TOURISM HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

	Note	**6 months to Dec-14 $000's**	6 months to Dec-13 $000's	12 months to Jun-14 $000's
Sales of services		**76,167**	76,222	160,240
Sales of goods		**33,491**	36,108	65,382
Total revenue	**2**	**109,658**	112,330	225,622
Cost of sales		**(28,848)**	(32,829)	(58,005)
Gross Profit		**80,810**	79,501	167,617
Other operating income / (expenses)		**153**	(25)	206
Administrative expenses		**(12,823)**	(12,576)	(21,725)
Other operating expenses		**(57,567)**	(59,735)	(123,287)
Operating profit before financing costs		**10,573**	7,165	22,811
Finance income		**418**	418	1,129
Finance expenses		**(2,609)**	(3,522)	(6,823)
Net finance costs		**(2,191)**	(3,104)	(5,694)
Share of profit from joint venture	**5**	**1,146**	725	1,046
Share of (loss) from associates	**9**	**(16)**	-	-
Profit before tax		**9,512**	4,786	18,163
Income tax expense		**(3,867)**	(2,318)	(7,047)
Profit for the period		**5,645**	2,468	11,116
Earnings per share from profit attributable to the equity holders of the Company during the period				
Basic earnings per share (in cents)		**5.0**	2.2	10.0
Diluted earnings per share (in cents)		**4.8**	2.1	9.5

The notes on pages 7 to 13 are an integral part of these condensed interim financial statements.

TOURISM HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

	Note	**6 months to Dec-14 $000's**	6 months to Dec-13 $000's	12 months to Jun-14 $000's
Profit for the period		**5,645**	2,468	11,116
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation movement	16	**530**	(4,409)	(5,169)
Cash flow hedge reserve movement net of tax		**(749)**	550	463
Other comprehensive (loss) for the period net of tax		**(219)**	(3,859)	(4,706)
Total comprehensive income / (loss) for the period attributable to equity holders of the company		**5,426**	(1,391)	6,410

The notes on pages 7 to 13 are an integral part of these condensed interim financial statements.

TOURISM HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

	Note	Share Capital $000's	Retained Earnings $000's	Cash Flow Hedge Reserve $000's	Other Reserves $000's	Total Equity $000's
Opening balance as at 1 July 2013		151,238	4,718	(1,154)	5,246	160,048
Comprehensive income						
Net profit for the six months ending 31 December 2013		-	2,468	-	-	2,468
Other comprehensive income						
Cash flow hedge reserve movement (net of tax)		-	-	550	-	550
Foreign currency gain / (loss) on net investment		-	547	-	(1,100)	(553)
Foreign currency translation reserve		-	-	-	(3,856)	(3,856)
Total comprehensive income		-	3,015	550	(4,956)	(1,391)
Transactions with owners						
Dividends on ordinary shares		-	(2,309)	-	-	(2,309)
Issue of ordinary shares		35	-	-	-	35
Employee share scheme reserve		-	-	-	83	83
Total transactions with owners		35	(2,309)	-	83	(2,191)
Closing balance as at 31 December 2013		151,273	5,424	(604)	373	156,466
Opening balance as at 1 January 2014		151,273	5,424	(604)	373	156,466
Comprehensive income						
Net profit for the six months ending 30 June 2014		-	8,648	-	-	8,648
Other comprehensive income						
Cash flow hedge reserve movement (net of tax)		-	-	(87)	-	(87)
Foreign currency gain / (loss) on net investment		-	-	-	553	553
Foreign currency translation reserve		-	-	-	(1,313)	(1,313)
Total comprehensive income		-	8,648	(87)	(760)	7,801
Transactions with owners						
Dividends on ordinary shares		-	(5,493)	-	-	(5,493)
Issue of ordinary shares		1,062	-	-	-	1,062
Transfer from employee share scheme reserve		64	925	-	(989)	-
Employee share scheme reserve		-	-	-	60	60
Total transactions with owners		1,126	(4,568)	-	(929)	(4,371)
Closing balance as at 30 June 2014		152,399	9,504	(691)	(1,316)	159,896
Opening balance as at 1 July 2014		152,399	9,504	(691)	(1,316)	159,896
Comprehensive income						
Net profit for the six months ending 31 December 2014		-	5,645	-	-	5,645
Other comprehensive income						
Cash flow hedge reserve movement (net of tax)		-	-	(749)	-	(749)
Foreign currency translation reserve	16	-	-	-	530	530
Total comprehensive income		-	5,645	(749)	530	5,426
Transactions with owners						
Dividends on ordinary shares	7	-	(6,745)	-	-	(6,745)
Issue of ordinary shares	6	616	-	-	-	616
Transfer from employee share scheme reserve		82	56	-	(138)	-
Employee share scheme reserve		-	-	-	72	72
Total transactions with owners		698	(6,689)	-	(66)	(6,057)
Closing balance as at 31 December 2014		153,097	8,460	(1,440)	(852)	159,265

The notes on pages 7 to 13 are an integral part of these condensed interim financial statements.

