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**TOURISM
HOLDINGS
LIMITED**

corporate

**Chairman's Address
Annual Shareholders' Meeting
Tuesday, 11 November 2008**

Welcome, ladies and gentlemen to the 22nd Annual Meeting of Tourism Holdings Limited.

I am your chairman, Keith Smith.

I am joined by my fellow directors Graeme Bowker, Rick Christie, Deepak Gupta and Graeme Wong – and also by our chief executive officer Trevor Hall, chief financial officer Ian Lewington and financial controller/board secretary Kevin Hoare.

In the last 12 months THL has undertaken a major strategic repositioning and as a consequence is now in a strong position to meet the challenges of the future. These, of course, include the effects on tourism markets of what can truly be called turmoil in the financial sector worldwide.

THL's focus is now on growing its core rental business over numerous market segments, returning the CI Munro business back to full productivity and developing the potential of the Waitomo Caves activities.

In the next few minutes I will:

- Briefly review the trading results for the previous year
- Review the position of the company
- Comment on the outlook

The 2008 year saw record revenues again being achieved by the Australian rental business and a reduction in earnings from the continuing businesses in the former Tourism Leisure Group. The year ended with declining visitor numbers from key markets.

Ci Munro had substantial disruption to its business due to the relocation from Otorohanga to Hamilton as well as supplier and skill shortages. These affected its ability to bring new designs to market while achieving the anticipated productivity improvements from the new factory.

There were a number of changes in the operating base of the company. These included sales of non-core assets and the creation of a strong market position in the first year of operations of the Explore More Rentals unit, targeted at the youth/adventure and discount sector.

The group result, including non-recurring items, was a seven per cent increase in the net surplus after tax to \$14.3 million. Net trading profit after tax on continuing operations, excluding associates, was down 13 per cent from the previous year.

The company has paid a final dividend of six cents a share and the total dividend for the year was 11 cents a share, fully imputed. This is the same rate as for the 2006 and 2007 financial years.

During the past 12 months to June 2008 a complete strategic repositioning of the company has been undertaken. In spite of the difficult economic conditions, good prices have been achieved for the non-core assets sold and all transactions completed, with the last two being finalised, as agreed, in September. This has realised \$69 million from the sale of the coaching businesses, Kelly Tarlton's Antarctic Encounter & Underwater world, all Milford Sound assets and the Discover New Zealand tour wholesale operation. The net proceeds have been used to reduce debt.

Further, industry rationalisation led to the formation of the joint venture InterCity Holdings Limited with THL owning a 49% shareholding.

Preliminary work was progressed during the year for construction of a world-class visitor centre for the Waitomo Glowworm Caves attractions. Once final approvals and building consents are obtained construction will commence with a completion date likely late 2009.

In the coming weeks, the extensive changes to our information and communications infrastructure will be actioned, enabling the launch of new and improved online trading and business-to-business capability.

The strategic refocusing and debt reduction of the past 12 months means the company is well resourced to endure the shift in global consumer confidence now having a direct impact on the tourism industry. In that regard, the board has deemed it prudent to suspend market investigation of expansion into further geographical markets for the rentals business, and into the United States in particular.

That said, THL is in a sound position to take advantage of any attractive opportunities that may arise to expand its core competencies, systems, brands or other key aspects of the business platform.

The outlook is challenging. Governments around the world are making strenuous efforts to shore-up the financial system so as to limit the impact of the fallout from the credit crisis on economic growth. It is not yet clear how successful these moves will be.

Already there are signs of consumers cutting back on discretionary spending – and this is creating stress in some sectors of the tourism industry. Based on current booking trends and the weak first quarter we expect to report a small trading loss for the six months which is down on last year's result and includes continuing losses at Ci Munro over this period. We expect a very challenging second six months as well but are unable to fully quantify the impact on the year end at this point however reported NPAT for the year will be well below last years \$14.3m.

The chief executive will discuss current trading conditions in his address.

For New Zealand, there are some positives. There will be a significant increase in seating capacity from the introduction of new, wide bodied aircraft early next year, and airlines can be expected to undertake strenuous promotion to fill those seats. The low levels to which the New Zealand dollar has fallen against leading northern hemisphere currencies will assist this traffic. As mentioned previously the asset sell down has left THL with a strong balance sheet.

Credit for the strong position of the company must go largely to our chief executive Trevor Hall who, as previously announced, will step down at the end of December.

On behalf of shareholders, I thank Trevor for his significant impact on reshaping THL. Undertaking a major change process is never easy and the task has been accomplished skilfully so that company that can face the future with confidence.

Trevor, thank you for a job well done.

[pause]

As in every annual meeting, one of the formal items on the agenda is the election of directors.

Graeme Wong was appointed the Board in November and therefore now seeks re-election as a non-executive director.

Graeme has a background in stockbroking, capital markets and investments. He has extensive experience as a director as Executive Chairman of Southern Capital which evolved into Hirequip New Zealand. Previous directorships include Sealord Group, Tasman Agriculture, Magnum Corporation, At Work Insurance and Air New Zealand. Graeme is currently Chairman of Clocktower Games, Director NZ Farming Systems Uruguay and a member of the Management Board of Samuel Marsden Collegiate School.

Also retiring, by rotation, and seeking re-election to the board is Graeme Bowker

Graeme has been a Non Executive Director since 2003. He is currently chairman of Southern Cross Railway Station Holdings, a director of the National Stroke Foundation and Bluestone Mortgage Group. Graeme is the former Victorian Managing Partner for Deloitte Touche Tohmatsu and prior to this, was country Managing Partner in New Zealand.

Graeme Wong and Graeme Bowker will speak briefly when the relevant motions are under consideration.

[Pause]

At this point I want to take the opportunity to record the board's gratitude for the continuing focus and hard work of the management group – and indeed all staff of the company – during what has been a year of major change.

I'm sure I speak for shareholders as well as the board when I say that their efforts are very much appreciated.

It is now time to hand over to Trevor for his final comprehensive run down on the year.

Trevor, over to you.



Keith Smith
Chairman, Tourism Holdings Limited
11th November 2008

For further information, please contact:
Trevor Hall, Chief Executive Officer
Tourism Holdings Limited
DDI: (09) 336 4211
Mobile: 021 901 111

Ian Lewington, Chief Financial Officer
Tourism Holdings Limited
DDI: (09) 336 4212
Mobile: 021 952 254