

2012

45th Annual Report
and Statement of Accounts

SKYLINE

Welcome.

Directory

Board of Directors:

Ken J Matthews (Chairman)
Phillip J Hensman
Grant H Hensman
Bill Walker
Richard B Thomas
Jan N Hunt
Mark Quickfall (Appointed April 2012)

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
North Sky Luge (Calgary) Limited
Totally Tourism Limited
The Helicopter Line Limited
Glacier Helicopters Limited
Mitre Peak Cruises Limited
Milford Sound Scenic Flights Limited
Air Fiordland Limited
Wanaka Flightseeing (2006) Limited

Non Operating Subsidiaries:

Queenstown Tourist Company Limited
North Sky Luge Limited
Fairy Springs Holdings Limited
North Sky Luge No 2 Limited
Glacier Helicopters 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/investorcentre

Bankers:

Bank of New Zealand

Solicitors:

Chapman Tripp, Christchurch

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 45th Annual General Meeting of the Company to be held at the Skyline Restaurant, Queenstown, on Saturday, 29 September 2012, at 6.00pm 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 2012.
2. To consider the Directors' resolution to pay a dividend of 34 cents. The dividend will be paid on 5 October 2012.
3. The Election of Directors. In accordance with the Constitution, Mrs Jan N Hunt and Mr Phillip J Hensman retire from the Board by rotation and, being eligible, offer themselves for re-election. Mr Mark Quickfall was appointed since the last AGM and, being eligible, offers himself for re-election.
4. Directors' Fees. To approve an increase in Directors' Fees to four hundred thousand dollars (\$400,000) per annum from 1 April 2012.
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
10 August 2012

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 6.00pm on Thursday 27 September 2012).

Directors' Report

Your Directors have pleasure in submitting their report together with the financial accounts of the Company for the year ended 31 March 2012.

Results and Distributions

Operating surplus attributable to the Group for the financial year	\$20,271,016
From this will be deducted –	
Your Directors' recommendation of the payment of a dividend of 34 cents	\$11,566,724
Increase in Group retained earnings to be carried forward to reserves of	\$8,704,292

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 Company's true performance, we have restated the main profit and tax results for 2010 to 2012 to remove all revaluation and tax deferred on Building Depreciation entries. Results are then as follows:

	2012	2011	2010
Profit Before Tax	23,765,558	20,622,610	22,510,437
Less Income Tax Expense	7,066,856	5,500,309	6,492,966
Profit for the Year	16,698,702	15,122,301	16,017,471
Plus Share Profit Equity Accounted Investees	4,727,374	4,811,921	5,242,696
'Directors' Profit Attributable to Equity Holders of The Company	\$21,426,076	\$19,934,222	\$21,260,167

Dividend

Having considered the solvency of the Parent Company and Group, the Directors recommend that a dividend of 34 cents per share (imputed at 30%) be paid on the capital of 34,019,779 shares on 5 October 2012 to Shareholders on the register at 5.00pm on 24 September 2012. A solvency certificate has been completed in support of the dividend declaration.

Directors

Mrs Jan N Hunt and Mr Phillip J Hensman retire by rotation and, being eligible, offer themselves for re-election. Mr Mark Quickfall was appointed since the last AGM and, being eligible, offers himself 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 2012 the Company issued 28,000 ordinary shares to holders of 2009 staff convertible notes. On 31 August 2011 the Company issued 100,000 ordinary shares to the Trustees of the MJQ Trust as partial consideration on purchase of Totally Tourism Limited and its subsidiaries.

The issued capital as at 31 March 2012 was 34,047,779 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 principal activities of the Company and its subsidiaries remained unchanged during the period. The Company extended its tourism activities into helicopter, fixed wing and vessel operations through the purchase of Totally Tourism Limited and its subsidiaries on 31 August 2011. 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 Casinos Limited Shares. This Company has been equity accounted. Milford Sound Flights Limited and The Station Limited being associated companies of Totally Tourism Limited operate predominantly in the tourism industry. These companies have 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
Dated this 10 August 2012.

P J Hensman
Director

Chairman's Report

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

	2012	2011
Revenue	74,839,805	57,756,989
Revaluation, Foreign Currency Losses/Gains, Amortisation	1,277,386	45,306
	\$76,117,191	\$57,802,295
Expenses	50,499,742	36,167,441
Operating Profit Before Tax	25,617,449	21,634,854
Equity Earnings	4,727,374	4,089,133
	\$30,344,823	\$25,723,987
Tax	10,073,807	9,044,086
Profit to Shareholders	\$20,271,016	\$16,679,901
Final Dividend Proposed 34c	11,566,724	10,844,009
Net Cashflow from Operating Activities	27,953,823	21,112,101
Actual Tax Payments	5,687,663	6,788,113

The operating profit before tax improved by \$4.0m over that achieved in the previous year assisted by both a revaluation of the Company's commercial properties to the extent of \$1.6m in the current year and improved returns from established operations.

Equity earnings from Casino activities improved by \$0.6m and the income tax expense increased by \$1.0m.

With industry growth that has recently been described as muted since 2005 it is with some satisfaction that we are able to announce a reasonable improvement in our profit to shareholders. Given the market uncertainty our earlier estimations as to year end earnings were shown to be a little conservative even though in many instances we did not attract the same visitors numbers as in the preceding year.

Long haul arrivals to New Zealand have been impacted by many factors all widely known, whilst the strength of our currency has had a negative effect especially from our European and American markets.

While short haul visitor markets have improved they are however often typified by relatively short stays and spending patterns which appear constrained. Traditionally Australians as our most dominant visitor market and a strong currency has meant that many have elected to travel further than simply across the Tasman. The effect is that growth from this market sector has improved by just over 3% over the last 4 years.

Casino Investments

Skycity Queenstown Casino

An improved trading performance was achieved over the year with increases in revenues from gaming as well as food and beverage. Associated with a strong control over operating expenditure a commendable improvement in net earnings resulted.

Christchurch Casino

Given the disruptive trading environment over the reporting period typified by ongoing seismic activity, the requirement to close the complex for short periods of time and the loss to the city of over a million visitor nights throughout the year by virtue of the destruction of over 40% of commercial accommodation facilities, this understandably has had a significant effect on casino operations and trading.

The casino is currently open some 40 hours less per week than prior to the commencement of the earthquakes and whilst visitor numbers to the facility may be buoyant over the weekends (although less than in same period pre-earthquake) the early and midweek trading is quite light.

Building repairs to the complex have all but been completed and it is anticipated that once the rebuild of the city gets underway in 2013 then an improvement in operating performance will be seen.

The Dunedin Casino, which is 30% owned by Christchurch Casinos, reported a very good year's trading with improvements in visitor numbers and overall profitability. The development of a new bar and cafe on the ground floor is part of the initiatives for the coming year in a bid to attract further visitor interest to the area.

Directors and Management

Management resources have been strengthened at head office in response to identified areas where improvements operationally can be realised. The company is very pleased with the calibre of its management team and the effect of the significant amount of re-positioning amongst senior personnel mid-year was both timely and well received.

Directors continue to take a particularly active interest in Company operations where the scope of such was increased substantially through the acquisition of the Totally Tourism Group of companies. On occasion Directors are engaged to undertake specific assignments quite aside from other responsibilities. Such efforts are greatly appreciated.

Through the year the Directors invited Mr Mark Quickfall to the Board and it has been very worthwhile to have the benefit of his tourism and commercial expertise.

Dividend

It is the Directors' recommendation to increase the dividend to 34c per share from last year's 32c. This will require \$11.6m and is equivalent to a distribution of 62% from this year's profit to shareholders after the elimination of the property revaluations.

The distribution is slightly less than last year's 67% and Directors consider the recommendation to be prudent given the prevailing environment.

Forward Review

It would be irresponsible to contemplate that there is going to be any real measure of growth over the ensuing year, indeed years!

We do know that the visitor mix is continuing to change with Asia featuring strongly amongst international arrival numbers. Amongst the reasons that the Company considered establishing a commercial enterprise in Korea was the realisation that we need to gain competence in operating within the developing markets of Asia since those same people represent an expanding opportunity as potential visitors to our country.

Recently some industry leaders have publicly commented to the effect that they consider the tourism industry dysfunctional, fragmented and in need of stronger leadership. Of course it is all very well to offer such remarks, which inevitably seem to occur when market conditions toughen and resolutions to the prevailing predicaments have yet to be formulated.

There is no doubt that improvements can be effected no matter what the industry grouping and early suggestions that we just need to increase our marketing spend and attract a greater number of those visitors who spend more and stay longer is not only bordering on the obvious but under estimating the enormity of the challenge, especially when one considers that the cost competitiveness of New Zealand relative to other destinations is a major factor in determining whether to visit or not.

The industry does acknowledge the issues and is looking for innovative ways to grow both the international and domestic visitor economy. The importance to the entire country is well known and it would be premature to consider that an early resolve is to hand. In all discussions though we have to be mindful that as a nation we have many real advantages over other destinations and whilst the market can be best described as 'flat' that does not mean that it has lost all of its appeal. Keeping matters in perspective at this time is very important.

The environment is such though that as a company we need to be totally in tune with new opportunities and the identification of such. We have advantages both in terms of expertise, motivation and resources and our global competencies are developing profitably. We do not feel constrained by focusing our efforts within New Zealand although we are very mindful that in the main it is our domestic activities that underpin the strength of the company and that those activities must continue to be maintained and strengthened.