TOURISM HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (Unaudited)

	Note	**Dec-14**	Dec-13	Jun-14
		$000's	$000's	$000's
ASSETS				
Non-current assets				
Property, plant and equipment	3	**226,147**	217,092	228,957
Intangible assets		**20,640**	22,012	20,790
Investments in associates	9	**333**	-	-
Advance to joint venture	5	**4,880**	7,667	5,012
Loan receivable	6	**1,503**	1,411	1,452
Derivative financial instruments	14	**72**	208	144
Total non-current assets		**253,575**	248,390	256,355
Current assets				
Cash and cash equivalents		**6,321**	11,312	3,479
Trade and other receivables		**20,881**	26,178	15,119
Inventories		**16,156**	18,910	17,281
Assets held for sale	15	**-**	6,976	-
Advance to joint venture	5	**2,500**	-	2,500
Taxation receivable		**1,609**	836	774
Derivative financial instruments	14	**8**	12	27
Total current assets		**47,475**	64,224	39,180
Total assets		**301,050**	312,614	295,535
EQUITY				
Issued capital	6	**153,097**	151,273	152,399
Other reserves		**(852)**	373	(1,316)
Cash flow hedge reserve		**(1,440)**	(604)	(691)
Retained earnings		**8,460**	5,424	9,504
Total equity		**159,265**	156,466	159,896
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	4	**65,687**	64,925	66,607
Derivative financial instruments	14	**1,987**	1,059	1,130
Deferred income tax liability		**7,754**	3,345	6,249
Total non-current liabilities		**75,428**	69,329	73,986
Current liabilities				
Interest bearing loans and borrowings	4	**25,404**	43,368	15,532
Derivative financial instruments	14	**92**	-	-
Trade and other payables		**23,597**	21,961	30,637
Revenue in advance		**13,410**	18,228	11,138
Employee benefits		**3,854**	3,262	4,346
Total current liabilities		**66,357**	86,819	61,653
Total liabilities		**141,785**	156,148	135,639
Total equity and liabilities		**301,050**	312,614	295,535

The notes on pages 7 to 13 are an integral part of these condensed interim financial statements.

TOURISM HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

	Note	**6 months to Dec-14 $000's**	6 months to Dec-13 $000's	12 months to Jun-14 $000's
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		**72,445**	76,394	164,318
Proceeds from sale of goods		**33,491**	36,108	65,382
Interest received		**418**	418	1,129
Suppliers and employees		**(59,711)**	(57,999)	(116,551)
Purchase of rental assets		**(39,468)**	(24,801)	(60,887)
Interest paid		**(2,548)**	(3,424)	(6,430)
Taxation paid		**(2,767)**	(1,905)	(2,996)
Net cash flows from operating activities		**1,860**	24,791	43,965
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of property, plant & equipment		**12**	13	61
Sale of assets held for sale		**-**	950	950
Advance from joint venture	5	**1,278**	136	612
Purchase of property, plant & equipment		**(1,001)**	(375)	(1,596)
Purchase of intangibles		**(15)**	(76)	-
Investments in associates		**(349)**	-	-
Net cash (used in) / from investing activities		**(75)**	648	27
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		**7,394**	-	-
Repayment of borrowings		**-**	(16,972)	(38,621)
Dividends paid		**(6,745)**	(2,309)	(7,802)
Proceeds from share issue		**513**	-	949
Net cash flows from / (used in) financing activities		**1,162**	(19,281)	(45,474)
Net increase / (decrease) in cash balances		**2,947**	6,158	(1,482)
Opening cash		**3,479**	5,480	5,480
Foreign currency translation adjustment		**(105)**	(326)	(519)
Closing cash		**6,321**	11,312	3,479

The notes on pages 7 to 13 are an integral part of these condensed interim financial statements.

