

TOURISM HOLDINGS LIMITED

MINUTES OF ANNUAL MEETING OF SHAREHOLDERS

**Held at the Heritage Hotel, Auckland
on Tuesday 11 November 2008 at 1.30 p.m., pursuant to a
Notice of Meeting previously circulated to all shareholders**

PRESENT:

Directors:

K R Smith (Chairman)	RGM Christie
G W Bowker	D Gupta
G Wong	

THL Executive Staff:

T Hall	K Hoare (Secretary)
I Lewington	S Sullivan
G Webster	Q Hall
C Rusden	

Shareholders and Other Attendees:

81 people

APOLOGIES:

Mr Graham Gosney

MEETING OPENING:

The Chairman declared the meeting open at 1.30 p.m. and welcomed shareholders to the twenty second Annual Meeting of THL.

1. INTRODUCTION

The Chairman, Mr Keith Smith, introduced to the meeting all Directors, Mr Trevor Hall, Chief Executive Officer, Mr Ian Lewington, Chief Financial Officer, Mr Kevin Hoare, Secretary to the Board and that members of the Executive Management team were present including Mr Grant Webster who has been appointed to succeed Mr Trevor Hall as CEO in December. He advised that representatives from the Auditors and the Legal Advisors were also present.

The Chairman confirmed that a quorum was present and that the notice of meeting was sent to all shareholders recorded on the register on 9th October 2008 and to other persons entitled to receive the notice.

2. MINUTES OF PREVIOUS ANNUAL MEETING

The Chairman advised that the minutes of the previous Annual Meeting (held on 13 November 2007), were approved by the Directors at their first meeting following that Annual Meeting. He advised that the minutes were available for review with the Board Secretary after the meeting if any shareholder so desired, and were also posted on the THL website.

3. CHAIRMAN'S ADDRESS

In the last 12 months THL has undertaken a major strategic repositioning and as a consequence is now in a strong position to meet the challenges of the future. These, of course, include the effects on tourism markets of what can truly be called turmoil in the financial sector worldwide.

THL's focus is now on growing its core rental business over numerous market segments, returning the CI Munro business back to full productivity and developing the potential of the Waitomo Caves activities.

In the next few minutes I will:

- Briefly review the trading results for the previous year
- Review the position of the company
- Comment on the outlook

The 2008 year saw record revenues again being achieved by the Australian rental business and a reduction in earnings from the continuing businesses in the former Tourism Leisure Group. The year ended with declining visitor numbers from key markets.

Ci Munro had substantial disruption to its business due to the relocation from Otorohanga to Hamilton as well as supplier and skill shortages. These affected its ability to bring new designs to market while achieving the anticipated productivity improvements from the new factory.

There were a number of changes in the operating base of the company. These included sales of non-core assets and the creation of a strong market position in the first year of operations of the Explore More Rentals unit, targeted at the youth/adventure and discount sector.

The group result, including non-recurring items, was a seven per cent increase in the net surplus after tax to \$14.3 million. Net trading profit after tax on continuing operations, excluding associates, was down 13 per cent from the previous year.

The company has paid a final dividend of six cents a share and the total dividend for the year was 11 cents a share, fully imputed. This is the same rate as for the 2006 and 2007 financial years.

During the past 12 months to June 2008 a complete strategic repositioning of the company has been undertaken. In spite of the difficult economic conditions, good prices have been achieved for the non-core assets sold and all transactions completed, with the last two being finalised, as agreed, in September. This has realised \$69 million from the sale of the coaching businesses, Kelly Tarlton's Antarctic Encounter & Underwater world, all Milford Sound assets and the Discover New Zealand tour wholesale operation. The net proceeds have been used to reduce debt.

Further, industry rationalisation led to the formation of the joint venture InterCity Holdings Limited with THL owning a 49% shareholding.

Preliminary work was progressed during the year for construction of a world-class visitor centre for the Waitomo Glowworm Caves attractions. Once final approvals and building consents are obtained construction will commence with a completion date likely late 2009.

In the coming weeks, the extensive changes to our information and communications infrastructure will be actioned, enabling the launch of new and improved online trading and business-to-business capability.

The strategic refocusing and debt reduction of the past 12 months means the company is well resourced to endure the shift in global consumer confidence now having a direct impact on the tourism industry. In that regard, the board has deemed it prudent to suspend market investigation of expansion into further geographical markets for the rentals business, and into the United States in particular.

That said, THL is in a sound position to take advantage of any attractive opportunities that may arise to expand its core competencies, systems, brands or other key aspects of the business platform.

