

Statements of Financial Performance

For The Year Ended 30 June 2004

	Notes	Group		Parent Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Operating Activities					
Revenue	1	170,509	175,178	106,341	103,051
Expenses		(152,699)	(159,696)	(84,455)	(83,577)
Operating surplus		17,810	15,482	21,886	19,474
Surplus Before Taxation					
Income tax expense	2	(6,591)	(6,820)	(6,765)	(6,554)
Surplus/(Deficit) after taxation		11,219	8,662	15,121	12,920
Surplus/(Deficit) Attributed to the Shareholders of the Holding Company					
		11,219	8,662	15,121	12,920
Operating surplus comprises:					
Operating surplus from continuing activities		17,810	14,802	21,886	18,794
Operating (deficit)/surplus from discontinued activities		-	680	-	680
		17,810	15,482	21,886	19,474

Statements of Movements in Equity

For The Year Ended 30 June 2004

	Notes	Group		Parent Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Equity at Beginning of Year		169,687	168,169	170,232	163,778
Surplus and Revaluations					
Net surplus for the year		11,219	8,662	15,121	12,920
Movement in foreign currency translation reserve	7	(1,792)	(678)	-	-
Total Recognised Revenues and Expenses		9,427	7,984	15,121	12,920
Movement in executive share rights scheme	6	25	236	25	236
Distributions to owners	3	(11,890)	(6,702)	(11,890)	(6,702)
Equity at end of year		167,249	169,687	173,488	170,232

Statements of Financial Position

For The Year Ended 30 June 2004

	Notes	Group		Parent Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Equity					
Share capital	4	143,798	143,798	143,798	143,798
Convertible notes	5	-	-	-	-
Executive share rights scheme	6	1,517	1,492	1,517	1,492
Foreign currency translation reserve	7	(6,007)	(4,215)	-	-
Retained earnings	8	27,941	28,612	28,173	24,942
		<u>167,249</u>	<u>169,687</u>	<u>173,488</u>	<u>170,232</u>
Non Current Liabilities					
Deferred taxation	2	8,848	6,303	6,329	5,513
Term liabilities (secured)	9	46,371	6,947	19,650	-
		<u>55,219</u>	<u>13,250</u>	<u>25,979</u>	<u>5,513</u>
Current Liabilities					
Bank overdraft (secured)	14	263	428	263	428
Accounts payable and Accruals	17	22,564	23,378	9,995	11,635
Current portion of term liabilities (secured)	9	7,596	33,805	-	4,514
		<u>30,423</u>	<u>57,611</u>	<u>10,258</u>	<u>16,577</u>
Equity and Liabilities		<u>252,891</u>	<u>240,548</u>	<u>209,725</u>	<u>192,322</u>
Non Current Assets					
Fixed assets	10	193,642	182,074	116,516	101,178
Intangible assets	11	26,670	32,259	4,488	5,317
Future income tax benefit	2	3,528	-	-	-
Investments	12	71	49	38,510	38,510
Advances to subsidiary companies	18	-	-	39,324	40,791
		<u>223,911</u>	<u>214,382</u>	<u>198,838</u>	<u>185,796</u>
Current Assets					
Cash and bank balances	14	2,216	3,220	689	124
Receivables	15	19,617	14,864	8,564	5,093
Inventories	16	7,147	8,082	1,634	1,309
		<u>28,980</u>	<u>26,166</u>	<u>10,887</u>	<u>6,526</u>
Total Assets		<u>252,891</u>	<u>240,548</u>	<u>209,725</u>	<u>192,322</u>

Statements of Cash Flows

For The Year Ended 30 June 2004

	Notes	Group		Parent Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Operating activities					
<i>Cash was provided from:</i>					
Receipts from customers		201,020	209,799	123,074	124,369
Interest received		131	217	1,776	2,043
Dividends received		34	-	2,497	-
		<u>201,185</u>	<u>210,016</u>	<u>127,347</u>	<u>126,412</u>
<i>Cash was applied to pay:</i>					
Suppliers and employees		150,590	158,265	93,354	93,550
Interest		4,209	4,935	1,780	2,156
Taxation		6,336	6,518	5,690	6,106
		<u>161,135</u>	<u>169,718</u>	<u>100,824</u>	<u>101,812</u>
Net cash flows from operating activities		<u>40,050</u>	<u>40,298</u>	<u>26,523</u>	<u>24,600</u>
Investing activities					
<i>Cash was provided from:</i>					
Sale of fixed assets		18,221	39,010	7,056	18,679
Repayment of advances - subsidiaries		-	-	6,113	7,607
Repayment of advances - associates		-	2,449	-	2,449
Sale of investments		-	72	-	-
		<u>18,221</u>	<u>41,531</u>	<u>13,169</u>	<u>28,735</u>
<i>Cash was applied to:</i>					
Purchase of fixed assets and intangibles		61,941	37,419	37,090	14,823
Repayment of Subsidiary advance		-	-	5,111	-
		<u>61,941</u>	<u>37,419</u>	<u>42,201</u>	<u>14,823</u>
Net cash (used in) / from investing activities		<u>(43,720)</u>	<u>4,112</u>	<u>(29,032)</u>	<u>13,912</u>
Financing activities					
<i>Cash was provided from:</i>					
Term debt		14,796	-	15,129	-
		<u>14,796</u>	<u>-</u>	<u>15,129</u>	<u>-</u>
<i>Cash was applied to:</i>					
Settlement of term debt		-	37,891	-	32,485
Dividends paid to parent shareholders		11,890	6,702	11,890	6,702
		<u>11,890</u>	<u>44,593</u>	<u>11,890</u>	<u>39,187</u>
Net cash flows from / (used in) financing activities		<u>2,906</u>	<u>(44,593)</u>	<u>3,239</u>	<u>(39,187)</u>
Net increase in cash balances		<u>(764)</u>	<u>(183)</u>	<u>730</u>	<u>(675)</u>
Opening cash brought forward		2,792	3,150	(304)	371
Foreign currency translation adjustment		(75)	(175)	-	-
Closing cash carried forward	14	<u>1,953</u>	<u>2,792</u>	<u>426</u>	<u>(304)</u>

Reconciliation of Surplus after Taxation with Cash Flows from Operating Activities

For The Year Ended 30 June 2004

	Notes	Group		Parent Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Operating surplus after tax		11,219	8,662	15,121	12,920
<i>Plus/(less) non-cash items:</i>					
Depreciation		30,231	30,287	14,804	13,904
Amortisation of goodwill		4,974	4,974	835	835
Movement in deferred taxation		(1,415)	(2,190)	749	637
Increase in provision for doubtful debts		47	208	-	15
Unrealised foreign currency (gains)/losses		(10)	134	(10)	(163)
Executive share rights scheme		25	236	25	236
		33,852	33,649	16,403	15,464
<i>Plus/(less) items classified as investing activities:</i>					
Net (gain) on sale of fixed assets		(4,218)	(5,675)	(2,208)	(2,684)
Loss on sale of investments		-	-	-	2,075
(Gain) on sale of business		-	(1,298)	-	(260)
Impairment of carrying value of assets and investments		-	-	-	(4,182)
		(4,218)	(6,973)	(2,208)	(5,051)
<i>Trading cashflow</i>		40,853	35,338	29,316	23,333
<i>Plus/(less) movements in working capital:</i>					
Increase/(Decrease) in accounts payable		(525)	2,859	(1,636)	4
Increase/(Decrease) in revenue received in advance		1,648	(3,131)	(50)	(1,350)
Increase/(Decrease) in provision for taxation		790	2,734	327	(200)
Decrease/(Increase) in accounts receivable		(3,654)	2,208	(1,109)	1,972
Decrease/(Increase) in inventories		938	290	(325)	841
		(803)	4,960	(2,793)	1,267
Net cash flows from operating activities		40,050	40,298	26,523	24,600

Statements of Accounting Policies

For The Year Ended 30 June 2004

Entities reporting

The financial statements for the "Parent" are for Tourism Holdings Limited, as a separate entity. The consolidated financial statements for the "Group" are for the economic entity comprising Tourism Holdings Limited, its subsidiaries and associates.

