenses	5	(118,577)	(111,302)	(10,089)	(11,808)
Direct consumables and film hire costs		(70,262)	(60,318)	–	–
Gaming taxes and levies		(58,273)	(56,016)	–	–
Marketing and communications		(39,937)	(41,102)	(766)	(2,165)
Directors' fees		(836)	(595)	(836)	(595)
Depreciation and amortisation expense	5	(77,727)	(73,765)	(8,603)	(7,547)
Restructuring costs	5	(2,368)	(7,798)	–	(3,240)
Finance costs – net	7	(67,351)	(75,889)	(9,878)	(9,922)
Impairment of Cinemas/Cinema subsidiary	6	–	(60,000)	–	(60,000)
Profit before income tax		155,428	85,782	54,824	(6,203)
Income tax expense	8	(39,928)	(36,534)	–	–
Profit for the year		115,500	49,248	54,824	(6,203)
Attributable to:					
Minority interest	27	(199)	608	–	–
Profit/(loss) attributable to shareholders of the company		115,301	49,856	54,824	(6,203)
Earnings per share for profit attributable to the shareholders of the Company during the year:					
Basic earnings per share (cents)	9	23.4	10.8		
Diluted earnings per share (cents)	9	21.2	10.8		

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

BALANCE SHEETS

AS AT 30 JUNE 2009	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS					
Current Assets					
Cash and bank balances	10	275,613	61,914	2	2
Receivables and prepayments	11	24,156	31,483	26,918	27,001
Inventories		6,617	5,899	-	-
Tax receivables	12	17,922	33,818	-	-
Derivative financial instruments	13	6,552	1,270	-	-
Total current assets		330,860	134,384	26,920	27,003
NON-CURRENT ASSETS					
Tax receivables	12	5,707	11,492	-	-
Property, plant and equipment	14	1,028,765	991,215	4,974	3,428
Investment properties	15	-	8,845	-	-
Investment in subsidiaries	33	-	-	669,049	664,949
Intangible assets	16	406,274	418,532	15,610	18,762
Available for sale financial assets	17	-	1,022	-	-
Investments in associates	18	84,637	84,008	-	-
Derivative financial instruments	13	16,603	22,463	-	-
Total non-current assets		1,541,986	1,537,577	689,633	687,139
Total assets		1,872,846	1,671,961	716,553	714,142
LIABILITIES					
Current liabilities					
Payables	19	110,343	118,272	110,768	341,522
Current tax liabilities	12	9,154	-	-	-
Derivative financial instruments	13	5,673	-	-	-
Subordinated debt – capital notes	21	125,230	-	123,827	-
Total current liabilities		250,400	118,272	234,595	341,522
Non-current liabilities					
Interest bearing liabilities	20	610,180	677,884	-	-
Subordinated debt – capital notes	21	-	123,772	-	123,791
Subordinated debt – SKYCITY ACES	22	184,517	186,538	-	-
Deferred tax liabilities	23	48,360	66,183	-	-
Derivative financial instruments	13	34,530	23,561	-	-
Other non-current liabilities		2,547	3,396	-	-
Total non-current liabilities		880,134	1,081,334	-	123,791
Total liabilities		1,130,534	1,199,606	234,595	465,313
Net assets		742,312	472,355	481,958	248,829
EQUITY					
Share capital	25	733,085	460,779	733,085	460,779
Reserves	26(a)	9,036	33,993	349	2,058
Retained (losses)/profits	26(b)	(1,291)	(24,300)	(251,476)	(214,008)
Parent entity interest		740,830	470,472	481,958	248,829
Minority interest	27	1,482	1,883	-	-
Total equity		742,312	472,355	481,958	248,829

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009	NOTES	CONTRIBUTED EQUITY \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	MINORITY INTEREST \$'000	TOTAL EQUITY \$'000
CONSOLIDATED						
Balance as at 1 July 2007		364,068	(16,069)	31,044	2,491	381,534
Movement in cash flow hedge reserve	26	–	12,031	–	–	12,031
Exchange differences on translation of foreign operations	26	–	39,584	–	–	39,584
Available for sale financial assets		–	(85)	–	–	(85)
Net income directly recognised in equity		–	51,530	–	–	51,530
Profit for the year		–	–	49,856	(608)	49,248
Total recognised income		–	51,530	49,856	(608)	100,778
Exercise of share rights/options	25	23,978	–	–	–	23,978
Shares issued under Profit Distribution Plan	25	105,200	–	–	–	105,200
Buyback of shares under Profit Distribution Plan	25	(6,838)	–	–	–	(6,838)
Buyback and cancellation of shares under Profit Distribution Plan	25	(27,842)	–	–	–	(27,842)
Share rights issued for employee services	31	508	–	–	–	508
Employee share entitlements issued	26	1,705	–	–	–	1,705
Distributions to owners	28	–	–	(105,200)	–	(105,200)
Movement in employee share entitlement reserve	26	–	(1,468)	–	–	(1,468)
Balance as at 30 June 2008		460,779	33,993	(24,300)	1,883	472,355
Balance as at 1 July 2008		460,779	33,993	(24,300)	1,883	472,355
Movement in cash flow hedge reserve	26	–	(22,011)	–	–	(22,011)
Exchange differences on translation of foreign operations	26	–	(1,237)	–	–	(1,237)
Net income directly recognised in equity		–	(23,248)	–	–	(23,248)
Profit for the year		–	–	115,301	199	115,500
Total recognised income		–	(23,248)	115,301	199	92,252
Share placement	25	223,360	–	–	–	223,360
Shares issued under Profit Distribution Plan	25	92,292	–	–	–	92,292
Buyback and cancellation of shares under Profit Distribution Plan	25	(45,511)	–	–	–	(45,511)
Share rights issued for employee services	31	706	–	–	–	706
Employee share entitlements issued	26	1,459	–	–	–	1,459
Distributions to owners	28	–	–	(92,292)	–	(92,292)
Movement in employee share entitlement reserve	26	–	(1,709)	–	–	(1,709)
Payment to minority interest	27	–	–	–	(600)	(600)
		272,306	(1,709)	(92,292)	(600)	177,705
Balance as at 30 June 2009		733,085	9,036	(1,291)	1,482	742,312

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

STATEMENTS OF CHANGES IN EQUITY continued

FOR THE YEAR ENDED 30 JUNE 2009	NOTES	CONTRIBUTED EQUITY \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
PARENT					
Balance as at 1 July 2007		364,068	3,526	(102,605)	264,989
Profit for the year		–	–	(6,203)	(6,203)
Total recognised income		–	–	(6,203)	(6,203)
Exercise of share rights/options	25	23,978	–	–	23,978
Shares issued under Profit Distribution Plan	25	105,200	–	–	105,200
Buyback of shares under Profit Distribution Plan	25	(6,838)	–	–	(6,838)
Buyback and cancellation of shares under Profit Distribution Plan	25	(27,842)	–	–	(27,842)
Share rights issued for employee services	31	508	–	–	508
Employee share entitlements issued	26	1,705	–	–	1,705
Distributions to owners	28	–	–	(105,200)	(105,200)
Movement in employee share entitlement reserve	26	–	(1,468)	–	(1,468)
		96,711	(1,468)	(105,200)	(9,957)
Balance as at 30 June 2008		460,779	2,058	(214,008)	248,829
Balance as at 1 July 2008		460,779	2,058	(214,008)	248,829
Profit for the year		–	–	54,824	54,824
Total recognised income		–	–	54,824	54,824
Share placement	25	223,360	–	–	223,360
Shares issued under Profit Distribution Plan	25	92,292	–	–	92,292
Buyback and cancellation of shares under Profit Distribution Plan	25	(45,511)	–	–	(45,511)
Share rights issued for employee services	31	706	–	–	706
Employee share entitlements issued	26	1,459	–	–	1,459
Distributions to owners	28	–	–	(92,292)	(92,292)
Movement in employee share entitlement reserve	26	–	(1,709)	–	(1,709)
		272,306	(1,709)	(92,292)	178,305
Balance as at 30 June 2009		733,085	349	(251,476)	481,958

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers		836,872	803,528	-	-
Payments to suppliers and employees		(499,318)	(446,761)	(26,377)	(36,243)
		337,554	356,767	(26,377)	(36,243)
Dividends received		7,312	2,280	-	-
Interest received		764	1,015	-	-
Gaming tax paid		(51,375)	(48,844)	-	-
Income taxes paid		(17,120)	(32,817)	-	-
Net cash inflow / (outflow) from operating activities	37	277,135	278,401	(26,377)	(36,243)
Cash flows from investing activities					
Deferred payment for prior year purchase of business		-	(20,000)	-	-
Purchase of/proceeds from property, plant and equipment		(98,831)	(89,076)	-	-
Payments for intangible assets		(4,144)	(1,189)	-	-
Loan repayment from Christchurch Hotels Limited		8,069	-	-	-
Proceeds from sale of available for sale assets		-	1,920	-	-
Dividend from subsidiaries		-	-	100,199	100,348
Payment to Minority Interest		(600)	-	-	-
Net cash inflow / (outflow) from investing activities		(95,506)	(108,345)	100,199	100,348
Cash flows from financing activities					
Share placement	25	223,360	-	223,360	-
Exercise of share options		-	23,978	-	23,978
Cash flows associated with derivatives	13	48,803	-	-	-
Repayment of borrowings		(129,000)	(92,000)	-	-
Advances from subsidiaries		-	-	(241,802)	(43,461)
Distributions paid to company shareholders		(45,511)	(34,680)	(45,511)	(34,680)
Interest paid		(65,582)	(76,977)	(9,869)	(9,942)
Net cash inflows/(outflows) from financing activities		32,070	(179,679)	(73,822)	(64,105)
Net decrease in cash and cash equivalents		213,699	(9,623)	-	-
Cash and cash equivalents at the beginning of the year		61,914	71,537	2	2
Cash and cash equivalents at end of year	10	275,613	61,914	2	2

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

NOTES TO THE FINANCIAL STATEMENTS

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.

These financial statements have been approved for issue by the board of directors on 19 August 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the year ended 30 June 2009 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards.

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Compliance with IFRS

The separate and consolidated financial statements of SKYCITY also comply with International Financial Reporting Standards (IFRS).

Entities Reporting

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2009 and the results of all subsidiaries, joint ventures and associates for the year then ended.

The financial statements of the 'Parent' are for the company as a separate legal entity.

The Parent company and the Group are designated as profit-oriented entities for financial reporting purposes.

The Parent company has a negative net working capital balance. The Parent's subsidiaries will continue to support it as required.

Statutory Base

SKYCITY is a company registered under the New Zealand Companies Act 1993 and is an issuer in terms of the Securities Act 1978 (New Zealand).

These financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 (New Zealand) and the Companies Act 1993.

Measurement Basis

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

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the company to exercise its judgement in the process of applying the Group's accounting policies. Judgement is used in the following areas: estimated impairment of goodwill, indefinite life casino licences, fair value of derivatives and probability of utilisation of unused tax losses.

The Group tests annually whether goodwill and indefinite licences have suffered any impairment, in accordance with the accounting policy stated in note 2(i). The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates (refer notes 6 and 16).

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(b) Principles of Consolidation

(i) Subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the company has the power to govern the financial and operating policies to obtain benefits generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are not consolidated from the date that control ceases.

The Group financial statements consolidate the financial statements of subsidiaries, using the acquisition method.

The acquisition method of accounting is used to account for the acquisition of subsidiaries and businesses by the Group. The consideration transferred in a business is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interest issued by the acquirer. It includes any asset or liability arising from a contingent consideration arrangement. Each identifiable asset and liability is generally measured at its acquisition date fair value

NOTES TO THE FINANCIAL STATEMENTS continued

except if an NZ IFRS requires another measurement basis. The excess of the consideration transferred over the Group's share of the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred is less than the acquisition date fair value of identifiable assets acquired and liabilities assumed, a gain is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated Income Statement and Balance Sheet respectively.

Subsidiaries are accounted for at cost within the parent entity financial statements.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally evidenced by holdings of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity's financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses is recognised in the Income Statement and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a jointly controlled operation have been incorporated in the financial statements under the appropriate headings.

(c) Segment Reporting

A geographical segment is engaged in providing products or services within a particular economic environment and may be subject to risks and returns that are different from those of segments operating in other economic environments. A business segment is a group of assets and operations engaged in providing products or services that may be subject to risks and returns that are different to those of other business segments. SKYCITY has determined that its primary segments are geographical and its secondary segments are business/operational.

(d) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the company's operations are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated and parent financial statements are presented in New Zealand dollars, which is the company's functional and the Group's presentation currency.

(ii) Transactions and Balances

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

(iii) Foreign Operations

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

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each Income Statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

NOTES TO THE FINANCIAL STATEMENTS continued

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue Recognition

Revenue is recognised as summarised below.

(i) Operating Revenue

Operating revenues include casino, hotel, food and beverage, convention centre, tower admissions, cinema admissions and other revenues. Casino revenues represent the net win to the casino from gaming activities, being the difference between amounts wagered and amounts won by casino patrons.

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

(ii) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

(iii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(f) Income Tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Goods and Services Tax (GST)

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

(h) Leases

(i) The Group is the Lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

(ii) The Group is the Lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Balance Sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(i) Impairment of Non-Current Assets

Goodwill and Intangible Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation (property, plant and equipment and intangibles that have a finite useful life) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

NOTES TO THE FINANCIAL STATEMENTS continued

(j) Cash and Bank Balances

Cash and bank balances include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

(k) Trade Receivables

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

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of those receivables.

(l) Inventories

Inventories, all of which are finished goods, are stated at the lower of cost and net realisable value determined on a first in, first out basis.

(m) Investments and Other Financial Assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. The company determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(i) Financial Assets at Fair Value Through Profit or Loss

This category has two sub-categories: financial assets classified as held for trading and financial assets designated as at fair value through profit or loss on initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term.

Derivatives are also classified as held for trading unless they are designated as hedges. The Group does not hold any assets that are designated as at fair value on initial recognition. Financial assets at fair value through profit or loss are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

(iii) Held to Maturity Investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

(iv) Available for Sale Financial Assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivative assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the company intends to dispose of the investment within 12 months of the balance sheet date.

Available for sale financial assets and financial assets at fair value through profit and loss are carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the Income Statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity in the available for sale investments revaluation reserve. When securities classified as available for sale are sold, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

NOTES TO THE FINANCIAL STATEMENTS continued

(n) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or hedges of exposures to variability in cash flows associated with recognised assets or liabilities or highly probable forecast transactions (cash flow hedges).

At the inception of the transaction, SKYCITY documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair Value Hedge

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

(ii) Cash Flow Hedge

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

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

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

(iii) Derivatives that do not qualify for Hedge Accounting

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

(o) Property, Plant and Equipment

Property, plant and equipment (except for investment properties refer note 2(p)) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

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

– Buildings	5–75 years
– Building fit-out	10 years
– Plant and equipment	2–75 years
– Vehicles	3 years
– Fixtures and fittings	3–20 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

(p) Investment Property

Investment property is held for long term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by independent external valuers. Changes in fair values are recorded in the Income Statement as part of other income.

NOTES TO THE FINANCIAL STATEMENTS continued

(q) Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

(ii) Casino Licences

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

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

(iii) Acquired Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to seven years).

(r) Payables

Payables are stated at cost or estimated liability where accrued.

(s) Borrowings

Borrowings, including capital notes and the Group's Adjustable Coupon Exchangeable Securities (SKYCITY ACES), are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost unless part of an effective hedging relationship. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

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

(t) Borrowing Costs

Borrowing costs are expensed, except for costs incurred for the construction of any qualifying asset which are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

(u) Employee Benefits

(i) Wages, Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-Based Payments

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

(v) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders.

(w) Dividends/Distributions

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

NOTES TO THE FINANCIAL STATEMENTS continued

(x) Earnings Per Share

(i) Basic Earnings Per Share

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

(ii) Diluted Earnings Per Share

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

(y) Cash Flow Statement

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

(z) Standards, Interpretations and Amendments to Published Standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2009 or later periods, but which the Group has not early adopted. These are:

- Amendments to NZ IAS1 Presentation of Financial Statements and the new Standard NZ IFRS 8 Operating Segments have an impact on the presentation and disclosure of certain financial information. There is no impact on measurement. The Group will apply these from 1 July 2009.
- NZ IFRS 7, Financial Instruments: Disclosures. Amendments increase the level of disclosure on inputs used in valuation techniques and the uncertainty associated with such valuations. There is no impact on measurement. The Group will apply these amendments from 1 July 2009.

(aa) Changes in Accounting Policies

Other than as referred to below, there have been no significant changes in accounting policies during the current period.

Certain comparatives have been restated in order to conform to current year presentation. The nature of these changes is to reclassify interest received (except for interest from Christchurch Hotels Limited) to Finance Costs – Net to better reflect how the Group manages its debt; and to merge deferred tax assets and deferred tax liabilities within the Balance Sheet. There is no impact on net profit.

During the year the Group changed the following accounting policies:

(i) NZ IFRIC 13 Customer Loyalty Programmes

A portion of revenue is allocated to the loyalty points scheme and is recognised when customers redeem their loyalty points. The change in accounting policy has not had a material effect in terms of the measurement of revenue in the financial statements. Disclosures regarding the amount of loyalty revenue have been made in note 3.

(ii) NZ IFRS 3 (Revised) Business Combinations

The revised standard continues to apply the acquisition method to business combinations with some changes. Changes include: all payments to purchase a business are to be recorded at fair value at the acquisition date with contingent payments classified as debt subsequently remeasured through the Income Statement; all acquisition related costs are now expensed. The Group has applied NZ IFRS 3 (Revised) prospectively from 1 July 2008. There has been no impact in the current year.

(iii) NZ IFRIC 16 Hedges of a Net Investment in a Foreign Operation

This interpretation provides guidance on the accounting for a hedge of a net investment in a foreign operation in an entity's consolidated financial statements. The Group has applied NZ IFRIC 16 prospectively from 1 July 2008. There has been no impact in the current year.

NOTES TO THE FINANCIAL STATEMENTS continued

3 REVENUE

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Gaming	604,278	586,511	–	–
Non-gaming	233,336	217,503	–	–
	837,614	804,014	–	–

Non-gaming revenue includes revenues from hotels, cinemas, food and beverage, convention centre, car parking, property rentals, Sky Tower, and other non-gaming activities.

