

TOURISM HOLDINGS LIMITED

*Tourism Holdings Limited will
 & New Zealand and
 Australia's leading tourist
 plant & experiences operator
 utilising THL's unique
 attractions with strategic,
 compatible overseas investments.*

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HIGHLIGHTS

Tourism Holdings Limited severely impacted by September 2001 terrorism and Ansett collapse with surplus attributable to shareholders down 98% to \$0.3m.

Cash flow from operations improved 18% to \$53m and interest bearing debt reduced 19% to \$76m, highlighting the underlying financial strength of the business.

Sale of non-strategic businesses progressed with the sales of Milford Sound Flightseeing (50%), the Helicopter Line and Treble Cone Ski Field announced.

Dividend of 3 cents per share announced.

Successful integration of Coaching with Experiences division

FINANCIAL CALENDAR

<i>Results Announced:</i>	
<i>Interim</i>	26 February 2002
<i>Annual</i>	28 August 2002
<i>Annual General Meeting</i>	13 November 2002
<i>Proxies Close</i>	2.00 pm Monday 11 November 2002
<i>Record Date for Payment of Dividend</i>	18 October 2002
<i>Date of Payment for Dividend</i>	31 October 2002

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SPELLBOUND

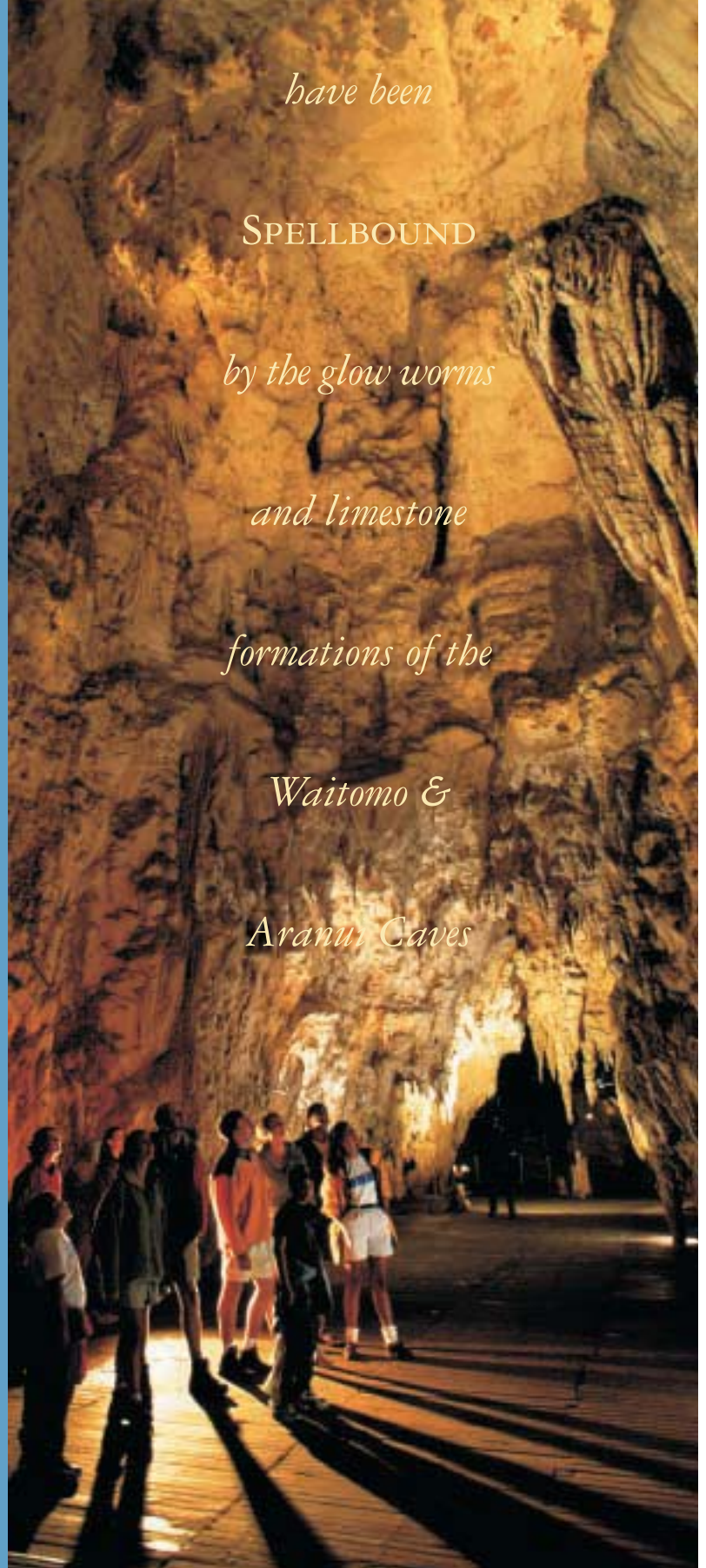
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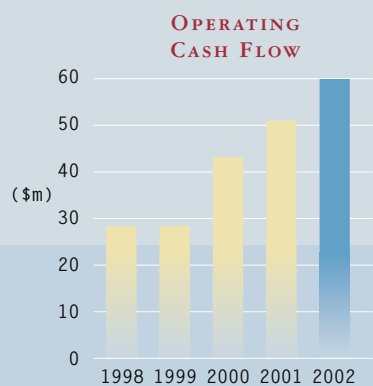
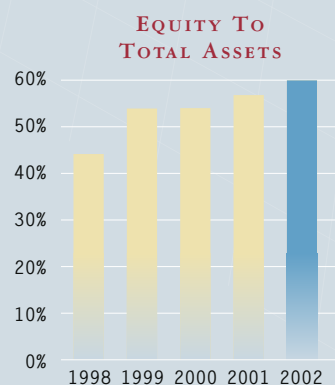
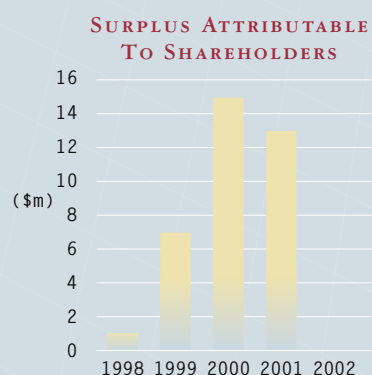
and limestone

formations of the

Waitomo &

Aranui Caves





JUNE 30 2002
\$MILLION

JUNE 30 2001
\$MILLION

JUNE 30 2000
\$MILLION

JUNE 30 1999
\$MILLION

JUNE 30 1998
\$MILLION

FINANCIAL PERFORMANCE

Turnover	182	201	184	156	122
Earnings before depreciation, amortisation, interest & taxation	50	67	65	37	27
Earnings before interest & taxation	9	29	33	18	11
Surplus attributable to shareholders	0	13	15	7	1
Operating cash flow	53	45	38	25	25

FINANCIAL POSITION

Paid in capital	133	133	133	48	48
Total equity	168	176	172	93	95
Net interest bearing debt (7)	76	94	114	40	90
Total funds employed	279	307	319	173	218
Capital expenditure	67	60	93	19	58

STATISTICS

Return on average equity	0.1%	7.5%	11.2%	7.1%	0.8%
Earnings before depreciation, amortisation, interest & taxation (EBITDA) to average total funds	16.9%	21.4%	26.6%	18.9%	13.3%
Earnings before interest & taxation (EBIT) to average total funds	3.2%	9.3%	13.4%	9.2%	5.3%
Basic earnings per share	0.3c	14.1c	19.4c	10.0c	1.4c
Dividends per share (8)	5.0c	9.0c	4.0c	5.0c	–
Cash flow from operating activities per share	57.7c	49.0c	49.9c	38.1c	45.2c
Net asset backing (incl. intangibles) per share	183c	192c	187c	139c	143c
Equity as percentage of:					
Total funds	60%	57%	54%	54%	44%
Net interest bearing debt	221%	187%	151%	233%	106%
Debt/Debt+ Equity ratio	31%	35%	40%	30%	49%

(1) Earnings statistics are based on surplus attributable to shareholders (except EBIT and EBITDA ratios).

(2) Earnings and cash flow from operating activities per share calculations are based on the weighted average number of shares on issue during the year. Prior years have been adjusted for the bonus issue in the 2000 year.

(3) Cash flow from operating activities is from the Statement of Cash Flows.

(4) Total funds include non-interest bearing debt.

(5) Capital expenditure includes new asset purchases, business acquisitions and investments.

(6) Calculations involving dividends exclude supplementary dividends.

(7) Net interest bearing debt consists of interest bearing debt less cash and bank balances.

(8) The dividend of 3 cents per share due to be paid 31 October 2002 is not shown above. This is in accordance with FRS 5.

THE COMPANY EARNED A NET PROFIT AFTER TAX (NPAT) OF \$0.3M FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002. THIS RESULT IS AFTER A \$2.0M TAX PAID WRITE DOWN OF UNUSUAL ITEMS.

Excluding unusual items, a trading profit of \$2.3m after tax was achieved compared with a \$13m NPAT for the previous financial year.

The trading profit of \$2.3m is ahead of the breakeven result before unusual items forecast for the year at the interim result release in February.

The profit was achieved on a turnover of \$181.7m, which was 9% below last year. Earnings before interest and tax (EBIT) were \$9.3m or 68% below last year. The company's operating cash flow (OCF) improved from \$45.1m to \$53.0m, an 18% increase, which is attributable to the success of the "Cash is King" initiatives introduced during the year and highlights the underlying financial strength of the business.

The Balance Sheet strengthened with the Equity ratio improving from 57% to 60% and the Debt to Debt + Equity Ratio improving from 35% to 31%. Interest bearing debt was reduced from \$94m to \$76m over the year.

As a result of the better than forecast trading profit, stronger balance sheet and positive cash flows, the directors have resolved to declare a fully imputed dividend of 3c per share payable on 31 October 2002. No interim dividend was paid in March due to uncertainty of the future trading posi-

tion at that time.

As reported in the half yearly announcement, THL experienced a significant drop in tourist arrivals over the summer months from its key markets Germany and Japan following the events of September 11, coupled with the collapse of Ansett Australia and poor economic conditions in Europe.

Arrival statistics reflect this trend with international visitor arrivals into Australia down 6% for the year



to the end of June and our all important German arrivals down 7%. In New Zealand, international visitor arrivals increased by 3.8% for the year but for THL's key markets, Germany was down 9.2% and Japan down 6.8%. The number of UK visitors to New Zealand showed continuing growth.

The long term forward outlook remains difficult to forecast. Inbound tourism remains weak into Australia with expectations of negative growth for the calendar year to December 2002 of -5%. Air capacity into and around

Australia remains a concern. The New Zealand market should continue to benefit from small growth.

The "Cash is King" initiatives to conserve cash and strengthen the Balance Sheet in the wake of September 11 and the Ansett collapse have been very successful.

While the one-off events of last year had a negative impact on THL with a consequent reduction in the share price, we believe the outlook for the company is positive.

DIRECTORS

Mr Rick Christie, Mr Graham Sinclair and Mr Keith Smith will resign by rotation at the Annual Meeting and, being eligible, offer themselves for re-election.

GOVERNANCE

THL has had in place a clear governance process for a number of years and is well placed to meet any requirements post Enron and other US accounting and governance issues. Key points are:

- The THL board of eight members has seven independent directors. All committees and the main board are chaired by independent directors.
- Other than general taxation advice, the external auditors PricewaterhouseCoopers provide no other consulting services to THL.
- Internal audit is provided by Ernst and Young reporting to the audit committee of the board.
- Treasury advice is provided by Asia Pacific Risk Management. Reporting is monthly to the THL board.