Statutory Base

Tourism Holdings Limited is a company registered under the Companies Act 1993 and is an Issuer in terms of the Securities Act 1978. The financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

Measurement Base

The financial statements have been prepared on the modified historical cost basis, as modified by the revaluation of certain assets identified in specific accounting policies below.

Accounting Policies

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

(i) Group Financial Statements

The Group financial statements consolidate the financial statements of subsidiaries, using the purchase method, and include the results of associates using the equity method. Subsidiaries are entities that are controlled, either directly or indirectly, by the Parent. Associates are entities in which the Parent, either directly or indirectly, has a significant but not controlling interest. All material transactions between subsidiaries or between the Parent and subsidiaries are eliminated on consolidation. The results of subsidiaries or associates acquired or disposed of during the year are included in the consolidated statement of financial performance from the date of acquisition or up to the date of disposal.

(ii) Revenue

Revenue comprises the amounts received and receivable from services supplied to customers in the ordinary course of business, dividends, interest and sundry income. Revenue for the travel operations comprises the margin earned on the gross turnover and is reported in the period of travel. Dividend income is recognised in the period the dividend is declared. Interest income is accounted for as earned.

(iii) Fixed Assets and Depreciation

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Depreciation is calculated on a straight-line method basis so as to expense the costs of the assets to their residual values over their useful lives as follows:

Estimated useful life

Motorhomes	3-6 years	Coaches and motor vehicles	5-15 years
Vessels	8-25 years	Buildings and leasehold improvements	10-40 years
Other Plant & Equipment	3-5 years		

Leasehold land assets relating to the purchase of licences are depreciated over the term of the particular licence.

(iv) Investments

Investments are stated at the lower of cost or net realisable value.

(v) Goodwill

The excess of the cost over the fair value of the net assets of the subsidiaries and associate entities is recognised as goodwill and amortised to the statement of financial performance over the shorter of its useful life or ten years.

(vi) Trademarks

Costs associated with the initial registrations of trademarks are capitalised as incurred and amortised over the length of their estimated useful life.

(vii) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a first in, first out basis and in the case of manufactured goods includes direct materials, labour and production overheads.

(viii) Foreign Currencies

(a) Transactions – Transactions denominated in a foreign currency are converted to New Zealand dollars at the exchange rates in effect at the date of the transaction, except when forward currency contracts have been taken out to cover short term forward currency commitments. Where short-term forward currency contracts have been taken out, the transaction is translated at the rate contained in the contract.

Monetary assets and liabilities arising from trading transactions or overseas borrowing are translated at closing rates. Gains and losses due to currency fluctuations on these items are included in the statement of financial performance, except where monetary liabilities are identified as a hedge against an independent foreign operation.

(b) Foreign Operations – Revenue and expenses of independent foreign operations are translated to New Zealand dollars at the exchange rate in effect at the date of the transaction, or rates approximating them. Assets and liabilities are converted to New Zealand dollars at the exchange rates ruling at balance date. Exchange differences arising from the translation of independent foreign operations are recognised in the foreign currency translation reserve, together with unrealised gains and losses on foreign currency monetary liabilities that are identified as hedges against these operations. The closing rates applied were:

	2004	2003
Australian dollars	0.9171	0.8802
Fijian dollars	1.1493	1.1104

(ix) Income Tax

The income tax expense recognised for the year is based on the accounting surplus, adjusted for permanent differences between accounting and tax rules. The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax under the liability method. A deferred tax asset, to the effect of losses carried forward that exceed the deferred tax liability, is recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences, or losses, will be utilised.

(x) Debtors

Debtors are stated at estimated realisable value after providing against debts where collection is doubtful.

(xi) Financial Instruments

Recognised

Financial instruments carried on the statement of financial position includes cash and bank balances, investments, receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments that are designated as hedges of specific items are recognised on the same basis as the underlying hedged items.

Financial instruments that do not constitute hedges are stated at market value and any resultant gain or loss is recognised in the statement of financial performance.

Unrecognised

The net differential paid or received on interest swaps is recognised as a component of interest expense or revenue over the period of the agreement. Premium paid on interest rate options, and net settlement on maturity of forward rate agreements are amortised to the statement of financial performance over the period of the underlying asset or liability. Forward exchange contracts entered into as hedges of foreign exchange assets and liabilities are valued at exchange rates prevailing at the year-end. Any unrealised gains or losses are offset against foreign exchange gains and losses on the related asset or liability. Premiums paid on currency options are amortised over the period to maturity.

(xii) Goods and Services Tax (GST)

The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

(xiii) Convertible Notes

On issue of convertible notes, the fair value of the conversion option is recognised and presented as a component of shareholders' equity. The obligation to make future payments of principal and interest to note holders is carried as a liability until extinguished on conversion or maturity of the notes.

(xiv) Share Rights

Share rights are granted to certain key executives pursuant to the Executive Share Rights Plan approved on 15 November 1999. The estimated fair value of the rights was valued using an option pricing model when issued. The value of the rights is recorded as a compensation expense in the statement of financial performance over the period from when they were granted to the start of the exercise period and a corresponding amount recorded in the Executive Share Rights Scheme Reserve. When the rights are exercised the amounts previously recorded in the Executive Share Rights Scheme Reserve are transferred to share capital. This share rights scheme expired in September 2003 and no rights were issued to executives.

(xv) Leased assets as lessee

Finance leases: Assets under finance leases are recognised as non-current assets in the statement of financial position. Leased assets are recognised initially at the lower of present value of the minimum lease payments or their fair value. A corresponding liability is established and each lease payment allocated between the liability and interest expense. Leased assets are depreciated on the same basis as equivalent property, plant and equipment.

Operating leases: Leases that are not finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the periods the amounts are payable.

(xvi) Impairment

Annually, the directors assess the carrying value of each asset. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment loss is recognised in the statement of financial performance.

(xvii) Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

- (a) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- (c) Financing activities are those activities which result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- (d) Operating activities include all transactions and other events that are not investing or financing activities.

Changes in Accounting Policies

There were no changes in accounting policy during the year.

Comparatives

Certain comparative balances have been restated in order to conform with current year presentation.