The outlook is challenging. Governments around the world are making strenuous efforts to shore-up the financial system so as to limit the impact of the fallout from the credit crisis on economic growth. It is not yet clear how successful these moves will be.

Already there are signs of consumers cutting back on discretionary spending – and this is creating stress in some sectors of the tourism industry. Based on current booking trends and the weak first quarter we expect to report a small trading loss for the six months which is down on last year's result and includes continuing losses at Ci Munro over this period. We expect a very challenging second six months as well but are unable to fully quantify the impact on the year end at this point however reported NPAT for the year will be well below last years \$14.3m.

The chief executive will discuss current trading conditions in his address.

For New Zealand, there are some positives. There will be a significant increase in seating capacity from the introduction of new, wide bodied aircraft early next year, and airlines can be expected to undertake strenuous promotion to fill those seats. The low levels to which the New Zealand dollar has fallen against leading northern hemisphere currencies will assist this traffic. As mentioned previously the asset sell down has left THL with a strong balance sheet.

Credit for the strong position of the company must go largely to our chief executive Trevor Hall who, as previously announced, will step down at the end of December.

On behalf of shareholders, I thank Trevor for his significant impact on reshaping THL. Undertaking a major change process is never easy and the task has been accomplished skillfully so that company that can face the future with confidence.

Trevor, thank you for a job well done.

As in every annual meeting, one of the formal items on the agenda is the election of directors.

Graeme Wong was appointed the Board in November and therefore now seeks re-election as a non-executive director.

Graeme has a background in stockbroking, capital markets and investments. He has extensive experience as a director as Executive Chairman of Southern Capital which evolved into Hirequip New Zealand. Previous directorships include Sealord Group, Tasman Agriculture, Magnum Corporation, At Work Insurance and Air New Zealand. Graeme is currently Chairman of Clocktower Games, Director NZ Farming Systems Uruguay and a member of the Management Board of Samuel Marsden Collegiate School.

Also retiring, by rotation, and seeking re-election to the board is Graeme Bowker

Graeme has been a Non Executive Director since 2003. He is currently chairman of Southern Cross Railway Station Holdings, a director of the National Stroke Foundation and Bluestone Mortgage Group. Graeme is the former Victorian Managing Partner for Deloitte Touche Tohmatsu and prior to this, was country Managing Partner in New Zealand.

Graeme Wong and Graeme Bowker will speak briefly when the relevant motions are under consideration.

At this point I want to take the opportunity to record the board's gratitude for the continuing focus and hard work of the management group – and indeed all staff of the company – during what has been a year of major change.

I'm sure I speak for shareholders as well as the board when I say that their efforts are very much appreciated.

It is now time to hand over to Trevor for his final comprehensive run down on the year.

Trevor, over to you.

4. CEO'S ADDRESS

Thank you Keith.

Good afternoon and welcome to our Annual Meeting.

As Keith mentioned we are in tough times as the global economy, the New Zealand and Australian tourism industries, and of course Tourism Holdings, all face uncertain and challenging economic conditions.

Our share price during 2008 has been – and continues to be – impacted by these extraordinary events.

You can also see that New Zealand tourism arrivals have been lumpy in the past decade, with the global impacts post the Asian economic crisis, 9/11 terrorist attacks and SARs in 2003.

If we overlay our share price with arrivals you see we are in familiar territory, with the tourism industry, as always, being at the sharp end of world economic shocks.

When we enter these times of uncertainty tourism stocks have a habit of being oversold and struggle to find buyers.

This slide shows visitor numbers to Waitomo in the last 120 years, from 1889 to present day. As you can see, tourism suffered the odd slip but long term growth is always assured.

So let me remind everyone of the long-term positives for our industry and for New Zealand – and of course the position of Tourism Holdings after a lengthy period of strategic change.

Tourism Holdings 2008

- Well defined strategy
- Market dominant position
- Good investments in technology over the past two years
- The largest and most modern fleet in New Zealand and Australia
- A strong balance sheet with low debt
- Benefits from a flight to quality by customers in a tough market
- Unused credit lines that can be utilised if distressed opportunities arise
- Completed a timely asset sell down
- Comprehensive plans under way to reduce costs.

Meanwhile, the New Zealand and Australian tourism industry is well positioned to benefit from:

- Falling currencies (finally)
- Increased air capacity from Emirates / Singapore / Qantas via new A380 aircraft
- Continuing reduction in the price of oil
- Drawing power of our two countries' brands in a complex world
- A change in Government and a Prime Minister elect that sees the need for sensible intervention and leadership to grow New Zealand's biggest industry.

