INTERIM REPORT - 2009

MAUI • BRITZ • BACKPACKER • EXPLORE MORE • KIWI EXPERIENCE • WAITOMO

31 - 12 - 2008

THL

NEW ZEALAND
AUSTRALIA
FIJI

TOURISM HOLDINGS LIMITED

CHAIRMAN'S REPORT

KEY POINTS

- Revenue from continuing businesses down 7% to $80m
- Net Profit After Tax (NPAT) loss of $0.3m vs profit of $4.9m for the prior period
- Debt reduced $16m over the 12 month period
- Balance sheet ratios improved with debt to debt plus equity improving to 34% as at December 2008 from 39% as at December 2007
- Ci Munro EBIT loss of $3.2m
- Yield impacts across all Rentals businesses
- Tourism businesses Waitomo and Kiwi Experience performed well
- $46m cash received from asset / business sales
- No interim dividend declared vs 5cps in the prior period
- Tourism sector outlook remains mixed, but THL is in a strong competitive position

TRADING RESULTS

Tourism Holdings Limited (THL) had an unaudited net loss after tax of $0.3m for the six months ended 31 December 2008, compared with a net profit after tax (NPAT) of $4.9m for the previous interim period.

Trading NPAT on a like-for-like basis – ie. excluding discontinued businesses – was a loss of $4.8m compared with a profit of $5.0m for the previous December half.

Key factors in the result were:

- Further losses in the group's vehicle production business Ci Munro (Measures to assist in restoring profitability at Ci Munro have been announced, including operational changes and staff reductions)
- The effect of the global recession on visitor numbers and yields for the Rentals business although Australian revenues were less affected than NZ
- Positive performance in the remaining Tourism businesses Waitomo Caves and Kiwi Experience

Group operating earnings (Earnings Before Interest & Tax – EBIT) were a loss of $4.4m in the six months compared to a profit of $10.2m in the prior period. With the reduction in debt and lower interest rates, interest expense reduced by 30% to $2.3m, from $3.3m.

The Tourism group, which includes the Waitomo businesses, Kiwi Experience and the operations in Fiji, performed well given the economic climate, producing an EBIT result in line with the previous December half. These operations benefited from significant changes to cost structures following asset sales and subsequent reorganisation.

Results for discontinued businesses (NPAT of $4.5m) include the gains from the sales of Kelly Tarlton's Antarctic Encounter & Underwater World and the Milford Sound businesses, less the loss on sale of the shareholding in Intercity Holdings as well as trading results up to settlement of these sales.

THL has early adopted NZ IAS16 which requires businesses that regularly sell rental assets as part of their core operations to classify revenue from these sales as part of operating revenue. Previously THL has recognised the margin as other income. In addition fixed asset purchases and sales of rentals assets are now included within operating cash flow (OCF) rather than investing cash flow. As such the OCF figure now includes motorhome purchases and sales. Overall cash flow is not impacted.

Revenue for the period, at $80m, was down 7.3% on that for the previous December half-year due principally to decreasing yield. Growth in the Free Independent Traveller (FIT) market, including the backpacker market, assisted Kiwi Experience. Waitomo also

Aranui Cave

benefited from this growth, but this was balanced by the ongoing decline in Asian business affecting the Waitomo businesses. Without NZIAS16 early adoption, revenue would have been down 6% to $71.2m.

Costs were up on those for the previous December half-year. These included Ci Munro operating costs, fleet costs in Australia and additional costs incurred to expand the operations of Explore More. Included were non-recurring costs associated with restructures and write downs of $1.6m pre tax.

Operating cash flow was negative $27.6m, compared with negative $7.8m in the previous December half-year. If the reclassification under NZ IAS16 had not occurred, operating cash flow would have been $6.2m for the six months compared to $12.4m, for the same previous corresponding period.

All results are based on New Zealand equivalents to International Financial Reporting Standards (NZIFRS).