Notes to the Financial Statements

For The Year Ended 30 June 2004

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
1. Operating Activities				
Operating revenue comprises				
Turnover	165,598	165,396	99,571	96,102
Interest				
- External parties	131	217	27	26
- Subsidiaries	-	-	1,748	2,017
Dividends				
- External parties	34	-	34	-
- Related parties	-	-	2,463	-
Net foreign exchange gain				
- unrealised	22	163	22	163
- realised	58	5	57	6
Net gain on disposal of:				
- Property, plant and equipment	4,574	6,915	2,324	3,553
- Investment in associate	-	10	-	-
- Sale of business	-	2,083	-	941
Management fee income	-	73	66	73
Other income	92	316	29	170
	170,509	175,178	106,341	103,051
Surplus Before Taxation Is Stated				
<i>After charging:</i>				
Depreciation of fixed assets				
- Motorhomes	20,963	21,538	8,361	8,006
- Coaches and motor vehicles	3,218	3,262	2,378	2,374
- Vessels	838	569	838	569
- Land and buildings	1,998	2,049	1,625	1,575
- Fixed wing aircraft	-	74	-	74
- Other plant & equipment	3,214	2,795	1,603	1,306
	30,231	30,287	14,804	13,904
Audit fees – PricewaterhouseCoopers	239	232	157	157
Audit fees – to other Auditors	144	118	144	118
Taxation services – PricewaterhouseCoopers	92	137	73	91
Bad debts written off	64	554	31	106
(Decrease) / Increase in estimated doubtful debts	(42)	208	-	15
Donations	2	3	1	1
Amortisation of goodwill and licenses	4,974	4,974	835	835
Directors' fees	407	318	407	317
Interest:				
- fixed loans	2,742	2,973	1,708	1,954
- capitalised lease obligations	1,386	1,834	13	67
- subsidiaries	-	-	25	-
- convertible notes	-	28	-	28
- other	8	-	8	-
	4,136	4,835	1,754	2,049
Rental and operating lease costs	12,324	13,302	6,058	5,991
Executive share rights scheme	25	236	25	236
Net currency losses				
- unrealised	16	259	10	264
- realised	27	53	-	39
Net loss on disposal of:				
- Subsidiary	-	-	-	501
- Business	-	(123)	-	-
Impairment in carrying value of:				
- investment in subsidiary	-	-	-	2,075
Provisions				
- litigation	-	-	-	238 0

Notes to the Financial Statements

For The Year Ended 30 June 2004

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
2. Taxation				
2.1 The charge for taxation for the year has been estimated as follows:				
Surplus before taxation	17,810	15,482	21,886	19,474
Prima facie taxation	6,066	5,935	7,222	6,426
Permanent differences	1,231	1,377	(457)	19
Increase in deferred tax provision	(1,155)	-	-	-
	6,142	7,312	6,765	6,445
(Over)/Under provision in previous year	449	(492)	-	109
	6,591	6,820	6,765	6,554
The taxation charge is represented by:				
Tax payable in respect of the current year	7,350	8,982	6,016	5,503
Tax payable in respect of prior years	224	(350)	(67)	109
Deferred taxation movement	(983)	(1,812)	816	942
	6,591	6,820	6,765	6,554

Tourism Holdings' Australian subsidiaries have formed a multiple entry consolidated group under THL Group Australia Pty Limited from 1st January 2004. This results in a credit to the tax expense NZD\$1,089,391 under accounting abstract UIG 39.

2.2 Deferred Taxation

Opening balance	6,303	8,493	5,513	4,876
Provision in Statement of Financial Performance	(983)	(1,812)	816	942
Future Income Tax Benefit	3,528	-	-	-
Other	-	(305)	-	(305)
Foreign exchange adjustment	-	(73)	-	-
Closing balance	8,848	6,303	6,329	5,513

2.3 Imputation Credit Account

Opening balance	13,796	10,908	7,868	5,772
Plus: Income tax paid	6,336	6,186	5,690	5,390
Imputation credits on dividends received	-	-	-	-
	20,132	17,094	13,558	11,162
Less: Credits attached to dividends paid	(5,278)	(3,294)	(5,278)	(3,294)
Refunds received	-	(4)	-	-
Closing balance	14,854	13,796	8,280	7,868

Notes to the Financial Statements

For The Year Ended 30 June 2004

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
3. Dividends	Cents per share		Total Amount	
Paid 23 April 2004 (2003: 11 April 2003)	8.00	4.00	7,929	3,927
Paid 17 October 2003 (2003 : 23 October 2002)	4.00	3.00	3,961	2,775
Total	12.00	7.00	11,890	6,702

Full imputation credits were attached to the above dividends. Non-resident shareholders received an additional amount under the Foreign Investor Tax Credit (FITC) Regime in lieu of imputation credits, for which the Group received a FITC entitlement. The dividend paid April 2004 included a 4 cents per share special dividend.

Dividend Announced

On 24 August 2004 Tourism Holdings Limited announced a dividend of 5 cents per share. As the declaration was made after the balance date the financial effect of the \$4,909,036 dividend payable has not been recognised in the financial statements. Non-residents will receive an additional amount under the Foreign Investor Tax Credit (FITC) Regime in lieu of imputation credits, for which the group will receive a FITC entitlement.

	Parent Company	
	2004 \$000's	2003 \$000's
4. Share Capital		
Issued and Paid Up Capital		
Opening balance	143,798	133,473
Shares issued on conversion of Convertible notes to the vendor of Britz on 1 November 2002	-	10,325
Closing balance	143,798	143,798

As at 30 June 2004 there were 98,180,723 shares (2003: 98,180,723) issued and fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

	Parent Company	
	2004 \$000's	2003 \$000's
5. Convertible Notes		
Opening balance	-	10,325
Shares issued on conversion of Convertible notes to the vendor of Britz on 1 November 2002	-	(10,325)
Closing balance	-	-

On 1 November 1999 Tourism Holdings Limited issued \$13 million of mandatory convertible notes with a coupon rate of 7.5% per annum. The notes converted to 6,187,523 new ordinary shares on 1 November 2002.

6. Executive Share Rights Scheme

Tourism Holdings Limited Executive Share Rights Scheme was established in 1999 to align the interests of senior executives with the interests of the company's shareholders. The reward for executives is dependent upon the returns generated for shareholders. Under the plan, the individual executives will benefit only if they remain as employees for three years and the company's share price out-performs the NZSX 40 Gross Index after taking account of dividends paid. The exercise period for the scheme expired in September 2003 and no rights have been issued under the scheme for the year ended 30 June 2004 (2003: nil).

There are nil (2003: 2,300,000) rights on issue and a total of \$1,517,000 (2003: \$1,492,000) has been credited to the Executive Share Rights Reserve since November 1999. The scheme has expired and there are no rights outstanding.