Importantly, to date no airline has parked fleet or cancelled schedules between New Zealand and Australia and our key source markets. We remain confident that pricing initiatives currently being introduced into the northern hemisphere, and destination promotion, will continue to drive visitors to our shores. For example, Australia is due to launch its largest tourism campaign for a number of years.

So in this presentation I will review the year, remind you of the company's strategy (which remains intact), outline some key achievements in a year of change, and focus a little on the current situation in New Zealand and on forward trading.

As Keith mentioned, 2007/08 Net Profit After Tax was up 7 percent to \$14.3m.

We had a mixed year, with trading profit declining 13 percent due to a very tough final quarter when global concerns began to surface. The challenges of relocating Ci Munro were also a factor in the result, which I will discuss shortly.

In 2006 I outlined our strategy, which was to reposition THL into a more tourism rentals centric company and look for opportunities for expansion in the USA market.

That strategy remains very much intact although, prudently, timing has changed.

In mid-year we suspended our initiative to purchase a motorhome rentals company in the USA due to the obvious signs of pain in that country's economy.

We started off the strategic change in early 2007 by attempting to sell our leisure division. This turned into a bid for the whole company that ultimately failed. For management, post the bid failure, it was a case of getting on with implementing the individual parts of the strategy. Over the past 12 months we have concentrated our focus in the following areas:

STRATEGIC FOCUS PAST 12 MONTHS

- A sell down of non-core assets
- Continued investment in online technology
- Revitalising all motorhome brands and designs
- Launch of specific new products into market segments
- Launching of a defensive position in the youth and low-cost car and motorhome rentals sector
- In Ci Munro, relocation to Hamilton and new build technology
- The rebuild of the Waitomo Visitor Centre to achieve iconic 'must visit' status

And more recently...

- Changing the management structure of the company
- Reducing costs
- Reacting to the ever changing global economic indicators.

Sell down of non core assets

Assets we have disposed of in the past fifteen months have been...

Johnston's Coachlines

Our Wholesale tourism brands:

- Discover New Zealand
- Ski Express
- Newmans
- Mount Cook Line
- Horizon Holidays

Kelly Tarlton's Antarctic Encounter & Underwater World

Our entire Milford Sound Operations

Our Airbus operation

Our Kiwi Coach fleet, which we now lease back on a per kilometre basis.

We also formed a joint venture with InterCity in the Bay of Islands with their maritime assets and tourist seat-in-coach business, and formed a joint venture bringing the following brands into one new operating company called InterCity Holdings Limited...

- Fullers Bay of Islands
- Kings Dolphin Cruises & Eco Tours
- Great Sights
- Intercity and Newmans Coachlines
- Awesome Adventures NZ

THL currently owns 49 percent of this company, which has started consolidating the operations into a single entity, revitalising brands and developing new products. In Summer 2009 it will launch an exciting addition to the New Zealand cruise market, a 30 cabin overnight boat to cruise in the Bay of Islands.

The asset sell down provided proceeds of \$69 million which was used to retire debt.

As at September 2008 our net debt was \$51 million as against \$89 million at September 2007.

The asset sell down was time consuming, complex and lengthy (and some could say just in time), with value obtained for shareholders and with buyers identified that had the capacity to complete the transactions – quite a key factor as 2008 rolled on.

Investment in Online Technology

We also continued development of our online trading capability, investing in sophisticated content management systems that allow our online trading sites to interact with customers in a collaborative manner. We are shortly due to turn on new technology that will put THL to the forefront of the Web 2 generation.

Online trading revenue has continued to go from strength to strength, particularly with the tough economic times as consumers look for better options around price and value. In times like this customers look for both value and strength in the company they are trusting with their holiday dollars.

Our brands are strong enough globally to drive nervous consumers to quality. Our online platform lets them engage in confidence in a direct transactional relationship with THL. Companies that have made, and continue to make, forward focused decisions around IT will clearly be the winners as online purchasing of travel continues to be the fastest growing revenue channel for tourism.

THL certainly has this right, as we see online booking growth of 64 percent in our Kiwi operations. Also, online booking growth of 43 percent over our rentals brands year-on-year.

THL's redeveloped information systems and online trading capability have considerable value that is a hidden gem on our balance sheet and will position the company well for growth when conditions improve.

Revitalising motorhome brand and design

We also continued to make product and brand changes to our already comprehensive fleet.

The Backpacker brand was revitalised and launched, and we aggressively entered the fast-growing sleepervan market with the Breezer on both sides of the Tasman.

