

Chairman's Address: Rod McGeoch

A year of significant change

2007/2008 was a year of significant change – one in which this company undertook key initiatives to secure its future, to re-set direction at both governance and management levels, and to put in place the strategies needed to meet your expectations.

At the same time, we dealt with approaches from two parties who had expressed interest in acquiring the company and investigated, and subsequently discontinued, the sales of some of our assets.

Finding a new Chief Executive was also a key focus during the first half of the year for the board, and in Nigel Morrison, we have secured a highly motivated and experienced senior executive who will lead the business forward. Once regulatory approvals are obtained it will be my pleasure to welcome Nigel to the board in his new role as Managing Director. I want to take this opportunity to thank Elmar Toime for doing a superb job as Executive Director while we conducted the search for a new Chief Executive Officer.

Nigel, in turn, has sought out people of the highest calibre to join him on the Executive management team. And that rejuvenated and energised management team has greatly enhanced our operational effectiveness and injected welcome expertise. Nigel and his team have been working very hard over recent months across a wide range of restructure and business performance improvement initiatives.

In addition to a new management line-up, we have also changed the board itself. And together, these changes have meant a significantly refreshed leadership. I'd like to take this opportunity to welcome Jane Freeman and Peter Cullinane to the board. As I mentioned, once all regulatory approvals are obtained, Chris Moller, Brent Harman and Nigel will also join the board. I have no doubt that the introduction of these five new directors will bring new levels of experience in entertainment, media, marketing, strategy, technology, finance and change management to our discussions.

Sadly, at the same time as new members join, two trusted and valued colleagues retire.

I have always valued Bill Trotter's wisdom and experience in the market, and he has always been a voice for your interests as shareholders in our deliberations.

As an original director of SKYCITY, Patsy Reddy has invested huge commitment to this company over many years, and we have benefited enormously from her experience and drive.

On behalf of everyone here, sincere thanks to both of you, Bill and Patsy, for all you have done during your time with us, and our best wishes for the years ahead.

As we move ahead, this organisation has four key areas of responsibility as I see it.

Returns to Shareholders – the Shareholders' Interests

Let's start with our responsibility to you as shareholders. We have a responsibility to deliver you a prudent and competitive return on your money. As previously announced, the profit distribution for the full year was 21.5 cents per share, up from 21 cents per share last year.

We want to see the business delivering the results it produced in its first 10 years - creating long term value for the SKYCITY Entertainment Group and delivering solid returns for you as shareholders.

Regulatory Environment and Responsible Gaming – the Public’s Interests

Our second responsibility is to the regulatory environment in which we work, and to the provision of responsible gaming practices for the people who come to our facilities. This is an area I feel very strongly about- we are an entertainment company with casinos at the very heart of our business, and are not here to take people’s rent money. As an organisation we are committed to harm minimisation and we are doing all we can to address the legitimate issues faced by the small proportion of the community that are not able to gamble within their means. We believe though that the regulations that are designed should not diminish the entertainment and excitement enjoyed by the vast majority of our customers. At the same time, we acknowledge that we need to keep the lines of communication open. Productive and practical relationships with government, regulators and treatment providers benefit everyone and this is something we place great emphasis on.

In the last 12 months I have given several keynote addresses to gaming industry conferences. I have reminded all delegates that those in businesses such as SKYCITY enjoy the privilege of a special licence issued by the Government and that privilege requires us to undertake responsibilities in the public interest. I have espoused the view that these matters embedded as they are in the regulations are in my view a minimum standard and that this industry, in both New Zealand and Australia should seek to operate consistent with standards that are higher than those that are imposed by Government. In this way there won't be any debate about the appropriate discharge of our duties to the public interest and indeed there would be every prospect that we would be respected even more for the way in which we run the business.

Our place in the community

Our third responsibility is as responsible members of the communities in which we have a presence. I often feel that the significant contribution we do make to the communities in which we operate is overlooked. In the past year, we distributed \$3.2 million to 272 New Zealand community organisations. We gave over \$1 million in cash sponsorship to New Zealand sports teams. And we paid more than \$150 million in taxes, levies and charges to governments on both sides of the Tasman.

We paid over \$200 million in salaries and wages to our 7,400 employees. With so many employees we are a significant employer on both sides of the Tasman. At any one time there are around 200 vacancies for careers at SKYCITY – we offer many first-class employment opportunities to New Zealanders and Australians.

While I'm talking about employees, I want to thank our fantastic body of SKYCITY employees for their dedication and contribution to the business over the last year. This is very much a people business, and one of the reasons it continues to be so successful is the high calibre of our staff.

Sometimes I'd just like the opportunity to remind people that Auckland city, and the other cities in which we are located are home to us too. We contribute significantly to the local economy in jobs, community and revenue. In Auckland alone, we paid over \$4.5 million to the Councils in the region, supporting many of their initiatives. We are pleased to be a major contributor in the economies and communities in which we operate and we look forward to continuing to do so in the years ahead.

Focus for 2009

Our fourth responsibility is to SKYCITY's future. Over the next year, you'll see this company focus on making the most of the potential that lies in our portfolio of great assets. Nigel and his team will be looking to maximise EBITDA, tightly control capex, improve the customer experience and work to engage our people and make exciting changes to our culture. Our intention is to lift the experiences our customers continue to enjoy across all our properties.

We thank shareholders for their continued support and look forward to answering questions later in the agenda.

Thank you for your attention. I'll hand over now to Nigel Morrison to give you an update on first quarter trading and some developments and initiatives since he took over as Chief Executive in March this year.

Thank you for your attention. Nigel.....