SKYCITY Entertainment Group Limited
Federal House 86 Federal Street
PO Box 6443 Wellesley Street
Auckland New Zealand
Telephone +64 (0)9 363 6141
Facsimile +64 (0)9 363 6140
www.skycitygroup.co.nz

25 August 2008

Listed Company Relations
New Zealand Exchange Limited
Level 9, ASB Bank Tower
2 Hunter Street
WELLINGTON

Dear Sir/Madam

RE : SKYCITY ENTERTAINMENT GROUP LIMITED
ANNUAL RESULT (2008)

We supply herewith the financial information as required by Listing Rule 10.4 plus a copy of the Chief Executive Officer's 2008 Annual Review and the SKYCITY Entertainment Group Limited financial statements for the year ended 30 June 2008.

Please find attached:

1. Appendix 1 (Rule 10.4) detailing the Preliminary Announcement of the SKYCITY annual result for the year ended 30 June 2008.

2. Chief Executive Officer's Review for the year ended 30 June 2008, including a summary of the FY08 financial result.

3. Appendix 7 detailing the final distribution of 10.5 cents per ordinary share to be paid on 10 October 2008 to those shareholders on the company's share register as at 5.00pm on 12 September 2008.

4. Audited financial statements and notes for SKYCITY Entertainment Group Limited for the year ended 30 June 2008, and the auditor's report thereon.

5. The SKYCITY media release re the result.

Please confirm clearance of release to the market.

Yours faithfully

Alistair Ryan

Alistair Ryan
Chief Financial Officer

SKYCITY Entertainment Group Limited	
Results for announcement to the market	
Reporting Period	1 July 2007 to 30 June 2008
Previous Reporting Period	1 July 2006 to 30 June 2007

	Amount (000s)	Percentage change
Revenue from ordinary activities	$NZ804,014	6.8%
Profit (loss) from ordinary activities after tax attributable to security holder.	$NZ49,856	-49.3%
Net profit (loss) attributable to security holders.	$NZ49,856	-49.3%

Final Distribution	Amount per security	Imputed amount per security
	$NZ 0.105	$0.045

Record Date	12 September 2008
Dividend Payment Date	10 October 2008

Comments:	The movement in revenue from ordinary activities is primarily due to organic growth. A full explanation of revenue performance by the Group's business units is set out in the company's result presentation for the year ended 30 June 2008. The reduction in reported profit after tax is as a result of the Group's decision to write-down the carrying value of its Cinema assets by $60.0 million during the FY08 financial year.

NTA Backing

	2008	2007
Net tangible asset backing per ordinary share	11.3¢	-11.5¢

The movement in the NTA Backing relates to growth in the tangible assets of the Group and a reduction in debt.

This report is based on accounts which have been audited. The audit report is provided with the accounts which accompany this announcement.

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25 August 2008

Listed Company Relations
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
WELLINGTON

Dear Sir/Madam

RE: Appendix 7 - Bonus Issue

The attached Appendix 7 relates to SKYCITY Entertainment Group's FY08 final profit distribution by way of a bonus share issue with an option to have the bonus shares bought back by the company for cash. For shareholders that elect to have the bonus shares bought back for cash full imputation credits will be attached.

Appendix 7 sets out the relevant dates for the bonus issue and the cents per share (10.5cps) that the distribution will be calculated from. The example below shows how the number of bonus shares issued to each shareholder will be calculated.

EXAMPLE ONLY

Distribution amount per share	$0.105
The strike price is calculated from the weighted average sale price of SKYCITY shares on NZSX (this is indicative only and is the weighted average price on the NZSX for the period 11/8/08 to 15/8/08 adjusted for the distribution)	
Strike price	$3.7975964
The bonus issue ratio is calculated as	$0.105 / $3.7975964

The bonus issue ratio is therefore 0.0276491 bonus shares for every one share held or one bonus share for every 36.1675848 shares held.

Note that the above is an example only and will vary depending on the final strike price. The strike price will be advised to NZX together with an updated Appendix 7 on Monday 22 September 2008.

Yours faithfully

Alistair Ryan

Alistair Ryan
Chief Financial Officer

NZX

Appendix 7 of Listing Rules.

EMAIL: announce@nzx.com

Notice of event affecting securities

NZX Listing Rule 7.12.2. For rights, Listing Rules 7.10.9 and 7.10.10.
For change to allotment, Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages): [ ]

Full name of Issuer	SKYCITY Entertainment Group Limited
Name of officer authorised to make this notice	Alistair Ryan
Authority for event, e.g. Directors' resolution	Director's resolution
Contact phone number	(09) 363 6141
Contact fax number	(09) 363 6140
Date	25 / 8 / 2008

Nature of event
Tick as appropriate

Bonus Issue	[X]
If ticked, state whether: *Taxable*	[ ]
/ Non Taxable	[X]
Conversion	[ ]
Interest	[ ]
Rights Issue Renouncable	[ ]
Rights Issue non-renouncable	[ ]
Capital change	[ ]
Call	[ ]
Dividend	[ ]
If ticked, state whether: *Interim*	[ ]
Full Year	[ ]
Special	[ ]

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	Ordinary shares
ISIN	NZSKCE0001S2

If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities	Ordinary shares
ISIN	NZSKCE0001S2

If unknown, contact NZX

Number of Securities to be issued following event	Not known until strike price set
Minimum Entitlement	N/A
Ratio, e.g 1 for 2	[ ] *for* [ ]
Conversion, Maturity, Call Payable or Exercise Date	N/A
Enter N/A if not applicable	
Treatment of Fractions	Rounded up
Tick if pari passu	X
OR provide an explanation of the ranking	
Strike price per security for any issue in lieu or date Strike Price available.	22 September 08

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security	$0.1050
Source of Payment	Profit
Currency	NZ Dollars
Total monies	N/A

Supplementary dividend details - Listing Rule 7.12.7

Amount per security in dollars and cents	$0.018529*
Date Payable	10 October 08

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	$
Resident Withholding Tax	$
Credits (Give details)	$0.045000*

Timing (Refer Appendix 8 in the Listing Rules)

Record Date 5pm *For calculation of entitlements*	12 September 08
Application Date *Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.*	10 October 08
Notice Date *Entitlement letters, call notices, conversion notices mailed*	24 September 08
Allotment Date *For the issue of new securities. Must be within 5 business days of record date.*	10 October 08

* Applicable to shareholders who accept associated buy back offer

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights: Security Code:
Cease Quoting Rights 5pm:
Commence Quoting New Securities: Security Code:
Cease Quoting Old Security 5pm:

SKYCITY ENTERTAINMENT GROUP LIMITED

Chief Executive Officer's Review
Year Ended 30 June 2008

The full version of the Chief Executive Officer's presentation of the SKYCITY result for 2008 is available on the company's website under the Investor Centre at www.skycityentertainment.co.nz. The full presentation includes comprehensive information some of which is presented in graphical format which is not able to be reproduced for this extract. SKYCITY recommends that the full presentation be referred to as it contains useful explanatory information.

FY08 Group Result

- Reported Net Profit after Tax at $49.9m (after non recurring items including the Cinemas write down of $58.4m). FY07 NPAT $98.4m.
- NPAT adjusted for non-recurring items (including Cinemas write down) at $111.9m, up 19% over FY07 ($93.8m)
- Earnings per share adjusted for non-recurring items at 24.2cps, up 14% over FY07 (21.2cps)
- NPAT adjusted for non-recurring items and international VIP commission business at theoretical at $102.0m, up 7% over FY07 ($95.4m)
- Normalised earnings per share at 21.9cps, up 1.4% over FY07 (21.6cps)
- Group revenue at $818.8m, up 1.7% over FY07 revenues (adjusted for non-recurring items) of $805.1m
- EBITDA (before Cinemas and adjusted for non-recurring items) at $306.4m, up 7.7% over FY07 at $284.5m
- EBIT adjusted for non-recurring items up 8.0% at $238.5m (FY07: $221.0m)
- Underlying cash flow of $199.1m, up 15% on FY07 ($173.0m)
- Key financial metrics improved: operating cash flow increased from $268m to $286m, net debt to EBITDA reduced from 3.4x to 3.3x and interest cover increased from 3.3x to 3.8x
- Results in line with February guidance of $108m–$110m
- Retirement of $92m of debt ($93.1m in FY07) strengthened the company's balance sheet, further reinforced by Investment Grade BBB- rating from Standard and Poor's
- Total FY08 distribution 21.5cps (FY07 21.0cps). Final distribution of 10.5cps to be paid 10 October

Management and Operational Highlights

- Permanent CEO appointed in March 2008
- New management appointments have significantly enhanced operational expertise
- Reorganisation of company to drive divisional profit focus and reduce corporate overhead
- Auckland casino refurbishment completed March 2008
- Strong result from International VIP Commission Business in FY09

Outlook

- Business plans budget for growth in FY09
- Satisfactory trading in FY09 year to date (25 August 2008)

- Strong control to be maintained over capital expenditure
- Further debt retirement anticipated in FY09

Distribution to Shareholders

- Distribution payout ratio of 90% reaffirmed
- Total distribution 21.5cps for FY08 (21.0cps FY07)
- Final distribution of 10.5 cents per share (12.0cps FY07)
- Entitlement/record date 12 September. Bonus share issue/payment date 10 October
- Distribution by way of non-taxable bonus shares with fully-imputed cash buyback alternative
- Strike price for the bonus share issue for the FY08 final distribution will be the weighted average SKC price on the NZSX during the 5 day period 15-19 September
- The number of bonus shares to be issued in respect of the FY08 final distribution will be confirmed to shareholders on 24 September. Shareholder elections (for the cash/buyback option) due to share registry (Computershare) by 8 October

Funding Structure

- Very strong liquidity position
- Cash and undrawn facilities of ~$400m
- Debt repayment of $92m in FY08 (FY07 $93m)
- Debt maturity profile: FY10 $124m, FY11 $318m, FY12 $405m, FY15 $90m, FY17 $35m, FY20 $22m
- No maturity events until May 2010. Capital Notes mature in May 2010, but the securities offer good rollover flexibility with limited refinancing risk
- Significant headroom within existing covenants
- Reflected in Standard and Poor's Investment Grade Rating (BBB-) with Stable Outlook

FY09 Capex

Maintenance Capex

- FY09 maintenance capex of approximately ~$65m will include significant reinvestment in core business operations
- Primary use of maintenance capex will be on gaming machine product, technology and systems
- FY09 depreciation estimated at ~$80m

Project Capex

- Completion of Darwin Stage 1 expansion (FY09 spend A$18m)
- Completion of Manukau Cinema complex in Auckland (FY09 spend $8m)
- No significant capex on Little Mindil resort (Darwin) during FY09
- No plans to proceed with Adelaide carpark

Strategic Priorities for FY09

- The core objective for 2009 is to maximise the potential of the company’s existing assets
- SKYCITY’s new management team focused on delivering revenue growth, driving operational efficiencies and maximising EBITDA, while tightly controlling capex

- To deliver an improved customer experience across all properties, focusing on customer service, effective marketing and enhanced entertainment experiences
- To significantly enhance IT and systems capabilities and reinvest in new gaming technology and core operating systems, positioning the business for growth
- To grow and diversify International VIP commission-based play business
- To improve employee engagement and employee advocacy across all business operations

FY09 Outlook

- Results and progress achieved in FY08 provide a solid platform for FY09
- Business plans budget for growth in FY09
- SKYCITY's most recent revenue indicators suggest it is trading satisfactorily in the current economic environment
- The new management team is focused on delivering revenue growth, increasing operating efficiency and maximising EBITDA, whilst retaining tight control over capex
- Further debt reduction anticipated in FY09