Ken J Matthews
Chairman
10 August 2012

CEO's Report

The start of the year was overshadowed by the tragic events in Christchurch and Japan the impact of which were further exacerbated by the Chilean ash cloud. Later in the year the Rugby World Cup produced mixed results across the group while the New Year saw continued financial stress expressed across the developed Western economies and some slowing in developing Asia.

From a domestic perspective these factors created a generally negative operating environment in the South Island with the exception of Dunedin while Rotorua was less affected.

Internationally the Singaporean economy saw growth while in Canada conditions were subdued though stable.

Against this challenging backdrop it is pleasing to report an improved trading performance which is testament to our well-diversified portfolio of competitively priced quality products, range of locations and strong market positions.

Totally Tourism Acquisition

Since the acquisition in August last year significant effort has been made to integrate these new businesses. We have visited all the operations and met as many staff and stakeholders as possible. The Board has held meetings at Franz Josef and Milford Sound. More specifically we have, with our joint venture partner, restructured Milford Sound Flights. We have also restructured Wanaka Flightseeing and at Mitre Peak Cruises entered into an agreement with Kiwi Discovery for bus transport to Milford Sound. While the group in its own right represents a unique set of businesses one of the value opportunities we must capitalise on is the synergies between Skyline and Totally Tourism and the cross-sell opportunities between their respective customer bases.

Senior Management Changes

The Totally Tourism acquisition proved to be a catalyst for a complete change among our senior management team. Blair Deasy became GM Totally Tourism and was replaced at Skyline Queenstown by Lyndon Thomas who in turn was replaced at Skyline Luge Sentosa by Danny Luke. After 26 years of service in Rotorua, Neville Nicholson swapped roles with Bruce Thomasen and took on the role of GM International Luge. It is heartening to be able to provide new challenges and growth opportunities for our talented senior management team.

Skyline Queenstown

Of all our locations the Queenstown market was the most affected by the negative factors described above. In addition the Rugby World Cup was a further negative influence as our traditional visitors stayed away and were not offset by rugby tourists. These factors were exacerbated by the existing long term trend to lower tour group numbers. As a result we experienced a reduction in both gondola and dining numbers to levels last seen in 2009. Fortunately Luge rides increased substantially. Overall we were able to maintain revenue from a combination of higher spend per customer, price increases and new revenue from the carriage of mountain bikers on the gondola.

Skyline Rotorua

Given our predominantly domestic customer base we would have expected Skyline Rotorua to be less affected by international events however the decline in the group tour market resulted in a reduction in both gondola and dining numbers. Again this was offset by a substantial increase in Luge rides and a significant lift in gondola yield due to a better customer mix. The Rugby World Cup provided a lift in business with a number of games hosted locally and our domestic customers showed a willingness to spend more as evidenced by increased Luge ride numbers.

In September we saw a 'changing of the guard' as Neville Nicholson handed over to Bruce Thomasen. Neville has been at Skyline Rotorua from the start, working on the construction and managing it ever since. Over the years he has helped develop the Luge and the property into an iconic New Zealand attraction. The Company would like to acknowledge Neville's contribution to the success of Skyline Rotorua. Bruce Thomasen is well qualified to take over from Neville having been Marketing Manager at Skyline Rotorua for three years and then General Manager International Luge for the last seven years where he oversaw the set-up and management of both Skyline Luge Tremblant and Sentosa and led the search for new Luge sites. Since his arrival Bruce has championed a number of new initiatives which are currently being implemented.

Skyline Luge Sentosa

Our Singaporean business continued its consistent and impressive growth in Luge ride numbers. Revenue was also bolstered by moderate price increases. The competitive threat anticipated by the opening of Resorts World has not been discernible to date. During the year the regulatory environment became more restrictive with the introduction of health and safety regulations based on the New Zealand regime and a new regulator and regulations for the licensing and

oversight of amusement ride operators. These changes have increased our compliance activity and costs. Fortunately our operations are well placed to comply given our long experience and well-developed risk management systems.

One of the implications of continued growth is that we are more often experiencing capacity constraint with insufficient room to accommodate large numbers of customers and the requisite staff. In light of this we have planned an expansion of our top and bottom stations to include increased ticketing, queuing, photography sales, maintenance and staff facilities. After a comprehensive planning and design process tenders have recently been called for this project with construction anticipated to commence in the last quarter of this year.

Skyline Luge Tremblant

Our existing Canadian business continued to produce a pleasing return on investment consistent with the previous year.

Blue Peaks Lodge

Blue Peaks experienced a difficult operating environment in an oversupplied and intensely competitive market place. This resulted in a marginal decline in occupancy in the lodge which was partially offset by a small increase in occupancy in the apartments due to film crews staying for extended periods. To their credit, management were able to marginally increase the bottom line result by tight control and reduction of costs.

Mercure Leisure Lodge

For Leisure Lodge the Rugby World Cup was a significant contributor as they hosted teams from Argentina, Georgia, Romania and Italy. This resulted not only in higher occupancy but also a significant increase in yield and substantially higher bottom line.

Skyline Properties

Our commercial property portfolio's performance improved over the year with higher occupancy and rents. Our portfolio is now nearly fully let in both retail and office space.

Business Development

In May work commenced on our new Luge track at Winsport in Calgary, Alberta. Completion of the track is scheduled for September after which the operation will be commissioned prior to full scale commercial operations commencing in May 2013.

In June the Company announced the signing of Implementation and Lease Agreements with the City of Tongyeong in South Korea. It is anticipated that the consenting process will continue into the first quarter of next year after which construction will commence.

We are also considering other potential Luge sites in Korea and Europe which we are hopeful will deliver more new projects in due course.

New Luge cart

For a number of years the Company has been working on a new Luge cart to replace the well-proven original design. A prototype has been developed and trial models are due to be delivered towards the end of this year with production release anticipated around mid-2013.

Next 12 Months

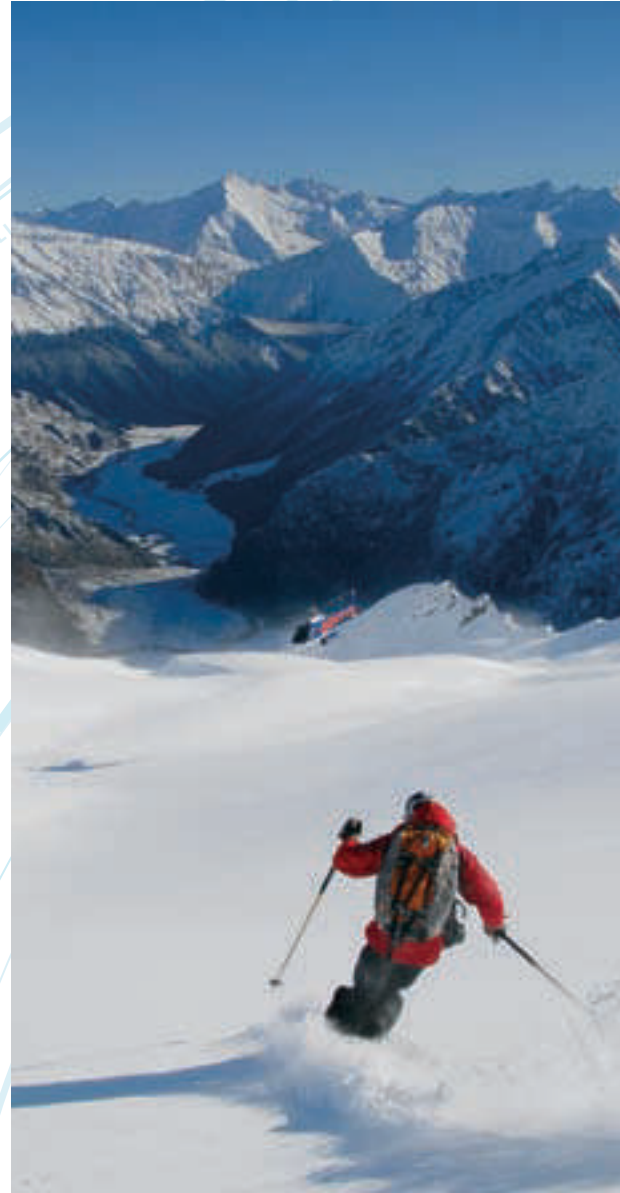
Looking back over my last two reports I feel like the proverbial stuck record as I repeat my cautionary view. The ongoing turmoil particularly in the Euro-zone shows no signs of abating and may in fact be deteriorating. Meanwhile the well-recognised two speed economy in our largest international market, Australia, is a clear risk. Signs of slowing in Asia may well compound this as will the strength of our currency. It is now five years since the start of the global financial crisis and based on historical precedents we could expect another five years before conditions improve. In this context we remain cautious and will operate our businesses accordingly.

On the other hand I have seen how the Group's businesses have been able to grow in the face of these many headwinds and am confident we can maintain our results and have strategies in place to continue to deliver marginal growth.

As someone once said "never waste a good crisis" and with this in mind we will be looking for sound investment opportunities to complement our existing portfolio.



