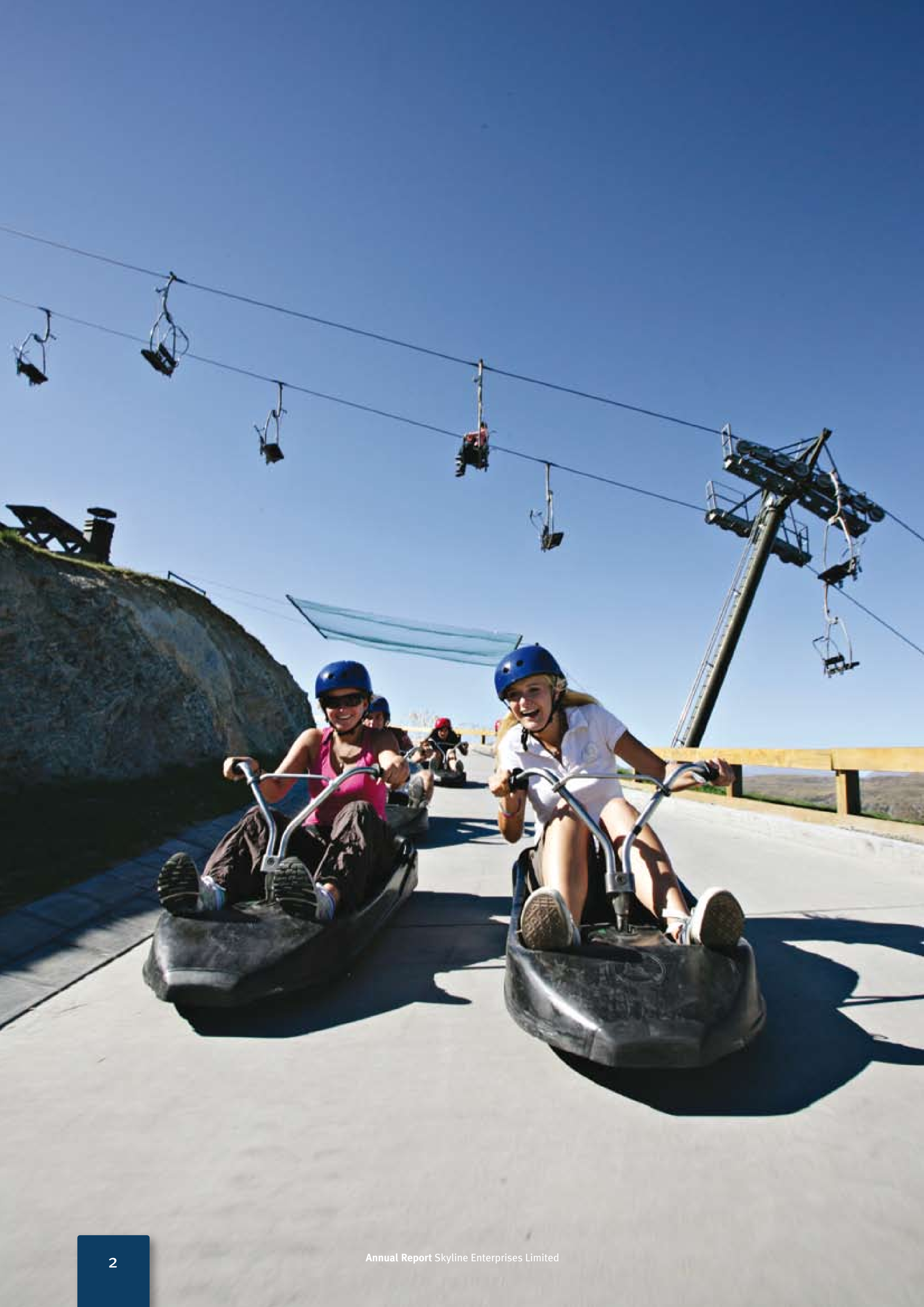
Skyline enterprises

41st Annual Report & Statement of Accounts 2008



DIRECTORY

Board of Directors:
Barry C Thomas (Chairman)
Ken Matthews (Managing Director)
Grant H Hensman
Phillip J Hensman
Bill Walker
Richard B Thomas
Jan Hunt

Associate Directors:
Jamie H Luke

Chartered Accountants:
McCulloch & Partners
Lakeland House
Queenstown

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

Non Operating Subsidiaries:
Queenstown Tourist Company Limited
North Sky Luge Limited
Fairy Springs Holdings Limited

Auditors:
WHK Cook Adam Ward Wilson
Invercargill

Share Registrar:
McCulloch & Partners
Lakeland House,
Queenstown

Bankers:
Bank of New Zealand

Solicitors:
Bodkins
Alexandra

Registered Office:
McCulloch & Partners
Lakeland House
Queenstown

NOTICE OF MEETING

The Directors of Skyline Enterprises Limited request the pleasure of your attendance at the Forty First Annual General Meeting of the Company to be held at the Skyline Restaurant, Queenstown, on Saturday, 20th September 2008, at 6.00p.m and afterwards as their guest for cocktails and hors d'oeuvres.

Ordinary Business

1. To receive, consider and adopt the Report of the Directors and Audited Statement of Accounts for the year ended 31 March 2008.

2. To consider the Directors' resolution to pay a dividend of 28 cents. The dividend will be paid on 25th September 2008.

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

4. Directors' Fees. To approve an increase in Directors' Fees to Three Hundred and Twenty thousand dollars ($320,000) per annum from 1st April 2008.

5. To record the reappointment of the Auditors Messrs WHK Cook Adam Ward Wilson 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
8th August 2008

Proxies

All shareholders of the Company are entitled to attend and vote at the meeting and are entitled to appoint a proxy to attend and vote for them instead. A proxy need not be a member of the Company. A proxy form is enclosed and, if used, must be lodged at the Registered Office of the Company not less than 48 hours before the time for holding the meeting (i.e. before 6:00 p.m on Thursday 18th September 2008).

Your Directors have pleasure in submitting their report together with the financial accounts of the Company for the year ended 31 March 2008.

Results and Distributions

Operating surplus attributable to the Group for the financial year	25,133,054
From this will be deducted –	
Your Directors' recommendation of the payment of a dividend of 28 cents	9,460,592

Increase in Group retained earnings to be carried forward to reserves of	$15,672,462

Dividend

Having considered the solvency of the parent Company and group, the Directors recommend that a dividend of 28 cents per share (imputated at 33%) be paid on the capital of 33,787,829 shares on 25th September 2008 to Shareholders on the register at 5.00 p.m. on 15th September 2008. A solvency certificate has been completed in support of the dividend declaration.

Directors

Mr Richard B Thomas and Mr Bill Walker retire by rotation and, being eligible, offer themselves for re-election.
Mrs Jan Hunt, appointed during the year and, being eligible, offers herself for re-election.

Auditors

The Company's Auditors, Messrs WHK Cook Adam Ward Wilson, are automatically reappointed in terms of Section 200 of the Companies Act 1993.

Share Capital

On 31 March 2008 the Company issued 38,200 ordinary shares to holders of 2005 staff convertible notes.

The issued capital as at 31 March 2008 was 33,826,029 ordinary shares.

Company's State of Affairs and Significant Changes

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

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

Activities

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

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

B C Thomas
Director

P J Hensman
Director

Dated this 8th August 2008.

Skyline Chairman's Report
All Skyline companies traded very well and profitably.

	2008 $	2007 $
Revenue	51,817,288	47,817,552
Other Income	7,534,876	8,735,429
	59,352,164	56,552,981
Expenses	34,113,941	32,705,520
Operating Profit Before Tax	25,238,223	23,847,461
Equity Earnings	5,712,891	5,551,740
	30,951,114	29,399,201
Tax	5,818,060	5,125,272
Profit to Shareholders	25,133,054	24,273,929
Final Dividend Proposed 28 c	9,460,592	8,436,957
Net Cashflow from Operating Activities	19,612,293	18,431,752
Actual Tax Payments	5,528,208	3,544,822

Tourism numbers have been strong over the last few years and this has assisted the company to reap the rewards. As we have indicated before, inflation and legislative changes have pushed up overhead costs quite solidly and there is very little management can do to halt that trend. Added to this is the continuing need for the directors to expend a significant amount of funds on maintaining and refurbishing our various properties. We believe we have been doing this quite successfully over recent years, but it is a continuing factor and there will be times when it really does impact on our profitability.

We have also made substantial upgrades in Rotorua with a new chairlift to add additional capacity for luge riders. This is on top of the relatively new gondola system and luge track improvements. In Queenstown next year we will be commencing an upgrade to our gondola system which will increase carrying capacity.

As indicated in our preliminary announcement, Sentosa Luge and Skyride completed a very successful year and doubled its net profit. North Sky Luge continues to perform well for the limited period that it operates.

The company has undertaken a substantial investigation of a number of other possible sites for the Luge. This is a slow process and requires considerable research before we can make any investment. We will continue this process but it is important to make sure that all the proper ingredients are available at a location to launch a successful venture.

Investments

Christchurch Casinos Limited
The Christchurch Casino had a good year with profitability slightly ahead of the previous year. The casino has been operating for nearly 15 years and we have started major renovations to some of the floors. This is a moderately expensive exercise but is necessary to maintain our position as a high class facility in Christchurch. We will continue this programme over the next few years and we are confident that it will hold if not increase patronage and make the visitor experience even more pleasurable.

The casino has new management and a number of executive changes have taken place. We have been recruiting quality people who will bring new perspectives and approaches to the business. We have a high expectation that this will be beneficial but will take some time to start to flow through.

Christchurch Hotels Limited
The board, after very serious consideration and analysis, decided two years ago to realise on their substantial investment in the Crowne Plaza Hotel, Christchurch. The hotel was performing well with high occupancy and good profitability; however like most of our tourism assets it required constant and regular upgrading and with the size of the property this was always at a very significant cost.