BUSINESS UNIT RESULTS

Auckland

- Sound result in challenging economic environment
- Revenue up 1.0% at $402.3m (+$3.8m)
- EBITDA down 0.1% at $208.3m (-$0.3m)
- EBIT down 0.3% at $174.4m (-$0.5m)
- New Auckland management team has strong focus on core business with strategic concentration on product, mix, pricing, presentation, customer service, marketing and loyalty
- Main gaming floor renovation completed March 2008
    - renovation disruption impacted FY08 result
    - improvements in casino revenues are evident
    - positive feedback from customers and staff
    - refurbishment completion provides platform for FY09
- New gaming product and relayout of main floor tables and machines will further enhance customer experience during FY09
- Recent highlights indicate management strategies are gaining traction:
    - 08/08/08 was biggest gaming day in Auckland in over four years
    - $1m SKYCITY Auckland Festival of Poker tournament announced for October
    - SKYCITY Grand Hotel topped Auckland's occupancy levels in August
    - record Auckland convention revenues in August

Adelaide

- Solid result given impact from smoking ban (from 1 November 2007)
    - revenue impact less significant than anticipated
    - minimal impact on table gaming revenues given partial smoking bans already applied to tables
- Positive cost reductions achieved, holding EBITDA steady with FY07
- Revenue down 4.4% at A$118.2m (-A$5.5m)

- EBITDA down 1.0% at A$20.7m (-A$0.2m)
- EBIT down 3.6% at A$10.6m (-A$0.4m)
- Maintenance capex will be maintained to underpin revenue growth
- No plans to proceed with Adelaide carpark (costs relating to the project have been written off)

Darwin

- Solid growth achieved in Darwin
- Regional economic momentum continues
- Revenue up 7.7% at A$100.8m (+A$7.2m)
- EBITDA up 13.9% at A$40.1m (+A$4.9m)
- EBIT up 14.7% at A$32.7m (+A$4.2m)
- Stage 1 expansion (A$30m) commenced October 2007. Scheduled for opening by March 2009. Includes increased gaming floor area (~20%) and new/upgraded gaming, bars, restaurants and service facilities
- Darwin's proximity to the Asian market is key to the International VIP Commission Business development strategy
- The Little Mindil site and associated resort development will support the International VIP Commission Business growth strategy but no significant capex will be incurred on this project in FY09

International VIP Commission Business

- Strong result from International VIP Commission Business (turnover $1.4bn)
- Revenue up 4.6% at $34.0m (+$1.5m)
- EBITDA up 267% at $17.2m (+$10.6m)
- Revenue assisted by favourable actual to theoretical win rate. FY08 win rate of 2.63% vs theoretical win rate of 1.33% (FY07 actual win rate 1.24%)
- Core management focus for International Business is to increase international VIP gaming turnover, to build sustainable revenue, and reduce volatility

Hamilton

- Steady performance in FY08
- Revenue down marginally at $39.0m (-$0.7m)
- EBITDA down 5.1% at $18.5m (-$1.0m)
- EBIT down 4.8% at $14.0m (-$0.7m)
- New management team with significant additional casino and gaming experience
- Current focus on increased utilisation/performance of the existing assets and on the core gaming customers
- New machine introductions during FY09 expected to refresh customer interest
- New and upgraded facilities in place (including new bars and restaurants)

Christchurch

- Solid performance from Christchurch Casino in FY08. Earnings up marginally at $5.7m, from $5.6m in FY07
- New management appointed
- Phased refurbishment initiated to renew/refresh the overall property, self-funded from cash flows

- Crowne Plaza Hotel interest sold and Intercontinental Hotel Group's shares in the casino acquired. As a result SKYCITY and Skyline have each increased their ownership interest in Christchurch Casino by 5.2%, from 40.5% to 45.7%

Queenstown

- Increased revenues for FY08 lifted operating earnings
- Revenue up 9.4% at $7.0m (+$0.6m)
- EBITDA at $0.5m (+$0.2m)
- New management appointed
- Good progress at Queenstown during FY08, although result not material to the overall Group result
- New machine introductions during FY09 expected to refresh customer interest

Cinemas

- Cinema's result for FY08 very disappointing
- New management team appointed and focused on growing core revenues
- Revenue (adjusted for non-recurring items) down 2.1% at $66.2m (-$1.4m)
- EBITDA (adjusted for non-recurring items) down significantly from $8.7m in FY07 to $4.8m in FY08
- Cinemas' performance suffered as a consequence of unusually good weather during FY08 summer and management distraction from the sale process
- Management team focus on greater customer value, increased facility utilisation, and greater diversity of product aligned to demographics
- 55% market share in Auckland and 38% across all of New Zealand
- New cinema complexes improve SKYCITY's penetration in the important Auckland market: Albany (10 screens) opened April 2008, and Manukau (10 screens) opens September 2008

Summary Profit and Loss for FY08 and Balance Sheet (and Notes) as at 30 June 2008

- A summary of revenue and earnings performance by site (FY08 and FY07) is attached to this presentation
- Balance sheet positions as at 30 June 2007 and 2008, and explanatory notes, are also attached.

Presentation Format

As referred earlier, the full CEO FY08 result presentation is available from the company's website. Information presented in graphical format is reproduced in this narrative format (as required by NZX) but a full and detailed explanation of the result is set out in the website presentation version.

Nigel Morrison
Chief Executive Officer
25 August 2008

Disclaimer

All information included in this presentation is provided as at 25 August 2008.

This presentation includes a number of forward looking statements. Forward looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond SKYCITY's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative.

This presentation has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SKYCITY.

P&L Summary by Division

SKYCITY Entertainment Group Limited
Result Summary
Year ended 30 June 2008

New Zealand operations expressed in NZ$m Australian operations expressed in A$m	FY08										FY07									
	Auckland NZ$m	Adelaide A$m	Darwin A$m	Int'tional Business NZ$m	Hamilton NZ$m	Other NZ Operations NZ$m	Corporate /Group NZ$m	Sub-Total NZ$m	Cinemas NZ$m	SKYCITY Group NZ$m	Auckland NZ$m	Adelaide A$m	Darwin A$m	Int'tional Business NZ$m	Hamilton NZ$m	Other NZ Operations NZ$m	Corporate /Group NZ$m	Sub-Total NZ$m	Cinemas NZ$m	SKYCITY Group NZ$m
Gaming																				
Gross Revenue	337.1	113.8	87.9	37.8	36.7	6.8	-	654.0	-	654.0	333.1	118.2	81.6	36.1	37.5	6.3	-	642.3	-	642.3
Gaming GST	(37.5)	(10.3)	(8.0)	(3.8)	(4.1)	(0.8)	-	(67.5)	-	(67.5)	(37.0)	(10.7)	(7.4)	(3.6)	(4.2)	(0.8)	-	(66.3)	-	(66.3)
Revenue	299.6	103.5	79.9	34.0	32.6	6.0	-	586.5	-	586.5	296.1	107.5	74.2	32.5	33.3	5.5	-	576.0	-	576.0
Non-Gaming Revenue	102.7	14.7	20.9	-	6.4	7.2	8.1	166.1	66.2	232.3	102.4	16.2	19.4	-	6.4	10.9	4.9	165.5	74.6	240.1
Total Revenue	**402.3**	**118.2**	**100.8**	**34.0**	**39.0**	**13.2**	**8.1**	**752.6**	**66.2**	**818.8**	**398.5**	**123.7**	**93.6**	**32.5**	**39.7**	**16.4**	**4.9**	**741.5**	**74.6**	**816.1**
Expenses	194.0	97.5	60.7	16.8	20.5	7.2	30.3	454.0	61.4	515.4	189.9	102.8	58.4	25.9	20.2	6.6	29.6	457.3	61.6	518.9
EBITDA	**208.3**	**20.7**	**40.1**	**17.2**	**18.5**	**6.0**	**(22.2)**	**298.6**	**4.8**	**303.4**	**208.6**	**20.9**	**35.2**	**6.6**	**19.5**	**9.8**	**(24.7)**	**284.2**	**13.0**	**297.2**
	47.4%	16.1%	36.9%	45.5%	42.9%	42.9%		36.4%	7.3%	34.2%	47.9%	15.6%	34.9%	18.3%	44.4%	57.0%		35.2%	17.4%	33.7%
Depreciation	33.9	7.9	7.1	-	4.5	0.8	2.1	59.0	6.4	65.4	33.7	7.5	6.5	-	4.8	0.9	2.8	58.3	5.9	64.2
Amortisation	-	2.2	0.3	-	-	-	5.5	8.4	-	8.4	-	2.4	0.2	-	-	-	5.1	8.1	-	8.1
EBIT	**174.4**	**10.6**	**32.7**	**17.2**	**14.0**	**5.2**	**(29.8)**	**231.2**	**(1.6)**	**229.6**	**174.9**	**11.0**	**28.5**	**6.6**	**14.7**	**8.9**	**(32.6)**	**217.8**	**7.1**	**224.9**
	39.7%	8.2%	30.1%	45.5%	32.5%	37.1%		28.2%	-2.4%	25.9%	40.2%	8.2%	28.2%	18.3%	33.5%	51.7%		27.0%	9.5%	25.5%
Funding										83.8										93.4
Net Profit before tax										**145.8**										**131.5**
										16.5%										14.9%
Tax										38.1										33.1
Minority Interests										0.6										-
Net Profit after tax (before Cinemas write-down)										**$108.3m**										**$98.4m**
Cinemas write-down										58.4										-
Net Profit after tax and Cinemas write-down										**$49.9m**										**$98.4m**

Notes:
- Other NZ Operations includes Queenstown and Christchurch Casinos.
- FY07 Cinemas includes SKYCITY Metro and Symonds Street building which contributed $4.3m EBITDA and $4.2m EBIT which were sold in June 2007.
- To reflect FY08 treatment, FY07 Auckland depreciation $2.6m and amortisation $5.0m relating to Group IS functions now included in Corporate/Group.
- EBITDA margin is calculated as a % of GST-inclusive gaming revenues and GST exclusive non-gaming revenues, to facilitate Australasian comparisons.

SKYCITY ENTERTAINMENT GROUP

Consolidated Balance Sheet

	As at 30/6/08 NZ$000	As at 30/6/07 NZ$000
Equity		
Share Capital	460,779	364,068
Retained profits	(24,300)	31,044
Reserves	33,993	(16,069)
Minority interests	1,883	2,491
Total Equity	**472,355**	**381,534**
Current Assets		
Cash and bank	61,914	71,537
Receivables and prepayments	31,483	30,996
Inventories	5,899	5,523
Tax receivables	33,818	25,971
Other current assets	1,270	334
	134,384	**134,361**
Non-Current Assets		
Property, plant and equipment	991,215	940,106
Investment property	8,845	8,845
Intangible assets	418,532	433,469
Investments in associates	84,008	80,831
Deferred tax assets	11,708	15,978
Tax receivables	11,492	-
Derivative financial instruments	22,463	26,865
Other non-current assets	1,022	2,514
	1,549,285	**1,508,608**
Total Assets	**1,683,669**	**1,642,969**

SKYCITY ENTERTAINMENT GROUP

Consolidated Balance Sheet
(Continued)

	As at 30/6/08 NZ$000	As at 30/6/07 NZ$000
Total Assets	**1,683,669**	**1,642,969**
Current Liabilities		
Payables	121,668	119,501
	121,668	**119,501**
Non-Current Liabilities		
Term borrowings	677,884	753,002
Subordinated debt	310,310	285,166
Deferred tax liabilities	77,891	52,992
Derivative financial instruments	23,561	50,774
	1,089,646	**1,141,934**
Total Liabilities	**1,211,314**	**1,261,435**
Net Assets	**472,355**	**381,534**

Balance Sheet Notes

Equity

- Share capital increased by $96.7m as a result of bonus shares issued under the company’s Profit Distribution Plan in October 2007 and April 2008, shares issued to SKYCITY personnel under the company’s incentive remuneration plan, and shares issued pursuant to the exercise of options and rights by executives.
- Retained profits decreased by $55.3m. The transactions during the year that affected retained profits were net profit after tax and after Cinemas write-down (year ended 30/6/08) of $49.9m, less the FY07 final and FY08 interim distributions of $105.2m.
- The Reserves balance as at 30/6/08 is represented by the shares awarded but not yet issued to salaried staff under the company’s staff incentive scheme $2.1m, foreign currency translation reserve balance $18.7m, and cash flow hedge reserve $13.2m.
- The movement in the foreign currency translation reserve reflects changes in the New Zealand dollar value of the company’s net Australian assets due to movements in the NZD/AUD exchange rate.
- The movement in the cash flow hedge reserve represents fair value movements in SKYCITY’s interest and cross currency interest rate swaps that are part of cash flow hedging relationships.
- Minority interest of $1.9m is Skyline Enterprises’ 40% shareholding in Queenstown Casinos Limited.