ANNUAL MEETING

The Annual meeting this year will be held on 13 November 2002 at the Crowne Plaza Hotel Auckland. The notice of the Annual meeting and explanatory notes relating to the meeting will be forwarded to you separately to this report.

MANAGEMENT & STAFF

Management and Staff have had an extremely challenging year. They have

responded positively to the "Cash is King" initiative viewed as being necessary to ride out the business declines after world events of September 11 and Ansett collapse. Directors are appreciative of their understanding and support during the subsequent turbulent period.

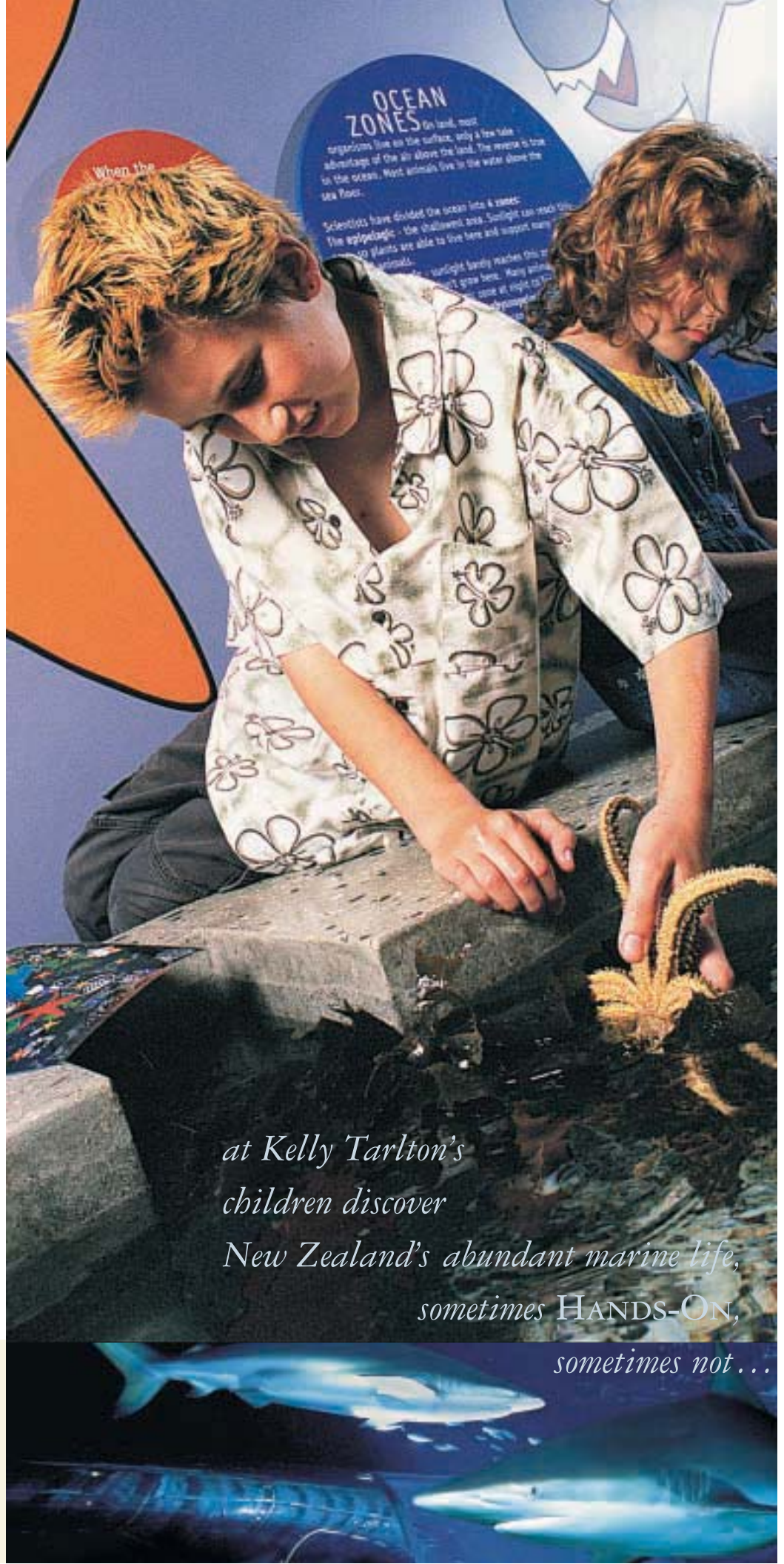
The integration of Johnstons and Airbus Coaching operations within the Experiences division was endorsed fully by our staff with the benefits of a more unified approach to our customers.

The Directors view the future with cautious optimism. Tourism growth is returning from our traditional markets and this together with THL's new focus on its core business will give greater confidence to our staff as well as creating individual opportunities.

Our Directors and Executives are looking forward to meeting as many of you as possible at the Annual meeting on 13 November 2002 where I will update you on the current year's trading position and outlook.



Keith Smith
Chairman
3 September 2002



*at Kelly Tarlton's
children discover
New Zealand's abundant marine life,
sometimes HANDS-ON,
sometimes not...*

2002 WAS A TOUGH YEAR. THL
WAS TRACKING WELL UP UNTIL
THE WEEK BEGINNING 11
SEPTEMBER 2001. IN THAT WEEK

TWO MAJOR EVENTS OCCURRED.
FIRSTLY THE USA TERRORISM
ATTACKS, THEN TWO DAYS LATER
ANSETT AUSTRALIA COLLAPSED.

THL took immediate action and
by Friday 15 September 2002 we
launched, with full support from Board
and Management, our "Cash is King"
strategies.

At that time we had no knowl-
edge of how extended or serious the
impact on tourism these exceptional
events would be. THL's approach was
to conserve and generate cash to ensure
we not only survived but that we were
in a strong financial position when the
tourism crises were over. Whilst there
remains ongoing issues about air travel
into and around Australia we believe
the worst is over. Our Balance Sheet
is strong with a 60% equity ratio and
a 31% Debt to Debt + Equity ratio.
Whilst profit was well down we gen-
erated an operating cash flow of \$53m,
18% up on last year. THL's operating
cash flow has consistently increased
every year since 1999 when it was
\$25m. It is cash flows that underpin
the value of a business ongoing and
despite fluctuating profits THL has
consistently delivered on increasing
cash flow over the past four years, as
well as undertaking a major capital
re-equipment programme.

OUR PEOPLE

2002 was also a challenging, hard and
less rewarding year for our people.
THL staff have always been highly
motivated and energised when ex-
tremely busy and coping with the
demands of strong tourism growth.

The high season of November to March
was less hectic due to the reduced
volumes of overseas tourists. Employees
at all levels have accepted a nil wage
and salary increase demonstrating their
commitment to deal with the serious-
ness of the year and to ensure our costs
remain competitive. Apart from a nec-
essary decrease in employees at CI
Munro with the reduction in produc-
tion requirements for THL Rentals
and other tourism operators, THL did



not lay off any full time staff as a direct
consequence of the September events.

We thank our staff for their
loyalty and sacrifices. They can be
assured of THL's continuing wish to
generate increased employment oppor-
tunities and career development.

"CASH IS KING" INITIATIVES

The "Cash is King" initiatives to con-
serve and generate cash and strengthen
the Balance Sheet in the wake of Sep-
tember 11 and the Ansett collapse

have proved to be very successful.

Highlights include:

- Fleet disposals of 1,070 motorhomes
vs 608 during the last financial year.
 - Positive working capital outcome of
\$10.8m compared with negative
\$6.2m the previous year.
 - Bad debt write-offs minimised at
\$0.5m.
 - Non-strategic asset sales progressed.
- These achievements resulted in an im-
proved operating cash flow of \$53m up
18% on last year and reduced debt to
\$76m, compared with \$94m last June
and \$110m at 31 December 2001.

THE TOURISM MARKET

THL's performance is regularly com-
pared to arrival statistics through
Auckland International airport (AIAL)
and overall international visitor arrival
statistics. The difficulty with this ap-
proach is both sets of statistics contain
other movements not applicable to
THL. The AIAL numbers include ar-
rivals and departures of New Zealand
residents and overseas passengers in
transit. Post September 11 the propor-
tion of New Zealand residents and
transit passengers in the statistics has
increased.

The international visitor arrival
statistics are a weighted average of
visitors from many countries. In the
case of New Zealand, arrival growth
from Asian countries has been signifi-
cantly higher than growth out of Europe
and Japan. THL outside of its attractions
has little exposure to these markets.

THL Rentals which provides
motorhomes and cars in Australia and
New Zealand is THL's largest division.
THL Rentals in New Zealand, which
generates 25% of group turnover, is
driven by Germany/Europe and the

	YEAR ENDED 30 JUNE 2002				YEAR ENDED 30 JUNE 2001			
	Turnover (\$million)	Divisional Contribution (\$million)	Funds Employed (\$million)	Operating Cashflow (\$million)	Turnover (\$million)	Divisional Contribution (\$million)	Funds Employed (\$million)	Operating Cashflow (\$million)
RENTALS WORLDWIDE (including CI Munro)	110.6	13.2	192.5	38.6	119.2	23.7	209.7	36.2
EXPERIENCES	41.8	5.8	51.9	13.5	49.4	9.6	61.6	7.9
COACHING (including Kiwi/Oz Experience)	38.8	3.1	33.9	4.8	40.6	5.2	32.3	3.8
CORPORATE	–	(3.6)	1.2	(3.9)	–	(3.8)	3.4	(2.8)
INTER-COMPANY SALES	(9.5)	–	–	–	(8.7)	–	–	–
TOTAL	181.7	18.5	279.5	53.0	200.5	34.7	307.0	45.1

Contribution reflects EBIT before unusual items and amortisation of intangibles.



UK. Together these markets provide approximately 60% of their business. Of the balance, 25% is from Australasian direct business and the residual is other markets including the USA. No business comes from Asia. Likewise, THL Rentals in Australia which comprises 30% of group turnover is dominated by Germany/Europe which account for approximately 60% of their business. Domestic Australian business is 20% and the rest including UK/US/NZ is 20%. The weakness in the European economies, particularly Germany, has severely impacted THL Rentals.

Within the coaching business, Johnstons and Great Sights have significant levels of Japanese demand.

The Attractions businesses, other than Aviation with its heavy weather influence, have a spread of markets that reflects general arrivals.



*grandeur draws**thousands to this*

REMOTE CORNER

of New Zealand

YEAR TO JUNE 2002	NZ	AUSTRALIA
HEADLINE ARRIVAL STATISTICS	+4%	-6%
<i>THL Key Markets</i>		
Germany	-9%	-7%
UK	+9%	+3%
Japan	-7%	not applicable
Other Europe	+4%	-14%
North America	+1%	-14%

The above table extracted from international visitor arrival statistics provides the information on international visitor arrivals into Australia and New Zealand over the last 12 months.

New Zealand industry forecasts just released by the Tourism Research Council and available on www.trnz.govt.nz forecast overall international visitor arrival growth of 6% p.a. up until 2008.

Taking out the higher growth Asian markets provides a forecast of 4% growth p.a. in THL's relevant markets.

In Australia, where growth has fallen further, a similar recovery is expected but most anticipate this not to happen for a further 6–9 months.

OPERATIONS REVIEW

THL RENTALS

THL Rentals comprises motorhomes under the brands of Britz and Maui in both Australia and New Zealand, rental cars in Australia and New Zealand, vehicle disposal operations in Australia and New Zealand and CI Munro, the motorhome manufacturing business based in Otorohanga, New Zealand.

