2. Sales of goods

	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
Sales of rental assets	43,550	40,575	7,601	8,481
Sales of other goods	9,636	10,160	10,813	17,978
	53,186	50,735	18,414	26,459
Sales of rental assets	43,550	40,575	7,601	8,481
Book value of rental assets sold	38,581	33,544	5,908	6,611
Gain on sale of rental assets	4,969	7,031	1,693	1,870

3. Other operating income / (expenses)

	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
Net loss on disposal of fixed assets	(111)	(112)	-	(124)
Net gain on disposal of businesses (note 11)	-	-	-	1,094
	(111)	(112)	-	970

4. Profit before tax includes the following specific expenses.

	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
Audit fees - PricewaterhouseCoopers	212	200	184	190
Other assurance fees - PricewaterhouseCoopers	-	10	-	10
Internal audit fees - Ernst & Young	63	197	63	197
Bad debts written off directly to the Income Statement (note 18)	-	111	-	33
Movement in provision for impairment of receivables (note 18)	177	67	274	(5)
Donations	10	29	10	22
Directors' Fees	403	403	403	403
Depreciation	42,841	41,103	16,020	15,293
Amortisation of intangible assets	1,546	2,018	1,008	1,512
Employee benefit expense (note 5)	40,262	41,937	24,564	27,321
Rental and operating lease costs	5,504	7,342	1,925	4,174
Raw materials and consumables	7,717	6,344	8,894	14,243
Inventories written off	62	69	62	69
Repairs and maintenance including damage repairs	17,214	24,440	4,871	7,941
Net foreign exchange losses/(gains)	(2)	(71)	22	(43)
Ineffectiveness of cash flow hedges losses/(gains) (note 7)	-	(70)	-	(70)
Impairment / (reversal) of fleet assets (note 15)	204	1,727	(175)	(1,118)

5. Employee benefit expense

	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
Wages and salaries	36,941	38,976	23,158	25,612
Redundancy costs	-	53	-	37
Shared based payment costs	165	178	165	178
Other employee benefits	3,156	2,730	1,241	1,494
Total employee remuneration	40,262	41,937	24,564	27,321

6. Finance income

	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
Interest income	1,275	845	1,179	702
Dividend Income	-	1	-	1
	1,275	846	1,179	703

7. Finance costs

	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
Interest expense				
- Bank borrowings	6,777	3,970	3,542	3,056
- Other loans	392	262	-	-
- Capitalised lease obligations	1,099	2,753	-	-
	8,268	**6,985**	**3,542**	**3,056**

8. Income tax expense

	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
Current tax	1,423	(1,940)	1,449	7
Deferred tax (note 31)	1,308	1,346	(903)	462
	2,731	(594)	546	469
Continuing Businesses	2,814	(594)	629	469
Discontinued Businesses (note 11)	(83)	-	(83)	-
	2,731	(594)	546	469

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	Group		Parent	
	2012	2011	2012	2011
	$000's	$000's	$000's	$000's
Profit / (loss) before tax - Continuing Operations	7,344	(27,938)	1,130	(3,789)
Profit before tax - Discontinued Operations	(296)		(296)	
	7,048	(27,938)	834	(3,789)
Tax calculated at domestic rates applicable to profits in the respective countries	2,512	(8,382)	234	(1,137)
Income not subject to tax				
Expenses not deductible for tax purposes	260	237	340	(100)
Goodwill Impairment	-	7,841	-	1,336
Change in tax rate from 30% to 28%	-	189	-	189
Deferred Tax impact of NZ Governments' change to building depreciation rates	-	76	-	67
Investment allowance	-	(819)	-	-
Income recognised in equity	(47)	113	-	-
Prior year tax adjustment	6	151	(28)	114
Income Tax Expense / (Benefit)	2,731	(594)	546	469

The weighted average applicable tax rate was 39% (2011: 2% credit).

The weighted average tax rate is higher in 2012 due to increased profits from the US Road Bear operation which is taxed at a blended rate of 40.75% which compares to 30% in Australia and 28% in New Zealand. The weighted average tax rate for the 2011 year was a result of the goodwill impairment write off that is non-deductible for tax, non-deductible expenditure related to the acquisition of the US Road Bear business less the final investment allowance tax incentive on depreciating asset investment in Australia plus various adjustments to deferred tax due to the change in the NZ company tax rate from 30% to 28%.

9. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the year (note 26)

	2012	2011
	$000's	$000's
Profit / (loss) attributable to the equity holders of the Parent from continuing operations	4,530	(27,682)
(Loss) / profit attributable to the equity holders of the Parent from discontinued operations	(213)	338
Profit / (loss) attributable to the equity holders of the Parent	4,317	(27,344)
Weighted average number of ordinary shares on issue	98,180,723	98,180,723
Basic earnings per share (in cents) from continuing operations	4.6	(28.2)
Basic earnings per share (in cents) from discontinued operations	(0.2)	0.3
Basic earnings per share (in cents)	4.4	(27.9)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2012	2011
Weighted average number of ordinary shares on issue	98,180,723	98,180,723
Redeemable shares if exercised (See note 27)	6,470,000	4,220,000
Total Shares	104,650,723	102,400,723
Diluted earnings per share (in cents) from continuing operations	4.3	(27.0)
Diluted earnings per share (in cents) from discontinued operations	(0.2)	0.3
Diluted earnings per share (in cents)	4.1	(26.7)

10. Dividends

The dividends paid in 2012 and 2011 were $ 1,866,000 (2 cents per share) and $ 2,172,000 (2 cents per share) respectively.