Included within consolidated gaming revenue is revenue relating to loyalty action points of \$10,830,000 (30 June 2008: \$7,941,000).

Included within consolidated non-gaming revenue is revenue relating to loyalty action points of \$151,000 (30 June 2008: \$127,000).

4 OTHER INCOME

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Interest income – Christchurch Hotels Limited	764	1,015	–	–
Dividend income	6	2	–	–
Net gain on disposal of property, plant and equipment	1,215	247	–	–
Net gain on sale of available-for-sale financial assets	–	152	–	–
Other income	–	–	–	9,320
Dividends from wholly-owned entities	–	–	100,199	100,348
	1,985	1,416	100,199	109,668

NOTES TO THE FINANCIAL STATEMENTS continued

5 EXPENSES	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Buildings	19,283	21,704	-	-
Plant and equipment	40,440	38,076	1,688	2,072
Furniture and fittings	7,733	5,310	-	-
Motor vehicles	217	268	-	-
Total depreciation	67,673	65,358	1,688	2,072
Amortisation				
Casino licences (Adelaide)	2,576	2,449	-	-
Software	7,478	5,958	6,915	5,475
Total amortisation	10,054	8,407	6,915	5,475
Total depreciation and amortisation	77,727	73,765	8,603	7,547
Other expenses includes:				
Utilities, insurance and rates	22,391	21,389	75	105
Community Trust donations	2,730	2,854	-	-
Minimum lease payments relating to operating leases	18,384	17,115	-	-
Other property expenses	19,987	17,711	-	-
Other items	54,559	50,972	10,014	11,703
Provision for bad and doubtful debts	526	1,261	-	-
Total other expenses	118,577	111,302	10,089	11,808
Restructuring costs				
Restructuring costs	2,368	4,558	-	-
Transaction costs	-	3,240	-	3,240
Total restructuring costs	2,368	7,798	-	3,240

Restructuring costs relate to redundancy and other payments. Transaction costs relate to various costs associated with a takeover approach made to the Group and the potential sale of the Cinemas business covering the September 2007 to February 2008 period. Transaction costs identified above do not include any internal costs.

NOTES TO THE FINANCIAL STATEMENTS continued

5 EXPENSES continued

Audit fees

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

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Assurance services				
<i>Audit services</i>				
PricewaterhouseCoopers				
Statutory audit fees	724	805	172	121
Compliance audit fees	158	106	158	106
Other audit firms for the audit or review of financial reports of subsidiaries	6	21	-	-
Total remuneration for audit services	888	932	330	227
<i>Other assurance services provided by</i>				
PricewaterhouseCoopers				
Accounting advice and assistance	71	67	71	67
Financial due diligence	-	101	-	101
Systems assurance	95	18	95	10
IFRS accounting assistance	-	10	-	-
Tax compliance services	70	54	-	-
Total remuneration for other assurance services	236	250	166	178
Total remuneration for assurance services	1,124	1,182	496	405
(b) Other services				
PricewaterhouseCoopers				
Taxation advisory services	564	374	-	-
Total remuneration for taxation services	564	374	-	-
Total fees paid or payable to auditors	1,688	1,556	496	405

The Group employs PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important and auditor independence is not impaired. These assignments are principally tax advice. For other work, the company's External Audit Independence Policy requires that advisers other than PricewaterhouseCoopers are engaged, unless otherwise approved by the Board's Audit and Risk Committee.

6 CINEMAS IMPAIRMENT

Based on lower than expected operating results in 2008, the directors determined that a write-down in the carrying value of the Cinemas business was appropriate. A write-down of \$60.0 million was made in the half year accounts (period ended 31 December 2007) to reduce the carrying value of the Cinemas business to its estimated value in use. The value in use was estimated using expected future cash flows discounted at a rate of 15%.

The write-down primarily consisted of impairing goodwill by \$54.8 million (refer to note 16) with the remaining balance impairing various tangible assets and contracts.

In the parent entity the investment in SKYCITY Cinema Holdings Limited was also impaired by \$60.0 million.

NOTES TO THE FINANCIAL STATEMENTS continued

7 FINANCE COSTS – NET

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<i>Finance costs</i>				
Interest and finance charges paid/payable	75,123	86,353	9,878	9,922
Exchange (gains)/losses on foreign currency borrowings	(461)	(2,503)	–	–
Interest income	(7,311)	(7,961)	–	–
Net finance costs	67,351	75,889	9,878	9,922

8 INCOME TAX EXPENSE

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Income Tax Expense				
Current tax	46,371	13,998	–	–
Deferred tax	(6,443)	22,536	–	–
Income tax expense	39,928	36,534	–	–
Deferred tax (note 23)				
Origination and reversal of temporary differences	(6,443)	23,357	–	–
Impact of change in tax rate	–	(821)	–	–
Total deferred tax	(6,443)	22,536	–	–
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable				
Profit from continuing operations before income tax expense	155,428	85,782	54,824	(6,203)
Tax at the New Zealand tax rate of 30% (2008: 33%)	46,629	28,308	16,447	(2,047)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Inter-company eliminations	–	–	13,296	34,865
Items not subject to tax	935	4,764	317	297
Australian investment allowance	(741)	–	–	–
Share of net profit of associates	(2,074)	(1,800)	–	–
Change in New Zealand corporate tax rate	–	(821)	–	–
Foreign exchange rate differences	(280)	(8,390)	–	–
Exempt dividends received	–	128	(30,060)	(33,115)
Share of partnership expenditure	(4,119)	(4,856)	–	–
Write off tax losses	(244)	5,931	–	–
Impairment of Cinemas	–	18,081	–	–
	40,106	41,345	–	–
Differences in overseas tax rates	(701)	(4,836)	–	–
Under provision in prior years	523	25	–	–
Income tax expense	39,928	36,534	–	–

The weighted average applicable tax rate was 25.7% (2008: 42.6% (26.1% excluding the impact of the Cinemas write-down of \$60.0 million)).

The New Zealand corporate tax rate reduced from 33% to 30% with effect for the Group from 1 July 2008.

NOTES TO THE FINANCIAL STATEMENTS continued

9 EARNINGS PER SHARE

CONSOLIDATED

	2009 \$'000	2008 \$'000
Earnings per share for profit attributable to the shareholders of the company		
Basic earnings per share (cents)	23.4	10.8
Diluted earnings per share (cents)	21.2	10.8

(a) Reconciliations of Earnings used in calculating Earnings Per Share

Basic earnings per share

Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	115,301	49,856
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Diluted earnings per share

Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	115,301	49,856
Interest savings on capital notes	9,882	–
Interest savings on SKYCITY ACES	9,914	–
In the money option/right expense savings	422	508
Tax on the above	(6,065)	(168)

Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	129,454	50,196
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(b) Weighted Average number of shares used as the denominator

	2009 NUMBER	2008 NUMBER
<i>Basic earnings per share</i>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	491,824,341	461,865,334
<i>Diluted earnings per share</i>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	491,824,341	461,865,334
Adjustments for calculation of diluted earnings per share:		
Capital notes	46,216,418	–
SKYCITY ACES	70,831,563	–
Options/share rights	1,541,132	987,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	610,413,454	462,852,334

NOTES TO THE FINANCIAL STATEMENTS continued

9 EARNINGS PER SHARE continued

(c) Information concerning the classification of Securities

(i) SKYCITY ACES

SKYCITY ACES are considered to be potential ordinary shares and are included in the determination of diluted earnings per share from their date of issue if they are dilutive. The SKYCITY ACES have not been included in the determination of basic earnings per share. In 2009 the SKYCITY ACES are dilutive and are therefore included in the determination of diluted earnings per share. In 2008 the SKYCITY ACES had an anti-dilutive impact on earnings per share and were therefore not included in the determination of diluted earnings per share. Details relating to the SKYCITY ACES are set out in note 22.

(ii) Options/Share Rights

Options and rights granted to employees under the SKYCITY Executive Share Option and Rights Plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share. Details relating to the options and rights are set out in note 31.

(iii) Capital Notes

Capital notes are considered to be potential ordinary shares and are included in the determination of diluted earnings per share from their date of issue if they are dilutive. The notes have not been included in the determination of basic earnings per share. In 2009 they are dilutive and are therefore included. In 2008 the capital notes had an anti-dilutive impact on earnings per share and were therefore not included in the determination of diluted earnings per share. Details relating to the notes are set out in note 21.

10 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank	239,265	28,648	2	2
Cash in house	36,348	33,266	-	-
	275,613	61,914	2	2

The significant increase in cash at bank relates to the proceeds from the Capital Placement (refer note 25). Subsequent to year end these funds were partially used to repay debt (refer note 38).

11 RECEIVABLES AND PREPAYMENTS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables	7,654	6,545	-	3
Advance to Christchurch Hotels Limited	7,649	15,718	-	-
Sundry receivables	4,923	3,414	285	45
Prepayments	3,038	3,703	1,138	1,433
Interest receivable	892	2,103	-	-
Amounts due from subsidiaries	-	-	25,495	25,520
	24,156	31,483	26,918	27,001

There are no significant receivables past due date or impaired.

NOTES TO THE FINANCIAL STATEMENTS continued

12 NET TAX RECEIVABLES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current tax receivables	17,922	33,818	–	–
Non-current tax receivables	5,707	11,492	–	–
Current tax liabilities	(9,154)	–	–	–
Net tax receivable	14,475	45,310	–	–

Tax is typically paid in advance to ensure the Group has positive imputation credits as at 31 March of each year. The movement in net tax receivables relates to the utilisation of prior year tax payments in the current year.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	FAIR VALUE		NOTIONAL PRINCIPAL	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Consolidated				
Current assets				
Interest rate swaps - cash flow hedges	–	163	–	15,000
Forward foreign exchange contracts	–	1,107	–	27,785
Forward foreign exchange contracts – hedge of net investment of overseas subsidiaries	5,148	–	148,920	–
Interest rate swaps – fair value hedges	1,404	–	30,000	–
Total current derivative financial instrument assets	6,552	1,270	178,920	42,785
Non-current assets				
Interest rate swaps – cash flow hedges	15	18,655	31,025	562,868
Cross-currency interest rate swaps – cash flow hedges *	15,639	–	365,028	–
Cross-currency interest rate swaps – fair value hedges *	949	–	21,592	–
Electricity CFD – cash flow hedges	–	3,808	–	–
Total non-current derivative financial instrument assets	16,603	22,463	417,645	562,868
Current liabilities				
Forward foreign currency contracts	4,839	–	48,904	–
Interest rate swaps – cash flow hedges	590	–	31,025	–
Electricity CFD – cash flow hedges	244	–	–	–
Total current derivative financial instrument liabilities	5,673	–	79,929	–
Non-current liabilities				
Interest rate swaps – cash flow hedges	34,530	179	554,100	25,000
Interest rate swaps – fair value hedges	–	19	–	30,000
Cross-currency interest rate swaps – cash flow hedges*	–	22,034	–	365,028
Cross-currency interest rate swaps – fair value hedges*	–	1,329	–	21,592
Total non-current derivative financial instrument liabilities	34,530	23,561	554,100	441,620

During the year, \$3,505,693 losses (2008: \$1,476,213 losses) on hedges items were offset in the Income Statement by \$3,551,622 gains (2008: \$1,479,190 gains) on derivatives in fair value hedging relationships.

There is no cash flow hedge ineffectiveness in either the current or prior year.

* These fair value amounts are net of collateral deposits received of \$48.8 million. When the fair value of the cross-currency interest rate swaps exceeds certain levels a payment is received from (if the CCIRS is an asset) or made to (if the CCIRS is a liability) the counter-party.

NOTES TO THE FINANCIAL STATEMENTS continued

14 PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	LAND \$'000	BUILDINGS \$'000	PLANT AND EQUIPMENT \$'000	FIXTURES AND FITTINGS \$'000	MOTOR VEHICLES \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
At 30 June 2007							
Cost	166,166	718,792	307,831	76,738	1,246	44,377	1,315,150
Accumulated depreciation	–	(115,553)	(207,322)	(51,194)	(975)	–	(375,044)
Net book value	166,166	603,239	100,509	25,544	271	44,377	940,106
Movements in the year ended 30 June 2008							
Opening net book value	166,166	603,239	100,509	25,544	271	44,377	940,106
Exchange differences	1,985	14,794	4,600	805	26	600	22,810
Net additions	–	11,699	45,896	1,128	325	34,609	93,657
Depreciation charge	–	(21,704)	(38,076)	(5,310)	(268)	–	(65,358)
Closing net book value	168,151	608,028	112,929	22,167	354	79,586	991,215
At 30 June 2008							
Cost	168,151	745,377	363,724	79,738	1,539	79,586	1,438,115
Accumulated depreciation	–	(137,349)	(250,795)	(57,571)	(1,185)	–	(446,900)
Net book value	168,151	608,028	112,929	22,167	354	79,586	991,215
Movements in the year ended 30 June 2009							
Opening net book value	168,151	608,028	112,929	22,167	354	79,586	991,215
Exchange differences	(268)	(2,522)	(699)	(88)	(3)	(424)	(4,004)
Net additions	170	70,487	63,152	20,651	224	(54,302)	100,382
Transfer from investment properties	7,650	1,195	–	–	–	–	8,845
Depreciation charge	–	(19,283)	(40,440)	(7,733)	(217)	–	(67,673)
Closing net book value	175,703	657,905	134,942	34,997	358	24,860	1,028,765
At 30 June 2009							
Cost	175,703	816,606	409,964	98,788	1,618	24,860	1,527,539
Accumulated depreciation	–	(158,701)	(275,022)	(63,791)	(1,260)	–	(498,774)
Net book value	175,703	657,905	134,942	34,997	358	24,860	1,028,765

NOTES TO THE FINANCIAL STATEMENTS continued

14 PROPERTY, PLANT AND EQUIPMENT continued

PARENT COMPANY	PLANT AND EQUIPMENT \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
At 30 June 2007			
Cost	1,105	914	2,019
Accumulated depreciation	(486)	–	(486)
Net book value	619	914	1,533
Movements in the year ended 30 June 2008			
Opening net book value	619	914	1,533
Net additions	2,877	1,090	3,967
Depreciation charge	(2,072)	–	(2,072)
Closing net book value	1,424	2,004	3,428
At 30 June 2008			
Cost	21,058	2,004	23,062
Accumulated depreciation	(19,634)	–	(19,634)
Net book value	1,424	2,004	3,428
Movements in the year ended 30 June 2009			
Opening net book value	1,424	2,004	3,428
Net additions	834	2,400	3,234
Depreciation charge	(1,688)	–	(1,688)
Closing net book value	570	4,404	4,974
At 30 June 2009			
Cost	21,061	4,404	25,465
Accumulated depreciation	(20,491)	–	(20,491)
Net book value	570	4,404	4,974

Borrowing costs in relation to the funding of Darwin Stage One development (2008: Auckland main gaming floor refurbishment, Cinema construction and car park building purchases) have been capitalised to these projects, \$1,963,799 (2008: \$1,178,209). Total capitalised interest and facility fees included in the cost of land and buildings at 30 June 2009 is \$51,045,818 (2008: \$49,082,019).

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

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

The SKYCITY Hamilton site is subject to the normal rights that the Crown reserves in respect of minerals and mining in relation to the sub-soil areas. The land title is subject to Section 27B of the State Owned Enterprises Act 1986 which does not provide for the owner of the land to be heard in relation to any recommendations of the Waitangi Tribunal for the resumption of the land. At balance date the company was not aware of any matters pertaining to the land under the State Owned Enterprises Act 1986. Drainage rights have been granted over parts of the land appurtenant to Lot 2 Plan 5.23789 (CT22C/1428). There is also a right of way granted over part of Lot 1 and part of Lot 2 DP580554.

Included within the 2008 Property, Plant and Equipment movement are minor asset impairments relating to Cinemas, refer to note 6.

NOTES TO THE FINANCIAL STATEMENTS continued

15 INVESTMENT PROPERTIES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
At fair value				
Balance at the beginning of the year	8,845	8,593	–	–
Capitalised subsequent expenditure	–	252	–	–
Transfer to property, plant and equipment	(8,845)	–	–	–
Balance at the end of the year	–	8,845	–	–
Rental income	–	26	–	–

The 2008 balance related to 97-101 Hobson Street. During the current year the Group made the decision to occupy this building therefore the balance was transferred from investment properties to property, plant and equipment.

16 INTANGIBLE ASSETS

CONSOLIDATED	GOODWILL \$'000	CASINO LICENCES \$'000	COMPUTER SOFTWARE \$'000	TOTAL \$'000
At 30 June 2007				
Cost	194,650	234,120	51,260	480,030
Accumulated amortisation	–	(19,487)	(27,074)	(46,561)
Net book amount	194,650	214,633	24,186	433,469
Movements in the year ended 30 June 2008				
Opening net book amount	194,650	214,633	24,186	433,469
Exchange differences	15,391	31,546	112	47,049
Development costs recognised as an asset	–	–	1,213	1,213
Impairment charge	(54,792)	–	–	(54,792)
Amortisation charge	–	(2,449)	(5,958)	(8,407)
Closing net book amount	155,249	243,730	19,553	418,532
At 30 June 2008				
Cost	155,249	268,744	52,927	476,920
Accumulated amortisation	–	(25,014)	(33,374)	(58,388)
Net book amount	155,249	243,730	19,553	418,532
Movements in the year ended 30 June 2009				
Opening net book amount	155,249	243,730	19,553	418,532
Exchange differences	(2,075)	(4,259)	(14)	(6,348)
Additions	–	–	4,144	4,144
Amortisation charge	–	(2,576)	(7,478)	(10,054)
Closing net book amount	153,174	236,895	16,205	406,274
At 30 June 2009				
Cost	153,174	264,075	57,008	474,257
Accumulated amortisation	–	(27,180)	(40,803)	(67,983)
Net book amount	153,174	236,895	16,205	406,274

NOTES TO THE FINANCIAL STATEMENTS continued

16 INTANGIBLE ASSETS continued

	2009 \$'000	2008 \$'000
Goodwill – Darwin	117,388	119,463
Goodwill – Hamilton	35,786	35,786
Total Goodwill	153,174	155,249
Casino Licence – Darwin	39,379	40,076
Casino Licence – Adelaide	197,516	203,654
Total Casino Licences	236,895	243,730

Casino Licence Contract Term

Darwin	The casino and associated operations are carried out by SKYCITY Darwin under a casino licence/operator agreement (the Casino Operator's Agreement) with the NT Government. The current licence term was set in 2006 for a 20 year period until 2026. The COA is subject to extension for a further 5 years once its period to maturity reaches 15 years. The next licence extension date is 2011, at which time the licence term can be extended to 2031. These licence extensions apply on a continuing five year basis so that, subject to certain criteria being met, the remaining licence period is never less than 15 years.
Adelaide	The casino and associated operations are carried out by SKYCITY Adelaide under a casino licence (the Approved Licensing Agreement) dated October 1999 (as amended). Unless terminated earlier, the expiry date of the ALA is June 2085. The term of the ALA can be renewed for a further fixed term pursuant to section 9 of the Casino Act 1997 (SA).