DIVIDEND

No interim dividend has been declared. Balance sheet management continues to be a focus for the company. The non-payment of an interim dividend reflects the current focus on reducing debt and recognises the expectation of low trading profit through the remainder of the financial year. We are unable to commit to a forecast for the full-year dividend position due to the ongoing uncertainty in global markets and volatility in current booking patterns.

THE TOURISM INDUSTRY – 2008 AND 2009

With the tourism industry under pressure globally, competitive dynamics are changing and structural shifts are likely to follow.

2008 started with industry pressures including oil price peaks and airline fuel surcharges. These placed New Zealand under pressure as a long-haul destination with increasing transit costs coupled with a strong local currency. With the onset of the global financial crisis, these issues were replaced by noticeable reductions in consumer confidence, increased price activity and a reduction in global tourism demand.

Among the effects of these developments are shifts in the way the industry operates. Aviation and tourism products are over-supplied in many markets (especially New Zealand). With decreasing demand, many fixed-cost operators have entered into severe price competition. This is changing consumer buying patterns as they chase "specials" and delay purchase decisions based on the news of the day.

Evidence suggests that customers are moving to the strategy of purchasing direct from tourism operators at the last minute – often arriving at destination with no pre-booked activity, thus expanding the Free Independent Traveller category. With low forward booking numbers, tourism operators are reacting with more specials to stimulate activity, thus creating a spiral of competition and pricing volatility. Companies without strong balance sheets will not survive this current pricing and yield upheaval.

Tourism marketing is evolving rapidly, with changes in distribution channels, technology and customer behaviours. Only companies with strong brands covering multiple market segments, and with the ability to respond to changing consumer decision patterns, will prosper for the long term.

In this environment, New Zealand poses more challenges for THL than Australia, where the size and opportunity of the domestic market carries greater potential for reward from flexibility and adaptation on THL's part.

Whilst 2009 will be a difficult year for tourism, THL remains optimistic that price competition between airlines, New Zealand and Australian government tourism office promotional spend along with lower exchange rates, should assist in stimulating demand.

In the immediate future, the challenge for New Zealand operators will be to maintain the strength of the country's positioning and product quality under the inevitable pressure to reduce capital investment, while protecting yields.

THL'S RESPONSE TO INDUSTRY TRENDS

Recognising the likelihood of change in the operating environment, the board moved aggressively during 2008 to

Britz

DIVISIONAL COMMENTARY

	Operational Review							
	Six months ended 31 December 2008				Six months ended 31 December 2007			
	Turnover ($million)	Divisional EBIT ($million)	Funds Employed ($million)	Operating Cash Flow ($million)	Turnover ($million)	Divisional EBIT ($million)	Funds Employed ($million)	Operating Cash Flow ($million)
Rentals	62.5	3.7	225.6	(16.6)	65.9	11.6	194.2	(0.7)
CI Munro	6.6	(3.2)	16.5	(7.0)	9.9	0.1	14.7	(3.8)
NZ Tourism	10.9	0.6	23.5	0.7	10.5	0.7	24.8	0.7
Corporate	-	(5.5)	29.0	(5.9)	-	(2.2)	41.4	(6.9)
Total continuing operations	80.0	(4.4)	294.6	(28.8)	86.3	10.2	275.1	(10.7)
Discontinued operations	1.7	4.9	-	1.3	14.1	(1.3)	33.4	2.9
Group total	81.7	0.5	294.6	(27.5)	100.4	8.9	308.5	(7.8)

re-position the business. This involved the sale and settlement of a number of asset sales in the December half-year, generating more than $46m in cash.

- Kelly Tarlton's for $13m, to Village Roadshow
- The Milford Sound businesses for $17.5m, to Skeggs Group
- The remaining 49% shareholding in Intercity Holdings for $9.5m ($4m received in December 2008 with $5.5m due in 2009).
- Sale of the Kiwi Experience fleet to Johnston's Coachlines (JCL), settlement of the Airbus business sale and settlement of the JCL residual share sale, totalling $11m

Excluding staff moving with sold businesses, subsequent restructuring and natural attrition has reduced the number of full-time equivalent roles by 150 (more than 15 percent of the total employment base) in the year to December 2008.