The main purpose of the board becoming involved in the shareholding arrangements at Crowne Plaza Hotel was to protect a block of Christchurch Casino Shares. With the sale of the property and the rearrangement of certain finances, Skyline and Skycity have taken over the shareholding that was previously held by Crowne Plaza interests. As such Skyline's share in Christchurch Casino has increased from about 41% to 46%. This should have an impact on future dividends from the casino and the board believe this will be a more profitable result than retaining the long term ownership of the Crowne Plaza Hotel. We were very satisfied with the management and operation of the hotel and have had no regrets with becoming involved. We have in fact made significant progress and improved the financial returns during the time we held the investment.

Dunedin Casino Limited
The Dunedin Casino has traded consistently and is now paying dividends. The directors are still keen to establish further entertainment facilities but need to get agreement from landlords and other interested parties.

Skycity Queenstown Casino
The management structure of this facility was rearranged this year. The smaller executive team and new manager have commenced and we look forward to improved results. The

size of the Queenstown market makes it difficult to generate reasonable profits, especially with two casinos operating in such a small town.

Building Investments
During the year the company suffered a major fire at one of our properties on the corner of Rees & Beach Streets, Queenstown. With the substantial damage it left us no option other than to look at a total reconstruction of the site. The existing arcade will be demolished and a new building has been planned with construction to start toward the end of this year. Resource consent is in place and we are now seeking expressions of interest from new tenants. This will be a major new building right in the heart of Queenstown and should have a significant presence.

Although the retail market has been competitive with new properties coming to fruition, the rental market will remain competitive. We have many established tenants and we have taken care to monitor our rental flows with any increases being done in a sensitive manner. The large number of tourists coming to Queenstown in ever increasing numbers is good for the central business area. There will be times when the market is over supplied but that is not unusual and generally rectifies itself in a relatively short time.

Dividends
The directors are very pleased to increase the dividend to 28c per share (25c per share) requiring $9.5m ($8.5m). This is an increase of three cents per share on the 25 cents paid last year which was also an increase. We look forward to being able to maintain this dividend and are hopeful that with continuing progress further increases will be possible.

New Director
Over the last few years the Skyline board have been seriously seeking a new director to join the board. After considering several possibilities the directors decided to appoint Mrs Jan Hunt who has been in the Queenstown area for a number of years. Jan is well known as an astute hotel manager having held senior positions in Queenstown as well as at Skycity Auckland.

The overall diversity of the company has increased in recent years and we are looking forward to Jan being involved.

The Way Forward
Each year brings new challenges. The one just past required a lot of attention and a huge amount of negotiation to progress and complete a successful sale of the Crowne Plaza Hotel. It's hard to believe it took over two years from when an initial deal was first struck. Even then there were times when it became somewhat uncertain, but with a strong degree of dedication from some of your directors the progress kept gaining momentum and finally a conclusion was reached.

There have been major changes in the management of Skycity and that has meant new directors coming on to the board of Christchurch Casino which does take time for them to understand the type of business and their partners. New management and new executives at Christchurch Casino have also been a challenge and the process is ongoing.

There have been unusual events recently with sharp increases in fuel costs and fluctuating currency. The Japanese and American markets have been somewhat volatile in the last few years and it's hard to predict what those trends may be in the future. Our most consistent tourists are the Australians and we must never forget our domestic market which is still our bread and butter.

We have had some management changes in the group this year and farewelled some long term Managers. We have been fortunate with the quality of people we have been able to engage in recent times and their efforts along with senior management are greatly appreciated by the board and go a long way in producing the results we have outlined in this report.

We have financial strengths within the company. Although we have some major expenditure in the new building development and ongoing work at our various properties we are in a very good position. We have every confidence that the company will continue to perform well and profitability should be maintained. We look forward to shareholders attendance and participation at the annual general meeting.

B Thomas

Barry Thomas
Chairman
8th of August 2008

Managing Director's Report

Domestically the Company has enjoyed a good year with activity levels similar to the past. Internationally the results have been particularly encouraging and the relative contribution to group earnings very satisfactory.

Skyline Gondola Restaurant and Luge

Gondola passengers were a little less than last year's record numbers, although those dining were similar, and luge rides increased by 8% underlining the popularity and strength of that particular market. Overall the property produced a strong result helped through the introduction of new initiatives. During the year a substantial renovation of the entire restaurant floor, including the lounge, bar and buffet areas, has just been completed and the Company is delighted with the overall effect, especially since it has been some 14 years since the last significant refurbishment.

Skyline Skyrides

Skyrides recorded a small increase in gondola and luge rides although dining numbers came under real pressure during the year mainly as a result of competitor discounting. Property improvements have continued through the provision of increased outdoor dining facilities, the completion of the upgrade to the retail area, additional toilets and further site beautification works. The overall earnings contribution to the group by Skyrides was an improvement on the preceding year.

Blue Peaks Lodge

Overall occupancy at the motels remained consistent with the previous year and a small improvement in the average room yield assisted in offsetting the increase in operational costs. Given the extent of the competition from hotels and apartments in particular, we see little room for any real pricing growth, especially as the current mismatch of available properties to visitor growth continues.

Blue Peaks Apartments achieved an occupancy similar to the preceding year.

Mercure Leisure Lodge

It is pleasing to record a continuing improvement in occupancy and through a small change in focus, (with less reliance on the group series market) the property has been able to achieve an improvement in average revenue per room sold.

Our franchise agreement with Accor Hotels has been renewed for a further five years as the Company is more than satisfied with the working relationship.

North Sky Luge - Mont Tremblant

Our luge ride numbers and net earnings improved on the previous season which was a commendable result. Currency equality continues to encourage greater numbers of Canadians to holiday in the United States, with the consequent effect on overall visitations to the resort.

Sentosa Luge

As a result of market demand, initiatives to enhance chairlift capacity have been undertaken over the year, and continue at the present time. With an improvement of over 200,000 luge rides over the preceding year, the operation continues to out perform our other luge properties in terms of rides taken, by a clear margin.

The entity's cash flow and earnings contribution to the Group is particularly significant given the extent of the respective demands over the year.

The development on Sentosa Island continues at a very fast pace exemplified by the $6.2b Resorts World project anticipated to open in 2011 and projected to attract an additional 5m visitors annually.

Skyline Properties

Net returns from properties improved over that achieved in the preceding year, although we are finding that the re-letting of tenancies is taking a little longer than previously. Retailers generally are finding trading conditions to be not quite as buoyant as in the past; in part due to the extensive developments outside of the town centre.

Competition for the tenants has also been somewhat more prevalent as new properties come on stream and existing owners seek to fill vacancies.

We consider though that the Company's properties are sited well in that the majority are in strategic locations and within key retailing areas. The re-building on the Dairy Corner site will significantly enhance the quality of the Company's property portfolio and the Rees Street area in general.

Next 12 months

Due to a wide range of economic factors we are beginning to note a slow down in the number of domestic visitors to our gondola properties in particular, and consider that this will likely have a greater effect in Rotorua than in Queenstown due mainly to the proximity of the Auckland market.

International arrivals to New Zealand are virtually identical to the previous year although we note a change in the origination of such visitors. The U.S, Japanese, Asian and UK market in particular have all declined although these shortfalls have been made up by an increasing number of Australian visitors. Our prediction is that the average spend per head may remain reasonably flat given these changes.

Controlling our operating expenditure remains a huge challenge for our management team, especially employment related costs. Initiatives have, and continue to be introduced to upskill, retain and provide careers within the company. Such efforts require considerable resources and we are committed to improving our competencies and service levels. The year ahead will be demanding; domestically the industry has had such times before and history suggests that the Company is reasonably well placed to handle such.

Ken Matthews

Ken Matthews
Managing Director

8th of August 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Note	2008	2007
Operating Revenue			
Sales		46,619,862	42,891,332
Cost of Sales		5,727,876	5,484,592
Gross profit		40,891,986	37,406,740
Other Income			
Rents Received		5,181,559	4,855,121
Investment Property Revaluation		7,534,876	8,376,261
Foreign Currency Translation Gains		0	359,168
		53,608,421	50,997,290
Expenses			
Operating Expenses	1	22,461,744	20,706,307
Directors' Fees		280,000	250,000
Audit Fees		42,553	32,207
Fringe Benefit Taxation		14,490	11,984
Depreciation	2	2,710,702	2,839,232
Foreign Currency Translation Losses		38,417	0
		25,547,906	23,839,730
Operating Profit Before Finance Costs		28,060,515	27,157,560
Interest Received	3	15,867	71,099
Interest Paid	3	2,838,159	3,381,198
Net Financing Costs		2,822,292	3,310,099
Profit before Tax		25,238,223	23,847,461
Income Tax Expense	4	5,818,060	5,125,272
Profit for the Year		19,420,163	18,722,189
Share of profit of Equity accounted investees		5,712,891	5,551,740
Profit Attributable to Equity holders of the Company		$25,133,054	$24,273,929
Earnings Per Share	23	$0.74	$0.72

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

SKYLINE ENTERPRISES LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2008

	Note	2008	2007
Equity as at 1 April 2007		133,635,325	117,133,804
Add			
Net surplus attributable to - Parent Entity Shareholders		25,133,054	24,273,929
Total Recognised Revenues And Expenses For The Year		25,133,054	24,273,929
Increase in Issued Capital	5	191,000	152,000
Milford Partnership Funds Recovered	5	2,170	0
		25,326,224	24,425,929
		158,961,549	141,559,733
Less			
Dividends Paid	5	8,436,957	7,412,791
Foreign Currency Translation Reserve	5	59,735	511,617
		8,496,692	7,924,408
Equity as at 31 March 2008		$150,464,857 ========	$133,635,325 ========

