

Skyline Enterprises Ltd

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SKYLINE PRELIMINARY PROFIT ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

Skyline is delighted to report a successful years trading with profit before tax and property revaluations of \$27.7m (\$23.4) and after providing for tax of \$6.8m (\$7.2m) this provides a distributable profit of \$20.9m (\$16.2m). These results are subject to audit.

As noted previously, and consistent with international reporting standards, we are obliged to provide annual property valuations for our commercial holdings. This year there is a devaluation of \$6.4m which follows a \$7.1m devaluation in the previous year. The incorporation of such (which impacts neither our cash position or taxation liability) has the effect of adjusting the profit after tax attributable to the group to \$14.5m (\$9.0).

Skyline Gondola properties Queenstown and Rotorua

Visitor levels to both properties improved over the year and with careful management, a keen focus on all operating costs and yields, and with the benefit of past significant capital and refurbishment programs it is satisfying to report a substantial improvement in the contribution to group earnings by both entities. Skyline Queenstown was successful in introducing new products and improving the average spend per visitor, whilst Skyline Rotorua with close attention to visitor patterns was able to effect a reduction in its cost structure.

Accommodation properties

Both Blue Peaks Lodge and the Mercure Leisure Lodge achieved an improvement in earnings for the year. Occupancy at both establishments declined, but only marginally.

Offshore luge

Luge facilities at Mont Tremblant (Quebec) and Sentosa Island (Singapore) each had a particularly successful year. Although summer visitors to Mont Tremblant declined, our relative share of the market improved and in fact a record season was achieved. Sentosa had a very busy year and an extension to the luge track has produced an increase in the number of rides purchased per rider. Whilst we have some room available for further track developments it is becoming clear that the property will be faced with capacity issues in the not too distant future should the current growth pattern continue.

Commercial properties

Our Queenstown properties have performed to expectation, noting that retailing generally has been quite difficult. This has had an effect on vacancy levels and rental returns generally. The company though has continued to invest and expand facilities where the returns for the respective parties are assured.

Casinos

Christchurch Casino enjoyed another good year with profitability just a little less than in the previous year. Profits for the Dunedin Casino were less than last year and the returns from Queenstown Casino were disappointing.

Dividend

Given the groups cash position, strong trading result and relative confidence with industry trends the Directors consider that it is appropriate to increase this year's dividend to shareholders. Accordingly it is the Directors recommendation that the dividend be increased to 32 cents per share an improvement on last year's 22 cent per share. This will require \$10.8m as against the previous year's \$ 7.4m.

It is important to note that whilst our gondola properties have recorded some measure of growth over that achieved in 2009, that year was one of lower activity and in fact our visitations for 2010 have not yet returned to that of two years previous.

Predictions for a good winter in the south are encouraging although we note that is not our busiest period of the year. International arrival numbers to New Zealand are beginning to show some improvement, driven predominantly out of the Australian market. It is also heartening to note our Government recognising the importance of the industry to the economy through the provision of additional funding designed to assist the marketing of our country.

We have read often over the last few months that travellers are spending less as a result of the international recession. While visitations to our domestic properties have not recovered to pre-recessionary times the average spend per head is not causing us any great problem at this particular stage. We remain optimistic that Skyline will continue to provide satisfactory results for its shareholders and that the Company is in good shape from a resource and operational perspective.

This year's AGM is scheduled for the 18th September 2010 where the Company will take the opportunity to acknowledge the long and valuable service of the former Chairman, Mr B.C.Thomas.

Ken Matthews
Chairman
9 June 2010