Directory

Board of Directors:

Ken J Matthews (Chairman)
Grant H Hensman
Phillip J Hensman
Bill Walker
Richard B Thomas
Jan N Hunt

Chartered Accountants:

McCulloch & Partners
Level 2, 11-17 Church Street, Queenstown

Operating Subsidiaries:

Accommodation & Booking
Agents (Queenstown) Limited
Leisure Lodge Motor Inn Limited
Skyline Skyrides Limited
Skyline Tours Limited
North Sky Luge (Tremblant) Limited
O'Connells Pavilion Limited
Skyline Investments Limited
Skyline Properties Limited
Sentosa Luge Company Pte Limited

Non Operating Subsidiaries:

Queenstown Tourist Company Limited
North Sky Luge Limited
Fairy Springs Holdings Limited

Auditors:

WHK South NZ, Invercargill

Share Registrar:

Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
Enquiries: 0064 9 488 8777
www.computershare.co.nz/investor centre

Bankers:

Bank of New Zealand

Solicitors:

Bodkins, Alexandra

Registered Office

McCulloch & Partners
Level 2, 11-17 Church Street, Queenstown

NOTICE OF MEETING

The Directors of Skyline Enterprises Limited request the pleasure of your attendance at the 44th Annual General Meeting of the Company to be held at the Skyline Restaurant, Queenstown, on Saturday, 17th September 2011, at 6.00p.m and afterwards as their guest for cocktails and hors d'oeuvres.

Ordinary Business

1.To receive, consider and adopt the Report of the Directors and Audited Statement of Accounts for the year ended 31 March 2011.

2. To consider the Directors' resolution to pay a dividend of 32 cents. The dividend will be paid on 23rd September 2011.

3. The Election of Directors. In accordance with the Constitution, Mr Richard B Thomas and Mr Bill Walker retire from the Board by rotation and, being eligible, offer themselves for re-election.

4. Directors' Fees. To approve Directors' Fees of Three Hundred and Forty thousand dollars ($340,000) per annum from 1st April 2011.

5. To record the reappointment of the Auditors Messrs WHK South NZ and to authorise the Board to fix their remuneration for the ensuing year.

6. To transact any other business that may properly be transacted at the meeting.

By Order of the Board

D.N. Jackson for Secretaries
Queenstown
4th August 2011

Proxies

All shareholders of the Company are entitled to attend and vote at the meeting and are entitled to appoint a proxy to attend and vote for them instead. A proxy need not be a member of the Company. A proxy form is enclosed and, if used, must be lodged at the Registered Office of the Company not less than 48 hours before the time for holding the meeting (i.e. before 6:00 p.m on Thursday 15th September 2011).

Skyline Queenstown
Hammy's track

Directors' Report

Your Directors have pleasure in submitting their report together with the financial accounts of the Company for the year ended 31 March 2011.

Results and Distributions

Operating surplus attributable to the Group for the financial year	$16,679,901
From this will be deducted –	
Your Directors' recommendation of the payment of a dividend of 32 cents	$10,844,009
Increase in Group retained earnings to be carried forward to reserves of	$5,835,892

Effect of NZ IFRS Accounting Policies on Reported Results

Your Directors believe the introduction of IFRS accounting policies in 2009 along with the inability of those responsible for overseeing these policies to ensure appropriate and relevant application within New Zealand has resulted in Income Statements that are inconsistent and confusing to most readers.

In an effort to give a more meaningful consolidated result that can be compared year to year to ascertain the Group's true performance, we have restated the main profit and tax results for 2009 to 2011 to remove all revaluation and deferred tax on Building Depreciation entries. Results are then as follows:

	2011	2010	2009
Profit Before Tax	20,622,610	22,510,437	17,624,092
Less Income Tax Expense	5,500,309	6,492,966	7,183,232
Profit for the Year	15,122,301	16,017,471	10,440,860
Plus Share Profit Equity Accounted Investees	4,811,921	5,242,696	5,301,268
'Directors' Profit Attributable to Equity Holders of The Company	$19,934,222	$21,260,167	$15,742,128

Dividend

Having considered the solvency of the Parent Company and Group, the Directors recommend that a dividend of 32 cents per share (imputed at 30%) be paid on the capital of 33,887,529 shares on 23rd September 2011 to Shareholders on the register at 5.00 pm on 12th September 2011. A solvency certificate has been completed in support of the dividend declaration.

Directors

Mr Richard B Thomas and Mr Bill Walker retire by rotation and, being eligible, offer themselves for re-election.

Auditors

The Company's Auditors, WHK South NZ, are automatically reappointed in terms of Section 200 of the Companies Act 1993.

Share Capital

On 31 March 2011 the Company issued 32,250 ordinary shares to holders of 2008 staff convertible notes.

The issued capital as at 31 March 2011 was 33,919,779 ordinary shares.

Company's State of Affairs and Significant Changes

The Directors consider the state of the Company's affairs to be satisfactory.

Details of the year under review, including any material changes in the nature of the business of the Company or any of its subsidiaries or future prospects are included in the Chairman's Report and the Financial Statements of the Company published herewith.

Activities

The activities of the Company and its subsidiaries remained principally unchanged during the period. Associated companies Christchurch Casinos Limited and Queenstown Casinos Limited operate predominantly in the Casino Industry. These companies have been equity accounted. Associated Company Christchurch Hotels Limited has a subsidiary Premier Hotels Christchurch Limited, a Company with investments in Christchurch Casino Limited Shares. This Company has been equity accounted.

This Annual Report has been prepared in accordance with Section 211 of the Companies Act 1993 and is signed on behalf of the Board by:

K J Matthews
Director
4th August 2011

P J Hensman
Director

Chairman's Report

Your Directors are pleased to report on a further year's successful trading with all entities providing a positive contribution to the Group's results.

	2011	2010
Revenue	57,756,989	55,606,951
Revaluation, Foreign Currency Losses/Gains, Profit on Land Sale	45,306	-5,228,036
	$57,802,295	**$50,378,915**
Expenses	36,167,441	33,840,203
Operating Profit Before Tax	21,634,854	16,538,712
Equity Earnings	4,089,133	5,242,696
	$25,723,987	$21,781,408
Tax	9,044,086	6,618,183
Profit to Shareholders	**$16,679,901**	**$15,163,225**
Final Dividend Proposed 32c	10,844,009	10,832,329
Net Cashflow from Operating Activities	21,112,101	24,482,531
Actual Tax Payments	6,788,113	4,693,670

The operating profit before tax has improved by $5.1m over that achieved in 2010 although significant in the previous years result was the property devaluation of $6.4m as compared to a $0.45m revaluation in the current year. Equity earnings from Casino investments declined by $1.2m and the taxation provision has increased by $2.4m due in large part to the non-deductibility of building depreciation which is taken as a one off charge to the Income Statement.

International arrival numbers remained at a level consistent with the preceding year despite sluggish economies within the major source markets and in some instances (such as the UK and USA) a relative decline in the value of their respective currencies.

Domestically the market has been difficult as consumers seek to re-prioritise spending patterns. This has been more evident in Rotorua than in Queenstown since the dominant market in that location is locally based. Whilst Queenstown Gondola numbers improved marginally over the year, this is more of a reflection on the number of days operating, than that of market growth.

Our Luge investments offshore continue to trade well with Sentosa producing another sound result. Queenstown accommodation continues to suffer from an oversupply whilst in Dunedin a consistent result was achieved at the Mercure Leisure Lodge.

Casino Investments

Skycity Queenstown Casino

Despite growth in the extent of play of both table games and gaming machines, overall revenue and net earnings were less than the previous year. The lower spend per head and the very competitive nature of the food and beverage activities proved to be the key influences in this years results.

Dunedin Casino

Improvements for car parking as well as a series of management initiatives have resulted in an increase in patronage and a corresponding improvement in profitability. The outlook over the ensuing year is positive.

Christchurch Casino

Prior to September 4th 2010 earthquake, the casino was on track to achieve budget, however aside from the fact that the property was closed for only 4 days on that occasion, there was a perceptible change in visitors behaviour as many sought the relative comfort of staying closer to home.
Activity over Cup week was encouraging as was the period leading up to the 22nd February 2011. The effect of the earthquake caused minimal damage to the building and fortunately no staff members were hurt as a result of the consequences.
The Casino re-opened on May 26th 2011 after the re-designation of the cordoned area. Predictably the dynamics of this business have changed significantly as has been the situation for all inner-city activities within Christchurch. Operating hours have been reduced and are anticipated to remain so for quite some time. It is important to note that the building and contents are fully insured for all material damage claims and as well, loss of earnings are covered for the majority of closures. The Company would like to sincerely acknowledge the leadership of Brett Anderson (Chief Executive of Christchurch Casino) and the efforts of his team over what has been a particularly demanding period of time for all concerned.

Directors and Management

Our management team have performed well in what has become a year where greater emphasis has been required in matching the resources at hand with business activity. We are fortunate to have a number of talented people within our respective properties and their retention and further development is a priority.

Your Directors take a very keen interest in the affairs of the Company and are actively involved in all facets. This is a valuable resource and one which is sincerely appreciated.

Dividend

The Directors recommendation is that the dividend this year remains unchanged at 32c per share. This will require $10.8m.

Whilst concerns as to the ongoing global effects on tourism remain, the reality is that the Company has produced a good result especially given the prevailing conditions. Our liquidity is sound and Directors are of the view that Shareholders should be rewarded for the results achieved.

The proposed payment is equivalent to 67% of this year's profit to Shareholders (after eliminating property revaluations) and this compares to a 50% distribution in 2010

Forward Review

The challenges facing the industry have been reasonably well documented and to an extent the future is somewhat uncertain. It would have been difficult to otherwise imagine the sheer diversity of events (environmental, fiscal and seismic as some examples) which have all served to impact negatively on national and global economies. We have witnessed significant events over a relatively short period and from a market origin perspective we can anticipate further subtle but nevertheless important changes.
The traditionally strong markets of both UK and USA are anticipated to become even less dominant as a result of the growth in arrivals from Asia and China in particular. Indeed China is predicted (within a very few years) to provide our third largest market displacing the USA. Obviously such changes will not simply happen as a matter of course and a significant effort from Skyline and the industry will be required in order to attract such visitors to our shores. That means as operators, we will need to demonstrate that we can adapt to the demands and aspirations of our new visitors, that we can provide a level of service that fully meets their needs and at the same time preserving the kiwi uniqueness in product delivery that sets our country apart from other destinations.

Operationally we anticipate the prospect of any volume growth over the new financial year to be somewhat minimal which is in contrast to previous years. We have adopted a conservative approach with our retail pricing this year and fully appreciate that there is going to be further pressures on operating expenses driven by higher levels of inflation. Some measures of cost recovery will also ensue over the year by some service providers. Such challenges are certainly going to demand close monitoring as we progress through the year.
Irrespective of the events of the past, our optimism remains intact. We know that we are fortunate to operate in great locations, that our products are broadly appealing to the majority of visitors (both international and domestic) and that we are well resourced in both financial and physical terms. We continue to seek out new opportunities where many of the above fundamentals are in evidence.