Capital expenditure requirements for 2009-10 are under monthly review, along with demand and production capacity assessments.

THL has continued to streamline all management and operational areas of the business. A significant update to the rentals reservations system was completed and went "live" during the December half-year, enabling more effective operations in both the trade and direct customer channels.

This update, along with other significant IT infrastructure investment, will enable new online activity to commence.

New retail sites in Sydney, Auckland and Christchurch were opened to maximise market share from the now fiercely competitive "free independent" or uncommitted traveller whose purchase preference is the two-to-three-person van and car categories.

As the market has become more bargain-focused THL's discount brands have gained market share. Explore More has firmly established itself as a compelling offer to meet these customers' needs.

OPERATIONAL REVIEW

Rentals

The Rentals New Zealand result now includes the Explore More operation to more accurately reflect the total Rentals business. Explore More had previously been accounted for under the combined Waitomo / EX Group within the Tourism Leisure Group. Accounts have been adjusted on a like-for-like basis.

THL's vehicle fleet is the largest and most modern in Australasia. The fleet operates under four brands – Maui, Britz, Backpacker and Explore More – enabling THL to cover all market segments and meet changing consumer demand.

Total Rentals EBIT (before allocation of group costs) declined to $3.7m from $11.6m in the previous December half-year. This reflected excess fleet in the low-end Explore More business over the winter months, reducing yields in all areas and increasing costs associated with the larger fleet.

The utilisation rate in Rentals Australia was maintained at the previous year's levels with an increased fleet, which was pleasing given market conditions. Operating costs associated with this larger fleet increased. Revenue declined due to lower pricing and a shift towards smaller vehicles.

The Rentals New Zealand result reflected both a lower utilisation rate and lower yield than last year. Costs increased with the expansion of the Explore More brand.

Add-on sales revenue per hire day was up in both New Zealand and Australia.

Vehicle disposals in both countries were in line with expectations, with sales totalling $8.8m. Margins were similar to those for the previous December half.

Ci Munro

Ci Munro incurred an operating loss of $3.2m, compared to a profit of $0.1m in the previous corresponding period.

Ci Munro is still suffering from the issues associated with the relocation from Otorohanga, substantial changes in staffing, new design introductions and supplier performance.

External expertise has been engaged since November to assist management in establishing best-in-class processes and improved manufacturing techniques. This broad operational review has been conducted to ensure that further changes now planned are implemented effectively. A consultation process was announced internally on 11 February 2009 to reduce the direct labour team in line with current production requirements.

The changes now under way are expected to provide sustainable financial improvement. Supporting future growth, a long-term contract has been signed with a number of District Health Boards to produce mobile vehicles for dental health clinics.

NZ Tourism Group

Waitomo Group

The Waitomo profit performance was pleasing given the general market decline, previous reliance on the inbound Asian market and significant weather impacts on the first quarter.

The extended lease for the Waitomo Glowworm Caves was signed between Tourism Holdings, the Ruapuha Uekaha Hapu Trust and the Department of Conservation. This provides Tourism Holdings with exclusive leasing and operating rights within the Waitomo Glowworm Caves through to 2027.

Following the signing of this new lease, construction of the $12m visitor centre for the Waitomo Glowworm Caves commenced in December 2008, with an estimated opening date in late 2009 or early 2010. Under a unique roof structure, this centre will incorporate a 250 seat restaurant, café, retail centre and exhibition centre and is set to establish itself as an iconic building within New Zealand architecture.

Ruakuri Caves, opened by Tourism Holdings in 2005, saw excellent growth in visitor numbers, driven by the domestic and Australian markets combined with a strong marketing focus driving travellers to undertake visits to multiple cave offerings.

The Legendary Blackwater Rafting adventure product again showed steady revenue growth.

Kiwi Experience

Revenue reflected a strong first-half performance in terms of both passenger numbers and yield. Strong marketing initiatives in conjunction with long-standing trade partners have also seen market share grow.

The forward booking trend was strong from July to December 2008, generally with double-digit growth in revenue over the previous December half – a strong indicator that the backpacker market will show resilience in the latter part of the financial year.

