

**thl** INTERIM UNAUDITED  
FINANCIAL STATEMENTS FY16

UK

USA

AUSTRALIA

NEW ZEALAND



Tourism Holdings Limited  
Interim Unaudited Financial  
Statements FY16





Consolidated Income Statement  
For the six months ended 31 December 2015 (Unaudited)

	NOTES	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
Sales of services		88,802	77,915	166,826
Sales of goods		44,910	33,502	69,770
<b>Total revenue</b>		133,712	111,417	236,596
Cost of sales		(39,963)	(28,885)	(60,287)
<b>Gross profit</b>		93,749	82,532	176,309
Administration expenses		(16,067)	(14,000)	(27,227)
Operating expenses		(62,710)	(58,112)	(117,403)
Other income/(expenses), net		43	153	668
<b>Operating profit before financing costs</b>		15,015	10,573	32,347
Finance income		231	418	736
Finance expenses		(2,544)	(2,609)	(5,182)
<b>Net finance costs</b>		(2,313)	(2,191)	(4,446)
Share of profit/(loss) from associates	8	119	(16)	(9)
Share of profit from joint venture	5	889	1,146	1,957
<b>Profit before tax</b>		13,710	9,512	29,849
Income tax expense	10	(5,497)	(3,867)	(9,750)
<b>Profit for the period</b>		8,213	5,645	20,099

**Earnings per share from profit attributable to the equity holders of the company during the period**

Basic earnings per share (in cents)	7.2	5.0	17.9
Diluted earnings per share (in cents)	6.9	4.8	17.0

The accompanying notes form part of, and should be read in conjunction with, these financial statements.





Consolidated Statement of Comprehensive Income  
For the six months ended 31 December 2015 (Unaudited)

	NOTES	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
<b>Profit for the period</b>		8,213	5,645	20,099
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation movement	14	(2,725)	530	6,958
Cash flow hedge reserve movement net of tax		(217)	(749)	(902)
<b>Other comprehensive (loss)/income for period net of tax</b>		(2,942)	(219)	6,056
<b>Total comprehensive income for period attributable to equity holders of the company</b>		5,271	5,426	26,155

The accompanying notes form part of, and should be read in conjunction with, these financial statements.



Consolidated Statement of Changes in Equity  
For the six months ended 31 December 2015 (Unaudited)

	NOTES	SHARE CAPITAL \$000's	RETAINED EARNINGS \$000's	CASH FLOW HEDGE RESERVE \$000's	OTHER RESERVES \$000's	TOTAL EQUITY \$000's
<b>Opening balance as at 1 July 2015</b>		153,492	15,001	(1,593)	5,623	172,523
<b>Comprehensive income</b>						
Net profit for the six months ended 31 December 2015		-	8,213	-	-	8,213
<b>Other comprehensive income</b>						
Cash flow hedge reserve movement (net of tax)		-	-	(217)	-	(217)
Foreign currency translation reserve	14	-	-	-	(2,725)	(2,725)
<b>Total comprehensive income</b>		-	8,213	(217)	(2,725)	5,271
<b>Transactions with owners</b>						
Dividends on ordinary shares	7	-	(9,114)	-	-	(9,114)
Issue of ordinary shares		791	-	-	-	791
Transfer from employee share scheme reserve		110	-	-	(110)	-
Employee share scheme reserve		-	-	-	98	98
<b>Total transactions with owners</b>		901	(9,114)	-	(12)	(8,225)
<b>Closing balance as at 31 December 2015</b>		154,393	14,100	(1,810)	2,886	169,569
<b>Opening balance as at 1 January 2015</b>		153,097	8,460	(1,440)	(852)	159,265
<b>Comprehensive income</b>						
Net profit for the six months ended 30 June 2015		-	14,454	-	-	14,454
<b>Other comprehensive income</b>						
Cash flow hedge reserve movement (net of tax)		-	-	(153)	-	(153)
Foreign currency translation reserve	14	-	-	-	6,428	6,428
<b>Total comprehensive income</b>		-	14,454	(153)	6,428	20,729
<b>Transactions with owners</b>						
Dividends on ordinary shares	7	-	(7,910)	-	-	(7,910)
Issue of ordinary shares		364	-	-	-	364
Transfer from employee share scheme reserve		31	(3)	-	(28)	-
Employee share scheme reserve		-	-	-	75	75
<b>Total transactions with owners</b>		395	(7,913)	-	47	(7,471)
<b>Closing balance as at 30 June 2015</b>		153,492	15,001	(1,593)	5,623	172,523

The accompanying notes form part of, and should be read in conjunction with, these financial statements.