PARENT COMPANY	COMPUTER SOFTWARE \$'000	TOTAL \$'000
At 30 June 2007		
Cost	227	227
Accumulated amortisation	(71)	(71)
Net book amount	156	156
Movements in the year ended 30 June 2008		
Opening net book amount	156	156
Additions	24,081	24,081
Amortisation charge	(5,475)	(5,475)
Closing net book amount	18,762	18,762
At 30 June 2008		
Cost	45,857	45,857
Accumulated amortisation	(27,095)	(27,095)
Net book amount	18,762	18,762
Movements in the year ended 30 June 2009		
Opening net book amount	18,762	18,762
Additions	3,763	3,763
Amortisation charge	(6,915)	(6,915)
Closing net book amount	15,610	15,610
At 30 June 2009		
Cost	49,620	49,620
Accumulated amortisation	(34,010)	(34,010)
Net book amount	15,610	15,610

NOTES TO THE FINANCIAL STATEMENTS continued

16 INTANGIBLE ASSETS continued

(a) Impairment Tests for Intangibles with Indefinite Lives

Goodwill and licences with indefinite lives are allocated to the Group's cash-generating units (CGU's) identified below.

	SKYCITY HAMILTON* \$'000	SKYCITY DARWIN \$'000	TOTAL \$'000
2009			
Goodwill	35,786	117,388	153,174
Casino Licence	–	39,379	39,379
	35,786	156,767	192,553
2008			
Goodwill	35,786	119,463	155,249
Casino Licence	–	40,076	40,076
	35,786	159,539	195,325

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections approved by directors covering a three year period. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates. There is a surplus between the carrying values of indefinite life assets and value in use calculations.

* SKYCITY Hamilton is included within the "Rest of New Zealand" segment in note 30.

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

	EBITDA MARGIN		GROWTH RATE		DISCOUNT RATE	
	2009 %	2008 %	2009 %	2008 %	2009 %	2008 %
SKYCITY Hamilton	46.1	47.4	2.5	3.0	10.0	8.7
SKYCITY Darwin	36.4	39.8	2.5	3.0	10.0	8.7

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

The company does not expect a reasonably possible change in key assumptions would reduce recoverable amount below carrying amount.

17 AVAILABLE FOR SALE FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the year	1,022	2,514	–	–
Disposal	–	(1,492)	–	–
Transfer to Associates	(1,022)	–	–	–
Balance at 30 June	–	1,022	–	–
Comprising: unlisted equity securities	–	1,022	–	–
	–	1,022	–	–

The investment in unlisted equity securities related to Christchurch Hotels Limited. During the year Christchurch Hotels Limited became an associate and the balance was reclassified accordingly.

NOTES TO THE FINANCIAL STATEMENTS continued

18 INVESTMENTS IN ASSOCIATES

(a) Carrying Amounts

Information relating to associates is set out below.

NAME OF COMPANY	PRINCIPAL ACTIVITIES	OWNERSHIP INTEREST		CONSOLIDATED		PARENT	
		2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Unlisted							
Vista Entertainment Solutions Limited	Cinema ticket software systems	50	50	3,614	3,654	–	–
Christchurch Casinos Limited Group	Casino operator	46	41	81,023	80,354	–	–
				84,637	84,008	–	–

Vista Entertainment Solutions Limited (Vista) is incorporated in New Zealand and has a 31 December balance date. The directors are not aware of any significant events or transactions since Vista's balance date.

Christchurch Casinos Limited Group (CCL) is incorporated in New Zealand and has a 31 March balance date. The directors are not aware of any significant events or transactions since CCL's 31 March 2009 balance date that relate to the carrying value of SKYCITY's ownership interest that should be recorded in these accounts. Included within the CCL's carrying value is goodwill of approximately \$53 million. During the year Christchurch Hotels Limited (part of the CCL Group) was transferred from Available for Sale Financial Assets to Associates. This resulted in the effective ownership in CCL Group increasing to 45.7%.

(b) Movements in carrying amounts

	2009 \$'000	2008 \$'000
Balance at the beginning of the year	84,008	80,831
Share of profits after income tax	6,913	5,456
Transfer from Available for Sale Financial Assets	1,022	–
Dividends received/receivable	(7,306)	(2,279)
Balance at 30 June	84,637	84,008

(c) Summarised financial information of significant associates

	GROUP'S SHARE OF:			
	ASSETS \$'000	LIABILITIES \$'000	REVENUES \$'000	PROFIT \$'000
2009				
Christchurch Casinos Limited	20,886	2,620	20,431	4,172
	20,886	2,620	20,431	4,172
2008				
Christchurch Casinos Limited	19,817	2,238	21,173	4,693
	19,817	2,238	21,173	4,693

The above are based on SKYCITY's direct equity interest in Christchurch Casinos Limited of 30.7%.

NOTES TO THE FINANCIAL STATEMENTS continued

19 PAYABLES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables	17,835	20,681	–	–
Lease incentives and deferred income	10,984	11,386	–	–
Accrued expenses	46,475	52,518	6,334	6,215
Employee benefits	35,049	33,687	–	–
Amounts due to subsidiaries	–	–	104,434	335,307
	110,343	118,272	110,768	341,522

20 NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Unsecured				
United States Private Placement	612,284	551,745	–	–
Syndicated bank facility	–	129,000	–	–
Deferred funding expenses	(2,104)	(2,861)	–	–
Total unsecured non-current interest bearing borrowings	610,180	677,884	–	–

(a) United States Private Placement (USPP)

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 movement in the US Private Placement debt from 2008 relates to foreign exchange movement. No repayments of USPP debt were made during the year ended 30 June 2009. The US Private Placement fixed rate US dollar borrowings have been converted to New Zealand dollar floating rate borrowings by use of cross currency interest rate swaps, as a result all US dollar exposure has been eliminated.

The offsetting value of the cross currency interest rate swap as at 30 June 2009 (including a collateral deposit of \$48.8 million) is included within derivative financial instruments in note 13.

Subsequent to year end SKYCITY repaid US\$115.5 million of the 2012 USPP. Refer to note 38.

(b) Syndicated Bank Facility

At 30 June 2009, SKYCITY had in place a \$500,000,000 (2008: \$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 30 June 2009, the amount drawn on this facility was \$nil (2008: \$129,000,000).

(c) SKYCITY Cinemas Group

At balance date, SKYCITY Rialto JV had a bank facility of \$250,000 (2008: \$250,000) which was undrawn, secured by registered mortgage debenture over Rialto Cinemas Limited. SKYCITY has a 50% interest in Rialto Cinemas Limited. SKYCITY's share of the net assets of Rialto JV is \$1,754,000 (2008: \$2,196,000).

(d) Fair values

The fair value of the USPP is approximately \$44 million (2008: \$27 million) more than the carrying value. Fair value has been determined on a discounted cash flow basis using current market interest rates.

NOTES TO THE FINANCIAL STATEMENTS continued

21 SUBORDINATED DEBT – CAPITAL NOTES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the year	123,841	123,860	123,860	123,860
Partial revaluation	1,422	(19)	–	–
Balance at the end of the year	125,263	123,841	123,860	123,860
Deferred expense	(33)	(69)	(33)	(69)
Net capital notes at the end of the year	125,230	123,772	123,827	123,791

Prior to the next election date (15 May 2010), the company will notify holders of the proportion of their capital notes it will redeem (if any) and, if applicable, the new conditions (including as to interest rate, interest dates, new election date, and other modifications to the existing conditions) that will apply to the capital notes from the election date. Holders may then choose either to retain some or all of their capital notes on the new terms, and/or to convert some or all of their capital notes into SKYCITY ordinary shares. The company may elect to redeem or purchase some or all of the capital notes that holders have elected to convert, at an amount equal to the principal amount plus any accrued but unpaid interest.

If capital notes are converted, holders will receive ordinary shares equal in value to the aggregate of the principal amount of the notes plus any accrued but unpaid interest. The value of the shares is determined on the basis of 95% of the weighted average sale price of a SKYCITY ordinary share on the New Zealand stock exchange during the 15 trading days prior to the election dates.

The capital notes do not carry voting rights. Capital noteholders are not entitled to any distributions made by SKYCITY in respect of its ordinary shares prior to the conversion date of the capital notes and do not participate in any change in value of SKYCITY's issued shares.

\$30,000,000 of the capital notes are part of a fair value hedging relationship (established 2008 – refer note 13) and have therefore been revalued for movements in market interest rates.

As at 30 June 2009, there were 150,000,000 (2008: 150,000,000) capital notes on issue, of which 26,140,250 (2008: 26,140,250) are held as treasury stock by the company.

The capital notes are listed on the NZX. As at 30 June 2009 the closing price was \$1.0061 per \$1 note (2008: \$0.9833). The capital notes are carried at amortised cost apart from the proportion in a fair value hedging relationship which is revalued for movements in market interest rates on consolidation.

NOTES TO THE FINANCIAL STATEMENTS continued

22 SUBORDINATED DEBT - SKYCITY ACES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
SKYCITY ACES	186,150	189,442	–	–
Deferred expenses	(1,633)	(2,904)	–	–
	184,517	186,538	–	–

In October 2005, SKYCITY Investments Australia Limited issued in Australia 1.5 million unsecured subordinated perpetual reset exchangeable securities (SKYCITY ACES) at an issue price of A\$100.00 per note. The SKYCITY ACES offer holders a fully franked variable rate coupon until the first reset date of 15 December 2010. The coupon is reset quarterly at the Australian 90 day bank bill rate (BBSW) plus 2.25%, net of the Australian corporate tax rate (30%) with franking credits attached.

On any reset date (the first being 15 December 2010 and every five years thereafter), SKYCITY may elect to exchange or redeem the SKYCITY ACES or change the coupon rate and certain other terms. The holder can request exchange of the SKYCITY ACES at any reset date. If the holder requests exchange SKYCITY may elect to exchange for ordinary shares or redeem or repurchase for cash.

Coupons are payable unless the directors of the issuer determine that a coupon not be paid. If a coupon is not paid, the holder has no right to receive that coupon, as coupons are non-cumulative. However, if a coupon is not paid, SKYCITY will be prohibited from paying dividends on its ordinary shares until certain conditions are satisfied.

SKYCITY ACES do not carry voting rights and holders are not entitled to any distributions made by SKYCITY in respect of its ordinary shares prior to exchange. There is a minimum exchange ratio which means that a SKYCITY ACES holder would participate in any increase in the SKYCITY ordinary share price above A\$7.40.

The movement in the SKYCITY ACES debt from 2008 relates to foreign exchange movements and is offset by changes in the foreign currency translation reserve so that there is no foreign exchange impact on the Income Statement. The A\$150 million was converted at an exchange rate of 0.8058 (2008: 0.7918).

SKYCITY ACES are listed on the ASX. As at 30 June 2009 the closing price was A\$91.50 per A\$100 note (2008: A\$83.00). The SKYCITY ACES are carried at amortised cost translated at the closing NZD/AUD exchange rate.

NOTES TO THE FINANCIAL STATEMENTS continued

23 DEFERRED TAX LIABILITIES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
The balance comprises temporary differences attributable to:				
Prepayments and receivables	481	(2,816)	-	-
Provision and accruals	(13,657)	(13,253)	-	-
Depreciation	57,589	60,310	-	-
Tax rate change	-	(885)	-	-
Foreign exchange differences	5,343	19,922	-	-
Property, plant and equipment	-	(588)	-	-
Tax losses	-	(985)	-	-
Other	(20)	(758)	-	-
	49,736	60,947	-	-
Other				
Cash flow hedges	(1,376)	5,236	-	-
Net deferred tax liabilities	48,360	66,183	-	-
Movements:				
Balance at the beginning of the year	66,183	37,014	-	-
Charged to the Income Statement (note 8)	(6,443)	22,536	-	-
Debited to equity	(9,796)	6,112	-	-
Foreign exchange differences	(1,584)	521	-	-
Closing balance at 30 June	48,360	66,183	-	-
Within 12 months	(13,563)	1,484	-	-
In excess of 12 months	61,923	64,699	-	-
	48,360	66,183	-	-

The Group has not recognised deferred tax assets of \$5.3 million (2008: \$5.9 million) in respect of losses that can be carried forward against future taxable income.

24 IMPUTATION CREDITS

	CONSOLIDATION	
	2009 \$'000	2008 \$'000
Balance at the beginning of the year	(4,182)	(1,998)
Tax payments, net of refunds	5,498	10,913
Credits attached to dividends/distributions paid	(13,447)	(13,097)
Balance at end of year	(12,131)	(4,182)
Imputation credits available directly and indirectly to shareholders of the parent company, through:		
Parent company	(11,954)	(3,952)
Subsidiaries	(177)	(230)
	(12,131)	(4,182)

As required by relevant tax legislation, the imputation credit account had a credit balance as at 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS continued

25 SHARE CAPITAL

	2009 SHARES	2008 SHARES	2009 \$'000	2008 \$'000
Opening balance of ordinary shares issued	471,399,291	450,709,087	460,779	364,068
Shares issued under Profit Distribution Plan	30,746,809	25,690,301	92,292	105,200
Exercise of share rights/options	–	1,631,213	–	23,978
Share rights issued for employee services	–	–	706	508
Employee share entitlements issued	296,682	344,019	1,459	1,705
Reduction in treasury shares	(296,682)	–	–	–
Buyback of shares under Profit Distribution Plan	–	–	–	(6,838)
Buyback and cancellation of shares under Profit Distribution Plan	(14,503,726)	(6,975,329)	(45,511)	(27,842)
Share placement	87,472,313	–	223,360	–
	575,114,687	471,399,291	733,085	460,779

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

Included within the number of shares is treasury shares 903,184 (2008: 1,199,866) held by the company. The movement in treasury shares during the year related to the issuance of shares under the employee 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.

Share Placement

During the year the company undertook an institutional share placement, a share purchase plan and a top-up offer. As a result the company issued 87,472,313 new shares at \$2.61 per share raising \$228,303,000. Costs incurred associated with the issue of these shares of \$4,943,000 (including brokerage and legal and other fees) have been reduced from the share proceeds.

26 RESERVES AND RETAINED (LOSSES)/PROFITS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Reserves				
Hedging reserve – cash flow hedges	(8,753)	13,258	–	–
Foreign currency translation reserve	17,440	18,677	–	–
Employee share entitlement reserve	349	2,058	349	2,058
	9,036	33,993	349	2,058
<i>Hedging reserve – cash flow hedges</i>				
Balance at the beginning of the year	13,258	1,227	–	–
Revaluation	14,785	14,591	–	–
Transfer to net profit	(46,592)	3,552	–	–
Deferred tax	9,796	(6,112)	–	–
Balance 30 June	(8,753)	13,258	–	–
<i>Foreign currency translation reserve</i>				
Balance at the beginning of the year	18,677	(20,907)	–	–
Exchange difference on translation of overseas subsidiaries	(5,418)	47,830	–	–
Effect of hedging the net investment of overseas subsidiaries	4,181	(8,246)	–	–
Balance 30 June	17,440	18,677	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

26 RESERVES AND RETAINED (LOSSES)/PROFITS continued

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee share entitlement reserve				
Balance at the beginning of the year	2,058	3,526	2,058	3,526
Shares issued during the year	(1,459)	(1,705)	(1,459)	(1,705)
Share entitlements for the year	(250)	237	(250)	237
Balance 30 June	349	2,058	349	2,058

(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, as described in note 2(n). Amounts are recognised in the Income Statement when the associated hedged transaction affects the Income Statement.

(ii) Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(d). The reserve is recognised in the Income Statement when the net investment is disposed of.

(iii) Employee Share Entitlement Reserve

Under the SKYCITY Performance Pay Incentive Plan (PPI), selected employees have been eligible for performance-related bonuses in respect of each of the financial years ending 30 June 2000 through 30 June 2008. The employee share entitlement reserve represents the value of ordinary shares to be issued in respect of the Plan for the year ended 30 June 2007.

Shares are issued at the average closing price of SKYCITY's shares on the New Zealand Exchange (NZX) on the ten business days following the release to the NZX of SKYCITY's annual result for the relevant year of the Plan.

Shares issued have the same rights as existing ordinary shares and were issued as soon as possible after the tenth business day following the release of SKYCITY's annual result.

Shares under the PPI for the years ended 30 June 2007 and before are issued in three equal instalments, being one-third of the shares on the bonus declaration date, and provided eligibility criteria continue to be met, one-third on the next entitlement date (approximately 12 months later) and one-third on the final entitlement date (approximately 24 months later).

Shares under the PPI for the year ended 30 June 2008 were issued on the bonus declaration date (October 2008).

From 1 July 2008 the PPI terms were changed to become a cash bonus scheme.

(b) Retained (Losses)/Profits

Movements in retained profits were as follows:

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the year	(24,300)	31,044	(214,008)	(102,605)
Net profit/(loss) for the year	115,301	49,856	54,824	(6,203)
Distributions/dividends	(92,292)	(105,200)	(92,292)	(105,200)
Balance at the end of the year	(1,291)	(24,300)	(251,476)	(214,008)

NOTES TO THE FINANCIAL STATEMENTS continued

27 MINORITY INTEREST

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Balance at the beginning of the year	1,883	2,491
Share of (deficit)/surpluses of subsidiaries	199	(608)
Repayment of share capital of Queenstown Casinos Limited	(600)	–
Balance at the end of the year	1,482	1,883

The minority interest relates to the 40% of Queenstown Casinos Limited which is not owned by SKYCITY.