TOURISM HOLDINGS LIMITED
RECONCILIATION OF PROFIT AFTER TAXATION
WITH CASH FLOWS FROM OPERATING ACTIVITIES
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

	6 months to Dec-14 $000's	6 months to Dec-13 $000's	12 months to Jun-14 $000's
OPERATING PROFIT AFTER TAX	**5,645**	2,468	11,116
Plus / (less) non-cash items:			
Depreciation	**15,356**	17,973	35,828
Amortisation of fixed term intangibles	**789**	821	1,637
Impairment of assets held for sale	**-**	104	-
Amortisation of executive share scheme	**72**	83	143
Movement in deferred taxation	**2,002**	(567)	2,952
Increase / (decrease) in provision for doubtful debts	**69**	20	(150)
Interest	**61**	98	393
Share of (profit) from joint venture and associates	**(1,131)**	(725)	(1,046)
Non-cash director remuneration	**103**	-	132
Total non-cash items	**17,321**	17,807	39,889
Plus items classified as investing activities:			
Net loss on sale of property, plant and equipment	**3**	24	101
Total items classified as investing activities	**3**	24	101
Reclassification of cash flows associated with rental assets			
Net book value of rental assets sold	**25,095**	28,178	51,421
Purchase of rental assets	**(39,468)**	(24,801)	(60,887)
Total cash flows associated with rental assets	**(14,373)**	3,377	(9,466)
Trading cash flow	**8,596**	23,676	41,640
Plus / (less) movements in working capital:			
Increase / (decrease) in accounts payable excluding rental assets	**984**	(2,559)	(4,398)
Increase / (decrease) in revenue received in advance	**2,076**	6,979	785
Increase / (decrease) in provision for taxation	**(901)**	504	407
Increase / (decrease) in employee benefits	**(461)**	(267)	1,110
Decrease / (increase) in accounts receivable	**(6,024)**	(7,072)	3,116
Decrease / (increase) in inventories	**(2,410)**	3,530	1,305
Total movements in working capital	**(6,736)**	1,115	2,325
Net cash flows from operating activities	**1,860**	24,791	43,965

NZ IAS 7 requires the cash flows associated with the sale and purchase of rental assets to be classified as an operating activity. Below are the details of the sale of rental assets:

Proceeds from sale of rental assets	**31,035**	33,759	61,291
Book value of assets sold	**(25,095)**	(28,178)	(51,421)
Gain on sale	**5,940**	5,581	9,870
Net cash flows from operating activities prior to adoption of NZ IAS 7 resulting in the sale and purchase of rental assets being classified as an operating activity.	**16,233**	21,414	53,431

The notes on pages 7 to 13 are an integral part of these condensed interim financial statements.

Notes to the Financial Statements
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

1 Statement of Accounting Policies

Basis of preparation

The primary operations of Tourism Holdings Limited (the 'Company' or '***thl***') and its subsidiaries (together 'the Group') are the manufacture, rental and sale of motor homes and campervans and other tourism related activities. The parent is domiciled in New Zealand. The registered office is Level 1, 83 Beach Road, Auckland 1010, New Zealand. Tourism Holdings is a profit oriented company.

Tourism Holdings Limited is a company registered under the Companies Act 1993, is an issuer in terms of the Securities Act 1978, is listed on the New Zealand Stock Exchange (NZX) and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013. The interim financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the NZX rules.

These interim consolidated financial statements of Tourism Holdings Limited and its subsidiaries have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with NZ IAS 34 Interim Financial Reporting and consequently do not include all the information required for full financial statements. These condensed Group interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2014.

Comparatives have been restated where needed to conform to current-year classification and presentation.

These condensed interim financial statements were approved for issue on 24 February 2015.

These condensed interim financial statements have not been audited.

Accounting policies

The accounting policies used in the preparation of these interim financial statements are consistent with those used in the 30 June 2014 annual financial statements.

Issued standards and amendments effective from 1 July 2014

The following interpretation has been adopted by the Group in the six months to 31 December 2014.

IFRIC Interpretation 21 'Levies' - addresses the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when the liability should be recognised. The adoption of the interpretation does not have a material impact on the Group.

Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The estimates used in the preparation of these interim financial statements are consistent with those used in the 30 June 2014 annual financial statements.

2 Segment Note

The chief operating decision maker ('CODM') has been identified as the executive team together with the Board of Directors. The CODM review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The CODM assess the performance of the operating segments based on a measure of operating profit (earnings before interest and tax). The measurement basis excludes the effects of operational expenditure or gains such as loss / gain on disposal or impairments of property, plant and equipment, fair value changes in foreign currency financial assets / liabilities and costs of major business acquisitions. Interest income and expenditure are not included in the result for each operating segment that is reviewed by the CODM.