Ken J Matthews
Chairman
4th August 2011

CEO's Report

The trading environment in the past year proved more difficult than anticipated as the hoped for economic recovery and associated pickup in consumer spending failed to materialise and our international visitors felt the impact of the higher New Zealand dollar. The situation was further exacerbated by the series of natural disasters both here and in some of our key international visitor markets.

In our New Zealand businesses while overall visitation increased slightly we observed a decline in discretionary spending among some of our products.

The trend to lower spend per customer was a feature of the year that was widely reported throughout the industry and in tourism statistics.

Given this environment our gondola businesses performed relatively well suggesting our products offer value for money compared to our competitors. The challenge for management was to balance the maintenance of quality and service against cost containment.

Fortunately our overseas operations experienced a more positive environment demonstrating one of the benefits of our geographic diversity.

Skyline Queenstown

The business delivered solid headline revenue growth spread across most departments. The functions department showed particular strength as did the restaurant and gondola photography in its first full year of operation under our control. On the other hand our Luge business showed the effects of the decline in discretionary spending mentioned above. In the New Year we commenced carrying mountain bikers and their bikes on the gondola on a trial basis. The initiative generated a high level of interest, publicity and patronage and showed the potential to be a substantial new complementary revenue stream utilising existing gondola capacity. During the year the bottom part of the Luge track was rebuilt and reconfigured to improve the ride experience and a new Luge cart conveyor was installed at the same time. This on-going program of upgrading and refurbishment has paid dividends as the awareness of the quality the property provides continues to be converted into new business as demonstrated by the growth in functions.

Skyline Rotorua

Our key domestic market experienced a sudden and significant down turn in patronage half way through the year. It appeared that consumers lost heart and decided to stop spending. Fortunately this was offset to a large extent by the return of some of our main Asian markets and the on-going growth of cruise ship visitation. The new Dine in The Sky in gondola meal service was developed with initial trials being well received. We welcomed the Skyvue 4D spacecraft simulator business as a new tenant towards the end of the year. Work was carried out upgrading the cafe, the top of chair lift one and the original Luge start area. The redevelopment of Fairy Springs Road into four lanes provided a new and greatly improved entrance to the property controlled by traffic lights. Overall the property remained in great shape as it celebrated 25 years since the start of the Skyline Luge.

Skyline Luge Sentosa

The business continued the trend of year on year growth in ride volume and passed the milestone of one million Luge rides for the first time. This was driven by both the strong domestic economy and growth in in-bound tourism. The recently completed second Luge track contributed to this growth as more multiple ride tickets were sold. The increased patronage put further pressure on our infrastructure with significant queues at peak times. In response to this the Board has authorised the redevelopment of both the top and bottom terminals to increase ticket and photography sales areas, provide more offices, improved engineering facilities, better queuing, an extended Luge instruction area and potentially a second chairlift. The introduction of new and more rigorous amusement ride legislation will increase our compliance requirements and costs in coming years.

Skyline Luge - Mont Tremblant

While Luge ride volumes were slightly below the previous year price increases and tight cost control delivered an improved result.

Blue Peaks Lodge and Apartments

The Queenstown accommodation market remains extremely competitive with yet more new backpacker and hotel supply opening during the year. At the same time consumers are searching for value and booking later and direct via on-line channels. These factors have put pressure on both occupancy and yield. This environment has required an increased focus on cost control. The property's brand has been updated with a particular emphasis on their on-line presence in order to compete for business in this area.

Mercure Leisure Lodge

By contrast to Queenstown the demand supply equation is in better balance in Dunedin and as a result occupancy levels have been stable. It is anticipated the development of the new stadium will bring increased business to town. Management has also been focusing on the on-line marketplace.

Skyline Properties

Strong demand for prime retail sites in central Queenstown became evident during the year. This was a notable change from the previous year and was driven primarily by large national retailers. Due to this our portfolio of retail premises was nearly fully let throughout the year. On the other hand there remains excess supply in the market for office space resulting in some on-going vacancies in our properties. However we expect this situation to resolve itself fairly shortly as natural demand growth reduces the supply overhang. The old Thomas' Hotel was completely refurbished by new tenants who are now operating the very successful AVA backpackers business. Beyond this there were no major works carried out on our properties during the year.

Brand and Marketing

The roll-out of the new Skyline and Luge branding we unveiled last year has continued throughout this year. As an adjunct to this we created the new head office role of Head of Brand and Marketing to ensure we achieved the full benefit from the new branding and to develop, co-ordinated and implement a marketing strategy across the group. This on-going investment in our brand and marketing activities responds to both the increasingly competitive market place we operate in and the changing buying patterns of our customers.

Business Development

We continued our search for new offshore Luge sites during the year. We were very pleased to have our efforts supported by New Zealand Trade and Enterprise who accepted us into their International Growth Fund during the year. This provides us with access to their expertise throughout the world and joint funding of some of our feasibility work. As a result a number of good prospects have been identified in Canada, Korea, Spain and Italy all of which are being actively pursued.

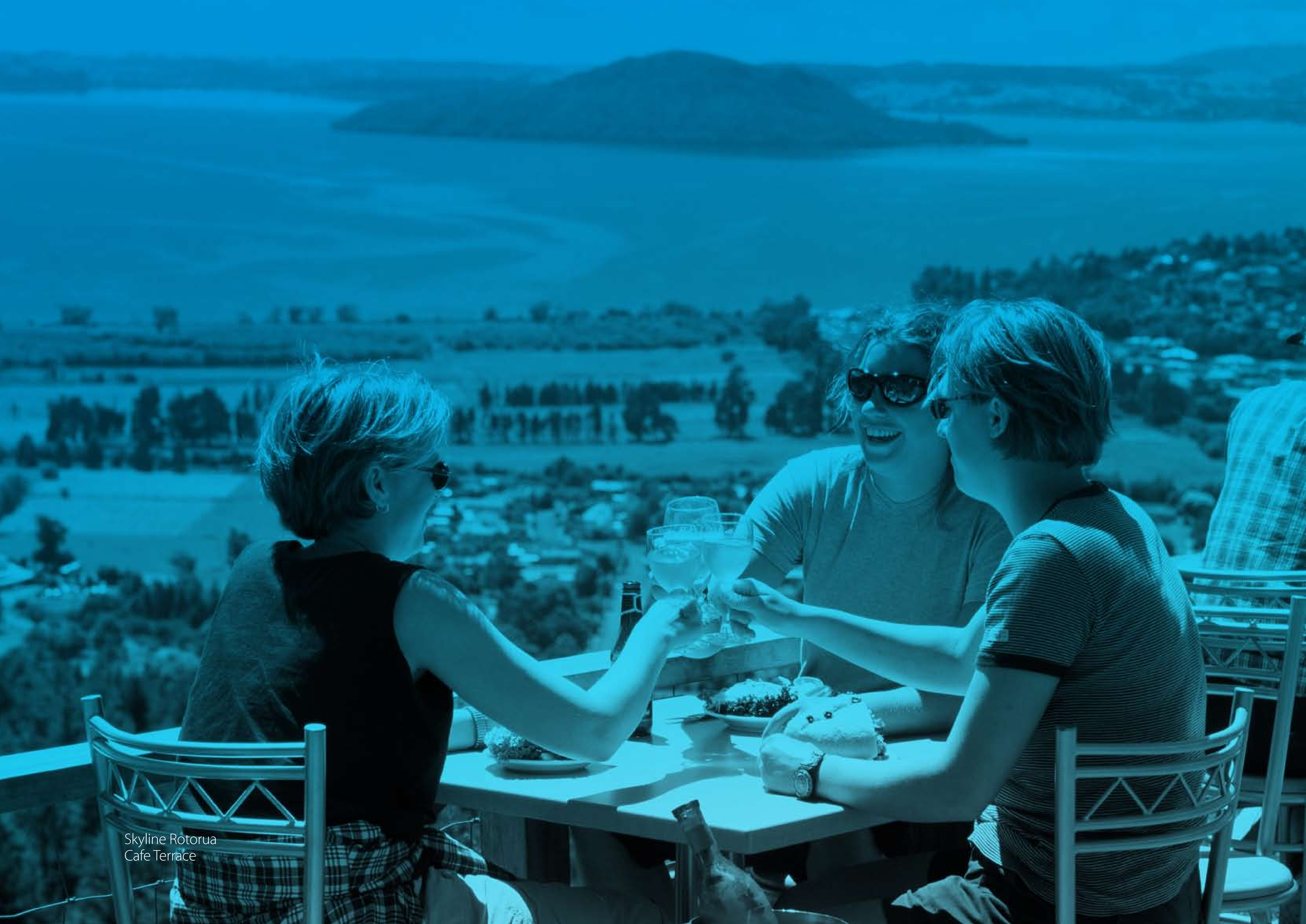
Jeff Staniland
CEO

Next 12 months

The ramifications of the global financial crisis have continued to be felt keenly in the major economies of the western world and currently threaten to become a sovereign debt crisis. By comparison the Australasian and Asian economies are travelling fairly well. I'm hopeful that absent any more natural disasters our domestic customers will start to increase their leisure and discretionary spending and our significant Asian visitor markets will continue to grow and we will again see the return of our Japanese and Korean visitors.

In a marketplace where we believe our customer's confidence is still fragile our focus will be on ensuring our products offer value for money, seeking new customers for our existing services and the addition of new products to attract more customers and encourage them to stay longer.

The company is in good shape in all respects, with a strong balance sheet, excellent assets, good products, great people and is well positioned for further growth. We also have in train a number of exciting new business opportunities of which we are confident we will secure a number in the coming year.



Skyline Rotorua
Cafe Terrace

Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Note	2011	2010
Operating Revenue			
Sales		52,610,059	50,703,062
Cost of Sales		5,760,459	5,555,072
Gross Profit		46,849,600	45,147,990
Other Income			
Profit on Land Sale		0	399,165
Rents Received		5,056,298	4,772,163
Government Subsidies		22,157	105,805
Foreign Currency Translation Gains		0	777,825
Investment Property Revaluation		458,459	0
		52,386,514	51,202,948
Expenses			
Operating Expenses	1	26,132,838	23,320,390
Directors' Fees		340,000	600,930
Audit Fees	1	62,996	112,164
Fringe Benefit Taxation		18,055	17,537
Depreciation	2	3,709,061	3,687,740
Foreign Currency Translation Losses		413,153	0
Investment Property Revaluation		0	6,405,026
		30,676,103	34,143,787
Operating Profit Before Financing Costs		21,710,411	17,059,161
Interest Received	3	68,475	25,921
Interest Paid	3	144,032	546,370
Net Financing Costs		75,557	520,449
Profit Before Tax		21,634,854	16,538,712
Income Tax Expense	4	9,044,086	6,618,183
Profit for the Year	19	12,590,768	9,920,529
Share of Profit of Equity Accounted Investees		4,089,133	5,242,696
Profit Attributable to Equity Holders of the Company		16,679,901	15,163,225
Other Comprehensive Income			
Foreign Currency Translation Reserve		453,897	-1,233,429
Movement Equity Accounted Investees Capital		-5,064,313	0
Other Comprehensive Income for the Year		-4,610,416	-1,233,429
Total Comprehensive Income for the Year		$12,069,485	$13,929,796
Earnings Per Share - basic	22	$0.49	$0.45
Earnings Per Share - diluted	22	$0.49	$0.45