Revenue was down 7% at \$110.6m and earnings before Interest, taxation and goodwill and amortisation (EBITA) dropped 44% to \$13.2m from \$23.7m.

Market conditions have been very soft over the peak months with

rental cars in Australia in particular experiencing lower yields. Costs increased during the year with higher depreciation, property, lease and marketing costs.

Initiatives to reduce these costs have been actioned including disposal of surplus fleet, renegotiation of car leases and cost saving programmes. Positive results from these initiatives were achieved in the last quarter of the financial year and will be maintained in the new financial year.

EXPERIENCES

This division includes Great Sights Coaching and key attractions of Kelly Tarlton's Underwater World and Antarctic Encounter, Waitomo Glow Worm Caves, Milford Sound Red Boats, Treble Cone Alpine Ski Area and aviation interests of The Helicopter Line and Mt Cook Ski Planes.

Revenue was \$41.8m down 15% on the \$49.4m last year. Significant drops were recorded in Great Sights and Aviation resulting from lower international visitor arrivals and poor weather respectively. Red Boats revenue was down 14% due to

a reclassification of tour packaging costs. Kelly Tarlton's with its bigger domestic base had flat revenue and Waitomo Caves revenue was up 3% reflecting its greater exposure to Asian markets, which have resumed high growth.

EBITA for the division dropped 40% from \$9.6m to \$5.8m reflecting the largely fixed cost base.

At the half-year announcement the proposed sale of THL's aviation interests and Treble Cone Alpine Ski Area was foreshadowed. This was confirmed post balance date.

COACHING

The coaching division includes Johnstons and Mt Cook chartered coach operations, Airbus, Tourism Transport Fiji and Kiwi and Oz Experiences.

duced a small profit as the market slowly recovers from the coup.

Kiwi Experience produced a result below last year but Oz Experience had a successful year, turning around from a loss the previous year. Kiwi Experience won the NZ Tourism award for best Transportation Operation and the American Chamber of Commerce/United Airlines acknowledged THL's contribution to the USA tourism market.

RATIONALISATION OF ASSET BASE NEAR COMPLETION

During the year we were successful in selling the Milford Hydro Scheme to an energy specialist and THL's 50% interest in Milford Sound Flightseeing

we have also announced the sale of Treble Cone Ski Area to a local Wanaka syndicate supported by Dunedin and Auckland investors.

The only remaining business to be sold is the Mt Cook Ski Planes business. This sale is at an advanced stage of negotiation.

We are delighted that all of these South Island businesses, whilst going through a highly contestable process, have been acquired by New Zealanders, many Southern Lakes Tourism identities.

THL remains committed to delivering tourists to these businesses and has ongoing marketing agreements with the new owners.

INFORMATION TECHNOLOGY

Three new Information Technology systems have been committed to during the year. The new Rentals reservation system, named Aurora, commenced parallel running and implementation in New Zealand in July 2002 and is planned for launch in Australia in late September 2002. The new system will deliver revenue growth opportunities through online capabilities with our major Northern Hemisphere customers. This will improve operational and customer service performance and yield major administrative cost savings. Aurora also integrates into THL financial and other operational systems.

The new financial accounting system, Smartstream, was implemented during the year replacing a number of old systems. This has enabled Management and staff to receive more accurate and appropriate information on a timely basis.

A new payroll system is currently being implemented in New Zealand and Australia, which will replace the existing stand-alone payroll systems.

The two IT reservation systems projects for Experiences and Kiwi/Oz Experiences were deferred due to "Cash is King" imperatives. They will be progressed during 2003.



Revenue declined 4% to \$38.8m and EBIT 40% to \$3.1m. Included in this result is a \$2.0m loss on sale and provision for coaches sold or being sold from the Johnstons fleet as part of THL's strategic exit from the 3 star coach market. Excluding this the results were flat overall.

The Johnstons coach business had reduced revenues and profitability. Airbus had a flat result and Fiji pro-

to our joint venture partner Fiordland Travel Ltd.

Since balance date we have sold the Helicopter Line business to Totally Tourism Ltd of Queenstown and the 50% share of Heli Holdings Ltd owned by THL (which held the ownership of the helicopters) to our joint venture partner Airwork (NZ) Ltd. The sale of the Helicopter Line business achieved a small profit over book value.

with Britz, you can

SAY GOODBYE

to the theme parks,

& discover Australia's

TRUE NATURE



every day

hundreds of tourists

experience our

GREAT SIGHTS



GROWTH STRATEGIES

With the sale of THL's aviation interests and Treble Cone, THL will be focused on three key sectors: motorhomes in Australia and New Zealand, Coaching in New Zealand (and Backpacker transportation in Australia) and Experiences, linking to the motorhome and Coaching operations. THL remains committed to being New Zealand and Australia's leading tourist plant and experiences operator.

THL has recently announced the purchase of a new Red Boat for \$6m to enter service in Milford Sound in October 2003. The boat will be a state of the art catamaran with unobstructed views for 400 plus seated passengers. In addition the Great Sights

coach fleet is being upgraded to service this market. This expenditure is part of a projected \$50m plus spend in the coming financial year on new plant and equipment to service our customers and underlines THL's commitment to growth and continual upgrading of its asset base. A new operation in Tasmania for Rentals was launched during the year and THL recently announced the launch in October 2002 of Feejee Experience in Fiji, servicing the backpacker market.

Great Sights coaching will be commencing a new Rotorua sightseeing and Rotorua–Auckland services in October 2002.

OUTLOOK

New Zealand has recovered from the September events earlier than anticipated

with good Tourism numbers from our traditional markets except from the USA. Australia, although slower to recover because of air travel issues, is looking more positive.

The THL Rentals Australian business plan assumes a major financial turnaround in 2003 based on a recovery in revenue and cost savings flowing from the initiatives actioned in the last quarter of the financial year. The NZ Rentals business is expected to deliver an improved financial result. Our Experiences and Coaching operations, together with Kiwi/Oz Experiences, are sound, well-managed and strong growth businesses.

Whilst the world economic outlook remains unclear, THL is cautiously optimistic over its future trading outlook subject to any further major terrorism events or a war in the Middle East.

Shareholders can be assured that THL's Management remains focused on generating increased value. Our financial position is strong and with the expected resumption in the growth of tourists from THL's key markets we are well placed to deliver improved financial results.

A handwritten signature in blue ink, appearing to read 'Dennis Pickup'.

Dennis Pickup
Managing Director
3 September 2002



	NOTES	GROUP		PARENT COMPANY	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
CONTINUING ACTIVITIES					
Revenue		184,999	205,598	111,257	137,170
Expenses		(182,661)	(184,162)	(109,567)	(115,815)
Operating surplus from continuing activities		2,338	21,436	1,690	21,355
SURPLUS BEFORE TAXATION	1	2,338	21,436	1,690	21,355
Income tax expense	2	(2,292)	(8,564)	(3,343)	(6,836)
SURPLUS/(DEFICIT) AFTER TAXATION		46	12,872	(1,653)	14,519
Share of retained surpluses of associated entities	3	209	134	-	-
SURPLUS/(DEFICIT) ATTRIBUTED TO THE SHAREHOLDERS OF THE HOLDING COMPANY		255	13,006	(1,653)	14,519

STATEMENTS OF MOVEMENT IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2002

	NOTES	GROUP		PARENT COMPANY	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
EQUITY AT BEGINNING OF YEAR		176,456	172,066	169,235	162,539
SURPLUS AND REVALUATIONS					
Net surplus for the year		255	13,006	(1,653)	14,519
Movement in foreign currency translation reserve	8	(4,330)	(793)	-	-
TOTAL RECOGNISED REVENUES AND EXPENSES		(4,075)	12,213	(1,653)	14,519
Movement in executive share rights scheme	7	371	456	371	456
Amalgamation of subsidiary		-	-	408	-
Distributions to owners	4	(4,583)	(8,279)	(4,583)	(8,279)
EQUITY AT END OF YEAR		168,169	176,456	163,778	169,235

	NOTES	GROUP		PARENT COMPANY	
		2002 \$'000's	2001 \$'000's	2002 \$'000's	2001 \$'000's
EQUITY					
Share capital	5	133,473	133,473	133,473	133,473
Convertible notes	6	10,325	10,325	10,325	10,325
Executive share rights scheme	7	1,256	885	1,256	885
Foreign currency translation reserve	8	(3,537)	623	-	-
Retained earnings	9	26,652	31,150	18,724	24,552
TOTAL EQUITY		168,169	176,456	163,778	169,235
NON CURRENT LIABILITIES					
Deferred taxation	2	8,493	9,340	4,876	4,602
Term liabilities (secured)	10	55,370	69,072	36,257	54,187
		63,863	78,412	41,133	58,789
CURRENT LIABILITIES					
Bank overdraft (secured)	15	-	89	-	17
Accounts payable	18	23,650	23,326	12,932	11,130
Current portion of term liabilities (secured)	10	23,776	28,753	742	243
		47,426	52,168	13,674	11,390
TOTAL EQUITY AND LIABILITIES		279,458	307,036	218,585	239,414
NON CURRENT ASSETS					
Fixed assets	11	207,667	221,611	115,800	109,659
Intangible assets	12	37,634	45,108	6,144	6,957
Investments	13	2,729	3,725	43,034	51,274
Advances to subsidiary companies	19	-	-	44,006	52,681
		248,030	270,444	208,984	220,571
CURRENT ASSETS					
Cash and bank balances	15	3,150	3,554	371	1,513
Receivables	16	19,906	25,541	7,080	15,343
Inventories	17	8,372	7,497	2,150	1,987
		31,428	36,592	9,601	18,843
TOTAL ASSETS		279,458	307,036	218,585	239,414

	NOTES	GROUP		PARENT COMPANY	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		223,721	225,484	134,236	132,162
Interest received		128	302	2,297	68
Dividends received		-	-	440	320
		<u>223,849</u>	<u>225,786</u>	<u>136,973</u>	<u>132,550</u>
Cash was applied to pay:					
Suppliers and employees		161,571	161,076	100,704	101,258
Interest		7,243	9,769	4,169	3,700
Taxation		2,012	9,849	1,085	6,592
		<u>170,826</u>	<u>180,694</u>	<u>105,958</u>	<u>111,550</u>
Net cash flows from operating activities		<u>53,023</u>	<u>45,092</u>	<u>31,015</u>	<u>21,000</u>
INVESTING ACTIVITIES					
Cash was provided from:					
Sale of fixed assets		32,311	21,868	13,475	10,529
Repayment of advances - subsidiaries		-	-	7,750	-
Repayment of advances - associates		688	448	688	448
Disposal of a subsidiary		-	5,920	-	921
Sale of investments		724	189	284	189
Refund from acquisition of business		-	12,800	-	12,800
		<u>33,723</u>	<u>41,225</u>	<u>22,197</u>	<u>24,887</u>
Cash was applied to:					
Purchase of fixed assets and intangibles		67,186	55,020	32,709	29,045
Advances to subsidiaries		-	-	-	6,082
Acquisition of subsidiaries		-	4,905	-	4,714
		<u>67,186</u>	<u>59,925</u>	<u>32,709</u>	<u>39,841</u>
Net cash used in investing activities		<u>(33,463)</u>	<u>(18,700)</u>	<u>(10,512)</u>	<u>(14,954)</u>
FINANCING ACTIVITIES					
Cash was provided from:					
Term debt		-	-	-	2,574
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,574</u>
Cash was applied to:					
Settlement of term debt		15,066	17,425	17,028	-
Dividends paid to parent shareholders		4,583	8,279	4,583	8,279
		<u>19,649</u>	<u>25,704</u>	<u>21,611</u>	<u>8,279</u>
Net cash flows from financing activities		<u>(19,649)</u>	<u>(25,704)</u>	<u>(21,611)</u>	<u>(5,705)</u>
NET INCREASE IN CASH BALANCES		(89)	688	(1,108)	341
OPENING CASH BROUGHT FORWARD		3,465	2,732	1,496	1,141
Foreign currency translation adjustment		(226)	45	(17)	14
CLOSING CASH CARRIED FORWARD	15	3,150	3,465	371	1,496