Consolidated Statement of Changes in Equity (continued)  
For the six months ended 31 December 2015 (Unaudited)

	NOTES	SHARE CAPITAL \$000's	RETAINED EARNINGS \$000's	CASH FLOW HEDGE RESERVE \$000's	OTHER RESERVES \$000's	TOTAL EQUITY \$000's
<b>Opening balance as at 1 July 2014</b>		152,399	9,504	(691)	(1,316)	159,896
<b>Comprehensive income</b>						
Net profit for the six months ended 31 December 2014		-	5,645	-	-	5,645
<b>Other comprehensive income</b>						
Cash flow hedge reserve movement (net of tax)		-	-	(749)	-	(749)
Foreign currency translation reserve	14	-	-	-	530	530
<b>Total comprehensive income</b>		-	5,645	(749)	530	5,426
<b>Transactions with owners</b>						
Dividends on ordinary shares	7	-	(6,745)	-	-	(6,745)
Issue of ordinary shares		616	-	-	-	616
Transfer from employee share scheme reserve		82	56	-	(138)	-
Employee share scheme reserve		-	-	-	72	72
<b>Total transactions with owners</b>		698	(6,689)	-	(66)	(6,057)
<b>Closing balance as at 31 December 2014</b>		153,097	8,460	(1,440)	(852)	159,265

The accompanying notes form part of, and should be read in conjunction with, these financial statements.



Consolidated Statement of Financial Position  
As at 31 December 2015 (Unaudited)

	NOTES	DEC 2015 \$'000's	DEC 2014 \$'000's	JUNE 2015 \$'000's
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	246,439	226,147	244,412
Intangible assets		20,908	20,640	20,753
Loan receivable	6	–	1,503	1,553
Derivative financial instruments	13	157	72	297
Advance to and investment in joint venture	5	2,560	4,880	2,936
Investment in associates	8	3,846	333	4,276
<b>Total non-current assets</b>		<b>273,910</b>	<b>253,575</b>	<b>274,227</b>
<b>Current assets</b>				
Cash and cash equivalents		6,001	6,321	6,526
Trade and other receivables		30,090	20,881	17,820
Inventories		14,412	16,156	15,996
Advance to joint venture	5	2,500	2,500	2,500
Taxation receivable		821	1,609	1,087
Derivative financial instruments	13	–	8	125
<b>Total current assets</b>		<b>53,824</b>	<b>47,475</b>	<b>44,054</b>
<b>Total assets</b>		<b>327,734</b>	<b>301,050</b>	<b>318,281</b>
<b>Equity</b>				
Issued capital		154,393	153,097	153,492
Other reserves		2,886	(852)	5,623
Cash flow hedge reserve		(1,810)	(1,440)	(1,593)
Retained earnings		14,100	8,460	15,001
<b>Total equity</b>		<b>169,569</b>	<b>159,265</b>	<b>172,523</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	4	96,393	65,687	71,884
Derivative financial instruments	13	2,640	1,987	2,545
Deferred income tax liability		10,010	7,754	9,557
<b>Total non-current liabilities</b>		<b>109,043</b>	<b>75,428</b>	<b>83,986</b>
<b>Current liabilities</b>				
Interest bearing loans and borrowings	4	–	25,404	3,879
Trade and other payables		23,847	23,597	34,830
Revenue in advance		20,391	13,410	15,642
Employee benefits		4,866	3,854	5,444
Derivative financial instruments	13	18	92	89
Current tax liabilities		–	–	1,888
<b>Total current liabilities</b>		<b>49,122</b>	<b>66,357</b>	<b>61,772</b>
<b>Total liabilities</b>		<b>158,165</b>	<b>141,785</b>	<b>145,758</b>
<b>Total equity and liabilities</b>		<b>327,734</b>	<b>301,050</b>	<b>318,281</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements.