Notes to the Financial Statements

For The Year Ended 30 June 2004

	Group			
	2004 \$000's	2003 \$000's		
7. Foreign Currency Translation Reserve				
Opening balance	(4,215)	(3,537)		
Exchange difference arising from hedging activities	(22)	308		
Net exchange difference on translation of overseas investments	(1,770)	(986)		
Net movement	(1,792)	(678)		
Transfer to retained earnings				
Closing balance	(6,007)	(4,215)		
	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
8. Retained Earnings				
Opening balance	28,612	26,652	24,942	18,724
Net Surplus for the year	11,219	8,662	15,121	12,920
Dividends paid	(11,890)	(6,702)	(11,890)	(6,702)
Closing balance	27,941	28,612	28,173	24,942

Notes to the Financial Statements

For The Year Ended 30 June 2004

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
9. Term Liabilities				
Borrowings due within 12 months				
Bank loans raised in foreign currency (secured)	-	11,361	-	-
Capitalised lease obligations (secured)	7,596	18,644	-	714
Bank loans raised in local currency (secured)	-	3,800	-	3,800
	<u>7,596</u>	<u>33,805</u>	<u>-</u>	<u>4,514</u>
Non-current borrowings				
Bank loans raised in local currency (secured)	37,205	-	19,650	-
Capitalised lease obligations (secured)	9,166	6,947	-	-
	<u>46,371</u>	<u>6,947</u>	<u>19,650</u>	<u>-</u>
Bank loans				
- One to two years	4,471	-	-	-
- Two to five years	32,734	-	19,650	-
	<u>37,205</u>	<u>-</u>	<u>19,650</u>	<u>-</u>
Capitalised lease obligations				
- One to two years	6,760	5,442	-	-
- Two to five years	2,406	495	-	-
- Five years and greater	-	1,010	-	-
	<u>9,166</u>	<u>6,947</u>	<u>-</u>	<u>-</u>

Interest rates applicable at 30 June 2004 on the bank term loans and the Australian capitalised lease obligations ranged from 6.03% to 8.5% p.a.(2003: 6.03% to 8.5%) The average interest rate on these loans and obligations, as at the same date, was 7.30% p.a.(2003:7.30% p.a)

Bank Term Loans

The guaranteeing group which consists of Tourism Holdings Limited and all New Zealand and Australian 100% owned subsidiaries had at balance date a three year multi-option facility with Westpac Banking Corporation and ANZ Banking Group (New Zealand) Limited. As part of this facility the guaranteeing group is party to a Security Sharing Deed with the Westpac Banking Corporation and ANZ Banking Group (New Zealand) Limited and has provided a composite first ranking debenture over the assets and undertakings of the Group in New Zealand and a deed of negative pledge in Australia.

The facilities are split into Term Facilities and Working Capital Facilities with annual review and subject to covenant compliance are extended annually. Review period is April each year.

Current expiry dates are:

3 Year Term Facilities	6th October 2007
18 month Working Capital Facilities	6th April 2006

Commercial Hire Purchase

Two Australian subsidiaries have commercial hire purchase loans secured over their campervan and coach fleets. These loans are repayable over one to five year periods.

Notes to the Financial Statements

For The Year Ended 30 June 2004

	2004 Cost \$000's	2004 Accum Depn \$000's	2004 Book Value \$000's	2003 Cost \$000's	2003 Accum Depn \$000's	2003 Book Value \$000's
10. Fixed Assets						
10.1 Group						
Motorhomes	153,441	43,853	109,588	152,270	44,291	107,979
Coaches and motor vehicles	50,697	16,732	33,965	43,558	12,832	30,726
Vessels	10,654	3,018	7,636	8,487	2,179	6,308
Land and buildings	34,157	16,214	17,943	28,161	14,384	13,777
Fixed term licences	23,050	6,221	16,829	20,923	5,414	15,509
Other plant & equipment	19,727	12,046	7,681	19,838	12,063	7,775
	<u>291,726</u>	<u>98,084</u>	<u>193,642</u>	<u>273,237</u>	<u>91,163</u>	<u>182,074</u>
10.2 Parent company:						
Motorhomes	79,330	20,627	58,703	69,202	17,721	51,481
Coaches and motor vehicles	39,552	13,540	26,012	36,999	11,453	25,546
Vessels	10,654	3,018	7,636	8,487	2,179	6,308
Land and buildings	30,256	15,168	15,088	24,205	13,543	10,662
Fixed term licences	4,416	620	3,796	2,289	458	1,831
Other plant & equipment	13,466	8,185	5,281	12,167	6,817	5,350
	<u>177,674</u>	<u>61,158</u>	<u>116,516</u>	<u>153,349</u>	<u>52,171</u>	<u>101,178</u>

Other plant and equipment includes office equipment, computer hardware and software, manufacturing plant, and marine life.

The carrying value of fixed assets subject to finance leases is \$15,822,838 (2003: \$24,628,717).

All fixed assets subject to finance leases are motorhomes and coaches.

11. Intangible Assets

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Goodwill				
Opening balance	32,259	37,612	5,317	6,122
Difference arising from translation of foreign operation	(650)	(379)	-	-
Amortisation	(4,974)	(4,974)	(864)	(805)
Closing balance	<u>26,635</u>	<u>32,259</u>	<u>4,453</u>	<u>5,317</u>
Trademarks	35	-	35	-
Total intangible assets	<u>26,670</u>	<u>32,259</u>	<u>4,488</u>	<u>5,317</u>

Notes to the Financial Statements

For The Year Ended 30 June 2004

12. Investments

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Subsidiary companies shares	-	-	38,461	38,461
Associate companies: - investments	71	49	49	49
	71	49	38,510	38,510

Other investments includes the cost of shares in Milford Sound Development Authority.

The parent company holds 49% of the issued capital but has no rights to any profits generated.

The Group has incurred no loans, borrowings, guarantees or contingent liabilities with respect to this investment.

13. Subsidiary And Associate Companies

The principal activities of the parent company, trading subsidiaries and associates are motorhomes, coaching operations and attractions.

Material subsidiary companies included in the Group financial statements at 30 June 2004 are:

All subsidiary companies are 100% owned and have 30 June balance dates.

Caravans International Munro Limited (Amalgamated with Parent 01/07/04)

Kiwi Experience Limited (Amalgamated with Parent 01/07/04)

Newmans Holidays (UK) Limited

Oz Experience Pty Limited

THL Group Australia Pty Limited

Tourism Holdings Australia Pty Limited

Tourist Transport (Fiji) Limited

Treble Cone (Wanaka) Ski Field Limited (Amalgamated with Parent 01/07/04)

Waitomo Caves Limited

14. Bank Balances

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Cash on hand, deposits and bank balances in funds	2,216	3,220	689	124
Bank overdrafts – not subject to set off	(263)	(428)	(263)	(428)
	1,953	2,792	426	(304)

The Group has established a legal right of set-off with the Westpac Banking Corporation.

Notes to the Financial Statements

For The Year Ended 30 June 2004

15. Accounts Receivable

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Trade Receivables	12,135	9,009	4,634	3,608
Other Receivables	4,274	2,070	2,112	-
Receivables due from other related parties	-	764	-	-
Receivables due from subsidiary companies	-	-	417	353
Prepayments	3,208	2,571	1,401	1,132
Tax refund due	-	450	-	-
	<u>19,617</u>	<u>14,864</u>	<u>8,564</u>	<u>5,093</u>

16. Inventories

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Goods for manufacture	4,907	7,088	894	501
Goods for resale	476	270	326	235
Consumables	668	225	23	79
Spare parts	1,096	499	391	494
	<u>7,147</u>	<u>8,082</u>	<u>1,634</u>	<u>1,309</u>

Certain inventories are subject to interests registered under the Personal Properties Securities Act 1999.