Jeff Staniland
CEO



Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Note	2012	2011
Operating Revenue			
Sales		69,103,765	52,610,059
Cost of Sales		7,262,501	5,760,459
		<u>61,841,264</u>	<u>46,849,600</u>
Gross Profit			
Other Income			
Rents Received		5,532,215	5,056,298
Government Subsidies		40,684	22,157
Investment Property Revaluation		1,563,891	458,459
		<u>68,978,054</u>	<u>52,386,514</u>
Expenses			
Operating Expenses	1	37,711,403	26,132,838
Directors' Fees		340,000	340,000
Audit Fees	1	91,161	62,996
Fringe Benefit Taxation		19,841	18,055
Depreciation	2	4,589,205	3,709,061
Foreign Currency Translation Losses		1,157	413,153
Amortisation Intangible Assets	23	285,348	0
		<u>43,038,115</u>	<u>30,676,103</u>
Operating Profit Before Financing Costs		<u>25,939,939</u>	<u>21,710,411</u>
Interest Received	3	163,141	68,475
Interest Paid	3	485,631	144,032
		<u>322,490</u>	<u>75,557</u>
Net Financing Costs			
Profit Before Tax		<u>25,617,449</u>	<u>21,634,854</u>
Income Tax Expense	4	10,073,807	9,044,086
		<u>15,543,642</u>	<u>12,590,768</u>
Profit for the Year	19		
Share of Profit of Equity Accounted Investees	21	4,727,374	4,089,133
		<u>20,271,016</u>	<u>16,679,901</u>
Profit Attributable to Equity Holders of the Company			
Other Comprehensive Income			
Foreign Currency Translation Reserve		-449,874	453,897
Movement Equity Accounted Investees Capital		0	-5,064,313
		<u>-449,874</u>	<u>-4,610,41</u>
Other Comprehensive Income for the Year			
Total Comprehensive Income for the Year		<u>\$19,821,142</u>	<u>\$12,069,485</u>
Earnings Per Share - basic	22	\$0.60	\$0.49
Earnings Per Share - diluted	22	\$0.60	\$0.49

Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Share Capital	Translation Reserve	Retained Earnings	Total Equity
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
	<u>\$ 27,714,928</u>	<u>\$26,154</u>	<u>\$125,132,392</u>	<u>\$152,873,474</u>
Equity as at 1 April 2011				
Total Recognised Income and Expense	0	-449,874	20,271,016	19,821,142
Contributions from Shareholders	686,800	0	0	686,800
Dividends to Shareholders	0	0	-10,844,009	-10,844,009
	<u>\$28,401,728</u>	<u>\$-423,720</u>	<u>\$134,559,399</u>	<u>\$162,537,407</u>
Equity as at 31 March 2012				

Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Balance Sheet

As at 31 March 2012

	Note	2012	2011
Equity			
Issued Fully Paid Up Capital		28,401,728	27,714,928
34,047,779 Ordinary Shares		134,135,679	125,158,546
Retained Earnings & Reserves			
Total Equity		\$162,537,407	\$152,873,474
This is Represented by:			
Non Current Assets			
Fixed Assets	10	56,756,788	37,460,058
Investments in Associate and Other Companies	11	36,165,303	32,864,403
Investment Property	20	85,785,000	83,875,000
Deferred Taxation	4	125,242	115,519
Intangible Assets	23	3,354,066	0
Total Non Current Assets		182,186,399	154,314,980
Current Assets			
Inventory		695,315	600,537
Accounts Receivable	6	3,341,322	1,683,072
Bank Accounts	7	6,220,279	8,490,684
Total Current Assets		10,256,916	10,774,293
Total Assets		192,443,315	165,089,273
Non Current Liabilities			
Staff Convertible Notes	12	187,698	372,763
Provision for Current Share Price	12	202,396	267,968
Deferred Taxation	4	8,407,321	4,815,754
Total Non Current Liabilities		8,797,415	5,456,485
Current Liabilities			
Taxation		2,936,773	2,112,631
Accounts Payable	8	6,432,280	3,606,865
Employee Entitlements	9	1,497,054	953,018
Mortgages (secured)	12	10,074,121	0
Staff Convertible Notes	12	168,265	86,800
Total Current Liabilities		21,108,493	6,759,314
Total Liabilities		29,905,908	12,215,799
Net Assets		\$162,537,407	\$152,873,474

On behalf of the Board



K J Matthews
10 August 2012



P J Hensman

Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012	2011
Cash Flows From Operating Activities			
Cash was provided from:			
Government Subsidies		40,684	22,157
Receipts from Customers		67,445,515	52,761,110
Receipts from Interest		333,141	269,475
Receipts from Rent		5,532,215	5,056,298
Receipts from Dividends		2,971,526	2,971,526
		76,323,081	61,080,566
Cash was disbursed to:			
Payments to Suppliers and Employees		42,195,964	33,036,320
Interest Paid on Debt		485,631	144,032
Taxation		5,687,663	6,788,113
		48,369,258	39,968,465
Net Cash Flow From Operating Activities	18	\$27,953,823	\$21,112,101
Cash Flows From Investing Activities			
Cash was provided from:			
Proceeds from Sales of Assets		17,391	667
Christchurch Hotels Limited		160,000	857,500
		177,391	858,167
Cash was applied to:			
Milford Sound Flights Limited		50,000	0
Acquisition of Fixed Assets		24,638,292	2,890,336
Acquisition of Interest in The Station Ltd & Milford Sound Flights Ltd		1,825,052	0
Acquisition of Totally Tourism Group Intangible Assets		3,639,414	0
		30,152,758	2,890,336
Net Cash Used In Investing Activities		\$-29,975,367	\$-2,032,169

Skyline Enterprises Limited And Its Subsidiary Companies

Consolidated Statement of Cash Flows continued

For the year ended 31 March 2012

	Note	2012	2011
Cash Flows From Financing Activities			
Cash was provided from:			
Foreign Currency Related Movements		11,176	0
Increase in Debt – Convertible Notes		0	204,498
Increase in Debt – Mortgages (secured)		10,074,121	0
Issue 100,000 Ordinary Shares on purchase of Totally Tourism Group		600,000	0
		<u>10,685,297</u>	<u>204,498</u>
Cash was applied to:			
Decrease in Debt – Mortgages (secured)		0	2,750,000
Dividend Paid		10,844,009	10,831,999
Foreign Currency Related Movements		0	121,398
Decrease in Debt – Convertible Notes		16,800	0
		<u>10,860,809</u>	<u>13,703,397</u>
Net Cash Used In Financing Activities		<u>\$-175,512</u>	<u>\$-13,498,899</u>
Net Decrease in Cash Held		\$-2,197,056	\$5,581,033
Add Effect of Exchange Rate Fluctuations on Cash Held		\$-73,350	\$54,370
Add Opening Cash		\$8,490,684	\$2,855,281
		<u>\$6,220,279</u>	<u>\$8,490,684</u>
Ending Cash Carried Forward	7		

Skyline Enterprises Limited

Statement of Comprehensive Income

For the year ended 31 March 2012

	Note	2012	2011
Operating Revenue			
Sales		22,483,408	22,625,555
Cost of Sales		<u>3,417,203</u>	<u>3,625,509</u>
Gross Profit		19,066,205	19,000,046
Other Income			
Rents Received		258,384	265,318
		<u>19,324,589</u>	<u>19,265,364</u>
Expenses			
Operating Expenses	1	10,300,642	10,595,427
Directors' Fees		340,000	340,000
Audit Fees	1	34,671	30,109
Fringe Benefit Taxation		18,034	18,055
Depreciation	2	1,178,837	1,258,405
		<u>11,872,184</u>	<u>12,241,996</u>
Operating Profit Before Financing Costs		<u>7,452,405</u>	<u>7,023,368</u>
Interest Received	3	103,981	49,221
Interest Paid	3	<u>475,423</u>	<u>125,598</u>
Net Financing Costs		371,442	76,377
Profit Before Tax		7,080,963	6,946,991
Income Tax Expense	4	1,954,820	3,006,158
Profit for the Year		<u>5,126,143</u>	<u>3,940,833</u>
Share of Profit of Equity Accounted Investees	21	3,856,705	3,276,964
Profit Attributable to Equity Holders of the Company		<u>8,982,848</u>	<u>7,217,797</u>
Other Comprehensive Income			
Movement Equity Accounted Investees Capital		0	-5,026,781
Total Comprehensive Income for the Year		<u>\$8,982,848</u>	<u>\$2,191,016</u>

Skyline Enterprises Limited

Statement of Changes in Equity

For the year ended 31 March 2012

	Share Capital	Retained Earnings	Total Equity
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 1 April 2011	\$27,714,928	\$62,181,176	\$89,896,104
Total Recognised Income and Expense	0	8,982,848	8,982,848
Contributions from Shareholders	686,800	0	686,800
Dividends to Shareholders	0	-10,844,009	-10,844,009
Equity as at 31 March 2012	\$28,401,728	\$60,320,015	\$88,721,743

