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TOURISM HOLDINGS LIMITED
FINANCIAL RESULTS
SIX MONTHS ENDED 31 DECEMBER 2012

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

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

December 2012 half-year NZ$m; Up/down %; December 2011 half-year NZ$m

Total Operating Revenue $108.5m; Up 8%; $100.7m

Operating Profit from continuing operations before tax $1.0m; Down 86%; $7.4m

Less tax on operating profit $1.5m; Down 53%; $3.2m

Operating Loss after tax from continuing operations $(0.5)m; Down 112%; $4.1m Profit

Profit from discontinued operations after tax $nil; Down 100%; $0.1m

Loss after tax attributable to members of the listed issuer; $(0.5)m; Down 112%; $4.2m Profit

Earnings per share from continuing operations (0.4)cps; Down 110%; 4.2cps

2 cents per share (cps) dividend declared

Record date: 15th March 2013
Payment date: 22nd March 2013

THL'S KEA AND UNITED MERGER BEATING TARGETS

Key points:

- Half year Operating Profit Before Financing Costs (EBIT) of $5.3 million in line with guidance. Down on prior corresponding period of $11.4 million due to Rugby World Cup and New Zealand rentals merger costs.
- Net profit after tax falls from $4.2 million to a loss of $0.5 million as per market guidance.
- Debt reduction target achieved for the half year.
- Strong USA result and future outlook.
- All New Zealand rentals merger key performance metrics achieved.
- Year End Operating Profit Before Financing Costs guidance adjusted down to range of $14 million to $16 million, from $19 million due to falling Australian revenue.
- Dividend maintained at 2 cents per share.

New Zealand's leading tourism operator Tourism Holdings Limited (***thl***) today announced good progress on the integration of KEA Campers and United Campervans with its New Zealand rentals business following their merger at the end of October 2012.

thl United and KEA, operating as a single rentals entity in New Zealand for the two months to December 31, have made a seamless transition into a merged entity.

Total Group net debt at 31 December 2012 stood at $134 million, $8 million better than forecast. We are on target with all planned cost savings and synergies.

Group net profit for the six months to 31 December 2012 fell from $4.2 million to a loss of $0.5 million which was at the top end of our November guidance for a loss between $0.5 million and $1.0 million.

Earnings improvements were insufficient to offset the $1.4 million cost of the merger with KEA and United and the one-off $4.5 million contribution to earnings in the prior comparative period from tourists attending the 2011 Rugby World Cup.

thl chairman Keith Smith said: "***thl*** continues to face significant challenges in the core in-bound tourist markets from Europe, the United Kingdom and the United States. However, we are satisfied our first half result was on track with expectations for the period. And as the success of the merger demonstrates, ***thl*** is making good progress reconfiguring the business for these conditions."

The Board has declared a fully imputed interim dividend of 2 cents per share unchanged from last year The record date for the dividend is 15th March and the payment date is 22nd March 2013.

thl Chief Executive Grant Webster said: "I am delighted with the progress we have made on both the merger and the group's other operations.

Nevertheless, the second half of the financial year presents several important challenges. Notably, the Australian market remains tough. The strong and sustained rise of the Australian dollar against the currencies of core in-bound tourism markets is entrenching perceptions that Australia is an expensive destination.

We are taking steps to put in place a cost structure that reflects these weak demand conditions, but we expect the business to underperform our previous forecasts for the year to 30 June 2013."

Business Overview

The table below summarises the performance of the business units.

	Six months ended 31 December 2012				Six months ended 31 December 2011			
	Turnover ($million)	Divisional EBIT ($million)	Net Assets ($million)	Operating Cashflow ($million)	Turnover ($million)	Divisional EBIT ($million)	Net Assets ($million)	Operating Cashflow ($million)
Rentals New Zealand	29.3	(2.2)	136.1	1.8	28.5	2.9	89.1	(14.2)
Rentals Australia	47.3	3.4	89.0	12.7	45.8	3.4	104.8	11.8
Rentals USA	22.9	6.4	19.9	13.9	17.2	6.1	22.8	4.0
Tourism Group	8.9	0.8	28.0	2.6	9.2	0.7	29.7	1.2
Group Support Services	0.1	(3.1)	12.9	(4.7)	-	(1.7)	8.8	(3.1)
thl owned entities	108.5	5.3	285.9	26.3	100.7	11.4	255.2	(0.3)
RVMG - Joint Venture	-	(0.7)	9.2	0.2	-	-	-	-
Total continuing businesses	108.5	4.6	295.1	26.5	100.7	11.4	255.2	(0.3)
Discontinued	-	-	-	-	7.3	0.1	6.4	7.3
Group Total	108.5	4.6	295.1	26.5	108.0	11.5	261.6	7.0