Current Assets

- Cash and bank comprises $28.6m of funds on interest-bearing deposit and $33.3m of cash held in-house/on-property.
- Tax receivables of $33.8m relate to prepaid tax to ensure the Group’s imputation credit account was in credit on 31/3/08. The balance is shown as a current asset as it is expected to be utilised within the next twelve months.

Balance Sheet Notes
(Continued)

Non-Current Assets

- The $51.1m increase in property, plant and equipment relates primarily to the Auckland main gaming floor refurbishment, Darwin stage 1 development, new cinema developments, and new gaming machines and conversions, offset by depreciation.
- Investment property of $8.9m relates to the property at 99-101 Hobson Street, Auckland, acquired in June 2006. This property which is adjacent to the main Auckland site has been purchased as a strategic acquisition.
- Intangible assets have decreased by $14.9m which consists of the write-off of goodwill relating to Cinemas (-$54.8m), the impact of movements in the NZD/AUD exchange rate on the Adelaide and Darwin casino licences ($47.0m), amortisation of the Adelaide casino licence (-A$2.2m) and software additions and amortisation (-$4.8m).
- Investments in associates comprise SKYCITY's direct investment in Christchurch Casinos Limited (30.7%) and other minor associates of SKYCITY Cinemas Holdings Limited.
- SKYCITY's effective shareholding in Christchurch Casinos Limited is 40.5%. An effective 9.8% is held via a shareholding and repayable advance in Christchurch Hotels Limited which owns (through a subsidiary) the Christchurch Crowne Plaza Hotel. Subsequent to balance date sale of the Crowne Plaza Hotel was completed, which together with an associated transaction have resulted in SKYCITY's effective shareholding in Christchurch Casinos Limited increasing to 45.7%.
- Deferred tax assets of $11.7m relate to tax losses recognised from SKYCITY Cinemas and other temporary differences. Refer also deferred tax liability under non-current liabilities (below).
- Tax receivables of $11.5m relate to prepaid tax that is not expected to be utilised in the next twelve months. Refer also tax receivables under current assets (above).
- Derivative financial instruments represent the fair value of interest and cross currency interest rate swaps. Derivative assets and derivative liabilities are not netted off under NZ IFRS. The combined derivative asset and liability position as at 30/6/08, if able to be netted off, would be a net liability of $1.1m. It is the company's current intention that interest rate swap instruments will run through to maturity and not be realised early. However, NZ IFRS requires that all derivatives be marked to market and recorded on the balance sheet as at the company's reporting date.

SKYCITY
ENTERTAINMENT GROUP

Balance Sheet Notes
(Continued)

Non-Current Liabilities

- Term borrowings represent funds drawn down on the senior debt facility ($129m) and US Private Placement debt (NZ$552m), less deferred funding expenses ($3m). The $75m reduction in term borrowings from FY07 consists of +$17m as a result of exchange rate movements on the US dollar denominated USPP (FY07: US$535m), a $92m repayment of the NZ$ syndicated bank facility, and amortisation of deferred funding expenses.
- Subordinated debt includes New Zealand capital notes ($124m) and Australian capital notes (SKYCITY ACES) (A$150m). The $25.1m increase from FY07 relates to the impact of exchange rate movements on SKYCITY ACES (FY07: A$150m) and amortisation of deferred expenses.
- Deferred tax liabilities increased by $24.9m as a result of temporary differences associated with tax versus accounting carrying values and movements in the fair value of the Group's derivative financial instruments. Deferred tax assets and deferred tax liabilities are not netted off under NZ IFRS. The combined deferred tax asset and liability position as at 30/6/08, if able to be netted off, would be a net liability of $66.2m (FY07: $37.0m).

SKYCITY Entertainment

Group Limited

Annual Report

For the Year Ended 30 June 2008

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Private Bag 92162
Auckland
New Zealand

Auditors' Report
To the shareholders of SKYCITY Entertainment Group Limited

We have audited the financial statements on pages 1 to 49. The financial statements provide information about the past financial performance and cash flows of the Company and Group, comprising SKYCITY Entertainment Group Limited and its subsidiaries for the year ended 30 June 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 5 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 2008 and their financial performance and cash flows for the year ended on that date.

Auditors' 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 1 to 49:
    (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 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 25 August 2008 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants
Auckland

SKYCITY Entertainment Group Limited
Income Statements
For the year ended 30 June 2008

		CONSOLIDATED		PARENT	
		2008	2007	**2008**	2007
	Notes	**$'000**	$'000	**$'000**	$'000
Revenue	3	**804,014**	798,575	**-**	-
Other income	4	**9,377**	13,068	**109,668**	111,097
Share of net profits of associates	17	**5,456**	4,454	**-**	-
Employee benefits expense		**(238,319)**	(230,701)	**(20,594)**	(15,904)
Other expenses	5	**(111,302)**	(115,240)	**(11,808)**	(12,255)
Direct consumables and film hire costs		**(60,318)**	(55,709)	**-**	-
Gaming taxes and levies		**(56,016)**	(56,305)	**-**	-
Marketing and communications		**(41,102)**	(55,959)	**(2,165)**	(3,878)
Directors' fees		**(595)**	(718)	**(595)**	(718)
Depreciation and amortisation expense	5	**(73,765)**	(72,227)	**(7,547)**	(254)
Restructuring costs	5	**(7,798)**	(4,322)	**(3,240)**	(4,322)
Finance costs	5	**(83,850)**	(93,361)	**(9,922)**	(10,127)
Impairment of Cinemas	6	**(60,000)**	-	**(60,000)**	-
Profit / (loss) before income tax		**85,782**	131,555	**(6,203)**	63,639
Income tax expense	8	**(36,534)**	(33,125)	**-**	-
Profit / (loss) before minority interest		**49,248**	98,430	**(6,203)**	63,639
Loss/(profit) attributable to minority interest	27	**608**	(28)	**-**	-
Profit / (loss) attributable to shareholders of the company		**49,856**	98,402	**(6,203)**	63,639
Earnings per share for profit attributable to the shareholders of the company					
Basic earnings per share (cents)	9	**10.8**	22.3	**(1.3)**	14.4
Diluted earnings per share (cents)	9	**10.8**	22.2	**(1.3)**	14.0

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

		CONSOLIDATED		PARENT	
		2008	2007	**2008**	2007
	Notes	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current Assets					
Cash and bank balances	10	**61,914**	71,537	**2**	2
Receivables and prepayments	11	**31,483**	30,996	**27,001**	31,395
Inventories		**5,899**	5,523	**-**	-
Tax receivables		**33,818**	25,971	**-**	-
Derivative financial instruments	12	**1,270**	334	**-**	-
Total current assets		**134,384**	134,361	**27,003**	31,397
Non-Current Assets					
Tax receivables		**11,492**	-	**-**	-
Property, plant and equipment	13	**991,215**	940,106	**3,428**	1,533
Investment properties	14	**8,845**	8,845	**-**	-
Investment in subsidiaries	6, 33	**-**	-	**664,949**	724,949
Intangible assets	15	**418,532**	433,469	**18,762**	156
Available for sale financial assets	16	**1,022**	2,514	**-**	-
Investments in associates	17	**84,008**	80,831	**-**	-
Deferred tax assets	22	**11,708**	15,978	**-**	-
Derivative financial instruments	12	**22,463**	26,865	**-**	-
Total non-current assets		**1,549,285**	1,508,608	**687,139**	726,638
Total Assets		**1,683,669**	1,642,969	**714,142**	758,035
LIABILITIES					
Current liabilities					
Payables	18	**121,668**	119,501	**341,522**	369,290
Total current liabilities		**121,668**	119,501	**341,522**	369,290
Non-Current Liabilities					
Interest-bearing liabilities	19	**677,884**	753,002	**-**	-
Subordinated debt - capital notes	20	**123,772**	123,756	**123,791**	123,756
Subordinated debt - SKYCITY ACES	21	**186,538**	161,410	**-**	-
Deferred tax liabilities	23	**77,891**	52,992	**-**	-
Derivative financial instruments	12	**23,561**	50,774	**-**	-
Total non-current liabilities		**1,089,646**	1,141,934	**123,791**	123,756
Total Liabilities		**1,211,314**	1,261,435	**465,313**	493,046
Net Assets		**472,355**	381,534	**248,829**	264,989
EQUITY					
Share capital	25	**460,779**	364,068	**460,779**	364,068
Reserves	26(a)	**33,993**	(16,069)	**2,058**	3,526
Retained (losses)/profits	26(b)	**(24,300)**	31,044	**(214,008)**	(102,605)
Shareholders' equity		**470,472**	379,043	**248,829**	264,989
Minority interest	27	**1,883**	2,491	**-**	-
Total Equity		**472,355**	381,534	**248,829**	264,989

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

		CONSOLIDATED		PARENT	
		2008	2007	**2008**	2007
	Notes	**$'000**	$'000	**$'000**	$'000
Total equity at the beginning of the year		**381,534**	308,783	**264,989**	220,553
Available for sale financial assets	26	**(85)**	154	**-**	-
Movement in cash flow hedge reserve	26	**12,031**	27,400	**-**	-
Exchange differences on translation of foreign operations	26	**39,584**	(34,030)	**-**	-
Net income / (expense) recognised directly in equity		**51,530**	(6,476)	**-**	-
Profit for the year		**49,856**	98,402	**(6,203)**	63,639
Total recognised income and expense for the year		**101,386**	91,926	**(6,203)**	63,639
Exercise of share options	25	**23,978**	5,956	**23,978**	5,956
Shares issued under Profit Distribution Plan	25	**105,200**	100,114	**105,200**	100,114
Buy back of shares under Profit Distribution Plan	25	**(6,838)**	(21,246)	**(6,838)**	(21,246)
Buy back and cancellation of shares under Profit Distribution Plan	25	**(27,842)**	(5,403)	**(27,842)**	(5,403)
Share rights issued for employee services	25	**508**	786	**508**	786
Employee share entitlements issued	26	**1,705**	2,126	**1,705**	2,126
Distributions to owners	28	**(105,200)**	(100,114)	**(105,200)**	(100,114)
Movement in employee share entitlement reserve	26	**(1,468)**	(1,422)	**(1,468)**	(1,422)
Change in minority interest	27	**(608)**	28	**-**	-
		(10,565)	(19,175)	**(9,957)**	(19,203)
Total equity at the end of the financial year		**472,355**	381,534	**248,829**	264,989