The notes to the accounts form an integral part of these accounts and are to be read in conjunction with them

Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Share Capital	Translation Reserve	Retained Earnings	Total Equity
Equity as at 1 April 2009	27,426,178	805,686	116,627,304	144,859,168
Total Recognised Income and Expense	0	-1,233,429	15,163,225	13,929,796
Contributions from Shareholders	153,300	0	0	153,300
Dividends to Shareholders	0	0	-7,441,726	-7,441,726
Equity as at 1 April 2010	$27,579,478	$-427,743	$124,348,803	$151,500,538
Total Recognised Income and Expense	0	453,897	16,679,901	17,133,798
Contributions from Shareholders	135,450	0	0	135,450
Dividends to Shareholders	0	0	-10,831,999	-10,831,999
Movement Investees Capital	0	0	-5,064,313	-5,064,313
Equity as at 31 March 2011	$ 27,714,928	$26,154	$125,132,392	$152,873,474

The notes to the accounts form an integral part of these accounts and are to be read in conjunction with them

Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Balance Sheet

As at 31 March 2011

	Note	2011	2010
Equity			
Issued Fully Paid up Capital			
33,919,779 Ordinary Shares		27,714,928	27,579,478
Retained Earnings & Reserves		125,158,546	123,921,060
Total Equity		$152,873,474	$151,500,538
This is Represented by:			
Non Current Assets			
Fixed Assets	10	37,460,058	38,863,219
Investments in Associate and Other Companies	11	32,864,403	37,869,609
Investment Property	20	83,875,000	82,725,000
Deferred Taxation	4	115,519	110,965
Total Non Current Assets		154,314,980	159,568,793
Current Assets			
Inventory		600,537	588,892
Accounts Receivable	6	1,683,072	1,834,123
Bank Accounts	7	8,490,684	2,855,281
Total Current Assets		10,774,293	5,278,296
Total Assets		165,089,273	164,847,089
Non Current Liabilities			
Staff Convertible Notes	12	372,763	255,065
Provision for Current Share Price	12	267,968	174,204
Deferred Taxation	4	4,815,754	1,259,226
Total Non Current Liabilities		5,456,485	1,688,495
Current Liabilities			
Taxation		2,112,631	3,390,577
Accounts Payable	8	3,606,865	4,547,504
Employee Entitlements	9	953,018	834,525
Mortgages (secured)	12	0	2,750,000
Staff Convertible Notes	12	86,800	135,450
Total Current Liabilities		6,759,314	11,658,056
Total Liabilities		12,215,799	13,346,551
Net Assets		$152,873,474	$151,500,538

On behalf of the Board

K J Matthews,
4th August 2011

P J Hensman

The notes to the accounts form an integral part of these accounts and are to be read in conjunction with them

Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Note	2011	2010
Cash Flows From Operating Activities			
Cash was provided from:			
Government Subsidies		22,157	105,805
Receipts from Customers		52,761,110	50,286,758
Receipts from Interest		269,475	160,871
Receipts from Rent		5,056,298	4,772,163
Receipts from Dividends		2,971,526	2,661,992
		61,080,566	57,987,589
Cash was disbursed to:			
Payments to Suppliers and Employees		33,036,320	28,265,018
Interest Paid on Debt		144,032	546,370
Taxation		6,788,113	4,693,670
		39,968,465	33,505,058
Net Cash Flow From Operating Activities	18	$21,112,101	$24,482,531
Cash Flows From Investing Activities			
Cash was provided from:			
Proceeds from Sales of Assets		667	415,000
Christchurch Hotels Limited		857,500	1,071,049
		858,167	1,486,049
Cash was applied to:			
Acquisition of Fixed Assets		2,890,336	7,748,404
Net Cash Used In Investing Activities		$-2,032,169	$-6,262,355
Cash Flows From Financing Activities			
Cash was provided from:			
Increase in Debt - Convertible Notes		204,498	168,265
		204,498	168,265
Cash was applied to:			
Decrease in Debt – Mortgages (secured)		2,750,000	10,900,000
Dividend Paid		10,831,999	7,441,726
Foreign Currency Related Movements		121,398	52,397
		13,703,397	18,394,123
Net Cash Used In Financing Activities		$-13,498,899	$-18,225,858
Net Increase in Cash Held		$5,581,033	$-5,682
Add Effect of Exchange Rate Fluctuations on Cash Held		$54,370	$-247,257
Add Opening Cash		$2,855,281	$3,108,220
Ending Cash Carried Forward	7	$8,490,684	$2,855,281

The notes to the accounts form an integral part of these accounts and are to be read in conjunction with them

Skyline Enterprises Limited

Statement of Comprehensive Income

For the year ended 31 March 2011

	Note	2011	2010
Operating Revenue			
Sales		22,625,555	21,092,743
Cost of Sales		3,625,509	3,477,623
Gross Profit		19,000,046	17,615,120
Other Income			
Rents Received		265,318	359,832
		19,265,364	17,974,952
Expenses			
Operating Expenses	1	10,595,427	9,252,608
Directors' Fees		340,000	600,930
Audit Fees	1	30,109	31,930
Fringe Benefit Taxation		18,055	17,537
Depreciation	2	1,258,405	1,237,647
		12,241,996	11,140,652
Operating Profit Before Financing Revenue		7,023,368	6,834,300
Dividends from Subsidiaries		0	39,782,097
Interest Received	3	49,221	-3,191
Interest Paid	3	125,598	453,141
Net Financing Revenue		-76,377	39,325,765
Profit Before Tax		6,946,991	46,160,065
Income Tax Expense	4	3,006,158	1,953,023
Profit for the Year		3,940,833	44,207,042
Share of Profit of Equity Accounted Investees		3,276,964	4,563,014
Profit attributable to Equity Holders of the Company		7,217,797	48,770,056
Other Comprehensive Income			
Movement Equity Accounted Investees Capital		-5,026,781	0
Total Comprehensive Income for the Year		$2,191,016	$48,770,056

The notes to the accounts form an integral part of these accounts and are to be read in conjunction with them

Skyline Enterprises Limited

Statement of Changes in Equity

For the year ended 31 March 2011

	Share Capital	Retained Earnings	Total Equity
Equity as at 1 April 2009	27,426,178	29,493,829	56,920,007
Total Recognised Income and Expense	0	8,987,959	8,987,959
Dividends from Subsidiaries	0	39,782,097	39,782,097
Contributions from Shareholders	153,300	0	153,300
Dividends to Shareholders	0	-7,441,726	-7,441,726
Equity as at 1 April 2010	$27,579,478	$70,822,159	$98,401,637
Total Recognised Income and Expense	0	7,217,797	7,217,797
Contributions from Shareholders	135,450	0	135,450
Dividends to Shareholders	0	-10,831,999	-10,831,999
Movement Investees Capital	0	-5,026,781	-5,026,781
Equity as at 31 March 2011	$27,714,928	$62,181,176	$89,896,104

The notes to the accounts form an integral part of these accounts and are to be read in conjunction with them

Skyline Enterprises Limited

Balance Sheet

As at 31 March 2011

	Note	2011	2010
Equity			
Issued Fully Paid up Capital			
33,919,779 Ordinary Shares		27,714,928	27,579,478
Retained Earnings		62,181,176	70,822,159
Total Equity		$89,896,104	$98,401,637
This is Represented by:			
Non Current Assets			
Fixed Assets	10	11,378,254	11,186,466
Investments in Associate and Other Companies	11	20,478,749	25,442,695
Shares in Subsidiary Companies		5,600,970	5,600,970
Loans to Subsidiary Companies		49,639,010	61,400,203
Deferred Taxation	4	53,403	46,129
Total Non Current Assets		87,150,386	103,676,463
Current Assets			
Inventory		486,054	429,741
Accounts Receivable	6	630,149	798,715
Bank of New Zealand	7	6,341,817	337,274
Total Current Assets		7,458,020	1,565,730
Total Assets		94,608,406	105,242,193
Non Current Liabilities			
Staff Convertible Notes	12	372,763	255,065
Provision for Current Share Price	12	267,968	174,204
Deferred Taxation	4	874,492	0
Total Non Current Liabilities		1,515,223	429,269
Current Liabilities			
Taxation		765,948	958,016
Accounts Payable	8	1,956,007	2,240,702
Employee Entitlements	9	388,324	327,119
Mortgages (secured)	12	0	2,750,000
Staff Convertible Notes	12	86,800	135,450
Total Current Liabilities		3,197,079	6,411,287
Total Liabilities		4,712,302	6,840,556
Net Assets		$89,896,104	$98,401,637

On behalf of the Board

K J Matthews,
4th August 2011

P J Hensman

The notes to the accounts form an integral part of these accounts and are to be read in conjunction with them