Skyline Enterprises Limited

Balance Sheet

As at 31 March 2012

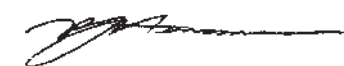
	Note	2012	2011
Equity			
Issued Fully Paid up Capital		28,401,728	27,714,928
34,047,779 Ordinary Shares		60,320,015	62,181,176
Retained Earnings			
Total Equity		<u>\$88,721,743</u>	<u>\$89,896,104</u>
This is Represented by:			
Non Current Assets			
Fixed Assets	10	10,653,983	11,378,254
Investments in Associate and Other Companies	11	21,303,451	20,478,749
Shares in Subsidiary Companies		5,600,970	5,600,970
Loans to Subsidiary Companies		36,062,687	49,639,010
Deferred Taxation	4	52,056	53,403
Investment Totally Tourism Group	24	27,724,326	0
Total Non Current Assets		<u>101,397,473</u>	<u>87,150,386</u>
Current Assets			
Inventory		524,181	486,054
Accounts Receivable	6	736,974	630,149
Bank of New Zealand	7	629,871	6,341,817
Total Current Assets		<u>1,891,026</u>	<u>7,458,020</u>
Total Assets		<u>103,288,499</u>	<u>94,608,406</u>
Non Current Liabilities			
Staff Convertible Notes	12	187,698	372,763
Provision for Current Share Price	12	202,396	267,968
Deferred Taxation	4	840,624	874,492
Total Non Current Liabilities		<u>1,230,718</u>	<u>1,515,223</u>
Current Liabilities			
Taxation		618,937	765,948
Accounts Payable	8	2,067,813	1,956,007
Employee Entitlements	9	406,902	388,324
Mortgages (secured)	12	10,074,121	0
Staff Convertible Notes	12	168,265	86,800
Total Current Liabilities		<u>13,336,038</u>	<u>3,197,079</u>
Total Liabilities		<u>14,566,756</u>	<u>4,712,302</u>
Net Assets		<u>\$88,721,743</u>	<u>\$89,896,104</u>

On behalf of the Board



K J Matthews

10 August 2012



P J Hensman

Skyline Enterprises Limited

Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012	2011
Cash Flows From Operating Activities			
Cash was provided from:			
Receipts from Customers		22,376,583	22,794,121
Receipts from Interest		146,481	99,471
Receipts from Rent		258,384	265,318
Receipts from Dividends		2,949,504	2,949,504
		<u>25,730,952</u>	<u>26,108,414</u>
Cash was disbursed to:			
Payments to Suppliers and Employees		14,065,831	14,777,084
Interest Paid on Debt		475,423	125,598
Taxation		2,152,386	2,349,063
		<u>16,693,640</u>	<u>17,251,745</u>
Net Cash Flow From Operating Activities	18	\$9,037,312	\$8,856,669
Cash Flows From Investing Activities			
Cash was provided from:			
Advances from Subsidiaries		13,576,323	11,761,193
Christchurch Hotels Limited		40,000	214,375
Proceeds from Sales of Assets		13,043	667
		<u>13,629,366</u>	<u>11,976,235</u>
Cash was applied to:			
Acquisition of Fixed Assets		467,609	1,450,860
Acquisition of Totally Tourism Group		27,724,327	0
		<u>28,191,936</u>	<u>1,450,860</u>
Net Cash Used In Investing Activities		\$-14,562,570	\$10,525,375
Cash Flows From Financing Activities			
Cash was provided from:			
Issue 100,000 Ordinary Shares on purchase of Totally Tourism Group		600,000	0
Increase in Debt – Convertible Notes		0	204,498
Increase in Debt – Mortgages (secured)		10,074,121	0
		<u>10,674,121</u>	<u>204,498</u>
Cash was applied to:			
Decrease in Debt – Mortgages (secured)		0	2,750,000
Dividend Paid		10,844,009	10,831,999
Decrease in Debt – Convertible Notes		16,800	0
		<u>10,860,809</u>	<u>13,581,999</u>
Net Cash Used In Financing Activities		\$-186,688	\$-13,377,501
Net Decrease in Cash Held		\$-5,711,946	\$6,004,543
Add Opening Cash		\$6,341,817	\$337,274
		<u>\$629,871</u>	<u>\$6,341,817</u>
Ending Cash Carried Forward	7		

Skyline Enterprises Limited And Its Subsidiary Companies

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, aircraft (fixed wing and helicopter), vessel, 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 2012 and were authorised for issue by the Board of Directors on 10 August 2012.

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 2012. 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
Aircraft & Vessels	9% to 40% 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.

Intangible Assets

Licences and concessions that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Licences and concessions are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current period is as follows:

Licences and Concessions	7.44 years
--------------------------	------------

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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.

Notes to the accounts continued

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 asset's 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.

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.

Notes to the accounts continued

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.

Employee Benefits

Annual Leave

A liability for annual leave and days in lieu 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 recovered 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.

Notes to the accounts continued

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 for disclosure purposes based on the above policies.

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.

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:
Transfers of Financial Assets (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
Amendments to FRS-43 <i>Summary Financial Statements</i>	1 July 2011
Harmonisation Amendments	1 July 2011
Amendments to FRS-44 <i>New Zealand Additional Disclosures</i>	1 July 2011
Amendments to NZ IFRS 1 <i>First time adoption of New Zealand equivalents to International Financial Reporting Standards</i> and NZ IAS 1 <i>Presentation of Financial Statements</i>	1 July 2012
Amendments to NZ IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2012
Offsetting Financial Assets and Financial Liabilities (Amendments to NZ IAS 32)	1 July 2012
NZ IAS 19 <i>Employee Benefits</i>	1 January 2013
NZ IFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
NZ IAS 27 <i>Separate Financial Statements</i>	1 January 2013
NZ IFRS 11 <i>Joint Arrangements</i>	1 January 2013
Amendments to NZ IAS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
NZ IFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
NZ IFRS 13 <i>Fair Value Measurement</i>	1 January 2013
Annual Improvements to NZ IFRSs 2009-2011 Cycle (June 2012)	1 January 2013
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to NZ IFRS 7) (February 2012)	1 January 2013
NZ IFRS 9 <i>Financial Instruments</i>	1 January 2015

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.

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

1. Expenses

Operating Expenses

	2012	Group 2011	2012	Parent 2011
Operating Lease Costs	6,738,774	2,545,133	942,537	887,252
Bad and Doubtful Debts	27,102	34,037	347	1,012
Wages and Salaries	16,178,489	13,227,707	5,727,515	5,716,544
Operating Expenses – Investment Properties	481,931	782,158	0	0
Other	14,285,107	9,543,803	3,630,243	3,990,619
	<u>\$37,711,403</u>	<u>\$26,132,838</u>	<u>\$10,300,642</u>	<u>\$10,595,427</u>

Remuneration of Auditors

Audit Fees for Financial Statement Audit	68,061	47,595	34,671	30,109
Audit Fees for Assurance and Related Services	0	0	0	0
Audit Fees Paid to Other Auditors of the Group	23,100	15,401	0	0
	<u>\$91,161</u>	<u>\$62,996</u>	<u>\$34,671</u>	<u>\$30,109</u>

Donations

Donations of \$22,973 were paid for the year ended 31 March 2012 (2011 \$Nil).

2. Depreciation

	2012	Group 2011	2012	Parent 2011
Land and Improvements	3,257	3,260	0	0
Buildings	771,730	677,510	385,369	378,661
Furniture and Fittings	312,563	336,122	137,710	179,745
Plant and Equipment	1,805,538	1,718,066	655,758	699,999
Canadian Plant and Equipment	142,561	173,669	0	0
Sentosa Plant and Equipment	767,363	800,434	0	0
Aircraft and Vessels	786,193	0	0	0
	<u>\$4,589,205</u>	<u>\$3,709,061</u>	<u>\$1,178,837</u>	<u>\$1,258,405</u>
Total depreciation includes:- Profit/(Loss) on disposal of Fixed Assets	<u>\$-99,807</u>	<u>\$556</u>	<u>\$8,829</u>	<u>\$556</u>

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

3. Net Financing Costs

	2012	Group 2011	2012	Parent 2011
Interest Received				
Received Bank of New Zealand	146,671	65,155	103,981	49,221
Received on Taxation	6,537	206	0	0
Received Canadian Funds	3,185	3,114	0	0
Received Deposits	6,748	0	0	0
	<u>\$163,141</u>	<u>\$68,475</u>	<u>\$103,981</u>	<u>\$49,221</u>

Interest Paid

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

	2012	Group 2011	2012	Parent 2011
Advances from the Bank on Current Account	235	2,921	66	62
Mortgages	452,463	76,509	452,462	76,509
Convertible Notes	21,577	20,374	21,577	20,374
Inland Revenue Department	1,958	40,639	1,318	28,653
Sentosa Payroll Authority	0	3,142	0	0
Canadian Tax Authority	5,700	447	0	0
UDC	3,698	0	0	0
	<u>\$485,631</u>	<u>\$144,032</u>	<u>\$475,423</u>	<u>\$125,598</u>

4. Income Tax Expense

	Note	2012	Group 2011	2012	Parent 2011
Current Tax Expense					
Current Period New Zealand		5,409,706	4,756,199	2,021,875	2,138,940
Adjustment for Prior Periods		0	-88,090	-34,534	0
Current Overseas Taxation		1,065,230	803,729	0	0
Adjustment for Prior Periods		13,022	22,272	0	0
		<u>6,487,958</u>	<u>5,494,110</u>	<u>\$1,987,341</u>	<u>2,138,940</u>
Deferred Tax Expense					
Current Charge		3,581,844	3,551,974	-32,521	867,218
Adjustment Sentosa		4,005	-1,998	0	0
		<u>\$10,073,807</u>	<u>\$9,044,086</u>	<u>\$1,954,820</u>	<u>\$3,006,158</u>
Total Income Tax Expense	4				