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
OPERATING SURPLUS AFTER TAX	46	12,872	(1,653)	14,519
Plus/(Less) non-cash items:				
Depreciation	35,067	32,630	14,380	12,047
Amortisation of goodwill	5,293	5,290	835	835
Movement in deferred taxation	(399)	2,356	346	2
Increase in provision for doubtful debts	71	113	(73)	56
Unrealised foreign currency (gains)/losses	290	6	(362)	(117)
Executive share rights scheme	371	456	371	456
	<u>40,693</u>	<u>40,851</u>	<u>15,497</u>	<u>13,279</u>
Plus/(Less) items classified as investing activities:				
Net (gain) on sale of fixed assets	(1,807)	(2,382)	(825)	(2,541)
(Gain) on sale of investments	(446)	-	(450)	-
(Gain) on sale of business	(469)	-	(469)	-
Impairment of carrying value of assets and investments	4,214	-	12,235	-
Release of provision against advance to subsidiary company	-	-	(3,246)	-
	<u>1,492</u>	<u>(2,382)</u>	<u>7,245</u>	<u>(2,541)</u>
Trading cashflow	<u>42,231</u>	<u>51,341</u>	<u>21,089</u>	<u>25,257</u>
Plus/(Less) movements in working capital:				
Increase/(Decrease) in accounts payable	26	1,521	1,018	(623)
Increase/(Decrease) in revenue received in advance	1,581	425	359	371
Increase/(Decrease) in provision for taxation	609	(3,642)	1,912	225
Decrease/(Increase) in accounts receivable	9,590	(4,430)	6,799	(4,789)
Decrease/(Increased) in inventories	(1,014)	(123)	(162)	559
	<u>10,792</u>	<u>(6,249)</u>	<u>9,926</u>	<u>(4,257)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>53,023</u>	<u>45,092</u>	<u>31,015</u>	<u>21,000</u>

I. ENTITIES REPORTING

The financial statements for the "Parent" are for Tourism Holdings Limited, as a separate entity. The consolidated financial statements for the "Group" are for the economic entity comprising Tourism Holdings Limited, its subsidiaries and associates.

STATUTORY BASE

Tourism Holdings Limited 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.

MEASUREMENT BASE

The financial statements have been prepared on the historical cost basis.

ACCOUNTING POLICIES

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice.

The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

- (i) *Group Financial Statements*
The Group financial statements consolidate the financial statements of subsidiaries, using the purchase method, and include the results of associates using the equity method. Subsidiaries are entities that are controlled, either directly or indirectly, by the Parent. Associates are entities in which the Parent, either directly or indirectly, has a significant but not controlling interest. All material transactions between subsidiaries or between the Parent and subsidiaries are eliminated on consolidation. The results of subsidiaries or associates acquired or disposed of during the year are included in the consolidated statement of financial performance from the date of acquisition or up to the date of disposal.
- (ii) *Revenue*
Revenue comprises the amounts received and receivable from services supplied to customers in the ordinary course of business, dividends, interest and sundry income. Revenue for the travel operations comprises the margin earned on the gross turnover and is reported in the period of travel. Dividend income is recognised in the period the dividend is declared. Interest income is accounted for as earned.
- (iii) *Fixed Assets and Depreciation*
The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Depreciation is calculated on a straight-line method basis so as to expense the costs of the assets to their residual values over their useful lives as follows:
- | | | | | |
|-------------------------|------------|--------------------------------------|-------------|--|
| Estimated useful life | | | | |
| Motorhomes | 3-6 years | Coaches and motor vehicles | 5-15 years | |
| Vessels | 8-25 years | Buildings and leasehold improvements | 10-40 years | |
| Fixed wing aircraft | 20 years | Ski field improvements | 20 years | |
| Other Plant & Equipment | 3-5 years | | | |
- Leasehold land assets relating to the purchase of licences are depreciated over the initial term of the particular licence.
- (iv) *Investments*
Investments are stated at the lower of cost or net realisable value.
- (v) *Goodwill*
The excess of the cost over the fair value of the net assets of the subsidiaries and associate entities is recognised as goodwill and amortised to the statement of financial performance over the shorter of its useful life or ten years.
- (vi) *Trademarks*
Costs associated with the initial registrations of trademarks are capitalised as incurred and amortised over the length of their estimated useful life.
- (vii) *Inventories*
Inventories are stated at the lower of cost or net realisable value. Cost is determined on a first in, first out basis and in the case of manufactured goods includes direct materials, labour and production overheads.
- (viii) *Foreign Currencies*
- (a) Transactions - Transactions denominated in a foreign currency are converted to New Zealand dollars at the exchange rates in effect at the date of the transaction, except when forward currency contracts have been taken out to cover short term forward currency commitments. Where short-term forward currency contracts have been taken out, the transaction is translated at the rate contained in the contract. Monetary assets and liabilities arising from trading transactions or overseas borrowing are translated at closing rates. Gains and losses due to currency fluctuations on these items are included in the statement of financial performance, except where monetary liabilities are identified as a hedge against an independent foreign operation.
- (b) Foreign Operations - Revenue and expenses of independent foreign operations are translated to New Zealand dollars at the exchange rate in effect at the date of the transaction, or rates approximating them. Assets and liabilities are converted to New Zealand dollars at the exchange rates ruling at balance date. Exchange differences arising from the translation of independent foreign operations are recognised in the foreign currency translation reserve, together with unrealised gains and losses on foreign currency monetary liabilities that are identified as hedges against these operations. The closing rates applied were:

	2002	2001		2002	2001
Australian dollars	0.8692	0.8077	British pounds	0.3221	0.2915
US dollars	0.4935	0.4101	Fijian dollars	1.0482	0.9427

- (ix) *Income Tax*
The income tax expense recognised for the year is based on the accounting surplus, adjusted for permanent differences between accounting and tax rules. The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax under the liability method. A deferred tax asset, to the effect of losses carried forward that exceed the deferred tax liability, is recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences, or losses, will be utilised.
- (x) *Debtors*
Debtors are stated at estimated realisable value after providing against debts where collection is doubtful.
- (xi) *Financial Instruments Recognised*
Financial instruments carried on the statement of financial position includes cash and bank balances, investments, receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.
Financial instruments that are designated as hedges of specific items are recognised on the same basis as the underlying hedged items.
Financial instruments that do not constitute hedges are stated at market value and any resultant gain or loss is recognised in the statement of financial performance.
- Unrecognised*
The net differential paid or received on interest swaps is recognised as a component of interest expense or revenue over the period of the agreement. Premium paid on interest rate options, and net settlement on maturity of forward rate agreements are amortised to the statement of financial performance over the period of the underlying asset or liability. Forward exchange contracts entered into as hedges of foreign exchange assets and liabilities are valued at exchange rates prevailing at the year-end. Any unrealised gains or losses are offset against foreign exchange gains and losses on the related asset or liability. Premiums paid on currency options are amortised over the period to maturity.
- (xii) *Goods and Services Tax (GST)*
The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.
- (xiii) *Convertible Notes*
On issue of convertible notes, the fair value of the conversion option is recognised and presented as a component of shareholders' equity. The obligation to make future payments of principal and interest to note holders is carried as a liability until extinguished on conversion or maturity of the notes.
- (xiv) *Share Rights*
Share rights are granted to certain key executives pursuant to the Executive Share Rights Plan approved on 15 November 1999. The estimated fair value of the rights was valued using an option pricing model when issued. The value of the rights is recorded as a compensation expense in the statement of financial performance over the period from when they were granted to the start of the exercise period and a corresponding amount recorded in the Executive Share Rights Scheme Reserve. When the rights are exercised the amounts previously recorded in the Executive Share Rights Scheme Reserve are transferred to share capital.
- (xv) *Leased Assets As lessee*
Finance leases: Assets under finance leases are recognised as non-current assets in the statement of financial position. Leased assets are recognised initially at the lower of present value of the minimum lease payments or their fair value. A corresponding liability is established and each lease payment allocated between the liability and interest expense. Leased assets are depreciated on the same basis as equivalent property, plant and equipment.
Operating leases: Leases that are not finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the periods the amounts are payable.
- (xvi) *Impairment*
Annually, the directors assess the carrying value of each asset. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment loss is recognised in the statement of financial performance.
- (xvii) *Statement of Cash Flows*
The following are the definitions of the terms used in the statement of cash flows:
- Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.
 - Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
 - Financing activities are those activities which result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
 - Operating activities include all transactions and other events that are not investing or financing activities.

Changes in Accounting Policies

There were no changes in accounting policy during the year.

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
I. SURPLUS BEFORE TAXATION IS STATED				
After charging:				
Depreciation of fixed assets				
- Motorhomes	25,905	23,811	8,379	6,192
- Coaches and motor vehicles	3,197	2,861	2,548	2,490
- Vessels	577	583	577	581
- Land and buildings	2,052	2,372	1,582	1,540
- Fixed wing aircraft	177	177	177	177
- Other plant & equipment	3,159	2,826	1,117	1,067
	<u>35,067</u>	<u>32,630</u>	<u>14,380</u>	<u>12,047</u>
Audit fees - PricewaterhouseCoopers	223	235	139	141
Taxation services - PricewaterhouseCoopers	224	213	69	106
Bad debts written off	502	161	234	21
Increase in estimated doubtful debts	71	113	(73)	56
Donations	3	3	1	1
Amortisation of goodwill and licenses	5,293	5,290	835	835
Directors' fees	280	237	280	235
Interest:				
- fixed loans	4,929	4,732	4,004	3,511
- capitalised lease obligations	2,118	3,330	62	113
- subsidiaries	-	-	21	28
- convertible notes	83	83	83	83
- other	14	13	-	-
	<u>7,144</u>	<u>8,158</u>	<u>4,170</u>	<u>3,735</u>
Rental and operating lease costs	20,969	18,502	12,958	9,745
Executive share rights scheme	371	456	371	456
Net currency losses				
- unrealised	597	18	-	-
- realised	-	-	-	-
Net loss on disposal of:				
- Subsidiary	-	-	250	-
- Business	(45)	-	-	-
Impairment in carrying value of:				
- fixed assets	4,141	-	-	-
- advance to subsidiary companies	-	-	207	-
- investment in subsidiary	-	-	11,956	-
- investment in associate	73	-	73	-
Provisions				
- restructuring	-	485	-	80
- litigation	100	-	100	-
OPERATING REVENUE COMPRISES				
Turnover	181,711	200,531	102,875	131,799
Interest				
- External parties	122	447	24	319
- Subsidiaries	-	-	2,273	1,480
Dividends				
- External parties	-	4	-	4
- Related parties	-	-	440	320
Net foreign exchange gain				
- unrealised	-	-	10	117
- realised	447	252	452	253
Net gain on disposal of:				
- Property plant and equipment	1,804	2,382	825	2,541
- Investment in associate	446	-	450	-
- Sale of business	469	-	469	-
Impairment reversed				
- advance to subsidiary	-	-	3,246	-
Management fee income	-	-	193	-
Other income	-	1,982	-	337
	<u>184,999</u>	<u>205,598</u>	<u>111,257</u>	<u>137,170</u>