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

SKYLINE ENTERPRISES LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Note	2008	2007
Equity			
Issued Fully Paid up Capital			
33,826,029 Ordinary Shares	5	27,321,178	27,130,178
Retained Earnings	5	123,143,679	106,505,147
Total Equity		$150,464,857	$133,635,325
		========	========
This is Represented by:			
Non Current Assets			
Fixed Assets	10	33,157,503	33,466,708
Investments in			
Associate and other Companies	11	51,006,723	50,352,736
Investment Property	21	93,475,000	85,900,000
Patent Costs Canada		0	9,961
Deferred Taxation	4	130,186	90,805
Total Non Current Assets		177,769,412	169,820,210
Current Assets			
Stock at Cost		548,502	512,223
Accounts Receivable	6	1,583,374	1,642,611
Bank Accounts	7	1,488,068	1,713,988
Total Current Assets		3,619,944	3,868,822
Total Assets		181,389,356	173,689,032
Non Current Liabilities			
Staff Convertible Notes	12	402,150	453,500
Provision for Current Share Price	12	172,350	150,700
Total Non Current Liabilities		574,500	604,200
Current Liabilities			
Taxation	4	636,899	569,444
Accounts Payable	8	3,331,275	3,232,030
Employee Entitlements	9	824,939	667,416
Mortgages (secured)	12	24,500,000	34,200,000
Deferred Taxation	4	1,056,886	780,617
Total Current Liabilities		30,349,999	39,449,507
Total Liabilities		30,924,499	40,053,707
Net Assets		$150,464,857	$133,635,325
		========	========

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

On behalf of the Board

B. C. Thomas,

P. J. Hensman

8th of August

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2008

	Note	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		46,679,099	42,568,630
Receipts from Interest		1,158,918	1,216,399
Receipts from Rent		5,181,559	4,855,121
Receipts from Dividends		3,219,153	3,281,060
		56,238,729	51,921,210
Cash was disbursed to:			
Payments to suppliers and employees		28,260,069	26,199,872
Interest Paid on Debt		2,838,159	3,744,764
Taxation		5,528,208	3,544,822
		36,626,436	33,489,458
NET CASH FLOW FROM OPERATING ACTIVITIES	18	$19,612,293	$18,431,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sales of Assets		212,498	9,333
Proceeds from Cash Investments		2,170	4,711
Christchurch Hotels Limited		696,700	0
		911,368	14,044
Cash was applied to:			
Acquisition of Fixed Assets		2,715,354	1,684,336
NET CASH USED IN INVESTING ACTIVITIES		$-1,803,986	$-1,670,292
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Increase in Debt - Convertible Notes		139,650	128,300
Cash was applied to:			
Decrease in Debt - Mortgages (secured)		9,700,000	9,800,000
Dividend Paid		8,436,957	7,412,791
Foreign Currency related movements		35,774	74,870
		18,172,731	17,287,661
NET CASH USED IN FINANCING ACTIVITIES		$-18,033,081	$-17,159,361
Net decrease in cash held		$-224,774	$-397,901
Add effect of exchange rate fluctuations on cash held		$-1,146	$-90,399
Add opening cash		$1,713,988	$2,202,288
ENDING CASH CARRIED FORWARD		$1,488,068	$1,713,988
		=======	=======

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

SKYLINE ENTERPRISES LIMITED

INCOME STATEMENT

For the year ended 31 March 2008

	Note	2008	2007
Operating Revenue			
Sales		19,403,798	18,628,413
Cost of Sales		3,198,103	3,109,319
Gross profit		16,205,695	15,519,094
Other income			
Rents Received		356,566	331,092
		16,562,261	15,850,186
Expenses			
Operating Expenses	1	8,568,943	7,820,901
Directors' Fees		280,000	250,000
Audit Fees		24,420	11,850
Fringe Benefit Taxation		14,490	11,984
Depreciation	2	688,289	566,614
		9,576,142	8,661,349
Operating Profit Before Finance Costs		6,986,119	7,188,837
Interest Received	3	0	51,151
Interest Paid	3	2,819,097	3,380,230
Net Financing Costs		2,819,097	3,329,079
Profit before tax		4,167,022	3,859,758
Income Tax Expense	4	1,442,213	1,359,931
Profit for the year		2,724,809	2,499,827
Share of profit of Equity accounted investees		4,786,623	4,439,149
Profit Attributable to Equity holders of the Company		$7,511,432	$6,938,976
		=======	=======

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2008

	Note	2008	2007
Equity as at 1 April 2007		61,585,568	61,907,383
Add Net surplus for the year		7,511,432	6,938,976
Total Recognised Revenues And Expenses For The Year		7,511,432	6,938,976
Increase in Issued Capital	5	191,000	152,000
Milford Partnership Funds recovered	5	2,170	0
		7,704,602	7,090,976
		69,290,170	68,998,359
Less Dividends Paid	5	8,436,957	7,412,791
Equity as at 31 March 2008		$60,853,213	$61,585,568
		========	========

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

BALANCE SHEET

As at 31 March 2008

	Note	2008	2007
Equity			
Issued Fully Paid up Capital			
33,826,029 Ordinary Shares	5	27,321,178	27,130,178
Retained Earnings	5	33,532,035	34,455,390
Total Equity		$60,853,213	$61,585,568
		========	========
This is Represented by:			
Non Current Assets			
Fixed Assets	10	7,252,726	7,143,945
Investments in			
Associate and other Companies	11	28,936,589	27,805,200
Shares in Subsidiary Companies		5,600,970	5,600,970
Loans to Subsidiary Companies		44,880,818	56,372,247
Deferred Taxation	4	51,048	35,539
Total Non Current Assets		86,722,151	96,957,901
Current Assets			
Stock at Cost		395,617	375,576
Accounts Receivable	6	613,756	1,016,281
Bank of New Zealand	7	343,351	304,663
Total Current Assets		1,352,724	1,696,520
Total Assets		88,074,875	98,654,421
Non Current Liabilities			
Staff Convertible Notes	12	402,150	453,500
Provision for Current Share Price	12	172,350	150,700
Total Non Current Liabilities		574,500	604,200
Current Liabilities			
Taxation	4	76,977	430,099
Accounts Payable	8	1,697,928	1,538,533
Employee Entitlements	9	372,257	296,021
Mortgages (secured)	12	24,500,000	34,200,000
Total Current Liabilities		26,647,162	36,464,653
Total Liabilities		27,221,662	37,068,853
Net Assets		$60,853,213	$61,585,568
		========	========

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

On behalf of the Board –

B.C. Thomas,
8h August 2008

P.J. Hensman

STATEMENT OF CASH FLOWS

For the year ended 31 March 2008

	Note	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		19,806,323	18,258,358
Receipts from Interest		285,763	337,476
Receipts from Rent		356,566	331,092
Receipts from Dividends		3,195,296	3,256,744
		23,643,948	22,183,670
Cash was disbursed to:			
Payments to suppliers and employees		11,834,226	11,088,232
Interest Paid on Debt		2,819,097	3,743,796
Taxation		1,825,334	75,428
		16,478,657	14,907,456
NET CASH FLOW FROM OPERATING ACTIVITIES	18	$7,165,291	$7,276,214
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Advances from Subsidiaries		11,491,429	10,270,926
Christchurch Hotels Limited		174,175	0
Proceeds from Sales of Assets		0	8,889
Proceeds from Cash Investments		2,170	0
		11,667,774	10,279,815
Cash was applied to:			
Acquisition of Fixed Assets		797,070	767,776
NET CASH FLOW USED IN INVESTING ACTIVITIES		$10,870,704	$9,512,039
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Increase in Debt - Convertible Notes		139,650	128,300
Cash was applied to:			
Decrease in Debt – mortgages (secured)		9,700,000	9,800,000
Dividend Paid		8,436,957	7,412,791
		18,136,957	17,212,791
NET CASH USED IN FINANCING ACTIVITIES		$-17,997,307	$-17,084,491
Net increase in cash held		$38,688	$-296,238
Add opening cash		$304,663	$600,901
ENDING CASH CARRIED FORWARD		$343,351	$304,663
		======	======

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

These consolidated financial statements are for the year ended 31 March 2008.

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.

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.

SIGNIFICANT ACCOUNTING POLICIES
The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS Balance Sheet at date for the purposes of the transition to NZ IFRS.

An explanation of how the transition to NZ IFRS has affected the reported financial position and financial performance of the Group is provided in note 24.

Consolidation
The consolidated financial statements have been prepared on the "Purchase Method" and include the audited results of all subsidiaries to 31 March 2008. 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 groups 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.

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% DV to 12% DV or 11.1% CP
Motor Vehicles	25% to 31.2% DV
Plant & Equipment	7.5% to 60% DV
Furniture & Fittings	7.5% to 39.6% DV

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

Investment Property
Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change in fair value recognised in the Income Statement.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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

Impairment
The carrying amounts of the Company assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated.
An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement.
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 Income Statement.

Foreign operations
Translation of the Financial Statements of Independent Foreign Operations.
The assets and liabilities other than fixed assets of the Group's overseas operations, being independent foreign operations, are translated at the exchange rates ruling at balance date. The revenues expenses and fixed assets 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 Income Statement.

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 Company's contractual rights to the cash flows from the financial assets expire or if the Company 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.

Interest bearing borrowings
Interest bearing borrowings are recognised initially at cost, being the fair value of the consideration received plus transaction costs associated with the borrowing. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method which allocates the cost through the expected life of the borrowings.

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 profit and loss.

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

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

Income tax, for items recognised directly in equity, is also recognised in equity and not in the income statement.

Income tax (contd)
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.

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 income statement 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 Income Statement 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 Company's right to receive payment is established.