Consolidated Statement of Cash Flows  
For the six months ended 31 December 2015 (Unaudited)

	NOTES	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
<b>Cash flows from operating activities</b>				
Receipts from customers		81,330	72,445	168,699
Proceeds from sale of goods		44,910	33,491	69,770
Interest received		201	418	736
Suppliers and employees		(65,251)	(59,711)	(122,847)
Purchase of rental assets		(61,866)	(39,468)	(82,202)
Interest paid		(2,514)	(2,548)	(5,282)
Taxation paid		(5,849)	(2,767)	(4,695)
<b>Net cash flows (used in)/from operating activities</b>		<b>(9,039)</b>	<b>1,860</b>	<b>24,179</b>
<b>Cash flows from investing activities</b>				
Sale of property, plant and equipment	3	–	12	5,674
Advance from joint venture	5	1,265	1,278	4,033
Purchase of property, plant and equipment	3	(6,601)	(1,001)	(3,031)
Purchase of intangibles		(20)	(15)	(338)
Repayment of loan receivable	6	1,553	–	–
Investments in associates		(70)	(349)	(3,722)
Net cash paid to acquire Geozone	9	(489)	–	–
<b>Net cash (used in)/from investing activities</b>		<b>(4,362)</b>	<b>(75)</b>	<b>2,616</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	4	21,464	7,394	–
Repayment of borrowings	4	–	–	(10,440)
Dividends paid	7	(9,114)	(6,745)	(14,655)
Proceeds from share issue		654	513	756
<b>Net cash flows from/(used in) financing activities</b>		<b>13,004</b>	<b>1,162</b>	<b>(24,339)</b>
<b>Net (decrease)/increase in cash balances</b>		<b>(397)</b>	<b>2,947</b>	<b>2,456</b>
<b>Opening cash</b>		<b>6,526</b>	<b>3,479</b>	<b>3,479</b>
Foreign currency translation adjustment		(128)	(105)	591
<b>Closing cash</b>		<b>6,001</b>	<b>6,321</b>	<b>6,526</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Index to Notes to the Financial Statements

1	Statement of Accounting Policies	9
2	Segment Note	10
3	Property, Plant And Equipment Acquired and Sold During the Six Month Period	12
4	Borrowings	13
5	Joint Venture – Action Manufacturing LP (AMLPL)	13
6	Related Party Transactions	15
7	Dividends	17
8	Investments in Associates	17
9	Business Combinations and Asset Acquisition	18
10	Income Tax Expense	19
11	Capital Commitments	19
12	Seasonality of Business	19
13	Fair Value Measurement	20
14	Foreign Currency Translation Reserve	20
15	Events After the Reporting Period	20







## 1. Statement of Accounting Policies

### 1.1 BASIS OF PREPARATION

The primary operations of Tourism Holdings Limited (the 'Company' or 'Parent' or '**thl**') and its subsidiaries (together 'the Group') are the manufacture, rental and sale of motorhomes 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 Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The interim financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing 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 2015.

December 2014 comparatives have been restated where needed to conform to current-year classification and presentation.

Comparative information has been reclassified to align with the current-year classification for sale of services (\$1,748k increase), sales of goods (\$11k increase), cost of sales (\$37k increase), administration expenses (\$1,177k increase) and operating expenses (\$545k increase). The changes were to:

- reclassify credit card charges from operating expenses to revenue;
- reclassify commissions and online marketing costs previously netted against revenue to operating expenses; and
- reclassify certain operating expenses and costs of sales to administrative expenses.

These condensed interim financial statements were approved for issue on 22 February 2016.

These condensed interim financial statements have not been audited.

### 1.2 ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim financial statements are consistent with those used in the 30 June 2015 annual financial statements.

### 1.3 ISSUED STANDARDS AND AMENDMENTS EFFECTIVE FROM 1 JULY 2015

There are no new or amended standards which have been adopted in the six months ended 31 December 2015 that have a material impact on the Group.