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
2. TAXATION				
2.1 The charge for taxation for the year has been estimated as follows:				
Surplus before taxation	2,338	21,436	1,690	21,355
Prima facie taxation	857	7,041	558	7,047
Permanent differences	1,577	1,473	2,881	(187)
Increase in deferred tax provision	109	-	160	(205)
Tax effect of altered tax rates on deferred tax	-	(53)	-	-
Tax losses transferred from a group company	-	324	-	-
	2,543	8,785	3,599	6,655
(Over)/Under provision in previous year	(251)	(221)	(256)	181
	2,292	8,564	3,343	6,836
The taxation charge is represented by:				
Tax payable in respect of the current year	3,048	7,161	3,313	6,950
Tax payable in respect of prior years	(252)	-	(250)	-
Deferred taxation movement	(504)	1,403	280	(114)
	2,292	8,564	3,343	6,836
2.2 DEFERRED TAXATION				
Opening balance	9,340	7,787	4,602	4,716
Provision in Statement of Financial Performance	(504)	1,403	280	(114)
Other	(6)	-	(6)	-
Foreign exchange adjustment	(337)	150	-	-
Closing balance	8,493	9,340	4,876	4,602
2.3 IMPUTATION CREDIT ACCOUNT				
Opening balance	11,350	7,270	7,113	4,759
Plus: Income tax paid	3,060	8,556	1,825	6,200
Imputation credits on dividends received	218	-	217	-
	14,628	15,826	9,155	10,959
Less: Credits attached to dividends paid	(2,149)	(3,846)	(2,149)	(3,846)
Refunds received	(1,571)	(57)	(1,234)	-
Reduction in ICA's on change of shareholding	-	(573)	-	-
Closing balance	10,908	11,350	5,772	7,113

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
3. RESULTS OF ASSOCIATES				
Share of surpluses	312	182		
Share of tax	(103)	(48)		
Share of retained surpluses of associated entities	209	134		
4. DIVIDENDS				
	CENTS PER SHARE		TOTAL AMOUNT	
Paid March 2002 (2001: 23 March 2001)	-	4.00	-	3,680
Paid 23 October 2001 (2001 : 27 October 2000)	5.00	5.00	4,599	4,599
Unclaimed dividends forfeited			(16)	-
Total	5.00	9.00	4,583	8,279

Full imputation credits were attached to the above dividends. Non-resident shareholders received an additional amount under the Foreign Investor Tax Credit (FITC) Regime in lieu of imputation credits, for which the Group received a FITC entitlement.

Dividend announced

On 28 August 2002 Tourism Holdings Limited declared a dividend of 3 cents per share. As the declaration was made after the balance date the financial effect of the \$2,759,796 dividend payable has not been recognised in the financial statements. Non-residents will receive an additional amount under the Foreign Investor Tax Credit (FITC) Regime in lieu of imputation credits, for which the group will receive a FITC entitlement.

	2002 \$000's	2001 \$000's
5. SHARE CAPITAL		
Issued and paid up capital		
Opening balance	133,473	133,473
Closing balance	133,473	133,473

As at 30 June 2002 there were 91,993,200 shares (2001: 91,993,200) issued and fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

	2002 \$000's	2001 \$000's
6. CONVERTIBLE NOTES		
Issue of convertible notes to vendor of Britz	10,325	10,325
Closing balance	10,325	10,325

On 1 November 1999 Tourism Holdings Limited issued \$13m of mandatory convertible notes with a coupon rate of 7.5% per annum. The notes convert to 6,187,523 new ordinary shares on 1 November 2002. The net present value of the interest payments was recognised as a liability on 1 November 1999. This liability is then reduced as the interest payments are made. The residual amount is included as a component of Shareholders' Equity as a convertible note reserve.

7. EXECUTIVE SHARE RIGHTS SCHEME

Tourism Holdings Limited Executive Share Rights Scheme was established in 1999 to align the interests of senior executives with the interests of the company's shareholders. The reward for executives is dependent upon the returns generated for shareholders. Under the plan, the individual executives will benefit only if they remain as employees for three years and the company's share price out-performs the NZSE 40 Gross Index after taking account of dividends paid.

No shares have been issued or are entitled to be issued during the year ended 30 June 2002 (2001: nil).

There are 2,750,000 (2001 : 2,950,000) rights on issue and a total of \$1,256,567 (2001: \$885,500) has been credited to the Executive Share Rights Reserve since November 1999. As the current share price is lower than entitlement share price, the rights issued have a nil (2001: nil) entitlement to shares.

THE SHARE RIGHTS ARE HELD BY:	RIGHTS	CURRENT ENTITLEMENT
D L Pickup, Managing Director	1,000,000	nil
Other executives	1,750,000	nil
	<u>2,750,000</u>	<u>nil</u>

GROUP

2002 \$000'S	2001 \$000'S
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8. FOREIGN CURRENCY TRANSLATION RESERVE

Opening balance	623	1,416
Exchange difference arising from hedging activities	(610)	(368)
Net exchange difference on translation of overseas investments	<u>(3,720)</u>	<u>(425)</u>
Net movement	(4,330)	(793)
Transfer to retained earnings	170	-
Closing balance	<u>(3,537)</u>	<u>623</u>

GROUP**PARENT COMPANY**

2002 \$000'S	2001 \$000'S	2002 \$000'S	2001 \$000'S
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9. RETAINED EARNINGS

Opening balance	31,150	26,423	24,552	18,312
Net Surplus for the year	255	13,006	(1,653)	14,519
Transfer upon amalgamation	-	-	408	-
Transfer from foreign currency translation reserve	(170)	-	-	-
Dividends paid	<u>(4,583)</u>	<u>(8,279)</u>	<u>(4,583)</u>	<u>(8,279)</u>
Closing balance	<u>26,652</u>	<u>31,150</u>	<u>18,724</u>	<u>24,552</u>

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
10. TERM LIABILITIES				
Borrowings due within 12 months				
Bank loans raised in foreign currency (secured)	12,080	5,155	-	-
Capitalised lease obligations (secured)	11,206	23,598	282	243
Convertible notes (unsecured)	460	-	460	-
Other (unsecured)	30	-	-	-
	<u>23,776</u>	<u>28,753</u>	<u>742</u>	<u>243</u>
Non-current borrowings				
Bank loans raised in foreign currency (secured)	6,213	27,156	6,213	10,400
Bank loans raised in local currency (secured)	29,377	36,311	29,377	41,467
Capitalised lease obligations (secured)	19,780	4,145	667	969
Convertible notes (unsecured)	-	1,351	-	1,351
Other term liabilities	-	109	-	-
	<u>55,370</u>	<u>69,072</u>	<u>36,257</u>	<u>54,187</u>
PRINCIPAL REPAYMENT SCHEDULE				
Bank loans				
- One to two years	35,590	12,080	35,590	-
- Two to five years	-	51,387	-	51,867
- Five years and greater	-	-	-	-
	<u>35,590</u>	<u>63,467</u>	<u>35,590</u>	<u>51,867</u>
Capitalised lease obligations				
- One to two years	17,773	3,177	667	281
- Two to five years	459	968	-	688
- Five years and greater	1,548	-	-	-
	<u>19,780</u>	<u>4,145</u>	<u>667</u>	<u>969</u>
Convertible notes				
- One to two years	-	1,351	-	1,351
Other term liabilities				
- One to two years	-	109	-	-

Interest rates applicable at 30 June 2002 on the bank term loans and the Australian capitalised lease obligations ranged from 5.15% to 8.5% p.a.(2001:5.73% to 8.5%) The weighted average interest rate on these loans and obligations, as at the same date, was 7.17% p.a.(2001:7.16% p.a)

BANK TERM LOANS

The guaranteeing group has a three year multi-option facility with the Westpac Banking Corporation and the ASB Bank Group. This facility is subject to annual review for extension of term to maintain the three year term. As part of this facility the guaranteeing group is party to a Security Sharing Deed with the Westpac Banking Corporation and the ASB Bank, and has provided a composite first ranking debenture over the assets and undertakings of the Group in New Zealand and a deed of negative pledge in Australia.

COMMERCIAL HIRE PURCHASE

Two Australian subsidiaries have commercial hire purchase loans secured over their campervan and coach fleets. These loans are repayable over one to five year periods.

	2002 COST \$000's	2002 ACCUM DEPN \$000's	2002 BOOK VALUE \$000's	2001 COST \$000's	2001 ACCUM DEPN \$000's	2001 BOOK VALUE \$000's
11. FIXED ASSETS						
11.1 Group						
Motorhomes	165,658	27,412	138,246	174,579	39,408	135,171
Coaches & motor vehicles	45,848	25,674	20,174	44,261	13,558	30,703
Vessels	4,611	1,723	2,888	4,737	1,229	3,508
Land and buildings	29,707	13,928	15,779	30,583	11,854	18,729
Fixed wing aircraft	3,603	737	2,866	3,603	560	3,043
Fixed term licences	20,923	4,655	16,268	20,923	3,896	17,027
Other plant & equipment	27,255	15,809	11,446	27,051	13,621	13,430
	<u>297,605</u>	<u>89,938</u>	<u>207,667</u>	<u>305,737</u>	<u>84,126</u>	<u>221,611</u>
11.2 Parent Company						
Motorhomes	79,262	17,116	62,146	65,869	13,935	51,934
Coaches & motor vehicles	37,724	10,724	27,000	40,882	10,563	30,319
Vessels	4,611	1,723	2,888	4,646	1,177	3,469
Land and buildings	25,419	12,386	13,033	25,184	10,895	14,289
Fixed wing aircraft	3,603	737	2,866	3,603	560	3,043
Fixed term licences	2,289	343	1,946	2,289	229	2,060
Other plant & equipment	12,509	6,588	5,921	11,300	6,755	4,545
	<u>165,417</u>	<u>49,617</u>	<u>115,800</u>	<u>153,773</u>	<u>44,114</u>	<u>109,659</u>

Other plant and equipment includes office equipment, computer hardware and software, manufacturing plant, ski field plant, ski field improvements and marine life.

The carrying value of fixed assets subject to finance leases is \$34,295,644 (2001: \$40,637,000).

All fixed assets subject to finance leases are motorhomes and coaches.

12. INTANGIBLE ASSETS

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Goodwill				
Opening balance	45,108	46,361	6,957	7,792
Purchases	-	4,905	-	-
Difference arising from translation of foreign operation	(2,203)	(868)	-	-
Amortisation	(5,293)	(5,290)	(835)	(835)
Closing balance	<u>37,612</u>	<u>45,108</u>	<u>6,122</u>	<u>6,957</u>
Trademarks registrations at cost	22	-	22	-
Total intangible assets	<u>37,634</u>	<u>45,108</u>	<u>6,144</u>	<u>6,957</u>

13. INVESTMENTS	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Subsidiary companies shares	-	-	40,536	48,015
Associate companies:				
- shares	-	1	-	1
- advances	2,449	3,209	2,449	3,209
- equity earnings	231	466	-	-
Other investments	49	49	49	49
	<u>2,729</u>	<u>3,725</u>	<u>43,034</u>	<u>51,274</u>

Other investments includes the cost of shares in Milford Sound Development Authority.
The Group has incurred no loans, borrowings, guarantees or contingent liabilities with respect to this investment.

14. SUBSIDIARY AND ASSOCIATE COMPANIES

The principal activities of the parent company, trading subsidiaries and associates are motorhomes, coaching operations and leisure attractions. The leisure attractions are grouped under the heading Experiences.