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

	Notes	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
Cash flows from operating activities					
Receipts from customers		**803,528**	798,393	**-**	-
Payments to suppliers and employees		**(446,761)**	(467,925)	**(36,243)**	(33,523)
		356,767	330,468	**(36,243)**	(33,523)
Dividends received		**2,280**	4,429	**-**	-
Interest received		**8,976**	6,336	**-**	208
Other taxes paid		**(48,844)**	(53,000)	**-**	-
Income taxes paid		**(32,817)**	(20,750)	**-**	-
Net cash inflow / (outflow) from operating activities	37	**286,362**	267,483	**(36,243)**	(33,315)
Cash flows from investing activities					
Purchase of business, net of cash acquired		**-**	(34,285)	**-**	-
Deferred payment for prior year purchase of business		**(20,000)**	-	**-**	-
Purchase of/proceeds from property, plant and equipment		**(89,076)**	(69,307)	**-**	273
Payments for investment property		**-**	(252)	**-**	-
Payments for intangible assets		**(1,189)**	(14,790)	**-**	-
Proceeds from sale of available-for-sale assets		**1,920**	52,400	**-**	-
Dividends from subsidiaries		**-**	-	**100,348**	100,311
Net cash (outflow) / inflow from investing activities		**(108,345)**	(66,234)	**100,348**	100,584
Cash flows from financing activities					
Exercise of share options		**23,978**	5,956	**23,978**	5,956
Repayment of borrowings		**(92,000)**	(93,052)	**-**	-
Advances from subsidiaries		**-**	-	**(43,461)**	(36,648)
Distributions paid to company shareholders		**(34,680)**	(26,649)	**(34,680)**	(26,649)
Interest paid		**(84,938)**	(90,065)	**(9,942)**	(9,928)
Net cash outflows from financing activities		**(187,640)**	(203,810)	**(64,105)**	(67,269)
Net decrease in cash and cash equivalents		**(9,623)**	(2,561)	**-**	-
Cash and bank balances at the beginning of the year		**71,537**	74,098	**2**	2
Cash and cash equivalents at end of year	10	**61,914**	71,537	**2**	2

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

1. General Information

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

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

These consolidated financial statements were approved for issue by the board of directors on 25 August 2008.

2. Summary of Significant Accounting Policies

These general purpose financial statements for the year ended 30 June 2008 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 2008 and the results of all subsidiaries, joint ventures and associates for the year then ended. SKYCITY Entertainment Group Limited and its subsidiaries together are referred to in these financial statements as the Group.

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.

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).

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

Historical Cost Convention

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.

2. Summary of Significant Accounting Policies (continued)

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 casino licences and fair value of derivatives.

The Group tests annually whether goodwill and indefinite licences have suffered any impairment, in accordance with the accounting policy stated in note 2(h). 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 15).

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

(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, 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. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference would be recognised directly in the Income Statement.

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) identified on acquisition.

2. Summary of Significant Accounting Policies (continued)

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. Dividends received from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce 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 would not recognise further losses, unless it had 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 that best reflects the economic substance of the underlying events and circumstances relevant to that operation (functional currency). The consolidated and parent financial statements are presented in New Zealand dollar which is 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.

2. Summary of Significant Accounting Policies (continued)

(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 as 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.

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, Sky Tower, carparking and 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.

2. Summary of Significant Accounting Policies (continued)

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) Leases

(i) Where 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) Where 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.

(h) Impairment of Assets

Intangible assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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).

(i) 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.

(j) 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.

2. Summary of Significant Accounting Policies (continued)

(k) 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.

(l) 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.

(i) Financial Assets at Fair Value Through Profit or Loss
This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the company. The policy of the company is to designate a financial asset at fair value through profit and loss if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are held either 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 or 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.

2. Summary of Significant Accounting Policies (continued)

(m) 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.

(n) Property, Plant and Equipment

Property, plant and equipment (except for investment properties: refer note 2(o)) 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.

2. Summary of Significant Accounting Policies (continued)

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

The 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 (refer also note 2(h)).

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

(o) 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.

(p) 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 Group's 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 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 life (three to seven years).

2. Summary of Significant Accounting Policies (continued)

(q) 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.

(r) 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.

(s) Employee Benefits

(i) Wages, Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date and redundancy payments, 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 shares and/or share rights 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.

(t) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options 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.

(u) 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.

2. Summary of Significant Accounting Policies (continued)

(v) Goods and Service Tax (GST)

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

(w) Payables

Payables are stated at cost or estimated liability where accrued.

(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) 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 2008 or later periods but which the Group has not early adopted. These are:

- **NZ IFRIC 13, Customer Loyalty Programmes** (effective from annual periods beginning on or after 1 July 2008). NZ IFRIC 13 requires SKYCITY to allocate a portion of gaming revenue to the loyalty points scheme as a liability. Currently the Group treats this amount as an expense. There is not expected to be a significant impact on net profit. The Group will apply NZ IFRIC 13 from 1 July 2008.
- Amendments to **NZ IAS1 Presentation of Financial Statements** and the new Standard **NZ IFRS8 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 2008.

(z) Changes in Accounting Policies

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with prior years.

Certain comparatives have been restated in order to conform to current year presentation. The nature of these changes is to increase the level of disclosure around segments by disclosing "International Business" as a separate segment. There is no impact on net profit.
The Group has adopted the disclosure standard NZ IFRS 7 Financial Instruments: Disclosures in the current year.

3. Revenue

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Gaming	**586,511**	576,023	**-**	-
Non-Gaming	**217,503**	222,552	**-**	-
	804,014	798,575	**-**	-

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

4. Other Income

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Interest income	**8,976**	6,336	**-**	208
Dividend income	**2**	4	**-**	-
Net gain on disposal of property, plant and equipment	**399**	3,383	**-**	-
Transfer from Foreign Currency Translation Reserve	**-**	3,345	**-**	-
Other income	**-**	-	**9,320**	10,578
Dividends from wholly-owned entities	**-**	-	**100,348**	100,311
	9,377	13,068	**109,668**	111,097

5. Expenses

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Buildings	**21,704**	18,704	**-**	-
Plant and equipment	**38,076**	39,200	**2,072**	155
Other	**-**	25	**-**	-
Furniture and fittings	**5,310**	5,968	**-**	-
Motor vehicles	**268**	256	**-**	-
Total depreciation	**65,358**	64,153	**2,072**	155
Amortisation				
Casino licence (Adelaide)	**2,449**	2,452	**-**	-
Software	**5,958**	5,622	**5,475**	99
Total amortisation	**8,407**	8,074	**5,475**	99
Finance costs				
Interest and finance charges paid/payable	**86,353**	93,295	**9,922**	10,128
Exchange (gains)/losses on foreign currency borrowings	**(2,503)**	66	**-**	(1)
Total finance costs	**83,850**	93,361	**9,922**	10,127

5. Expenses (continued)

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Other expenses includes:				
Utilities, insurance and rates	**21,389**	21,257	**105**	262
Community Trust donations	**2,854**	2,736	**-**	-
Lease payments relating to operating leases	**17,115**	14,331	**-**	-
Other property expenses	**17,711**	17,876	**-**	-
Other items	**52,233**	59,040	**11,703**	11,993
Total other expenses	**111,302**	115,240	**11,808**	12,255
Restructuring costs				
Restructuring costs	**4,558**	4,322	**-**	4,322
Transaction costs	**3,240**	-	**3,240**	-
Total restructuring costs	**7,798**	4,322	**3,240**	4,322

Restructuring costs relate to redundancy and other payments. Transaction costs relate to various costs associated with the 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.

6. Cinemas Impairment

Based on lower than expected operating results in the current year, the directors have determined that a write-down in the carrying value of the Cinemas business is appropriate. A write-down of $60.0 million has been made to reduce the carrying value of the Cinemas business to its estimated value in use. The value in use has been estimated using expected futures cashflows discounted at a rate of 15%.

The write-down primarily consisted of impairing goodwill by $54.8 million (refer to note 15) with the remaining balance impairing various tangible assets and contracts.

Cinemas is part of the “Rest of New Zealand” segment referred to in note 30.

In the parent entity the investment in SKYCITY Cinemas Holdings Limited has also been impaired by $60.0 million.

7. Remuneration of Auditors

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	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
(a) Assurance services				
Audit services				
PricewaterhouseCoopers				
Statutory audit fees	**805**	721	**-**	125
Compliance audit fees	**106**	66	**-**	66
Other audit firms for the audit or review of financial reports of subsidiaries	**21**	9	**-**	-
Total remuneration for audit services	**932**	796	**-**	191
Other assurance services provided by PricewaterhouseCoopers				
Accounting advice and assistance	**67**	116	**-**	112
Financial due diligence	**101**	-	**-**	-
Systems assurance	**18**	39	**-**	-
IFRS accounting assistance	**10**	25	**-**	-
Tax compliance services	**54**	184	**-**	-
Total remuneration for other assurance services	**250**	364	**-**	112
Total remuneration for assurance services	**1,182**	1,160	**-**	303
(b) Other services				
PricewaterhouseCoopers				
Taxation advisory services	**374**	459	**-**	-
Business process and efficiency review	**-**	170	**-**	170
Total remuneration for other services	**374**	629	**-**	170

The Group employs PricewaterhouseCoopers on assignments additional to its 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 PwC are engaged.

8. Income Tax Expense

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
(a) Income Tax Expense				
Current tax	**13,998**	41,359	**-**	-
Deferred tax	**22,536**	(8,234)	**-**	-
	36,534	33,125	**-**	-
Deferred income tax expense/(revenue) included in income tax expense comprises:				
Decrease in deferred tax assets (note 22)	**1,644**	1,919	**-**	-
Increase/(decrease) in deferred tax liabilities (note 23)	**20,892**	(10,153)	**-**	-
	22,536	(8,234)	**-**	-
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable				
Profit from continuing operations before income tax expense	**85,782**	131,555	**(6,203)**	63,639
Tax at the New Zealand tax rate of 33% (2007: 33%)	**28,308**	43,413	**(2,047)**	21,001
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Inter-company eliminations	**-**	-	**34,865**	11,969
Items not subject to tax	**4,764**	1,547	**297**	133
Share of net profit of associates	**(1,800)**	(1,470)	**-**	-
Change in New Zealand corporate tax rate	**(821)**	(3,681)	**-**	-
Foreign exchange rate differences	**(8,390)**	4,591	**-**	-
Exempt dividends received	**128**	-	**(33,115)**	(33,103)
Share of partnership expenditure	**(4,856)**	(3,640)	**-**	-
Non-taxable gain on disposal of property, plant and equipment	**-**	(3,890)	**-**	-
Write off tax losses	**5,931**	-	**-**	-
Impairment of Cinemas	**18,081**	-	**-**	-
Other	**-**	(1,050)	**-**	-
	41,345	35,820	**-**	-
Difference in overseas tax rates	**(4,836)**	(3,150)	**-**	-
Under provision in prior years	**25**	455	**-**	-
	(4,811)	(2,695)	**-**	-
Total tax expense	**36,534**	33,125	**-**	-

The weighted average applicable tax rate was 42.6% (26.1% excluding the impact of the Cinemas write-down of $60.0 million) (2007: 25.2%).