### 1.4 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 2015 annual financial statements.



## 2. Segment Note

SIX MONTHS TO DECEMBER 2015	NEW ZEALAND RENTALS \$000's	NEW ZEALAND TOURISM GROUP \$000's	AUSTRALIA RENTALS \$000's	UNITED STATES RENTALS \$000's	OTHER \$000's	TOTAL \$000's
Sales of services	26,499	15,056	30,292	16,899	56	88,802
Sales of goods	16,255	–	5,932	22,723	–	44,910
<b>Revenue from external customers</b>	<b>42,754</b>	<b>15,056</b>	<b>36,224</b>	<b>39,622</b>	<b>56</b>	<b>133,712</b>
Depreciation	(6,606)	(627)	(6,624)	(2,149)	(61)	(16,067)
Amortisation	(87)	(317)	(19)	–	(392)	(815)
Other costs	(36,081)	(10,768)	(24,901)	(27,636)	(2,429)	(101,815)
<b>Operating profit/(loss) before interest and tax</b>	<b>(20)</b>	<b>3,344</b>	<b>4,680</b>	<b>9,837</b>	<b>(2,826)</b>	<b>15,015</b>
Interest income	30	–	5	–	196	231
Interest expense	–	–	(324)	(210)	(2,010)	(2,544)
Share of profit from joint venture and associates	–	–	–	–	1,008	1,008
<b>Operating profit/(loss) before tax</b>	<b>10</b>	<b>3,344</b>	<b>4,361</b>	<b>9,627</b>	<b>(3,632)</b>	<b>13,710</b>
Taxation	(3)	(1,025)	(1,309)	(3,947)	787	(5,497)
<b>Operating profit/(loss) - after interest and tax</b>	<b>7</b>	<b>2,319</b>	<b>3,052</b>	<b>5,680</b>	<b>(2,845)</b>	<b>8,213</b>
Capital expenditure	26,653	3,552	11,931	9,600	395	52,131
Advance to and investment in joint venture (non-current portion)	–	–	–	–	2,560	2,560
Non-current assets	138,605	28,243	65,094	32,643	6,765	271,350
<b>Total non-current assets</b>	<b>138,605</b>	<b>28,243</b>	<b>65,094</b>	<b>32,643</b>	<b>9,325</b>	<b>273,910</b>
<b>Total assets</b>	<b>159,711</b>	<b>28,942</b>	<b>76,936</b>	<b>44,275</b>	<b>17,870</b>	<b>327,734</b>
<b>Net funds employed</b>	<b>128,983</b>	<b>26,043</b>	<b>54,950</b>	<b>38,014</b>	<b>11,971</b>	<b>259,961</b>

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 costs of major business acquisitions are reflected within Group Support Services, included within 'Other'. Interest income and expenditure are not included in the result for each operating segment that is reviewed by the CODM.

As at 31 December 2015 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.



## 2. Segment Note (continued)

SIX MONTHS TO DECEMBER 2014	NEW ZEALAND RENTALS \$000's	NEW ZEALAND TOURISM GROUP \$000's	AUSTRALIA RENTALS \$000's	UNITED STATES RENTALS \$000's	OTHER \$000's	TOTAL \$000's
Sales of services	23,888	12,663	29,898	11,466	–	77,915
Sales of goods	13,604	–	4,987	14,911	–	33,502
<b>Revenue from external customers</b>	<b>37,492</b>	<b>12,663</b>	<b>34,885</b>	<b>26,377</b>	<b>–</b>	<b>111,417</b>
Depreciation	(6,100)	(582)	(6,875)	(1,537)	(262)	(15,356)
Amortisation	(100)	(317)	(18)	(6)	(348)	(789)
Other costs	(32,380)	(9,327)	(23,336)	(18,690)	(966)	(84,699)
<b>Operating profit/(loss) before interest and tax</b>	<b>(1,088)</b>	<b>2,437</b>	<b>4,656</b>	<b>6,144</b>	<b>(1,576)</b>	<b>10,573</b>
Interest income	–	–	10	–	408	418
Interest expense	(105)	–	(398)	(184)	(1,922)	(2,609)
Share of profit from joint venture and associates	–	–	–	–	1,130	1,130
<b>Operating profit/(loss) before tax</b>	<b>(1,193)</b>	<b>2,437</b>	<b>4,268</b>	<b>5,960</b>	<b>(1,960)</b>	<b>9,512</b>
Taxation	334	(770)	(1,281)	(2,428)	278	(3,867)
<b>Operating profit/(loss) - after interest and tax</b>	<b>(859)</b>	<b>1,667</b>	<b>2,987</b>	<b>3,532</b>	<b>(1,682)</b>	<b>5,645</b>
Capital expenditure	19,653	254	11,110	2,344	–	33,361
Advance to and investment in joint venture (non-current portion)	–	–	–	–	4,880	4,880
Non-current assets	128,680	26,350	63,308	21,124	9,233	248,695
<b>Total non-current assets</b>	<b>128,680</b>	<b>26,350</b>	<b>63,308</b>	<b>21,124</b>	<b>14,113</b>	<b>253,575</b>
<b>Total assets</b>	<b>149,874</b>	<b>28,815</b>	<b>75,869</b>	<b>28,895</b>	<b>17,597</b>	<b>301,050</b>
<b>Net funds employed</b>	<b>124,132</b>	<b>23,720</b>	<b>59,828</b>	<b>21,704</b>	<b>14,652</b>	<b>244,036</b>

