



18 October 2010

NZX Release

TOURISM HOLDINGS LIMITED (*thl*) TRADING OUTLOOK UPDATE

The Board of *thl* (Tourism Holdings Limited) has reviewed the outlook for the current half year. In the Annual Report sent to shareholders in September we indicated that the current performance showed a softening in the backpacker and UK markets in particular and that the strength of both the Australian and New Zealand dollars internationally was contributing to lower spend.

During September and October we have seen further adverse impacts from these factors on both first quarter performance versus last year and the forward bookings as we head into the high season.

The Australian business has been most affected by the strengthening exchange rate resulting in three key impacts:

1. Australian domestic customers are choosing to travel internationally. Outbound travel is up circa 15% over the last three months compared to the same period last year.
2. Visitor arrivals from the UK are down on last year by approximately 5%.
3. The hire period has shortened by about 10% for our customers as they adjust their length of stay.

Customers have a set holiday budget in their home currency and adjust destination, length of stay and activities accordingly.

Within New Zealand the business is also seeing the impact of the exchange rate but most particularly the downturn from the UK. Total visitor arrivals from the UK to New Zealand were down 19% in July and 15% in August with forward bookings seeing an on-going decline. More significantly the lack of demand has seen discounting increase. This negative yield impact is also evident in Australia.

The expectations for the Ci Munro business remain positive and the Attractions business is in line with last year.

thl expects to record a NPAT loss of up to \$1.0M for the six months ending 31st December 2010 compared to a NPAT profit of \$1.37M for the prior corresponding period. The full year forecast will be discussed in more detail at the half year result announcement in February 2011.

The final dividend of 2cps will be paid on the 29th October as previously announced.



Announcement authorised by:

A handwritten signature in blue ink, appearing to read 'Keith Smith', is displayed on a light yellow rectangular background.

Keith Smith
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