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

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

Segment reporting
The Skyline Group of companies operates predominantly in the tourism and commercial rental industries. The Group operates the North Sky Luge track at Mt Tremblant, Canada for five months of each year and the Sentosa Luge on Sentosa Island, Singapore. Otherwise all of the Group's activities are carried out in New Zealand. The Group's primary format for segment reporting is based on geographical segments

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

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED
A number of new standards and interpretations are not yet effective for the year ended 31 March 2008, and have not been applied in preparing these consolidated financial statements:

NZ IFRS 8 – Operating Segments
NZ IFRIC 11 – Group and Treasury Share Transactions
NZ IFRC 12 – Service Concession Arrangements
NZ IFRIC 13 – Customer Loyalty Programmes
NZ IFRIC 14 – The limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
FRS 43 – Summary Financial Statements

It is not expected that any of these standards and interpretations will have an impact on the consolidated financial statements.

1. Expenses

Operating Expenses

	Group 2008	Group 2007	Parent 2008	Parent 2007
Operating Lease costs	1,857,460	1,536,713	665,377	602,019
Bad and doubtful debts	18,719	1,602	2,809	0
Wages and salaries	12,139,309	11,194,753	4,693,804	4,258,115
Other	8,446,256	7,973,239	3,206,953	2,960,767
	$22,461,744	$20,706,306	$8,568,943	$7,820,901

Donations

No Donations were paid for the year ended 31 March 2008 (2007 $NIL).

2. Depreciation

	Group 2008	Group 2007	Parent 2008	Parent 2007
Land and Improvements	3,270	3,274	0	0
Buildings	508,676	541,894	223,653	228,498
Cableway Installations	568,633	726,672	44,327	50,295
Furniture and Fittings	273,462	309,978	62,920	64,076
Plant and Equipment	553,278	433,432	357,389	223,745
Canadian Plant and Equipment	265,036	328,416	0	0
Sentosa Plant & Equipment	538,347	495,566	0	0
	$2,710,702	$2,839,232	$688,289	$566,614
Total depreciation includes:-				
Profit on disposal of Fixed Assets	$80,622	$3,516	$0	$4,847
Loss on disposal of Fixed Assets	$0	$0	$0	$0

3. Net Financing Costs

	Group 2008	Group 2007	Parent 2008	Parent 2007
Interest Received				
Received on Short Term Deposits	0	3,415	0	3,415
Received on Other Investments	0	179	0	0
Received on Taxation	961	23,730	0	23,211
Received on Interest Rate Swaps	0	24,525	0	24,525
Received Canadian Funds	14,591	15,169	0	0
Received Singapore Funds	315	4,081	0	0
	$15,867	$71,099	$0	$51,151

Interest Paid

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

	Group 2008	Group 2007	Parent 2008	Parent 2007
Advances from the Bank on Current Account	885	1,124	501	1,124
Mortgages	2,744,091	3,353,107	2,744,091	3,353,107
Convertible Notes	27,210	25,999	27,210	25,999
Inland Revenue Department	65,079	-3	47,295	0
Sentosa Finance	894	971	0	0
	$2,838,159	$3,381,198	$2,819,097	$3,380,230

4. Income Tax

	Group 2008	Group 2007	Parent 2008	Parent 2007
Net Profit before Taxation	25,238,223	23,847,461	4,167,022	3,859,758
Less Overseas Earnings	3,435,980	2,195,404	0	0
Convertible Note Provision	-21,650	27,300	-21,650	27,300
Investment Property Revaluation	7,534,876	8,376,261	0	0
Foreign Currency Translation Gains/Losses	-38,417	359,168	0	0
Add Interest Received	1,143,050	1,145,300	285,763	286,325
Dividends Received	3,219,153	3,281,060	3,195,296	3,256,744
Overseas Income Received	325,587	0	0	0
New Zealand Taxable Income	19,015,224	17,315,688	7,669,731	7,375,527
Tax on the above @ 33 cents	6,275,024	5,714,177	2,531,012	2,433,924
Add Tax Effect of Permanent Differences	2,457	1,003	1,030	733
Less Benefit of Imputation Credits Received	-1,062,321	-1,082,750	-1,054,448	-1,074,726
Prior Year Taxation Adjustment	0	0	-35,381	0
Overseas Taxation	602,900	492,842	0	0
Tax Charge Recognised	5,818,060	5,125,272	1,442,213	1,359,931
	======	======	======	======
The Taxation charge is represented by:				
Current Taxation	5,098,431	4,485,647	1,493,103	1,362,284
Deferred Income Tax Charge	236,888	478,895	-15,509	-2,353
Prior Year Taxation Adjustment	0	-9,144	-35,381	0
Overseas Taxation Paid	482,741	169,874	0	0
	5,818,060	5,125,272	1,442,213	1,359,931
	======	======	======	======

Deferred income tax

GROUP	2008	2007	2008	2007
Deferred income tax liabilities				
Accelerated depreciation	443,128	322,969		
Revaluations of investment property to fair value	613,758	457,648		
Gross deferred income tax liabilities	1,056,886	780,617		
Deferred income tax assets				
Employment benefits	130,186	90,805		
Gross deferred income tax asset	130,186	90,805		
Deferred income tax charge			236,888	478,895
PARENT				
Deferred income tax assets				
Employee benefits	51,048	35,539		
Gross deferred income tax asset	51,048	35,539		
Deferred income tax charge			-15,509	-2,353

	Group		Parent	
	2008	2007	2008	2007
Imputation Credit Account				
Balance 1 April 2007	27,831,854	26,419,763	13,305,422	15,291,513
Add Income Tax Paid	5,286,580	4,569,216	1,787,959	932,185
Imputation Credits on Dividends Received	1,585,555	1,616,045	1,573,803	1,604,068
WHT on Interest Received	0	35	0	0
	34,703,989	32,605,059	16,667,184	17,827,766
Less Credits attached to Dividends Paid	4,155,517	3,653,603	4,155,517	3,653,603
Income Tax Refunds	50,728	1,119,602	0	868,741
Balance 31 March 2008	30,497,744	27,831,854	12,511,667	13,305,422
	=======	=======	=======	=======

5. Capital and reserves

Reconciliation of movement in capital and reserves

Group	Share Capital	Translation Reserve	Retained Earnings	Total Equity
2008				
Opening Balance	27,130,178	426,453	106,078,694	133,635,325
Total recognised income and expense	0	-59,735	25,133,054	25,073,319
Milford Partnership funds recovered	0	0	2,170	2,170
Contributions from shareholders	191,000	0	0	191,000
Dividends to shareholders	0	0	-8,436,957	-8,436,957
Closing Balance	$27,321,178	$366,718	$123,143,679	$150,464,857
2007				
Opening Balance	26,978,178	938,070	89,217,556	117,133,804
Total recognised income and expense	0	-511,617	24,273,929	23,762,312
Contributions from shareholders	152,000	0	0	152,000
Dividends to shareholders	0	0	-7.412.791	-7.412.791
Closing Balance	$27,130,178	$426,453	$106,078,694	$133,635,325

Parent	Share Capital	Retained Earnings	Total Equity
2008			
Opening Balance	27,130,178	34,455,390	61,585,568
Total Recognised income and expense	0	7,511,432	7,511,432
Contributions from shareholders	191,000	0	191,000
Milford Partnership funds recovered	0	2,170	2,170
Dividends to shareholders	0	-8,436,957	-8,436,957
Closing Balance	$27,321,178	$33,532,035	$60,853,213
2007			
Opening Balance	26,978,178	34,929,205	61,907,383
Total Recognised income and expense	0	6,938,976	6,938,976
Contributions from shareholders	152,000	0	152,000
Dividends to shareholders	0	-7,412,791	-7,412,791
Closing Balance	$27,130,178	$34,455,390	$61,585,568

Share Capital

At 31 March 2008 share capital comprised 33,826,029 ordinary fully paid shares (2007: 33,787,829).The holders of ordinary shares have equal voting rights and share equally in dividends and any surplus on winding up.

Translation reserve

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

Dividends

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 2005 Staff Convertible Notes which do not qualify for dividends until the year commencing 1 April 2008. All dividends will be fully imputed the final proposed dividend being 28 cents per share compared to 25 cents per share last year. Total dividend payable will be $9,460,592 (2007 $8,436,957).

Retained Earnings

These include the following Capital Reserves.

	Group		Parent	
	2008	2007	2008	2007
Opening Balance brought forward	13,903,271	13,903,271	1,272,686	1,272,686
Add Milford Partnership Funds Recovered	2,170	0	2,170	0
Closing Balance	$13,905,441	$13,903,271	$1,274,856	$1,272,686

6. Trade and other receivables

	Group		Parent	
	2008	2007	2008	2007
Trade receivables	1,583,374	1,642,611	613,756	739,718
Receivables from related parties	0	0	0	276,563
	$1,583,374	$1,642,611	$613,756	$1,016,281

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 (2007: $Nil) recognised in the current year.