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 funds employed are total assets less segment non interest bearing liabilities and cash on hand.



### 3. Property, Plant and Equipment Acquired and Sold During the Six Month Period

	MOTORHOMES \$'000's	OTHER PROPERTY PLANT AND EQUIPMENT \$'000's	CAPITAL WORK IN PROGRESS \$'000's	TOTAL \$'000's
<b>Period ended 31 December 2015</b>				
At 1 July 2015	217,156	17,887	18,786	253,829
Additions and transfers from work in progress	53,577	5,915	(7,361)	52,131
Disposals	(33,876)	(66)	–	(33,942)
Exchange differences	(2,882)	(152)	–	(3,034)
Depreciation charge	(14,676)	(1,391)	–	(16,067)
Closing net book amount	219,299	22,193	11,425	252,917
<b>As at 31 December 2015</b>				
Cost	297,045	43,677	11,425	352,147
Accumulated depreciation	(77,746)	(21,484)	–	(99,230)
Net book amount	219,299	22,193	11,425	252,917
<b>Reclassification of motorhomes to inventory at balance date</b>				
Cost	12,365	–	–	12,365
Accumulated depreciation	(5,887)	–	–	(5,887)
Net book amount	6,478	–	–	6,478
<b>Closing net book amount post reclassification</b>	<b>212,821</b>	<b>22,193</b>	<b>11,425</b>	<b>246,439</b>
<b>Period ended 31 December 2014</b>				
At 1 July 2014	202,061	24,951	14,258	241,270
Additions and transfers from work in progress	38,576	510	(5,725)	33,361
Disposals	(24,840)	(15)	–	(24,855)
Exchange differences	494	81	–	575
Depreciation charge	(13,935)	(1,421)	–	(15,356)
Closing net book amount	202,356	24,106	8,533	234,995
<b>As at 31 December 2014</b>				
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
<b>Reclassification of motorhomes to inventory at balance date</b>				
Cost	15,776	–	–	15,776
Accumulated depreciation	(6,928)	–	–	(6,928)
Net book amount	8,848	–	–	8,848
<b>Closing net book amount post reclassification</b>	<b>193,508</b>	<b>24,106</b>	<b>8,533</b>	<b>226,147</b>



## 4. Borrowings

	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
Non-current	96,393	65,687	71,884
Current	–	25,404	3,879
	96,393	91,091	75,763

### Movements in borrowings are analysed as follows:

Opening balance	75,763	82,139	82,139
Borrowings/(repayments)	20,630	8,952	(6,376)
<b>Closing balance</b>	<b>96,393</b>	<b>91,091</b>	<b>75,763</b>

	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
<b>The Group has the following undrawn borrowing facilities:</b>			
Expiring within one year	–	2,000	6,309
Expiring beyond one year	23,889	19,981	20,245
	23,889	21,981	26,554

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.

In December 2015 the terms of the facilities were extended such that all facilities are now expiring beyond one year.

## 5. Joint Venture - Action Manufacturing LP (AMLP)

thl has a 50% joint venture partner in AMLP, a vehicle manufacturer based in New Zealand. The other 50% partner is Alpine Bird Manufacturing Limited, which is owned by Grant Brady. AMLP was formerly known as RVMG and was renamed in the prior year.