Material subsidiary companies included in the Group financial statements at 30 June 2002 are:

All subsidiary companies are 100% owned and have 30 June balance dates.

Caravans International Munro Limited
Global Nomads Limited
Newmans Holidays (UK) Limited
Oz Experience Pty Limited
THL Group Australia Pty Limited
Tourism Holdings Australia Pty Limited
Tourist Transport (Fiji) Limited
Treble Cone (Wanaka) Ski Field Limited
Waitomo Caves Limited

Material associate companies included in the Group financial statements at 30 June 2002 are:

(50% owned, 30 June balance dates and unaudited)

Heli Holdings Limited (sold after balance date)
Milford Sound Flightseeing Limited (sold 30 June 2002)

The revenues and expenses of the discontinued activities were not material to the Group.

15. BANK BALANCES	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Cash on hand, deposits and bank balances in funds	3,150	3,554	371	1,513
Bank overdrafts - not subject to set off	-	(89)	-	(17)
	<u>3,150</u>	<u>3,465</u>	<u>371</u>	<u>1,496</u>

The Group has established a legal right of set-off with the Westpac Banking Corporation.

16. ACCOUNTS RECEIVABLE

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Trade Receivables	12,442	16,954	4,451	9,783
Other Receivables	543	740	282	9
Receivables due from other related parties	1,165	1,079	317	150
Receivables due from subsidiary companies	-	-	551	2,522
Prepayments	2,572	2,782	1,479	1,307
Tax refund due	3,184	3,986	-	1,572
	<u>19,906</u>	<u>25,541</u>	<u>7,080</u>	<u>15,343</u>

17. INVENTORIES

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Goods for manufacture	3,351	3,999	-	-
Goods for resale	1,517	963	407	432
Consumables	964	727	730	405
Spare parts	2,540	1,808	1,013	1,150
	<u>8,372</u>	<u>7,497</u>	<u>2,150</u>	<u>1,987</u>

Certain inventories are subject to interests registered under the Personal Properties Securities Act 1999.

18. ACCOUNTS PAYABLE

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Trade Creditors	16,569	14,787	8,069	7,499
Other Creditors	-	3,212	-	38
Creditors owing to subsidiary companies	-	-	292	335
Employee entitlements	2,382	2,178	1,570	1,131
Income received in advance	4,599	3,149	2,486	2,127
Income tax payable	-	-	415	-
Provision for litigation	100	-	100	-
	<u>23,650</u>	<u>23,326</u>	<u>12,932</u>	<u>11,130</u>

The movement in provisions is as follows;

Balance at beginning of year	-	-	-	-
Current year provision	100	-	100	-
Balance at end of year	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

19 RELATED PARTY TRANSACTIONS

All members of the Group are considered to be related parties of Tourism Holdings Limited, including subsidiaries and associated entities identified in note 14.

Directors who have an interest in businesses which provided services to the Group on an arms length commercial basis during the year are as follows:

- Tourism Holdings Australia Pty Limited rents properties from G F Gschwenter. The rental cost for these properties for the year totalled \$598,742 (2001:\$734,161).
- A number of motorhomes in Australia acquired as part of the Britz acquisition by THL are leased from an entity controlled by G F Gschwenter. The book value of these vehicles is \$10,020,234 (2001: \$32,757,000).
- Banora Group Limited, a company which R G Sinclair has an interest, supplied consultancy services totalling \$3,000 to Tourism Holdings Limited (2001: \$12,512).
- BDO Spicers, in which K R Smith is a partner, supplied consultancy services totalling \$25,000 to Tourism Holdings Limited (2001: nil).
- R D Spary supplied consultancy services totalling \$16,839 to Tourism Holdings Limited (2001: \$20,000). These payments were made on normal commercial terms and conditions.

Other Related Parties

During the year the Parent Company entered into certain transactions, increased and decreased its advances to and from its subsidiaries and associates.

Outstanding loan balances due to/(from) the Parent at 30th June 2002 are as follows;

	PARENT COMPANY	
	2002 \$000'S	2001 \$000'S
Caravans International Munro Limited	(2,017)	(447)
Fiordland Cruises Limited	-	355
Global Nomads Limited	6,345	7,105
Newmans Holidays (UK) Limited	(343)	(211)
NZ Travel Professionals Limited	-	(450)
Oz Experience Pty Limited	1,114	-
THL Group Australia Pty Limited and its subsidiaries	24,172	29,227
Tourist Transport (Fiji) Limited	43	7
Treble Cone (Wanaka) Ski Field Limited	-	4,992
Waitomo Caves Limited	14,661	15,343
Waitomo Caves Holdings Limited	31	6
Provision for impairment in carrying value	-	(3,246)
	44,006	52,681
Associates		
Heli Holdings Limited	2,449	2,449
Milford Sound Flightseeing Limited	-	557
Agora Partnership	-	203
	2,449	3,209

Interest income on intercompany advances was also received from subsidiary companies during the year as follows:

	PARENT COMPANY	
	2002 \$000'S	2001 \$000'S
Global Nomads Limited	324	5
Oz Experience Pty Limited	29	-
Tourism Holdings Australia Pty Limited	1,916	1,401

The parent purchased Motorhomes to the value of \$23,396,210 (2001: \$18,908,006) from Caravans International Munro Limited during the year. The balance outstanding in respect of these transactions at balance date is nil (2001: \$36,938).

The Parent also incurred lease costs from Waitomo Caves Limited to the value of \$696,000 (2001: \$696,000) and from Treble Cone (Wanaka) Ski Field Limited of \$667,992 (2001: 667,992).

20. CAPITAL COMMITMENTS

	GROUP		PARENT COMPANY	
	2002 \$000'S	2001 \$000'S	2002 \$000'S	2001 \$000'S
Commitments for capital expenditure at balance date	17,030	37,729	10,724	29,107
	17,030	37,729	10,724	29,107

These relate principally to purchases of motorhomes.

21. CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	2002 \$000'S	2001 \$000'S	2002 \$000'S	2001 \$000'S
Guarantees given in relation to borrowings of associate companies	-	620	-	620
Guarantees given in relation to borrowings of subsidiary companies	-	-	42,102	43,314
Performance and Guarantee bonds	1,206	1,369	1,128	1,078
	1,206	1,989	43,230	45,012

22. OPERATING LEASE OBLIGATIONS

	GROUP		PARENT COMPANY	
	2002 \$000'S	2001 \$000'S	2002 \$000'S	2001 \$000'S
Obligations payable after balance date on non-cancellable operating leases are:				
- Within one year	6,089	12,021	2,820	3,397
- One to two years	3,522	4,583	2,109	2,020
- Two to five years	8,159	6,892	4,549	3,983
- Beyond five years	4,862	4,710	3,041	2,724
	22,632	28,206	12,519	12,124

Operating leases principally cover premises occupied and short term leases for the car rental fleet.

There are no renewal requirements or options to purchase in respect of the car rental fleet.

23 SEGMENTAL INFORMATION

23.1 INDUSTRY SEGMENTS

	TRANSPORT		EXPERIENCES		DISCONTINUED		UNALLOCATED		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Turnover	147,026	157,628	40,465	47,985	-	-	-	-	187,491	205,613
Intersegmental Turnover	(2,568)	(2,609)	(3,212)	(2,473)	-	-	-	-	(5,780)	(5,082)
Net Turnover	144,458	155,019	37,253	45,512	-	-	-	-	181,711	200,531
Segment result	16,363	28,889	5,834	9,623	-	(8)	-	-	22,197	38,504
Corporate costs	-	-	-	-	-	-	(3,579)	(3,814)	(3,579)	(3,814)
Amortisation	(5,293)	(5,290)	-	-	-	-	-	-	(5,293)	(5,290)
Executive share rights	-	-	-	-	-	-	(371)	(456)	(371)	(456)
Restructure costs										
THL Rentals	-	(402)	-	-	-	-	-	-	-	(402)
Gain on sale of discontinued activities	-	-	-	-	-	-	-	-	-	-
Unusual Items	-	-	-	-	-	-	(3,444)	370	(3,444)	370
Foreign currency gains	-	-	-	-	-	-	(150)	235	(150)	235
Net interest expense	(5,313)	(4,453)	-	-	-	-	(1,709)	(3,258)	(7,022)	(7,711)
Net segment result before taxation	5,757	18,744	5,834	9,623	-	(8)	(9,253)	(6,923)	2,338	21,436
Total Assets as at 30 June	226,415	242,202	47,801	61,440	-	-	5,242	3,394	279,458	307,036

NOTES: The Group is engaged predominantly in the tourism segment in the operations of transport and experiences.

23.2 GEOGRAPHIC SEGMENTS

	NEW ZEALAND		AUSTRALIA		OTHER COUNTRIES		UNALLOCATED		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Turnover	107,792	125,503	71,550	73,723	2,369	1,346	-	-	181,711	200,572
Intersegmental Turnover	-	(41)	-	-	-	-	-	-	-	(41)
Net Turnover	107,792	125,462	71,550	73,723	2,369	1,346	-	-	181,711	200,531
Segment result	18,764	31,971	3,210	6,803	223	(270)	-	-	22,197	38,504
Corporate costs	-	-	-	-	-	-	(3,579)	(3,814)	(3,579)	(3,814)
Amortisation	(1,363)	(1,207)	(3,930)	(4,083)	-	-	-	-	(5,293)	(5,290)
Executive share rights	-	-	-	-	-	-	(371)	(456)	(371)	(456)
Restructure costs										
THL Rentals	-	-	-	(402)	-	-	-	-	-	(402)
Gain on sale of discontinued activities	-	-	-	-	-	-	-	-	-	-
Unusual Items	-	-	-	-	-	-	(3,444)	370	(3,444)	370
Foreign currency gains	-	-	-	-	-	-	(150)	235	(150)	235
Net interest expense	(377)	(121)	(4,935)	(4,332)	-	-	(1,710)	(3,258)	(7,022)	(7,711)
Net segment result before taxation	17,024	30,643	(5,655)	(2,014)	223	(270)	(9,254)	(6,923)	2,338	21,436
Total Assets as at 30 June	151,436	162,197	120,878	139,813	1,903	1,632	5,241	3,394	279,458	307,036

NOTES: Other countries include: UK, USA and Fiji.

24. FINANCIAL INSTRUMENTS

The Group is subject to a number of financial risks which arise as a result of its debt portfolio and investments activities. To manage and limit the effects of those financial risks, the Board of Directors has approved policy guidelines and authorised the use of various financial instruments. The policies approved, and financial instruments being utilised at balance date, are outlined below.

(a) Currency risk

During the normal course of business the Group exports products, imports raw material and inventory and has borrowings denominated in foreign currency. As a result of those transactions exposure to fluctuations in foreign currency exchange rates arise. The currencies in which the Group primarily deals are the Australian Dollar and Euro. For specific one-off transactions undertaken in foreign currency it is the Group's policy to enter into foreign exchange forward contracts to manage the exposure to fluctuations in currency rates.

Unrecognised balances

The notional principal or contract amounts of foreign exchange instruments outstanding at balance date are:

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Forward foreign exchange contracts	2,961	2,633	2,961	2,633

The Group holds foreign denominated loans which are a designated hedge against overseas investment.

(b) INTEREST RATE RISK

It is Group policy to manage its interest rate exposure by the use of a mix of interest rate options and swaps, domestic and overseas currency denominated debt and maturity dates. This is done within the limits of the Group's treasury policy approved by the THL Board on 2nd April 2001. The policy states that the interest rate risk on the New Zealand debt and Australian debt portfolios are to be managed within the following risk control limits for each currency: the debt amount at "fixed rate" to be not less than 50% or greater than 90% at any point in time.