Kiwi Experience sold its coach fleet to Johnston's Coachlines, which services and maintains the branded fleet. Kiwi Experience leases the fleet back into the business on a variable cost model.

Kiwi Experience secured a globally preferred contract via one of the world's largest youth travel brands, further strengthening its position as market leader in flexible backpacker coach transport in New Zealand.

FINANCIAL POSITION

The asset sales programme further strengthened the balance sheet, with the $46m cash generated being used to upgrade fleet and pay down debt. Net debt reduced to $68.5m at 31 December 2008 – $16.1m below the figure for 31 December 2007.

The debt to debt plus equity ratio (net of intangibles) improved to 34% at December 2008, from 35% at June 2008 and 39% at December 2007.

GOVERNANCE AND MANAGEMENT

The Chief Executive transition occurred in December 2008, with Grant Webster, formerly Chief Operating Officer of the Leisure division, commencing as CEO.

THL has now become a predominantly Rentals centric organisation with management realignment to a functional

Kiwi Experience

operating structure. This change reflects the ongoing focus on delivery to customers. In conjunction with this change, the New Zealand based executives will move into the retail outlet on Beach Road in Auckland.

There were no changes to the board during the period.

OUTLOOK

The Australian business has plans to further grow the domestic market as customers opt to holiday at home. The New Zealand business faces a more difficult situation, with a strong reliance on the United Kingdom and German markets, in which consumer confidence is falling. The depreciation in the New Zealand dollar, government stimulus and airline competitive activity may provide some respite into the 2010 financial year.

The backpacker and low cost segments continue to perform well, holding UK market arrivals at a higher level than general market sentiment suggests.

The New Zealand market is currently over-supplied in rentals and is under yield pressure. THL's extensive reorganisation of assets, reduction in fixed overheads and success in new marketing initiatives, along with strong cashflows, have provided a strong foundation from which the group can compete to improve its market position.

THL will continue to invest in fleet as appropriate to maintain its customer offering in line with expected demand. Diminished access to capital should inhibit potential for new entrants into the market and fleet renewal for competitors. In combination, these factors enable a positive outlook beyond the global recessionary impacts to our sector of the industry.

We are currently in the middle of the key booking period for the Australian high season and are relatively pleased with forecast utilisation. Predictions for the Australian business in the second half-year are for a decline in motorhome hire days of approximately 6% over the previous corresponding period. In addition, although yield predictions are difficult to make we believe yield will remain at similar levels to last year.

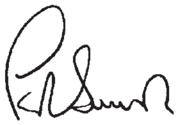
The New Zealand position reflects a different market mix. Our expectations for the second half-year are for hire days to drop by 10% over the previous corresponding period, and for yields to decline between 5% and 10%.

Ci Munro's impact on results for the 2009 financial year is expected to be an EBIT loss in the order of $5m. Whilst improvement is expected in the second half of the financial year with the changes being implemented, low production will impede the achievement of positive results.

To summarise, like most businesses globally, THL is operating in a climate of reduced visibility on its forward business. With the trends identified above we currently anticipate a small net profit after tax for the full year, including gains from the sale of discontinued businesses. This is subject to bookings maintaining their momentum through the remainder of the current period and there being no further large global shocks to tourism markets.

STAFF

As commented the global economic uncertainty continues; world forces are in constant flux. THL will continue to review its business strategy to meet the changing market. Moving forward as a more rentals centric business THL is on another step in the journey and is determined to build further on the essence of what has made THL. It is timely for us to remember that this journey cannot take place without the dedication and energy from all the team, without a doubt regarded by the executive and board as critical to the operation. We would like to thank all those both currently employed and those who have moved on for their part in delivering what is often a customer's once in a lifetime experience.