7. Cash and Cash equivalents

	Group		Parent	
	2008	2007	2008	2007
Cash at bank and in hand	$1,488,068	$1,713,988	$343,351	$304,663

8. Trade and other payables

	Group		Parent	
	2008	2007	2008	2007
Trade payables	3,328,775	3,220,683	1,695,428	1,527,186
Trade payables due to related parties	2,500	11,347	2,500	11,347
	$3,331,275	$3,232,030	$1,697,928	$1,538,533

9. Employee benefits

	Group		Parent	
	2008	2007	2008	2007
Liability for annual leave	519,872	376,361	225,871	157,230
Other employee entitlements	305,067	291,055	146,386	138,791
	$824,939	$667,416	$372,257	$296,021

10. Property, Plant and Equipment

2008	Cost $	Additions $	Disposals $	Depreciation $	Impairment loss $	Accumulated Depreciation $	Carrying value $
Group							
Land (at cost)	2,922,474	0	0	3,270	0	43,704	2,878,770
Buildings (at cost)	21,065,991	854,164	0	508,676	0	7,045,784	14,874,371
Cableway Installations (at cost)	9,431,439	702,816	128,060	568,633	0	4,676,465	5,329,730
Furniture & Fittings (at cost)	4,753,632	301,357	0	273,462	0	3,409,077	1,645,912
Plant & Equipment (at cost)	7,088,653	731,542	0	553,278	0	4,954,847	2,865,348
Canadian Plant & Equipment	3,548,353	34,882	0	265,036	0	1,604,924	1,978,311
Singapore Plant & Equipment	4,989,045	50,466	98,737	538,347	0	1,355,713	3,585,061
	$53,799,587	$2,675,227	$226,797	$2,710,702	$0	$23,090,514	$33,157,503
Parent							
Land (at cost)	358,773	0	0	0	0	0	358,773
Buildings (at cost)	8,379,797	161,509	0	223,653	0	4,036,292	4,505,014
Cableway Installations (at cost)	2,610,796	0	0	44,327	0	2,280,029	330,767
Furniture & Fittings (at cost)	1,572,623	209,050	0	62,920	0	1,270,656	511,017
Plant & Equipment (at cost)	3,713,534	426,511	0	357,389	0	2,592,890	1,547,155
	$16,635,523	$797,070	$0	$688,289	$0	$10,179,867	$7,252,726

2007	Cost $	Additions $	Disposals $	Depreciation $	Impairment loss $	Accumulated Depreciation $	Carrying value $
Group							
Land (at cost)	2,922,474	0	0	3,274	0	40,434	2,882,040
Buildings (at cost)	21,053,970	12,021	0	541,894	0	6,537,108	14,528,883
Cableway Installations (at cost)	9,431,439	0	0	726,672	0	4,060,897	5,370,542
Furniture & Fittings (at cost)	4,626,402	127,230	0	309,978	0	3,135,615	1,618,017
Plant & Equipment (at cost)	6,296,226	801,760	9,333	433,432	0	4,401,569	2,687,084
Canadian Plant & Equipment	3,538,769	9,584	0	328,416	0	1,339,888	2,208,465
Singapore Plant & Equipment	4,720,155	268,890	0	495,566	0	817,366	4,171,677
	$52,589,435	$1,219,485	$9,333	$2,839,232	$0	$20,332,877	$33,466,708
Parent							
Land (at cost)	358,773	0	0	0	0	0	358,773
Buildings (at cost)	8,367,776	12,021	0	228,498	0	3,812,639	4,567,158
Cableway Installations (at cost)	2,610,796	0	0	50,295	0	2,235,702	375,094
Furniture & Fittings (at cost)	1,477,998	94,625	0	64,076	0	1,207,736	364,887
Plant & Equipment (at cost)	3,061,293	661,130	8,889	223,745	0	2,235,501	1,478,033
	$15,876,636	$767,776	$8,889	$566,614	$0	$9,491,578	$7,143,945

11. Investments in Associate and Other Companies

	Group 2008	Group 2007	Parent 2008	Parent 2007
Shares	500	500	0	0
Christchurch Casinos Limited	20,487,987	19,223,367	19,900,931	18,645,683
Queenstown Casinos Limited	1,874,800	1,836,400	1,874,800	1,836,400
Christchurch Hotels Ltd	28,643,436	29,292,469	7,160,858	7,323,117
	$51,006,723	$50,352,736	$28,936,589	$27,805,200

The following associate Companies have been equity accounted:

Company	Percentage Held	Balance Date	Note
Christchurch Hotels Limited	33.3%	31 March	
Christchurch Casinos Limited	40.4%	31 March	*
Queenstown Casinos Limited	40.0%	30 June	

* This shareholding comprises 30.7% held directly and 9.7% held through interposed companies.

Christchurch Hotels Limited is an Investment Company owning 68.75% of Premier Hotels (Christchurch) Limited which is the owner of the Christchurch Crowne Plaza Hotel and has a 30.7% holding in Christchurch Casinos Limited.

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

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

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

Group Entities

The following subsidiary Companies are 100% beneficially owned:-
Accommodation and Booking Agents Limited
Leisure Lodge Motor Inn Limited
Queenstown Tourist Company Limited
Skyline Skyrides Limited
Skyline Tours Limited
North Sky Luge Limited
North Sky Luge (Tremblant) Limited
Sentosa Luge Company Pte Limited
Fairy Springs Holdings Limited
Skyline Investments Limited
Skyline Properties Limited
O'Connells Pavilion Limited

12. Interest-bearing loans and borrowings

	Group 2008	Group 2007	Parent 2008	Parent 2007
Non-current				
Secured bank loans	0	0	0	0
Convertible Notes	292,950	262,500	292,950	262,500
	$292,950	$262,500	$292,950	$262,500
Current				
Secured bank loans	24,500,000	34,200,000	24,500,000	34,200,000
Convertible Notes	109,200	191,000	109,200	191,000
	$24,609,200	$34,391,000	$24,609,200	$34,391,000

Terms and debt repayment schedule
The terms and conditions of outstanding loans were as follows:

Group and Parent	Currency	Interest rate	Year of maturity	2008 Face value	Carrying amount	2007 Face value	Carrying amount
Secured bank loan	NZD	9.30%	2009	24,500,000	24,500,000	34,200,000	34,200,000
Convertible Notes	NZD	6%	2009-2011	402,150	402,150	453,500	453,500
Total interest-bearing liabilities				24,902,150	24,902,150	34,653,500	34,653,500

Mortgages (secured)

An overall facility of $40,000,000 was arranged with the Bank of New Zealand reducing by $4,000,000 on 6th September 2007 and each subsequent year thereafter. The balance of the facility available at 31 March 2008 is $36,000,000.
The facility is secured by mortgage and debenture over the assets and undertakings of the Company.

Staff Convertible Notes

(a) 2006 Staff Convertible Notes 26,000 of $4.20 - $109,200. Convert to Ordinary Shares in the ratio of one for one on 31 March 2009.

(b) 2007 Staff Convertible Notes 36,500 of $4.20 - $153,300. Convert to Ordinary Shares in the ratio of one for one on 31 March 2010.

(c) 2008 Staff Convertible Notes 33,250 of $4.20 - $139,650. Convert to Ordinary Shares in the ratio of one for one on 31 March 2011.

(d) The 2005 Staff Convertible Notes converted to Ordinary Shares on 31 March 2008. The new shares issued qualify for dividends for the financial year commencing 1 April 2008.

Staff Convertible Notes - Provision for Current Share Price

	Group & Parent 2008	Group & Parent 2007
Liability on conversion at current Share price	574,500	604,200
Less Book Value convertible notes	402,150	453,500
Provision for current share price on convertible notes	$172,350	$150,700

13. Related Party Transactions

Parent and ultimate controlling party
The immediate parent of the Group is Skyline Enterprises Ltd. By virtue of the fact the company is owned by a large number of small investors there is no ultimate controlling party.
Skyline Enterprises has a related party relationship with the subsidiaries and associates as listed in Note 11
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 B C Thomas is a Director and major shareholder of Mountain Scene Limited which provided advertising services, and is a Director and shareholder of Efficient Market Services Limited which provided share listing services.

Mr Bill Walker is a Director and major shareholder of E Type Engineering Limited which provided engineering services.
Mr G Hensman is a Director and major shareholder of Southern Beaver Limited which provided consulting contracting and heavy machinery services.
No related party debts were written off or forgiven during the year.
Of the above related party transactions expenditure expensed represents 0.3% (1.2%) of total operating expenses including $2,500 (2007 $11,347) owing at balance date, which is payable on normal trade terms.

Key Management compensation

Salaries $1,025,000 (2007: $944,000)

Loans and Advances to related parties

	Group 2008	Group 2007	Parent 2008	Parent 2007
Advance to Christchurch Hotels Ltd	$15,718,035	$16,414,735	$3,929,508	$4,103,683

14. Contingent Liabilities

The North Sky Luge (Tremblant) Limited operating lease agreement with Mont Tremblant Resorts Limited – Intrawest requires satisfactory removal of all installations upon termination of the lease or the payment of $100,000 Canadian to cover such costs of removal, otherwise the Company had no significant contingent liabilities as at 31/03/08 as for the previous year.

15. Capital Commitments

	Group & Parent 2008	Group & Parent 2007
Contracted but not provided for		
Skyline Enterprises Restaurant refurbishment	2,240,000	0
Skyline Enterprises point of sale technology	0	86,350
Skyline Skyrides Chairlift	1,758,000	0
	$3,998,000	$86,350
Committed but not contracted for		
Dairy Corner rebuilding	$5,300,000	$0

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

16. Operating Lease Commitments

(a) The company has entered into an operating lease with the Queenstown Lakes District Council and Minister of Conservation for the cableway, luge and restaurant complex on Bobs Peak Queenstown. The lease is renewable 5 yearly with rights of renewal to 2070. It has been renewed to 31 March 2010. Rental is 3.0% of total revenue to 31/03/2010. As turnover figures are not known actual future obligations under the lease cannot be determined in dollar terms.

(b) The company 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 first term expires in April 2008. 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$45,000 is also payable. As turnover figures are not known, actual future obligations under the lease cannot be determined in dollar terms.

(c) The company 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 first term expires in November 2010. Rental is calculated on a percentage of turnover with the minimum rental in the first year of the term being S$60,000 and thereafter S$96,000. Minimum rents in successive terms are increased by the higher of 15% of the minimum rent in the preceding term or the percentage increase in the Singapore Consumer Price Index whichever be the higher. As turnover figures are not known, actual future obligations under the lease cannot be determined in dollar terms.

17. Financial Instruments

(a) 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.

Maximum exposures to credit risk as at balance date are:

		Group		Parent
	2008	**2007**	**2008**	**2007**
Accounts Receivable	1,583,374	1,642,611	613,756	1,016,281
Advance to Subsidiaries	0	0	44,880,818	56,372,247
Advance to Associated Companies	15,718,035	16,414,735	3,929,508	4,103,683

No collateral is held on the above amounts.