9. Earnings Per Share

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

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Basic earnings per share				
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**49,856**	98,402	**(6,203)**	63,639
Diluted earnings per share				
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**49,856**	98,402	**(6,203)**	63,639
Interest savings on capital notes	**-**	10,064	**-**	10,064
Interest savings on SKYCITY ACES	**-**	10,253	**-**	-
Option expense savings	**508**	786	**508**	786
Tax on the above	**(168)**	(6,964)	**(168)**	(3,580)
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**50,196**	112,541	**(5,863)**	70,909

(b) Weighted Average number of shares used as the denominator

	2008	2007
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**461,865,334**	440,556,530
Adjustments for calculation of diluted earnings per share:		
Capital notes	**-**	24,382,354
SKYCITY ACES	**-**	33,939,147
Options/share rights	**987,000**	6,945,011
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**462,852,334**	505,823,042

(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 2008 the SKYCITY ACES have an anti-dilutive impact on earnings per share and are therefore not included in the determination of diluted earnings per share, in 2007 they were dilutive and were therefore included. Details relating to the SKYCITY ACES are set out in note 21.

9. Earnings Per Share (continued)

(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 2008 the capital notes have an anti-dilutive impact on earnings per share and are therefore not included in the determination of diluted earnings per share, in 2007 they were dilutive and were therefore included. Details relating to the notes are set out in note 20.

10. Cash and Cash Equivalents

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Cash at bank	**12,287**	6,515	**2**	2
Cash in house	**33,266**	27,812	**-**	-
Cash deposits	**16,361**	37,210	**-**	-
Cash and Cash Equivalents	**61,914**	71,537	**2**	2

Cash deposits are cash collateral deposits posted in relation to movements in the fair value of cross currency interest rate swaps.

11. Receivables and Prepayments

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade receivables	**6,545**	6,921	**3**	-
Advance to Christchurch Hotels Limited	**15,718**	16,415	**299**	-
Sundry receivables	**3,414**	5,298	**45**	34
Prepayments	**3,703**	2,362	**1,134**	691
Interest receivable	**2,103**	-	**-**	-
Amounts due from subsidiaries	**-**	-	**25,520**	30,670
	31,483	30,996	**27,001**	31,395

Included within trade receivables is a provision relating to doubtful debts within International Business of approximately $1.1 million in respect of business in the period 1 July 2007 to 31 December 2007.

12. Derivative Financial Instruments

	Fair value		Notional principal	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current assets				
Interest rate swaps - cash flow hedges	**163**	334	**15,000**	48,006
Forward foreign exchange contracts	**1,107**	-	**27,785**	-
Total current derivative financial instrument assets	**1,270**	334	**42,785**	48,006
Non-current assets				
Interest rate swaps - cash flow hedges	**18,655**	26,865	**562,868**	622,529
Electricity contract for difference - cash flow hedges	**3,808**	-	**-**	-
Total non-current derivative financial instrument assets	**22,463**	26,865	**562,868**	622,529
Current liabilities				
Forward foreign currency contracts	**-**	-	**-**	7,701
Total current derivative financial instrument liabilities	**-**	-	**-**	7,701
Non-current liabilities				
Interest rate swaps - cash flow hedges	**179**	-	**25,000**	-
Interest rate swaps - fair value hedges	**19**	-	**30,000**	-
Cross-currency interest rate swaps - cash flow hedges	**22,034**	47,861	**365,028**	365,028
Cross-currency interest rate swaps - fair value hedges	**1,329**	2,913	**21,592**	21,592
Total non-current derivative financial instrument liabilities	**23,561**	50,774	**441,620**	386,620

During the year, $1,476,213 losses (2007: $3,382,171 gains) on hedged items were offset in the Income Statement by $1,479,190 gains (2007: $3,394,132 losses) on derivatives in fair value hedging relationships.

13. Property, Plant and Equipment

CONSOLIDATED	**Land $'000**	**Buildings $'000**	**Plant & Equipment $'000**	**Fixtures & Fittings $'000**	**Motor Vehicles $'000**	**Capital work in Progress $'000**	**Total $'000**
At 30 June 2006							
Cost	171,064	723,882	278,122	80,172	1,207	23,789	1,278,236
Accumulated depreciation	-	(112,713)	(179,584)	(50,054)	(762)	-	(343,113)
Net book value	171,064	611,169	98,538	30,118	445	23,789	935,123
Movements in the year ended 30 June 2007							
Opening net book value	171,064	611,169	98,538	30,118	445	23,789	935,123
Exchange differences	(1,477)	(10,875)	(3,486)	(653)	(26)	(258)	(16,775)
Net additions	(3,421)	21,649	44,657	2,047	108	20,871	85,911
Depreciation charge	-	(18,704)	(39,200)	(5,968)	(256)	(25)	(64,153)
Closing net book value	166,166	603,239	100,509	25,544	271	44,377	940,106
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

13. Property, Plant and Equipment (continued)

PARENT	Plant & Equipment $'000	Capital work in Progress $'000	Total $'000
At 30 June 2006			
Cost	988	1,323	2,311
Accumulated depreciation	(350)	-	(350)
Net book value	638	1,323	1,961
Movements in the year ended 30 June 2007			
Opening net book value	638	1,323	1,961
Net additions	136	(409)	(273)
Depreciation charge	(155)	-	(155)
Closing net book value	619	914	1,533
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

Borrowing costs in relation to the funding of the Auckland main gaming floor refurbishment, Cinema fit-outs and car park building purchases (2007: Auckland main gaming floor refurbishment, Cinema fit-outs and car park building purchases) have been capitalised to these projects, $1,178,209 (2007: $1,141,522). Total capitalised interest and facility fees included in the cost of land and buildings at 30 June 2008 is $49,082,019 (2007: $47,903,810). Interest is capitalised based on the interest rate on the syndicated bank facility.

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 subsoil 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 subsoil areas.

13. Property, Plant and Equipment (continued)

The SKYCITY Hamilton site is subject to the normal rights that the Crown reserves in respect of minerals and mining in relation to the subsoil 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 Property, Plant and Equipment table are minor asset impairments relating to Cinemas, refer to note 6.

14. Investment Properties

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
At fair value				
Balance at the beginning of the year	**8,845**	8,593	**-**	-
Capitalised subsequent expenditure	**-**	252	**-**	-
Balance at the end of the year	**8,845**	8,845	**-**	-
Rental income	**26**	406	**-**	-
Direct operating expenses from property that generated rental income	**-**	2	**-**	-

The above balance relates to 97-101 Hobson Street.

Investment properties are not depreciated and are required to be accounted for at fair value each year. 97-101 Hobson Street was valued as at 30 June 2008 by DTZ New Zealand Limited, which employs registered valuers and members of the New Zealand Property Institute. The basis of valuation is fair value being the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

15. Intangible Assets

CONSOLIDATED	Goodwill $'000	Casino Licences $'000	Computer software $'000	Total $'000
At 30 June 2006				
Cost	168,443	259,926	38,043	466,412
Accumulated amortisation	-	(19,024)	(21,377)	(40,401)
Net book amount	168,443	240,902	16,666	426,011
Movements in the year ended 30 June 2007				
Opening net book amount	168,443	240,902	16,666	426,011
Exchange differences	(11,452)	(23,817)	(391)	(35,660)
Additions	37,659	-	13,533	51,192
Amortisation charge	-	(2,452)	(5,622)	(8,074)
Closing net book amount	194,650	214,633	24,186	433,469
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
Additions	-	-	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

15. Intangible Assets (continued)

PARENT	Computer software $'000	Total $'000
At 30 June 2006		
Cost	173	173
Accumulated amortisation	(26)	(26)
Net book amount	147	147
Movements in the year ended 30 June 2007		
Opening net book amount	147	147
Net additions	108	108
Amortisation charge	(99)	(99)
Closing net book amount	156	156
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
Net additions/transfers	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

(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.

2008	Rest of New Zealand* $'000	SKYCITY Darwin $'000	Total $'000
Goodwill	35,786	119,463	155,249
Casino Licence	-	40,076	40,076
	35,786	159,539	195,325

2007	Rest of New Zealand* $'000	SKYCITY Darwin $'000	Total $'000
Goodwill	90,578	104,072	194,650
Casino Licence	-	34,912	34,912
	90,578	138,984	229,562

*Refer Note 30(a).

15(a). Intangible Assets (continued)

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections 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.

An impairment relating to Cinemas goodwill was made during the year; refer Note 6.

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

	Gross Margin		Growth Rate		Discount Rate	
	2008 %	2007 %	**2008 %**	2007 %	**2008 %**	2007 %
Rest of New Zealand	**53.4**	44.4	**3.0**	3.0	**8.7**	8.7
SKYCITY Darwin	**47.0**	49.9	**3.0**	3.0	**8.7**	8.7

16. Available for Sale Financial Assets

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Balance at the beginning of the year	**2,514**	2,622	**-**	-
Exchange differences	**-**	(262)	**-**	-
Disposals	**(1,492)**	-	**-**	-
Revaluation surplus transfer to equity	**-**	154	**-**	-
At end of year	**1,022**	2,514	**-**	-
Listed equity securities	**-**	1,492	**-**	-
Unlisted equity securities	**1,022**	1,022	**-**	-
	1,022	2,514	**-**	-

The investment in unlisted equity securities relates to Christchurch Hotels Limited.

17. Investments in Associates

(a) Carrying Amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest		CONSOLIDATED	
		2008 %	2007 %	**2008 $'000**	2007 $'000
Unlisted					
Vista Entertainment Solutions Limited	Cinema ticket software systems	**50.0**	50.0	**3,654**	2,903
Christchurch Casinos Limited	Casino operator	**40.5**	40.5	**80,354**	77,928
				84,008	80,831

17. Investments in Associates (continued)

Vista Entertainment Solutions Limited 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 Entertainment Solutions Limited's balance date.

Christchurch Casinos Limited is incorporated in New Zealand and has a 31 March balance date. The directors are not aware of any significant events or transactions since Christchurch Casinos Limited's 31 March 2008 balance date that relate to the carrying value of SKYCITY's ownership interest that should be recorded in these accounts.

Subsequent to balance date SKYCITY acquired an additional 5% indirect interest in Christchurch Casinos Limited.

(b) Movements in Carrying Amounts

	2008 $'000	2007 $'000
Balance at the beginning of the year	**80,831**	78,304
Share of profits after income tax	**5,456**	4,661
Elimination of inter-entity profits	**-**	(209)
Purchase of a further 25% interest in Vista Entertainment Solutions as part of the Village acquisition	**-**	2,500
Dividends received/receivable	**(2,279)**	(4,425)
Carrying amount at the end of the financial year (including goodwill $55,269,000 (2007: $55,269,000))	**84,008**	80,831

(c) Summarised Financial Information of Significant Associates

	Group's share of			
	Assets $'000	**Liabilities $'000**	**Revenues $'000**	**Profit $'000**
2008				
Christchurch Casinos Limited	**19,817**	**2,238**	**21,173**	**4,693**
	19,817	**2,238**	**21,173**	**4,693**
2007				
Christchurch Casinos Limited	16,236	1,118	22,743	4,200
	16,236	1,118	22,743	4,200

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

18. Payables

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade payables	**20,681**	19,165	**-**	-
Accrued expenses	**67,300**	71,579	**6,215**	5,288
Employee benefits	**33,687**	28,757	**-**	-
Amounts due to subsidiaries	**-**	-	**335,307**	364,002
	121,668	119,501	**341,522**	369,290

19. Non-Current Liabilities - Interest Bearing Liabilities

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Unsecured				
United States private placement	**551,745**	534,639	**-**	-
Syndicated bank facility	**129,000**	221,000	**-**	-
Deferred funding expenses	**(2,861)**	(2,637)	**-**	-
Total unsecured non-current interest-bearing borrowings	**677,884**	753,002	**-**	-

SKYCITY Cinemas Group

At balance date, SKYCITY Rialto JV had a bank facility of $250,000 (2007: $250,000) which was undrawn, secured by registered mortgage debenture over Rialto Cinemas Limited. SKYCITY has a 50% interest in Rialto Cinemas Limited.