As at 31 December 2014 the CODM considers the business from both a geographical and service / product perspective. The CODM considers the performance of business based on the rentals division in Australia, United States of America and New Zealand, as well as the Tourism Group segment in New Zealand. Group support costs are reported separately.

Six months to December 2014	**New Zealand**		**Australia**	**United States**	**Group**	
	Rentals	**Tourism Group**	**Rentals**	**Rentals**	**Support Services**	**Total**
	$000's	$000's	$000's	$000's	$000's	$000's
Sales of services	23,225	12,248	29,228	11,466	-	76,167
Sales of goods	13,599	-	4,981	14,911	-	33,491
Revenue from external customers	36,824	12,248	34,209	26,377	-	109,658
Depreciation	(6,100)	(582)	(6,875)	(1,537)	(262)	(15,356)
Other operating costs	(31,812)	(9,229)	(22,678)	(18,696)	(1,314)	(83,729)
Operating profit / (loss) before interest and tax	(1,088)	2,437	4,656	6,144	(1,576)	10,573
Interest income	-	-	10	-	408	418
Interest expense	(105)	-	(398)	(184)	(1,922)	(2,609)
Joint venture net profit before tax	-	-	-	-	1,146	1,146
Associate net (loss) before tax	-	-	-	-	(16)	(16)
Operating profit / (loss) before tax	(1,193)	2,437	4,268	5,960	(1,960)	9,512
Taxation	334	(770)	(1,281)	(2,428)	278	(3,867)
Operating profit / (loss) - after interest and tax	(859)	1,667	2,987	3,532	(1,682)	5,645
Capital expenditure	19,653	254	11,110	2,344	-	33,361
Non-current assets	128,680	26,350	63,308	21,124	9,233	248,695
Advance to joint venture	-	-	-	-	4,880	4,880
Total non-current assets	128,680	26,350	63,308	21,124	14,113	253,575
Total assets	149,874	28,815	75,869	28,895	17,597	301,050
Net funds employed	124,132	23,720	59,828	21,704	14,652	244,036

Notes to the Financial Statements
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

2 Segment Note (continued)

Six months to December 2013	**New Zealand Rentals**	**New Zealand Tourism Group**	**Australia Rentals**	**United States Rentals**	**Group Support Services**	**Total**
	$000's	$000's	$000's	$000's	$000's	$000's
Sales of services	23,786	10,308	30,486	11,642	-	76,222
Sales of goods	14,618	-	7,507	13,983	-	36,108
Revenue from external customers	38,404	10,308	37,993	25,625	-	112,330
Depreciation	(7,810)	(570)	(7,799)	(1,661)	(133)	(17,973)
Other operating costs	(32,611)	(8,086)	(27,623)	(17,635)	(1,237)	(87,192)
Operating profit / (loss) before interest and tax	(2,017)	1,652	2,571	6,329	(1,370)	7,165
Interest income	-	-	14	-	404	418
Interest expense	(190)	-	(609)	(329)	(2,394)	(3,522)
Joint venture net profit before tax	-	-	-	-	725	725
Operating profit / (loss) before tax	(2,207)	1,652	1,976	6,000	(2,635)	4,786
Taxation	618	(552)	(593)	(2,445)	654	(2,318)
Operating profit / (loss) - after interest and tax	(1,589)	1,100	1,383	3,555	(1,981)	2,468
Capital expenditure	14,482	216	10,412	25	41	25,176
Non-current assets	118,355	27,824	72,844	19,105	2,387	240,515
Advance to joint venture	-	-	-	-	7,667	7,667
Total non-current assets	118,355	27,824	72,844	19,105	10,054	248,182
Total assets	150,926	31,110	88,955	24,200	17,203	312,394
Net funds employed	120,701	26,063	70,579	18,722	17,348	253,413

Inter-segment transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. The CODM does not distinguish between revenue from internal or external customers when measuring the performance of segments. All revenue is reported to the executive team on a basis consistent with that used in the income statement.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude future income tax benefit, deferred taxation, investments and derivatives designated as hedges of borrowings as they are not allocated to segments. Net segment assets are total assets less segment non interest bearing liabilities and cash on hand. Assets held for sale are recognised in Group Support Services.

