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NZX RELEASE

TOURISM HOLDINGS LIMITED
RESULTS FOR THE YEAR ENDING 30 JUNE 2009

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on audited accounts.

The amounts as presented have been prepared in accordance with New Zealand equivalents of International Financial Reporting Standards (NZIFRS).

Current Year NZ$m; Up/down %; Previous corresponding year NZ$m

Total Operating Revenue $169.3m; Down 2%; $173.6m

Operating loss from continuing operations before tax -$3.2m; Down 131%, $10.3 m

Less tax on operating loss -$1.8m; Down 167%; $2.7m

Operating loss after tax from continuing operations -$1.4m; Down 118%; $7.6m

Profit from discontinued operations after tax $4.3m; Down 36%; $6.7m

Surplus after tax attributable to members of the listed issuer; $2.9m; Down 80%; $14.3m

Earnings per share from continuing operations -1.4cps; Down 118%; 7.7cps

Final dividend : No dividend declared.

KEY POINTS

- Full Year 2009 NPAT of $2.9m
- Second Half 2009 Trading Revenue up 4% on prior corresponding period
- Second Half EBITDA up 18% on prior corresponding period
- Operating Cash Flow excluding fleet purchases the same as for the previous year at $30m
- Net Assets Per Share of $1.85
- Ci Munro second half loss of $0.4m vs a loss of $5.2m for the prior corresponding period
- Net Debt reduced by $20m to $58m
- Debt facility extended until 2011
- Waitomo Visitor Centre rebuild commenced
- Settlement of the sales of
    - Kelly Tarlton's
    - Red Boats
    - Intercity Joint Venture shareholding

SUMMARY OF RESULTS

Results for the 2008/09 year reflect one of the most challenging economic eras in recent history, with a severe impact on the global tourism industry. Despite the environment ***thl*** has successfully grown trading revenue, enhanced brands, reduced debt and maintained shareholder's equity.

$ Millions	Full Year to June 09	Full Year to June 08	% Chg	6 months to June 09	6 months to June 08	% Chg
Trading Revenue	138.9	137.1	1%	74.3	71.5	4%
Total Revenue	169.3	173.6	-2%	89.3	87.3	2%
EBITDA continuing businesses	40.0	50.3	-20%	27.5	23.3	18%
EBIT continuing businesses	1.1	17.1	-94%	5.5	6.9	-20%
NPAT continuing businesses	-1.4	7.6	-118%	3.4	2.6	31%
Group NPAT incl Discontinued	2.9	14.3	-80%	3.2	9.4	-66%
Net Debt	58	78	-26%			
Equity Ratio %	57%	52%				
Net Assets $ per Share	1.85	1.90				

The NPAT of $2.9m reflects the finalisation of sale processes for the Kelly Tarlton's and Milford Sound Red Boats businesses and the shareholding in InterCity Holdings Limited. The continuing businesses' NPAT trading loss of $1.4m, whilst disappointing, reflects general trading conditions within the tourism industry at this time and includes costs of $1.6m pre tax from redundancies and restructuring of the business in response to the environment.

Operating cash flow excluding the purchase and sale of fleet, was $30m – the same as for the previous year. With the inclusion of fleet transactions, operating cash flow was negative $17m, reflecting capital expenditure commitments made in the prior year and the requirement to re-fleet in Australia after a year of delayed production from Ci Munro. This is expected to rebalance in the 2009/10 year, enabling a positive cash flow contribution despite the environment and the required capex for the Waitomo rebuild.

The operating highlight for the year was the increase in EBIT from the Tourism Operations (mainly Waitomo and Kiwi Experience) to $3.9m in 2009 from $3.2m in 2008. Whilst there was pressure on demand from the Asian markets, the backpacker segments maintained their momentum and the stable yields ensured that revenue was maximised.

A further highlight was the manner in which the rental vehicle disposal market has been managed in Australia and New Zealand, reflecting the strong demand for ***thl*** product. The margin of $3.3m for the year in vehicle sales reinforces the solid asset base that ***thl*** has, and the manner in which those assets are managed.

Trading revenue for the second half increased by 4%, reflecting substantial effort to grow hire days whilst still protecting the balance sheet through a $20m reduction in debt .