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

Reconciliation of Effective Tax Rate

	Note	2012	2012	2011	2011
Group					
Profit for the Period			15,543,642		12,590,768
Total Income Tax Expense	4		10,073,807		9,044,086
Profit Excluding Income Tax			25,617,449		21,634,854
Income Tax Using Domestic Tax Rate		28.00%	7,172,886	30.00%	6,490,456
Effects Tax Rates Overseas Income		-2.71%	-693,416	-4.50%	-974,518
Onshore Tax Overseas Income		0.60%	155,156	0.35%	75,122
Effect Allowance Non Deductibility Building Depreciation			0	15.93%	3,447,138
Tax Equity Accounted Investee Income		0.19%	47,600	0.28%	60,300
Net Effect Investment Property Revaluations, Depreciation		-2.23%	-571,624	-0.96%	-207,034
Non Deductible Expenses		1.75%	448,370	0.67%	145,270
Prior Period Adjustments		0%	-840	0%	-900
Effect Tax Rate Change on Deferred Tax Asset		0%	0	0.03%	8,252
Benefit Losses claimed		-0.30%	-77,533	0%	0
Benefit Tax Expense not in Consolidation		-0.44%	-112,830	0%	0
Effect Allowance Non Deductibility of assets acquired on acquisition of Totally Tourism Group		14.47%	3,706,038	0%	0
		39.33%	\$10,073,807	41.80%	\$9,044,086
Parent					
Profit for the Period			5,126,143		3,940,833
Total Income Tax Expense	4		1,954,820		3,006,158
Profit Excluding Income Tax			7,080,963		6,946,991
Income Tax Using Domestic Tax Rate		28.00%	1,982,670	30.00%	2,084,097
Effect Allowance Non Deductibility Building Depreciation		0%	0	12.59%	874,492
Tax Equity Accounted Investee Income		0.17%	11,900	0.22%	15,075
Non Deductible Expenses		-0.06%	-4,376	0.42%	29,579
Prior Period Adjustments		-0.50%	-35,374	-0.01%	-900
Effect Tax Rate Change on Deferred Tax Asset		0%	0	0.05%	3,815
		27.61%	\$1,954,820	43.27%	\$3,006,158

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

Deferred Income Tax

Group	2012	2011	2012	2011
Deferred Income Tax Liabilities				
Non Deductibility Building Depreciation	3,346,283	3,447,138		
Accelerated Depreciation Sentosa	428,032	464,446		
Revaluations of Investment Property to Fair Value	872,888	906,519		
Sentosa	54,080	58,085		
Effect Tax Rate Change	0	-60,434		
Non Deductibility Plant & Equipment Acquisition Costs	2,254,695	0		
Non Deductibility Intangible Assets	939,138	0		
Taxable Overhaul Provision not recognised	512,205	0		
Gross Deferred Income Tax Liabilities	8,407,321	4,815,754		
Deferred Income Tax Assets				
Employment Benefits	125,242	123,771		
Effect Tax Rate Change	0	-8,252		
Gross Deferred Income Tax Asset	125,242	115,519		
Deferred Income Tax Charge			3,581,844	3,551,974
Parent				
Deferred Income Tax Liabilities				
Non Deductibility Building Depreciation	840,624	874,492		
Gross Deferred Income Tax Liabilities	840,624	874,492		
Deferred Income Tax Assets				
Employee Benefits	52,056	57,218		
Effect Tax Rate Change	0	-3,815		
Gross Deferred Income Tax Asset	52,056	53,403		
Deferred Income Tax Charge			-32,521	867,218
Imputation Credit Account				
Balance 1 April	37,253,423	35,006,146	28,551,028	29,598,372
Add Income Tax Paid	5,279,162	6,018,852	2,134,351	2,331,010
Imputation Credits on Dividends Received	1,285,510	1,273,510	1,264,072	1,264,072
RWT on Interest Received	12,585	4,185	0	0
	43,830,680	42,302,693	31,949,451	33,193,454
Less Credits attached to Dividends Paid	4,519,412	4,642,426	4,519,412	4,642,426
Income Tax Refunds	542,435	406,844	0	0
Balance 31 March	38,768,833	37,253,423	27,430,039	28,551,028

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 was brought to account in the financial statements for the year ended 31 March 2011.

5. Capital and Reserves

Share Capital

At 31 March 2012 share capital comprised 34,047,779 ordinary fully paid shares(2011: 33,919,779) 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.

	2012	2011
Shares on issue 1 April	33,919,779	33,887,529
Add Convertible Notes Transferred to Shares	28,000	32,250
Ordinary Shares Issued on Acquisition of Totally Tourism Group	100,000	0
Closing Shares on issue 31 March	34,047,779	33,919,779

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 2012 and 2011 were \$10,844,009 (\$0.32 per share) and \$10,831,999 (\$0.32 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 2009 Staff Convertible Notes which do not qualify for dividends until the year commencing 1 April 2012. All dividends will be fully imputed, the final proposed dividend being 34 cents per share compared to 32 cents per share last year. Total dividend payable will be \$11,566,724.

Retained Earnings

These include the following Capital Reserves.

	2012	Group 2011	2012	Parent 2011
Opening Balance brought forward	14,304,606	14,304,606	1,274,856	1,274,856
Closing Balance	\$14,304,606	\$14,304,606	\$1,274,856	\$1,274,856

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

6. Trade and Other Receivables

	2012	Group 2011	2012	Parent 2011
Trade Receivables	\$3,341,322	\$1,683,072	\$736,974	\$630,149

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 (2011: \$Nil) recognised in the current year.

7. Cash and Cash Equivalents

	2012	Group 2011	2012	Parent 2011
Cash at Bank and In Hand	6,220,279	3,240,684	629,871	1,091,817
Deposits (on call)	0	5,250,000	0	5,250,000
Closing Balance	\$6,220,279	\$8,490,684	\$629,871	\$6,341,817

8. Trade and Other Payables

	2012	Group 2011	2012	Parent 2011
Trade Payables	6,342,050	3,583,553	1,977,583	1,932,695
Trade Payables due to Related Parties	90,230	23,312	90,230	23,312
	\$6,432,280	\$3,606,865	\$2,067,813	\$1,956,007

9. Employee Benefits

	2012	Group 2011	2012	Parent 2011
Liability for Annual Leave	937,285	657,023	249,778	290,183
Other Employee Entitlements	559,769	295,995	157,124	98,141
	\$1,497,054	\$953,018	\$406,902	\$388,324

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

10. Property, Plant and Equipment

	Cost \$	Additions \$	Disposals \$	Depreciation \$	Foreign Currency Adjustment \$	Accumulated Depreciation \$	Carrying value \$
2012 Group							
Land & Improvements (at cost)	2,906,639	3,264,036	0	3,257	0	56,750	6,113,925
Buildings (at cost)	24,916,674	5,021,884	0	771,730	0	9,529,057	20,409,501
Furniture & Fittings (at cost)	6,093,863	360,241	3,902	311,024	0	4,790,758	1,659,444
Plant & Equipment (at cost)	26,315,643	1,271,114	72,013	1,807,077	0	16,378,070	11,136,674
Canadian Plant & Equipment	3,626,239	1,064,183	0	142,561	-224,662	2,349,057	2,116,703
Singapore Plant & Equipment	7,262,764	388,315	0	767,363	-212,369	4,143,827	3,294,883
Aircraft & Vessels (at cost)	0	12,811,851	0	786,193	0	786,193	12,025,658
	<u>\$71,121,822</u>	<u>\$24,181,624</u>	<u>\$75,915</u>	<u>\$4,589,205</u>	<u>\$-437,031</u>	<u>\$38,033,712</u>	<u>\$56,756,788</u>
Parent							
Land & Improvements (at cost)	358,773	0	0	0	0	0	358,773
Buildings (at cost)	10,799,464	243,727	0	385,369	0	5,233,517	5,809,674
Furniture & Fittings (at cost)	2,565,745	11,602	0	137,710	0	1,973,403	603,944
Plant & Equipment (at cost)	11,197,913	212,280	35,884	655,758	0	7,492,717	3,881,592
	<u>\$24,921,895</u>	<u>\$467,609</u>	<u>\$35,884</u>	<u>\$1,178,837</u>	<u>\$0</u>	<u>\$14,699,637</u>	<u>\$10,653,983</u>

2012 Group Additions

	Additions through operating activities \$	Additions through acquisition of Totally Tourism Group \$	Total \$
Land & Improvements (at cost)	310	3,263,726	3,264,036
Buildings (at cost)	261,793	4,760,091	5,021,884
Furniture & Fittings (at cost)	127,173	233,068	360,241
Plant & Equipment (at cost)	598,639	672,475	1,271,114
Aircraft & Vessels (at cost)	0	12,811,851	12,811,851
Canadian, Singapore Plant & Equipment	1,452,498	0	1,452,498
	<u>\$2,440,413</u>	<u>\$21,741,211</u>	<u>\$24,181,624</u>

As part of the acquisition process fixed assets were fair valued at the date of acquisition and depreciated in accordance with the Group's depreciation policy from that date.