3 Property, plant and equipment acquired and sold during the 6 month period

	Motorhomes	Other property plant & equipment	Capital work in progress	Total
Period ended 31 December 2014	$000's	$000's	$000's	$000's
Opening net book amount	202,061	24,951	14,258	241,270
Exchange differences	494	81	-	575
Additions	38,576	510	(5,725)	33,361
Disposals	(24,840)	(15)	-	(24,855)
Depreciation charge	(13,935)	(1,421)	-	(15,356)
Closing net book amount	202,356	24,106	8,533	234,995
As at 31 December 2014				
Cost	288,693	43,876	8,533	341,102
Accumulated depreciation	(86,337)	(19,770)	-	(106,107)
Net book amount	202,356	24,106	8,533	234,995
Reclassification of Motorhomes to Inventory at Balance Date				
Cost	15,776	-	-	15,776
Accumulated depreciation	(6,928)	-	-	(6,928)
Net book amount	8,848	-	-	8,848
Closing net book amount post reclassification	193,508	24,106	8,533	226,147

	Motorhomes	Other property plant & equipment	Capital work in progress	Total
Period ended 31 December 2013	$000's	$000's	$000's	$000's
Opening net book amount	219,636	19,621	19,310	258,567
Exchange differences	(5,514)	(347)	(583)	(6,444)
Additions	42,681	375	(17,880)	25,176
Disposals	(30,302)		-	(30,302)
Depreciation charge	(16,760)	(1,213)	-	(17,973)
Closing net book amount	209,741	18,436	847	229,024
As at 31 December 2013				
Cost	293,201	41,137	847	335,185
Accumulated depreciation	(83,459)	(22,702)	-	(106,161)
Net book amount	209,742	18,435	847	229,024
Reclassification of Motorhomes to Inventory at Balance Date				
Cost	20,108	-	-	20,108
Accumulated depreciation	(8,176)	-	-	(8,176)
Net book amount	11,932	-	-	11,932
Closing net book amount post reclassification	197,810	18,435	847	217,092

4 Borrowings and loans

	31 Dec-14 $000's	31 Dec-13 $000's	30 Jun-14 $000's
Non-current	65,687	64,925	66,607
Current	25,404	43,368	15,532
	91,091	108,293	82,139

Movements in borrowings are analysed as follows:

	31 Dec-14 $000's	31 Dec-13 $000's	30 Jun-14 $000's
Opening balance	82,139	125,127	125,127
Borrowings	8,952	(16,834)	(42,988)
Closing balance	91,091	108,293	82,139

The Group has the following undrawn borrowing facilities:

	31 Dec-14 $000's	31 Dec-13 $000's	30 Jun-14 $000's
Expiring within one year	2,000	3,705	9,853
Expiring beyond one year	19,981	15,788	20,893
	21,981	19,493	30,746

The Group has sufficient working capital and undrawn financing facilities to service its operating activities and on-going investment in rental motorhomes. The Group has met all banking covenant requirements in the current period.

The Directors expect that the working capital facilities expiring in the current year will be extended in the ordinary course of business.

5 Joint Venture - RV Manufacturing Group LP (RVMG)

thl is a 50% joint venture partner in RVMG, a vehicle manufacturer based in New Zealand. The other 50% partner is Alpine Bird Manufacturing (New Zealand) Limited, which is owned by Grant Brady (a related party, refer Note 6).

Analysis of the Group's 50% share of RVMG

The following amounts represent the Group's 50% share of the sales and results, and assets and liabilities of RVMG:

	6 months to Dec-14 $000's	6 months to Dec-13 $000's	12 months to Jun-14 $000's
Income	14,078	10,242	19,709
Expenses	(12,932)	(9,517)	(18,663)
Profit / (loss) before income tax	1,146	725	1,046

	31 Dec-14 $000's	31 Dec-13 $000's	30 Jun-14 $000's
Assets			
Non-current assets	1,323	1,988	1,419
Current assets	6,076	4,153	8,445
	7,399	6,141	9,864
Liabilities			
Non-current liabilities including limited partner advances	5,657	6,287	7,105
Current liabilities	2,953	2,465	5,049
	8,610	8,752	12,154
Net assets / (liabilities)	(1,211)	(2,611)	(2,290)

There are no contingent liabilities relating to the Group's interest in RVMG, and no contingent liabilities in the venture itself. The Group's 50% share of the contractual property lease commitment is $2,640k (Dec-13: $3,057k, Jun-14: $2,843).