17. Accounts Payable and Accruals

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Trade Creditors	17,377	18,863	6,617	8,210
Other Creditors	(523)	468	335	254
Creditors owing to subsidiary companies	-	-	72	207
Employee entitlements	2,781	2,579	1,749	1,556
Income received in advance	3,116	1,468	1,144	1,193
Income tax payable	(187)	-	78	215
	<u>22,564</u>	<u>23,378</u>	<u>9,995</u>	<u>11,635</u>

The movement in provisions is as follows:

Balance at beginning of year	-	100	-	100
Current year provision	-	(100)	-	(100)
Balance at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For The Year Ended 30 June 2004

18. Related Party Transactions

All members of the Group are considered to be related parties of Tourism Holdings Limited, including subsidiaries and associated entities identified in note 13.

Directors who have an interest in businesses which provided services to the Group on an arms length commercial basis during the year are as follows:

Graeme Bowker supplied consultancy services to the Group of \$4,579 Rick Christie supplied consultancy services to the Group totalling \$2,000

Tourism Holdings Australia Pty Limited rents properties from G F Gschwenter. The rental cost for these properties for the year totalled \$578,621 (2003: \$465,160).

Graeme Bowker is a Director of Transonic Travel Limited. During the last 12 months divisions of this company sold

Tourism Holdings Limited Product of \$xxx. All transactions were on an arms length basis. These payments were made on normal commercial terms and conditions.

Other related parties

During the year the Parent Company entered into certain transactions, increased and decreased its advances to and from its subsidiaries and associates.

Outstanding loan balances due to/(from) the Parent at 30th June 2004 are as follows;

	Parent Company	
	2004 \$000's	2003 \$000's
Caravans International Munro Limited	(41)	(1,604)
Kiwi Experiences Limited	5,371	6,388
Newmans Holidays (UK) Limited	(654)	(436)
Oz Experience Pty Limited	2,097	1,988
THL Group Australia Pty Limited and its subsidiaries	19,187	20,412
Tourist Transport (Fiji) Limited	47	42
Treble Cone (Wanaka) Ski Field Limited	-	-
Waitomo Caves Limited	13,295	13,971
Waitomo Caves Holdings Limited	22	30
	39,324	40,791

Interest income on intercompany advances was also received from subsidiary companies during the year as follows.

	Parent Company	
	2004 \$000's	2003 \$000's
Kiwi Experience Limited	386	410
Oz Experience Pty Limited	230	113
Tourism Holdings Australia Pty Limited	1,129	1,499

The Parent purchased Motorhomes to the value of \$22,196,135 (2003: \$6,493,328) from Caravans International Munro Limited during the year. The balance outstanding in respect of these transactions at balance date is nil (2003: \$nil).

The Parent also incurred lease costs from Waitomo Caves Limited to the value of \$696,000 (2003: \$696,000) and from Treble Cone (Wanaka) Ski Field Limited of \$nil (2003:\$301,206).

Notes to the Financial Statements

For The Year Ended 30 June 2004

19. Capital Commitments

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Commitments for capital expenditure at balance date	38,067	32,799	31,675	26,342
	<u>38,067</u>	<u>32,799</u>	<u>31,675</u>	<u>26,342</u>

These relate principally to purchases of motorhomes, payments due on Kelly Tarltons refurbishments and the Red Boat refit.

20. Contingent Liabilities

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Guarantees given in relation to borrowings of subsidiary companies	-	-	34,317	36,238
Performance and Guarantee bonds	404	211	81	99
	<u>404</u>	<u>211</u>	<u>34,398</u>	<u>36,337</u>

21. Operating Lease Obligations

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Obligations payable after balance date on non-cancellable operating leases are:				
- Within one year	11,830	8,851	4,758	4,548
- One to two years	5,036	5,973	3,350	2,360
- Two to five years	8,748	8,460	5,301	5,400
- Beyond five years	1,593	2,256	1,543	2,098
	<u>27,207</u>	<u>25,540</u>	<u>14,952</u>	<u>14,406</u>

Operating leases principally cover premises occupied and short term leases for the car rental fleet. There are no renewal requirements or options to purchase in respect of the car rental fleet.

Notes to the Financial Statements

For The Year Ended 30 June 2004

22. Segmental Information

Industry Segments	Transport		Attractions		Discontinued		Unallocated		Total	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Turnover	147,270	146,362	22,854	20,255	-	5,465	-	-	170,124	172,082
Intersegmental Turnover	(3,314)	(3,908)	(1,212)	(2,778)	-	-	-	-	(4,526)	(6,686)
Net Turnover	143,956	142,454	21,642	17,477	-	5,465	-	-	165,598	165,396
Segment result	23,928	20,946	6,317	6,627	-	680	-	-	30,245	28,253
- Corporate costs	-	-	-	-	-	-	(3,467)	(3,704)	(3,467)	(3,704)
- Amortisation	(4,974)	(4,974)	-	-	-	-	-	-	(4,974)	(4,974)
- Executive share rights	-	-	-	-	-	-	(25)	(236)	(25)	(236)
- Unusual Items	-	-	-	-	-	-	-	1,007	-	1,007
- Foreign currency gains	-	-	-	-	-	-	37	(246)	37	(246)
- Net interest expense	(4,051)	(4,702)	4	-	-	-	41	84	(4,006)	(4,618)
Net segment result before taxation	14,903	11,270	6,321	6,627	-	680	(3,414)	(3,095)	17,810	15,482
Total Assets as at 30 June	209,826	208,073	42,628	34,680	-	-	438	(2,205)	252,892	240,548

Notes:

The Group is engaged predominantly in the tourism segment in the operations of transport and experiences.

Geographic Segments	New Zealand		Australia		Other Countries		Unallocated		Total	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Turnover	108,420	103,006	54,629	60,107	2,848	2,476	-	-	165,897	165,589
Intersegmental Turnover	(80)	(72)	(219)	(121)	-	-	-	-	(299)	(193)
Net Turnover	108,340	102,934	54,410	59,986	2,848	2,476	-	-	165,598	165,396
Segment result	26,671	23,285	3,180	4,687	394	281	-	-	30,245	28,253
- Corporate costs	-	-	-	-	-	-	(3,467)	(3,704)	(3,467)	(3,704)
- Amortisation	(1,321)	(1,345)	(3,653)	(3,629)	-	-	-	-	(4,974)	(4,974)
- Executive share rights	-	-	-	-	-	-	(25)	(236)	(25)	(236)
- Unusual Items	-	-	-	-	-	-	-	1,007	-	1,007
- Foreign currency gains	-	-	-	-	-	-	37	(246)	37	(246)
- Net interest expense	(364)	(425)	(3,666)	(4,193)	24	-	-	-	(4,006)	(4,618)
Net segment result before taxation	24,986	21,515	(4,139)	(3,135)	418	281	(3,455)	(3,179)	17,810	15,482
Total Assets as at 30 June	156,979	135,161	93,596	105,688	1,879	1,904	438	(2,205)	252,892	240,548

Notes

Other countries include: UK, USA and Fiji

Notes to the Financial Statements

For The Year Ended 30 June 2004

23. Financial Instruments

The Group is subject to a number of financial risks which arise as a result of its debt portfolio and investments activities. To manage and limit the effects of those financial risks, the Board of Directors has approved policy guidelines and authorised the use of various financial instruments. The policies approved, and financial instruments being utilised at balance date, are outlined below.

(a) Currency Risk

During the normal course of business the Group exports products, imports raw material and inventory and has borrowings denominated in foreign currency. As a result of those transactions exposure to fluctuations in foreign currency exchange rates arise. The currencies in which the Group primarily deals are the Australian Dollar and Euro. For specific one-off transactions undertaken in foreign currency it is the Group's policy to enter into foreign exchange forward contracts to manage the exposure to fluctuations in currency rates.