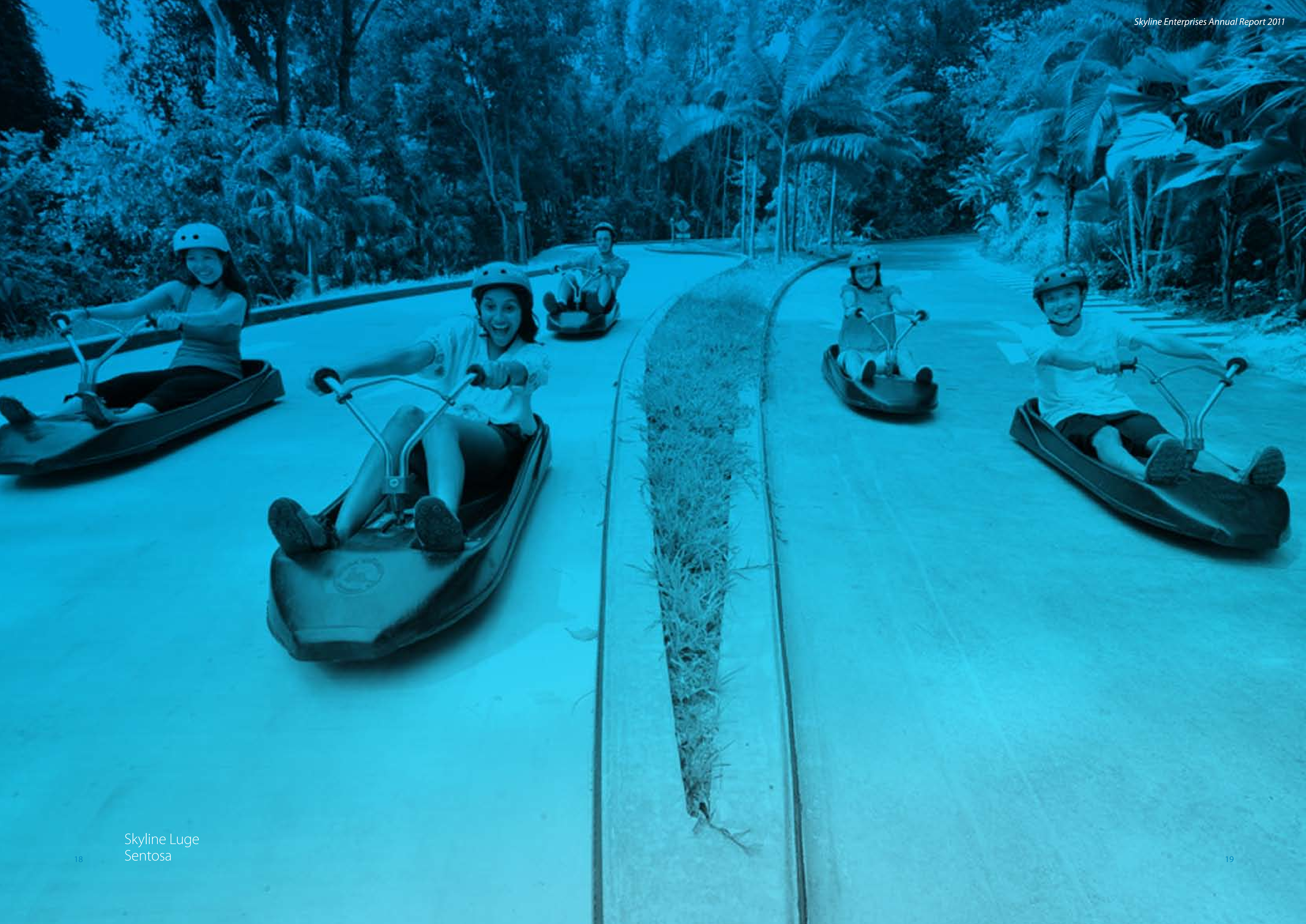
Skyline Enterprises Limited

Statement of Cash Flows

For the year ended 31 March 2011

	Note	2011	2010
Cash Flows From Operating Activities			
Cash was provided from:			
Receipts from Customers		22,794,121	20,847,378
Receipts from Interest		99,471	30,547
Receipts from Rent		265,318	359,832
Receipts from Dividends		2,949,504	2,642,264
		26,108,414	23,880,021
Cash was disbursed to:			
Payments to Suppliers and Employees		14,777,084	12,602,875
Interest Paid on Debt		125,598	453,141
Taxation		2,349,063	1,590,498
		17,251,745	14,646,514
Net Cash Flow From Operating Activities	18	$8,856,669	$9,233,507
Cash Flows From Investing Activities			
Cash was provided from:			
Advances from Subsidiaries		11,761,193	11,287,986
Christchurch Hotels Limited		214,375	267,762
Queenstown Casinos Limited		667	0
		11,976,235	11,555,748
Cash was applied to:			
Acquisition of Fixed Assets		1,450,860	2,812,495
		1,450,860	2,812,495
Net Cash Flow From Investing Activities		$10,525,375	$8,743,253
Cash Flows From Financing Activities			
Cash was provided from:			
Increase in Debt - Convertible Notes		204,498	168,265
Cash was applied to:			
Decrease in Debt – Mortgages (secured)		2,750,000	10,900,000
Dividend Paid		10,831,999	7,441,726
		13,581,999	18,341,726
Net Cash Used In Financing Activities		$-13,377,501	$-18,173,461
Net Decrease in Cash Held		$6,004,543	$-196,701
Add Opening Cash		$337,274	$533,975
Ending Cash Carried Forward	7	$6,341,817	$337,274

The notes to the accounts form an integral part of these accounts and are to be read in conjunction with them



Skyline Luge
Sentosa

Notes to the accounts

Significant Accounting Policies

General Information

Skyline Enterprises Limited (The Company) and its subsidiaries (together the Group) own and operate tourism facilities, primarily cableway, Luge, restaurant, accommodation, commercial property and casino businesses. The Group has operations in New Zealand, Singapore and Canada.

The Company is a limited liability company incorporated and domiciled in New Zealand.

These Consolidated Financial Statements are for the year ended 31 March 2011.

Basis of Preparation

The Consolidated Financial Statements of the Group 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 Financial Reporting Standards as appropriate for profit-oriented entities. Compliance with NZ IFRS ensures that the financial statements also comply with International Financial Reporting Standards (IFRS). The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The financial statements are presented in New Zealand Dollars (NZD) which is the Company's functional and presentation currency. The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property assets and convertible notes.

Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following note: Note 20 – valuation of investment property.

Consolidation

The Consolidated Financial Statements have been prepared on the "Purchase Method" and include the audited results of all subsidiaries to 31 March 2011. All significant inter-company advance accounts are eliminated on consolidation.

Associates

Associates are entities in which Skyline Enterprises Group has significant influence over, but not control over, the operating and financial policies.

Associate companies are reflected in the financial statements of the parent and group using the equity method, whereby Skyline's share of post-acquisition net earnings of the associate is included in earnings after income tax. Where the equity accounted carrying amount of an entity falls below zero, the equity method of accounting is suspended and the investment is recorded at zero. If this occurs, the equity method is not resumed until such time as the group's share of losses, not recognised during the years in which the equity method was suspended, are offset by the current share of earnings.

Property, Plant and Equipment
Owned Assets

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses, with the exception of capital works in progress which are stated at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Notes to the accounts continued

Depreciation

Depreciation of fixed assets has been provided for using Inland Revenue Department maximum allowable rates. It is considered that these rates will write off the cost of the assets over their expected useful lives.

Fixed assets have been depreciated at the following rates:

Buildings	1% to 2.5% CP or 4% to 8% DV
Gondolas, Cableways	10% to 12% DV or 11.1% CP
Motor Vehicles	25% to 31.2% DV
Plant & Equipment	7.5% to 60% DV
Furniture & Fittings	7.5% to 39.6% DV

Land is not depreciated.
Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Investment Property

An external independent valuation company, having appropriately recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment portfolio every 12 months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant premises, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Inventories

Inventories are stated at the lower of cost, determined on a first-in first-out basis, or net realisable value. Inventories include food, liquor, souvenirs and other retail merchandise for resale. Some inventories are subject to retention of title clauses.

Impairment

The carrying amounts of the Group assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income. All receivables considered to have a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Previously recognised impairment losses on assets may be reversed if there is a positive change in the estimate of the recoverable amount, but only to the extent of the prior cumulative impairment losses.

Notes to the accounts continued

Foreign Currency

Transactions and Balances

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies in the Balance Sheet are translated into the functional currency at the exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Income.

Foreign Operations

Translation of the Financial Statements of Independent Foreign Operations.

The assets and liabilities of the Group's overseas operations, being independent foreign operations, are translated at the exchange rates ruling at balance date. The revenues and expenses of these entities are translated at rates approximating the exchange rates ruling at the dates of transactions. Exchange differences arising on the translation of independent foreign operations are recognised in the foreign currency reserve. On disposal of a foreign operation, the balance held in the foreign currency reserves is transferred to the Statement of Comprehensive Income.

Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity securities, cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. For instruments not at fair value through profit or loss, these are recognised at cost plus any attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Investments in Equity and Debt Securities

The shares and advances held by the parent company in its subsidiaries and associate companies, (note 11), are stated at either cost or equity accounted unless they have been adjusted to the recoverable amount as a result of an impairment loss.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Trade and Other Receivables

Trade and other receivables are initially recorded at cost reduced by appropriate allowances for estimated recoverable amounts. Bad debts are written off when identified.

Borrowing Costs

Until 1 April 2009, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) were expensed as incurred. For qualifying assets commencing on or after 1 April 2009 such costs are capitalised.

Trade and Other Payables

Trade and other payables are stated at cost.

Share Capital

Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Convertible Notes

The convertible notes issued by the Company are recognised at their fair value at balance date and all fair value adjustments are recognised through the Statement of Comprehensive Income.

Notes to the accounts continued

Employee Benefits

Annual Leave

A liability for annual leave is recognised at each balance sheet date.

Income Tax

The tax expense charged against earnings for the period is the estimated total liability including both the current period's provision and deferred tax. The current period's tax payable to the tax authorities in the jurisdictions in which the Group operates is recorded in taxation payable and any amounts due from those tax authorities included in current tax asset.

Tax relating to an item that is recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax book value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. For deferred tax liabilities or assets arising on investment property measured at fair value, it is assumed that the carrying amounts of investment property will be recoverd through sale.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised.

Revenue

Goods Sold

Revenue from the sale of goods is recognised in the Statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Expenses

Operating Lease Payments

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Finance Income and Expenses

Finance income comprises interest income, dividend income, foreign currency gains. Interest income is recognised using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and foreign currency losses. All borrowing costs are recognised in profit or loss using the effective interest method.

Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Segment Reporting

An operating segment is presented on the same basis as that used for internal reporting purposes and its results are regularly reviewed by the chief operating decision maker, which consists of the Board of Directors and the Chief Executive Officer.

All costs are directly allocated to the segment in which they are incurred.

Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the above policies.

Notes to the accounts continued

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 the prior annual financial statements.

The Group has early adopted the following amended accounting standard:
NZ IAS 12 (Amendment): Income Taxes – Where investment property is measured at fair value in accordance with NZ IAS 40: Investment Property, the amended standard requires deferred tax assets and liabilities to be measured based on the tax consequences of a sale at fair value. The Group has chosen to early adopt this amendment and it has been retrospectively applied to comparative periods, however there are no changes to comparative information which require disclosure. The accounting policy for income tax has been amended to reflect this change.

New Standards and Interpretations not yet adopted

At the date of authorisation of these financial statements the following Standards and Interpretations, including those Standards or Interpretations issued by the IASB/IFRIC where an equivalent New Zealand Standard or Interpretation has not been approved, were in issue but not yet effective:

Name	Effective For Annual Reporting Periods Beginning On Or After:
IFRIC 19 Extinguishing Liabilities with Equity Instruments	1 July 2010
Amendment to NZ IFRS 1 First time adoption of International Financial Reporting Standards	1 July 2010
NZ IAS 24 Related Party Disclosures (revised 2009)	1 January 2011
Improvements to NZ IFRS (July 2010)	*
Amendments to IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
Transfers of Financial Assests (Amendments to NZ IFRS 7)	1 July 2011
Severe Hyperinflation and Removal of Fixed Dates for First time Adopters (Amendments to IFRS 1)	1 July 2011
NZ IFRS 9 Financial Instruments	1 January 2013
Amendments to FRS-43 Summary Financial Statements	1 July 2011
Amendments to FRS-44 New Zeland Additional Disclosures	1 January 2012
NZ IFRS 10 Consolidated Financial Statements	1 January 2013
NZ IAS 27 Separate Financial Statements	1 January 2013
NZ IFRS 11 Joint Arrangements	1 January 2013
Amendments to NZ IAS 28 Invetments in Associates and Joint Ventures	1 January 2013
NZ IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
NZ IFRS 13 Fair Value Measurement	1 January 2013

(*) The effective date in transitional provisions vary by Standard. Most of the improvements are effective for the annual periods beginning on or after 1 July 2010 or 1 January 2011, with earlier adoption permitted. The Group and Company have not early adopted any amendments.