RESULTS AND DIVIDEND

The NPAT of $2.9m includes gains of $4.3m from the sales of businesses and compares to last year's result of $14.3m, which also included $6.7m of gains from the sale of businesses.

thl has a strong balance sheet, but given the current trading profitability and the ongoing uncertainty in markets the board considers it is in the best interests of the company not to declare any dividend at this point in time.

Future decisions on dividends will be made based on trading performance, confidence in the outlook and the balance sheet position.

OPERATIONAL COMMENTARY (Rentals, Ci Munro, Tourism Operations)

Operational Review

	Year ended 30 June 2009				Year ended 30 June 2008			
	Turnover ($million)	Divisional EBIT ($million)	Funds Employed ($million)	Operating Cashflow ($million)	Turnover ($million)	Divisional EBIT ($million)	Funds Employed ($million)	Operating Cashflow ($million)
Rentals	137.3	9.4	224.9	(16.1)	137.2	26.8	207.2	17.4
CI Munro	8.0	(3.6)	16.2	2.0	14.1	(5.1)	19.7	(12.0)
Tourism Operations	24.2	3.9	28.4	4.6	22.6	3.2	28.7	2.5
Corporate	-	(8.6)	11.8	(9.3)	-	(7.8)	21.3	(9.0)
Inter company sales	(0.2)	-	-	-	(0.3)	-	-	-
Total Continuing Operations	169.3	1.1	281.3	(18.8)	173.6	17.1	276.9	(1.1)
Discontinued Businesses	1.3	4.2		1.2	31.1	6.3	43.1	1.6
Group Total	170.6	5.3	281.3	(17.6)	204.7	23.4	320.0	0.5

Rentals

The rentals business achieved revenue of $137m – the same as for the previous year. Costs increased by $17m, resulting in a year-on-year EBIT comparison of $9.4m vs $26.8m for the previous year.

The revenue result reflects the positive work carried out to achieve growth in market share of hire days, in tough market conditions. This growth was achieved through additional marketing to the growing low-end consumer segment through our *Explore More* brand, aggressive on-line campaigning and an increase in retail activity for the main brands across both New Zealand and Australia. The costs associated with these initiatives were significant, however they are considered to have generated an additional $8m-$10m in revenue. The online campaigns have had the added benefit of growing *Britz* brand awareness to an all-time high in both countries. The operating leverage opportunity for ***thl*** as underlying demand returns is substantial.

Operating costs in this division have been climbing over recent years, and whilst hire days have been growing yield increases have not matched the cost increases. Vehicle related repairs including accident damage and write offs increased by $4m on a like for like basis. This increase reflects a combination of supplier cost increases, higher accident rates and higher fleet numbers (particularly cars). Rentals depreciation for the year increased by $8.0m due to increased fleet, higher componentry costs and higher depreciation rates in Australia to reflect additional kilometres on vehicles resulting from the delayed Ci Munro production.

Retail sites in Christchurch, Sydney and Auckland were opened to maximise downtown retail activity.

New product development continued, with the introduction of a new Maui Mercedes two-berth motorhome with toilet and shower that has been very well received by our trade partners.

Ci Munro

The full year loss of $3.6m compared to a loss of $5.1m for the prior year. The second half result improved dramatically with a loss of $0.4m compared to a loss of $5.2m for the same prior period.

The crew at Ci Munro have had a difficult year, with downsizing and refocusing of the business to return to acceptable profitability levels. A move to a greater assembly focus has brought more simplicity to the business. Savings have been generated in key areas of supply and will continue to provide benefit over the coming year.

A highlight for the year was the work completed within Action Motor Bodies to win a contract to build mobile dental health units for District Health Boards across the country. The first units were produced in the second half, on time and on budget, and this work will continue for the coming three years.

The operating performance metrics indicate the business can achieve profitability based on a normal fleet rotation and external market demand.

Tourism Operations

The remaining tourism businesses, including the Waitomo Group, Kiwi Experience and our Fiji transport businesses, had a positive combined result with EBIT of $3.9m compared with $3.2m in the prior year.