	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
	<u>\$68,937,694</u>	<u>\$2,198,795</u>	<u>\$14,667</u>	<u>\$3,709,061</u>	<u>\$-48,174</u>	<u>\$33,613,590</u>	<u>\$37,460,058</u>
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
	<u>\$23,485,701</u>	<u>\$1,450,861</u>	<u>\$14,667</u>	<u>\$1,258,405</u>	<u>\$0</u>	<u>\$13,543,641</u>	<u>\$11,378,254</u>

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

11. Investments in Associate and Other Companies

	2012	Group 2011	2012	Parent 2011
Shares	500	500	0	0
Christchurch Casinos Limited	16,079,141	15,741,000	15,524,759	15,189,124
Queenstown Casinos Limited	1,655,600	1,345,200	1,655,600	1,345,200
Christchurch Hotels Limited	16,492,370	15,777,703	4,123,092	3,944,425
The Station Limited	39,009	0	0	0
Milford Sound Flights Limited	1,898,683	0	0	0
	<u>\$36,165,303</u>	<u>\$32,864,403</u>	<u>\$21,303,451</u>	<u>\$20,478,749</u>

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	
The Station Limited	50.0%	30 June	
Milford Sound Flights Limited	50.0%	30 September	

* This shareholding comprises 33.3% (2011 33.3%) held directly and 16.7% (2011 16.7%) held through interposed companies.

Christchurch Hotels Limited is an Investment Company whose subsidiary, Premier Hotels (Christchurch) Limited, has a 33.3% (2011 33.3%) holding in Christchurch Casinos Limited.

Christchurch Casinos Limited operates predominantly in the Casino Industry.

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 26 May trading has been satisfactory, but down on prior years as a consequence of ongoing issues relating to earthquake damage 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.

The Station Limited was acquired as part of the Totally Tourism Group acquisition. It operates in the tourism industry as an agency for sightseeing sales. Milford Sound Flights Limited was acquired as part of the Totally Tourism Group acquisition. It operates in the tourism industry as a fixed-wing aircraft scenic flight operator.

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

Notes to the accounts continued

Group Entities

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

Accommodation and Booking Agents (Queenstown) 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
North Sky Luge (Calgary) 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
North Sky Luge No 2 Limited
Glacier Helicopters Holdings Limited
Totally Tourism Limited
The Helicopter Line Limited
Glacier Helicopters Limited
Mitre Peak Cruises Limited
Milford Sound Scenic Flights Limited
Air Fiordland Limited
Wanaka Flightseeing (2006) Limited

12. Interest-bearing Loans and Borrowings

	2012	Group 2011	2012	Parent 2011
Non-current				
Convertible Notes	187,698	372,763	187,698	372,763
	<u>\$187,698</u>	<u>\$372,763</u>	<u>\$187,698</u>	<u>\$372,763</u>
Current				
Secured Bank Loans	10,074,121	0	10,074,121	0
Convertible Notes	168,265	86,800	168,265	86,800
	<u>\$10,242,386</u>	<u>\$86,800</u>	<u>\$10,242,386</u>	<u>\$86,800</u>

Terms and Debt Repayment Schedule

The terms and conditions of outstanding loans were as follows:

Group and Parent

	Currency	Interest rate	Year of maturity	2012 Face value	Carrying amount	2011 Face value	Carrying amount
Secured Bank Loan	NZD	3.95%	2013	10,074,121	10,074,121	0	0
Convertible Notes	NZD	4.74%	2013-2014	355,963	355,963	459,563	459,563
Total Interest-bearing Liabilities				<u>10,430,084</u>	<u>10,430,084</u>	<u>459,563</u>	<u>459,563</u>

Notes to the accounts continued

Mortgages (secured)

An overall facility of \$32,000,000 was arranged with the Bank of New Zealand on 31 August 2011 for three years to 31 August 2014.

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

Staff Convertible Notes

- (a) 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.
- (b) 2011 Staff Convertible Notes 44,690 of \$4.20 - \$187,698. Convert to Ordinary Shares in the ratio of one for one on 31 March 2014.
- (c) The 2009 Staff Convertible Notes converted to Ordinary Shares on 31 March 2012. The new shares issued qualify for dividends for the financial year commencing 1 April 2012.

Staff Convertible Notes – Provision for Current Share Price

	Group & Parent 2012	Group & Parent 2011
Liability on conversion at current share price	558,359	727,531
Less Book Value convertible notes	355,963	459,563
	<u>\$202,396</u>	<u>\$267,968</u>

13. Related Party Transactions

Parent and Ultimate Controlling Party

The immediate parent of the Group is Skyline Enterprises Limited. By virtue of the fact the Company is owned by a large number of small investors there is no ultimate controlling party. Skyline Enterprises Limited 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 and JK’s & WBE 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 0.43% (2011 1.73%) of total operating expenses including \$90,230 (2011 \$23,312) owing at balance date, which is payable on normal trade terms.

Key Management Compensation

Short Term Employee Benefits - \$1,526,000 (2011: \$1,094,000)

Loans and Advances to Related Parties

	2012	Group 2011	2012	Parent 2011
Advance to Christchurch Hotels Ltd	\$6,097,635	\$6,257,635	\$1,524,407	\$1,564,407

These are repayable on demand and are unsecured.

Transactions with Associated Entities

	2012	Group 2011	2012	Parent 2011
Goods, services provided to associated entities	\$220,058	\$0	\$0	\$0
Goods, services provided from associated entities	\$555,866	\$0	\$0	\$0

At 31 March outstanding balances of goods services provided to associated entities were \$27,458 (2011 \$Nil) and goods services provided from associated entities were \$116,679 (2011 \$Nil).

Notes to the accounts continued

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.

The agreement for sale and purchase of the shares on acquisition of the Totally Tourism Group provides for additional consideration of up to \$3 million paid as follows:
\$4 for every dollar that average EBITD exceeds \$2,820,000 for 2012 and 2013.
No provision has been made in the accounts for 2012 as based on 2012 EBITD achieved this clause is unlikely to result in any consideration paid.

At balance date the Group has a maximum liability of \$110,000 (2011 \$100,000) to the BNZ in respect of Visa Business credit cards held. Otherwise the Company had no significant contingent liabilities as at 31 March 2012 as for the previous year.

15. Capital Commitments

Contracted but not provided for:

Skyline Enterprises Building Refurbishment
Luge, gondola Photography Software
Sentosa Top, Bottom Terminal Redevelopments
Leisure Lodge Repairs, Upgrades
Calgary Development

	Group & Parent 2012	Group & Parent 2011
	0	284,000
	0	105,000
	288,000	0
	90,000	212,000
	3,855,000	0
	\$4,233,000	\$601,000
Committed but not contracted for:		
	3,880,000	0
	348,000	0
	88,000	0
	1,695,000	0
	300,000	0
	596,000	0
	1,554,000	0
	\$8,461,000	\$0

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

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 five 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 monthly prepayments. Prepayments in successive terms are increased by the higher of 15% of amounts prepaid 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.

- (d) The Group has entered into an operating lease with the Calgary Olympic Development Association for the period of ten years commencing on 1 May 2013 and renewable for a further term of ten years. Rentals have been calculated in advance for the first term of ten years. The total rent payable for the first term will be C\$2.625 million payable as follows:

	C\$
Less than one year	925,000
One to five years	900,000
More than five years	800,000

- (e) The Group has entered into an operating lease with Heli Holdings Limited for the hire of eight helicopters. The lease is renewable for two periods of five years to 2022. The first term expires in August 2012. Rental is calculated based on an amount per flying hour and is inclusive of rental, maintenance costs and hull liability insurance. As actual flying hours 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 are exposed to interest rate risk in respect of the bank mortgages of \$10,074,121 (2011 \$Nil). 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:

	2012	2011
New Zealand	3,240,032	1,578,967
Singapore	89,332	104,105
Canada	11,958	0
Total	\$3,341,322	\$1,683,072

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

	Gross Receivable 2012	Impairment 2012	Gross Receivable 2011	Impairment 2011
Not past due	2,281,482	0	1,089,288	0
Past due 0-30 days	642,831	0	408,769	0
Past due 31-120 days	325,777	0	136,585	0
Past due 121-360 days	44,879	0	47,674	0
Past due more than 1 year	46,353	0	756	0
Total	\$3,341,322	\$0	\$1,683,072	\$0

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 2012						
Secured Bank Loans	10,074,121	10,074,121	10,074,121	0	0	0
Convertible Notes	355,963	355,963	168,265	187,698	0	0
Trade and Other Payables	7,929,334	7,929,334	7,929,334	0	0	0
Total Non-Derivative Liabilities	\$18,359,418	\$18,359,418	\$18,171,720	\$187,698	\$0	\$0
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
Parent 2012						
Secured Bank Loans	10,074,121	10,074,121	10,074,121	0	0	0
Convertible Notes	355,963	355,963	168,265	187,698	0	0
Trade and Other Payables	2,474,715	2,474,715	2,474,715	0	0	0
Total Non-Derivative Liabilities	\$12,904,799	\$12,904,799	\$12,717,101	\$187,698	\$0	\$0
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

Foreign Currency Risk*

The Group's exposure to foreign currency risk can be summarised as follows:

	\$S	2012 \$C	\$S	2011 \$C
Trade Receivables	92,101	9,772	99,930	0
Secured Bank Loans	0	0	0	0
Trade Payables	-400,733	0	-100,136	-22,883
Net Balance Sheet Exposure	-308,632	9,772	-206	-22,883

* \$S = Singapore Dollars
\$C = Canadian Dollars

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.

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 \$5,000 (2011: \$1,000).

The above estimate of change in profit has been calculated on bank loans and 2011 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 \$62,000 (2011: \$56,000).

