

13 June 2008
NZX/ MEDIA RELEASE
Tourism Holdings Limited

**Sale of Milford operations to Skeggs Group Limited
Sales of coaching assets and Kiwi Experience fleet
Update on operating performance and earnings outlook**



Sale of Milford operations to Skeggs Group Limited

Tourism Holdings Limited (THL) has agreed to sell its Milford assets to Dunedin-based Skeggs Group Limited for a total price of \$17.3 million.

The Milford assets include Milford Sound Red Boats, Milford Deep Underwater Observatory, the Blue Duck Café and a 49 percent shareholding in the Milford Sound Development Authority.

The Chief Executive Officer of THL, Mr Trevor Hall, said the sale was part of the group's programme to focus on its core businesses. "We are delighted that our sale process has resulted in an agreement with a highly respected company with a deep connection to the region and plans for further development of the business.

The Milford business is based on a set of unique natural assets recognised by the tourism industry worldwide. It has a strong market and earnings position, a stable operating base and an excellent management team. We are confident it will continue to do well under its new ownership."

Skeggs Group is a private family owned company founded more than 50 years ago, with business interests in seafoods, shipping, tourism, property and wine. It has an annual turnover in excess of \$100 million and employs more than 500 people.

Sales of coaching assets and Kiwi Experience fleet

In a separate transaction THL has sold its Auckland Airbus business to Johnston's Coachlines Limited (JCL) and its remaining 33% shareholding in JCL to its JCL partner Coach Investments Limited (CIL). JCL is also close to finalising the purchase of the Kiwi Experience coach fleet. The fleet will be leased back by THL for the Kiwi Experience business. These transactions when complete will generate sale revenue of \$9 million and a gain of \$4.5 million.

"Coach Investments has proven to customers and ourselves that it is a committed investor for the long term," Mr Hall said. "We believe that JCL and Airbus are best suited under one ownership to enable the synergies between the businesses to be maximised."

These transactions signal the end of THL's direct interest in coaching operations.

The Milford and coaching asset sales will generate combined proceeds of \$26 million and one-off gains of approximately \$9 million. Around half of the gain will be in the current financial year. Both transactions are subject to certain commercial conditions being met.

The proceeds of the sales will be used by THL to reduce debt.

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Update on operating performance and earnings outlook

The board of THL believes this is an appropriate point at which to provide earnings guidance for the full year ending 30 June 2008.

The proceeds from the sale of THL's shares in JCL and Airbus and the Kiwi Experience fleet are expected to be received on the 30th of June. The net effect of the establishment of the InterCity Group joint venture in December 2007, the sale of its Discover NZ packaging division and the subsequent closure and writedowns associated with the Auckland based central reservation sales and administration office will be accounted for by 30 June.

In the eleven months trading to date Australian Rentals has performed well. New Zealand Rentals continue to battle against an over supplied market with excess supply depressing yields. Since March trading conditions across most businesses have worsened in New Zealand due to reduced international arrivals from source markets and lower than anticipated levels of travel booked for the winter period.

This will mean that trading profit excluding CI Munro is anticipated to be in the range of \$15 to \$16 million after tax which is down on the \$16 to \$18 million previously forecast to the market.

CI Munro completed its relocation to Hamilton and began building a new generation of motorhomes during the financial year. This relocation and changes to modern Resin Transfer Moulding (RTM) fibreglass technology were more difficult than anticipated and created ongoing manufacturing delays. CI Munro also experienced unusual third party supplier failure which slowed production for a period of time. Consequently CI Munro will record a loss of \$3.8 million after tax.

The gains from asset sales less the CI Munro result, other non recurring costs and the lower winter trading will lead to the full year result being similar to last year at \$13 to \$14 million NPAT.

The sale of Kelly Tarlton's (subject to Overseas Investment Office approval) and the Milford transactions will both settle in the next financial year.

These transactions will bring to an end THL's extensive period of change. It will now concentrate on its Rental businesses in both New Zealand and Australia, growing the EX Group in the low cost and youth market, redevelopment of its Waitomo Visitor Centre and the 49% shareholding in the InterCity Group joint venture.

The remainder of 2008 and summer 2009 remain difficult to forecast due to the current global environment however THL's balance sheet and low debt positions it well for market consolidation and opportunities.

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Editors note:

Tourism Holdings Limited is New Zealand's premier tourism company with extensive operations in Australia and Fiji. Operations include car and motorhome rentals in Australia and New Zealand, a specialist caravan and motorhome manufacturing company in Hamilton, activities in Waitomo and a 49% shareholding in the InterCity Group. Tourism Holdings is listed on the New Zealand Stock Exchange under the ticker code THL. Further details are available on www.thlonline.com.