<u>Waitomo Group</u>

The Waitomo business had a very successful year, with Ruakuri again breaking records and proving to be a valuable addition to the group.

The core Waitomo Glowworm Caves had another year operating from temporary facilities. The coming year will see the completion of the new visitor centre and associated operating costs towards the end of the first half of 2010, with the benefit commencing in the 2011 financial year. The trade launch of the new Waitomo product has been very successful.

Black Water Rafting also benefitted from the strong backpacker market and provided another good year of EBIT growth.

<u>Kiwi Experience</u>

The first year of managing the fleet through third-party ownership went well. The change provided the ability to focus the business effectively on domestic and overseas marketing efforts. A shared leadership structure with the Waitomo Group also provided cost benefits for both businesses and greater passenger conversions for the Black Water Rafting business.

Fiji

The Fiji business continued to perform to expectations. The operating environment can be considered difficult, although the business has adjusted and is operating effectively after the recent political issues and the January 2009 flood recovery.

FINANCIAL POSITION

thl ended the year with an equity ratio of 57 percent, which is an improvement when compared to 52 percent at the end of the prior year.

Bank funding was renewed in April, with the working capital facility extended to April 2011. The term facility expires in October 2011.

thl remains in compliance with all bank requirements and continues to take a proactive approach in all communication with its banks.

CAPITAL EXPENDITURE

Capital expenditure for the coming 12 months, including the remainder of the Waitomo rebuild, is expected to be in the range of $45m to $50m. Fleet disposals of about $22m are planned, leaving net capital expenditure of between $23m and $28m.

BOARD AND MANAGEMENT FOCUS

Tourism is, by its nature, subject to world events and trends. In such turbulent times it is important that the company ensures that its structure and financial base is solid enough to withstand the volatility in demand across the tourism sector.

Given the increasing cost base still evident in the industry and the ongoing reduction in demand, the primary focus of the board and management is to ensure that the underlying operating structure and business model provide a sustainable return over the long term.

CHIEF EXECUTIVE OFFICER

At the end of 2008 Trevor Hall retired as Chief Executive Officer and was replaced by Grant Webster. Trevor's decision to stand down as CEO reflected a requirement to lift his involvement in the management of family business interests overseas.

TRADING ENVIRONMENT & OUTLOOK

The impact of the global financial crisis on tourism is obvious and ongoing. There are three distinct changes in the current operating environment for tourism, which are reflected across the industry.

1. Customers are booking later and the booking pattern is volatile, with the result that forecasting has become increasingly difficult. Investment in our booking system has enabled ***thl*** to adapt quickly to this changing pattern.
2. Customers are expecting special deals and will shop around a lot more than they did in the past. ***thl's*** unique multi-brand positioning enables us to match the customer's price or quality requirements.
3. Customers are carrying out greater research, checking all channels for pricing and bookings (often leading to increased on-line bookings). Online growth was achieved through increased marketing spend and leading edge website development utilising Microsoft Office Sharepoint Server (MOSS) technology.

Our leading indicators suggest that these pattern changes are still developing. The 2008/09 high season included a large proportion of demand that had pre-booked before September – that is, before the impacts of the financial crisis came to bear. The coming high season demand is likely to reflect the current economic climate and the pattern changes indicated above.

Uncertainty in regard to the level of tourist arrivals remains a reality. Arrival growth for New Zealand and Australia for the 2010 year has reduced from previous market forecasts. The forward book profile for ***thl*** suggests that these indications are generally realistic in the current conditions, and lead to an expectation that arrivals from ***thl's*** source markets will fall by between 3% and 5%.

thl has strong operating leverage in the business, and a number of the internal areas of concern are now under greater control. We are thus in a more positive position to be able to benefit from any return in demand quickly and effectively over the coming 12 months.

STRATEGIC DIRECTION

We continue to manage the business proactively whilst maximising the strategic value that has been created over recent years. We have been aggressive in managing labour costs but still hold the people capability, infrastructure, brands and intellectual property to take on new opportunities when the time is right.

Growth opportunities continue to be monitored within both current and new operating markets. To the extent that these are acted upon, it will be to maximise ***thl's*** brands, IT systems, intellectual property and strength in the worldwide distribution channels.

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