Keith Smith
Chairman

INTERNATIONAL VISITOR ARRIVAL GROWTH

Six Months to December 2008

	New Zealand	Australia
Australia	1.7%	n/a
Germany	4.8%	7.1%
Japan	-20.4%	-23.1%
New Zealand	n/a	-1.4%
United Kingdom	-4.6%	-4.3%
USA	-4.2%	-0.4%
Total All Markets	**-1.7%**	**-1.6%**

INCOME STATEMENT

For the six months ended 31 December 2008 (unaudited)

	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	12 mths to Jun-08 $000's
Continuing operations:			
Revenue	79,960	86,289	173,572
Cost of sales	(14,185)	(17,269)	(34,089)
Gross Profit	65,775	69,020	139,483
Other operating income	50	1,010	298
Administrative expenses	(13,408)	(11,059)	(22,577)
Other operating expenses	(56,788)	(48,728)	(100,080)
Operating profit/ (loss) before financing costs	(4,371)	10,243	17,124
Finance income	399	282	714
Finance expenses	(2,729)	(3,629)	(7,492)
Net finance costs	(2,330)	(3,347)	(6,778)
Profit/(loss) before tax	(6,701)	6,896	10,346
Income tax (expense)/benefit	1,930	(1,860)	(2,742)
Profit/ (Loss) for the period from continuing operations	(4,771)	5,036	7,604
Discontinued operations:			
Profit/(Loss) for the period from discontinued operations (net of tax)	4,506	(136)	6,704
Profit/ (Loss) for the period	(265)	4,900	14,308
Earnings per share for profit from continuing operations attributable to the equity holders of the Company during the year			
Basic earnings per share (in cents)	(4.9)	5.1	7.7
Diluted earnings per share (in cents)	(4.7)	5.0	7.5
Earnings per share for profit from discontinued operations attributable to the equity holders of the Company during the year			
Basic earnings per share (in cents)	4.6	(0.1)	6.8
Diluted earnings per share (in cents)	4.5	(0.1)	6.6

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2008 (unaudited)

	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	12 mths to Jun-08 $000's
Opening Balance	186,910	174,777	174,777
Foreign currency translation movement	(2,098)	1,678	7,926
Cash flow hedges net of tax movement	(3,572)	204	(165)
Net income recognised directly in equity	(5,670)	1,882	7,761
Profit/(loss) for the period	(265)	4,900	14,308
FITC in relation to prior year			517
Dividend paid to Shareholders	(5,818)	(6,278)	(10,701)
Amortisation of Executive Share Scheme	130	118	248
Total recognised income for the period	(11,623)	622	12,133
Closing Balance	175,287	175,399	186,910

BALANCE SHEET

As at 31 December 2008 (unaudited)

	Dec-08 $000's	Dec-07 $000's	Jun-08 $000's
Assets			
Property, plant and equipment	184,865	175,177	169,261
Intangible assets	45,045	45,302	45,310
Biological assets	-	2,857	-
Deferred income tax assets	3,244	-	-
Derivative financial instruments	-	2,643	1,820
Other investments	-	14,445	13,595
Total non current assets	233,154	240,424	229,986
Assets held for sale	1,376	1,552	24,401
Inventories	20,475	14,450	20,714
Derivative financial instruments	-	19	292
Trade and other receivables	30,359	28,709	25,727
Taxation receivable	1,707	-	1,898
Advances to Associates	-	14,737	-
Interest Bearing Loan	2,000	-	2,000
Cash and cash equivalents	5,530	8,573	14,988
Total current assets	61,447	68,040	90,020
Total assets	**294,601**	**308,464**	**320,006**
Equity			
Issued capital	143,798	143,798	143,798
Other reserves	2,882	2,274	8,422
Retained earnings	28,607	29,327	34,690
Total equity	175,287	175,399	186,910
Liabilities			
Interest bearing loans and borrowings	67,272	84,828	85,236
Deferred income tax liability	4,798	3,082	7,018
Derivative financial instruments	2,573	-	-
Other term creditors	-	-	637
Total non current liabilities	74,643	87,910	92,891
Interest bearing loans and borrowings	6,804	8,371	7,456
Trade and other payables	25,973	24,425	24,633
Taxation payable	-	2,396	-
Revenue in advance	9,580	7,545	4,895
Employee benefits	1,896	2,418	3,221
Derivative financial instruments	418	-	-
Total current liabilities	44,671	45,155	40,205
Total liabilities	119,314	133,065	133,096
Total equity and liabilities	**294,601**	**308,464**	**320,006**

