



SKYLINE PRELIMINARY PROFIT ANNOUNCEMENT **FOR THE YEAR ENDED 31 MARCH 2009**

Skyline are pleased to report a good years trading with profit before tax and property revaluations of \$24.2 million (\$23.4m) and after providing for tax of \$7.2 million (\$5.8m) this leaves a distributable profit of \$16.9 m (\$17.6m). There was a higher than normal tax provision because of under providing for our Singapore operation in previous years. These results are subject to Audit and there could be adjustments when we account for the sale of The Crowne Plaza Hotel in the consolidated accounts.

With the changed accounting standards introduced last year, although it does not affect the cash position or taxation of the company, we have to provide for annual property revaluations. Accordingly this year there is a devaluation of \$7.9 million compared with a revaluation the previous year of \$7.5 m. After these adjustments the profit attributed to the Company is \$9 million (\$25.2m). These property valuations significantly distort our results however the underlying trading performance of the group was very good and the fundamentals remain strong.

Reduced tourism arrivals resulted in less passengers on our respective cableways in Queenstown and Rotorua and lower overall occupancies at our various accommodation properties. There was approximately a 9% decline in cableway numbers in both Queenstown and Rotorua and a similar decline in luge rides. The exception was Singapore and Canada where we had a small increase in luge rides. The occupancy at Blue Peaks Lodge Queenstown as well as the Apartments was down about 9% over last year, whilst the Mercure Leisure Lodge occupancy was less by just 1%.

Against the tighter trading conditions we did manage substantial cost savings and reduced interest costs did assist our overall result. Although expenditure has been hard to contain, management in the various properties have done an exceptional job in holding or in some instance reducing the overhead costs of their operations.

Christchurch Casino had a good year with profitability almost the same as the previous trading period. The Casino undertook a major refurbishment in one of the main gaming floors and food outlets which incurred a cost of just over \$3.1 m. Further renovation upgrades will take place this current year but the costs have yet to be determined.

Skycity Queenstown traded satisfactorily however Dunedin Casino did not trade particularly well and the directors and management are addressing a number of issues to improve results in this somewhat difficult trading climate.

Skyline Properties have commenced the construction of the substantial building in Rees Street Queenstown to replace the property destroyed by fire. This development should be completed towards the end of 2009 and we have good interest in tenants wishing to occupy a number of the rental spaces available. Other properties under our control around Queenstown have maintained their position and although trading is challenging, generally rents are being held.

Over the last two years the directors have increased the dividends from 22 cents per share to 28 cents per share last year. It is their intention to recommend a dividend of 22 cents per share requiring \$7.4 m as against last year's dividend of 28 cents per share requiring \$9.4m. This is a reduced dividend payout being 43% of the distributable profit as compared to the 54% we paid out last year. Your directors believe this is prudent given the amount of capital expenditure we have going forward and the overall trading outlook. We have substantial upgrading underway at the Queenstown Gondola to increase carrying capacity. Added to this is the refurbishment of a major part of the Skyline complex.

It is difficult to predict the forward tourism numbers especially internationally. Provided the momentum of the past 5 years is maintained at a reasonable level we expect to continue to achieve good results.

The impact on airlines and business generally does cause us to be reasonably conservative with our forward outlook. We believe that the trends will probably be short lived and in the not too distant future we should be back to a growth platform.

The AGM is scheduled for the 19 September 2009 and we look forward to seeing shareholders then.

Barry Thomas
Chairman
9 June 2009