Launch of new products

Britz saw a number of new product types and models introduced in both countries, with a new family five-berth entering service in Australia.

We also launched a luxury four wheel drive into the Maui brand, which has proved very successful with discerning travellers. We have further plans for expanding product into the market for the traveller who pays a premium for top quality.

The 4 & 6 berth models were fully updated and we extended our commitment to Mercedes Benz fully-automatic vehicles in our Australian fleet. This Mercedes investment links well to our commitment to lowering vehicle emissions in the tourism industry.

Australian Rentals, in particular, benefited well from these new products and was the star performer. Overall Rentals had a combined EBIT of \$28.2 million.

Youth and low cost sector

On the first of July 2007 we launched a defensive position into the price-conscious youth and discount market. The Explore More brand is now well established and this market is consolidating.

Although the yields are currently challenging, Explore More and our rebranded Backpacker product has gained market dominance and has curtailed the growth and product mix of competitors. More importantly, we have extended the useful rental life of our smaller vehicles in preference to selling them to low cost start-ups.

Over the next 12 months we will continue to grow our discount product offerings particularly, as we are seeing signs of consumers chasing value in the tighter economic environment.

We also saw good revenue growth in our rental car brands as we continued to position brands and vehicle types to the requirement of the budget conscious traveller.

The Kiwi Experience and Feejee Experience brands sit well alongside Explore More, providing THL with full coverage of transport options in this fast-growing tourist segment – with sharp marketing, branding and online growth furthering what is a very strong market position.

Ci Munro - relocation to Hamilton

Ci Munro is now well established in Hamilton in a new 7,000 square metre purpose-built facility.

Along the way we met many challenges in the relocation, and a number of supplier failures that halted production too many times. As a result, Ci Munro had a poor result. We still have a way to go to regain efficiency. Recently management changes have been made and we are currently re-engineering the facility to meet the changes and challenges of the current environment.

However what we now have is a modern purpose built facility with better access to a skilled workforce. The Ci Munro relocation is a long-term commitment with its primary purpose of supplying quality, next generation vehicles to THL Rentals well into the future.

Rebuild Waitomo Visitor Centre

We continued our work on building Destination Waitomo's appeal to the visitor market. Our products at Waitomo felt the impact of reduced Japanese and Korean visitors, but youth and adventure customers continue to find Waitomo very appealing. Naturally, we are also working to grow our appeal to New Zealanders.

We are now well focused on rebuilding the Waitomo Glowworm Visitor Centre into a world leading facility.

An indication of the challenges in the New Zealand regulatory environment is the time it has taken to get approval to rebuild the visitor centre at Waitomo. The previous facility burnt down in December 2005 and we are still awaiting full and final approval to rebuild after meeting endless challenges with complex government bureaucracy.

For a country that has tourism at the forefront of its economic growth plans there remains a significant gap between political intent and practical reality, as red tape continues to block commercial arteries. However, I would like to give you a sneak peek of our planned facility, which we hope to get under way soon. Just a few more sign-offs required!

NEW ZEALAND TOURISM

With just a few days post the election it is critical that, when the new Government forms, tourism is at the forefront of its economic initiatives.

We are delighted that John Key has indicated he will take the Portfolio of Tourism. This recognition alone, of both the current and future value of tourism, is enormously important for our country and the tourism industry.

If there is a deepening of the global economic woes we will need sensible intervention from the new Government to maintain quality and professional tourism operations through tough times. I urge the new Minister of Tourism to act with urgency and quickly engage the industry.

As much as there is a need for the Government to focus on the tourism industry, we also need to take swift action to reduce our own cost base quickly. I have recently announced some changes to our management group that will see a number of management roles either not being replaced or being made redundant. This change to the company's management structure will reduce costs by about 1.7 million.

With the ongoing challenges in the tourism industry it is becoming evident that further job losses will occur in the industry throughout New Zealand and, sadly, Tourism Holdings' staff and management will not be immune.

FORWARD TRADING

So how does the summer look?

At this point in time there are no doubts that it is going to be very challenging. Just how challenging is difficult to predict due to the level of volatility globally, and to deteriorating domestic economies in our key source markets. Our latest data indicates that Australia is currently tracking at a decline of 9 percent on last year on bookings and on availed travel.

Our New Zealand business is in decline by 13 percent for the same period. New Zealand lacks the size of Australia's domestic economy, and this is the main reason why the decline is greater.

Nevertheless, as mentioned before, the new wide-body aircraft are still pointing our way with pricing initiatives currently being marketed. Our own marketing campaigns are constantly reviewed and our online sales growth remains impressive year-on-year.