Syndicated Bank Facility

At 30 June 2008, SKYCITY had in place a $500,000,000 (2007: $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 2008, the amount drawn on this facility was $129,000,000 (2007: $221,000,000).

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 2007 relates to foreign exchange movement. No repayments of USPP debt were made during the year ended 30 June 2008. 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 to eliminate fx exposure.

Fair values

The fair value of the syndicated bank facility is not materially different from the carrying values. The fair value of the USPP is approximately $27 million more than the carrying value.

20. Subordinated Debt - Capital Notes

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the year	**123,860**	123,860	**123,860**	123,860
Partial revaluation	**(19)**	-	**-**	-
Balance at the end of the year	**123,841**	123,860	**123,860**	123,860
Deferred expenses at cost	**178**	178	**178**	178
Accumulated amortisation	**(109)**	(74)	**(109)**	(74)
Balance at the end of the year	**69**	104	**69**	104
Net capital notes at the end of the year	**123,772**	123,756	**123,791**	123,756

In May 2000, the company issued 150 million unsecured subordinated capital notes at an issue price of $1.00 per note.

In May 2005, the capital notes were rolled over for a new term of five years to 15 May 2010. The notes were reissued on the same terms and conditions except at a lower coupon interest rate of 8.0% (previously 9.25%).

Prior to the next election date (15 May 2010), the company must 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 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 (refer note 12) and have therefore been revalued for movements in market interest rates.

As at 30 June 2008, there were 150,000,000 (2007: 150,000,000) capital notes on issue, of which 26,140,250 (2007: 26,140,250) are held as treasury stock by the company.

The capital notes are listed on the NZX. As at 30 June 2008 the closing price was $0.9833 per $1 note (2007: $0.9806). Given that SKYCITY intends to retain the capital notes until election date they 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.

21. Subordinated Debt - SKYCITY ACES

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
SKYCITY ACES	**189,442**	165,035	**-**	-
Deferred expenses	**(2,904)**	(3,625)	**-**	-
	186,538	161,410	**-**	-

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 2007 relates to foreign exchange movements and is offset by changes in the foreign currency translation reserve.

SKYCITY ACES are listed on the ASX. As at 30 June 2008 the closing price was A$83.00 per A$100 note (2007: A$103.50). As SKYCITY intends to retain the SKYCITY ACES until maturity, they are carried at amortised cost translated at the closing NZD/AUD exchange rate.

22. Deferred Tax Assets

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in income statement				
Provision and accruals	**13,253**	11,205	**-**	-
Property, plant and equipment	**588**	263	**-**	-
Foreign exchange differences	**(3,814)**	(2,788)	**-**	-
Tax rate change	**(62)**	(808)	**-**	-
Tax losses	**985**	7,120	**-**	-
Other	**758**	525	**-**	-
	11,708	15,517	**-**	-

22. Deferred Tax Assets (continued)

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Amounts recognised directly in equity				
Cash flow hedges	**-**	461	**-**	-
Deferred tax assets	**11,708**	15,978	**-**	-
Movements:				
Balance at the beginning of the year	**15,978**	26,667	**-**	-
Under provided in prior years	**-**	(190)	**-**	-
Credited (charged) to the income statement (note 8)	**(1,582)**	(1,111)	**-**	-
Debited to equity	**(2,958)**	(8,468)	**-**	-
Change in NZ corporate tax rate	**(62)**	(808)	**-**	-
Foreign exchange differences	**332**	(112)	**-**	-
Balance at the end of the year	**11,708**	15,978	**-**	-
Expected settlement:				
Within 12 months	**(1,571)**	3,309	**-**	-
In excess of 12 months	**13,279**	12,669	**-**	-
	11,708	15,978	**-**	-

The Group has not recognised deferred tax assets of $5.9 million (2007: nil) in respect of losses that can be carried forward against future taxable income.

23. Deferred Tax Liabilities

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in income statement				
Provisions, prepayments and receivables	**(2,816)**	1,173	**-**	-
Depreciation	**60,310**	55,783	**-**	-
Tax rate change	**(947)**	(4,635)	**-**	-
Foreign exchange	**16,108**	(2,097)	**-**	-
	72,655	50,224	**-**	-

23. Deferred Tax Liabilities (continued)

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Amounts recognised directly in equity				
Cash flow hedges	**5,236**	2,768	**-**	-
Deferred tax liabilities	**77,891**	52,992	**-**	-
Movements				
Balance at the beginning of the year	**52,992**	60,596	**-**	-
Charged to the income statement (note 8)	**21,774**	(5,518)	**-**	-
Debited to equity	**3,154**	3,842	**-**	-
Change in NZ corporate tax rate	**(882)**	(4,635)	**-**	-
Foreign exchange differences	**853**	(1,293)	**-**	-
Balance at the end of the year	**77,891**	52,992	**-**	-
Expected settlement				
Within 12 months	**(87)**	329	**-**	-
In excess of 12 months	**77,978**	52,663	**-**	-
	77,891	52,992	**-**	-

24. Imputation Credits

	2008	2007
	$'000	$'000
Balance at the beginning of the year	**(1,998)**	(2,663)
Tax payments, net of refunds	**10,913**	9,341
Credits attached to dividends/distributions paid	**(13,097)**	(8,676)
Balance at the end of the year	**(4,182)**	(1,998)

As required by relevant tax legislation, the imputation credit account had a credit balance as at 31 March 2008. The current debit balance is a result of imputation credits attached to the interim distribution paid in April 2008.

25. Share Capital

	2008	2007	**2008**	2007
	Shares	Shares	**$'000**	$'000
Opening balance of ordinary shares issued	**450,709,087**	429,287,177	**364,068**	281,735
Shares issued under Profit Distribution Plan	**25,690,301**	21,421,910	**105,200**	100,114
Exercise of share rights/options	**1,631,213**	650,667	**23,978**	5,956
Issue of share rights/options	**-**	-	**508**	786
Shares issued under employee incentive plan	**344,019**	480,583	**1,705**	2,126
Shares repurchased and not cancelled	**-**	-	**(6,838)**	(21,246)
Shares repurchased and cancelled	**(6,975,329)**	(1,131,250)	**(27,842)**	(5,403)
Closing balance of ordinary shares issued	**471,399,291**	450,709,087	**460,779**	364,068

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

Repurchase and Cancellation of Shares

There has been no on-market share buy back programme in the current year.

The shares repurchased during the year related to shares issued under the Profit Distribution Plan.

26. Reserves and Retained (Losses) / Profits

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
(a) Reserves				
Available for sale investments revaluation reserve	**-**	85	**-**	-
Hedging reserve - cash flow hedges	**13,258**	1,227	**-**	-
Foreign currency translation reserve	**18,677**	(20,907)	**-**	-
Employee share entitlement reserve	**2,058**	3,526	**2,058**	3,526
	33,993	(16,069)	**2,058**	3,526
Available for Sale Investments Revaluation Reserve				
Balance at the beginning of the year	**85**	(69)	**-**	-
Revaluations	**-**	154	**-**	-
Transfer to net profit	**(85)**	-	**-**	-
Balance at the end of the year	**-**	85	**-**	-
Hedging Reserve - Cash Flow Hedges				
Balance at the beginning of the year	**1,227**	(26,173)	**-**	-
Revaluation	**14,591**	(62,179)	**-**	-
Transfer to net profit	**3,552**	101,755	**-**	-
Deferred tax	**(6,112)**	(12,176)	**-**	-
Balance at the end of the year	**13,258**	1,227	**-**	-
Foreign Currency Translation Reserve				
Balance at the beginning of the year	**(20,907)**	13,123	**-**	-
Exchange difference on translation of overseas subsidiaries	**47,830**	(36,820)		
Effect of hedging the net investment of overseas subsidiaries	**(8,246)**	6,135	**-**	-
Release to Income Statement	**-**	(3,345)	**-**	-
Balance at the end of the year	**18,677**	(20,907)	**-**	-
Employee Share Entitlement Reserve				
Balance at the beginning of the year	**3,526**	4,948	**3,526**	4,948
Shares issued during the year	**(1,705)**	(2,126)	**(1,705)**	(2,126)
Share entitlements for the year	**237**	704	**237**	704
Balance at the end of the year	**2,058**	3,526	**2,058**	3,526

(i) Available for Sale Investments Revaluation Reserve

Changes in the fair value of investments, such as equities, classified as available for sale financial assets, are taken to the available for sale investments revaluation reserve, as described in note 2(l). Amounts are recognised in the Income Statement when the associated assets are sold or impaired.

(ii) 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(m). Amounts are recognised in the Income Statement when the associated hedged transaction affects the Income Statement.

26. Reserves and Retained (Losses) / Profits (continued)

(iii) 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. The release to Income Statement in 2007 relates to a restructure of the capital structure of certain foreign operations which is deemed to be a partial disposal.

(iv) 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 years ended 30 June 2006 through 30 June 2008.

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

Shares issued have the same rights as existing ordinary shares and are 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 will be issued on the bonus declaration date.

(b) Retained (Losses) / Profits

Movements in retained profits were as follows:

	CONSOLIDATED		**PARENT**	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the year	**31,044**	32,756	**(102,605)**	(66,130)
Net profit/(loss) for the year	**49,856**	98,402	**(6,203)**	63,639
Distributions/dividends	**(105,200)**	(100,114)	**(105,200)**	(100,114)
Balance at the end of the year	**(24,300)**	31,044	**(214,008)**	(102,605)

27. Minority Interest

	CONSOLIDATED	
	2008	2007
	$'000	$'000
Balance at the beginning of the year	**2,491**	2,463
Share of (deficit)/surpluses of subsidiaries	**(608)**	28
Balance at the end of the year	**1,883**	2,491

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

28. Distributions / Dividends

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Prior year final distribution/dividend	**54,340**	60,292	**54,340**	60,292
Current year interim distribution/dividend	**50,860**	39,822	**50,860**	39,822
Total distributions/dividends provided for or paid	**105,200**	100,114	**105,200**	100,114

	Cents per Share		Cents per Share	
	2008	2007	**2008**	2007
Prior year final distribution/dividend	**12¢**	14¢	**12¢**	14¢
Current year interim distribution/dividend	**11¢**	9¢	**11¢**	9¢

Of the 2008 distribution of $105,200,000 33% (2007: 27%) were repurchased and 67% (2007: 73%) retained in shares.

On 25 August 2008, the directors resolved to make a pro rata issue of bonus shares in respect of the year ended 30 June 2008, (refer to note 38 for further details).

29. Financial Risk Management

The Group's activities expose it to a variety of financial risks: markets risks (interest rate, currency and electricity price), liquidity risk, and credit risk. The Group's Treasury Policy and 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 (Group Treasury) under a formal Treasury Policy approved by the board of directors. The board provides 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 board-approved Treasury Policy sets conservative limits for allowable risk exposures.

(a) 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.

29. Financial Risk Management (continued)

The Group's exposure to the US dollar (refer to US dollar US Private Placement debt detailed in note 18) 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.

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.