The Group's recognised interest in RVMG

The following table sets out the Group's interest in RVMG:

	31 Dec-14 $000's	31 Dec-13 $000's	30 Jun-14 $000's
Investment in RVMG	250	250	250
Losses recognised against the investment balance	(250)	(250)	(250)
Net investment recognised	-	-	-
Advance opening balance	9,557	10,169	10,169
Net cash advances / (repayment) during the period	(1,278)	(136)	(612)
Advance closing balance	8,279	10,033	9,557
Opening losses / impairment recognised against the advance	(2,045)	(3,091)	(3,091)
Share of profit / (loss / impairment) for the period	1,146	725	1,046
Total losses / impairment recognised against the advance	(899)	(2,366)	(2,045)
Net interest in RVMG	7,380	7,667	7,512

The advance is repayable from surplus operational cash flow and full repayment is not expected in the next 12 months. $2.5m is expected to be repaid in the next 12 months (Jun-14: $2.5m). Interest is payable at a rate of 9.1% (Dec-13: 7.9%, Jun-14: 8.9%) per annum.

6 Related party transactions

Tourism Holdings Limited is the parent and ultimate controlling party of the Group. All members of the Group are considered to be related parties of Tourism Holdings Limited including subsidiaries and the joint venture.

The following transactions were carried out with related parties:	**Dec-14 $000's**	Dec-13 $000's	Jun-14 $000's
i) Sales of goods and services			
Subsidiaries	3,251	2,973	7,086
ii) Purchases of goods and services			
Subsidiaries	972	662	2,341
iii) Bad debt write off of a subsidiary receivable			
THL Oz Pty Limited	-	-	704
iv) Key management compensation			
Salaries and other short term employee benefits	2,093	1,628	3,475
Share based payments	72	83	143

Executive management do not receive any directors' fees as directors of subsidiary companies.

v) Year end balances arising from sales/purchases of goods/services	**Dec-14**	Dec-13	Jun-14
Advances to subsidiaries	**$000's**	$000's	$000's
THL Oz Pty Limited	11,391	11,391	11,391
THL Group Australia Pty Limited and its subsidiaries	11,533	11,668	9,368
Waitomo Caves Limited	7,396	7,717	7,640
Waitomo Caves Holdings Limited	174	186	179
JJ Motorcars	88	93	81
Net advances to subsidiaries	30,582	31,055	28,659

Interest is charged at market rates on trading accounts between the Parent and Australian subsidiaries and all advances are repayable on demand.

	Dec-14	Dec-13	Jun-14
Interest charged on the balances with related parties	**$000's**	$000's	$000's
THL Oz Pty Limited	-	-	704
Tourism Holdings Australia Pty Limited	-	-	765

The effective interest rates on loans to related parties were as follows:	**Dec-14**	Dec-13	Jun-14
Loans to related parties	-	-	5.90%

vi) Lease costs from subsidiaries	**Dec-14**	Dec-13	Jun-14
The Parent incurred lease costs as follows:	**$000's**	$000's	$000's
Waitomo Caves Limited	244	244	488

vii) Loans to directors and key management of the Company
There were no loans during the current or previous year by the Group to Directors or key management with the exception of the loan to Alpine Bird (New Zealand) Limited (note 6 xi).

viii) Loans from directors, key management or related parties	**Dec-14 $000's**	Dec-13 $000's	Jun-14 $000's
Loans from key management personnel	3,117	2,963	2,788

Loan provided as part of the acquisition of JJ Motorcars Inc. in the USA trading as Road Bear to fund fleet. The loan is repayable within 12 months at a fixed interest rate of 3.1% pa and is secured by way of liens over specific Road Bear motorhome fleet.

ix) Directors Fees (Share issue in lieu of cash)

Directors can elect to receive shares in lieu of directors fees for whole or part payment. Rob Campbell and Christine Domecq have elected to receive 100% of their directors fees in shares, and Graeme Wong has elected to receive shares for 33% of his directors fees. Shares issued in lieu of directors fees, and share issues accrued are as follows:

	Dec-14 000's	Dec-13 000's	Jun-14 000's
No of shares issued in lieu of cash	80	-	61
Value of shares issued in lieu of cash ($'s)	113	-	71
Accrued value of shares yet to be issued in lieu of cash ($'s)	52	35	62

x) Non-executive Director Kay Howe

As part of the transaction with KEA Campers and United Campervans, Kay Howe (a shareholder and director of United Vehicle Rentals Limited which was later renamed Hauraki Motor Homes Limited) was appointed as an executive director of ***thl*** on the 31st October 2012. Kay Howe had executive responsibilities relating to the integration of the businesses until the 30th April 2013 at which point she became a non-independent director.