I think we can safely predict that the pressure on world economies will make it impossible to reach profit levels anywhere near those of the past two years. As always, we will be in a position to give a much firmer profit expectation at the half-year announcement.

The half-year – currently with two months to go – will report a small operating loss but a small net profit after tax due to profit on sale of assets.

Of all the sizable companies in the New Zealand and Australian tourism industry, THL remains one of the strongest and best positioned for the upturn – and for opportunities to examine distressed assets as they present.

CONCLUSION

I hope this address has given you a good understanding of the challenges and how the company is positioned for opportunities when they present. I can assure you the management of THL know they will have to dig deep over the next 18-24 months.

I have enjoyed my time at THL, and I am thankful for the support of my management team and the staff of THL in helping drive the change programme throughout the company. It would not have been possible without their commitment.

Thank you also to Keith Smith, our Chairman, and the Board of Directors who have also provided constant support. ,

I would now like to invite Grant Webster to introduce himself. Grant is the new CEO of THL, commencing very shortly.

Thank you.

5. MR GRANT WEBSTER ADDRESS

Mr Grant Webster addressed the meeting and introduced himself to shareholders as succeeding Mr Trevor Hall as CEO in December. He outlined his background and experience, joining THL in mid 2005 and prior to that holding senior management roles at SKYCITY.

6. GENERAL BUSINESS

The Chairman stated that THL had received 200 valid proxies representing 34% of the votes able to be cast.

7. RECEIPT OF REPORT OF THE DIRECTORS, FINANCIAL STATEMENTS AND REPORT OF THE AUDITORS

The Chairman moved that the financial statements together with the Annual Directors Report and Auditors report for the year ended 30 June 2008 be received by the meeting.

The Chairman called for questions on the financial statements.

Mr Chris Reid – shareholder – asked that while the revenue growth was commendable he queried the growth in operating costs to \$15m. Mr Trevor Hall replied that costs were incurred in the selling of assets and that costs of sale incurred by THL have increased. Mr Ian Lewington also pointed out that CI Munro revenue can be lumpy and distorted as internal sales to the rentals division are not reported.

Mr Colin Wallace – shareholder – noted that the outlook is sobering and he questioned the new products at the budget end of the market given that these would be low margin. Mr Trevor Hall responded that these products are low yield however they are not distributed through traditional wholesalers rather through online and walk-up sales hence the cost of sale is lower. He also noted the incremental cost is low, it provides an extension of life for rental products and the expectation of yield improvement as government regulations on imported vehicles start to impact.

Mr Ray Riordan – shareholder – commented that the reshaping of Tourism Holdings was more adapt to be described as a shrinking, profit from continuing operations was \$8m and discontinued was \$6m. Mr Ian Lewington replied that the majority of the discontinuing gain was the gain on sale of the businesses and that these businesses weren't trading profitably.

Mr Ray Riordan queried the increase in CI Munro turnover but that the loss for CI Munro was double. Mr Ian Lewington replied that only external revenue was reported, and this was impacted by the reduced internal motorhome build, in addition there were costs incurred as a result of the move to Hamilton.

Moved by: Keith Smith

CARRIED

7. ELECTION OF DIRECTORS

The Chairman advised that in accordance with THL's Constitution, Mr Graeme Bowker retires by rotation and being eligible, offers himself for re-election and Mr Graeme Wong having been appointed since the last annual meeting, retires, and being eligible offers himself for re-election. He asked each Director up for re-election to briefly speak. Both Mr Graeme Bowker and Mr Graeme Wong addressed the meeting as to their reasons for seeking re-election and what they can offer to the company.

The Constitution requires that each of the motions be put separately.

Re-election of: Mr Graeme Bowker

Moved: Keith Smith

CARRIED

Re-election of: Mr. Graeme Wong

Moved: Keith Smith

CARRIED

8. AUDITORS

The Chairman moved the re-appointment of PricewaterhouseCoopers as Auditors for the company and to authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

Moved by: Keith Smith

CARRIED

10. QUESTIONS FROM SHAREHOLDERS

Mr Jim Frater questioned the likelihood as to the continuation of dividends. Mr Keith Smith replied that THL has a strong balance sheet and as we sit today he did not foresee any change, however this was subject to world economic conditions and outlook.

There being no further business the meeting closed at 2:20pm

MINUTES of the Annual Meeting of Shareholders of **Tourism Holdings Limited** were confirmed this 1 December 2008.



Chairman