The Directors expect to adopt the above Standards and Interpretations in the period in which they become mandatory. With the exception of NZ IFRS 9, the Directors anticipate that the above Standards and Interpretations will have no material impact on the financial statements of the Group or Company in the period of initial application. It is likely that the changes arising from NZ IFRS 9 will affect the recognition and measurement, and classification of amounts recognised in the Group and Company financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the accounts continued

1. Expenses

Operating Expenses

	Group 2011	Group 2010	Parent 2011	Parent 2010
Operating Lease Costs	2,545,133	2,366,281	887,252	790,103
Bad and Doubtful Debts	34,037	5,995	1,012	3,098
Wages and Salaries	13,227,707	11,805,739	5,716,544	4,931,452
Repairs & Maintenance Investment Properties	782,158	421,899	0	0
Other	9,543,803	8,720,476	3,990,619	3,527,955
	$26,132,838	$23,320,390	$10,595,427	$9,252,608

Remuneration of Auditors

	Group 2011	Group 2010	Parent 2011	Parent 2010
Audit Fees for Financial Statement Audit	47,595	53,437	30,109	30,980
Audit Fees for Assurance and Related Services	0	950	0	950
Audit Fees paid to Other Auditors of the Group	15,401	57,777	0	0
	$62,996	$112,164	$30,109	$31,930

Donations

No donations were paid for the year ended 31 March 2011 (2010 $NIL).

2. Depreciation

	Group 2011	Group 2010	Parent 2011	Parent 2010
Land and Improvements	3,260	3,263	0	0
Buildings	677,510	687,156	378,661	381,482
Furniture and Fittings	336,122	386,921	179,745	222,867
Plant and Equipment	1,718,066	1,793,541	699,999	633,298
Canadian Plant and Equipment	173,669	199,495	0	0
Sentosa Plant and Equipment	800,434	617,364	0	0
	$3,709,061	$3,687,740	$1,258,405	$1,237,647
Total Depreciation Includes:-				
Profit on Disposal of Fixed Assets	$556	$0	$556	$0

Notes to the accounts continued

3. Net Financing Costs

Interest Received

	Group 2011	Group 2010	Parent 2011	Parent 2010
Received Bank of New Zealand	65,155	0	49,221	0
Received on Taxation	206	25,921	0	-3,191
Received Canadian Funds	3,114	0	0	0
	$68,475	$25,921	$49,221	$-3,191

Interest Paid

Interest payments have been made on advances to the Company as follows:

	Group 2011	Group 2010	Parent 2011	Parent 2010
Advances from the Bank on Current Account	2,921	417	62	241
Mortgages	76,509	432,087	76,509	432,087
Convertible Notes	20,374	21,508	20,374	21,50
Inland Revenue Department	40,639	92,358	28,653	-695
Sentosa Payroll Authority	3,142	0	0	0
Canadian Tax Authority	447	0	0	0
	$144,032	$546,370	$125,598	$453,141

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

4. Income Tax Expense

	Note	Group 2011	Group 2010	Parent 2011	Parent 2010
Current Tax Expense					
Current Period New Zealand		4,756,199	5,445,230	2,138,940	1,961,418
Adjustment for Prior Periods		-88,090	204,931	0	-652
Current Overseas Taxation		803,729	1,115,896	0	0
Adjustment for Prior Periods		22,272	-89,393	0	0
		5,494,110	6,676,664	2,138,940	1,960,766
Deferred Tax Expense					
Current Charge		3,551,974	-2,394	867,218	-7,743
Adjustment Sentosa		-1,998	-56,087	0	0
Tax Total Income Tax Expense	4	$9,044,086	$6,618,183	$3,006,158	$1,953,023

Reconciliation of Effective Tax Rate

	Note	2011	2011	2010	2010
Group					
Profit for the Period	19		12,590,768		9,920,529
Total Income Tax Expense	4		9,044,086		6,618,183
Profit Excluding Income Tax			21,634,854		16,538,712
Income Tax Using Domestic Tax Rate		30.00%	6,490,456	30.00%	4,961,614
Effects Tax Rates Overseas Income		-4.50%	-974,518	-5.71%	-944,621
Onshore Tax Overseas Income		0.35%	75,122	5.74%	949,657
Effect Allowance Non Deductibility Building Depreciation		15.93%	3,447,138	0	0
Tax Equity Accounted Investee Income		0.28%	60,300	0.24%	40,485
Net Effect Investment Property Revaluations, Depreciation		-0.96%	-207,034	11.59%	1,916,735
Non Deductible Expenses		0.67%	145,270	0.30%	48,963
Tax Exempt Income		0	0	-2.13%	-353,098
Prior Period Adjustments		0	-900	-0.01%	-1,552
Effect Tax Rate Change on Deferred Tax Asset		0.03%	8,252	0	0
		41.80%	$9,044,086	40.02%	$6,618,183
Parent					
Profit for the Period			3,940,833		44,207,042
Total Income Tax Expense	4		3,006,158		1,953,023
Profit Excluding Income Tax			6,946,991		46,160,065
Income Tax Using Domestic Tax Rate		30.00%	2,084,097	30.00%	13,848,019
Benefit Imputation Credits on Subsidiary Dividends Received		0	0	-25.86%	-11,934,629
Effect Allowance Non Deductibility Building Depreciation		12.59%	874,492	0	0
Tax Equity Accounted Investee Income		0.22%	15,075	0.02%	10,121
Non Deductible Expenses		0.42%	29,579	0.07%	31,064
Prior Period Adjustments		-0.01%	-900	0	-1,552
Effect Tax Rate Change on Deferred Tax Asset		0.05%	3,815	0	0
	4	43.27%	$3,006,158	4.23%	$1,953,023

Notes to the accounts continued

Deferred Income Tax

Group	2011	2010	2011	2010
Deferred Income Tax Liabilities				
Non Deductibility Building Depreciation	3,447,138	0		
Accelerated Depreciation Sentosa	464,446	453,693		
Revaluations of Investment Property to Fair Value	906,519	749,446		
Sentosa	58,085	56,087		
Effect Tax Rate Change	-60,434	0		
Gross Deferred Income Tax Liabilities	4,815,754	1,259,226		
Deferred Income Tax Assets				
Employment Benefits	123,771	110,965		
Effect Tax Rate Change	-8,252	0		
Gross Deferred Income Tax Asset	115,519	110,965		
Deferred Income Tax Charge			3,551,974	-2,394
Parent				
Deferred Income Tax Liabilities				
Non Deductibility Building Depreciation	874,492	0		
Gross Deferred Income Tax Liabilities	874,492	0		
Deferred Income Tax Assets				
Employee Benefits	57,218	46,129		
Effect Tax Rate Change	-3,815	0		
Gross Deferred Income Tax Asset	53,403	46,129		
Deferred Income Tax Charge			867,218	-7,743

Tax rate changes are due to the reduction in the Company tax rate from 30 cents to 28 cents in the dollar as from 1st April 2011.

	Group		Parent	
	2011	2010	2011	2010
Imputation Credit Account				
Balance 1 April	35,006,146	32,842,992	29,598,372	10,954,273
Add Income Tax Paid	6,018,852	4,875,850	2,331,010	1,582,861
Imputation Credits on Dividends Received	1,273,510	1,140,852	1,264,072	20,726,565
RWT on Interest Received	4,185	0	0	0
	42,302,693	38,859,694	33,193,454	33,263,699
Less Credits attached to Dividends Paid	4,642,426	3,665,327	4,642,426	3,665,327
Income Tax Refunds	406,844	188,221	0	0
Balance 31 March	$37,253,423	$35,006,146	$28,551,028	$29,598,372

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

Tax Changes

On 20 May 2010 the Government announced that the company tax rate would reduce from 30% to 28% and tax depreciation deductions would no longer be available for any buildings with an estimated useful life of 50 years or more. The changes were enacted on 27 May 2010 and are effective for years beginning on or after 1 April 2011.

The financial effect of these changes has been brought to account in the financial statements for the year ended 31 March 2011.

5. Capital and Reserves

Share Capital

At 31 March 2011 share capital comprised 33,919,779 ordinary fully paid shares (2010: 33,887,529) which have no par value. The holders of ordinary shares have equal voting rights and share equally in dividends and any surplus on winding up.

	2011	2010
Shares on issue 1st April	33,887,529	33,851,029
Add Convertible Notes transferred to Shares	32,250	36,500
Closing Shares on issue 31st March	33,919,779	33,887,529

Translation Reserve

The translation reserve represents the net difference that arises when foreign domiciled assets and liabilities are translated at the closing rate.

Dividends

The Dividends paid in 2011 and 2010 were $10,831,999 ($0.32 per share) and $7,441,726 ($0.22 per share) respectively. Proposed dividends have not been allowed for in the accounts due to accounting standards on the timing of reporting of such dividends. The proposed dividends will be payable on ordinary capital except ordinary shares issued on the conversion of 2008 Staff Convertible Notes which do not qualify for dividends until the year commencing 1 April 2011. All dividends will be fully imputed, the final proposed dividend being 32 cents per share compared to 32 cents per share last year. Total dividend payable will be $10,844,009.

Retained Earnings

These include the following Capital Reserves.

	Group		Parent	
	2011	2010	2011	2010
Opening Balance brought forward	14,304,606	13,905,441	1,274,856	1,274,856
Add Profit on Land Sales	0	399,165	0	0
Closing Balance	$14,304,606	$14,304,606	$1,274,856	$1,274,856

Notes to the accounts continued

6. Trade and Other Receivables

	Group 2011	Group 2010	Parent 2011	Parent 2010
Trade Receivables	$1,683,072	$1,834,123	$630,149	$798,715

The fair values of trade and other receivables are equivalent to the carrying values. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

Trade receivables are shown net of impairment losses amounting to $Nil (2010: $Nil) recognised in the current year.

7. Cash and Cash Equivalents

	Group 2011	Group 2010	Parent 2011	Parent 2010
Cash at bank and in hand	3,240,684	2,855,281	1,091,817	337,274
Deposits (on call)	5,250,000	0	5,250,000	0
Closing Balance	$8,490,684	$2,855,281	$6,341,817	$337,274

8. Trade and Other Payables

	Group 2011	Group 2010	Parent 2011	Parent 2010
Trade Payables	3,583,553	4,542,149	1,932,695	2,235,347
Trade Payables due to Related Parties	23,312	5,355	23,312	5,355
	$3,606,865	$4,547,504	$1,956,007	$2,240,702

9. Employee Benefits

	Group 2011	Group 2010	Parent 2011	Parent 2010
Liability for Annual Leave	657,023	580,539	290,183	226,336
Other Employee Entitlements	295,995	253,986	98,141	100,783
	$953,018	$834,525	$388,324	$327,119