New Zealand Rentals and Merger Update

The integration of ***thl's*** New Zealand rentals business with KEA Campers and United Campervans is proceeding very well, positively achieving or exceeding forecasts on its key performance indicators including:

- Vehicle sales volume
- Vehicle sales values
- Debt reduction
- Property synergies
- Labour synergies
- Back of house synergies
- Procurement synergies

New Zealand rentals revenue fell by 20% from $25.1 to $20.2 million. EBIT as a result fell from a $2.9 million profit to a loss of $2.2 million. The result includes two months contribution from United and KEA which was not enough to offset the gains in the prior year from the Rugby World Cup, which contributed $4.5 million to 2012 operating profits.

Ensuring debt remains within forecast has been a key focus since the merger. We are exceeding our initial targets. Over the three months since the merger, we have achieved sale prices on the United and KEA vehicles at or above the initial ***thl*** purchase prices.

Our Albany Recreational Vehicle Super Centre is playing a pivotal role in achieving these results. At the same time it is showing early signs of achieving our plans for the site to be a destination for campervan enthusiasts.

The debt position of the New Zealand business accordingly remains ahead of plan. Staffing spend for the first two months of the merger shows all synergies have been achieved. Procurement, back office and property cost savings are also being achieved.

Demand from our core European markets especially the United Kingdom remains a concern. The improved cost savings, positive fleet sales and debt reduction in New Zealand have reinforced that the merger has been the most logical and best strategic response to the current New Zealand market conditions.

Rentals Australia

Australian revenues rose 1% from $37.1 million to $37.4 million from the prior corresponding period. Strong domestic event business in October and November and the acquisition of the KEA campers brand in June of last year offset declines in key European markets.

EBIT at $3.4 million was the same as last year. Focus on fleet reduction created cost savings, however these gains have been moderated by falling yields and other cost increases - principally operating leases of fleet taken on as part of the KEA brand acquisition.

Trading in Australia remains tough. The fall in yields in the six months to December reflected heavy discounting in the market and customers trading down to lower specification vehicles and brands i.e from Maui to Britz vehicles. This mix change is expected to continue over the coming year and continue to reduce yields and hence revenue.

We are taking further steps to right-size the business for these demand conditions and are targeting an additional reduction in annual fleet operating costs and depreciation of up to $3 million. We expect to see the benefits of these initiatives in the 2014 financial year.

We expect to lift our Australian Rental's return on funds employed (ROFE) for the year to June 2013 through continued growth in EBIT and the reduction of fleet and working capital. This ROFE improvement is slower than we anticipated last year, but it is a reflection of the reality we face from these markets.

Rentals USA

The USA campervan rentals business Road Bear is performing well. Revenue grew 1% to $11.4 million from $11.3 million as the USA continues to gain market share from the core European markets.

EBIT increased 5% from $6.1 million to $6.4 million in the six months to December. In the prior corresponding six month period fleet rebates were included in sundry income however this was changed in June 2012 and the rebates are now accounted for as a reduction in the purchase price for assets. On a like for like basis EBIT increased for the six months by $1.4 million or 28%.

We opened a new branch in the major USA-tourist gateway Orlando during the period and it is operating to plan. We also appointed a new Chief Operating Officer to ensure greater capability to support the demands of the business.

Demand for the coming high season and Northern Hemisphere summer are in line with our expectations and fleet growth of 10%.

Tourism Businesses

Revenue fell 3% from $9.2 million to $8.9 million and EBIT was up $0.1 million on the last pcp at $0.8 million.

We are encouraged by the increase in visitors to Waitomo from the Chinese market. However the total penetration in this market still needs to increase to offset falls in our traditional markets.

The new Black Odyssey adventure and Waitomo Trilogy products are receiving very positive customer feedback. We look forward to seeing these products grow as awareness increases over time.