Unrecognised balances

The notional principal or contract amounts of foreign exchange instruments outstanding at balance date are:

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Forward foreign exchange contracts	1,908	3,389	1,908	3,389

The Group holds foreign denominated loans which are a designated hedge against overseas investment.

(b) Interest Rate Risk

It is Group policy to manage its interest rate exposure by the use of a mix of interest rate options and swaps, domestic and overseas currency denominated debt and maturity dates. This is done within the limits of the Group's treasury policy approved by the THL Board on 5th April 2004. The policy states that the interest rate risk on the New Zealand debt and Australian debt portfolios are to be managed within the following risk control limits for each currency: the debt amount at "fixed rate" to be not less than 40% or greater than 90% at any point in time.

	Minimum Fixed Rate	Maximum Fixed Rate
	40%	90%

At any point in time, the New Zealand and Australian debt fixed rate debt amounts must be separately and independently structured with a maturity profile that corresponds with the inner limits as set out below.

The fixed rate maturity limits (% of the fixed proportion) are:

	Minimum Cover	Maximum Cover
1 to 3 years	20%	50%
3 to 5 years	20%	50%
5 to 10 years	10%	60%

Unrecognised balances

The notional principal or contract amounts of interest rate contracts outstanding at balance date are:

	Group		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Interest rate swaps	45,175	56,403	45,175	56,403

Notes to the Financial Statements

For The Year Ended 30 June 2004

Repricing analysis

The following tables identify the periods in which interest rates are subject to review on interest bearing financial assets and liabilities, and provides the current weighted average interest rate of each item.

Trade receivables, trade creditors and sundry receivables and creditors have not been included in the table as they are not interest rate sensitive. Forward rate agreements are also excluded from the re-pricing analysis as these contracts mature within one year.

GROUP 2004	Effective interest rates	Current \$'000	1-2 years \$'000	2-5 years \$'000	> 5 years \$'000	Total \$'000
Assets						
Bank	5.4%	2,216	-	-	-	2,216
Total Assets		2,216	-	-	-	2,216
Liabilities						
Bank overdraft	7.5%	(263)	-	-	-	(263)
Bank debt	7% - 8%	(37,205)	-	-	-	(37,205)
Finance Leases	7.5%	(7,596)	(6,760)	(2,406)	-	(16,762)
Total liabilities		(45,064)	(6,760)	(2,406)	-	(54,230)
Unrecognised						
Interest rate swaps	4.5% - 6.9%	45,175	(9,000)	(16,633)	(19,542)	-
Total unrecognised		45,175	(9,000)	(16,633)	(19,542)	-
Net interest bearing debt repriced in each period		2,327	(15,760)	(19,039)	(19,542)	(52,014)
PARENT 2004						
Assets	Effective interest rates	Current \$'000	1-2 years \$'000	2-5 years \$'000	> 5 years \$'000	Total \$'000
Bank	5.4%	689	-	-	-	689
Total Assets		689	-	-	-	689
Liabilities						
Bank overdraft	7.5%	(263)	-	-	-	(263)
Bank debt	7% - 8%	(19,650)	-	-	-	(19,650)
Finance Leases		-	-	-	-	-
Total liabilities		(19,913)	-	-	-	(19,913)
Unrecognised						
Interest rate swaps	4.5% - 6.9%	45,175	(9,000)	(16,633)	(19,542)	-
Total unrecognised		45,175	(9,000)	(16,633)	(19,542)	-
Net interest bearing debt repriced in each period		25,951	(9,000)	(16,633)	(19,542)	(19,224)
GROUP 2003						
Assets	Effective interest rates	Current \$'000	1-2 years \$'000	2-5 years \$'000	> 5 years \$'000	Total \$'000
Bank	5.4%	3,220	-	-	-	3,220
Total Assets		3,220	-	-	-	3,220
Liabilities						
Bank overdraft	6.8%	(428)	-	-	-	(428)
Bank debt	6.5%	(15,161)	-	-	-	(15,161)
Finance Leases	7.1%	(18,644)	(5,442)	(495)	(1,010)	(25,591)
Total liabilities		(34,233)	(5,442)	(495)	(1,010)	(41,180)
Unrecognised						
Interest rate swaps	7.0%	56,403	(4,000)	(23,905)	(28,498)	-
Total unrecognised		56,403	(4,000)	(23,905)	(28,498)	-
Net interest bearing debt repriced in each period		25,390	(9,442)	(24,400)	(29,508)	(37,960)
PARENT 2003						
Assets	Effective interest rates	Current \$'000	1-2 years \$'000	2-5 years \$'000	> 5 years \$'000	Total \$'000
Bank	5.4%	124	-	-	-	124
Total Assets		124	-	-	-	124
Liabilities						
Bank overdraft	6.8%	(428)	-	-	-	(428)
Bank debt	6.5%	(3,800)	-	-	-	(3,800)
Finance Leases	7.1%	(714)	-	-	-	(714)
Total liabilities		(4,942)	-	-	-	(4,942)
Unrecognised						
Interest rate swaps	7.0%	56,403	(4,000)	(23,905)	(28,498)	-
Total unrecognised		56,403	(4,000)	(23,905)	(28,498)	-
Net interest bearing debt repriced in each period		51,585	(4,000)	(23,905)	(28,498)	(4,818)

Notes to the Financial Statements

For The Year Ended 30 June 2004

(c) Credit Risk

In the normal course of its business the Group incurs credit risk from tourist industry trade debtors and trading banks. The Group has a credit policy which is used to manage this exposure to credit risk. The Group has no significant concentrations of credit risk. The counterparties used for banking and finance activities are financial institutions with high credit ratings. The Group does not require any collateral or security to support transactions with financial institutions.

(d) Fair Values

The estimated fair values of the Group's financial assets and liabilities are the same as set out in the Statement of Financial Position with the following exceptions:

	Group				Parent Company			
	2004 Carrying Amount \$000's	2004 Fair Value \$000's	2003 Carrying Amount \$000's	2003 Fair Value \$000's	2004 Carrying Amount \$000's	2004 Fair Value \$000's	2003 Carrying Amount \$000's	2003 Fair Value \$000's
Interest rate swaps	-	790	-	(1,408)	-	790	-	(1,408)
Forward foreign exchange contracts	-	(80)	-	60	-	(80)	-	60

The following methods were used to estimate the fair values for each class of assets, liabilities and financial instruments.

Bank balances, accounts receivable, accounts payable, term liabilities

The carrying amount of these items is equivalent to the fair value. As such they are excluded from the above table.

Interest rate swaps and interest rate options

The fair value of these instruments is based on valuations provided by the Group's bankers.

24. Events after balance date

On the 1st August THL has acquired the Hertz Campervan Fleet in Australia and forward bookings. No staff or premises were taken over. The fleet of 226 campervans is leased with terms of between 30 - 42 months. The Hertz name was not acquired.

Corporate Governance

The Group operates under a set of corporate governance principles designed to ensure the Group is effectively managed.