STATEMENTS OF CASH FLOWS

For the six months ended 31 December 2008 (unaudited)

	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	12 mths to Jun-08 $000's
Operating Activities			
CASH WAS PROVIDED FROM:			
Receipts from customers	82,320	100,277	204,979
Interest received	409	226	793
Dividends received	2	4	3
	82,731	100,507	205,775
CASH WAS APPLIED TO PAY:			
Suppliers and employees	105,766	102,389	196,663
Interest	2,729	2,881	7,192
Taxation	1,812	3,062	1,451
	110,307	108,332	205,306
Net cash flows (used in)/ from operating activities	(27,576)	(7,825)	469
Investing Activities			
CASH WAS PROVIDED FROM:			
Sale of property, plant & equipment	19,339	13,636	18,280
Sale of biological assets	2,859	-	-
Sale of subsidiary	-	12,013	12,031
Sale of investments	5,320	-	-
Sale of intangibles	16,622	15,755	15,583
	44,140	41,404	45,894
CASH WAS APPLIED TO:			
Purchase of property, plant & equipment	2,889	4,363	15,111
Advances to associates	-	14,737	-
Purchase of intangibles	-	-	2,124
Interest bearing advance	-	-	2,000
Purchase of investments	-	16,202	16,202
	2,889	35,302	35,437
Net cash from investing activities	41,251	6,102	10,457
Financing Activities			
CASH WAS PROVIDED FROM:			
Term debt	-	12,754	12,247
	-	12,754	12,247
CASH WAS APPLIED TO:			
Term debt	18,616	-	-
Dividends paid to parent shareholders	5,818	6,278	10,701
	24,434	6,278	10,701
Net cash flows (used in)/from financing activities	(24,434)	6,476	1,546
Net (decrease)/ increase in cash balances	(10,759)	4,753	12,472
Opening cash brought forward	14,988	4,410	4,410
Foreign currency translation adjustment	1,301	(590)	(1,894)
Closing cash carried forward	5,530	8,573	14,988

RECONCILIATION OF SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

For the six months ended 31 December 2008 (unaudited)

	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	12 mths to Jun-08 $000's
Operating surplus after tax	(265)	4,900	14,308
PLUS/(LESS) NON-CASH ITEMS:			
Depreciation	16,077	15,793	31,342
Amortisation of fixed term intangibles	790	976	1,920
Amortisation of Executive Share Scheme	130	118	248
Share of (profits)/loss of associates	515	(9)	(528)
Movement in deferred taxation	(3,933)	(3,450)	(273)
Increase in provision for doubtful debts	11	13	60
Unrealised foreign currency (gains)/losses	-	7	-
(Increase)/ decrease in fair value of biological assets	-	(255)	97
	13,590	13,193	32,866
PLUS/(LESS) ITEMS CLASSIFIED AS INVESTING ACTIVITIES:			
Net (gain)/loss on sale of fixed assets	(375)	(114)	545
Net (gain) on sale of investments and intangibles recognised	(5,251)	(1,181)	(6,243)
Movement in rental assets			
Rental assets transferred to inventory	8,047	7,713	21,215
Purchase of rental assets	(42,525)	(31,053)	(52,153)
	(40,104)	(24,635)	(36,636)
TRADING CASHFLOW	(26,779)	(6,542)	10,538
PLUS/(LESS) MOVEMENTS IN WORKING CAPITAL:			
Increase/(Decrease) in accounts payable	717	(3,296)	(1,057)
Increase/(Decrease) in revenue received in advance	4,685	3,299	649
Increase/(Decrease) in provision for taxation	191	1,294	(2,676)
Increase/(Decrease) in employee benefits	(1,325)	(458)	345
Decrease/(Increase) in accounts receivable	(5,304)	(5,236)	(561)
Decrease/(Increase) in inventories	239	(51)	(6,770)
Trading Advances to associates	-	3,165	-
	(797)	(1,283)	(10,070)
Net cash flows (used in)/from operating activities	(27,576)	(7,825)	468