Notes to the accounts continued

10. Property, Plant and Equipment

	Cost $	Additions $	Disposals $	Depreciation $	Foreign Currency Adjustment $	Accumulated Depreciation $`	Carrying value $
2011							
Group							
Land & Improvements (at cost)	2,906,639	0	0	3,260	0	53,493	2,853,146
Buildings (at cost)	24,589,327	327,347	0	677,510	0	8,757,327	16,159,347
Furniture & Fittings (at cost)	5,863,778	230,085	0	336,122	0	4,481,897	1,611,966
Plant & Equipment (at cost)	24,955,458	1,374,852	14,667	1,718,066	0	14,737,913	11,577,730
Canadian Plant & Equipment	3,613,931	12,308	0	173,669	-100,197	2,206,496	1,319,546
Singapore Plant & Equipment	7,008,561	254,203	0	800,434	52,023	3,376,464	3,938,323
	$68,937,694	$2,198,795	$14,667	$3,709,061	$-48,174	$33,613,590	$37,460,058
Parent							
Land & Improvements (at cost)	358,773	0	0	0	0	0	358,773
Buildings (at cost)	10,486,460	313,004	0	378,661	0	4,848,148	5,951,316
Furniture & Fittings (at cost)	2,480,914	84,831	0	179,745	0	1,835,693	730,052
Plant & Equipment (at cost)	10,159,554	1,053,026	14,667	699,999	0	6,859,800	4,338,113
	$23,485,701	$1,450,861	$14,667	$1,258,405	$0	$13,543,641	$11,378,254
2010							
Group							
Land & Improvements (at cost)	2,922,474	0	15,835	3,263	0	50,233	2,856,406
Buildings (at cost)	23,468,304	1,121,023	0	687,156	0	8,079,817	16,509,510
Furniture & Fittings (at cost)	5,570,178	293,600	0	386,921	0	4,145,775	1,718,003
Plant & Equipment (at cost)	23,340,072	1,615,386	0	1,793,541	0	13,033,847	11,921,611
Canadian Plant & Equipment	3,595,514	18,417	0	199,495	-61,404	2,032,827	1,519,700
Singapore Plant & Equipment	4,992,224	2,016,337	0	617,364	-94,542	2,576,030	4,337,989
	$63,888,766	$5,064,763	$15,835	$3,687,740	$-155,946	$29,918,529	$38,863,219
Parent							
Land & Improvements (at cost)	358,773	0	0	0	0	0	358,773
Buildings (at cost)	9,388,118	1,098,342	0	381,482	0	4,469,487	6,016,973
Furniture & Fittings (at cost)	2,214,927	265,987	0	222,867	0	1,655,948	824,966
Plant & Equipment (at cost)	8,711,388	1,448,166	0	633,298	0	6,173,800	3,985,754
	$20,673,206	$2,812,495	$0	$1,237,647	$0	$12,299,235	$11,186,466

Notes to the accounts continued

11. Investments in Associate and Other Companies

	Group 2011	Group 2010	Parent 2011	Parent 2010
Shares	500	500	0	0
Christchurch Casinos Limited	15,741,000	20,650,506	15,189,124	20,062,245
Queenstown Casinos Limited	1,345,200	1,434,400	1,345,200	1,434,400
Christchurch Hotels Ltd	15,777,703	15,784,203	3,944,425	3,946,050
	$32,864,403	$37,869,609	$20,478,749	$25,442,695

The following associate Companies have been equity accounted:

Company	Percentage Held	Balance Date	Note
Christchurch Hotels Limited	33.3%	31 March	
Christchurch Casinos Limited	50.0%	31 March	*
Queenstown Casinos Limited	40.0%	30 June	

* This shareholding comprises 33.3% (2010 30.7%) held directly and 16.7% (2010 14.8%) held through interposed companies.

Christchurch Hotels Limited is an Investment Company whose subsidiary, Premier Hotels (Christchurch) Limited, has a 33.3% (2010 30.7%) holding in Christchurch Casinos Limited.

Christchurch Casinos Limited operates predominantly in the Casino Industry. Christchurch Casinos Limited purchased 8% of its shares held by Southern Equities Limited and cancelled them during the year. The cost of purchase reduced the companies Issued Capital.

Christchurch Casinos Limited has been impacted by the earthquakes in Christchurch. It was closed after each major earthquake as follows: September 4th to 9th 2010, February 22nd to May 26th 2011 and June 13th to 16th 2011.

The building is structurally sound and since reopening on May 26th trading has been satisfactory, but down on the prior year as a consequence of ongoing issues relating to earthquake damages resulting in some areas not being fully operational. The devastation to the commercial centre has meant that the Casino is strongly marketing itself as a desirable entertainment destination. The Directors are confident that business will recover, in time, to pre earthquake levels. In the meantime costs, wages and hours of operation are being appropriately managed.

The Casino was insured for Building, Plant, Stock and Business Interruption. At this time the quantum recoverable cannot be confirmed, so an amount has been determined based on the best available evidence.

Queenstown Casinos Limited operates predominantly in the Casino Industry. The activities of Queenstown Casinos Limited remained principally unchanged during the period.

All subsidiaries have been fully consolidated in the accounts. All subsidiaries have a 31 March balance date.

Group Entities

The following subsidiary Companies are 100% beneficially owned, and are incorporated in New Zealand unless otherwise stated.

Accommodation and Booking Agents Limited
Leisure Lodge Motor Inn Limited
Queenstown Tourist Company Limited
Skyline Skyrides Limited
Skyline Tours Limited
North Sky Luge Limited
North Sky Luge (Tremblant) Limited – incorporated in Canada
Sentosa Luge Company Pte Limited – incorporated in Singapore
Fairy Springs Holdings Limited
Skyline Investments Limited
Skyline Properties Limited
O'Connells Pavilion Limited

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

12. Interest-bearing Loans and Borrowings

	Group 2011	Group 2010	Parent 2011	Parent 2010
Non-current				
Convertible Notes	372,763	255,065	372,763	255,065
	$372,763	$255,065	$372,763	$255,065
Current				
Secured Bank Loans	0	2,750,000	0	2,750,000
Convertible Notes	86,800	135,450	86,800	135,450
	$86,800	$2,885,450	$86,800	$2,885,450

Terms and Debt Repayment Schedule

The terms and conditions of outstanding loans were as follows:

Group and Parent

	Currency	Interest rate	Year of maturity	2011 Face value	2011 Carrying amount	2010 Face value	2010 Carrying amount
Secured Bank Loan	NZD		2011	0	0	2,750,000	2,750,000
Convertible Notes	NZD	4.78%	2012-2014	459,563	459,563	390,515	390,515
Total Interest-bearing Liabilities				459,563	459,563	3,140,515	3,140,515

Mortgages (secured)

An overall facility of $40,000,000 was arranged with the Bank of New Zealand reducing by $4,000,000 on 6th September 2007 and each subsequent year thereafter. The facility has since been reduced to $12,000,000 to reflect the Group's expected cash requirements to 31 March 2011.

The facility is secured by mortgage and debenture over the assets and undertakings of the Group.

Staff Convertible Notes

(a) 2009 Staff Convertible Notes 28,000 of $3.10 - $86,800. Convert to Ordinary Shares in the ratio of one for one on 31 March 2012.
(b) 2010 Staff Convertible Notes 46,100 of $3.65 - $168,265. Convert to Ordinary Shares in the ratio of one for one on 31 March 2013.
(c) 2011 Staff Convertible Notes 48,690 of $4.20 - $204,498. Convert to Ordinary Shares in the ratio of one for one on 31 March 2014.
(d) The 2008 Staff Convertible Notes converted to Ordinary Shares on 31 March 2011. The new shares issued qualify for dividends for the financial year commencing 1 April 2011.

Staff Convertible Notes – Provision for Current Share Price

	Group & Parent 2011	Group & Parent 2010
Liability on conversion at current share price	727,531	564,719
Less Book Value convertible notes	459,563	390,515
Provision for current share price on convertible notes	$267,968	$174,204

Notes to the accounts continued

13. Related Party Transactions

Parent and Ultimate Controlling Party

The immediate parent of the Group is Skyline Enterprises Ltd. By virtue of the fact the Company is owned by a large number of small investors there is no ultimate controlling party.
Skyline Enterprises has a related party relationship with the subsidiaries and associates as listed in Note 11.

Skyline Enterprises Limited has provided an unlimited intercompany guarantee to the Bank of New Zealand in favour of all its New Zealand subsidiaries.

Businesses in which Directors have a substantial interest and which provided services/supplies to the group on an arms length commercial basis during the period were as follows:-
Mr Bill Walker is a Director and major shareholder of E Type Engineering Limited which provided engineering services.
Mr G Hensman is a Director and major shareholder of Southern Beaver Limited which provided consulting contracting and heavy machinery services.
No related party debts were written off or forgiven during the year.
Of the above related party transactions expenditure expensed represents 1.73% (2010 2.24%) of total operating expenses including $23,312 (2010 $5,355) owing at balance date, which is payable on normal trade terms.

Key Management Compensation

Short Term Employee Benefits $1,094,000 (2010: $1,067,000)

Loans and Advances to Related Parties

	Group 2011	Group 2010	Parent 2011	Parent 2010
Advance to Christchurch Hotels Ltd	$6,257,635	$7,115,135	$1,564,407	$1,778,782

14. Contingent Liabilities

The North Sky Luge (Tremblant) Limited operating lease agreement with Mont Tremblant Resorts Limited – Intrawest requires satisfactory removal of all installations upon termination of the lease or the payment of $100,000 Canadian to cover such costs of removal, otherwise the Company had no significant contingent liabilities as at 31st March 2011 as for the previous year.

At balance date the Group has a maximum liability of $100,000 to the BNZ in respect of Visa Business credit cards held.

15. Capital Commitments

	Group & Parent 2011	Group & Parent 2010
Contracted but not provided for		
Skyline Enterprises Building Refurbishment	284,000	60,000
24 Rees Rebuilding	105,000	0
Sentosa Conveyor Upgrade	0	90,000
Skyline Luge Track and Conveyor Upgrade	0	450,000
Skyline Enterprises Chairlift Upgrade	0	300,000
Skyline Enterprises Cableway Upgrade	212,000	0
Skyine Investments Limited	0	200,000
	$601,000	$1,100,000

Any other material capital expenditure items contracted for at balance date are provided for in the financial statements.

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

16. Operating Lease Commitments

(a) The company has entered into an operating lease with the Queenstown Lakes District Council and Minister of Conservation for the cableway, Luge and restaurant complex on Bobs Peak Queenstown. The lease is renewable 5 yearly with rights of renewal to 2070. It has been renewed to 31 March 2015. Rental is 3% of Food, Beverage, Photography and Souvenirs sales to 2020. Rental on Luge, Gondola and other sales is 3.5% to 2014 then 3.75% to 2017 then 4% to 2020. As turnover figures are not known actual future obligations under the lease cannot be determined in dollar terms.

(b) The Group has entered into an operating lease with Intrawest for the Luge operation at Mont Tremblant, Quebec, Canada. The lease is renewable five yearly with rights of renewal to 2023. The current term expires in April 2013. Rental is calculated on a percentage of turnover minimum rental payable each year being C$200,000. A lift maintenance fee of C$25,000 to C$33,000 is also payable. As turnover figures are not known, actual future obligations under the lease cannot be determined in dollar terms.

(c) The Group has entered into an operating lease with the Sentosa Development Corporation for the Luge operation on Sentosa Island, Singapore. The lease is renewable five yearly with rights of renewal to 2025. The current term expires in November 2015. Rental is calculated on a percentage of turnover with the minimum rental in the current term being S$110,400. Minimum rents in successive terms are increased by the higher of 15% of the minimum rent in the preceding term or the percentage increase in the Singapore Consumer Price Index whichever be the higher. As turnover figures are not known, actual future obligations under the lease cannot be determined in dollar terms.

Notes to the accounts continued

17. Financial Instruments

Exposure to credit, interest rate, foreign currency, equity price and liquidity risks arises in the normal course of the Group's business.

Credit Risk

Financial Instruments which potentially subject the Group to credit risk principally consist of accounts receivable, advances to associated companies and bank balances. The Company generally does not require collateral or security. The Company continuously monitors the credit quality of its major receivables and does not anticipate any non performance of those customers.

Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

Foreign Currency Risk

Foreign currency risk is the risk that the value of assets and liabilities will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk as a result of transactions that are denominated in a currency other than New Zealand Dollars. The Group is exposed to currency risk on Canadian Dollars due to its offshore investment in the North Sky Luge operation, a fully owned subsidiary, and is exposed to currency risk on Singapore Dollars due to its offshore investment in the Sentosa Luge operation, a fully owned subsidiary.

Interest Rate Risk

The Company and Group has no exposure to interest rate risk in respect of the bank mortgages of $Nil (2010 $2,750,000). The Directors consider that the interest rate risk is within acceptable thresholds for the group.

Quantitative Disclosures

Credit Risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The Group's maximum exposure to credit risk for trade and other receivables by geographic regions is as follows:

	2011	2010
New Zealand	1,578,967	1,594,758
Singapore	104,105	239,365
Canada	0	0
Total	$1,683,072	$1,834,123

The status of trade receivables at the reporting date is as follows:

	Gross receivable 2011	Impairment 2011	Gross receivable 2010	Impairment 2010
Not past due	1,089,288	0	1,158,193	0
Past due 0-30 days	408,769	0	549,342	0
Past due 31-120 days	136,585	0	109,529	0
Past due 121-360 days	47,674	0	8,512	0
Past due more than 1 year	756	0	8,547	0
Total	$1,683,072	$0	$1,834,123	$0

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

Liquidity Risk

The following table sets out the contractual cash flows for all financial liabilities and derivatives that are settled on a gross cash flow basis.

	Balance sheet	Contractual cash flows	12 months or less	1-2 years	2-5 years	More than 5 years
Group						
2011						
Convertible Notes	459,563	459,563	86,800	168,265	204,498	0
Trade and Other Payables	4,559,883	4,559,883	4,559,883	0	0	0
Total Non-Derivative Liabilities	$5,019,446	$5,019,446	$4,646,683	$168,265	$204,498	$0
2010						
Secured Bank Loans	2,750,000	2,750,000	2,750,000	0	0	0
Convertible Notes	390,515	390,515	135,450	86,800	168,265	0
Trade and Other Payables	5,382,029	5,382,029	5,382,029	0	0	0
Total Non-Derivative Liabilities	$8,522,544	$8,522,544	$8,267,479	$86,800	$168,265	$0
Parent						
2011						
Convertible Notes	459,563	459,563	86,800	168,265	204,498	0
Trade and Other Payables	2,344,331	2,344,331	2,344,331	0	0	0
Total Non-Derivative Liabilities	$2,803,894	$2,803,894	$2,431,131	$168,265	$204,498	$0
2010						
Secured Bank Loans	2,750,000	2,750,000	2,750,000	0	0	0
Convertible Notes	390,515	390,515	135,450	86,800	168,265	0
Trade and Other Payables	2,567,821	2,567,821	2,567,821	0	0	0
Total Non-Derivative Liabilities	$5,708,336	$5,708,336	$5,453,271	$86,800	$168,265	$0

Foreign Currency Risk*	2011 $S	2011 $C	2010 $S	2010 $C
Trade Receivables	99,930	0	237,953	0
Secured Bank Loans	0	0	0	0
Trade Payables	-100,136	-22,883	-997,246	-25,000
Net Balance Sheet Exposure	-206	-22,883	-759,293	-25,000

* $S = Singapore Dollars
$C = Canadian Dollars

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

Capital Management

The Group's capital includes share capital, reserves and retained earnings. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is not subject to any externally imposed capital requirements.

Classifications and Fair Values

2011	Note	Trading	Designated at Fair Value	Held to Maturity	Loans and Receivables	Available for Sale	Other Amortised Cost	Total Carrying Amount	Fair Value
Assets									
Investments in Associates & Other Companies	11	0	0	0	0	32,864,403	0	32,864,403	*
Trade and Other Receivables	6	0	0	0	1,683,072	0	0	1,683,072	1,683,072
Cash and Cash Equivalents	7	0	0	0	8,490,684	0	0	8,490,684	8,490,684
Total Assets		0	0	0	10,173,756	32,864,403	0	43,038,159	10,173,756
Liabilities									
Convertible Notes	12	0	727,531	0	0	0	0	727,531	727,531
Loans and Borrowings	12	0	0	0	0	0	0	0	0
Trade and Other Payables	8 & 9	0	0	0	0	0	4,559,883	4,559,883	4,559,883
Total Liabilities		0	727,531	0	0	0	4,559,883	5,287,414	5,287,414
2010									
Assets									
Investments in Associates & Other Companies	11	0	0	0	0	37,869,609	0	37,869,609	*
Trade and Other Receivables	6	0	0	0	1,834,123	0	0	1,834,123	1,834,123
Cash and Cash Equivalents	7	0	0	0	2,855,281	0	0	2,855,281	2,855,281
Total Assets		0	0	0	4,689,404	37,869,609	0	42,559,013	4,689,404
Liabilities									
Convertible Notes	12	0	564,719	0	0	0	0	564,719	564,719
Loans and Borrowings	12	0	0	0	0	0	2,750,000	2,750,000	2,750,000
Trade and Other Payables	8 & 9	0	0	0	0	0	5,382,029	5,382,029	5,382,029
Total Liabilities		0	564,719	0	0	0	8,132,029	8,696,748	8,696,748

* The Directors are unable to determine the fair value of the investment in Associates and Other Companies because the equity instruments do not have a quoted market price in an active market. It is the Directors' intentions to continue to hold the Investments in Associates and Other Companies.

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

Classification and Fair Values continued

The only Financial instruments measured at fair value in the Statements of Financial Position are convertible notes. Under the fair value hierarchy, the fair value estimation of convertible notes is classified as Level 1 under NZ IFRS 7: Financial Instruments Disclosures.

Estimation of Fair Values

The methods used in determining the fair value of financial instruments are discussed in the Group's accounting policies.

The estimated fair values of the financial instruments at 31 March 2011 are identical to the carrying values as detailed in the Balance Sheet and Consolidated Balance Sheet as at 31 March 2011.

Sensitivity Analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, permanent changes in foreign exchange and interest rates will have an impact on profit.

At 31 March it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before income tax by $1,000 (2010: $28,000).

The above estimate of change in profit has been calculated on bank loans and 2010 convertible notes, and has been estimated on a similar basis to the prior year.

It is estimated that a general increase of one percentage point in the value of the New Zealand Dollar against other foreign currencies would have decreased the Group's profit before income tax by $56,000 (2010: $62,000).

18. Reconciliation of Profit after Taxation to Net Cash Flows from Operating Activities

	Group 2011	Group 2010	Parent 2011	Parent 2010
Reported Surplus after Taxation	16,679,901	15,163,225	7,217,797	48,770,056
Add Non Cash Items				
Depreciation	3,709,061	3,687,740	1,258,405	1,237,647
Movement in Deferred Tax	3,551,974	-2,394	867,218	-7,743
Additional Earnings from Equity Accounted Associates	-916,607	-2,445,756	-277,210	-1,887,013
Convertible Notes Provision	93,764	99,866	93,764	99,866
Investment Property Fair Value	-458,459	6,405,026	0	0
Foreign Currency Translation (Gains)/Losses	413,153	-777,825	0	0
Dividends from Subsidiaries	0	0	0	-39,782,097
Profit on Land Sale	0	-399,165	0	0
	23,072,787	21,730,717	9,159,974	8,430,716
Movement in Working Capital				
Decrease in Taxation Paid	-1,277,946	1,944,444	-192,068	387,805
Increase in Other Creditors	-822,146	1,333,061	-223,490	752,568
Increase in Inventory	-11,645	-109,389	-56,313	-92,217
Increase in Debtors	151,051	-416,302	168,566	-245,365
	-1,960,686	2,751,814	-303,305	802,791
Net Cash Flow from Operating Activities	$21,112,101	$24,482,531	$8,856,669	$9,233,507

Notes to the accounts continued

19. Segment Reporting

a) Operating Segments

Chief Operating Decision Maker

The 'Chief Operating Decision Maker' has been identified as the Board of Directors and the Chief Executive Officer, who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Reportable Segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:
Tourism Operations – includes the gondola, Luge and related food & beverage sales at all relevant operating sites.
Property Investment – includes the ownership and rental of properties classified as investment property.
Other operations include the provision of accommodation and the ownership of shares for investment purposes.
None of these segments meet any of the quantitative thresholds for determining reportable segments in 2011 and 2010.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment operating profit before income tax. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other information provided is measured in a manner consistent with that in the financial statements. Significant one-off costs such as depreciation and revaluation of investment property have been excluded from the segment disclosures to reflect underlying segment operating performance.

	Tourism Operations 2011	2010	Property Investment Operations 2011	2010	All Other Segments 2011	2010	Total 2011	2010
Revenue from External Customers	48,475,559	46,410,357	4,457,841	4,196,346	4,755,114	4,974,327	57,688,514	55,581,030
Wages	10,972,127	9,764,638	0	0	2,255,580	2,041,101	13,227,707	11,805,739
Cost of Sales	5,283,217	5,059,906	0	0	477,242	495,166	5,760,459	5,555,072
Operating Profit	17,290,682	17,536,437	3,675,383	3,613,638	699,040	1,137,122	21,665,105	22,287,197
Other Reconciling Items							-45,306	5,228,036
Financing Costs							75,557	520,449
Tax							9,044,086	6,618,183
Profit for the Year							12,590,768	9,920,529
Capital Expenditure	2,034,372	4,999,849	691,541	2,683,641	164,423	64,914	2,890,336	7,748,404
Segment Assets	77,289,899	78,098,959	84,063,819	82,966,198	3,735,555	3,781,932	165,089,273	164,847,089

b) Geographical Segments

The Tourism operation segment is managed on a worldwide basis, but operates tourism operation sites in New Zealand, Singapore and Canada. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	New Zealand 2011	2010	Singapore 2011	2010	Other Regions 2011	2010
Total Segment Revenue	45,045,366	43,782,577	10,280,368	9,785,409	2,433,625	2,438,130
Segment Fixed Assets	116,077,189	115,730,530	3,938,324	4,337,989	1,319,545	1,519,700

Notes to the accounts continued

20. Investment Property

	Group 2011	2010
Balance at 1 April	82,725,000	86,446,385
Additions from subsequent expenditure	691,541	2,683,641
Change in fair value	458,459	-6,405,026
	83,875,000	82,725,000

The investment property assets total shown in the Consolidated Balance Sheet and reconciled above have been valued at fair value totalling $83,875,000 (2010 $82,725,000).

The valuation was prepared by Colliers International Queenstown (Registered Valuers) as at 31 March 2011.