Notes to the Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

6 Related party transactions (continued)

Under the terms of the transaction, ***thl*** had a liability to pay deferred consideration to Hauraki Motor Homes Limited in accordance with the deferred consideration agreement. The table below details the total deferred consideration liability to Hauraki Motor Homes Limited and the amount due and payable based on sales of United motorhomes. In September 2014 the remaining deferred settlement consideration and outstanding interest was paid to Hauraki Motor Homes.

	Dec-14 $000's	Dec-13 $000's	Jun-14 $000's
Total deferred consideration liability	-	5,588	4,941
Deferred consideration due & payable to Hauraki Motor Homes Limited (based on United motorhomes sales)	-	614	380
Interest included in deferred consideration due & payable	-	29	27

Also included in the terms of the transaction was a requirement for ***thl*** to pay rent and other operating expenses for two properties for a maximum of 12 months. The properties were formerly operated by United and were owned by Hauraki Enterprises Limited (of which Kay Howe is a shareholder and director). ***thl*** has also purchased stock and incurred minor operating expenditure from Hauraki as a result of the merger. ***thl***'s obligation has now ceased. These costs to ***thl*** are set out below:

	Dec-14 $000's	Dec-13 $000's	Jun-14 $000's
Other operating expenditure	-	87	-

thl have purchased caravans from Supreme Motorhomes Limited (Supreme). Supreme is owned by entities associated with Kay Howe.

	Dec-14 $000's	Dec-13 $000's	Jun-14 $000's
Purchase of caravans	142	49	378

xi) Grant Brady (shareholder and director of Alpine Bird (New Zealand) Limited)

As part of the transaction with KEA Campers and United Campervans, Grant Brady (a shareholder and director of KEA Campers (New Zealand) Limited which was later renamed Alpine Bird (New Zealand) Limited ("Alpine Bird")) was appointed as the General Manager of vehicle sales in New Zealand on the 31st October 2012. In this capacity Grant Brady is a member of the ***thl*** executive team and is remunerated accordingly. Grant Brady in a separate role is Managing Director of RVMG which is on the same site as vehicle sales in Albany. He is paid separately by RVMG as Managing Director. These roles and associated remuneration were approved as part of the merger transaction.

Under the terms of the transaction, ***thl*** has a liability to pay deferred consideration to Alpine Bird in accordance with the deferred consideration agreement. As part of the deferred consideration agreement no deferred consideration amounts are payable at this time. Interest and excess proceeds are added to the balance due. The table below details the total deferred consideration liability to Alpine Bird and the amount due and payable based on sales of KEA motorhomes:

	Dec-14 $000's	Dec-13 $000's	Jun-14 $000's
Total deferred consideration owing	1,858	2,196	1,898

Also included in the terms of the transaction was a requirement for ***thl*** to take a sublease on a property in Bush Road and pay rent and other operating expenses for a maximum of 2 years and 364 days. The property was formerly operated by KEA and is owned by Bush Road Enterprises Limited (of which Grant Brady is a minority shareholder and director). An independent valuation was used to set the sublease rental. The cost of the sublease and operating expenses are set out in the table below:

	Dec-14 $000's	Dec-13 $000's	Jun-14 $000's
Cost of sub-licenses and operating expenses	256	246	497

Under the terms of the transaction ***thl*** made an advance of $1,371k to Alpine Bird. This loan is interest bearing at commercial rates and is secured over the deferred consideration amount due to Alpine Bird and the shares held by Alpine Bird in ***thl***. Interest is accruing on the loan.

	Dec-14 $000's	Dec-13 $000's	Jun-14 $000's
Alpine Bird Loan	1,503	1,411	1,452

xii) RVMG LP	**Dec-14 $000's**	Dec-13 $000's	Jun-14 $000's
Purchase of motorhomes by the Group from joint venture	22,642	14,198	26,747
Interest charged to joint venture	407	403	830
Net interest in RVMG LP (refer Note 5)	7,312	7,667	7,512

Grant Brady is a shareholder in another entity Alpine Bird Manufacturing Limited that owns 50% of RVMG Limited Partnership ("RVMG") that was set up in March 2012. ***thl*** owns the other 50%. RVMG manufactures the motorhomes and campervans used by rentals New Zealand and manufactures motorhomes and parts for rentals Australia. Pricing is based on the cost of manufacture plus an agreed margin set out in the Limited Partnership agreement. RVMG also sublease part of the Bush Road property described above.