Manufacturing Joint Venture

Revenue at our manufacturing joint venture RV Manufacturing Group LP, formed on 1 March 2012, was $16.2 million for the six months and ***thl's*** share of its loss before tax was $0.7 million[1]. This loss was largely due to transitional costs associated with the move of ***thl's*** production facilities from Hamilton to Albany and lower volumes through the joint venture following the merger of ***thl's*** New Zealand rental business with KEA and United.

thl remains the core customer for RVMG and further reductions in fleet will delay progress. Although we expect a positive result for the second six months of the financial year it will now not offset the loss incurred in the 6 months to December 2012. Aligned with the other business units in ***thl*** this business is focussed on an achieving an improved return on funds employed for the coming 12 months.

Balance Sheet

The net debt position for the business of $134 million is below forecast for the period by $8 million. Our forecast for debt to reach $117 million at the year-end which assumes the sale of ***thl's*** Hamilton manufacturing site remains in line with the indications provided at the merger announcement in September 2012.

Based on current performance within the businesses we are still expecting debt to reduce further in 2014 to around $100 million.

Gearing or net debt to net debt plus equity stands at 49% an increase of 7% from June 2012 reflecting the KEA and United acquisition.

[1] *There are no comparative results for the six months to December 2011 for RVMG as the joint venture was formed on March 1 2012.*

Outlook

The continuing decline in demand from our core markets combined with the strong New Zealand and Australian dollars is a reality that ***thl*** faces. As such the business remains focussed on trialling new initiatives including further activity in emerging geographies such as China as well as changes in our retail approach in our traditional markets.

China and South East Asia markets are an area where we will continue to invest and we have partnered with industry experts to explore how to develop these markets for self-drive activity. However, we recognise these new revenue streams will take time to develop as Free Independent Travel tourism traditions in Asia are still developing.

We therefore remain passionately focussed on promoting our products in the core high-value European markets. We will also continue the on-going rebalancing of our debt position and reconfiguring the business to cut costs and increase ROFE to an acceptable level. These plans are currently being finalised and any costs associated with these changes are not currently included within the forecasted profit.

Guidance

The New Zealand businesses and USA business are on track with previous guidance. The debt targets are also in line with previous guidance. However, the Australian business' earnings will be below previous market guidance.

As a result we expect year-end EBIT for the year to June 30 2013 to be in the range of $14 million to $16 million and Net Profit After Tax (NPAT) in the range of $3 million to $4 million. These forecasts exclude any costs associated with reconfiguring the business that may be incurred over the balance of this financial year. This is down on the previous guidance given of $19.3 million EBIT and $6.7 million NPAT.

Meanwhile, we expect full year return on funds employed to stand at just over 5%. This is down on the June 2012 figure which included the Rugby World Cup contribution. This return remains unacceptable to both the board and management with a clear goal to achieve a double digit return.

Looking further out it is too early to assess the forecasts for the year to 30 June 2014, however it is clear we will be operating off a lower revenue base.

Board and Governance Update

At our annual meeting in November the ***thl*** *Board* constituted a sub-committee led by Independent Director Graeme Wong to review the Board's composition and future appointments. The committee has been actively engaged in reviewing potential new appointees over the past three months. Discussions are continuing.

Summary

thl's performance reflects the dynamics of the market in which we operate. We are confident we are taking the right steps to reconfigure our portfolio of businesses to meet these challenges. Indeed the merger with KEA and United is the best example of this and evidence of the skill and determination of the ***thl*** crew to deliver the outcomes shareholders are seeking.

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About *thl* (*www.thlonline.com*)

thl *is New Zealand's premier tourism company. We are listed on the NZX and are the largest provider of holiday vehicles for rent and sale in Australia and New Zealand under the Maui, Britz, Mighty, KEA, and United and Motek Vehicle Sales brands. In the USA we own and operate the Road Bear RV Rentals & Sales brand. Within New Zealand we operate Kiwi Experience and the Discover Waitomo Group which includes Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and The Legendary Black Water Rafting Co. In 2012* ***thl*** *entered in a joint venture to form RV Manufacturing Group LP, New Zealand's largest campervan and specialist vehicle manufacturer based in Auckland.*