Investment property comprises a number of commercial properties that are leased to third parties. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The range of yields applied to the net annual rentals to determine fair value of property for which current prices in an active market are unavailable is as follows:

Retail and Offices

	Yields 2011	2010
Queenstown New Zealand	3.96% – 7.58%	5.4% - 7.3%

Notes to the accounts continued

21. Equity Accounted Investees

The Group's share of profit in its equity accounted investees for the year was $4,089,133 (2010: $5,242,696). Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Revenues	Expenses	Profit/(loss)
2011 (thousands of dollars)										
Christchurch Casinos Ltd	50%*	17,558	36,596	54,154	6,931	0	6,931	61,451	52,072	9,379
Christchurch Hotels Ltd	33.3%	215	47,171	47,386	18,827	0	18,827	3,150	597	2,553
Queenstown Casinos Ltd	40.0%	1,196	3,100	4,296	933	0	933	6,249	6,472	-223
2010 (thousands of dollars)										
Christchurch Casinos Ltd	45.5%*	37,797	36,036	73,833	6,495	0	6,495	66,443	51,936	14,507
Christchurch Hotels Ltd	33.3%	232	47,171	47,403	21,397	0	21,397	2,862	680	2,182
Queenstown Casinos Ltd	40.0%	1,114	3,388	4,502	916	0	916	6,658	6,829	-171

* Direct and indirect interest

Movements in Carrying Value of Equity Accounted Investees:

	Group 2011	Group 2010	Parent 2011	Parent 2010
Balance at 1 April	37,869,609	36,494,904	25,442,695	23,823,445
Share of Profit/(Loss)	4,089,133	5,242,696	3,276,964	4,563,014
Less Interest, Dividends received	-3,172,526	-2,796,942	-2,999,754	-2,676,002
Capital Repaid	-857,500	-1,071,049	-214,375	-267,762
Other	-5,064,313	0	-5,026,781	0
Balance 31 March	$32,864,403	$37,869,609	$20,478,749	$25,442,695

Notes to the accounts continued

22. Earnings Per Share

(a) Basic Earnings Per Share

The calculation of basic earnings per share at 31 March 2011 was based on the profit attributable to ordinary shareholders of $16,679,901 (2010: $15,163,225) and a weighted average number of ordinary shares outstanding of 33,919,779 (2010: 33,887,529) calculated as follows:

Profit Attributable to Ordinary Shareholders

	Note	Total 2011	Total 2010
Net Profit for the Period		16,679,901	15,163,225
Net Profit Attributable to Ordinary Shareholders		16,679,901	15,163,225

Weighted Average Number of Ordinary Shares – Basic Calculation

	Note	2011	2010
Issued Ordinary Shares at 31 March	5	33,919,779	33,887,529

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share at 31 March 2011 was based on the diluted earnings of $16,700,275 (2010: $15,184,733) and a diluted number of shares of 34,042,569 (2010: 33,993,879) calculated as follows:

Diluted Earnings

	Note	2011	2010
Net Profit for the Period		16,679,901	15,163,225
Plus Convertible Note Interest Paid	3	20,374	21,508
Diluted Earnings		16,700,275	15,184,733

Weighted Average Number of Ordinary Shares – Diluted Calculation

	Note	2011	2010
Issued Ordinary Shares at 31 March	5	33,919,779	33,887,529
Add Convertible Notes Issued	12	122,790	106,350
		34,042,569	33,993,879

Other financial information

For the year ended 31 March 2011

Remuneration of Directors

Directors remuneration and other benefits received, or due and receivable during the year is as follows:-

	Consolidated	Parent Company
K J Matthews - Chairman	96,000	96,000
G H Hensman	54,000	54,000
P J Hensman	63,000	63,000
Bill Walker	52,000	52,000
R B Thomas	45,000	45,000
J N Hunt	45,000	45,000
	$355,000	$355,000

Directors' Indemnity and Insurance

The Company has indemnified its Directors for their actions in their capacity as Directors of the Company to the extent permitted by section 162 of the Companies Act 1993. The Company has also insured its Directors against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

Remuneration of Employees

There were seven employees who received remuneration and any other benefits in their capacity as employees, in excess of $100,000 for the year, as follows:-

Number of Employees	Bracket
1	$100,000 - $110,000
1	$120,000 - $130,000
1	$130,000 - $140,000
1	$140,000 - $150,000
1	$170,000 - $180,000
1	$190,000 - $200,000
1	$340,000 - $350,000

Entries in Interests Register During Financial Year

(a) Directors' Interests

The following transactions were entered into by Directors of the Company during the year:

During the year Skyline Enterprises Limited and its subsidiaries:
Paid Southern Beaver Limited for consulting contracting and heavy machinery services – a company in which Mr G H Hensman, a Director, has an interest.
Paid E Type Engineering Limited for engineering services – a company in which Mr Bill Walker, a Director, has an interest.
All of these transactions were provided on normal commercial terms.

(b) Share Dealing by Directors

Directors did not disclose any on market purchases of ordinary shares under Section 148(2) of the Companies Act 1993 for the year to 31 March 2011.

(c) Use of Company Information

During the year the Board received no notices from Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

Skyline Enterprises Limited And Its Subsidiary Companies

Financial Highlights

	IFRS 2011	IFRS 2010	IFRS 2009	GAAP 2008	GAAP 2007
Total Operating Revenue	57,756,989	55,606,951	52,501,229	51,817,288	52,243,912
Operating Surplus	21,634,854	16,538,712	10,936,565	25,238,223	19,039,658
Taxation Provision	9,044,086	6,618,183	7,193,703	5,818,060	4,969,699
Net Profit After Taxation	16,679,901	15,163,225	9,044,130	25,133,054	14,069,959
Shareholders' Funds	152,873,474	151,500,538	144,859,168	150,464,857	86,921,563
Dividend per share (cents)	32	32	22	28	25
Total Dividends Payable	10,844,009	10,832,329	7,441,726	9,460,592	8,436,957
Earnings to Shareholders Funds	10.9%	10.0%	6.2%	16.7%	16.2%
Net Asset Backing per Ordinary Share	$4.51	$4.47	$4.28	$4.45	$2.57
Wages Paid	13,227,707	11,805,739	12,120,550	12,139,309	11,194,753
Share Price	$5.93	$5.31	$4.65	$5.90	$6.25

Interesting Facts

	2011	2010	2009	2008	2007
Number of Cableway Passengers					
Queenstown	527,731	521,000	492,426	535,625	540,898
Rotorua	405,359	400,612	387,121	429,772	423,872
Number of Diners					
Queenstown	142,427	131,972	123,918	131,792	132,767
Rotorua	95,962	82,486	94,749	111,466	117,329
Average Annual Occupancy					
Blue Peaks Lodge	59%	68%	71%	80%	80%
Leisure Lodge	60%	61%	62%	63%	60%

Shareholding Statistics

Distribution of Shareholders and Shareholdings

Size of Holding	Holders	Shares	%
0 - 19,999	617	4,529,278	13.3
20,000 - 69,999	119	3,889,539	11.5
70,000 - 199,999	40	4,376,482	12.9
200,000 - 499,999	22	5,797,389	17.1
500,000 +	15	15,327,091	45.2
Total	813	33,919,779	100.00

INDEPENDENT AUDITOR'S REPORT

WHK

To the Shareholders of Skyline Enterprises Limited
Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Skyline Enterprises Limited on pages 10 to 17 and pages 20 to 43 and its subsidiaries, which comprise the Consolidated Balance Sheet and Balance Sheet of Skyline Enterprises Limited as at 31 March 2011, and the Consolidated Statement of Comprehensive Income, Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows and Statement of Cash Flows for the year then ended, and Significant Accounting Policies and other explanatory information.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation of consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and that gives a true and fair view of the matters to which they relate; this includes the design, implementation and maintenance of internal control relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationship with or interests in the Skyline Enterprises Group or any of its subsidiaries.

Opinion
In our opinion, the consolidated financial statements on pages 10 to 17 and pages 20 to 43:
- comply with generally accepted accounting practice in New Zealand
- comply with New Zealand equivalents to International Financial Reporting Standards
- give a true and fair view of the financial position of Skyline Enterprises Limited and the group as at 31 March 2011 and the results of its operations and cash flows of the group for the year ended on that date.

Other Matters
We draw attention to the "Effect of NZ IFRS Accounting Policies on Reported Results" commentary included on Page 3 in the Directors' Report which includes the directors' estimation of the Group's results had some aspects of NZ IFRS not been introduced. These results are materially different with the Group's audited results under NZ IFRS as reported in the consolidated financial statements over which we have expressed our opinion.

Report on Other Legal and Regulatory Requirements
We have obtained all the information and explanations that we have required.
In our opinion proper accounting records have been kept by the company and group in accordance with section 194 of the Financial Reporting Act 1993, as far as appears from an examination of those records.

WHK South

WHK South NZ
Invercargill
CHARTERED ACCOUNTANTS
4 August 2011

WHK South NZ

Skyline Enterprises Limited And Its Subsidiary Companies

Company Operations

Accommodation and Booking Agents (Queenstown) Limited

Head Office
Chief Executive Officer: Jeff Staniland
Operations Manager: Maryann Geddes
Manager – International Luge: Bruce Thomasen
Company Administration
Phone : 03 441 0377
Fax : 03 441 0394
E-mail : info@skyline.co.nz
Mail : P O Box 17, Queenstown

Skyline Enterprises Limited
Manager: Blair Deasy
Trading as **Skyline Gondola, Restaurant & Luge**
Cableway Operators
Restaurant and Catering Facilities
Souvenir Sales
Luge Tracks
Function Conference Facilities

North Sky Luge (Tremblant) Limited
Vice President: Daniel Luke
Luge Track, Mont Tremblant, Quebec, Canada

North Sky Luge Limited
New Zealand parent company for overseas Luge operations.

Skyline Tours Limited
Managers : Michael & Anne McMillan
Trading as **Blue Peaks Lodge and Blue Peaks Apartments**
Motels - Serviced and Kitchen
Family Accommodation
Apartments – Fully self contained and serviced

Leisure Lodge Motor Inn Limited
Manager: Jan McDougall
A Dunedin Hotel trading as **Mercure Leisure Lodge**
Accommodation
Restaurant and Bar Facilities
Conference Facilities

Skyline Skyrides Limited
Manager: Neville Nicholson
Cableway Operators
Restaurant and Catering Facilities
Luge Tracks
Function Conference Facilities

Queenstown Tourist Company Limited
Investment Company

Christchurch Casinos Limited
Skyline Enterprises Limited and subsidiary companies retain a 50% share in Christchurch Casinos Limited.

Queenstown Casinos Limited
Skyline Enterprises Limited retains a 40% share in Queenstown Casinos Limited.

Christchurch Hotels Limited
Skyline Enterprises Limited and subsidiary companies retain a 33% share in Christchurch Hotels Limited.

Fairy Springs Holdings Limited
Non operating subsidiary.

Sentosa Luge Company Pte Limited
Manager: Lyndon Thomas
Luge track
Sentosa Island, Singapore

Skyline Investments Limited

Skyline Properties Limited

O'Connells Pavilion Limited
Property Manager: Bob Dennison
Holding companies for the Groups central Queenstown commercial property portfolio.

New Zealand Company Contacts

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PO Box 2353, (Fairy Springs Road)
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Tel: (64) +7-347-0027
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Email: enquiries@skylineskyrides.co.nz

Blue Peaks Lodge
PO Box 17, (corner Stanley & Sydney Streets)
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Tel: (64) +3-442-9224
Fax: (64) +3-442-6847
Email: info@bluepeaks.co.nz

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Email: info@bluepeaks.co.nz

Mercure Leisure Lodge
PO Box 8024, (Duke Street)
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Email: reservations@mercureleisurelodge.co.nz

Skyline Investments

Skyline Properties

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