### Analysis of AMLP

The following amounts represent the sales and results, and assets and liabilities of AMLP:

	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
Income	31,267	28,156	52,456
Expenses	(29,489)	(25,864)	(48,542)
<b>Profit before income tax</b>	<b>1,778</b>	<b>2,292</b>	<b>3,914</b>

The profit before income tax of AMLP includes depreciation expense of \$347k (Dec-14: \$375k, Jun-15: \$747k) and net finance costs of \$615k (Dec-14: \$724k, Jun-15: \$1,236k).





## 5. Joint Venture - Action Manufacturing LP (AMLP) (continued)

	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
<b>Assets</b>			
Non-current assets	1,834	2,646	2,026
Current assets	13,370	12,152	25,946
	15,204	14,798	27,972
<b>Liabilities</b>			
Non-current liabilities including limited partner advances	7,495	11,314	9,986
Current liabilities	6,607	5,906	18,662
	14,102	17,220	28,648
Net assets/(liabilities)	1,102	(2,422)	(676)
<b>The Group's 50% share of AMLP's net assets/(liabilities)</b>	551	(1,211)	(338)

There are no contingent liabilities relating to the Group's interest in AMLP, and no contingent liabilities in the venture itself. The contractual property lease commitment of AMLP is \$2,805k (Dec-14: \$1,652k, Jun-15: \$3,236k).

### The Group's recognised interest in AMLP

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

	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
Investment in AMLP	250	250	250
Profit/(losses) recognised against the investment balance	551	(250)	(250)
Net investment recognised	801	-	-
Advance opening balance	5,524	9,557	9,557
Net cash advances/(repayment) during the period	(1,265)	(1,278)	(4,033)
Advance closing balance	4,259	8,279	5,524
Opening losses/impairment recognised against the advance	(88)	(2,045)	(2,045)
Share of profit for the period recognised as a reduction of the impairment	88	1,146	1,957
Total losses/impairment recognised against the advance	-	(899)	(88)
<b>Net interest in AMLP</b>	5,060	7,380	5,436
	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
Current	2,500	2,500	2,500
Non-current	2,560	4,880	2,936
	5,060	7,380	5,436

The advances from the Group are payable on demand but the directors do not expect full repayment in the next 12 months, therefore only \$2.5m is presented as a current asset as at 31 December 2015 (2014: \$2.5m). Interest is payable at a rate of 9.0% per annum.

The share of profit recognised represents an increase in the net investment in AMLP. In previous years the share of profit recognised represented a reduction in impairment of the investment and the advances. The impairments that had been recognised against the advance represented the share of prior year accumulated losses of AMLP.





## 6. Related Party Transactions

### Key management compensation

	6 MONTHS TO DEC 2015 \$000's	6 MONTHS TO DEC 2014 \$000's	12 MONTHS TO JUN 2015 \$000's
Salaries and other short term employee benefits	2,529	2,093	3,343
Share based payments benefits	98	72	147

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

### Loans from directors, key management or related parties

	6 MONTHS TO DEC 2015 \$000's	6 MONTHS TO DEC 2014 \$000's	12 MONTHS TO JUN 2015 \$000's
Loans from key management personnel	–	3,117	–

A loan was previously provided as part of the acquisition of JJ Motorcars Inc. in the USA (trading as Road Bear) to fund fleet. The loan was repaid during the year ended 30 June 2015.

### Directors' fees (share issue in lieu of cash)

At the 2013 annual meeting of shareholders, shareholder approval was obtained for **thl** to issue shares in whole or in part payment of directors' remuneration. From 1 October 2013, Rob Campbell elected to receive 100% of his director fee in shares and Graeme Wong has elected to receive 33% of his director fee in shares. From 1 February 2014 Christina Domecq has elected to receive 100% of her director fee in shares. From 1 February 2015 Gráinne Troute elected to receive 100% of her director fee in shares. Shares issued in lieu of directors fees are as follows:

	DEC 2015	DEC 2014	JUN 2015
No. of shares issued in lieu of cash (000's)	63	80	140
Value of shares issued in lieu of cash (\$000's)	129	113	220
Accrued value of shares yet to be issued in lieu of cash (\$000's)	63	52	62

### ORA HQ Limited (ORA) and Foundry Innovations Limited (Foundry)

ORA and Foundry are companies in which **thl** directors Rob Campbell and Christina Domecq are shareholders. ORA and Foundry have provided consulting and software development services to **thl**. The chair of the audit and risk committee has approved the provision of these services.