At 30 June 2014 $5,746k was outstanding under a Documentary Letter of Credit in favour of RVMG LP. This amount was included in the purchase of motorhomes shown above, and the outstanding amount was included in 'trade and other payables'. At 31 December 2014 the balance outstanding under the Documentary Letter of Credit was nil.

Notes to the Financial Statements
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (Unaudited)

6 Related party transactions (continued)

xiii) Dividends received from subsidiaries	**Dec-14 $000's**	Dec-13 $000's	Jun-14 $000's
THL Group Australia Pty Limited	-	-	4,266

ix) ORA HQ Limited (ORA)	**Dec-14 $000's**	Dec-13 $000's	Jun-14 $000's
Consulting and software development fees paid to ORA	213	-	-

ORA is a company in which ***thl*** directors Rob Campbell and Christina Domecq are shareholders. ORA has provided consulting and software development services to ***thl***. The chair of the Audit and Risk Committee has approved the provision of these services.

7 Dividends

During the six months ended 31 December 2014 the Group paid dividends of $6,745k (6 cents per share). During the six months to 31 December 2013 the Group paid dividends of $2,206k (2 cents per share).

8 Disposal Groups.

The Group had no discontinued operations during the six months to 31 December 2014.

9 Associates

The amounts recognised in the balance sheet are as follows:	**Dec-14 $000's**	Dec-13 $000's	Jun-14 $000's
Associates	333	-	-

The amounts recognised in the income statement are as follows:	**Dec-14 $000's**	Dec-13 $000's	Jun-14 $000's
Associates	(16)	-	-

During the 6 months to 31 December 2014, the Group acquired a less than 50% shareholding in an associate for $349k. The share of associate losses has been recognised against the Group's investment.

10 Income tax

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

11 Capital Commitments

Capital expenditure on property plant and equipment contracted for but not yet incurred at period end was as follows:

	Dec-14 $000's	Dec-13 $000's	Jun-14 $000's
New Zealand	17,913	18,100	16,413
Australia	10,052	4,063	8,621
United States of America	33,264	24,360	-
Total	61,229	46,523	25,034

Total capital commitments are principally motorhome fleet. Commitments are up on prior year in Australia due to the timing of ordering of fleet. USA capital commitments are up on prior year due to timing of ordering of fleet, an increase in the new fleet quantity , and exchange rate movement.

12 Seasonality of Business

The tourism industry is subject to seasonal fluctuations with peak demand for tourism attractions and transportation over the summer months. The operating revenue and profits of the Group's segments are disclosed in note 2. As at 31 December 2014 the Group has net current liabilities. This is not reflective of the benefit of rental assets that will be reclassified to inventory from non-current property, plant and equipment and subsequently sold in the normal course of business as part of the operating cycle of the United States, New Zealand and Australian rentals businesses. In addition the balance sheet reflects the seasonality of the tourism businesses which sees increased New Zealand and Australian tourism activity over the southern hemisphere summer and increased tourism activity in the United States of America over the northern hemisphere summer months.

13 Events after the reporting period

A dividend was declared after balance date at 7 cents per share payable on 16 April 2015.

14 Fair value measurement

The disclosure below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no changes to these valuation techniques during the period. There were no transfers of derivative financial instruments between levels of the fair value hierarchy during the year.

14 Fair value measurement (continued)

The following financial instruments are subject to recurring fair value measurements:

	Dec-14		Dec-13		Jun-14	
	$000's Assets	$000's Liabilities	$000's Assets	$000's Liabilities	$000's Assets	$000's Liabilities
Derivative financial instruments - Level 2	80	2,079	221	1,059	171	1,130

Changes in the value of Derivative Financial Instruments reflect changes to the fair market value of interest rate swaps.

15 Assets held for sale

At 31 December 2014 there were no assets classified as held for sale.

16 Foreign Currency Translation Reserve

Exchange differences arising on the translation of foreign operations are taken to the foreign currency translation reserve. When any net investment is disposed of the related component of the reserve is recognised in profit and loss as part of the gain or loss on disposal. The net gain recognised during the period reflects the relative weakening of the New Zealand dollar versus the United States dollar and the relative strengthening of the New Zealand dollar versus the Australian dollar over the period.

The closing exchange rates used to translate the balance sheet are as follows:

	Dec-14	Dec-13	Jun-14
NZD / AUD	0.9737	0.9355	0.9450
NZD / USD	0.8021	0.8438	0.8966