28 DISTRIBUTIONS/DIVIDENDS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Prior year final distribution/dividend	49,434	54,340	49,434	54,340
Current year interim distribution/dividend	42,858	50,860	42,858	50,860
Total distributions/dividends provided for or paid	92,292	105,200	92,292	105,200

Cents per share

Prior year final distribution/dividend	10.5c	12.0c	10.5c	12.0c
Current year interim distribution/dividend	9.0c	11.0c	9.0c	11.0c

Of the 2009 distribution of \$92,292,000, 47% (2008: 33%) worth of shares were repurchased and 53% (2008: 67%) was retained in shares.

On 19 August 2009, the directors resolved to declare a final dividend of 6.5 cents per share in respect of the year ended 30 June 2009 (refer to note 38 for further details).

29 FINANCIAL RISK MANAGEMENT

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

29 FINANCIAL RISK MANAGEMENT continued

(a) Liquidity risk

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

Maturities of Committed Funding Facilities

The tables below analyses the Group's maturity profile of committed funding. The bank facility of \$500 million is not drawn down as at 30 June 2009 (2008: \$129 million drawn down).

CONSOLIDATED	LESS THAN 6 MONTHS \$'000	6 – 12 MONTHS \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 3 YEARS \$'000	BETWEEN 3 AND 5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL FACILITY \$'000
At 30 June 2009							
Bank facility ⁽¹⁾	–	–	500,000	–	–	–	500,000
Capital notes ⁽²⁾	–	150,000	–	–	–	–	150,000
SKYCITY ACES ⁽³⁾	–	–	186,150	–	–	–	186,150
US Private Placement ⁽⁴⁾	–	–	–	449,543	–	162,741	612,284
Total debt facilities	–	150,000	686,150	449,543	–	162,741	1,448,434
Payables	110,343	–	–	–	–	–	–
Total drawn debt	–	123,860	186,150	449,543	–	162,741	922,294
Future contracted interest on drawn debt	23,295	22,005	33,098	23,749	16,739	14,962	133,848
Future contracted interest on CCIRS/IRS	6,298	6,228	13,112	11,245	13,365	10,359	60,607
At 30 June 2008							
Bank facility	–	–	–	500,000	–	–	500,000
Capital notes	–	–	150,000	–	–	–	150,000
SKYCITY ACES	–	–	–	189,442	–	–	189,442
US Private Placement	–	–	–	–	405,027	146,718	551,745
Total debt facilities	–	–	150,000	689,442	405,027	146,718	1,391,187
Payables	118,272	–	–	–	–	–	–
Total drawn debt	–	–	123,860	318,442	405,027	146,718	994,047
Future contracted interest on drawn debt	32,646	30,684	60,120	43,630	39,556	32,214	238,850
Future contracted interest on CCIRS/IRS	1,095	1,188	2,512	2,669	(6,586)	(18,856)	(17,978)

⁽¹⁾ April 2011

⁽²⁾ May 2010

⁽³⁾ December 2010

⁽⁴⁾ March 2012 (portion between 2 and 3 years)

NOTES TO THE FINANCIAL STATEMENTS continued

29 FINANCIAL RISK MANAGEMENT continued

(b) Credit risk

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

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

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

International players are managed in accordance with accepted industry practise. Settlement risk associated with international players is minimised through credit checking and a formal review and approval process.

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

(c) Market Risk

(i) Currency Risk

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

The Group utilises natural hedges wherever possible (i.e. Australian dollar funding is used to partially hedge the net investment in Australian operations) with forward foreign exchange contracts used to manage any significant residual risk to the Income Statement.

The Group's exposure to the US dollar (refer to US dollar US Private Placement debt detailed in note 20) has been fully hedged by way of cross-currency interest rate swaps (CCIRS), hedging US dollar exposure on both principal and interest. The CCIRS correspond in amount and maturity to the US dollar borrowings with no residual US dollar exposure.

Movement in exchange rates will have no impact on the parent accounts as there are no currency exposures in that entity.

(ii) Interest Rate Risk

The Group's interest rate exposures arise from long-term borrowings.

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

29 FINANCIAL RISK MANAGEMENT continued

The following table sets out the Group's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate.

PRINCIPAL - INTEREST RATE REPRICING								
	%	1 YEAR OR LESS \$'000	1-2 YEARS \$'000	2-3 YEARS \$'000	3-4 YEARS \$'000	4-5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL \$'000
2009								
Cash and deposits	3.52	239,264	-	-	-	-	-	239,264
Bank borrowings	-	-	-	-	-	-	-	-
US Private Placement	5.23	(189,522)	-	(309,317)	-	-	(113,445)	(612,284)
Capital notes (NZ)	8.00	(123,860)	-	-	-	-	-	(123,860)
SKYCITY ACES (Aust)	3.76	(186,150)	-	-	-	-	-	(186,150)
IRS/CCIRS*	-	164,306	(31,025)	16,759	-	-	(150,040)	-
		(95,962)	(31,025)	(292,558)	-	-	(263,485)	(683,030)
Weighted average debt interest rate	6.78%							
2008								
Cash and deposits	8.25	28,648	-	-	-	-	-	28,648
Bank borrowings	9.14	(129,000)	-	-	-	-	-	(129,000)
US Private Placement	6.70	(191,166)	-	-	(263,454)	-	(97,125)	(551,745)
Capital notes (NZ)	8.00	-	(123,860)	-	-	-	-	(123,860)
SKYCITY ACES (Aust)	7.03	(189,442)	-	-	-	-	-	(189,442)
IRS/CCIRS *	-	197,585	(1,574)	-	(27,786)	-	(168,225)	-
		(283,375)	(125,434)	-	(291,240)	-	(265,350)	(965,399)
Weighted average debt interest rate	7.84%							

* Interest rate swaps and cross-currency interest rate swaps, notional principal amounts.

For both 2009 and 2008 capital notes are the only interest-bearing debt within the parent entity. The parent entity is not party to any derivatives.

(iii) Electricity Price Risk

SKYCITY has in place one electricity derivative (Contract For Differences) for approximately 80% of SKYCITY Auckland's electricity consumption (2008: one contract) hedging an electricity supply contract at spot (floating) price. The CFD is a designated cash flow hedge with 100% effectiveness, fixing the electricity price until 31 December 2010.

Changes in the spot price of electricity will not impact on the Income Statement. Changes in fair value of the CFD will be reflected in Equity (Cash Flow Hedge Reserve) until released to the Income Statement to offset variability in the spot electricity price.

NOTES TO THE FINANCIAL STATEMENTS continued

29 FINANCIAL RISK MANAGEMENT continued

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk. The sensitivity analysis considers reasonably possible changes in each risk with all other variables held constant, taking into account all underlying exposures and related hedges at the reporting date. The impact calculated is based on a full year impact of each change. Sensitivities have been selected based on the current level of interest rates and exchange rates, volatility observed on an historical basis and market expectations for future movements.

CONSOLIDATED	INTEREST RATE RISK				FOREIGN EXCHANGE RISK			
	-100BPS		+100BPS		-5%		+5%	
	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
30 June 2009								
NZD/AUD movements	-	-	-	-	1,223	8,164	(1,106)	(7,387)
NZ interest rate movement	(1,010)	(11,716)	1,010	11,124	-	-	-	-
Australian interest rate movement	785	(4,603)	(785)	4,313	-	-	-	-
Total increase / (decrease)	(225)	(16,319)	225	15,437	1,223	8,164	(1,106)	(7,387)
30 June 2008								
NZD/AUD movements	-	-	-	-	615	15,820	(557)	(14,313)
NZ interest rate movement	1,169	(17,738)	(1,169)	16,753	-	-	-	-
Australian interest rate movement	842	(6,777)	(842)	6,320	-	-	-	-
Total increase / (decrease)	2,011	(24,515)	(2,011)	23,073	615	15,820	(557)	(14,313)

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly-traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

Derivative contracts classified as held for trading are fair-valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives and investments in unlisted subsidiaries) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying values less impairment provisions of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by market prices or by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS continued

29 FINANCIAL RISK MANAGEMENT continued

(e) Financial instruments by category

CONSOLIDATED	LOANS AND RECEIVABLES \$'000	ASSETS / (LIABILITIES) AT FAIR VALUE THROUGH THE INCOME STATEMENT \$'000	DERIVATIVES USED FOR HEDGING \$'000	AVAILABLE FOR SALE \$'000	LIABILITIES AT AMORTISED COST \$'000
At 30 June 2009					
Cash and bank balances	275,613	-	-	-	-
Trade receivables	7,654	-	-	-	-
Advance to Christchurch Hotels Limited	7,649	-	-	-	-
Derivative financial instruments	-	(4,839)	(12,209)	-	-
Interest-bearing liabilities	-	-	-	-	(610,180)
Capital notes	-	-	-	-	(125,230)
SKYCITY ACES	-	-	-	-	(184,517)
	290,916	(4,839)	(12,209)	-	(919,927)
At 30 June 2008					
Cash and bank balances	61,914	-	-	-	-
Trade receivables	6,545	-	-	-	-
Advance to Christchurch Hotels Limited	15,715	-	-	-	-
Derivative financial instruments	-	1,107	(935)	-	-
Available for sale financial assets	-	-	-	1,022	-
Interest-bearing liabilities	-	-	-	-	(677,884)
Capital notes	-	-	-	-	(123,772)
SKYCITY ACES	-	-	-	-	(186,538)
	84,174	1,107	(935)	1,022	(988,194)

(f) Capital Risk Management

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

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

The Group primarily manages capital on the basis of gearing ratios measured on the basis of net debt to EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) and interest coverage (EBITDA relative to net interest cost). As a secondary measure, gearing is also monitored on the basis of net debt to enterprise value (debt plus market capitalisation). Book value of equity is not an appropriate gearing measure for SKYCITY due to some of the historical components of the company's balance sheet (including that the company's Auckland, Hamilton and Queenstown casino licences are not recorded as an asset due to the fact that they were awarded by the New Zealand Casino Control Authority rather than purchased for a dollar amount).

The primary ratios were as follows at 30 June

	2009	2008
Net debt to EBITDA	2.3 x	3.3 x
Interest coverage	4.4 x	3.8 x

These types of ratios are consistent with the financial covenants in the Group's various funding facilities. Actual gearing as at 30 June 2009 was within covenant limits on funding facilities.

Although both the New Zealand capital notes and the Australian SKYCITY ACES include the right for SKYCITY to convert them to equity they are both treated as debt for capital management and financial reporting purposes.

The Group does not have any externally-imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS continued

30 SEGMENT INFORMATION

(a) Description of Segments

Geographic Segments

The Group is organised into the following main geographic areas.

SKYCITY Auckland

SKYCITY Auckland includes casino operations, hotels and convention, food and beverage, car parking and 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, Christchurch Casino and SKYCITY Cinemas.

SKYCITY Adelaide

SKYCITY Adelaide includes casino operations and food and beverage.

SKYCITY Darwin

SKYCITY Darwin includes casino operations, food and beverage and 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.

Business Segments

Although the Group is managed on a geographical basis, it operates in the following business segments.

Gaming Machines

A gaming machine is a device that is mechanically or electronically operated and designed for use in casino gaming.

Table Games

Table games typically involve a dealer who initiates the game and are played with cards, tiles, dice, or other devices.

Cinemas

Relates to New Zealand and Fiji cinema exhibition operations, including in some cases associated buildings.

Other

Other includes hotels and convention, food and beverage, car parking, property rentals, Sky Tower and other sundry activities.

International Business

International Business is defined under Geographic segments (above).

NOTES TO THE FINANCIAL STATEMENTS continued

30 SEGMENT INFORMATION continued

(b) Primary Reporting Format – Geographic Segments

	SKYCITY AUCKLAND \$'000	REST OF NEW ZEALAND \$'000	SKYCITY ADELAIDE \$'000	SKYCITY DARWIN \$'000	INTER- NATIONAL BUSINESS \$'000	TOTAL \$'000
2009						
Revenue from external customers	404,619	122,854	160,510	134,060	17,556	839,599
Shares of net profits of associates	–	6,913	–	–	–	6,913
Total segment revenue/income	404,619	129,767	160,510	134,060	17,556	846,512
Segment result	172,439	(15,909)	25,337	38,466	2,446	222,779
Finance costs						(67,351)
Profit before income tax						155,428
Income tax expense						(39,928)
Minority Interest						(199)
Net Profit for the year						115,301
Segment assets *	394,336	877,960	185,578	388,961	26,011	1,872,846
Segment liabilities *	61,609	1,031,583	12,266	25,076	–	1,130,534
Investments in associates	–	84,637	–	–	–	84,637
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	30,373	25,335	10,036	38,782	–	104,526
Depreciation and amortisation expense	34,886	21,517	10,801	10,523	–	77,727
2008						
Revenue from external customers	401,837	112,126	138,076	117,924	34,051	804,014
Shares of net profits of associates	–	5,456	–	–	–	5,456
Other revenue	443	1,093	–	(120)	–	1,416
Total segment revenue/income	402,280	118,675	138,076	117,804	34,051	810,886
Segment result	174,376	(80,307)	12,235	38,161	17,206	161,671
Finance costs						(75,889)
Profit before income tax						85,782
Income tax expense						(36,534)
Minority interest						608
Net profit for the year						49,856
Segment assets*	381,765	684,384	173,883	407,686	24,243	1,671,961
Segment liabilities*	63,114	1,089,575	16,415	30,502	–	1,199,606
Investments in associates	–	84,008	–	–	–	84,008
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	29,520	32,705	4,737	27,908	–	94,870
Depreciation and amortisation expense	33,933	19,329	11,924	8,579	–	73,765

* The difference between segment assets and segment liabilities does not reflect the Group's net investment in each segment.

NOTES TO THE FINANCIAL STATEMENTS continued

30 SEGMENT INFORMATION continued

(c) Secondary Reporting Format – Business Segments

	SEGMENT REVENUES FROM SALES TO EXTERNAL CUSTOMERS		SEGMENT ASSETS		ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLES AND OTHER NON-CURRENT SEGMENT ASSETS	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Gaming Machines	362,531	351,400	34,739	35,113	31,002	21,145
Table Games	224,191	201,060	12,481	11,805	2,173	2,902
International Business	17,556	34,051	26,011	24,243	–	–
Cinemas	77,015	66,247	71,821	68,482	11,695	18,146
Other	158,306	151,256	1,727,794	1,532,318	59,656	52,677
	839,599	804,014	1,872,846	1,671,961	104,526	94,870

Other segment assets include all assets not directly related to gaming machines, table games, international business and cinemas such as goodwill, casino licences, buildings etc.

Inter-segment transactions

Segment revenues, expenses and results include transactions between segments. Such transactions are accounted for in accordance with the Group's internal transfer pricing policies and are eliminated on consolidation.

31 SHARE-BASED PAYMENTS

Executive Share Option Plan 2002

Options have been issued pursuant to the Executive Share Option Plan approved by the board in August 2002. Options issued to executives under the 2002 Plan are exercisable after the third anniversary of the date of issue provided the terms and conditions of the Plan are met, and lapse if not exercised within five years of issue.

The exercise price of options issued under the 2002 Plan is the relevant base exercise price of the option (as defined in the Plan), adjusted for the company's estimated cost of equity and dividends/distributions between the issue date and the exercise date of the options.

As a result of a one for one share split on 14 November 2003, the 2002 and 2003 options convert to two shares upon exercise.

Executive Share Rights Plan 2005

The Executive Share Rights Plan (Rights Plan) was approved by directors in December 2004 and commenced on 1 July 2005 following expiry of the 2002 Executive Share Option Plan. Share rights issued under the Rights Plan are exercisable after the third anniversary of their date of issue provided the terms and conditions of the Plan are met, and lapse if not exercised within five years. As for the 2002 option plan the exercise price of the share rights is the base exercise price adjusted for the company's estimated cost of equity and dividends/distributions between the issue date and the exercise date of the rights.

Chief Executive Officer Convertible Rights

A Commencement Grant of 200,000 convertible share rights was made to the CEO with effect from 1 March 2008. Each right will convert into one SKYCITY share on 1 March 2010 provided the CEO remains employed by the company.

Chief Executive Officer Long Term Incentive Plan

The Chief Executive Officer Long Term Incentive Plan (CEO LTI) was approved by shareholders at the 31 October 2008 Annual Meeting. Share rights are granted under the CEO LTI and (if exercisable) may be exercised at no cost. If exercised each share right corresponds to one fully paid ordinary share in company. Share rights only become exercisable when performance hurdles set by the board of directors are met.

491,132 rights were issued in the current year (2008: nil).

NOTES TO THE FINANCIAL STATEMENTS continued

31 SHARE-BASED PAYMENTS continued

Executive Long Term Incentive Plan 2008

The Executive Long Term Incentive Plan (Executive LTI) was approved by directors in December 2008. Share rights are granted under the Executive LTI and (if exercisable) may be exercised at no cost. If exercised each share right corresponds to one fully paid ordinary share in the company. Share rights only become exercisable when performance hurdles set by the board of directors are met.

875,000 rights were issued in the current year (2008: nil).

Movements in the number of share options outstanding under the 2002 Executive Share Option Plan, the 2005 Executive Share Rights Plan, the CEO LTI and the Executive LTI are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	EXPIRED DURING THE YEAR NUMBER	BALANCE AT END OF THE YEAR NUMBER	EXERCISABLE AT END OF THE YEAR NUMBER
Consolidated and parent – 2009								
09/09/03	09/09/08	\$4.42	238,000	–	–	(238,000)	–	–
08/09/04	08/09/09	\$4.44	511,000	–	–	(361,000)	150,000	150,000
05/09/05	05/09/10	\$4.81	507,666	–	–	(276,666)	231,000	231,000
04/09/06	04/09/11	\$5.15	1,395,304	–	–	(1,011,304)	384,000	–
01/03/08	01/03/10	n/a	200,000	–	–	–	200,000	–
01/03/08	01/03/11	n/a	–	491,132	–	–	491,132	–
01/07/08	01/07/11	n/a	–	875,000	–	(25,000)	850,000	–
Total			2,851,970	1,366,132	–	(1,911,970)	2,306,132	381,000
Consolidated and parent – 2008								
10/09/02	10/09/07	\$3.53	2,534,030	–	(2,534,030)	–	–	–
09/09/03	09/09/08	\$4.42	448,000	–	(176,000)	(34,000)	238,000	238,000
08/09/04	08/09/09	\$4.44	865,167	–	(281,167)	(73,000)	511,000	511,000
05/09/05	05/09/10	\$4.81	826,667	–	(167,333)	(151,668)	507,666	–
04/09/06	04/09/11	\$5.15	2,116,970	–	(48,333)	(673,333)	1,395,304	–
01/03/08	01/03/10	n/a	–	200,000	–	–	200,000	–
Total			6,790,834	200,000	(3,206,863)	(932,001)	2,851,970	749,000

Exercise price

The rights granted in 2008 do not have an exercise price.