	6 MONTHS TO DEC 2015 \$000's	6 MONTHS TO DEC 2014 \$000's	12 MONTHS TO JUN 2015 \$000's
Consulting and software development fees paid to ORA and Foundry	273	213	375





## 6. Related Party Transactions (continued)

### Software Innovation NZ Limited (formerly Umajin Limited)

Software Innovation NZ Limited is a company in which **thl** directors Rob Campbell Christina Domecq are shareholders. Software Innovation NZ Limited has provided consulting and software development services to **thl**. The chair of the audit and risk committee has approved the provision of these services.

	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
Consulting and software development fees paid to Software Innovation NZ Limited	59	–	–

### Kay Howe (Non-executive Director)

Supreme Motorhomes Limited (Supreme) is owned by entities associated with **thl** director Kay Howe. Supreme has provided caravans, parts, and service work to **thl**.

	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
Payments to Supreme including purchase of motorhomes and caravans	7	142	361

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

Grant Brady, a member of the **thl** executive team, is a shareholder and director of Alpine Bird (New Zealand) Limited ("Alpine Bird") which was previously named KEA Campers (New Zealand) Limited. **thl** previously had a liability to pay deferred consideration to Alpine Bird as part of a past transaction with KEA Campers. The remaining liability was settled in the year ended 30 June 2015.

	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
Total deferred consideration owing	–	1,858	–

**thl** subleases a property in Bush Road. The property is owned by Bush Road Enterprises Limited (of which Grant Brady is a minority shareholder and director). The lease on this property was renewed for a further term of six years in April 2015. The cost of the sublease and operating expenses are set out in the table below:

	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
Cost of sub-licenses and operating expenses	245	256	508

**thl** had previously made an advance to Alpine Bird. This loan was repaid during the period ended 31 December 2015.

	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
Alpine Bird Loan	–	1,503	1,553





## 6. Related Party Transactions (continued)

### Action Manufacturing LP

	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
Purchase of motorhomes by the Group from joint venture	25,134	22,642	42,000
Interest charged to joint venture	195	407	712
Net interest in Action Manufacturing LP (note 5)	5,060	7,380	5,436

The amount outstanding is payable on demand at an interest rate of 9.0%.

Grant Brady is a shareholder in Alpine Bird Manufacturing Limited which owns 50% of Action Manufacturing Limited Partnership ("AMLPL") that was set up in March 2012. **thl** owns the other 50%. AMLPL manufactures the motorhomes and campervans used by Rentals New Zealand, manufactures motorhomes and parts for Rentals Australia, and manufactures specialty vehicles for external customers. Pricing is based on the cost of manufacture plus an agreed margin set out in the Limited Partnership Agreement. AMLPL also subleases part of the Bush Road property described above.

At 30 June 2015, \$13,590k (2014:\$5,746k) was outstanding under a Documentary Letter of Credit in favour of AMLPL. This amount is included in the purchase of motorhomes shown above, and the outstanding amount is included in 'trade and other payables'. At 31 December 2015 and 31 December 2014 the amounts outstanding were nil.

### Just Go

In the period ended 31 December 2015 the Group purchased motorhomes from Just Go with a value of \$4,087k (June 2015: \$1,502k).

## 7. Dividends

During the six months ended 31 December 2015 the Group paid dividends of \$9,114k (8 cents per share). The final and interim dividends paid in the year ended 30 June 2015 were \$6,745k (6 cents per share) and \$7,910k (7 cents per share) respectively.

## 8. Investments in Associates

In March 2015, the Group acquired a shareholding of less than 50% in Skewbald Limited (trading as Just Go) for GBP £1,744k. Just Go is a motorhome rental business operating in the United Kingdom. The investment has been accounted for as an investment in associate, and the Group's share of associates profits have been recognised with the Group's investment.