Board of Directors

The Board carries out its responsibilities according to the following mandate:

- The Board should comprise at least four directors
- The Board should be made up of a majority of non-executive directors
- The Chairman of the Board should be a non-executive director
- The directors should possess a broad range of skills, qualifications and experience
- The Board should meet on a monthly basis
- All available information in connection with items to be discussed at a meeting of the Board shall be provided to each director prior to that meeting
- The Board and the individual directors should be subjected to regular evaluation

The Board of Directors consists of:

Keith Smith	Chairman, Non Executive Director	Graeme Bowker	Non Executive Director
Rick Christie	Non Executive Director	David Cushing	Non Executive Director
Gunther Gschwenter	Non Executive Director	Dennis Pickup	Managing Director
Harry Price	Non Executive Director	Don Spary	Non Executive Director
Joan Withers	Non Executive Director		

Board Members

Keith Smith (Auckland)(Chairman)

Non Executive Director appointed early in 1998. Became Chairman of THL in January 2001. Chartered Accountant. Chairman of Directors of The Warehouse Group, Wrightson Limited and Skellmax Industries Limited (listed companies), Deputy Chair of Genesis Power Limited, Past President of the New Zealand Institute of Chartered Accountants and a Director of a number of other companies. Senior Partner in BDO Spicers, Auckland

Graeme Bowker (Melbourne)

Appointed as a Non Executive Director in February 2003. Currently Chairman of Spencer Street Station Development Holdings Limited and Recoveries Corporation Limited, a Director of ASX listed company Transonic Travel Limited and Director and Treasurer of the National Stroke Foundation and related entity the National Stroke Research Institute. Formerly, Victorian and, prior to this, country Managing Partner in New Zealand for Deloitte Touche Tohmatsu.

Rick Christie (Wellington)

Non Executive Director appointed in early 1998. Chairs the Audit Committee. Has had wide business experience in a number of professional and business roles, including a period as Managing Director of Cable Price Downer, and CEO of Trade New Zealand. Recently retired from CEO of Rangatira Limited, a Wellington based investment company. Is Chairman of the Growth and Innovation Advisory Board and AgResearch Limited, Chairman of listed company EBOS group Limited, and a Director of Wakefield Hospital Limited and the NZ Pork Industry Board. Fellow of the Institute of Directors.

David Cushing (Christchurch)

Appointed as a Non Executive Director in June 2004. Former Investment Banker with the Bank of New Zealand. Currently a Director of Williams & Kettle Limited, Rural Equities Limited and other private companies.

Gunther Gschwenter (Melbourne)

Non Executive Director appointed 1 November 1999 upon completion of the Britz transaction. Founder of Britz Rentals and other Britz companies.

Dennis Pickup (Auckland)

Managing Director of THL. Wide business experience in a number of industries, including finance, transport, security, liquor, health and logistics. Commerce Graduate. Appointed as CEO of THL in late 1998 then as Managing Director in mid 1999.

Harry Price (Queenstown)

Non Executive Director appointed in November 2000. Was Chief Executive of Westpac for seven years until 1999 then moved to Sydney with Westpac as a Group Executive with wide geographic responsibilities. Is now retired and is a full time Director of a number of companies including Westpac (NZ) and IAG (NZ) Limited.

Don Spary (Queenstown)

Non Executive Director appointed to the Board in 1986 (at time of float). Former British Army Officer with particular skills in relation to aviation activities. Since his retirement from the army he has been associated with aviation at various levels in New Zealand as well as having broad business interest in the Queenstown region, and a range of Directorships and Trusteeships.

Joan Withers (Auckland)

Non Executive Director appointed in July 2001. Former CEO of The Radio Network Ltd, with extensive experience in media management. Is a Director of a number of companies including The Warehouse Group, Auckland International Airport and Meridian Energy Limited. She is also a Trustee of the Royal New Zealand Ballet and the Counties Manukau Pacific Trust.

Director Independence

The Board has resolved that as at the 23rd August 2004 the following directors are independent within the meaning of the NZX listing rules.

<i>Name</i>	<i>Role</i>
Keith Smith	Chairman
Rick Christie	Chair Audit Committee
Harry Price	Chair Remuneration Committee
Graeme Bowker	
Don Spary	
Joan Withers	

Directors considered not independent due to a disqualifying relationship within the meaning of the NZX listing rules are:

<i>Name</i>	<i>Role</i>
David Cushing	Substantial Security Holder
Gunther Gschwenter	Substantial Security Holder
Dennis Pickup	Managing Director (Employee of the Company)

Governance Standards

The Board recognises the need to continue to enhance its Governance Standards in line with developing best practice. The work by New Zealand Exchange Limited, as incorporated in the NZX Listing Rules, and the publication of the Securities Commission Principles and Guidelines are of particular note, although these are not mandatory or binding on listed companies.

The Board has reviewed those Rules, Principles and Guidelines and is taking progressive steps to improve the governance systems and processes by reference to them. Written charters are currently being developed in line with these best practice Listing Rules.

The primary responsibilities of the Board include:

- The establishment of the long term goals of the company and strategic plans to achieve those goals
- The approval of the annual and half-year financial statements
- The review and adoption of annual budgets for the financial performance of the company and monitoring the results on a monthly basis
- Ensuring that the company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities

Independent Professional Advice

With the approval of the Chairman, each director has the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Audit Committee

The Audit Committee reviews the Group's financial statements and announcements. It also liaises with the external and internal auditors and reviews internal controls which are relevant to financial reporting and related matters. The current members of the committee are: Rick Christie (Chairman), Keith Smith, Harry Price, Graeme Bowker and Joan Withers. Also in attendance by invitation are Dennis Pickup (Managing Director) and Ian Lewington (Chief Financial Officer).

Remuneration Committee

The function of the Remuneration Committee is to make recommendations to the Board concerning executive directors' and executive officers' remuneration. Current members of the committee are: Harry Price (Chairman), Keith Smith, Rick Christie, and Joan Withers.

Statutory Information

As at ???

The ordinary shares of Tourism Holdings Limited are listed on the New Zealand Stock Exchange. As at 13 August 2004, the total number of voting securities on issue was 98,180,723

Spread of Shareholders

Size of holdings	Number of Holders	Number of shares held	% of total issued shares
1 to 1,000	1,105	788,961	1%
1,001 to 5,000	3,391	9,578,620	10%
5,001 to 10,000	1,123	8,560,682	9%
10,001 to 100,000	851	20,826,679	21%
100,001 and over	63	58,425,781	59%
	6,533	98,180,723	100%

The shareholding of New Zealand Central Securities Depository Limited (NZCSD) has been reallocated to the applicable members of NZCSD.

Substantial Security Holders

Number of shares in which a relevant interest was held

G F Gschwenter	6,663,599	6.8%
B C Gschwenter	6,663,486	6.8%
Oliham Trust	4,500,000	4.6%
K D Cushing Family Trust	7,846,484	8.0%
AXA Asia Pacific Holdings Limited	5,830,850	5.9%
Tower Corporation	5,038,222	5.1%

Current holding reflects the notices received, and adjusted for known changes since.