The weighted average remaining contractual life of options and rights outstanding at the end of the period was 1.76 years (2008: 2.40 years).

Fair value of share rights granted

The assessed fair value at grant date of the CEO LTI rights was \$1.20 and Executive LTI rights was 88.0 cents. The fair value was prepared by Ernst & Young Transaction Advisory Services Limited taking into account the exercise price, the term of the rights, the vesting criteria, the impact of dilution, the non-tradeable nature of the right, the share price at grant date and the volatility of the returns on the underlying share and the risk-free interest rate for the term of the right. The Ernst & Young Transaction Advisory Services valuation is reviewed by PricewaterhouseCoopers as the company's external auditor.

NOTES TO THE FINANCIAL STATEMENTS continued

31 SHARE-BASED PAYMENTS continued

The model inputs for the CEO LTI Rights granted during the year ended 30 June 2009 included:

- rights are granted for no consideration
- exercise price: nil
- grant date: 1 March 2008
- expiry date: 1 March 2011
- share price at valuation date (1 March 2008): \$3.96
- present value of expected dividend: 57c
- risk-free interest rate: 7.0% for New Zealand.

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

The model inputs for the Executive LTI Rights granted during the year ended 30 June 2009 included:

- rights are granted for no consideration
- exercise price: nil
- grant date: 1 July 2008
- expiry date: 1 July 2011
- share price at valuation date (1 July 2008): \$3.12
- present value of expected dividend: 60c
- risk-free interest rate: 6.3% for New Zealand.

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

Expenses arising from Share-Based Payment Transactions

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

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Rights issued under Share Rights Plans	706	508	706	508
Value of shares entitlements for the year under employee incentive share plan	–	237	–	237
	706	745	706	745

NOTES TO THE FINANCIAL STATEMENTS continued

32 RELATED PARTY TRANSACTIONS

There are no bad or doubtful debts associated with any related party of the Group or parent entity (2008: nil).

(a) Key Management and Personnel Compensation

Key management compensation for the years ended 30 June 2009 and 2008 is set out below. The key management personnel are all the directors of the company, the Chief Executive Officer and the direct reports to the Chief Executive Officer.

The reduction in remuneration for key management is the result of restructuring the executive group in 2008.

	REMUNERATION \$'000	TERMINATION PAYMENTS \$'000	SHARE-BASED PAYMENTS \$'000	TOTAL \$'000
2009	5,343,073	–	634,284	5,977,357
2008	6,081,336	865,764	398,887	7,345,987

(b) Other Transactions with Key Management Personnel or Entities related to them

Information on transactions with key management personnel or entities related to them, other than compensation, is set out below.

In 2008 key management personnel exercised options previously granted as part of their compensation.

Fees in the amount of \$3,107 (2008: \$1,612,084) were paid to First NZ Capital Group Limited (FNZC) on normal commercial terms. W R Trotter, who was a director of SKYCITY Entertainment Group Limited until 31 October 2008, is Executive Chairman of FNZC.

Fees in the amount of \$457,948 (2008: \$nil) were paid to Assignment Group New Zealand Limited on normal commercial terms. P D Cullinane, who is a director of SKYCITY Entertainment Group Limited, is also a director of Assignment Group New Zealand Limited.

Certain directors and key management have relevant interests in a number of companies with which SKYCITY has transactions in the normal course of business. A number of SKYCITY directors are also non-executive directors of other companies. Any transactions undertaken with these entities have been entered into on an arms-length commercial basis.

(c) Subsidiaries

Interests in subsidiaries are set out in note 33.

(d) Parent

The majority of the parent entity's transactions are with its subsidiaries including the payment of dividends (\$100.2 million; 2008: \$100.3 million), management fees (\$nil; 2008: \$9.3 million) and provision of employee services (\$15.2 million; 2008: \$20.6 million).

(e) Associates

The Group has loaned Christchurch Hotels Limited \$7,649,000 (2008: \$15,718,000) as set out in note 11.

NOTES TO THE FINANCIAL STATEMENTS continued

33 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b).

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

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	
			2009 %	2008 %
Queenstown Casinos Limited	New Zealand	Ordinary	60	60
SKYCITY Action Management Limited	New Zealand	Ordinary	100	100
SKYCITY Auckland Holdings Limited	New Zealand	Ordinary	100	100
SKYCITY Auckland Limited	New Zealand	Ordinary	100	100
SKYCITY Casino Management Limited	New Zealand	Ordinary	100	100
SKYCITY Cinema Holdings Limited	New Zealand	Ordinary	100	100
SKYCITY Cinemas Limited	New Zealand	Ordinary	100	100
SKYCITY Cinemas New Plymouth Limited	New Zealand	Ordinary	100	100
SKYCITY Cinemas Nominees Limited	New Zealand	Ordinary	100	100
SKYCITY Cinemas Queen Street Nominees Limited	New Zealand	Ordinary	100	100
SKYCITY Distribution Limited	New Zealand	Ordinary	100	–
SKYCITY Hamilton Limited	New Zealand	Ordinary	100	100
SKYCITY International Holdings Limited	New Zealand	Ordinary	100	100
SKYCITY Investments Australia Limited	New Zealand	Ordinary	100	100
SKYCITY Investments Christchurch Limited	New Zealand	Ordinary	100	100
SKYCITY Investments Queenstown Limited	New Zealand	Ordinary	100	100
SKYCITY Management Limited	New Zealand	Ordinary	100	100
SKYCITY Metro Limited	New Zealand	Ordinary	100	100
SKYCITY Wellington Limited	New Zealand	Ordinary	100	100
Sky Tower Limited	New Zealand	Ordinary	100	100
Toptown Nominees Limited	New Zealand	Ordinary	100	100
SKYCITY Adelaide Pty Limited	Australia	Ordinary	100	100
SKYCITY Australia Finance Pty Limited	Australia	Ordinary	100	100
SKYCITY Australia Limited Partnership	Australia	Ordinary	100	100
SKYCITY Australia Pty Limited	Australia	Ordinary	100	100
SKYCITY Australia Treasury Pty Limited	Australia	Ordinary	100	–
SKYCITY Darwin Pty Limited	Australia	Ordinary	100	100
SKYCITY International ApS	Denmark	Ordinary	100	100
SKYCITY Cinemas (Fiji) Limited	Fiji	Ordinary	100	100

NOTES TO THE FINANCIAL STATEMENTS continued

34 INTEREST IN JOINT VENTURES

INTERESTS HELD BY THE GROUP

NAME OF ENTITY	PRINCIPAL ACTIVITIES	INTERESTS HELD BY THE GROUP	
		2009 %	2008 %
Rialto Cinemas JV	Cinema owner/operator	50	50
Damodar SKYCITY Fiji Cinemas JV	Cinema owner/operator	67	67

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Share of joint venture's revenue, expenses and results				
Revenues	7,398	7,874	–	–
Expenses	(6,762)	(7,282)	–	–
Net Contribution to Group operating surplus	636	592	–	–
Share of net assets employed in joint venture	4,157	5,415	–	–

35 CONTINGENCIES

There are no significant contingences at year end (2008: nil).

36 COMMITMENTS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as set out below.

Property, plant and equipment	13,506	37,057	–	–
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Operating Lease Commitments

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

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

Within one year	17,751	19,936	–	–
Later than one year but not later than five years	59,635	64,437	–	–
Later than five years	405,654	420,053	–	–
Commitments not recognised in the financial statements	483,040	504,426	–	–

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

SKYCITY Auckland – Hobson and Federal Streets sub soil lease. This lease is for a period of 999 years from 31 January 1996 with 5 yearly rent reviews.

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

SKYCITY Cinemas – the majority of the cinemas sites are leased. Terms and rental reviews differ for each site.

NOTES TO THE FINANCIAL STATEMENTS continued

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

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit/(loss) for the year	115,301	49,856	54,824	(6,203)
Minority interest	199	(608)	–	–
Depreciation and amortisation	77,727	73,765	8,603	7,547
Interest expense	67,351	75,889	9,905	9,977
Current period employee share entitlement	(250)	237	(250)	237
Current period share options expense	706	508	706	508
Gain on sale of fixed assets	(1,215)	(247)	–	–
Dividend from subsidiary	–	–	(100,199)	(100,348)
Gain on sale on available for sale financial assets	–	(152)	–	–
Share of profits of associates not received as dividends or distributions	393	(3,177)	–	–
Change in operating assets and liabilities				
(Increase)/decrease in receivables and prepayments	7,327	(487)	84	4,394
(Increase) in inventories	(718)	(376)	–	–
Increase/(decrease) in payables and accruals	(8,778)	2,167	(230,754)	(27,768)
Increase/(decrease) in deferred tax liability	(17,823)	29,169	–	–
(Increase)/decrease in tax receivable	30,835	(19,339)	–	–
Impairment of Cinemas	–	60,000	–	60,000
Capital items included in working capital movements	6,080	11,196	–	–
Subsidiary funding transactions	–	–	230,704	15,413
Net cash inflow from operating activities	277,135	278,401	(26,377)	(36,243)

38 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Dividend

On 19 August 2009, the directors resolved to provide for a final dividend to be paid in respect of the year ended 30 June 2009. The fully imputed dividend of 6.5 cents per share will be paid on 11 September 2009 to all shareholders on the company's register at the close of business on 4 September 2009.

Debt repurchase

Subsequent to year end the Group repurchased US\$115.5 million of the 2012 US Private Placement debt (refer note 20) and closed the associated cross-currency interest rate swaps. As a result the Group will record a gain on debt extinguishment of approximately \$1.9 million in 2010.

CORPORATE GOVERNANCE

AND OTHER DISCLOSURES

SKYCITY Entertainment Group Limited is committed to maintaining the highest standards of corporate behaviour and responsibility, and has adopted governance policies and procedures reflecting this.

In establishing its governance policies and procedures, the SKYCITY board has adopted ten governance parameters as the cornerstone principles of its corporate governance charter. As a New Zealand company listed on the Australian and New Zealand stock exchanges, these cornerstone principles, set out below and on the following pages, reflect the Listing Rules and Corporate Governance Best Practice Code of NZX Limited (NZX), the Listing Rules of ASX Limited (ASX), the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, and the New Zealand Securities Commission's Governance Principles and Guidelines.

SKYCITY's corporate governance framework is fully detailed in the investor centre section of the company's website at www.skycityentertainmentgroup.com.

1. ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

SKYCITY's procedures are designed to:

- enable the board to provide strategic guidance for the company and effective oversight of management;
- clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and management accountability to both the company and its shareholders; and
- ensure a balance of authority so that no single individual has unfettered powers.

The board establishes the company's objectives, the major strategies for achieving those objectives and the overall policy framework within which the business of the company is conducted, and monitors management's performance with respect to these matters.

The board is also responsible for ensuring that the company's assets are maintained under effective stewardship, that decision-making authorities within the organisation are clearly defined, that the letter and intent of all applicable company and casino law and regulation are complied with, and that the company is well managed for the benefit of its shareholders and other stakeholders. The board also oversees management's risk profiling and business continuity plans.

The board has responsibility for the affairs and activities of the company, which in practice is achieved through delegation to the Chief Executive Officer and others (including SKYCITY appointed directors on subsidiary company boards) who are charged with the day-to-day leadership and management of the company.

The Chief Executive Officer also has responsibility to manage and oversee the interfaces between the company and the public and to act as the principal representative of the company.

The board maintains a formal set of delegated authorities that defines the responsibilities which are delegated to the Chief Executive Officer and management and those which are retained by the board. These delegated authorities are approved by the board and are subject to annual review by the board.

2. STRUCTURE THE BOARD TO ADD VALUE

Board effectiveness requires the efficient discharge of the duties imposed by law on the directors and addition of value to the company. To achieve this, the SKYCITY board is structured to:

- have a sound understanding of, and competence to deal with, the current and emerging issues of the business;
- effectively review and challenge the performance of management and exercise independent judgement; and
- assist in the selection of candidates for shareholder vote.

Board Composition

The board ensures that it is of an effective composition and size to adequately discharge its responsibilities and duties and to add value to the company's decision-making.

In order to meet these requirements, the board membership comprises a range of skills and experience to ensure that it has a proper understanding of and competence to deal with the current and emerging issues of the business, to effectively review and challenge the performance of management, and to exercise independent judgement. As at 30 June 2009, the board comprised seven non-executive directors and a managing director. Biographical details of individual directors are set out in the company's 2009 Shareholder Review.

Directors are appointed under the company's Terms of Appointment and Terms of Reference for Directors and Board Charter for a term of three years and are subject to re-election by shareholders in accordance with the rotation requirements of the NZX and the ASX.

The board has established the Governance and Nominations Committee to make recommendations on the board's size, selection and removal of directors, on appropriate procedures for director and board evaluation and performance review, the induction, orientation and training of new directors in the company's operations and the gaming/entertainment sector generally, and on the board's succession planning.

The company's constitution also requires all potential directors to have satisfied the extensive probity requirements of each jurisdiction in which the company holds gaming licences.

Director Independence

The Board Charter requires that the board contains a majority of its number who are independent directors. SKYCITY also supports the separation of the role of board chairperson from the Chief Executive Officer position. Directors are required to ensure all relationships and appointments bearing on their independence are disclosed to the Governance and Nominations Committee on a timely basis. In determining the independence of directors, the board has adopted the definition of independence set out in the NZX Corporate Governance Best Practice Code and has taken into account the independence guidelines (ASX Independence Guidelines) as recommended in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

At its 24 August 2009 meeting, the board reviewed the status of each director in accordance with the independence specification of the NZX Code and determined that all current directors are independent.

At its 24 August meeting, the board noted that, under the ASX Independence Guidelines as to relationships that may affect independence, each of the non-executive directors except Mr Elmar Toime are considered independent. In reaching this view, the board considered the following factors:

- In March 2008, Mr Toime ceased his appointment as Executive Director and resumed his position as a non-executive director following the appointment of Mr Nigel Morrison as Chief Executive Officer on 1 March 2008. Mr Toime is, therefore, not independent under the ASX Independence Guidelines having held an executive position with the company within the last three years.
- Mr Cullinane is a director and employee of Assignment Group New Zealand Limited, which provides marketing and advertising agency services from time to time to the company. Mr Cullinane is also a director of The Antipodes Water Company Limited, which supplied bottled water directly to the company during the 2008/09 year until September 2008. Mr Cullinane's independent status is unaffected by these relationships as the monetary value with respect to the supply of goods and services is not material. Mr Cullinane is, therefore, independent under the ASX Independence Guidelines.

Access to Information and Advice

New directors participate in an individual induction programme, tailored to meet their particular information requirements.

Directors receive comprehensive information on the company's operations before each meeting and have unrestricted access to any other information they require.

Senior management is available at and outside each meeting to address queries. Directors are expected to maintain an up to date knowledge of the company's business operations and of the industry sectors within which the company operates. Directors are provided with updates on industry developments, and undertake regular visits to the company's key operations. The board also undertakes periodic educational trips to observe and receive briefings from other companies in the gaming and entertainment industries.

Directors are entitled to obtain independent professional advice (at the expense of the company) on any matter relating to their responsibilities as a director or with respect to any aspect of the company's affairs, provided they have previously notified the board chairperson of their intention to do so.

Indemnities and Insurance

The company provides a deed of indemnity in favour of each director and senior management personnel and provides professional indemnity insurance cover for directors and executives acting in good faith in the conduct of the company's affairs.

Board Committees

The board has three formally appointed committees, being the Audit and Risk Committee, Governance and Nominations Committee and Human Resources Committee. The non-executive directors of the board appoint the chairperson of each committee.

Each committee operates under a charter document as agreed by the board. The charters, which are available on the company's website, set out the role and responsibilities of each committee. Each committee charter and the performance of each committee are subject to formal review by the board on an annual basis.

Meeting Attendance

The following table shows attendances at board and committee meetings by directors during the year ended 30 June 2009.

Eight board meetings were scheduled, and a further three meetings were called to consider matters as they arose during the year.

CORPORATE GOVERNANCE continued

	BOARD SCHEDULED	BOARD UNSCHEDULED	BOARD TOTAL	AUDIT AND RISK	HUMAN RESOURCES	GOVERNANCE AND NOMINATIONS
NUMBER OF MEETINGS HELD	8	3	11	4	3	1
R H McGeoch	8	3	11	4	3	1
P D Cullinane	7	3	10	1 ⁽¹⁾	1	1
J L Freeman	8	1	9		3	1
P B Harman ⁽²⁾	5	3	8	2		1
C J D Moller ⁽²⁾	5	3	8	2		1
N B Morrison ⁽²⁾	5	3	8			1
P L Reddy ⁽³⁾	2		2		2	
Sir Dryden Spring	8	2	10	3		1
E Toime	6	2	8	1 ⁽¹⁾	1	1
W R Trotter ⁽³⁾	2		2		2	

⁽¹⁾ P D Cullinane and E Toime were members of the Audit and Risk Committee for only a portion of the financial year.

⁽²⁾ P B Harman, C J D Moller and N B Morrison were appointed as directors on 18 December 2008 and attended all board and applicable committee meetings during the financial year subsequent to their appointments.

⁽³⁾ P L Reddy and W R Trotter resigned as directors on 31 October 2008.