NZ IAS 16 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:

	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	12 mths to Jun-08 $000's
Proceeds from sale of rental assets	8,758	10,816	22,370
Book value of assets sold	7,034	9,026	18,710
Gain on sale	1,724	1,790	3,660
Net cash flows from operating activities prior to adoption of NZ IAS 16 resulting in the sale of rental assets being classified as an operating activity	6,192	12,412	30,252

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2008 (unaudited)

1 Statement of Accounting Policies

Tourism Holdings 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. Tourism Holdings is a profit oriented company.

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 and NZ IAS 34 Interim Financial Reporting.

Tourism Holdings Limited has elected to early adopt the requirements of NZ IAS 23 Borrowing Costs and amendments to NZ IAS 16 Property, Plant and Equipment from 1 July 2008. The amendments to NZ IAS 16 Property, Plant and Equipment require the proceeds of the sale of rental assets to be recognised as revenue and rental assets available for sale as inventory. The associated cash flows are to be classified under operating activities rather than investing activities.

The accounting policies used in the preparation of these interim reports are consistent with those used in the June 2008 financial report except for the adoption of the above standards. Certain comparatives have been reclassified as required for the adoption of amendments to NZ IAS 16 and in accordance with NZ IFRS 5 to reflect the impact of discontinued operations.

2 Property, plant and equipment

During the six months ended 31 December 2008, the Group acquired assets with a cost of $45,414k (six months ended 31 December 2007 $35,416k), of this rental assets acquired were $42,525k ($31,053k). Assets with a net book value of $25,980k were disposed of during the six months ended 31 December 2008 (six months ended 31 December 2007 $22,548k), of this rental assets disposed were $7,034k ($9,026k). This resulted in a gain on disposal of $2,099k ($1,904k) of this rentals assets gain on disposal was $1,724k ($1,790k).

3 Dividends

During the six months ended 31 December 2008, the Group paid dividends of $5,818k (six months ended 31 December 2007 $6,278k).

4 Discontinued Businesses

During the six months to 31 December 2008 Tourism Holdings Limited settled the sale of the businesses operating as Kelly Tarlton's Antarctic Encounter and Underwater World and Milford Sound Red Boat Cruises. The results of these businesses have been shown as discontinued operations.

On the 16th December 2008 Tourism Holdings Limited sold its 49% shareholding in InterCity Holdings Limited. The earnings of this associate and loss on sale have been shown in discontinued operations.

	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	12 mths to Jun-08 $000's
Discontinued businesses operating profit/(loss) for the period (net of tax)	(214)	(1,602)	629
Gain on disposal of businesses (net of tax)	4,720	1,466	6,075
Profit/(Loss) for the period from discontinued operations (net of tax)	4,506	(136)	6,704

5 Post balance date events

No significant events have occurred post balance date requiring disclosure in the financial statements.

6 Seasonality of Business

The tourism industry is subject to seasonal fluctuations with peak demand for tourism attractions and transportation over the summer months.

7 SEGMENTAL INFORMATION

Segment information is presented in the consolidated financial statements in respect of the Group's business segments, which are the primary basis of segment reporting. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Corporate costs have been allocated across the cash generating units based on the percentage of turnover by unit to the total Group turnover, and the percentage of assets employed by the unit of the total Group assets.

Primary reporting format - business segments	**Rentals**		**NZ Tourism**		**CI Munro**		**Discontinued**		**Group**	
	6 mths to Dec-08	**6 mths to Dec-07**	**6 mths to Dec-08**	**6 mths to Dec-07**	**6 mths to Dec-08**	**6 mths to Dec-07**	**6 mths to Dec-08**	**6 mths to Dec-07**	**6 mths to Dec-08**	**6 mths to Dec-07**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Total gross segment sales	62,517	66,097	10,862	10,522	6,624	9,874	1,674	17,387	81,677	103,880
Intersegmental turnover	-	(204)	(42)	-	-	-	(10)	(3,283)	(42)	(3,487)
Sales	62,517	65,893	10,820	10,522	6,624	9,874	1,664	14,104	81,635	100,393
Operating profit/ Segment result	(710)	9,998	86	553	(3,672)	(30)	4,853	(1,575)	557	8,946
Finance costs									(2,318)	(3,321)
Profit/(loss) before income tax									(1,761)	5,625
Income tax									2,011	(734)
									250	4,891
Earnings from associates									(515)	9
Profit/(loss) for the period									(265)	4,900