(b) Concentration of Credit Risk

		Group		Parent
	2008	**2007**	**2008**	**2007**
Advances to Subsidiaries	0	0	44,880,818	56,372,247
Advance to Associated Companies	15,718,035	16,414,735	3,929,508	4,103,683

(c) Credit Facilities
The Company has adequate facilities to meet operational and investment needs over the ensuing twelve months.

(d) Interest Rate Risk
The Company is exposed to interest rate risk in respect of the bank mortgages of $24,500,000 (2007 $34,200,000). The Directors consider that the interest rate risk is within acceptable thresholds for the group.

(e) 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.

Quantitative disclosures

Credit risk

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

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

	Gross receivable 2008	**Impairment 2008**	**Gross receivable 2007**	**Impairment 2007**
Not past due	1,161,687	0	1,305,717	0
Past due 0-30 days	349,584	0	322,492	0
Past due 31-120 days	61,807	0	14,402	0
Past due 121-360 days	10,296	0	0	0
Past due more than 1 year	0	0	0	0
Total	$1,583,374	$0	$1,642,611	$0

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.

2008 Group

	Balance sheet	Contractual cash flows	12 months or less	1-2 years	2-5 years	More than 5 years
Secured bank loans	24,500,000	24,500,000	24,500,000	0	0	0
Convertible notes	402,150	402,150	109,200	153,300	139,650	0
Trade and other payables	4,156,214	4,156,214	4,156,214	0	0	0
Total non-derivative liabilities	29,058,364	29,058,364	28,765,414	153,300	139,650	0

2007 Group

	Balance sheet	Contractual cash flows	12 months or less	1-2 years	2-5 years	More than 5 years
Secured bank loans	34,200,000	34,200,000	34,200,000	0	0	0
Convertible notes	453,500	453,500	191,000	109,200	153,300	0
Trade and other payables	3,899,446	3,899,446	3,899,446	0	0	0
Total non-derivative liabilities	38,552,946	38,552,946	38,290,446	109,200	153,300	0

2008 Parent

	Balance sheet	Contractual cash flows	12 months or less	1-2 years	2-5 years	More than 5 years
Secured bank loans	24,500,000	24,500,000	24,500,000	0	0	0
Convertible notes	402,150	402,150	109,200	153,300	139,650	0
Trade and other payables	2,070,185	2,070,185	2,070,185	0	0	0
Total non-derivative liabilities	26,972,335	26,972,335	26,679,385	153,300	139,650	0

2007 Parent

	Balance sheet	Contractual cash flows	12 months or less	1-2 years	2-5 years	More than 5 years
Secured bank loans	34,200,000	34,200,000	34,200,000	0	0	0
Convertible notes	453,500	453,500	191,000	109,200	153,300	0
Trade and other payables	1,834,554	1,834,554	1,834,554	0	0	0
Total non-derivative liabilities	36,488,054	36,488,054	36,225,554	109,200	153,300	0

Foreign currency exchange risk

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

2008

Foreign currency risk	$S	$C
Trade receivables	189,994	0
Secured bank loans	-2,204	0
Trade payables	-228,742	-6,790
Net balance sheet exposure	- 40,952	-6,790

2007

Foreign currency risk	$S	$C
Trade receivables	167,877	0
Secured bank loans	-15,543	0
Trade payables	-562,727	-50,890
Net balance sheet exposure	-410,393	-50,890

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 decrease the Group's profit before income tax by $245,000 (2007 $342,000).

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 $27,629 (2007 $14,800).

Capital risk management

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.

Classifications and 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 2008 are identical to the carrying values as detailed in the balance sheet and consolidated balance sheet to 31 March 2008.

18. Reconciliation of Profit after Taxation to Net Cash Flows from operating activities

		Group		Parent
	2008	2007	2008	2007
Reported Surplus after Taxation	25,133,054	24,273,929	7,511,432	6,938,976
Add Non Cash Items				
Depreciation	2,710,702	2,839,232	688,289	566,614
Movement in Deferred Tax	236,888	478,895	-15,509	-2,352
Additional Earnings from Equity Accounted Associates	-1,350,687	-1,125,380	-1,305,564	-896,080
Convertible Notes Provision	21,650	-27,300	21,650	-27,300
Investment Property Fair Value	-7,534,876	-8,376,261	0	0
Foreign Currency Translation (Gains)/Losses	38,417	-359,168	0	0
Patent Cost Canada	9,961	0	0	0
	$19,265,109	$17,703,947	$6,900,298	$6,579,858
Movement in Working Capital				
Decrease in Taxation Paid	67,455	1,112,103	-353,122	1,298,840
Increase in other Creditors	256,771	340,627	235,631	146,209
Increase in Stock on Hand	-36,279	-38,657	-20,041	-15,072
Increase in Debtors	59,237	-322,702	402,525	-370,055
Decrease in Interest Payable	0	-363,566	0	-363,566
	347,184	727,805	264,993	696,356
Net Cash Flow from Operating Activities	$19,612,293	$18,431,752	$7,165,291	$7,276,214

19. Subsequent Events

On 11 June 2008 Premier Hotels (Christchurch) Ltd sold its shares in Victoria Hotels (Christchurch) Ltd to Eureka Funds Management for $61.5m. Christchurch Hotels Ltd agreed to buy Intercontinental Group's shares in Premier Hotels (Christchurch) Ltd for some $33.1m, inclusive of a $4.1m dividend. Settlement was completed on 6 August 2008. The effect of the transaction is that Skyline's effective interest in Christchurch Casinos Ltd has increased by 5.3% to 45.7%.

20. SEGMENT REPORTING

Geographical Segments

	New Zealand		Other Regions		Total	
	2008	2007	2008	2007	2008	2007
Total segment revenue	43,337,117	40,937,136	8,480,171	6,880,416	51,817,288	47,817,552
Segment result						
Results from operating activities	24,028,869	24,621,267	4,031,646	2,536,293	28,060,515	27,157,560
Net finance costs	(2,835,920)	(3,328,378)	13,628	18,279	(2,822,292)	(3,310,099)
Share of profit of equity accounted investees	5,712,891	5,551,740	0	0	5,712,891	5,551,740
Income tax expense	5,215,160	4,632,430	602,900	492,842	5,818,060	5,125,272
Profit for the period	21,690,680	22,212,199	3,442,374	2,061,730	25,133,054	24,273,929
Segment assets	123,197,825	116,151,488	7,184,808	6,653,471	130,382,633	123,336,296
Investment in equity accounted investees	51,006,723	50,352,736	0	0	51,006,723	50,352,736
Total assets	174,204,548	166,504,224	7,184,808	6,653,471	181,389,356	173,689,032
Segment liabilities and Total liabilities	30,713,843	39,737,611	210,656	316,096	30,924,499	40,053,707
Capital expenditure	2,461,819	941,011	658,546	278,474	3,120,365	1,219,485
Depreciation	1,907,319	2,015,250	803,383	823,982	2,710,702	2,839,232

Business Segments

	Tourism		Property Investments		Total	
	2008	2007	2008	2007	2008	2007
Revenue from external customers	47,172,919	43,476,996	4,644,369	4,340,556	51,817,288	47,817,552
Segment assets	88,586,291	87,789,032	93,475,000	85,900,000	182,061,291	173,689,032
Capital expenditure	3,080,241	745,746	40,124	473,739	3,120,365	1,219,485

21. INVESTMENT PROPERTY

	Group	
	2008	2007
Balance at 1 April	85,900,000	77,050,000
Acquisitions	40,124	473,739
Change in fair value	7,534,876	8,376,261
Balance at 31 March	93,475,000	85,900,000

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

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

Retail and Offices	Yields
New Zealand	3.6% - 6.5%

22. EQUITY ACCOUNTED INVESTEES

The Group's share of profit in its equity accounted investees for the year was $5,712,891 (2007: $5,551,740).
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	Revenue	Expenses	Profit/ (loss)
2008 (thousands of dollars)										
Christchurch Casinos Ltd	40.4%*	36,255	37,982	74,237	7,428	0	7,428	64,861	50,240	14,621
Christchurch Hotels Ltd	33.3%	48,764	88,770	137,534	59,715	0	59,715	20,651	20,508	143
Queenstown Casinos Ltd	40.0%	2,895	3,424	6,319	1,443	190	1,633	7,516	7,420	96
2007 (thousands of dollars)										
Christchurch Casinos Ltd	40.4%*	29,746	40,414	70,160	7,475	0	7,475	70,573	56,662	13,911
Christchurch Hotels Ltd	33.3%	3,777	135,660	137,437	55,197	6,500	61,697	20,973	20,085	888
Queenstown Casinos Ltd	40.0%	2,028	3,753	5,781	974	216	1,190	6,501	6,890	-389

* direct and indirect interest

Movements in carrying value of equity accounted investees:

		Group
	2008	2007
Balance at 1 April	50,352,236	49,226,856
Share of profit/(loss)	653,987	1,125,380
Balance at 31 March	51,006,223	50,352,236

23. EARNINGS PER SHARE

Basic Earnings per share

The calculation of basic earnings per share at 31 March 2008 was based on the profit attributable to ordinary shareholders of $25,133,054 (2007: $24,273,929) and a weighted average number of ordinary shares outstanding of 33,826,029 (2007: 33,787,829) calculated as follows:

Profit attributable to ordinary shareholders

	Total 2008	Total 2007
Net profit/(loss) for the period	25,133,054	24,273,929
Net profit/(loss) attributable to ordinary shareholders	25,133,054	24,273,929