During the period ended 31 December 2014 the Group also acquired a shareholding of less than 50% in an associate, Geozone Limited, for \$349k. In October 2015, the Group acquired the remaining shares in Geozone (refer to Note 9). Up to 1 October 2015, the share of associates losses were recognised against the Group's investment.

The carrying amounts recognised in the balance sheet are as follows:

	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
Just Go	3,846	–	3,964
Geozone	–	333	312
<b>Total</b>	<b>3,846</b>	<b>333</b>	<b>4,276</b>





## 8. Investments in Associates (continued)

The share of profits/(losses) recognised in the income statement are as follows:

	6 MONTHS TO DEC 2015 \$'000's	6 MONTHS TO DEC 2014 \$'000's	12 MONTHS TO JUN 2015 \$'000's
Just Go	144	–	27
Geozone	(25)	(16)	(36)
<b>Total</b>	<b>119</b>	<b>(16)</b>	<b>(9)</b>

## 9. Business Combinations and Asset Acquisition

In October 2015, the Group acquired the remaining 53.5% share capital of Geozone Limited (increasing the Group's shareholding to 100%) for consideration of \$532k. The Group obtained control on this date. Total consideration for the business combination transaction was made up of the \$532k consideration paid directly for the 53.5% plus the fair value of the previously held interest.

	\$'000's
<i>Purchase consideration at 1 October 2015</i>	
Cash	532
<b>Total consideration transferred</b>	<b>532</b>
Fair value of equity interest in Geozone Limited held before the business combination	462
<b>Total consideration</b>	<b>994</b>

The table below represents the fair value of the assets and liabilities acquired at 1 October 2015:

	\$'000's
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	43
Trade receivables	26
Intangible Assets	600
<b>Total assets</b>	<b>669</b>
Trade payables	(13)
<b>Total liabilities</b>	<b>(13)</b>
<b>Total identifiable net assets at fair value</b>	<b>656</b>
Goodwill arising on acquisition	338
<b>Purchased consideration transferred</b>	<b>994</b>



## 9. Business Combinations and Asset Acquisition (continued)

The Group recognised a gain of \$104k as a result of measuring at fair value its 46.5% equity interest in Geozone Limited held before the business combination. The gain is included in other income in the Group's statement of comprehensive income for the period ended 31 December 2015.

From 1 October 2015 the operating results of Geozone Limited, consisting of an operating loss after taxation of \$129k have been included in the profit and loss component of the statement of comprehensive income. If the acquisition had occurred at 1 July 2015, Group consolidated pro-forma revenue and profit after tax for the period ending 31 December 2015 would have been \$133,731k and \$8,199k respectively.

The consideration for the acquisition of Geozone Limited was derived from the implied fair value of the previously held interest (46.5%) on the date control was obtained plus the actual cost of the interest purchased in the period (53.5%). The implied fair value of the previously held interest was determined with reference to the price paid for the additional interest obtained. The deemed consideration of \$994k resulted in a goodwill balance of \$338k.

Net cash paid to acquire the business was \$489k.

There is contingent consideration payable under the sale and purchase agreement which is conditional on the vendors remaining employed by Geozone Limited and meeting certain performance criteria. The contingent consideration under NZ IFRS 3 needs to be recognised as an employee cost over the earn out period with a liability recognised within employee benefits.

## 10. Income Tax Expense

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 contracted for at period end but not yet incurred is as follows:

	DEC 2015 \$'000's	DEC 2014 \$'000's	JUN 2015 \$'000's
Property, plant and equipment	68,832	61,229	30,531

## 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. In previous periods the Group has had 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. 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.

#### Recurring fair value measurements

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

	DEC 2015		DEC 2014		JUN 2015	
	ASSETS \$000's	LIABILITIES \$000's	ASSETS \$000's	LIABILITIES \$000's	ASSETS \$000's	LIABILITIES \$000's
Derivative financial instruments (Level 2)	157	2,658	80	2,079	422	2,634

### 14. 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 closing exchange rates used to translate the balance sheet are as follows:

	DEC 2015 \$000's	DEC 2014 \$000's	JUN 2015 \$000's
NZD/AUD	0.9563	0.9737	0.9048
NZD/USD	0.7002	0.8021	0.6983

### 15. Events After the Reporting Period

A dividend was declared after balance date at 9 cents per share payable on 14 April 2016.