2008 - CONSOLIDATED		**Principal - Interest Rate Repricing**						
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank	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)	-
	7.84	(283,375)	(125,434)	-	(291,240)	-	(265,350)	(965,399)

2007 - CONSOLIDATED		**Principal - Interest Rate Repricing**						
		1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank	8.00	43,764	-	-	-	-	-	43,764
Bank borrowings	8.40	(221,000)	-	-	-	-	-	(221,000)
US Private Placement	6.39	(177,960)	-	-	-	(260,525)	(96,154)	(534,639)
Capital notes (NZ)	8.00	-	-	-	(123,860)	-	-	(123,860)
SKYCITY ACES (Aust)	6.03	(165,035)	-	-	-	-	-	(165,035)
IRS/CCIRS *	-	298,858	(48,007)	(27,506)	-	(42,979)	(180,366)	-
	7.62	(221,373)	(48,007)	(27,506)	(123,860)	(303,504)	(276,520)	(1,000,770)

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

29. Financial Risk Management (continued)

For both 2008 and 2007 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 for approximately 80% of SKYCITY Auckland's electricity consumption (CfD) (2007: none) hedging an electricity supply contract at spot (floating) price. The CfD is a designated cash flow hedge with 100% effectiveness, fixing the electricity price for a period through to the maturity of the supply contract.

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.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

Consolidated	Interest rate risk				Foreign exchange risk			
	-1%		+1%		-5%		+5%	
30 June 2008	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
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)

	Interest rate risk				Foreign exchange risk			
	-1%		+1%		-5%		+5%	
30 June 2007	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
NZD/AUD movements	-	-	-	-	201	13,145	(182)	(11,893)
NZ interest rate movement	1,139	(20,060)	(1,139)	18,901	-	-	-	-
Australian interest rate movement	472	(7,280)	(472)	6,751	-	-	-	-
Total increase/ (decrease)	1,611	(27,340)	(1,611)	25,652	201	13,145	(182)	(11,893)

(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.

29. Financial Risk Management (continued)

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 industry best practise. Settlement risk associated with international players is minimised through comprehensive credit checking and a formal review and approval process.

(c) Liquidity risk

Prudent 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 detail the Group's maturity profile of committed funding. The bank facility of $500 million is drawn to $129 million as at 30 June 2008 (2007: $221m).

Consolidated - At 30 June 2008	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
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
Total drawn debt	123,860	318,442	405,027	146,718	994,047

Consolidated - At 30 June 2007	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
Bank facility	500,000	-	-	-	500,000
Capital notes	-	150,000	-	-	150,000
SKYCITY ACES	-	-	165,035	-	165,035
US Private Placement	-	-	390,604	144,035	534,639
Total debt facilities	500,000	150,000	555,639	144,035	1,349,674
Total drawn debt	221,000	123,860	555,639	144,035	1,044,534

(d) 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 the capital structure, the Group manages actual and forecast operational cashflows, capital expenditure and equity distributions.

29. Financial Risk Management (continued)

The Group primarily manages capital on the basis of gearing ratios measured on the basis of 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 debt to enterprise value (debt plus market capitalisation). Book value of equity is not an appropriate gearing measure due to some of the historical components of the company's balance sheet (including that the company's Auckland casino licence is not recorded as an asset due to the fact that it was awarded by the New Zealand Casino Control Authority rather than purchased for a dollar amount).

These types of ratios are consistent with the financial covenants in the Group's various funding facilities. Actual gearing as at 30 June 2008 was within covenant limits on funding facilities.

Although both the New Zealand capital notes and 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.

(e) Categories of Financial Assets and Financial Liabilities

Consolidated - 30 June 2008	**Loans and receivables $'000**	**Assets at fair value through the Income Statement $'000**	**Derivatives used for hedging $'000**	**Available for sale $'000**	**Liabilities at amortised cost $'000**
Cash and bank balances	61,914				
Trade receivables	6,545				
Advance to Christchurch Hotels Limited	15,718				
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)
Total	**84,177**	**1,107**	**(935)**	**1,022**	**(988,194)**

Consolidated - 30 June 2007	Loans and receivables $'000	Assets at fair value through the Income Statement $'000	Derivatives used for hedging $'000	Available for sale $'000	Liabilities at amortised cost $'000
Cash and bank balances	71,537				
Trade receivables	6,921				
Advance to Christchurch Hotels Limited	16,415				
Derivative financial instruments			(23,909)		
Available for sale financial assets				2,514	
Interest-bearing liabilities					(753,002)
Capital notes					(123,756)
SKYCITY ACES					(161,410)
Total	94,873	-	(23,909)	2,514	(1,038,168)

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, carparking, Sky Tower, and a number of other related activities.

Rest of New Zealand
Rest of New Zealand includes the Group's interest in SKYCITY Hamilton, SKYCITY Queenstown Casino, 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 in some cases via electronic terminals.

Cinemas
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 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.

30. Segment Information (continued)

(b) Primary Reporting Format - Geographic Segments

2008	SKYCITY Auckland $'000	Rest of New Zealand $'000	SKYCITY Adelaide $'000	SKYCITY Darwin $'000	International Business $'000	Total $'000
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/income	443	9,054	-	(120)	-	9,377
Total segment revenue/income	402,280	126,636	138,076	117,804	34,051	818,847
Segment result	174,376	(72,346)	12,235	38,161	17,206	169,632
Finance costs						(83,850)
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	696,092	173,883	407,686	24,243	1,683,669
Segment liabilities*	63,114	1,101,283	16,415	30,502	-	1,211,314
Investments in associates	-	84,008	-	-	-	84,008
Acquisitions 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

2007	SKYCITY Auckland $'000	Rest of New Zealand $'000	SKYCITY Adelaide $'000	SKYCITY Darwin $'000	International Business $'000	Total $'000
Revenue from external customers	398,823	117,100	142,449	107,654	32,549	798,575
Shares of net profits of associates	-	4,454	-	-	-	4,454
Other revenue	(295)	13,903	(385)	(155)	-	13,068
Total segment revenue/income	417,620	135,457	142,064	107,499	-	783,548
Segment result	174,884	(1,847)	12,600	32,672	6,607	224,916
Finance costs						(93,361)
Profit before income tax						131,555
Income tax expense						(33,125)
Minority interest						(28)
Net profit for the year						98,402
Segment assets*	900,515	231,891	166,053	338,968	5,542	1,642,969
Segment liabilities*	121,671	1,104,466	12,747	22,551	-	1,261,435
Investments in associates	-	80,831	-	-	-	80,831
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	48,582	65,933	7,051	9,485	-	131,051
Depreciation and amortisation expense	41,621	11,552	11,374	7,680	-	72,227

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

30. Segment Information (continued)

(c) Secondary Reporting Format - Business Segments

	Segment revenues from external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Gaming machines	**351,400**	353,986	**35,113**	27,972	**21,145**	8,608
Table games	**201,060**	189,488	**11,805**	10,529	**2,902**	919
International business	**34,051**	32,549	**24,243**	-	**-**	-
Cinemas	**66,247**	74,605	**68,482**	106,430	**18,146**	58,731
Other	**151,256**	147,947	**1,544,026**	1,498,038	**52,677**	62,793
	804,014	798,575	**1,683,669**	1,642,969	**94,870**	131,051

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 1999

Options issued prior to 2002 are pursuant to the Executive Share Option Plan approved by shareholders at the annual meeting of the company held on 28 October 1999. Options issued under the 1999 Plan were not exercisable until one year after the date of issue provided the terms and conditions of the Plan had been met, and lapsed if not exercised within five years of issue.

Executive Share Option Plan 2002

Options have also 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 both the 1999 and 2002 Plans is the relevant base exercise price of the option (as defined in the Plans), 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 one for one share splits on 16 November 2001 and 14 November 2003, the 2000 and 2001 options convert to four shares upon exercise, and the 2002 and 2003 options, with the exception of the 450,000 tranche issued on 9 September 2003, convert to two shares upon exercise.

The 450,000 options issued on 9 September 2003 and the 2004 (and subsequent) options convert to one share upon exercise.

Executive Share Rights Plan 2005

The Executive Share Rights Plan (Rights Plan) was approved by the board 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.

31. Share-Based Payments (continued)

As for the 1999 and 2002 option plans 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.

Movements in the number of share options outstanding under the 1999 and 2002 Executive Share Option Plans and 2005 Executive Share Rights Plan are as follows:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed or expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
Consolidated and parent - 2008								
10/09/02	10/09/07	$7.05	2,534,030	-	(2,534,030)	-	-	-
09/09/03	09/09/08	$8.83	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	-
Total			6,790,834	-	(3,206,863)	(932,001)	2,651,970	749,000
Weighted average exercise price per share			$4.75		$4.24	N/A	$5.59	$5.37

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed or expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
Consolidated and parent - 2007								
04/09/01	04/09/06	$11.61	150,000	-	(150,000)	-	-	-
10/09/02	10/09/07	$7.05	2,678,530	-	(105,500)	(39,000)	2,534,030	2,534,030
09/09/03	09/09/08	$8.83	617,000	-	(94,000)	(75,000)	448,000	448,000
09/09/03	09/09/08	$4.42	450,000	-	(450,000)	-	-	-
08/09/04	08/09/09	$4.42	1,331,167	-	(22,667)	(443,333)	865,167	-
05/09/05	05/09/10	$4.81	1,466,000	-	-	(639,333)	826,667	-
04/09/06	04/09/11	$5.15	-	2,528,970	-	(412,000)	2,116,970	-
Total			6,692,697	2,528,970	(822,167)	(1,608,666)	6,790,834	2,982,030
Weighted average exercise price per share			$4.39	$5.15	$4.47	$5.04	$4.75	$4.12

*Converts to 2 shares.

The weighted average exercise price at the date of exercise of options exercised regularly during the year ended 30 June 2008 was $4.24 (2007: $4.47).

The weighted average remaining contractual life of options outstanding as at 30 June 2008 was 2.40 years (2007: 2.16 years).

Fair value of share rights granted

Given uncertainty impacting the SKYCITY share price in the latter part of calendar year 2007 no share rights were granted in 2007. Instead certain executives were granted deferred cash incentives of equivalent value.

The assessed fair value at grant date of share rights granted during the year ended 30 June 2007 was 34.0 cents. The fair value was prepared by Deloitte Corporate Finance using a binomial pricing model that takes into account the exercise price, the term of the rights, the vesting criteria, the impact of dilution, the non-tradeable nature of the rights, 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 Deloitte valuation is reviewed by PricewaterhouseCoopers as the company’s external auditor.

31. Share-Based Payments (continued)

The model inputs for share rights granted during the year ended 30 June 2007 included:

(a) rights are granted for no consideration
(b) exercise price: $5.15
(c) grant date: 4 September 2006
(d) expiry date: 4 September 2011
(e) share price at grant date: $5.20
(f) expected price volatility of the company's shares: 19%
(g) expected dividend yield: 5.0%
(h) risk-free interest rate: 6.2%.

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

Non-Executive Director Share Options

All options issued to non executive directors pursuant to the Non-Executive Directors' Share Option Plan (2000), approved by shareholders at the annual meeting of the company on 26 October 2000, have been exercised (2007: 57,892 options remained on issue to non executive directors).

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

The Non-Executive Directors' Share Option Plan (2000) expired in 2003 and was not renewed.

Movements in the number of share options outstanding under the Non-Executive Directors' Share Option Plan are as below.

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
Consolidated and parent - 2008								
10/09/02	10/09/07	$-	57,892	-	(57,892)	-	-	-
Total			57,892	-	(57,892)	-	-	-
Weighted average exercise price per share			$3.93	$-	$4.00	$-	$-	$-

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed or expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
Consolidated and parent - 2007								
10/09/02	10/09/07	$7.05	57,892	-	-	-	57,892	57,892
Total			57,892	-	-	-	57,892	57,892
Weighted average exercise price per share			$3.78	$-	$-	$-	$3.93	$3.93

As a result of the one for one share split 14 November 2003, the 2002 options converted to two shares, when exercised.