3. INTEGRITY AND ETHICAL BEHAVIOUR

SKYCITY actively promotes ethical and responsible behaviour and decision-making by:

- clarifying and promoting observance of its guiding values;
- clarifying the standards of ethical behaviour required of company directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operations of the business and its financial performance) and encouraging the observance of those standards; and
- communicating the requirements relating to trading in the company's securities by directors and employees.

The Governance and Nominations Committee is responsible for monitoring the organisational integrity of business operations to ensure the maintenance of a high standard of ethical behaviour. This includes ensuring that SKYCITY operates in compliance with its Code of Business Practice, which sets out the guiding principles of its relationships with stakeholder groups such as regulators, shareholders, suppliers, customers, community groups and employees. All senior managers are required annually to provide a confirmation to the company that to the best of their knowledge the company has complied with the Code of Business Practice and all other ethical responsibilities during the financial year.

The company maintains a Securities Trading Policy for directors and employees that sets out guidelines in respect of trading in, or giving recommendations concerning, the company's securities. In addition, prior consent must be obtained from the company secretary before directors and designated senior managers who may have access to material information undertake any trading in the company's securities.

Details of any securities trading by directors or executives who are subject to the company's Securities Trading Policy are notified to the board.

Officers of the company must formally disclose their SKYCITY shareholdings and other securities holdings to the NZX within five business days of any change in their holding of such securities.

Directors and employees are not permitted to participate in any gaming or wagering activity at SKYCITY operated properties or at a related property, including Christchurch Casino.

4. SAFEGUARD THE INTEGRITY OF THE COMPANY'S FINANCIAL REPORTING

The board is responsible for ensuring that effective policies and procedures are in place to provide confidence in the integrity of the company's financial reporting.

The Audit and Risk Committee has responsibility for oversight of the quality, reliability, and accuracy of the company's internal and external financial statements, the quality of the company's external result presentations, its internal control environment and risk management programmes, and for its relationships with its internal and external auditors.

The Audit and Risk Committee and the board undertake sufficient inquiry of the company's management and the company's internal and external auditors in order to enable them to be satisfied as to the validity and accuracy of the company's financial reporting. The Chief Executive Officer and the Chief Financial Officer are required to confirm in writing to the Audit and Risk Committee that the annual and interim financial statements present a true and fair view of the company's financial condition and results of operations, and comply with relevant accounting standards.

The Committee oversees the independence of the company's internal and external auditors and monitors the scope and quantum of work undertaken and fees paid to the auditors for other than audit work. The Committee has adopted an External Audit Independence Policy that sets out the framework for assessing and maintaining audit independence.

The Committee has formally reviewed the independence status of PricewaterhouseCoopers and is satisfied that its objectivity and independence is not compromised as a consequence of other than audit work undertaken for the company. PricewaterhouseCoopers has confirmed to the Committee that it is not aware of any matters that could affect its independence in performing its duties as auditor of the company.

Fees paid to PricewaterhouseCoopers during the 2008/09 year are set out in note 5 to the financial statements. Fees for audit and tax compliance work in the 2008/09 year represent 57% of total PricewaterhouseCoopers fees.

5. TIMELY AND BALANCED DISCLOSURE

The board is committed to ensuring timely and balanced disclosure of all material matters concerning the company to ensure compliance with the letter and intent of NZX and ASX Listing Rules such that:

- all investors have equal and timely access to material information concerning the company, including its financial situation, performance, ownership and governance; and
- company announcements are factual and comprehensive.

The company is committed to presenting its financial and key operational performance results in a clear, effective, balanced and timely manner to the stock exchanges on which the company's securities are listed, and to its shareholders, analysts and other market commentators, and ensures that such information is available on the company's website.

Peter Treacy, General Counsel, is Company Secretary and the Disclosure Officer for SKYCITY Entertainment Group Limited and is responsible for bringing to the attention of the board any matter relevant to the company's disclosure obligations.

6. RESPECT AND FACILITATE THE RIGHTS OF SHAREHOLDERS

The company's shareholder communications strategy is designed to facilitate the effective exercise of shareholder rights by:

- communicating effectively with shareholders;
- providing shareholders with ready access to balanced and understandable information about the company and corporate proposals; and
- facilitating participation by shareholders in general meetings of the company.

The company achieves this by ensuring that information about the company is available to all shareholders by means of personal and/or website communication and through encouraging shareholders to attend general meetings of the company and making appropriate time available at such meetings for shareholders to ask questions of directors and management. Representatives of the company's external auditors are also invited to attend the company's annual meeting to answer any shareholder questions concerning their audit and external audit report. As for last year, this year the company has also provided all shareholders with a Shareholder Review, which contains much of the information previously included in the annual report in a more accessible document.

7. RECOGNISE AND MANAGE RISK

The company maintains a programme for the identification, assessment, monitoring and management of risk to the company's business. The risk management programme is approved and overseen by the Audit and Risk Committee.

SKYCITY maintains an independent, centrally-managed internal audit function which evaluates and reports on financial, operational and management controls across the Group. The function in the 2008/09 financial year was resourced jointly by SKYCITY and Ernst and Young. Following a strategic review of all assurance services during the 2008/09 financial year, SKYCITY has decided to bring the majority of work performed by internal audit in-house. Specialist internal audits will continue to be outsourced to Ernst and Young.

The Audit and Risk Committee approves the internal audit programme, with results and performance of the control environments regularly reviewed by both the committee and the external auditors. The Chief Executive Officer and the Chief Financial Officer are required to confirm in writing to the Audit and Risk Committee that the statement in respect of the integrity of the company's financial statements referred to above is founded on a sound system of risk management and internal compliance and control which implements the policies of the board, and that the company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

The company maintains business continuity, material damage and liability insurance covers to ensure that the earnings of the business are well protected from adverse circumstances.

8. PERFORMANCE EVALUATION

The board and committee charters require an evaluation of the board and the committee performance on an annual basis. The Governance and Nominations Committee determines and oversees the process for evaluation which includes assessment of the role and responsibilities, performance, composition, structure, training, and membership requirements of the board and its committees.

The performance review of the board for 2008 was conducted by the chairman of the board (Rod McGeoch) and completed in February 2009. The review involved a formal response/feedback process with a one-on-one meeting involving the chairman and each director individually and involved input from external experts.

The Human Resources Committee undertakes the performance review of the Chief Executive Officer and those reporting directly to that position in accordance with the company's performance review procedures. These performance reviews are reported to the board for final approval.

9. REMUNERATE FAIRLY AND RESPONSIBLY

The Human Resources Committee's responsibilities include the review of SKYCITY's remuneration policies and procedures.

The guiding principles that underpin SKYCITY's remuneration policies are:

- to be market-competitive at all levels to ensure the company can attract and retain the best available talent;
- to be performance-oriented so that remuneration practices recognise and reward high levels of performance and to avoid an entitlement culture;
- to provide a significant at-risk component of total remuneration which drives performance to achieve company goals and strategy;
- to manage remuneration within levels of cost efficiency and affordability; and
- to align remuneration for senior executives with the interests of shareholders.

Non-Executive Director Remuneration

Shareholders at the annual meeting determine the total remuneration available to non-executive directors. At the 2008 annual meeting, shareholders approved, effective from 1 July 2008, a total remuneration amount for non-executive directors of \$950,000 per annum (plus GST if any).

Current annual fees are \$200,000 for the chairperson of the board and \$90,000 for non-executive directors. In addition, each member (including each chairperson) of the Audit and Risk and Human Resources committees receives \$10,000 per annum. The chairperson of the Audit and Risk Committee also receives an additional \$25,000 per annum for chairing that committee and the chairperson of the Human Resources Committee receives an additional \$15,000 per annum for chairing that committee.

For those directors who were in office on or before 1 May 2004, SKYCITY's constitution permits the company, at the discretion of the board, to make a retirement payment to a director (or to his or her dependants), provided that the total amount of the payment does not exceed the total remuneration of the director in his or her capacity as a director in any three years chosen by the company. Retirement allowances for SKYCITY

directors were discontinued at 30 June 2004 with retirement allowances accrued to that date frozen as to amount. Retirement allowances accrued as at 30 June 2004 do not carry any interest entitlement between 1 July 2004 and the date of payment. P L Reddy and W R Trotter were paid \$158,995 and \$76,751 respectively as retirement payments in November 2008 following their retirement from the board.

Chief Executive Officer Remuneration

Employment Agreement

Nigel Morrison has an employment agreement as Chief Executive Officer that commenced on 1 March 2008. The agreement is not a fixed term contract. The terms of the agreement reflect standard conditions that are appropriate for a senior executive of a listed Australasian company.

Mr Morrison may resign at any time giving six months' notice. SKYCITY may terminate Mr Morrison's employment with twelve months' notice (or make a payment of the total base remuneration he would have received during such period in lieu of such notice).

If the company gives notice terminating Mr Morrison's employment during the first two years of employment, the Commencement Grant referred to below will immediately vest and he will be entitled to a payment equal to the target value of the Short Term Incentive (STI) referred to below for the proportion of the year to the date of termination.

The agreement may be terminated by Mr Morrison on three months' notice if there is a fundamental change so that there is a substantial diminution of his role, status and responsibility, including where he is no longer the Chief Executive Officer of a listed public company, and he will be entitled to receive payment as if SKYCITY had terminated his employment with notice as set out above.

If SKYCITY terminates Mr Morrison's employment on notice, or his employment terminates in the event of a fundamental change noted above, entitlements under the Long Term Incentive (LTI) referred to below that would otherwise be eligible to vest during the notice period will vest subject to satisfaction of the applicable performance hurdles.

In the event of termination of Mr Morrison's employment for serious misconduct or a serious breach of his employment agreement, no notice period will apply and Mr Morrison will not be eligible to receive any entitlements other than base remuneration then due, any accrued holiday pay, any accrued or vested STI which has been awarded but not yet paid, any LTI where the vesting conditions have been satisfied but not yet tested, and any Commencement Rights which have satisfied the relevant vesting conditions.

Except as set out above, any additional entitlement to STI or LTI on the termination of employment is at the discretion of the board, subject to the rules for those schemes.

There is no redundancy entitlement under the agreement.

Remuneration

Mr Morrison's base remuneration is NZ\$1,500,000 per annum.

A Commencement Grant of 200,000 convertible share rights was made to Mr Morrison with effect from 1 March 2008.

Each right will convert into one SKYCITY share on 1 March 2010 provided Mr Morrison remains employed by the company (subject to the exceptions noted above).

He is also eligible for a STI with a target value of NZ\$1,050,000 per annum. The actual award will be determined by the board based on SKYCITY's and Mr Morrison's performance against annual performance criteria which will include both financial and non-financial measures. The maximum annual award, payable in the event of exceptional performance, will be NZ\$1,400,000. Mr Morrison's bonus under the STI in respect of the 2009 financial year was \$1,063,908.

Mr Morrison is also eligible to receive an annual grant of securities under a Chief Executive Officer Long Term Incentive Plan approved by shareholders at the 31 October 2008 annual meeting. Share rights are granted under the Chief Executive Officer Long Term Incentive Plan and, if exercisable, may be exercised at no cost. If exercised, each share right corresponds to one SKYCITY share. Share rights only become exercisable when performance hurdles set by the board of directors are met. 491,132 share rights were issued in the 2008/09 financial year.

The board is proposing to change the Chief Executive Long Term Incentive Plan with effect from 1 September 2009 for the 2009/10 financial year and subsequent years from a share rights scheme to a loan-based scheme. The change involves the provision of an interest free loan by a subsidiary of the company and the immediate issue, or acquisition on-market, of shares in the company. A trustee will hold legal title to the shares on behalf of Mr Morrison for a restrictive period until performance hurdles are met. It will more closely align the company's Chief Executive Officer's long term incentive arrangements with shareholder interests and enhances the company's ability to ensure longevity in this critical role. Approval for the participation of, and acquisition of SKYCITY shares by, Mr Morrison in the new Long Term Incentive Plan will be sought at the company's annual meeting in October 2009.

SKYCITY employee remuneration

All salaried roles within SKYCITY are job-sized using a recognised methodology to measure the impact, accountability, and complexity of each role as it contributes to the organisation. Remuneration data is obtained from a number of sources to determine remuneration ranges by job band or level to ensure competitiveness at both base salary and total remuneration levels. Individual remuneration is set within the appropriate range taking into account such matters as individual performance, scarcity/availability of resource/skill,

internal relativities and specific business needs. This process ensures internal equity between roles and allows comparison with the overall market. Remuneration ranges are reviewed annually to reflect market movements.

The Human Resources Committee approves remuneration increases for the senior executive group.

Short Term Incentive Arrangements

Salaried Incentive Plan

During the 2008/09 financial year, SKYCITY operated an at-risk component of total remuneration for all salaried employees titled the Salaried Incentive Plan (SIP). To enable payment of any at-risk incentive component, the business was required to achieve minimum financial targets. If those targets were not met, no incentive was paid. In addition to overall financial achievement, all salaried staff had a number of individual targets that they were required to achieve.

Payments under the SIP had a minimum trigger point based on company financial targets and increased according to the degree by which the company performed relative to these financial targets. In this way the SIP incentive linked individual reward to business performance and shareholder interests. For the year ended 30 June 2009, the staff who participated in, and were eligible for an incentive payment under, the SIP were paid 100% in cash. Prior to 2008, bonuses for all eligible staff were paid 40% in cash and 60% in SKYCITY shares, with the shares components issued in three equal tranches over a two year period.

For the 2008/09 year, a total of 1,045 SKYCITY salaried personnel were paid incentives totalling \$6.25 million. This number excludes incentives received by the Chief Executive Officer.

The board has approved the following changes in the short-term incentive arrangements for salaried employees for the 2009/10 year:

- only senior managers or executives, and those with operational accountability for a department or business unit, will participate in the SKYCITY Short-Term Incentive Plan; and
- all other salaried employees will participate in a discretionary bonus plan. Under this plan, bonuses will be awarded to those staff who have consistently exceeded the key performance indicators that have been set for them at the commencement of each financial year.

Staff Bonus Plan

During the 2008/09 year, SKYCITY also operated a plan for waged staff titled the Bonus Plan (previously named the Customer Experience Incentive).

For the first half of the 2008/2009 year, waged staff could earn additional bonus remuneration depending on the

achievement of financial targets and customer satisfaction targets based on focused surveys conducted by independent survey companies.

For the second half of the 2008/09 year, the bonus was based purely on achievement of financial targets. The customer satisfaction component was removed while the company reviewed the effectiveness of the then measurement methodology.

During the 2008/09 year, a new collective employment agreement was negotiated for waged staff in Auckland. In order to fund the agreed increases to the remuneration of our waged staff, it was agreed that Auckland waged staff would no longer be eligible to participate in the Bonus Plan. No bonuses were, therefore, paid to Auckland waged staff in the 2008/09 year.

For the 2008/09 year, 1,311 waged employees were paid total bonuses of \$682,500.

Long Term Incentive Arrangements

Executive Share Rights Plan 2008

A new Long Term Incentive Plan (Rights Plan 2008) for senior executives was introduced in respect of the 2008/09 financial year and subsequent periods which is similar to the Long Term Incentive Plan approved for the Chief Executive Officer at the annual meeting in 2008.

Under the Rights Plan 2008, selected senior executives are issued share rights entitling them to receive shares based on the company's achievement of designated performance hurdles. The performance hurdles involve comparison of the total shareholder return (TSR) achieved by SKYCITY against the shareholder returns achieved by a group of comparable Australasian companies (comparator group), and by the companies whose securities are in the NZSX50 index (index group).

For share rights to become exercisable, the company must achieve a TSR greater than or equal to the average of the TSRs representing the 50th percentile of the TSRs of the members of the comparator group and of the index group (Average Median TSR) during the relevant assessment period. The number of rights that will become exercisable will depend on where the SKYCITY TSR is relative to the Average Median TSR (at which point 50% of share rights become exercisable) and the average of the TSRs representing the 75th percentiles of the TSRs achieved by the comparator group and the index group (at or above which point 100% of share rights will become exercisable). In addition, the board has a discretion to determine that up to 25% of share rights will become exercisable if the company's TSR for the relevant period does not exceed the Average Median TSR, but exceeds one or other of the TSRs representing the 50th percentile of TSRs of the members of the comparator group and of the index group.

Performance will be assessed three years after the issue of the rights, and (provided rights have not lapsed and all performance hurdles have not been satisfied) after a further six and twelve months. Special assessment may occur in the event of a takeover offer, amalgamation or scheme of arrangement involving the company. Rights which have not previously become exercisable will lapse to the extent performance hurdles have not been fully satisfied in respect of the period to the fourth anniversary of the issue date.

Details of the share rights issued under the Rights Plan 2008 and outstanding as at 11 September 2009 are set out on page 67 of this annual report.

The board is proposing to change the terms of the Rights Plan 2008 with effect from 1 July 2009 for the 2009/10 financial year and subsequent years from a share rights scheme to a loan-based scheme. The change involves the provision of an interest free loan to selected senior executives by a subsidiary of the company and the immediate issue, or acquisition on-market, of shares in the company. A trustee will hold legal title to the shares on behalf of those senior executives for a restrictive period until performance hurdles are met. It will more closely align the company's senior executive long term incentive arrangements with shareholder interests and will enhance the company's ability to retain quality executives.

Executive Share Rights Plan 2005

The SKYCITY Executive Share Rights Plan (Rights Plan 2005) commenced on 1 July 2005, following expiry of the Executive Share Option Plan 2002 for senior executives as a long-term incentive to encourage retention and value creation. The Rights Plan 2005 was only for a three year period to 30 June 2008. However, certain share rights issued to senior executives under the Rights Plan 2005 remain outstanding as at 11 September 2009, as detailed on page 67 of this annual report.

The Rights Plan 2005 was structured to align executive interests with shareholder interests, to motivate executives to drive company performance and to reward executives for loyalty and commitment.

Rights issued under the Rights Plan 2005, except in special circumstances, cannot be exercised until three years from the date of issue. Rights issued under the Rights Plan 2005 lapse if not exercised on or before the fifth anniversary of their date of issue.

The exercise value of executive share rights is structured so that the employee benefits only if the total return received by the company's shareholders, measured as the combination of share price appreciation and dividends/distributions, exceeds the company's cost of equity over the same period. The company's cost of equity used in the calculation is equivalent to the market's return expectations for a company with the risk profile and prospects of SKYCITY Entertainment Group Limited.

