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**SKYLINE PRELIMINARY PROFIT ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

Skyline is pleased to report a further successful year's trading with profit before tax and inclusive of property revaluations of \$26.3m (\$21.8m) and after providing for tax at \$5.9m (\$6.6m) the distributable profit to shareholders is \$20.4m (\$15.2m). These results are subject to audit and depending on IFRS requirements the equity accounted earnings from Christchurch Casino may vary.

A material feature of this year's result is the extent of the changes in the valuation of our commercial property holdings. The company is obliged to value its commercial property on an annual basis in order to meet international reporting standards. In the preceding year a devaluation of \$6.4m was recorded, whereas in the current year there is a revaluation of \$0.5m.

Prior to this year's revaluation our profit after tax from trading operations and share of equity earnings decreased by \$1.6m over that achieved in 2010.

**Skyline Gondola Properties – Queenstown and Rotorua**

Visitations to both properties improved over the year although the respective increases were minimal.

Contrary to national trends the gross average spend per head in Queenstown improved through the introduction of new products (mountain biking and photography as examples) and as a result of a greater percentage of visitors either attending to dine, or to participate at a specific function.

Rotorua recorded an improvement in dining numbers although luge rides declined, which was not entirely surprising given the largely domestic source of visitations to that property.

**Accommodation Properties**

The Mercure Leisure Lodge maintained its occupancy level over the year whilst in Queenstown Blue Peaks Lodge recorded a decline.

**Offshore Luge**

Sentosa Luge in Singapore has continued its successful trend and it is pleasing to record that after five complete years of trading the property recorded over one million luge rides over the past 12 months. The extent of activity and the anticipated growth in visitations to the island has highlighted the requirement to review and update our entire infrastructure in order to ensure that we continue to capitalise on trading opportunities.

Mount Tremblant recorded a successful 2010 season with luge rides just marginally down on the preceding year.

**Commercial Properties – Queenstown**

Vacancy levels have been minimal through the year and after a period of some three years we are just beginning to notice a moderate increase in rentals generally. Similarly the demand for premium locations is starting to improve.

## **Casinos**

The Dunedin Casino improved its profitability over the year mainly attributable to a variety of initiatives introduced by the management team.

Queenstown Casino results were disappointing and a trading loss recorded.

Christchurch Casino closed following the 22<sup>nd</sup> February earthquake and only recently re-opened on 26 May following changes within the designated cordoned area. On a comparative basis the initial damage to the property was not significant from a structural perspective and we understand that remains the situation following the further significant earthquake of June 13<sup>th</sup>. The property is fully insured though equity earnings for the year have certainly been negatively impacted by recessionary pressures, some high end play during the first few months trading and of course through the resultant effects following the seismic activity.

## **Dividend**

It is the Directors recommendation that a dividend of 32 cents per share be paid to shareholders requiring \$10.8m. This is the same dividend as paid in the preceding year and Directors consider that it is appropriate given the Company's cash position and the successful past year's trading.

## **General**

"Challenging" has become an often used term to describe the industry, not only just over the past year but currently as well. We have witnessed the convergence of some negative factors both nationally and globally that have prompted the comment that we can anticipate a reduction in international arrivals throughout the remainder of the year, with no potential signs of recovery until later in 2012.

Visitor origins are changing as well and the industry will need to be able to adapt to an ever increasing divergence within the market place. I have no doubt that it is fully capable of doing so.

Previous international events over recent years have not produced the effects that were contemplated at the particular time. Nevertheless it would be improper to underestimate the impact of current events and the extent to which they will affect future earnings.

I am confident that the Company continues to do it's very best to position itself and address the various market changes. Certainly we are well resourced from both a physical and operational perspective.

This year's AGM is scheduled for 17<sup>th</sup> September 2011 and we look forward to shareholder's attendance.

Ken Matthews

**Chairman**

June 2011