31. Share-Based Payments (continued)

Performance Pay Incentive Plan (PPI)

Certain salaried employees are eligible for performance-related bonuses partially paid in shares. Details of this plan are provided in note 26.

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	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Rights issued under Executive Share Rights Plan	**508**	786	**508**	786
Value of shares entitlements for the year under employee incentive share plan	**237**	704	**237**	202
	745	1,490	**745**	988

32. Related Party Transactions

(a) Key Management and Personnel Compensation

Key management personnel compensation for the years ended 30 June 2008 and 2007 is set out below. The key management personnel are all the directors of the company and the direct reports to the Chief Executive Officer.

	Remuneration $	Termination payments $	Share-based payments $	Total $
2008	**6,081,336**	**865,764**	**398,887**	**7,345,987**
2007	5,812,762	3,568,954	717,310	10,099,026

(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.

Key management personnel exercised options previously granted as part of their compensation.

Fees in the amount of $1,612,084 (2007: $5,540) were paid to First NZ Capital Group Limited (FNZC) on normal commercial terms. W R Trotter, who is a director of SKYCITY Entertainment Group Limited, is Executive Chairman of FNZC.

Certain directors 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 parent entity has intercompany transactions with its subsidiaries including the payment of dividends, management fees and for employee services.

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**	
			2008 %	2007 %
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 Cinemas 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 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 Management Limited	New Zealand	Ordinary	**100**	100
SKYCITY Metro Limited	New Zealand	Ordinary	**100**	100
SKYCITY Queenstown Investments 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 Darwin Pty Limited	Australia	Ordinary	**100**	100
SKYCITY International ApS	Denmark	Ordinary	**100**	100
SKYCITY Cinemas (Fiji) Limited	Fiji	Ordinary	**100**	100

34. Interest in Joint Ventures

Name of entity	**Principal activities**	**Interests held by the group**	
		2008 %	2007 %
Rialto Cinemas JV	Cinema owner/operator	**50**	50
Damodar Village SKYCITY Fiji Cinemas JV	Cinema owner/operator	**67**	67

34. Interest in Joint Ventures (continued)

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Share of joint venture's revenue, expenses and results				
Revenues	**7,874**	8,576	**-**	-
Expenses	**(7,282)**	(8,123)	**-**	-
Net contribution to Group operating surplus	**592**	453	**-**	-
Total share of assets employed in joint venture	**9,072**	8,539	**-**	-

35. Contingencies

There are no significant contingences at year end.

36. Commitments

Capital Commitments

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

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Property, plant and equipment	**37,057**	70,643	**-**	-

Operating Leases

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

	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**19,936**	16,583	**-**	-
Later than one year but not later than five years	**64,437**	55,603	**-**	-
Later than five years	**420,053**	316,691	**-**	-
	504,426	388,877	**-**	-

37. Reconciliation of Profit After Income Tax to Net Cash Inflow from Operating Activities

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Profit/(loss) for the year	**49,856**	98,402	**(6,203)**	63,639
Minority interest	**(608)**	28	**-**	-
Depreciation and amortisation	**73,765**	72,226	**7,547**	254
Interest expense	**83,850**	92,633	**9,977**	9,964
Current period employee share entitlement	**237**	704	**237**	704
Current period share options expense	**508**	786	**508**	786
Gain on sale of fixed assets	**(247)**	(3,383)	**-**	-
Release from foreign currency translation reserve	**-**	(3,345)	**-**	-
Dividend from subsidiary	**-**	-	**(100,348)**	(100,311)
Fair value adjustment to investment property	**-**	-	**-**	-
Gain on sale available for sale financial assets	**(152)**	-	**-**	-
Share of profits of associates not received as dividends or distributions	**(3,177)**	(24)	**-**	-
Change in operating assets and liabilities				
(Increase)/decrease in receivables and prepayments	**(487)**	(193)	**4,394**	2,771
(Increase) in inventories	**(376)**	(282)	**-**	-
Increase in future income tax benefit	**4,270**	10,689	**-**	-
Increase/(decrease) in payables and accruals	**2,167**	18,725	**(27,768)**	(47,662)
Increase/(decrease) in provision for deferred income tax	**24,899**	(7,604)	**-**	-
(Increase)/decrease in provision for income taxes receivable	**(19,339)**	21,467	**-**	-
Impairment of Cinemas	**60,000**	-	**60,000**	-
Capital items included in working capital movements	**11,196**	(33,346)	**-**	-
Subsidiary funding transactions	**-**	-	**15,413**	36,540
Net cash inflow/(outflow) from operating activities	**286,362**	267,483	**(36,243)**	(33,315)

38. Events Occurring after the Balance Sheet Date

Profit Distribution Plan

On 25 August 2008, the directors resolved to make a pro rata issue of bonus shares in respect of the year ended 30 June 2008. The bonus shares will be issued to all shareholders on the company's register at the close of business on 12 September 2008. The number of bonus shares to be issued is calculated as 10.5 cents per share divided by the strike price. The strike price will be set as the weighted average price of shares traded on the NZSX during the five days from 15 to 19 September inclusive. Shareholders will be able to elect to have the company buy back some or all of the bonus shares on the date of issue at the strike price. The proceeds received by the shareholder as a result of having elected to sell some or all of the bonus shares will be fully imputed by the company.

The bonus shares will be issued and the buy back proceeds paid to shareholders on 10 October 2008.

Investment in Associate

Subsequent to balance date the Group acquired an additional 5% indirect interest in Christchurch Casinos Limited.

MEDIA RELEASE

August 25 2008

SKYCITY ANNOUNCES FULL YEAR RESULT

$49.9 million Net Profit after Tax

- **NPAT adjusted for Non-Recurring Items up 19% to $111.9 million, in line with guidance**
- **Adjusted EBITDA (ex Cinemas) up 8% to $306 million**
- **Increased distribution to 21.5 cents per share declared**
- **2008 result provides sound platform for growth in 2009**

SKYCITY Entertainment Group today announced Net Profit After Tax (NPAT) of $49.9 million for the year ended 30 June 2008 and an NPAT adjusted for Non-Recurring Items (NRIs) of $111.9 million. NRIs include the Cinemas write down of $58.4 million (after tax) and other one-off items. The adjusted NPAT of $111.9 million was a 19% increase on FY07 and in line with the company's guidance. EBITDA (ex Cinemas) was $306 million, an increase of 8%.

An increased distribution of 21.5 cents per share (cps) for shareholders was confirmed with a final distribution of 10.5 cps. The Board reaffirmed that the existing distribution payout ratio of 90% remains unchanged.

Chief Executive Officer Nigel Morrison said: "We're cautiously encouraged by what we see as a sound result in a challenging economic environment. The Group recorded solid EBITDA growth together with good underlying cashflows. We retired $92 million of debt, further strengthening our balance sheet, and undertook major renovations in two of our casinos.

2009 Strategic Priorities

"The results and progress achieved in 2008 provide a good platform upon which to build. Our shareholders have made it clear they want us to focus on maximising the performance of our existing assets, and this is exactly what we're doing.

"Our management team is concentrating on growing revenues, driving operational efficiencies and maximising EBITDA, whilst retaining tight control over capital expenditure.

Key priorities include:

- Delivering an improved customer experience across all properties
- Enhancing IT and systems capabilities and reinvesting in new technology and core operating systems
- Growing and diversifying the International VIP commission-based-play business
- Improving employee advocacy across all business operations

"We are budgeting for growth in the FY09 year," said Mr Morrison.

2008 In Focus

Sound Debt Structure

SKYCITY has a very strong liquidity position and sound capital and debt structure, as was reflected in Standard & Poor's recent awarding of Investment Grade Rating (BBB-) with Stable Outlook. With approximately $400 million of undrawn facilities and the first tranche of debt ($124 million) not reaching maturity until May 2010, the business can clearly focus on enhancing its operating performance. Further debt retirement is anticipated in FY09.

Cashflow

SKYCITY generated an underlying cash flow, after taxes and interest, of $199 million - an increase of 15% on FY07 ($177 million), further strengthening the capital structure of the Group.

International Business

"We had a good result from our International Business, assisted by a favourable actual to theoretical win rate. FY08 win rate was 2.6% vs a theoretical rate of 1.3% (FY07 actual win rate of 1.2%). Our turnover of $1.4 billion saw our earnings rise from $6.6 million to $17.2 million. The core management focus for this business is to increase our international VIP gaming turnover to build sustainable revenue and reduce our volatility," said Mr Morrison.

SKYCITY Auckland

The new Auckland main gaming floor has been well received by customers since opening in March and new gaming product and the re-layout of main floor tables and machines will further enhance the customer experience in 2009. Recent highlights indicate management strategies are gaining traction including the biggest gaming day in more than four years on 08/08/08, record Auckland Convention Centre revenues and occupancy in the Grand Hotel.

"We're pleased with the sound performance of our Auckland business in the current economic environment. We now have a strong focus on product mix, pricing, presentation, marketing, customer service and loyalty within our core businesses," said Mr Morrison.

SKYCITY Adelaide

The impact of the November 2007 smoking ban was less significant than anticipated, with a minimal effect on the table games business. As the company confirmed last month, there are no plans to proceed with the Adelaide car park and costs incurred with this proposed development have been written off.

SKYCITY Darwin

Growth across the business was achieved in Darwin, as the regional economic momentum continues. The A$30 million redevelopment, which includes gaming floor expansion and refurbishment alongside new entertainment facilities, is on track for opening by March 2009.

"With its proximity to the Asian market, Darwin is a key focus for SKYCITY's international VIP business development. We are excited about the potential of the Little Mindil site and associated resort development which supports our international growth strategy, however no significant capex is expected to be incurred in FY09," said Mr Morrison.

SKYCITY Cinemas

Our management team is confident opportunities exist to enhance the performance of this business. The team's focus is on greater customer value, increased facilities utilisation and greater diversity of moves aligned to market demographics. The opening of two new complexes in Albany (April 2008) and Manukau (scheduled for September 2008) sees the focus on driving the business forward and improving profitability via penetration in the important Auckland market.

"Our business plans for 2009 are predicated on growth and I'm confident we now have the team and plans in place to build on the sound results achieved in 2008," said Mr Morrison.

Notes to editors:

FY08 SKYCITY Performance Highlights

Financial Highlights:

- Adjusted Actual NPAT of $111.9m up 19% on FY07 ($93.8m).
- Results in line with February guidance of $108 – 110m.
- Adjusted EBITDA (ex Cinemas) of $306.4 up 8% on FY07 ($284.5m).
- Underlying cashflow of $199.1m up 15% on FY07 ($173.0m).
- Retirement of $92 million debt strengthened balance sheet, further reinforced by Investment Grade BBB- rating from S&P.

Management and Operational Highlights:

- Permanent CEO appointed in March 2008.
- New management opportunities significantly enhance operational expertise,
- Reorganisation of company to drive divisional profit focus and also reduce corporate overhead.
- Auckland casino refurbishment completed March 2008.
- Strong result from International VIP Commission Business.

Outlook:

- Business plans budget for growth for FY09 across all businesses.
- Satisfactory trading in FY09 YTD.
- Strong control to be maintained over capex.
- Distribution payout of 90% ratio reaffirmed.
- Further debt retirement anticipated in FY09.

About SKYCITY Entertainment Group

- SKYCITY Entertainment Group includes six casino and hotel complexes across New Zealand and Australia (Auckland, Hamilton, Christchurch, Queenstown, Adelaide, Darwin) and the SKYCITY Cinemas and Rialto cinema chains in New Zealand and Fiji.
- SKYCITY Entertainment Group employs more than 6,000 people throughout Australia and New Zealand.