Classification and Fair Values

2012
Assets

Investments in Associates & Other Companies	11	0	0	0	0	36,165,303	0	36,165,303	*
Trade and Other Receivables	6	0	0	0	3,341,322	0	0	3,341,322	3,341,322
Cash and Cash Equivalents	7	0	0	0	6,220,279	0	0	6,220,279	6,220,279
Total Current Assets		0	0	0	9,561,601	0	0	9,561,601	9,561,601
Total Assets		0	0	0	9,561,601	36,165,303	0	45,726,904	9,561,601

Liabilities

Convertible Notes	12	0	558,359	0	0	0	0	558,359	558,359
Loans and Borrowings	12	0	0	0	0	0	10,074,121	10,074,121	10,074,121
Trade and Other Payables	8 & 9	0	0	0	0	0	7,929,334	7,929,334	7,929,334
Total Current Liabilities		0	168,265	0	0	0	18,003,455	18,171,720	18,171,720
Total Liabilities		0	558,359	0	0	0	18,003,455	18,561,814	18,561,814

2011
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 Current Assets		0	0	0	10,173,756	0	0	10,173,756	10,173,756
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 Current Liabilities		0	86,800	0	0	0	4,559,883	4,646,683	4,646,683
Total Liabilities		0	727,531	0	0	0	4,559,883	5,287,414	5,287,414

* 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' intention to continue to hold the Investments in Associates and Other 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 2012 are identical to the carrying values as detailed in the Balance Sheet and Consolidated Balance Sheet as at 31 March 2012.

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

	2012	Group 2011	2012	Parent 2011
Reported Surplus after Taxation	20,271,016	16,679,901	8,982,848	7,217,797
Add Non Cash Items				
Depreciation	4,589,205	3,709,061	1,178,837	1,258,405
Movement in Deferred Tax	3,581,844	3,551,974	-32,521	867,218
Additional Earnings from Equity Accounted Associates	-1,585,849	-916,607	-864,701	-277,210
Convertible Notes Provision	-65,572	93,764	-65,572	93,764
Investment Property Fair Value	-1,563,891	-458,459	0	0
Foreign Currency Translation (Gains)/Losses	1,157	413,153	0	0
Amortisation Intangible Assets	285,348	0	0	0
	25,513,258	23,072,787	9,198,891	9,159,974
Movement in Working Capital				
Decrease in Taxation Paid	824,142	-1,277,946	-147,011	-192,068
Increase in other Creditors	3,369,451	-822,146	130,384	-223,490
Increase in Inventory	-94,778	-11,645	-38,127	-56,313
Increase in Debtors	-1,658,250	151,051	-106,825	168,566
	2,440,565	-1,960,686	-161,579	-303,305
Net Cash Flow from Operating Activities	\$27,953,823	\$21,112,101	\$9,037,312	\$8,856,669

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. For 2012, tourism operations also includes seven months trading from scenic flights, boat trips and other related sales.
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 2012 and 2011.

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		Property Investment Operations		All Other Segments		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from External Customers	64,721,725	48,475,559	4,577,842	4,457,841	5,377,097	4,755,114	74,676,664	57,688,514
Wages	14,059,541	10,972,127	0	0	2,118,948	2,255,580	16,178,489	13,227,707
Cost of Sales	6,792,162	5,283,217	0	0	470,339	477,242	7,262,501	5,760,459
Operating Profit	19,273,365	17,290,682	4,091,830	3,675,383	1,297,358	699,040	24,662,553	21,665,105
Other Reconciling Items							-1,277,386	-45,306
Financing Costs							322,490	75,557
Tax							10,073,807	9,044,086
Profit for the Year							15,543,642	12,590,768
Capital Expenditure	23,992,820	2,034,372	346,109	691,541	188,404	164,423	24,527,733	2,890,336
Segment Assets	89,531,401	64,904,745	86,131,669	84,063,819	16,780,245	16,120,709	192,443,315	165,089,273

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		Singapore		Other Regions	
	2012	2011	2012	2011	2012	2011
Total Segment Revenue	62,184,871	45,045,366	10,430,915	10,280,368	2,224,019	2,433,625
Segment Fixed Assets	137,130,203	116,077,189	3,294,883	3,938,324	2,116,702	1,319,545

Notes to the accounts continued

20. Investment Property

	2012	Group 2011
Balance at 1 April	83,875,000	82,725,000
Additions from subsequent expenditure	346,109	691,541
Change in fair value	1,563,891	458,459
	85,785,000	83,875,000

The investment property assets total shown in the Consolidated Balance Sheet and reconciled above have been valued at fair value totalling \$85,785,000 (2011 \$83,875,000).

The valuation was prepared by APL Property Queenstown Limited (Registered Valuers) as at 31 March 2012.

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

	2012	Yields 2011
Queenstown New Zealand	5.25% – 7.00%	3.96% – 7.58%

21. Equity Accounted Investees

The Group's share of profit in its equity accounted investees for the year was \$4,727,374 (2011: \$4,089,133). 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)
2012 (thousands of dollars)										
Christchurch Casinos Ltd	*50%	20,191	37,033	57,224	8,989	0	8,989	53,950	44,021	9,929
Christchurch Hotels Ltd	33.3%	2,336	47,171	49,507	18,324	0	18,324	3,128	504	2,624
Queenstown Casinos Ltd	40.0%	1,860	3,039	4,899	728	0	728	7,633	6,857	776
The Station Ltd	**50%	727	52	779	609	0	609	4,354	4,231	123
Milford Sound Flights Ltd	**50%	1,388	3,709	5,097	309	3,600	3,909	2,750	2,690	60
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

*Direct and indirect interest

**Seven months trading

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

Movements in Carrying Value of Equity Accounted Investees:

	2012	Group 2011	2012	Parent 2011
Balance at 1 April	32,864,403	37,869,609	20,478,749	25,442,695
Share of Profit/(Loss)	4,727,374	4,089,133	3,856,705	3,276,964
Less Interest, Dividends received	-3,141,526	-3,172,526	-2,992,003	-2,999,754
Capital Repaid	-160,000	-857,500	-40,000	-214,375
Other	0	-5,064,313	0	-5,026,781
Acquisition Cost	1,825,052	0	0	0
Funds Advanced	50,000	0	0	0
Balance 31 March	\$36,165,303	\$32,864,403	\$21,303,451	\$20,478,749

22. Earnings Per Share

a) Basic Earnings Per Share

The calculation of basic earnings per share at 31 March 2012 was based on the profit attributable to ordinary shareholders of \$20,271,016 (2011: \$16,679,901) and a weighted average number of ordinary shares outstanding of 34,047,779 (2011: 33,919,779) calculated as follows:

Profit Attributable to Ordinary Shareholders

	Note	Total 2012	Total 2011
Net Profit for the Period		20,271,016	16,679,901
Net Profit Attributable to Ordinary Shareholders		20,271,016	16,679,901

Weighted Average Number of Ordinary Shares – Basic Calculation

	Note	2012	2011
Issued Ordinary Shares at 31 March	5	34,047,779	33,919,779

b) Diluted Earnings Per Share

The calculation of diluted earnings per share at 31 March 2012 was based on the diluted earnings of \$20,292,593 (2011: \$16,700,275) and a diluted number of shares of 34,138,569 (2011: 34,042,569) calculated as follows:

Diluted Earnings

	Note	Total 2012	Total 2011
Net Profit for the Period		20,271,016	16,679,901
Plus Convertible Note Interest Paid	3	21,577	20,374
Diluted Earnings		20,292,593	16,700,275

Weighted Average Number of Ordinary Shares – Diluted Calculation

	Note	2012	2011
Issued Ordinary Shares at 31 March	5	34,047,779	33,919,779
Add Convertible Notes Issued	12	90,790	122,790
		34,138,569	34,042,569

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

23. Intangible Assets

2012	Note	Licences and Concessions
Cost		
On Acquisition of Totally Tourism Group	24	3,639,414
Balance 31 March		\$3,639,414
Amortisation		
Amortisation for the year		285,348
Balance 31 March		\$285,348
Carrying Amount		
Balance 31 March		\$3,354,066

Amortisation Charge

The amortisation charge for the current period is calculated for the seven months from acquisition of the Totally Tourism Group to 31 March 2012.

24. Acquisition of Subsidiary

On 31 August 2011 the Group acquired the Totally Tourism Group by acquiring all the shares in the companies comprising the Totally Tourism Group.

The Totally Tourism Group comprises the following entities: Totally Tourism Limited, The Helicopter Line Limited, Glacier Helicopters Limited, Mitre Peak Cruises Limited, Milford Sound Scenic Flights Limited, Air Fiordland Limited and Wanaka Flightseeing (2006) Limited. The Totally Tourism Group is a tourism operator providing scenic flights, boat trips and other related services.

The acquisition is expected to add value to the Group in future years and the principal areas of operation are consistent with the Group's strategy of establishing a presence in key South Island tourist locations.

In the seven months to 31 March 2012 the Totally Tourism Group contributed revenue of \$15,910,446 and profit before taxation of \$1,023,047 to the Group's results. If the acquisition had occurred on 01 April 2011 management estimates that consolidated revenue would have been \$76,439,309 and consolidated profit before taxation for the year would have been \$25,767,935. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2011.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration Transferred

	Note	2012
Cash		27,124,326
Equity instruments (100,000 ordinary shares)		600,000
		\$27,724,326

Equity Instruments Issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at 16 August 2011 of \$5.92 per share.