Other segment items included in the income statement are as follows:

	Rentals		**NZ Tourism**		**CI Munro**		**Discontinued**		**Group**	
	6 mths to Dec-08	**6 mths to Dec-07**	**6 mths to Dec-08**	**6 mths to Dec-07**	**6 mths to Dec-08**	**6 mths to Dec-07**	**6 mths to Dec-08**	**6 mths to Dec-07**	**6 mths to Dec-08**	**6 mths to Dec-07**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Depreciation	15,140	13,508	434	656	166	42	337	1,587	16,077	15,793
Amortisation	286	232	419	416	57	73	28	255	790	976

Notes

The Group is engaged predominantly in the tourism segment in the operations of transport and attractions. Intersegment transfers or transactions are entered into under normal commerical terms and conditions that would also be available to unrelated third parties.

7 SEGMENTAL INFORMATION (continued)

	Rentals		NZ Tourism		CI Munro		Other		Discontinued		Group	
	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's
Assets	225,636	194,223	23,445	24,765	16,549	14,720	28,971	41,400	-	33,356	294,601	308,464
Liabilities	50,666	49,523	3,538	3,650	2,217	3,116	62,893	61,222	-	15,554	119,314	133,065
Capital expenditure	42,682	31,840	245	66	917	212	1,168	2,778	402	520	45,414	35,416

Notes

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude deferred taxation, investments and derivatives designated as hedges of borrowings.

Segment liabilities comprise operating liabilities (including derivatives designated as hedges of future commercial transactions). They exclude items such as taxation, corporate borrowings and related hedging derivatives.

Capital expenditure comprises additions to property, plant and equipment and intangible assets including additions resulting from acquisitions through business combinations.

Discontinued assets and liabilities include balances associated with the discontinued businesses that are not included as part of the sale.

Other includes assets and liabliities held in corporate not allocated to business segments. Assets include investments and cash.

Liabilites include New Zealand borrowings and other unallocated liabilities.

Secondary reporting format - geographic segments

The home country of the Company is New Zealand.

	New Zealand		Australia		Other countries		Discontinued		Total	
	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's	6 mths to Dec-08 $000's	6 mths to Dec-07 $000's
Total gross segment sales	40,014	45,131	38,360	40,132	1,629	1,230	1,674	17,387	81,677	103,880
Intersegmental turnover	(42)	(204)	-	(1,416)	-	-	-	(1,867)	(42)	(3,487)
Sales	39,972	44,927	38,360	38,716	1,629	1,230	1,674	17,387	81,635	100,393
Total assets	167,600	169,276	124,040	102,676	2,961	3,156	-	33,356	294,601	308,464
Capital expenditure	20,411	17,975	24,539	16,855	62	66	402	520	45,414	35,416

Notes

Other countries include UK, USA and Fiji.

Assets are allocated based on where assets are located.

DIRECTORY

Directors:

Keith Smith	Chairman, Non Executive Director
Graeme Bowker	Non Executive Director
Rick Christie	Non Executive Director
Deepak Gupta	Non Executive Director
Graeme Wong	Non Executive Director

Senior Executives:

Grant Webster	Chief Executive Officer
Ian Lewington	Chief Financial Officer
Quinton Hall	Chief Information Officer
Michael Lim Chong	General Manager New Zealand Rentals Operations
Damien Shaw	General Manager Australian Rentals Operations
Sue Sullivan	General Manager Sales and Marketing

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www.skiwi.co.nz

CI Munro

www.cimunro.co.nz

NZ Tourism

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