Minimum Fixed Rate	Maximum Fixed Rate
50%	90%

At any point in time, the New Zealand and Australian debt fixed rate debt amounts must be separately and independently structured with a maturity profile that corresponds with the inner limits as set out below.

The fixed rate maturity limits (% of the fixed proportion) are:

Period	Minimum Cover	Maximum Cover
1 to 3 years	30%	70%
3 to 7 years	30%	60%
7 to 10 years	0%	30%

Unrecognised balances

The notional principal or contract amounts of interest rate contracts outstanding at balance are:

	GROUP		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Interest rate swaps	46,806	32,905	46,806	23,000

Repricing analysis

The following tables identify the periods in which interest rates are subject to review on interest bearing financial assets and liabilities, and provides the current weighted average interest rate of each item.

Trade receivables, trade creditors and sundry receivables and creditors have not been included in the table as they are not interest rate sensitive. Forward rate agreements are also excluded from the re-pricing analysis as these contracts mature within one year.

GROUP 2002	EFFECTIVE INTEREST RATE	CURRENT	1-2 YEARS	2-5 YEARS	>5 YEARS	TOTAL
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
ASSETS						
Bank	5.5%	3,150	-	-	-	3,150
Total Assets		3,150	-	-	-	3,150
LIABILITIES						
Bank debt	6.3%	(47,670)	-	-	-	(47,670)
Finance Leases	7.1%	(11,206)	(17,773)	(459)	(1,548)	(30,986)
Convertible notes	7.5%	(460)	-	-	-	(460)
Other	0%	(30)	-	-	-	(30)
Total liabilities		(59,336)	(17,773)	(459)	(1,548)	(79,146)
UNRECOGNISED						
Interest rate swaps	6.6%	36,806	-	(25,752)	(11,053)	0
Total unrecognised		36,806	-	(25,752)	(11,053)	0
Net interest bearing debt repriced in each period		(19,380)	(17,773)	(26,211)	(12,601)	(75,996)
PARENT 2002						
	EFFECTIVE INTEREST RATE	CURRENT	1-2 YEARS	2-5 YEARS	>5 YEARS	TOTAL
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
ASSETS						
Bank	5.5%	371	-	-	-	371
Total Assets		371	-	-	-	371
LIABILITIES						
Bank debt	6.3%	(35,590)	-	-	-	(35,590)
Finance Leases	7.1%	(282)	(667)	-	-	(949)
Convertible notes	7.5%	(460)	-	-	-	(460)
Total liabilities		(36,332)	(667)	-	-	(36,999)
UNRECOGNISED						
Interest rate swaps	6.6%	36,806	-	(25,752)	(11,053)	-
Total unrecognised		36,806	-	(25,752)	(11,053)	-
Net interest bearing debt repriced in each period		845	(667)	(25,752)	(11,053)	(36,628)

(c) CREDIT RISK

In the normal course of its business the Group incurs credit risk from tourist industry trade debtors and trading banks. The Group has a credit policy which is used to manage this exposure to credit risk. The Group has no significant concentrations of credit risk. The counterparties used for banking and finance activities are financial institutions with high credit ratings. The Group does not require any collateral or security to support transactions with financial institutions.

(d) FAIR VALUES

The estimated fair values of the Group's financial assets and liabilities are the same as set out in the Statement of Financial Position with the following exceptions:

	GROUP				PARENT COMPANY			
	2002	2002	2001	2001	2002	2002	2001	2001
	CARRYING AMOUNT \$000'S	FAIR VALUE \$000'S	CARRYING AMOUNT \$000'S	FAIR VALUE \$000'S	CARRYING AMOUNT \$000'S	FAIR VALUE \$000'S	CARRYING AMOUNT \$000'S	FAIR VALUE \$000'S
Interest rate swaps	-	1,163	-	11	-	1,163	-	11
Forward foreign exchange contracts	-	(128)	-	(91)	-	(128)	-	(91)

The following methods were used to estimate the fair values for each class of assets, liabilities and financial instruments.

BANK BALANCES, ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE, TERM LIABILITIES

The carrying amount of these items is equivalent to the fair value. As such they are excluded from the above table.

INTEREST RATE SWAPS AND INTEREST RATE OPTIONS

The fair value of these instruments is based on valuations provided by the Group's bankers.

25 EVENTS AFTER BALANCE DATE

On 31 August 2002 the Company sold its aviation business trading as The Helicopter Line. As part of the sale the Company also sold its 50% holding in Heli Holdings Limited. A small net gain is expected to be realised on these transactions.

A warranty claim on a business previously sold has been received. The total claim is approximately \$0.45m and is being disputed. A subsidiary company is also involved in litigation over an alleged franchise arrangement. Provision of \$100,000 for costs has been made. Exposure is unknown at this stage and the case is being defended.

The Company announced on 2nd September the conditional sale of the business and assets of Treble Cone Alpine Ski Field. Settlement is expected on 20th December 2002. No material net gain or loss after tax is anticipated to arise from this transaction.

C O R P O R A T E G O V E R N A N C E

The Group operates under a set of corporate governance principles designed to ensure the Group is effectively managed.

BOARD OF DIRECTORS

The Board carries out its responsibilities according to the following mandate:

- The Board should comprise at least four directors
- The Board should be made up of a majority of non-executive directors
- The Chairman of the Board should be a non-executive director
- The directors should possess a broad range of skills, qualifications and experience
- The Board should meet on a regular basis
- All available information in connection with items to be discussed at a meeting of the Board shall be provided to each director prior to that meeting.

THE BOARD OF DIRECTORS CONSISTS OF:

Keith Smith	Chairman, Non Executive Director	Rick Christie	Non Executive Director
Gunther Gschwenter	Non Executive Director	Dennis Pickup	Managing Director
Harry Price	Non Executive Director	Graham Sinclair	Non Executive Director
Don Spary	Non Executive Director	Joan Withers	Non Executive Director

BOARD MEMBERS**Keith Smith** (Auckland) (Chairman)

Non Executive Director appointed early in 1998. Became Chairman of THL in January 2001. Chartered Accountant. Chairman of Directors of The Warehouse Group, Skellmax Industries Limited (both listed companies), Deputy Chair of Genesis Power Limited, Past President of the New Zealand Institute of Chartered Accountants and a Director of a number of other companies. Senior Partner in BDO Spicers, Auckland

Rick Christie (Wellington)

Non Executive Director appointed in early 1998. Chairs the Audit Committee. Graduated as a nuclear scientist and used that training first in the oil and petro-chemical industry. Has had wide business experience in a number of professional and business roles, including a period as Managing Director of Cable Price Downer, and CEO of Trade New Zealand. Currently the CEO of Rangatira Limited, a Wellington based investment company, and Chairman of the Growth and Innovation Advisory Board and AgResearch Limited. Fellow of the Institute of Directors.

Gunther Gschwenter (Melbourne)

Non Executive Director appointed 1 November 1999 upon completion of the Britz transaction. Founder of Britz Rentals and other Britz companies.

Dennis Pickup (Auckland)

Managing Director of THL. Wide business experience in a number of industries, including finance, transport, security, liquor, health and logistics. Commerce Graduate. Appointed as CEO of THL in late 1998 then as Managing Director in mid 1999.

Harry Price (Queenstown)

Non Executive Director appointed in November 2000. Was Chief Executive of WestpacTrust for seven years until 1999 then moved to Sydney with Westpac as a Group Executive with wide geographic responsibilities. Now retired and is a full time Director and consultant to companies in Australia and New Zealand.

Graham Sinclair (Christchurch)

Non Executive Director. On the THL Board since inception of the company in 1986, and a former Chairman. Early professional career was as a Barrister and Solicitor. Subsequently became involved in a wide range of business activities. Has recently retired from various Ngai Tahu companies, following a period as Acting Chief Executive of the Ngai Tahu Holdings Corporation. He is a Director of a number of private companies, and Trustee of numerous trusts.

Don Spary (Queenstown)

Non Executive Director appointed to the Board in 1986 (at time of float). Former British Army Officer with particular skills in relation to aviation activities. Since his retirement from the army he has been associated with aviation at various levels in New Zealand and is an expert in aviation and insurance matters, as well as having broad business interest in the Queenstown region, and a range of Directorships and Trusteeships.

Joan Withers (Auckland)

Non Executive Director appointed in July 2001. Former CEO of The Radio Network Ltd, with extensive experience in media management. Is a Director of a number of companies including The Warehouse Group, Auckland International Airport, Meridian Energy and Auckland Trotting Club. She is also a Trustee of the Royal New Zealand Ballet and the Counties Manukau Pacific Trust.

THE PRIMARY RESPONSIBILITIES OF THE BOARD INCLUDE:

- The approval of the annual and half-year financial statements
- The establishment of the long term goals of the company and strategic plans to achieve those goals
- The review and adoption of annual budgets for the financial performance of the company and monitoring the results on a monthly basis
- Ensuring that the company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities

INDEPENDENT PROFESSIONAL ADVICE

With the approval of the Chairman, each director has the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

AUDIT COMMITTEE

The Audit Committee reviews the Group's financial statements and announcements. It also liaises with the external and internal auditors and reviews internal controls which are relevant to financial reporting and related matters.

The current members of the committee are: Rick Christie (Chairman), Keith Smith, Harry Price and Joan Withers.

Also in attendance by invitation are Dennis Pickup (Managing Director) and Ian Lewington (Chief Financial Officer).

REMUNERATION COMMITTEE

The function of the Remuneration Committee is to make recommendations to the Board concerning executive directors' and executive officers' remuneration.

Current members of the committee are: Harry Price (Chairman), Keith Smith, Rick Christie, and Joan Withers.

The ordinary shares of Tourism Holdings Limited are listed on the New Zealand Stock Exchange. As at 15 August 2002, the total number of voting securities on issue was 91,993,200.

SPREAD OF SHAREHOLDERS

Size of holdings	Number of holders	Number of shares held	% of total issued shares
1 to 1,000	1,440	966,393	1%
1,001 to 5,000	4,064	11,740,837	13%
5,001 to 10,000	1,361	27,793,106	30%
10,001 to 100,000	1,008	24,207,320	26%
100,001 and over	52	27,285,544	30%
	7,925	91,993,200	100%

The shareholding of New Zealand Central Securities Depository Limited (NZCSD) has been reallocated to the applicable members of NZCSD.

Substantial security holders	Number of shares in which a relevant interest was held	
AMP Asset Management	7,992,476	8.7%
Oliham Investments Limited	6,025,000	6.5%
G F Gschwenter	3,569,725	3.9%
B C Gschwenter	3,569,725	3.9%

Current holding reflects the notices received, and adjusted for known changes since.

