



Skyline Preliminary Announcement for the Year Ended 31st March 2016

Skyline is pleased to announce another successful year's trading with a profit before tax of \$66.8m (\$63.3m last year). All entities achieved improved trading results and exceeded the overall year's target.

The variation between the years can be attributed to an increase in trading profit before tax of \$10.1m (\$9.9m increase last year) and a lesser increase in value of the commercial property portfolio of \$10.1m (\$16.7m increase last year)

Removing revaluation, amortisation and tax deferred on building depreciation provides a result of \$44.4m (\$36.7m last year)

The accounts are subject to audit confirmation.

It is worthwhile to note that underlying after tax trading profits have increased 64% over the past two years reflecting the very strong growth in tourism, combined with the Group's reinvestment and new initiatives providing strong returns.

Skyline continues to deliver on the company's long term growth strategy. Whilst investor demands in the financial markets for increased dividends is understandable retaining funds is important to Skyline. This is to meet our reinvestment and development strategies, take advantage of potential acquisitions and manage any unexpected downturn in our industry sectors.

Skyline Queenstown

With a 15% increase in overall site visits and breaking a million luge rides in one year for the first time, Skyline Queenstown had another successful year.

The announcement and progression of major development plans for Skyline Queenstown capped off a great year. Plans include replacing the current 4 seater with a 10 seater gondola system, new bottom terminal and extended Skyline Complex. We will also be replacing the luge chairlift to increase capacity.

www.skylinedevelopment.co.nz

Skyline Rotorua

The investment into refurbishment and new product development at Skyline Rotorua over the last 4 years has enabled the property to deliver improved results above natural market growth. As Supreme Tourism and Business Award winners, this recognises the investment made by Skyline at Rotorua.

The business is now well placed to maximise benefits from the growth in international visitor arrivals and strong domestic travel.

Skyline International Luge

Our continued investigation of new opportunities to expand offshore luge operations is progressing well. A number of potential offshore sites are now well advanced in the investigation phase.

Skyline Luge Tongyeong

The Tongyeong Luge project in South Korea is on track for completion at the end of 2016. All indicators point to this project adding significant value to our luge portfolio.

Skyline Luge Sentosa

Visitation to our Sentosa luge operation continues to increase. Planning continues for the installation of a second chairlift and extensions to the luge tracks to provide further capacity. The development project has moved to approvals and tendering with mid 2017 as our completion target date.

Skyline Luge Mont Tremblant

Consistent trading continues at Mont Tremblant with profitability ahead of past years.

Skyline Luge Calgary

Incremental improved results continue at our Calgary operation. Additional initiatives are in place to encourage more Calgarians to visit the Winsport Olympic Park this summer to discover the luge.

Mercure Leisure Lodge.

Increased general occupancy at Leisure Lodge continues with trading results ahead of previous years. Planning for reception and common area upgrades is underway to improve standards.

Blue Peaks Lodge and Apartments

As forecast, demand over summer resulted in strong trading for all Queenstown accommodation providers. This resulted in Blue Peaks enjoying an improved trading result over past years. As with Leisure Lodge, property improvements are also planned to improve standards at Blue Peaks.

Totally Tourism

Totally Tourism's past year's trading was again an improvement on last year and budget. The Helicopter Line and Glacier Helicopters continued to trade solidly. Despite Milford remaining a competitive environment, Mitre Peak Cruises and our flightseeing operations retained market share. Milford Sound Flights continues to upgrade their fleet. HMH Heli-ski season improved on the previous year whilst Queenstown Combos and Challenge Rafting remained steady.

Skyline Properties

The Queenstown commercial property market remains buoyant with our portfolio of buildings retaining a good mix of tenants. The new Marine Parade buildings planned completion is late 2016 and it is set to open with high quality anchor tenants. Upgrading O'Connell's Pavilion in 2018 and the review of our portfolio in terms of standards and appearance are two key projects.

Christchurch Casino

Trading continues to be consistent with the past few years. Accommodation capacity and other key projects in the city are slowly progressing. The casino is focused on new marketing initiatives; refining our F&B offerings and continuing improvements to enhance the visitor entertainment experience. The potential development of hotel accommodation adjacent to the casino by a third party on casino owned land is advancing.

Other Matters

Legal dispute – Heli Holdings and The Helicopter Line and Totally Tourism. The Helicopter Line Limited (THL) and Totally Tourism Limited (TTL) are in dispute with Heli Holdings Limited regarding the lease of 8 helicopters, provision of maintenance of the helicopters by Airwork and other matters. The matter was heard in the High Court in May, June and July 2015. A decision was received in May 2016. This validated THL's decision to cease flying the helicopters in July 2013 over safety concerns relating to the standard of maintenance provided under the contract. It also confirmed that the contract was at an end in 2013 which otherwise was scheduled to run until 2022.

The judgment requires THL and TTL to pay for some contractual charges that had accrued up until the time THL grounded the helicopter fleet over the safety concerns, this amount being \$2,070,143 plus interest. Heli Holdings had sought the sum of \$16,206,763 from THL for shortfall hours' penalties and expected lost profits for the period to August 2022.

The court's detailed decision validates THL's safety concerns which led to the breakdown in the relationship with Heli Holdings and Airwork, and the decision to cease flying the helicopters. Heli Holdings has appealed the decision to the Court of Appeal. THL has cross appealed some aspects of the decision.

Financial Markets Conduct Act

Skyline Enterprises Limited of Level 2, 11-17 Church St, Queenstown, advise that it has elected to fully transition to the Financial Market Conduct Act 2013 (FMCA) with effect from 31 March 2016. After that date all of the requirements of FMCA will apply to the company. In particular, the company's share register will then be governed by Part 4 of the FMCA. Part 4 of the FMCA provides for the governance of regulated products. In particular, Part 4 of the FMCA creates ongoing duties of issuers of all regulated products to maintain registers and keep copies of documents. Currently the Company is required to complete an audit of its registry, by making an election into Part 4 of the FMCA the company can access a combined registry audit at a reduced rate. There is no change to the way the Company maintains its registry by making an election into Part 4 of the FMCA.

Dividend

It is the directors' recommendation that a dividend of 50c per share (42c) be paid to shareholders requiring \$17.0m (\$14.3m)

In celebration of Skyline Enterprises 50 years in business the directors' recommend a one off bonus dividend of 5c requiring \$1.7m.

This year's AGM is scheduled to be held on 24th September 2016 and we look forward to shareholders' attendance.

Mark Quickfall
Chairman

June 2016