The base exercise value for executive share rights is the average closing price of SKYCITY shares on the NZSX over the ten trading days following release of the company's result to the NZX and the ASX for the financial year to 30 June. The base exercise value is escalated by the company's estimated cost of equity capital adjusted for dividends/distributions between the date the right was issued and its exercise date.

At exercise, the net benefit of the share right is calculated and then the required number of shares are issued.

10. RECOGNISE THE OBLIGATIONS TO ALL STAKEHOLDERS

SKYCITY acknowledges legal and other obligations to non-shareholder stakeholders such as employees, suppliers, customers, regulators, and the community as a whole.

The SKYCITY Code of Business Practice sets out the company's commitment to the community and the standards of behaviour that can be expected by all stakeholders, including employees and shareholders.

SKYCITY is aware that its business may be associated with gambling and alcohol-related harm for some customers. Effective and pro-active customer care are the cornerstone principles of SKYCITY's approach to host responsibility.

COMPLIANCE WITH NZX BEST PRACTICE CODE AND ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

SKYCITY confirms that other than as set out below it has complied with the NZX Corporate Governance Best Practice Code and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations during the 2008/09 year:

- The company does not disclose the remuneration of its five highest-paid executives. This is an Australian Corporations Act requirement that is included in the Corporate Governance Principles and Recommendations. SKYCITY makes the remuneration disclosures required of a New Zealand company under the New Zealand Companies Act 1993 and considers that such disclosure is appropriate in the New Zealand context.
- The Corporate Governance Principles and Recommendations and NZX Corporate Governance Best Practice Code recommend that all members of the Audit and Risk Committee be non-executive directors. Mr Toime, who was a member of the Audit and Risk Committee from 1996 until 4 December 2008, was Executive Director during the financial year from July 2007 until March 2008. Mr Toime ceased to be Executive Director, and resumed his position as a non-executive director, following the appointment of Mr Morrison as Chief Executive Officer on 1 March 2008. The company believed Mr Toime's experience was valuable to the committee and that his

temporary appointment as Executive Director did not affect the operation or independence of the committee. Mr Toime was not the chairman of the Audit and Risk Committee and the other two members were non-executive directors. From 4 December 2008, all members of the Audit and Risk Committee are non-executive directors.

- The company does not make available to external parties certain internal policies and procedures. SKYCITY believes that the board charter and the comprehensive references to governance in this annual report and on the company's website provide good disclosure of the company's internal processes and mechanisms and that the underlying intention of the ASX Corporate Governance Council's recommendations on reporting of internal mechanisms have been met.
- Shareholders have not approved extensions of the SKYCITY senior executive options/rights plans. The original SKYCITY executive share option plan was approved by shareholders at the 1999 annual meeting of the company and was subsequently extended by the board in August 2002. The major difference in the 2002 renewal was that the period prior to exercise of options was extended from one year to three years. The Executive Share Rights Plan 2005 (which replaced the Executive Share Option Plan 2002) was approved by the board in December 2004 and was essentially a renewal of the company's longer-term incentive remuneration structure for senior executives but, due to changes in the mechanism within the Plan, was a preferred structure in that the number of new shares that will be issued (for the same benefit to executives) will be significantly reduced. The Executive Share Rights Plan 2005 imposes a three year restriction before benefits under the Plan can be realised by participants. As noted above, the Executive Share Rights Plan 2005 expired on 30 June 2008. The Executive Share Rights Plan 2008 (which replaced the Executive Share Rights Plan 2005) was approved by the board in December 2008 in respect of the 2008/09 financial year and subsequent periods and, as noted above, is similar to the Long Term Incentive Plan approved for the Chief Executive Officer at the annual meeting in 2008. The Executive Share Rights Plan 2008 sets out a remuneration structure for senior executives entitling them to receive shares based on the company's achievement of designated performance hurdles, which involve comparison of the total shareholder return (TSR) achieved by SKYCITY against the shareholder returns achieved by a group of comparable Australasian companies (comparator group), and by the companies whose securities are in the NZSX50 index (index group). As with the Executive Share Rights Plan 2005, the Executive Share Rights Plan 2008 imposes a three year restriction before benefits can be realised by participants.

SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDERS AS AT 19 AUGUST 2009

	NUMBER OF SHARES	% OF SHARES
1. Investors Mutual Limited	36,519,610	6.35%
2. AMP Capital Investors (Institutional Group)	28,332,001	4.93%
3. Accident Compensation Corporation	19,352,075	3.36%
4. Brook Asset Management Limited	18,812,956	3.27%
5. Barclays (Institutional Group)	17,646,437	3.07%
6. AXA (Institutional Group)	15,036,945	2.61%
7. Integrity Investment Management Limited	14,890,050	2.59%
8. JF Capital Partners Limited	12,219,859	2.12%
9. BT Funds Management (Institutional Group)	12,510,608	2.18%
10. Lazard Asset Management	12,278,927	2.14%
11. Smartshares (ETF A/C)	11,449,357	1.99%
12. Paradice Investment Management Pty Limited	10,439,965	1.82%
13. ING (Institutional Group)	10,124,260	1.76%
14. Tyndall Investment Management New Zealand Limited	10,113,274	1.76%
15. Mondrian Investment Partners Limited	9,519,604	1.66%
16. Vanguard Investment (Institutional Group)	9,092,495	1.58%
17. PM Capital Limited	8,912,775	1.55%
18. State Street Global Advisors (Institutional Group)	8,623,152	1.50%
19. Perpetual Investments Limited	8,574,187	1.49%
20. Commonwealth Bank (Institutional Group)	7,997,610	1.39%
Total	282,446,147	49.11%

The analysis as set out above has been compiled based on information provided to the company by Thomson Reuters. As at 19 August 2009, SKYCITY was the holder of 903,184 ordinary shares as treasury stock. Total shares on issue as at 19 August 2009 were 575,114,687.

Subsequent to 19 August 2009, 68,502 treasury stock shares have been applied to the issue of shares pursuant to the SKYCITY Performance Pay Incentive Plan.

The number of shares on issue as at 11 September 2009 was 575,114,687 of which 834,682 were held as treasury stock.

SHAREHOLDER INFORMATION continued

DISTRIBUTION OF ORDINARY SHARES AND REGISTERED SHAREHOLDINGS AS AT 19 AUGUST 2009

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1 – 1,000	3,798	1,471,776
1,001 – 5,000	10,413	28,843,056
5,001 – 10,000	3,772	26,754,022
10,001 – 100,000	3,544	80,051,916
> 100,000	205	437,993,917
Total	21,732	575,114,687

As at 19 August 2009, there were 1,305 shareholders (with a total of 92,422 shares) holding less than a marketable parcel of shares under the ASX Listing Rules, based on the closing share price of A\$2.77. The ASX Listing Rules define a marketable parcel of shares as a parcel of shares of not less than A\$500.

SUBSTANTIAL SECURITY HOLDERS

In accordance with section 26(1) of the Securities Markets Act 1988, the following persons had given notice as at 19 August 2009 that they were substantial security holders in the company and held a relevant interest in the number of ordinary shares shown below.

	DATE OF SUBSTANTIAL SECURITY NOTICE	RELEVANT INTEREST IN NUMBER OF SHARES	% OF SHARES HELD AT DATE OF NOTICE
AMP Limited	1 May 2009	29,106,200	5.21%
AMP Capital Investors (New Zealand) Limited	28 April 2009	28,159,498	5.041%

No further substantial security holder notices had been received as at 11 September 2009.

DIRECTOR AND EMPLOYEE REMUNERATION

REMUNERATION OF DIRECTORS

Non-Executive Directors

Remuneration paid to directors for services in their capacity as directors of SKYCITY Entertainment Group Limited during the year ended 30 June 2009 is as listed below:

R H McGeoch (Chairman)	\$200,000
P D Cullinane	\$100,000
J L Freeman	\$108,750
P B Harman ⁽¹⁾	\$50,000
C J D Moller ⁽¹⁾	\$50,000
P L Reddy ⁽²⁾	\$52,500
Sir Dryden Spring	\$125,000
E Toime	\$100,000
W R Trotter ⁽²⁾	\$50,000

⁽¹⁾ C J D Moller and P B Harman each received total remuneration of \$100,000 during the 2008/09 year. Each of C J D Moller and P B Harman was appointed as a director on 18 December 2008. Accordingly, from 18 December 2008 until the end of the 2008/09 year, remuneration paid was in respect of services provided in their capacities as directors. Prior to their appointments as directors, each of C J D Moller and P B Harman provided consultancy services to the Group and remuneration paid was in respect of consultancy services.

⁽²⁾ P L Reddy and W R Trotter retired as directors on 31 October 2008. In addition to remuneration paid for services in their capacities as directors, P L Reddy and W R Trotter were paid \$158,995 and \$76,751 respectively as retirement payments (as previously accrued) in November 2008 following retirement from the board. See page 54 of this annual report for further details.

No other non-executive director of the Group or parent company has, since the end of the financial year, received or become entitled to receive a benefit other than director's fees for the 2008/09 financial year or reimbursement of expenses incurred in relation to company matters, or as is disclosed elsewhere in this annual report.

Other Directorships

Christchurch Casinos Limited, in which SKYCITY has a 45.7% interest, paid director's fees of \$40,000 each for A B Ryan and N B Morrison. These directors' fees were paid to SKYCITY and were not received personally by either Messrs Ryan or Morrison.

Queenstown Casinos Limited, in which SKYCITY has a 60% interest, paid director's fees of \$7,500 each for A B Ryan and N B Morrison. These directors' fees were paid to SKYCITY and were not received personally by either Messrs Ryan or Morrison.

EMPLOYEE REMUNERATION

The numbers of employees or former employees of the company and its subsidiaries, not being directors of the company, who received remuneration and other benefits in their capacity as employees, the value of which was in excess of \$100,000 and was paid to those employees during the financial year ended 30 June 2009, are listed below.

Remuneration includes salary and incentive payments under the SKYCITY performance pay incentive plan and where applicable the value of executive share options and rights that vested during the year ended 30 June 2009. Remuneration shown below also includes settlement payments and payments in lieu of notice with respect to certain employees upon their departure from the company.

REMUNERATION	EMPLOYEES
\$100,000-\$109,999	34
\$110,000-\$119,999	13
\$120,000-\$129,999	18
\$130,000-\$139,999	13
\$140,000-\$149,999	6
\$150,000-\$159,999	12
\$160,000-\$169,999	3
\$170,000-\$179,999	6
\$180,000-\$189,999	4
\$190,000-\$199,999	5
\$200,000-\$209,999	3
\$210,000-\$219,999	2
\$220,000-\$229,999	3
\$240,000-\$249,999	2
\$250,000-\$259,999	2
\$260,000-\$269,999	3
\$270,000-\$279,999	2
\$290,000-\$299,999	4
\$300,000-\$309,999	1
\$310,000-\$319,999	2
\$360,000-\$369,999	1
\$370,000-\$379,999	2
\$380,000-\$389,999	1
\$410,000-\$419,999	1
\$440,000-\$449,999	1
\$520,000-\$529,999	1
Total	145

DIRECTORS' DISCLOSURES

INTERESTS REGISTER

Disclosure of Directors' Interests

Section 140(1) of the New Zealand Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the company of a position held by a director in another named company or entity. The following are particulars included in the company's Interests Register as at 30 June 2009 (notices given by directors during the year ended 30 June 2009 are marked with an asterisk):

R H McGeoch		C J D Moller	
Aon Risk Services Limited	Member NSW Board of Advice	Meridian Energy Limited	Director*
McGeoch Holdings Pty Limited	Director	National Foods Pty Limited	Director*
Ramsay Health Care Limited	Director	New Zealand Cricket Inc	Director*
Sydney Cricket and Sports Ground Trust	Trustee	NZX Limited	Director*
Telecom Corporation of New Zealand Limited	Director	Rugby New Zealand 2011 Limited	Director*
Vantage Private Equity Growth Limited	Chairman	Synlait Limited	Director*
		Victoria University of Wellington Foundation	Trustee*
P D Cullinane		Sir Dryden Spring	
Assignment Group New Zealand Limited	Director	ANZ National Bank Limited and subsidiaries (including The National Bank of New Zealand)	Chairman
South Seas Trading Company Limited	Director	Fletcher Building Limited	Director
The Antipodes Water Company Limited	Director	New Zealand Business and Parliamentary Trust	Trustee
Talk Me Into It Limited	Director	Northport Limited	Director
Thorp, Greive, Cullinane, Hall Limited	Director	Port of Tauranga Limited	Director
Viva Cuba Limited	Director	Visy Industries Limited	Member of Advisory Board
J L Freeman		E Toime	
Air New Zealand Limited	Director	Blackbay Limited, London	Director
Delegat's Group Limited	Director	Deutsche Post AG, Germany	Non-Executive Director
Jane Freeman Consulting Limited	Director		Member of the Advisory Board*
Pumpkin Patch Limited	Director		Director*
P B Harman		Earth Class Mail Inc	
Broadcast Production Services Limited	Director*		Director*
HT Media Holdings Limited and certain subsidiaries	Director and Shareholder*	E Toime Consulting Limited	Chairman*
Metlifecare Limited	Director*	Postea Inc	Chairman*
The New Zealand Wine Fund Limited	Director and Shareholder*	message AG	Chairman*

The following details included in the Interests Register as at 30 June 2008, or entered during the year ended 30 June 2009, have been removed during the year ended 30 June 2009:

- R H McGeoch is no longer chairman of the Saatchi & Saatchi Trans-Tasman Advisory Board

DIRECTORS' AND OFFICERS' INDEMNITIES

Indemnities have been given to directors and senior managers of the company and its subsidiaries to cover acts or omissions of those persons in carrying out their duties and responsibilities as directors and senior managers.

DIRECTORS' DISCLOSURES continued

DISCLOSURE OF DIRECTORS' INTEREST IN SHARE TRANSACTIONS

Directors disclosed, pursuant to section 148 of the New Zealand Companies Act 1993 and Rule 10.5.3 of the NZX Listing Rules, the following acquisitions and disposals of relevant interests in SKYCITY shares during the period to 30 June 2009, as set out below:

	DATE OF ACQUISITION/DISPOSAL DURING PERIOD	CONSIDERATION	SHARES ACQUIRED/(DISPOSED)
R H McGeoch	10 October 2008 ⁽¹⁾	\$4,737	1,315
	27 March 2009 ⁽¹⁾	\$4,179	1,660
P B Harman ⁽²⁾	27 March 2009 ⁽¹⁾	\$901	358
	28 April 2009	\$13,800	5,000
	29 May 2009 ⁽³⁾	\$4,998	1,915
C J D Moller ⁽⁴⁾	27 March 2009 ⁽¹⁾	\$428	170
	27 April 2009	\$55,817	20,078
	29 May 2009 ⁽³⁾	\$4,998	1,915
N B Morrison ⁽⁵⁾	10 October 2008 ^{(1) (6)}	\$8,102	2,249
	27 March 2009 ⁽¹⁾	\$7,147	2,839
Sir Dryden Spring	10 October 2008 ^{(1) (7)}	\$2,670	741
	10 October 2008 ^{(1) (7)}	(\$2,670)	(741)
	29 May 2009 ⁽³⁾	\$2,096	803
	29 May 2009 ^{(3) (7)}	\$2,900	1,111
E Toime ⁽⁸⁾	10 October 2008 ⁽¹⁾	\$18,301	5,080
	27 March 2009 ⁽¹⁾	\$16,144	6,413
	29 May 2009 ⁽³⁾	\$4,998	1,915

⁽¹⁾ The transaction shown represents the issue of bonus shares under the SKYCITY Profit Distribution Plan.

⁽²⁾ Shares held by Forbar Nominees Limited.

⁽³⁾ The transaction shown represents the issue of shares under the SKYCITY Share Purchase Plan.

⁽⁴⁾ Shares held by First NZ Capital Limited.

⁽⁵⁾ Shares held by Perpetual Limited.

⁽⁶⁾ N B Morrison was appointed as a director of SKYCITY Entertainment Group Limited on 18 December 2008.

⁽⁷⁾ Shares held by the Spring Family Trust.

⁽⁸⁾ Shares held by Mr Toime's wife.

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARES, OPTIONS AND CAPITAL NOTES

Directors disclosed pursuant to Rule 10.5.3 of the NZX Listing Rules, the following relevant interests in SKYCITY shares as at 30 June 2009, as set out below:

	SHARES BENEFICIALLY HELD
R H McGeoch	48,091 ⁽¹⁾
P B Harman	17,273 ⁽²⁾
C J D Moller	26,915 ⁽³⁾
N B Morrison	82,233 ⁽⁴⁾
Sir Dryden Spring	11,381
	15,919 ⁽⁵⁾
E Toime	187,702 ⁽⁶⁾

⁽¹⁾ Shares held by McGeoch Holdings Pty Limited.

⁽²⁾ Shares held by Forbar Nominees Limited.

⁽³⁾ Shares held by First NZ Capital Limited.

⁽⁴⁾ Shares held by Perpetual Limited.

⁽⁵⁾ Shares held by the Spring Family Trust.

⁽⁶⁾ Shares held by Mr Toime's wife.

P D Cullinane and J L Freeman did not have any relevant interest in SKYCITY shares as at 30 June 2009.

No directors held any interest in the capital notes of the company as at 30 June 2009.

NOTEHOLDER INFORMATION

CAPITAL NOTES

In May 2000, SKYCITY Entertainment Group Limited issued 150 million unsecured subordinated capital notes for a five year term at an issue price of \$1.00. In May 2005, the capital notes were reissued for a new term of five years. The capital notes offer holders a fixed interest rate of 8.0% until the next election/maturity date, being 15 May 2010. For further information refer note 21 of the financial statements.

As at 19 August 2009, SKYCITY was the holder of 26,140,250 capital notes, as treasury stock. The capital notes held by SKYCITY are not included in the table below.