Weighted average number of ordinary shares

	Note	2008	2007
Issued ordinary shares at 31 March	5	33,826,029	33,787,829

24. EXPLANATION OF TRANSITION TO NZ IFRS

Reconciliation of Income

Group	Note	2007 NZIFRS	Effect of transition	2007 Previous GAAP
Operating Revenue				
Sales		42,891,332	0	42,891,332
Cost of Sales		5,484,592	0	5,484,592
Gross profit		37,406,740	0	37,406,740
Other Income				
Rents Received		4,855,121	0	4,855,121
Dividends Received	a	0	(3,281,060)	3,281,060
Investment Property Revaluation	d	8,376,261	8,376,261	0
Foreign Currency Translation Gains	c	359,168	359,168	0
		50,997,290	5,454,369	45,542,921
Expenses				
Operating Expenses	e	20,706,307	(27,300)	20,733,607
Directors' Fees		250,000	0	250,000
Audit Fees		32,207	0	32,207
Fringe Benefit Taxation		11,984	0	11,984
Depreciation	d	2,839,232	(471,434)	3,310,666
		23,839,730	(498,734)	24,338,464
Operating Profit Before Finance Costs		27,157,560	5,953,103	21,204,457
Interest Received	a	71,099	(1,145,300)	1,216,399
Interest Paid		3,381,198	0	3,381,198
Net Financing Costs		3,310,099	1,145,300	2,164,799
Profit Before Tax		23,847,461	4,807,803	19,039,658
Income Tax expense	f	5,125,272	155,573	4,969,699
Profit for the year		18,722,189	4,652,230	14,069,959
Share of profit of Equity accounted investees	a	5,551,740	5,551,740	0
Profit Attributable to Equity holders of the Company		$24,273,929	$10,203,970	$14,069,959
		========	========	========

Explanation of Transition to NZ IFRS
Reconciliation of Equity

Group	Note	2006 NZIFRS	Effect of transition	2006 Previous GAAP
Equity				
Issued Fully Paid up Capital				
33,747,829 Ordinary Shares		26,978,178	0	26,978,178
Retained Earnings		90,155,626	36,197,027	53,958,599
Total Equity		$117,133,804	$36,197,027	$80,936,777
		========	=======	=======
This is Represented by:				
Non Current Assets				
Fixed Assets	b	35,091,856	(260,260)	35,352,116
Investments in				
Associate and other Companies	a	49,231,671	19,189,691	30,041,980
Deferred Taxation		91,158	0	91,158
Patent Costs Canada		10,357	0	10,357
Investment Property	d	77,050,000	17,747,671	59,302,329
Total Non Current Assets		161,475,042	36,677,102	124,797,940
Current Assets				
Stock at Cost		473,566	0	473,566
Accounts Receivable		1,319,909	0	1,319,909
Taxation Paid		542,658	0	542,658
Bank Accounts		2,202,288	0	2,202,288
Total Current Assets		4,538,421	0	4,538,421
Total Assets		166,013,463	36,677,102	129,336,361
Non Current Liabilities				
Staff Convertible Notes		477,200	0	477,200
Provision for Current Share Price	e	178,000	178,000	0
Total Non Current Liabilities		655,200	178,000	477,200
Current Liabilities				
Accounts Payable		2,969,038	0	2,969,038
Employee Entitlements		589,780	0	589,780
Mortgages (secured)		44,363,566	0	44,363,566
Deferred Taxation	f	302,075	302,075	0
Total Current Liabilities		48,224,459	302,075	47,922,384
Total Liabilities		48,879,659	480,075	48,399,584
Net Assets		$117,133,804	$36,197,027	$80,936,777
		========	========	========

Explanation of Transition to NZ IFRS
Reconciliation of Equity

Group	Note	2007 NZIFRS	Effect of transition	2007 Previous GAAP
Equity				
Issued Fully Paid up Capital				
33,787,829 Ordinary Shares		27,130,178	0	27,130,178
Retained Earnings		106,505,147	46,713,762	59,791,385
Total Equity		$133,635,325	$46,713,762	$86,921,563
		========	========	========
This is Represented by:				
Non Current Assets				
Fixed Assets	b	33,466,708	391,998	33,074,710
Investments in				
Associate and other Companies	a	50,352,736	20,315,071	30,037,665
Patent Costs Canada		9,961	0	9,961
Investment Property	d	85,900,000	26,615,041	59,284,959
Deferred Taxation		90,805	90,805	0
Total Non Current Assets		169,820,210	47,412,915	122,407,295
Current Assets				
Stock at Cost		512,223	0	512,223
Accounts Receivable		1,642,611	0	1,642,611
Bank Accounts		1,713,988	0	1,713,988
Total Current Assets		3,868,822	0	3,868,822
Total Assets		173,689,032	47,412,915	126,276,117
Non Current Liabilities				
Staff Convertible Notes		453,500	0	453,500
Provision for Current Share Price	e	150,700	150,700	0
Total Non Current Liabilities		604,200	150,700	453,500
Current Liabilities				
Taxation		569,444	0	569,444
Accounts Payable		3,232,030	0	3,232,030
Employee Entitlements		667,416	0	667,416
Mortgages (secured)		34,200,000	0	34,200,000
Deferred Taxation	f	780,617	548,453	232,164
Total Current Liabilities		39,449,507	548,453	38,901,054
Total Liabilities		40,053,707	699,153	39,354,554
Net Assets		$133,635,325	$46,713,762	$86,921,563
		========	========	========

Explanation of Transition to NZ IFRS
Notes to the reconciliation of equity and income

(a) On transition to IFRS investments in Christchurch Casinos Limited, Christchurch Hotels Limited and Queenstown Casinos Limited are equity accounted. The effect on profit is to reduce dividends received by $3,281,060, interest by $1,145,300 and increase equity earnings by $5,551,740.
The effect on investments as at date of implementation 01/04/06 is to increase the carrying value of the investment in Christchurch Casinos Limited from $8,741,237 to $18,238,387 in Christchurch Hotels Limited from $16,415,136 to $28,996,469 and to reduce the investment in Queenstown Casinos Limited from $ 4,880,792 to $1,992,000.

(b) On transition to IFRS at 01/04/06 the historical mall Head Office site has been transferred to Investment Property. In the 2007 year overseas plant and equipment was restated to historical cost to meet IFRS requirements resulting in an increase in value of $671,933 and a corresponding foreign exchange gain offsetting the previous losses recognised.

(c) The foreign currency translation reserve of $511,617 remains in retained earnings but other exchange differences are now included in the profit statement.

(d) Consistent with the Groups accounting policy investment property has been recognised at fair value at the date of transition to NZIFRS. Under previous GAAP investment property was measured on a cost basis. The effect is to increase investment property by $17,747,671 at 1st April 2006, by $26,615,041 at 31st March 2007 and to increase investment property revaluation income by $8,376,261 for the year ended 31st March 2007. Also previously recognised depreciation costs of $471,434 are no longer recognised on investment property.

(e) On transition to IFRS provision is made for conversion of convertible notes to shares at the prevailing market price being $6. Changes in this provision from year to year are included in operating expenses.

(f) There is an increased liability for deferred taxation on depreciation claimed to date on the investment property for taxation purposes only.
The increased deferred taxation was $302,075 at 1/04/06 and $155,573 in the 2007 tax year.

(g) Statement of cashflows. The restatement of the balance sheets, as at 1st April 2006 and 31st March 2007 and the profit and loss statement, as at 31st March 2007 has had no effect on the statement of cashflows.

For the year ended 31 March 2008

Remuneration of Directors

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

	Group	Parent
Mr B C Thomas - Chairman	98,910	98,910
Mr G H Hensman	52,210	52,210
Mr P J Hensman	60,870	60,870
Mr Bill Walker	50,010	50,010
Mr R B Thomas	33,000	33,000
	$295,000	**$295,000**

Directors' Indemnity and Insurance

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

Remuneration of Employees

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

Number of Employees	Bracket
1	$ 110,000 - $ 120,000
1	$ 120,000 - $ 130,000
1	$ 130,000 - $ 140,000
1	$ 140,000 - $ 150,000
1	$ 190,000 - $ 200,000
1	$ 300,000 - $ 310,000

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 for advertising in Mountain Scene Limited - a Company in which Mr B C Thomas, a Director has an interest.
- Paid for share listing services to Efficient Market Services Limited – a company in which Mr B C Thomas, a Director has an interest.
- Paid Southern Beaver Limited for consulting contracting and heavy machinery services - a Company in which Mr G H Hensman, a Director, has an interest.
- Paid E Type Engineering Limited for engineering services - a Company in which Mr Bill Walker, a Director, has an interest.

All of these transactions were provided on normal commercial terms.

b) Share Dealing by Directors

Directors did not disclose any on market purchases of ordinary shares under Section 148(2) of the Companies Act 1993 for the year to 31 March 2008.

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 2008	GAAP 2007	GAAP 2006	GAAP 2005	GAAP 2004
Total Income all Sources	59,352,164	52,243,912	46,881,262	43,382,230	36,114,659
Operating Surplus	25,238,223	19,039,658	15,963,668	17,224,427	13,833,621
Taxation Provision	5,818,060	4,969,699	3,807,160	4,138,557	3,850,087
Net Profit After Taxation	25,133,054	14,069,959	12,156,508	13,185,138	9,838,179
Shareholders' Funds	150,464,857	86,921,563	80,936,777	74,778,837	73,881,355
Dividend per share (cents)	28	25	22	22	18
Total Dividends Payable	9,460,592	8,436,957	7,417,922	7,415,062	6,063,809
Earnings to Shareholders Funds	16.7%	16.2%	15.0%	17.6%	13.3%
Net Asset Backing per Ordinary Share	$4.45	$2.57	$2.40	$2.22	$2.19
Wages Paid	12,139,309	11,194,753	10,406,657	9,513,408	8,487,916
Share Price	$5.90	$6.25	$6	$7.10	$5.55

INTERESTING FACTS

		2008	2007	2006	2005	2004
Number of Cableway Passengers	- Queenstown	535,625	540,898	528,849	540,293	520,935
	- Rotorua	429,772	423,872	402,579	425,172	399,623
Number of Diners	- Skyline	131,792	132,767	121,546	133,800	122,508
Average Annual Occupancy						
Blue Peaks Lodge		80%	80%	83%	84%	79%
Leisure Lodge		63%	60%	58%	56%	69%

SHAREHOLDING STATISTICS

Distribution of Shareholders and Shareholdings

Size of Holding	Holders	Shares	Percentage
- 19,999	625	4,642,686	13.8
20,000 - 69,999	118	3,986,841	11.8
70,000 - 199,999	37	4,220,302	12.5
200,000 - 499,999	25	6,405,705	18.9
500,000 -	14	14,570,495	43.0
Total	819	33,826,029	100.00

WHK Cook Adam
Ward Wilson

AUDITORS REPORT TO THE SHAREHOLDERS OF

SKYLINE ENTERPRISES LIMITED

We have audited the financial report set out on pages 8 to 36. The financial report provides infomation about the past financial performance of the company and group and its financial position as at 31 March 2008. This information is stated in accordance with the accounting policies set out on pages 15 to18.