Contingent Consideration

The Group has agreed to pay the selling shareholders additional consideration if the acquiree's cumulative EBITD over the next two fiscal years exceeds \$5.64 million. The additional consideration payable will be \$4 for every dollar above the target EBITD up to \$3 million. No consideration was payable based on the first fiscal years results so no consideration has been provided for in the accounts for the current year.

Skyline Enterprises Limited And Its Subsidiary Companies

Notes to the accounts continued

Identifiable Assets Acquired and Liabilities Assumed

	Note	2012
Property Plant and Equipment	10	21,741,211
Inventories		130,377
Trade and Other Receivables		2,465,141
Cash and Cash Equivalents		668,614
Investments – Associated Companies	21	1,825,052
Advances		600,000
Loans and Borrowings		(217,627)
Trade and Other Payables		(3,105,694)
Other Provisions		(22,162)
Total identifiable net assets		<u>\$24,084,912</u>

Licences and Concessions

Recognised as a result of the acquisition as follows:

	Note	2012
Total consideration transferred		27,724,326
Fair value of identifiable net assets		(24,084,912)
	23	<u>\$3,639,414</u>

Acquisition-related costs

The Group incurred acquisition related costs of \$150,812 related to external legal fees and due diligence costs. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

25. Subsequent Events

Korean Luge

The Company has entered into an agreement to lease with the City of Tongyeong-Si in the Republic of Korea for a chairlift and Luge facility subject to the Company securing the appropriate licences and permits.

The proposed lease term is 30 years from the date of commencement of operations with renewal options at each five yearly interval. Rental is calculated as a percentage of Luge ticket sales and as turnover figures will be unknown then obligations under the lease cannot be determined.

The Company estimates total development costs to be in the order of \$10 million (US dollars).

Skyline Enterprises Limited And Its Subsidiary Companies

Other financial information

For the year ended 31 March 2012

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
	<u>\$355,000</u>	<u>\$355,000</u>

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 eight 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
2	\$100,000 - \$110,000
2	\$120,000 - \$130,000
1	\$160,000 - \$170,000
2	\$180,000 - \$190,000
1	\$360,000 - \$370,000

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 and JK's & WBE Limited for engineering services – companies 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 2012.

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.

Financial Highlights

	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009	GAAP 2008
Total Operating Revenue	74,839,805	57,756,989	55,606,951	52,501,229	51,817,288
Operating Surplus	25,617,449	21,634,854	16,538,712	10,936,565	25,238,223
Taxation Provision	10,073,807	9,044,086	6,618,183	7,193,703	5,818,060
Net Profit After Taxation	20,271,016	16,679,901	15,163,225	9,044,130	25,133,054
Shareholders' Funds	162,537,407	152,873,474	151,500,538	144,859,168	150,464,857
Dividend per share (cents)	34	32	32	22	28
Total Dividends Payable	11,566,724	10,844,009	10,832,329	7,441,726	9,460,592
Earnings to Shareholders Funds	12.5%	10.9%	10.0%	6.2%	16.7%
Net Asset Backing per Ordinary Share	\$4.77	\$4.51	\$4.47	\$4.28	\$4.45
Wages Paid	16,178,489	13,227,707	11,805,739	12,120,550	12,139,309
Share Price	\$6.15	\$5.93	\$5.31	\$4.65	\$5.90

Interesting Facts

	2012	2011	2010	2009	2008
Number of Cableway Passengers					
Queenstown	498,768	527,731	521,000	492,426	535,625
Rotorua	391,932	405,359	400,612	387,121	429,772
Number of Diners					
Queenstown	123,756	142,427	131,972	123,918	131,792
Rotorua	84,366	95,962	82,486	94,749	111,466
Average Annual Occupancy					
Blue Peaks Lodge	55%	59%	68%	71%	80%
Leisure Lodge	67%	60%	61%	62%	63%

Shareholding Statistics

Distribution of Shareholders and Shareholdings			
Size of Holding	Holders	Shares	%
0 - 19,999	621	4,580,283	13.5
20,000 - 69,999	120	3,973,413	11.7
70,000 - 199,999	37	4,030,512	11.8
200,000 - 499,999	23	6,026,838	17.7
500,000 +	15	15,436,733	45.3
Total	816	34,047,779	100.00



Private Bag 90106
Invercargill 9840

INDEPENDENT AUDITOR'S REPORT

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 12 to 46 and its subsidiaries, which comprise the Consolidated Balance Sheet and Balance Sheet of Skyline Enterprises Limited as at 31 March 2012, 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 12 to 46:

- 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 2012 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 5 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 Companies Act 1993, as far as appears from an examination of those records.

WHK South NZ
Invercargill, New Zealand
CHARTERED ACCOUNTANTS
10 August 2012

Skyline Enterprises Limited And Its Subsidiary Companies

Company Operations

Accommodation and Booking Agents (Queenstown) Limited

Head Office

Chief Executive Officer: Jeff Staniland
Group Manager Human Capital & Compliance:
Maryann Geddes
Manager – International Luge: Neville Nicholson
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: Lyndon Thomas
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: James Dudfield
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: Bruce Thomasen
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: Daniel Luke
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.

Skyline Enterprises Limited And Its Subsidiary Companies

Company Operations continued

Totally Tourism Limited

General Manager: Blair Deasy
Company Administration
Harris Mountain Heliskiing
Challenge Rafting
Queenstown Combos

The Helicopter Line Limited

Aviation Manager: Grant Bisset
Helicopter Operations

Glacier Helicopters Limited

Helicopter Operations

Mitre Peak Cruises Limited

Cruise Boat Operations, Milford Sound

Air Fiordland Limited

Fixed Wing Scenic Flight Operations

Wanaka Flightseeing (2006) Limited

Fixed Wing Scenic Flight Operations

Milford Sound Scenic Flights Limited

Fixed Wing Scenic Flight Operations

The Station Limited

Tourism Booking and Sales Office
Totally Tourism Limited retains a 50% shareholding in The Station Limited

Milford Sound Flights Limited

Fixed Wing Scenic Flight Operations
Totally Tourism Limited retains a 50% shareholding in Milford Sound Flights Limited

North Sky Luge Number 2 Limited

New Zealand Parent Company of North Sky Luge (Calgary) Limited

North Sky Luge (Calgary) Limited

Luge Track
Calgary, Alberta, Canada

Skyline Enterprises Limited And Its Subsidiary Companies

New Zealand Company Contacts

Skyline Enterprises

PO Box 17 (3rd Floor, O'Connells Pavilion)
QUEENSTOWN, New Zealand
Tel: (64) +3 441 0377
Fax: (64) +3 441 0394
Email: info@skyline.co.nz

Skyline Queenstown

PO Box 17, (Brecon Street)
QUEENSTOWN, New Zealand
Tel: (64) +3 441 0101
Fax: (64) +3 442 6391
Email: gondola@skyline.co.nz

Skyline Rotorua

PO Box 2353, (Fairy Springs Road)
ROTORUA, New Zealand
Tel: (64) +7 347 0027
Fax: (64) +7 348 2163
Email: enquiries@skylineryides.co.nz

Blue Peaks Lodge

PO Box 17, (corner Stanley & Sydney Streets)
QUEENSTOWN, New Zealand
Tel: (64) +3 441 0437
Fax: (64) +3 442 6847
Email: info@bluepeaks.co.nz

Blue Peaks Apartments

PO Box 17, (Coronation Drive)
QUEENSTOWN, New Zealand
Tel: (64) +3 441 0437
Fax: (64) +3 442 6847
Email: info@bluepeaks.co.nz

Mercure Leisure Lodge

PO Box 8024, (Duke Street)
DUNEDIN, New Zealand
Tel: (64) +3 477 5360
Fax: (64) +3 477 5460
Email: reservations@mercureleisurelodge.co.nz

Skyline Investments

Skyline Properties

O'Connells Pavilion

PO Box 17
QUEENSTOWN, New Zealand
Tel: (64) +3 441 0377
Fax: (64) +3 441 0394
Email: info@skyline.co.nz

Totally Tourism

PO Box 634 (29 Lucas Place)
QUEENSTOWN, New Zealand
Tel: (64) +3 441 4540
Fax: (64) +3 441 4619
Email: ttl@totallytourism.co.nz

The Helicopter Line

PO Box 1530 (29 Lucas Place)
QUEENSTOWN, New Zealand
Tel: (64) +3 442 3034
Fax: (64) +3 442 3529
Email: queenstown@helicopter.co.nz

Glacier Helicopters

PO Box 34, (Main South Road SH6)
FRANZ JOSEF, New Zealand
Tel: (64) +3 752 0755
Fax: (64) +3 752 0778
Email: helibasemgr@glacierhelicopter.co.nz

Mitre Peak Cruises

PO Box 1851
QUEENSTOWN, New Zealand
Tel: (64) +3 249 8110
Fax: (64) +3 249 8113
Email: info@mitrepeak.com



Calgary Luge track under construction.





45th Annual Report
and Statement of Accounts
of Skyline Enterprises Limited
and its Subsidiary Companies

skyline.co.nz

SKYLINE INVESTMENTS LIMITED

SKYLINE PROPERTIES LIMITED

GLACIER HELICOPTERS

ACCOMMODATION AND

THE HELICOPTER LINE