TWENTY LARGEST CAPITAL NOTEHOLDERS AS AT 19 AUGUST 2009

	NUMBER OF CAPITAL NOTES	% OF CAPITAL NOTES
1. Private Nominees Limited – Residents A/C	11,226,000	7.48%
2. Investment Custodial Services Limited – A/C C	5,921,000	3.95%
3. Custodial Services Limited – A/C 3	5,840,500	3.89%
4. Forsyth Barr Custodians Limited – Account 1 M	3,191,000	2.13%
5. FNZ Custodians Limited	2,647,000	1.77%
6. Custodial Services Limited – A/C 2	2,384,000	1.59%
7. Citibank Nominees (New Zealand) Limited	1,867,000	1.25%
8. Forsyth Barr Custodians Limited – Account 1 L	1,368,000	0.91%
9. Custodial Services Limited – A/C 6	678,000	0.45%
10. Custodial Services Limited – A/C 4	593,000	0.40%
11. NZPT Custodians (Grosvenor) Limited – NZCSD	555,000	0.37%
12. Guardian Trust Investment Nominees (RWT) Limited – NZCSD – NZGT95	547,000	0.37%
13. Custodial Services Limited – A/C 1	500,000	0.33%
14. Invercargill Licensing Trust	500,000	0.33%
15. Public Trust – T G Macarthy A/C	500,000	0.33%
16. University of Otago Foundation Trust	500,000	0.33%
17. Waikimihia Farm Limited	500,000	0.33%
18. Forsyth Barr Custodians Limited – Account 1 H	449,000	0.30%
19. Forsyth Barr Custodians Limited – Account 1 E	405,000	0.27%
20. Knox Home Trust Board Incorporated	400,000	0.27%
Total	40,571,500	27.05%

DISTRIBUTION OF CAPITAL NOTE HOLDINGS AS AT 19 AUGUST 2009

	NUMBER OF NOTEHOLDERS	NUMBER OF CAPITAL NOTES
1 – 1,000	1	250
1,001 – 5,000	365	1,821,925
5,001 – 10,000	732	6,811,000
10,001 – 100,000	1,927	63,441,575
> 100,000	82	77,925,250
Total	3,107	150,000,000

SKYCITY ACES INFORMATION

SKYCITY ACES

In October 2005, SKYCITY Investments Australia Limited issued in Australia 1.5 million unsecured subordinated perpetual reset exchangeable securities (SKYCITY ACES) at an issue price of A\$100 per note. SKYCITY ACES offer holders a fully franked variable rate coupon until the first reset date on 15 December 2010. For further information refer note 22 of the financial statements.

TWENTY LARGEST SKYCITY ACES HOLDERS AS AT 19 AUGUST 2009

	NUMBER OF SKYCITY ACES	% OF SKYCITY ACES
1. UBS Nominees Pty Limited	257,482	17.17%
2. J P Morgan Nominees Australia Limited	217,314	14.49%
3. Cogent Nominees Pty Limited – SMP Accounts	121,447	8.10%
4. Citicorp Nominees Pty Limited	80,433	5.36%
5. RBC Dexia Investor Services Australia Nominees Pty Limited – BKCUST A/C	73,057	4.87%
6. ANZ Nominees Limited – Cash Income A/C	68,098	4.54%
7. National Nominees Limited	65,000	4.33%
8. Brispot Nominees Pty Limited – House Head Nominee No 1 A/C	62,596	4.17%
9. RBC Dexia Investor Services Australia Nominees Pty Limited – GSENIIP A/C	57,851	3.86%
10. HSBC Custody Nominees (Australia) Limited – A/C 2	44,909	2.99%
11. Goldman Sachs JBWere Capital Markets Limited – Credit 3 A/C	39,880	2.66%
12. Cogent Nominees Pty Limited	37,369	2.49%
13. Avanteos Investments Limited – DNR IMA A/C	32,365	2.16%
14. ANZ Trustees Limited – Diversified Income CF1 A/C	19,636	1.31%
15. UBS Wealth Management Australia Nominees Pty Limited	19,397	1.29%
16. Citicorp Nominees Pty Limited – CFSIL CWLTH Aust SHS 14 A/C	18,162	1.21%
17. Citicorp Nominees Pty Limited – CFSIL CFS WS ENH YIELD A/C	15,198	1.01%
18. Roaring Lion Pty Limited	15,000	1.00%
19. M F Custodians Limited	10,581	0.71%
20. Buttonwood Nominees Pty Limited	8,622	0.57%
Total	1,264,397	84.29%

DISTRIBUTION OF SKYCITY ACES HOLDINGS AS AT 19 AUGUST 2009

	NUMBER OF SKYCITY ACES HOLDERS	NUMBER OF SKYCITY ACES
1 – 1,000	588	137,419
1,001 – 5,000	43	93,005
5,001 – 10,000	2	13,801
10,001 – 100,000	16	659,532
> 100,000	3	596,243
Total	652	1,500,000

COMPANY DISCLOSURES

STOCK EXCHANGE LISTINGS

SKYCITY Entertainment Group Limited is listed on both the New Zealand and Australian stock exchanges.

SKYCITY Entertainment Group Limited has been designated as 'Non-Standard' by the NZX due to the nature of the company's constitution. In particular, the constitution places restrictions on the transfer of shares in the company in certain circumstances and provides that votes and other rights attached to shares may be disregarded and shares may be sold if these restrictions are breached, as more particularly described on page 68 of this annual report.

SKYCITY ENTERTAINMENT GROUP LIMITED

P B Harman, C J D Moller and N B Morrison were appointed as directors of SKYCITY Entertainment Group Limited on 18 December 2008.

P L Reddy and W R Trotter retired as directors of SKYCITY Entertainment Group Limited on 31 October 2008.

SUBSIDIARY COMPANIES

New Subsidiaries

Two new subsidiary companies have been incorporated during the 12 month period ended 30 June 2009. SKYCITY Distribution Limited was incorporated in New Zealand on 5 March 2009 and SKYCITY Treasury Australia Pty Limited was registered on 9 June 2009 in Australia.

Changes to Subsidiary Company Directorships

The changes to subsidiary company directorships during the 12 month period ended 30 June 2009 are set out below:

- In relation to the following companies, A B Ryan resigned as a director and P A Treacy was appointed as a director effective 29 June 2009:

Planet Hollywood (Civic Centre) Limited
SKYCITY Action Management Limited
SKYCITY Auckland Holdings Limited
SKYCITY Auckland Limited
SKYCITY Casino Management Limited
SKYCITY Cinema Holdings Limited
SKYCITY Cinemas Limited
SKYCITY Cinemas New Plymouth Limited
SKYCITY Cinemas Nominees Limited
SKYCITY Cinemas Queen Street Nominees Limited
SKYCITY Darwin Pty Limited
SKYCITY Distribution Limited
SKYCITY Hamilton Limited
SKYCITY International Holdings Limited
SKYCITY Investments Christchurch Limited
SKYCITY Investments Queenstown Limited
SKYCITY Management Limited

SKYCITY Metro Limited
SKYCITY Wellington Limited
Sky Tower Limited
Toptown Nominees Limited

- A B Ryan resigned as a director, and D D Christian and P A Treacy were appointed as directors, of the following companies effective 29 June 2009:

SKYCITY Adelaide Pty Limited
SKYCITY Australia Finance Pty Limited
SKYCITY Australia Pty Limited
SKYCITY Treasury Australia Pty Limited

- P J Holdaway resigned as a director from the following companies effective 26 September 2008:

Planet Hollywood (Civic Centre) Limited
SKYCITY Cinema Holdings Limited
SKYCITY Cinemas Limited
SKYCITY Cinemas New Plymouth Limited
SKYCITY Cinemas Nominees Limited
SKYCITY Cinemas Queen Street Nominees Limited
SKYCITY Metro Limited
Toptown Nominees Limited

- P L Reddy and W R Trotter resigned as directors of SKYCITY Investments Australia Limited effective 31 October 2008, and C J D Moller, P B Harman and N B Morrison were appointed as directors effective 18 December 2008.
- H H Pham, B Kreiberg and E Toime resigned as directors of SKYCITY International ApS effective 25 June 2009 and A B Ryan and R S Smyth were appointed as directors effective 25 June 2009.

Subsidiary Company Directorships

The following persons held office as directors of subsidiaries of SKYCITY Entertainment Group Limited as at the end of the 2009 financial year, being 30 June 2009:

- Directors: N B Morrison and P A Treacy:
Planet Hollywood (Civic Centre) Limited
SKYCITY Action Management Limited
SKYCITY Auckland Holdings Limited
SKYCITY Auckland Limited
SKYCITY Casino Management Limited
SKYCITY Cinema Holdings Limited
SKYCITY Cinemas Limited
SKYCITY Cinemas New Plymouth Limited
SKYCITY Cinemas Nominees Limited
SKYCITY Cinemas Queen Street Nominees Limited
SKYCITY Distribution Limited
SKYCITY Hamilton Limited
SKYCITY International Holdings Limited
SKYCITY Investments Christchurch Limited

COMPANY DISCLOSURES continued

SKYCITY Investments Queenstown Limited
SKYCITY Management Limited
SKYCITY Metro Limited
SKYCITY Wellington Limited
Sky Tower Limited
Toptown Nominees Limited

- Directors: D D Christian, N B Morrison, P A Treacy and R H McGeoch:

SKYCITY Adelaide Pty Limited
SKYCITY Australia Finance Pty Limited
SKYCITY Australia Pty Limited
SKYCITY Treasury Australia Pty Limited

- Directors: N B Morrison, P A Treacy and T A K Wilson:

SKYCITY Darwin Pty Limited

- Directors: A B Ryan, N B Morrison (both SKYCITY representatives on the Board), P J Hensman and B C Thomas:

Queenstown Casinos Limited

- Directors: R H McGeoch, P D Cullinane, J L Freeman, P B Harman, C J D Moller, N B Morrison, Sir Dryden Spring and E Toime:

SKYCITY Investments Australia Limited

- Directors: A B Ryan and D Damodar:

SKYCITY Cinemas (Fiji) Limited

- Directors: A B Ryan and R S Smyth:

SKYCITY International ApS

Non-wholly Owned Company Directorships

At 30 June 2009, SKYCITY also had an interest in, and was represented by SKYCITY executives on the boards of, the companies listed below:

- SKYCITY representatives on the board – A B Ryan and N B Morrison:

Christchurch Casinos Limited
Christchurch Hotels Limited
Premier Hotels (Christchurch) Limited

- SKYCITY representative on the board - N B Morrison:

Force Location Limited

- SKYCITY representative on the board – A B Ryan:

Rialto Cinemas Limited
Vista Entertainment Solutions Limited

OTHER INFORMATION

WAIVERS FROM THE NEW ZEALAND AND AUSTRALIAN STOCK EXCHANGES

The following waivers from the NZX and ASX Listing Rules were either granted and published by NZX Limited (NZX) or ASX Limited (ASX) (as the case may be) within, or relied upon by the company during, the 12 month period preceding the date two months before the date of this annual report:

- On 24 June 2005, NZX granted waivers from LRs 8.1.3, 8.1.4, 8.1.5, 8.1.8 and 8.1.9 (being general provisions relating to the issue of securities requiring NZX approval/waiver) in respect of the company's Executive Share Rights Plan 2005.
- On 3 October 2008, NZX granted waivers from LRs 8.1.7 and 8.1.8 (being general provisions relating to the issue of securities requiring NZX approval/waiver) in respect of the company's Executive Long Term Incentive Plan 2008.
- On 23 January 2009, NZX granted a waiver from LR 7.12.2 (which requires issuers to give NZX details of the benefit to be paid or distributed on quoted securities at least 10 business days notice before the relevant record date) in relation to the company's Profit Distribution Plan.
- On 20 April 2009, NZX granted a waiver from LR 7.3.1 (relating to issues of new equity securities) in relation to the company's Share Purchase Plan in May 2009.
- On 21 April 2009, ASX granted a waiver from LRs 7.1 (relating to issues of securities requiring shareholder approval) on an on-going basis and 10.11 (shareholder approval for issue of securities to related parties) in relation to the company's Share Purchase Plan in May 2009.

All other waivers granted prior to the 12 month period preceding the date two months before the date of this annual report had ceased to have effect or were not relied upon during the period.

DISCRETIONS EXERCISED BY NZX AND ASX

The following discretions were exercised on 21 April 2009 in relation to the company's Share Purchase Plan and Top-Up Offer in May 2009:

- NZX granted a trading halt in relation to the ordinary shares and capital notes issued by SKYCITY Entertainment Group Limited and quoted on the New Zealand stock exchange;
- ASX granted a trading halt in relation to the ordinary shares issued by SKYCITY Entertainment Group Limited and quoted on the Australian stock exchange; and
- ASX granted a trading halt in relation to the SKYCITY ACES issued by SKYCITY Investments Australia Limited and quoted on the Australian stock exchange.

SHARE RIGHTS HOLDERS

As at 11 September 2009, share rights on issue were as detailed below:

- 615,000 share rights issued under the Executive Share Rights Plan 2005 approved by directors of the company in December 2004, held by 6 holders. The share rights have

no voting rights but each share right entitles the holder to a number of shares on exercise calculated according to a formula set out in the plan, based on the difference between the market price for the company's shares on the NZSX and the exercise value for the share right (calculated in accordance with the Plan). As at 11 September 2009, the exercise value per right (which escalates by the cost of equity less distributions) was \$6.29 for 231,000 rights and \$6.42 for 384,000 rights;

- 200,000 convertible share rights issued under a Commencement Grant, held by the Chief Executive Officer. Each share right will convert into one SKYCITY share on 1 March 2010 provided the Chief Executive Officer remains employed by the company;
- 491,132 share rights issued under a Chief Executive Officer Long Term Incentive Plan approved by shareholders at the 2008 annual meeting, held by the Chief Executive Officer. Share rights are granted under the Chief Executive Officer Long Term Incentive Plan and, if exercisable, may be exercised at no cost. If exercised, each share right corresponds to one SKYCITY share. Share rights only become exercisable when performance hurdles set by the board of directors are met; and
- 850,000 share rights issued under the Executive Long Term Incentive Plan approved by directors in December 2008, held by 14 holders. Share rights are granted under the Executive Long Term Incentive Plan and, if exercisable, may be exercised at no cost. If exercised, each share right corresponds to one SKYCITY share. Share rights only become exercisable when performance hurdles set by the board of directors are met.

LIMITATIONS ON ACQUISITION OF ORDINARY SHARES

The company's constitution contains various provisions which are included to take into account the application of:

- the Gambling Act 2003 (New Zealand);
- the Casino Act 1997 (South Australia);
- the Gaming Control Act (Northern Territory); and
- the legislation providing for the establishment, operation and regulation of casinos in any other jurisdiction in which SKYCITY or any of its subsidiaries may hold a casino licence.

SKYCITY needs to ensure when it participates in gaming activities that:

- it has the power under its constitution to take such action as may be necessary to ensure that its suitability to do so in a particular jurisdiction is not affected by the identity or actions (including share dealings) of a shareholder; and
- there are appropriate protections to ensure that persons do not gain positions of significant influence or control over SKYCITY or its business activities without obtaining any necessary statutory or regulatory approvals in those jurisdictions.

OTHER INFORMATION continued

Accordingly, the constitution contains the following provisions restricting the acquisition of shares in the company to achieve this.

TRANSFER OF SHARES

Clause 12.11 of the constitution provides that if a transfer of shares results in the transferee, and the persons associated with that transferee:

- holding more than 5% of the shares in SKYCITY, or
- increasing their combined holding further beyond 5% if
 - they already hold more than 5% of the shares in SKYCITY; and
 - the transferee has not been approved by the relevant regulatory authority as an associated casino person of any casino licence holder,

then the votes attaching to all shares held by the transferee and the persons associated with that transferee are suspended unless and until either:

- each regulatory authority advises that approval is not needed; or
- any regulatory authority which determines that its approval is required approves the transferee, together with the persons associated with that transferee, as an associated casino person of any applicable casino licence holder; or
- the board of the company is satisfied that registration of the proposed transfer will not prejudice any casino licence; or
- the transferee and the persons associated with that transferee dispose of such number of SKYCITY shares as will result in their combined holding falling below 5% or, if the regulatory authorities approve in respect of the transferee and the persons associated with that transferee a higher percentage, the lowest such percentage approved by the regulatory authorities.

If a regulatory authority does not grant its approval to the proposed transfer, SKYCITY may sell such number of the shares held by the transferee and by any persons associated with that transferee, as may be necessary to reduce their combined shareholding to a level that will not result in the transferee and the persons associated with that transferee being an associated person of that casino licence holder.

The power of sale can only be exercised if SKYCITY has given one month's notice to the transferee of its intention to exercise that power and the transferee has not, during that one month period, transferred the requisite number of shares in SKYCITY to a person who is not associated with the transferees.

DONATIONS

Donations of \$174,091 were made by the company during the 12 month period ended 30 June 2009 (\$58,689 during the 12 months ended 30 June 2008).

OTHER LEGISLATION/REQUIREMENTS

General limitations on the acquisition of the securities imposed by the jurisdiction in which SKYCITY is incorporated (i.e. New Zealand law) are outlined in the following paragraphs.

Other than the provisions noted on pages 67 and 68, the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeover, overseas investment and competition.

The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in SKYCITY, or the increase of an existing holding of 20% or more of the voting rights in SKYCITY, can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition if a shareholder holds 90% or more of the shares in the company.

The New Zealand Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required when an 'overseas person' acquires shares or an interest in shares in SKYCITY Entertainment Group Limited that amount to 25% or more of the shares issued by the company, or if the overseas person already holds 25% or more, the acquisition increases that holding.

The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in SKYCITY if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

OTHER DISCLOSURES

SKYCITY Entertainment Group Limited has no securities subject to an escrow arrangement.

There is not a current on-market share buy back programme.

SKYCITY Entertainment Group Limited is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act (Australia).

There are no material differences between NZX Appendix 1 and ASX Appendix 4E issued by SKYCITY Entertainment Group Limited on 19 August 2009 in respect of the year ended 30 June 2009 and this annual report.

SKYCITY Entertainment Group Limited has a Standard & Poor's BBB- rating with Stable Outlook.

DIRECTORY

REGISTERED OFFICE

SKYCITY Entertainment Group Limited

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Minter Ellison Rudd Watts

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Auckland

Russell McVeagh

Vero Centre
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Finlaysons

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AUDITOR

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BANKERS

ANZ National Bank Commonwealth Bank of Australia Bank of New Zealand

CAPITAL NOTES TRUSTEE

The New Zealand Guardian Trust Company Limited

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