Directors' Shareholdings (At June 30, 2004)

	Beneficially owned, held solely or as a joint holder		Beneficially owned, held by associated persons (including family interests)	
	2004	2003	2004	2003
G W Bowker	15,000	-	-	-
R G M Christie	11,250	11,250	-	-
D Cushing*	7,846,484	n/a	-	n/a
G Gschwenter	6,663,599	6,663,599	6,663,486	6,663,486
D L Pickup	430,625	370,625	87,625	87,625
H M Price	5,000	5,000	-	-
R G Sinclair*	n/a	1,000,000	n/a	53,200
K R Smith	-	-	88,859	88,859
R D Spary	532,204	532,204	78,075	68,075
J Withers	10,000	10,000	-	-
	15,514,162	8,592,678	6,918,045	6,961,245

* David Cushing was appointed as a Director of THL on 4th June 2004.

* Graham Sinclair retired 26th August 2003

Twenty largest shareholders		Shares	%			Shares	%
1	G F Gschwenter	6,663,599	6.8%	11	Citibank Nominees (New Zealand) Limited	1,351,276	1.4%
2	B C Gschwenter	6,663,486	6.8%	12	NZGT Nominees Limited	1,242,279	1.3%
3	National Nominees New Zealand Limited	5,372,671	5.5%	13	AMP Life Limited	1,094,441	1.1%
4	Selba Holdings Limited	4,346,484	4.4%	14	C Alpe	1,000,000	1.0%
5	Westpac Banking Corporation	4,189,907	4.3%	15	Forbar Custodians Limited	978,043	1.0%
6	H & G Limited	3,500,000	3.6%	16	TEA Custodians Limited	768,054	0.8%
7	GB Gosney & MG Valentine & SJ Grant	3,000,000	3.1%	17	Leveraged Equities Custodians	742,200	0.8%
8	Rect Funds Management Limited	1,750,000	1.8%	18	Ja Hong Koo	676,000	0.7%
9	Custody and Investment Nominees	1,542,652	1.6%	19	Cogent Nominees Limited	648,897	0.7%
10	Portfolio Custodians Limited	1,500,000	1.5%	20	Moon Chui Choi	560,000	0.6%
						47,589,989	48.5%

The shareholding of New Zealand Central Securities Depository Limited (NZCSD) has been reallocated to the applicable members of NZCSD.

Statutory Information

As at ???

Directors' Share Dealings

Details of the Directors' acquisitions and disposals of relevant interests in the ordinary equity securities issued by the Parent company are as follows:

Director	Beneficial Owner	No of Shares Acquired (Disposed of)	Consideration per Share or Right	Date
D L Pickup	D L Pickup	10,000	1.42	1 September 2003
	D L Pickup	10,000	1.41	2 September 2003
	D L Pickup	10,000	1.37	11 September 2003
	D L Pickup	28,074	1.58	2 October 2003
	D L Pickup	1,926	1.59	3 October 2003
G W Bowker	G W Bowker	15,000	1.42	29 August 2003
D Spary	L J Newick	10,000	1.55	30 September 2003

General Notice of Directors' Interests

G W Bowker	Chairman of:	Spencer Street Station development Holdings, Recoveries Corporation Limited.
	Director of:	Transonic Travel Limited, National Stroke Foundation and National Stroke Research Institute.
R G M Christie	Chairman of:	AgResearch Limited, EBOS Group Limited, Growth and Innovation Advisory Board
	Director of:	Wakefield Hospital Limited, The NZ Pork Industry Board
	Trustee of:	Victoria University Foundation
D Cushing	Director of:	Williams & Kettle, Rural Equities Limited.
G F Gschwenter	Director of:	a number of private companies in New Zealand and Australia.
D L Pickup	Chairman of:	Trustees for the St Joseph's Mercy Hospice Foundation
	Director of:	St Joseph's Mercy Hospice Auckland Limited
K R Smith	Chairman of:	Healthcare Holdings Limited, Electronic Navigation Limited, The Warehouse Group Limited, Skellmax industries Limited, Wickcliffe Ltd, Wrightson Limited.
	Director of:	Cooper Henderson Motors (1993) Limited, Enterprise Motor Group Limited and its subsidiaries, Genesis Power Limited, Gwendoline Holdings Limited, James Raymond Holdings Limited, Lowe Corporation Limited and its subsidiaries/associates, plus several private companies in New Zealand.
R D Spary	Director of:	Alpine Deer Group Limited and its subsidiaries
H M Price	Director of:	Westpac Investments Limited, Insurance Australia Group Limited plus private companies in New Zealand
J Withers	Chair of:	Clinical Research and Effective Practice Foundation
	Director of:	The Warehouse Group Limited, Meridian Energy Limited, Auckland International Airport Limited and Feltex Carpets Limited.
	Trustee of:	Royal New Zealand Ballet, Counties Manukau Pacific Trust

Statutory Information

As at ???

Directors' Loans

There were no loans by the Group to Directors.

Directors' Insurance

The Group has arranged insurance cover and provided deeds of indemnity for Directors' and Officers' liability.

Directors' Remuneration

Directors' Remuneration received, or due and receivable during the year is as follows:

	2004		2003	
	Director's Fees	Other Remuneration	Director's Fees	Other Remuneration
<i>Directors of Tourism Holdings Limited</i>				
G Bowker	63,600	4,579	14,583	12,180
R G M Christie	50,000	2,000	40,000	5,250
D Cushing	3,750	-	-	-
G F Gschwenter	63,600	-	35,000	9,300
D L Pickup	-	455,000	-	390,000
H M Price	50,000	-	40,000	-
R G Sinclair*	8,750	-	35,000	90,000
K R Smith	77,500	-	65,000	-
R D Spary	45,000	-	35,000	-
J Withers	45,000	-	35,000	-
	407,200	461,579	299,583	506,730

* Retired 26th August 2003 (Prior year included payment of retirement allowance)

Employee Remuneration

The number of employees or former employees (not including Directors) whose remuneration (including severance pay) was within the specified bands is as follows:

\$000's	Consolidated		Parent Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000
100-109	2	4	1	2
110-119	7	5	4	4
120-129	7	2	4	1
130-139	2	1	-	1
140-149	2	1	1	-
150-159	3	1	2	1
160-169	-	3	-	2
170-179	-	1	-	1
180-189	2	-	1	-
190-199	2	-	1	-
210-219	1	-	1	-
220-230	1	-	1	-
270-280	1	-	-	-
280-289	-	1	-	1

Auditors

In accordance with S196 of the Companies Act 1993, PricewaterhouseCoopers are appointed as our auditors. Auditors' remuneration is detailed in Note 1 of the financial statements.

On behalf of the Board,

.....
K R Smith
 Chairman

.....
D L Pickup
 Managing Director

24 August 2004

Auditors Report

For The Year Ended 30 June 2004

Auditors' report to be supplied

Directory

Senior Executives

Dennis Pickup
Ian Lewington
Sean Murray
Anthony Ku
Chris Rusden
Richard Wilson
Terry Mann

Managing Director
Chief Financial Officer
General Manager Commercial
General Manager IT
Chief Operating Officer THL Rentals
General Manager Experiences
General Manager CI Munro

Solicitors

Russell McVeagh, Auckland

Auditors

PricewaterhouseCoopers, Auckland

Bankers

Westpac
ANZ Bank

Share Registrar

B K Registries,
P O Box 384, Ashburton

Head Office

Level 9
68 Shortland Street
PO Box 4293, Auckland

Telephone: (+64-9) 309-1974
Facsimile: (+64-9) 309-9269
Email: info@thlnz.co.nz

Corporate Website
www.thlonline.com