DIRECTORS' SHAREHOLDINGS (AT JUNE 30, 2002)

	*Beneficially owned, held solely or as a joint holder		*Beneficially owned, held by associated persons (including family interests)		*Non Beneficially owned, held as Trustee	
	2002	2001	2002	2001	2002	2001
R G M Christie	11,250	11,250	-	-	-	-
G Gschwenter	3,569,725	3,569,725	3,569,725	3,569,725	-	-
D L Pickup	210,625	70,625	20,625	20,625	-	-
H M Price	5,000	5,000	-	-	-	-
R G Sinclair	910,000	900,000	46,000	42,405	232,330	232,330
K R Smith	-	-	88,859	38,859	-	-
R D Spary	532,204	703,362	157,335	157,335	143,070	143,070
	5,238,804	5,259,962	3,882,544	3,828,949	375,400	375,400

*Particular shareholdings can appear in more than one classification

TWENTY LARGEST SHAREHOLDERS

	Shares	%
1 AMP Life Limited	7,992,476	8.7%
2 Oliham Investments Limited	6,025,000	6.5%
3 AXA Life Association of Australasia Limited	3,703,000	4.0%
4 G F Gschwenter	3,569,725	3.9%
5 B C Gschwenter	3,569,725	3.9%
6 National Nominees New Zealand Limited	2,076,254	2.3%
7 Ngai Tahu Tourism Limited	2,517,613	2.7%
8 Rotorua Energy Charitable Trust	1,500,000	1.6%
9 HSBC Nominees (New Zealand) Limited	1,011,450	1.1%
10 C C Alpe	1,015,187	1.1%
11 R G & H A Sinclair	910,000	1.0%
12 TEA Custodians Limited	796,701	0.9%
13 Citibank Nominees (NZ) Limited	768,347	0.8%
14 NZ Guardian Trust	675,508	0.7%
15 S Harding	595,570	0.6%
16 R D Spary	532,204	0.6%
17 Forsyth Barr	522,772	0.6%
18 Rangatira Limited	496,091	0.5%
19 Ja Hong Koo	437,000	0.5%
20 ING (New Zealand) Limited	393,587	0.4%
	39,108,210	42.4%

The shareholding of New Zealand Central Securities Depository Limited (NZCSD) has been reallocated to the applicable members of NZCSD.

DIRECTORS' SHARE DEALINGS

Details of the Directors' acquisitions and disposals of relevant interests in the ordinary equity securities issued by the Parent company are as follows:

DIRECTOR	BENEFICIAL OWNER	NO OF SHARES ACQUIRED (DISPOSED OF)	CONSIDERATION PER SHARE OR RIGHT	DATE
D L Pickup	D L Pickup	40,000	1.47	4 September 2001
	D L Pickup	50,000	1.02	15 March 2002
	D L Pickup	50,000	1.02	17-26 April 2002
R G Sinclair	R G Sinclair	5,000	1.20	28 November 2001
	H A Sinclair	5,000	1.20	28 November 2001
	Musselburgh Trust	1,796	1.20	28 November 2001
	Longridge Trust	899	1.20	28 November 2001
	Collingwood Trust	450	1.20	28 November 2001
	Foress Trust	450	1.20	28 November 2001
K R Smith	Gwendoline Holdings Ltd	50,000	1.03	10 April 2002
R D Spary	R D Spary	(171,158)	1.20	7 December 2001

GENERAL NOTICE OF DIRECTORS' INTERESTS

R G M Christie	<i>Chief Executive of:</i> Rangatira Limited. <i>Chairman of:</i> AgResearch Limited, Growth and Innovation Advisory Board <i>Director of:</i> Global Pro International Limited, EBOS Group Limited, Kapiti Cheeses Limited, Precision Dispensing Systems Limited, Tecpak Industries Limited, Auckland Packaging Co Limited, Vita New Zealand Limited. <i>Trustee of:</i> Victoria University Foundation.
G F Gschwenter	<i>Director of:</i> a number of private companies in New Zealand and Australia.
D L Pickup	<i>Chairman of:</i> Trustees for the St Joseph's Mercy Hospice Foundation. <i>Director of:</i> St Joseph's Mercy Hospice Auckland Limited.
K R Smith	<i>Chairman of:</i> Healthcare Holdings Limited, Electronic Navigation Limited, The Warehouse Group Limited, New Zealand Flower and Garden Show Limited, Skellmax Industries Limited, Wickcliffe Limited. <i>Director of:</i> Cooper Henderson Motors (1993) Limited, Enterprise Motor Group Limited and its subsidiaries, Genesis Power Limited, Gwendoline Holdings Limited, James Raymond Holdings Limited, Lowe Corporation Limited and its subsidiaries/ associates.
R G Sinclair	<i>Director of:</i> several private companies in New Zealand. <i>Trustee of:</i> several private trusts in New Zealand.
R D Spary	<i>Director of:</i> Alpine Deer Group Limited and its subsidiaries.
H M Price	<i>Director of:</i> WestpacTrust Investments Limited, Westpac Financial Services Pty Limited plus several private companies in New Zealand.
J Withers	<i>Chair of:</i> Clinical Research and Effective Practice Foundation. <i>Director of:</i> The Warehouse Group Limited, Meridian Energy Limited, Auckland International Airport Limited and Auckland Trotting Club Inc. <i>Trustee of:</i> Royal New Zealand Ballet, Counties Manukau Pacific Trust.

DIRECTORS' LOANS

There were no loans by the Group to Directors.

DIRECTORS' INSURANCE

The Group has arranged insurance cover and provided deeds of indemnity for Directors' and Officers' liability.

DIRECTORS' REMUNERATION

Directors' Remuneration received, or due and receivable during the year is as follows:

	2002 DIRECTOR'S FEES	2002 OTHER REMUNERATION	2001 DIRECTOR'S FEES	2001 OTHER REMUNERATION
Directors of Tourism Holdings Limited				
C C Alpe	-	-	-	305,510
R G M Christie	40,000	-	40,000	-
G F Gschwenter	35,000	-	35,000	3,332
D L Pickup	-	350,000	-	358,168
H M Price	35,000	-	20,417	-
R G Sinclair	35,000	3,000	50,000	12,512
K R Smith	65,000	-	55,000	-
R D Spary	35,000	16,839	35,000	20,000
J Withers	35,000	-	-	-
	280,000	369,839	235,417	699,522

EMPLOYEE REMUNERATION

The number of employees or former employees (not including Directors) whose remuneration (including severance pay) was within the specified bands is as follows:

	CONSOLIDATED		PARENT COMPANY	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
100 - 109	3	3	2	2
110 - 119	2	1	1	1
120 - 129	3	1	-	1
130 - 139	2	2	2	2
140 - 149	1	3	-	2
150 - 159	2	1	1	1
160 - 169	1	-	1	-
170 - 179	1	2	1	1
180 - 189	-	1	-	1
210 - 219	1	1	1	1
280 - 289	1	-	-	-

AUDITORS

In accordance with S196 of the Companies Act 1993, PricewaterhouseCoopers are appointed as our auditors. Auditors' remuneration is detailed in Note 1 of the financial statements.

On behalf of the Board,



K R Smith
Chairman



D L Pickup
Director

3 September 2002



AUDITORS' REPORT TO THE SHAREHOLDERS OF TOURISM HOLDINGS LIMITED

We have audited the financial statements on pages 12 to 31. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2002 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 16 to 17.

DIRECTORS' RESPONSIBILITIES

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2002 and their financial performance and cash flows for the year ended on that date.

AUDITORS' RESPONSIBILITIES

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors under the Companies Act 1993 and tax advisers.

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 12 to 31;
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 30 June 2002 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 3 September 2002 and our unqualified opinion is expressed as at that date.

A handwritten signature in cursive script that reads "Price Waterhouse Coopers".

Chartered Accountants

Auckland

SENIOR EXECUTIVES	Dennis Pickup	Managing Director
	Ian Lewington	Chief Financial Officer
	Sean Murray	General Manager Commercial
	Jifong Chen	General Manager IT
	Ken Crawford	CEO THL Rentals
	Richard Wilson	General Manager Experiences
	Dean Reid	General Manager C I Munro

SOLICITORS	Russell McVeagh, Auckland Galloway Cook Allan, Dunedin
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AUDITORS	PricewaterhouseCoopers, Auckland
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BANKERS	WestpacTrust ASB Bank
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SHARE REGISTRAR	B K Registries P O Box 384 Ashburton
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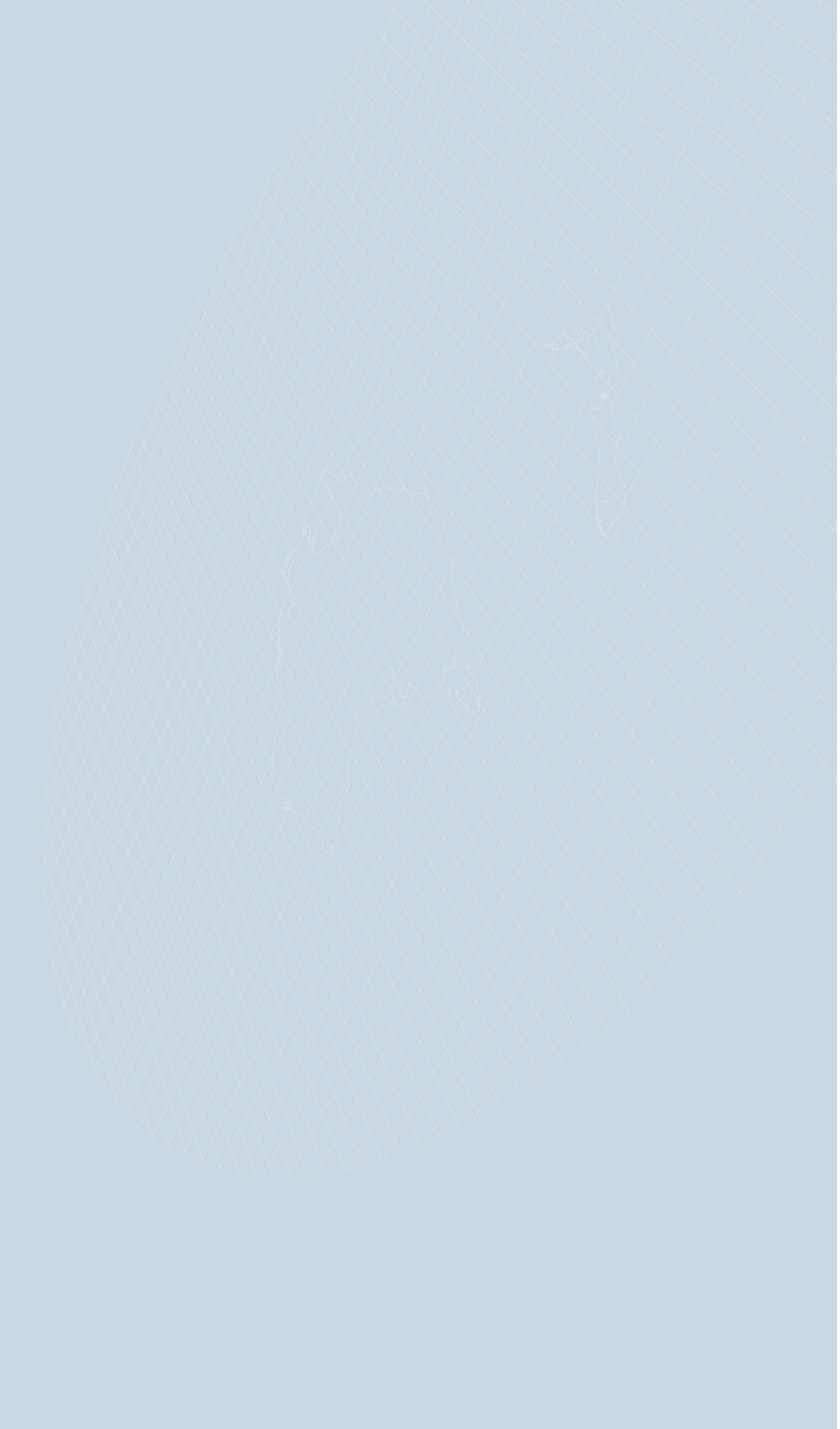
CORPORATE WEBSITE	www.thlnz.co.nz
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RENTALS



BACKPACKER TRANSPORT



TOURISM HOLDINGS LIMITED