Board of Directors Responsibilities
The Board is responsible for the preparation of a financial report which gives a true and fair view of the financial position of the company and group as at 31 March 2008 and of the results of operations and cash flows for the year ended 31 March 2008.

Auditors' Responsibilities
It is our responsibility to express an independent opinion on the financial report presented by the Board and report our opinion to you.

Basis of Opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial report, and
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial report.

We have also provided human resource consultancy services to the value of $6644. Other than this and in our capacity as auditors we have no relationship with or interests in the company or any of its subsidiaries.

Unqualified Opinion
We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial report set out on pages 8 to 36.
  - complies with generally accepted accounting practice in New Zealand
  - gives a true and fair view of the financial position of the company and group as at 31 March 2008 and the results of its operations and cashflows for the year ended on that date.

Our audit was completed on 8 August 2008 and our unqualified opinion is expressed as at that date.

WHK Cook Adam Ward Wilson

WHK COOK ADAM WARD WILSON
Invercargill

Total Financial Solutions

WHK Cook Adam Ward Wilson Partnership
181 Spey Street, Invercargill 9810
Private Bag 90106, Invercargill 9840, New Zealand
Telephone 03 211 3355 or 0800 927 394
Facsimile 03 218 2581
www.whkgroup.co.nz

SUBSIDIARY AND ASSOCIATED COMPANIES
COMPANY OPERATIONS

Accommodation and Booking Agents (Queenstown) Limited

Head Office
Managing Director : Ken Matthews
Operations Manager: Maryann Geddes
Manager – International Luge: Bruce Thomasen
Skyline Travel Office
Company Administration
Phone : 03 441 0377
Fax : 03 441 0394
E-mail : info@skyline.co.nz
Mail : P O Box 17, Queenstown

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

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

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

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

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

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

Queenstown Tourist Company Limited
Investment Company

Christchurch Casinos Limited
Skyline Enterprises Limited and subsidiary companies retain a 40% share in Christchurch Casinos Limited.

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

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

Fairy Springs Holdings Limited
Non operating subsidiary.

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

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

NEW ZEALAND COMPANY OPERATIONS

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

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

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

Blue Peaks Apartments
PO Box 17, (Coronation Drive)
QUEENSTOWN, New Zealand
Tel: (64) +3-442-9224
Fax: (64) +3-442-6847
Email: bluepeaks@xtra.co.nz

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

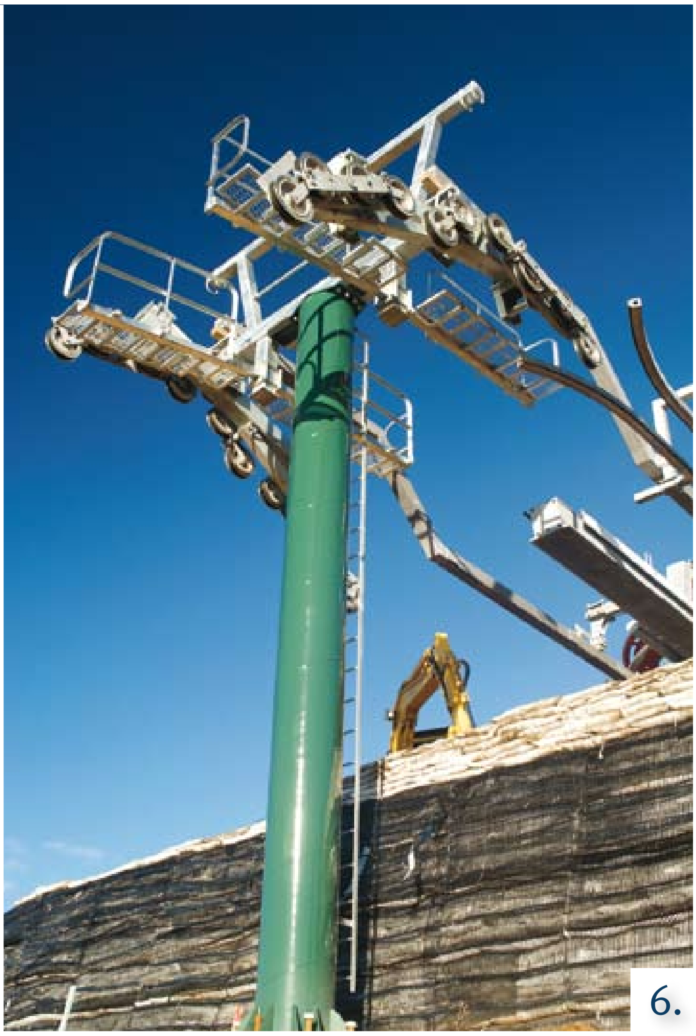
Skyline Skyrides
PO Box 2353, (Fairy Springs Road)
ROTORUA, New Zealand
Tel: (64) +7-347-0027
Fax: (64) +7-348-2163
Email: enquiries@skylineskyrides.co.nz

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

1. Proposed building for Dairy Corner, Queenstown
2. Queenstown Luge
3. Queenstown Gondola
4. 5. 6. New Chairlift under construction in Rotorua
7. Skyline Skyrides Rotorua

4.

5.



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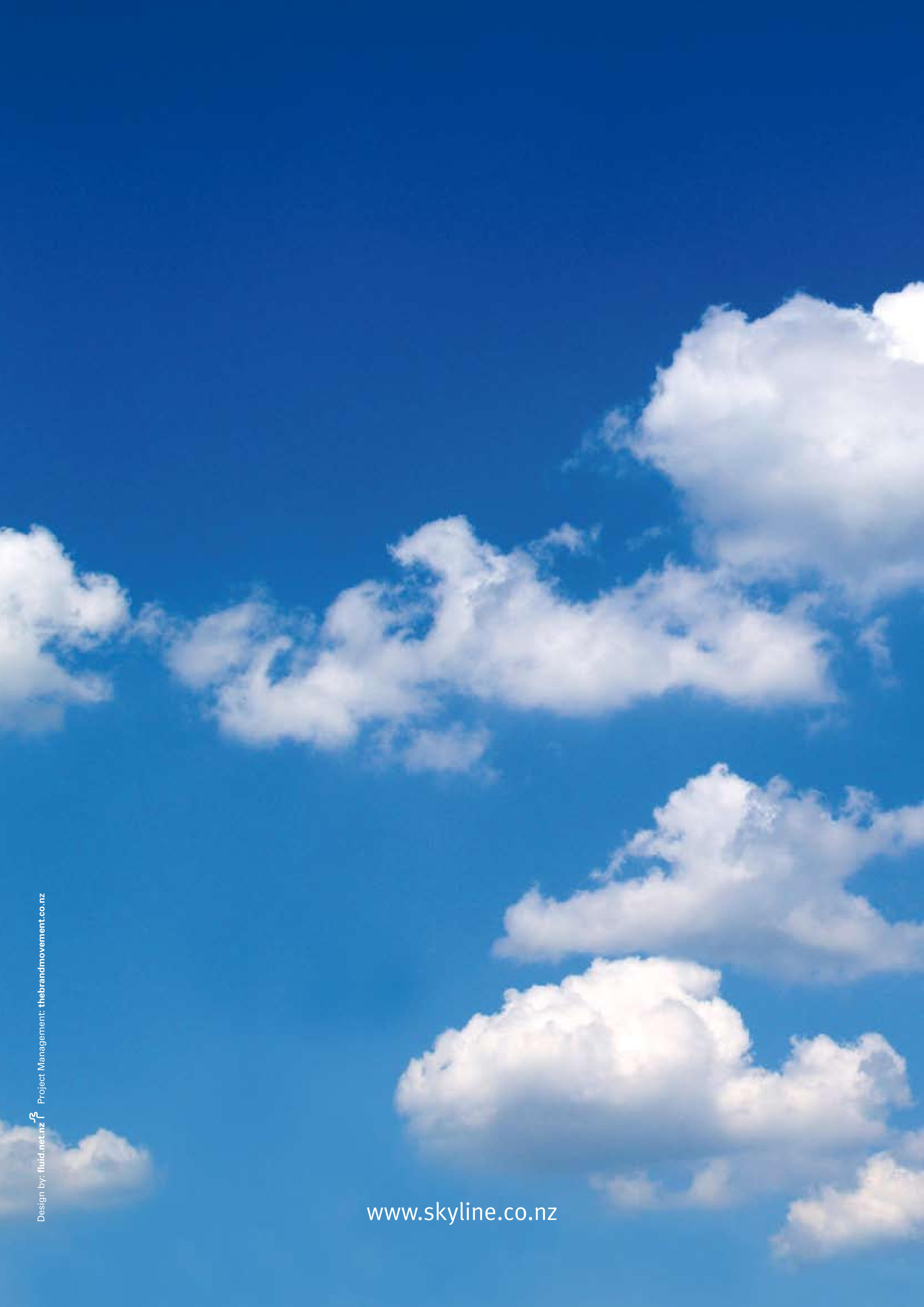

www.skyline.co.nz

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