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Skyline Preliminary Profit Announcement for the Year Ended 31st March 2013

Skyline is pleased to report a further year's successful trading with a profit before tax of \$34.7m (\$29.0 last year)

After taking into account the property revaluation of \$0.7m (\$1.6m) amortisations and goodwill written off of \$11.3m (\$0.3m) and taxation \$7.5m (\$10.0) the distributable profit to shareholders is \$16.6m (\$20.3).

The goodwill write off arises principally through the acquisition of Christchurch Casinos Ltd. The casino became a wholly owned subsidiary of Skyline on 24th December 2012 and the group financial statements reflect the activity from that date.

The accounts are subject to audit confirmation.

Skyline Gondola Properties

Skyline Queenstown experienced strong trading conditions throughout the year with gondola numbers just reaching an all time high. Total revenue from all sources increased by 15% over the preceding year with dining and luge activity in particular to the forefront.

A similar pattern occurred in Rotorua where management initiatives to increase dining numbers proved to be very successful.

Good control over margins and yields, as well as operating expenses resulted in improved results from both of the gondola properties.

Accommodation Properties

The Mercure Leisure Lodge recorded a small decline in occupancy for the year to 65% whilst in Queenstown the net returns from Blue Peaks Lodge were less than in 2012.

Commercial Properties

Vacancy levels remained very low over the year and with some growth in rentals net returns were satisfactory.

Offshore Luge

Rider activity in Sentosa and contribution to group profit was at a level consistent with the previous year. Visitations to the island were under pressure throughout the year mainly due to the effects of competition from other destinations. Our capital works program including a ticketing and retail upgrade, guest queuing improvements and back of house alterations are all scheduled for completion in August.

Mont Tremblant achieved a sound result and fully met expectations. Visitor numbers to the resort were in line with previous years.

Totally Tourism

With assistance from some great summer weather the first full year's trading from this group of companies was in line with that as projected at the time of purchase. Some operational challenges continue in what is a particularly competitive environment.

Christchurch Casino

Not surprisingly patronage has not yet been restored to levels pre-earthquake although the trend is certainly improving. Dining numbers in the Grand Cafe are on the increase and the extent of new commercial activity along Victoria Street is an encouraging sign as the inner city moves into rebuild mode.

A resource consent to establish a functions facility within the casino's ground level parking has been granted by Council and it is anticipated that construction will be able to commence in October once a building consent has been issued.

Dividend

It is the directors' recommendation that a dividend of 37c per share (34c) be paid to shareholders requiring \$12.6m (\$11.5m).

General

The planning application for the proposed luge in the coastal city of Tongyeong in South Korea is proving to be quite arduous and it is becoming clear that the process will take longer than anticipated. Our earlier predictions were that construction could possibly commence this year, however that will not be achievable and at best we are currently looking at a possible start in mid 2014.

After some frustrating delays the luge at Calgary in Alberta is finally open. Our on-site management team are to be congratulated for their commitment and perseverance in establishing this business under trying conditions.

Numerous issues pertaining to the site and unrelated to the luge development thwarted any attempt at an earlier opening. We are confident though as to the success of this venture especially given the location, the significant local population and relative lack of alternative attractions.

Domestically, whilst visitor arrivals remain reasonably strong, what is apparent is forecast spend per head per visitor day is anticipated to remain unchanged over the next 5 years. This is mainly due to the changes in visitor origin.

It is encouraging therefore to note the Government's response in the form of incremental funds for the industry targeted for specific purposes such as business events, towards high value visitors as well as emerging markets.

Skyline is reasonably well placed to meet the demands of both the traditional and new markets with a broad product range and variety of experiences of wide appeal to visitors to our Country.

This year's AGM is scheduled to be held on September 21st 2013 and we look forward to shareholders' attendance.

Ken Matthews
Chairman
July 2013