11. Discontinued Operations and Disposal Groups

i) Motek Manufacturing Division / Ci Munro

Certain assets and liabilities of the Motek Manufacturing Division (renamed from Ci Munro Manufacturing) were disposed of and sold on 1 March 2012 at their book value to RV Manufacturing Group LP (RVMG). Refer to note 38. In February 2012 the Group entered into a series of agreements to form RVMG a 50/50 joint venture manufacturing business with Kea Manufacturing (New Zealand) Limited. Accordingly the Group ceased manufacturing in its own right and the results of Ci Munro are presented as discontinued operations. The comparative financial information has been restated to reflect the presentation in the current year as discontinued operations. There was no gain or loss on disposal.

There were no other discontinued operations in the year to 30 June 2012.

An analysis of the result of discontinued operations, and the result recognised is as follows:

	Group		Parent	
	2012	2011	2012	2011
	$000's	$000's	$000's	$000's
Revenue	9,636	10,160	10,813	17,978
Expenses	(9,932)	(9,677)	(11,109)	(17,495)
Loss before tax of discontinued operations	(296)	483	(296)	483
Tax	83	(145)	83	(145)
Loss after tax of discontinued operations	(213)	338	(213)	338
Operating cash flows	1,696	(136)	1,696	(136)
Investing cash flows	(255)	(338)	(255)	(338)
Financing cash flows	-	-	-	-
Total cash flows	1,441	(474)	1,441	(474)

The major classes of assets and liabilities of the discontinued operations sold were as follows:

	Group	Parent
Assets sold	**$000's**	**$000's**
Property, plant and equipment	2,085	2,085
Accounts receivable	1,813	1,813
Inventories	6,900	6,900
Total assets disposed	10,798	10,798
Liabilities directly associated with assets sold		
Accruals, GST and deposits	2,910	2,910
Net assets disposed	7,888	7,888

ii) Tourism Transport Fiji and Great Sights Fiji

The assets and liabilities related to the Fiji businesses operating as Tourism Transport Fiji and Great Sights Fiji were disposed of and sold as at 30 September 2010. Tourism Transport Fiji and Great Sights Fiji's assets and liabilities were disposal groups and not discontinued operations as they did not represent a major line of the business.

Tourism Transport Fiji and Great Sights Fiji's assets and liabilities were transferred at their book value and there was no gain or loss recognised in the Group on disposal. The Parent recognised a gain of $1,094k on disposal of the Fiji businesses.

The major classes of assets and liabilities of the disposal groups sold were as follows:

	30 September 2010 Consolidated Tourism Transport Fiji and Great Sights Fiji	
Assets sold	**NZ$000's**	**FJD$000's**
Property, plant and Equipment	1,151	1,662
Cash and cash equivalents	211	305
Inventories	48	70
Trade and other receivables	270	390
Amounts owing by related company	373	538
Total assets disposed	2,053	2,965
Liabilities directly associated with assets sold		
Deferred Income Tax	161	233
Trade and other payables	215	310
Provision for income tax	107	155
Total liabilities directly associated with assets disposed	483	698
Net assets disposed	1,570	2,267
Net assets disposed excluding related party amount due	1,197	1,729

12. Financial Instruments

Financial Instruments by Category

	2012 Loans and Receivables $000's	2012 Derivatives used for Hedging $000's	2012 TOTAL	2011 Loans and Receivables $000's	2011 Derivatives used for Hedging $000's	2011 TOTAL
Group						
Assets						
Trade and other receivables	14,255	-	14,255	27,333	-	27,333
Derivative financial instruments	-	-	-	-	-	-
Advance to Joint Venture	9,232	-	9,232	-	-	-
Cash and cash equivalents	4,083	-	4,083	3,685	-	3,685
Parent						
Assets						
Trade and other receivables	3,444	-	3,444	12,683	-	12,683
Cash and cash equivalents	393	-	393	1,269	-	1,269
Advances to subsidiary companies	29,598	-	29,598	31,784	-	31,784
Advance to Joint Venture	9,232		9,232	-	-	-
Derivative financial instruments	-	-	-	-	-	-

	2012 Measured at amortised cost $000's	2012 Derivatives for Hedging $000's	2012 TOTAL	2011 Measured at amortised cost $000's	2011 Derivatives for Hedging $000's	2011 TOTAL
Group						
Liabilities						
Interest bearing loans and borrowings	99,625	-	99,625	102,551	-	102,551
Derivative financial instruments	-	2,660	2,660	-	1,479	1,479
Trade and other payables	19,794	-	19,794	31,156	-	31,156
Parent						
Liabilities						
Interest bearing loans and borrowings	42,800	-	42,800	33,800	-	33,800
Derivative financial instruments	-	2,660	2,660	-	1,479	1,479
Trade and other payables	6,260	-	6,260	15,749	-	15,749

13. Financial Risk Management

In the normal course of business the Group is exposed to a variety of financial risks including foreign currency, interest rate, credit and liquidity risks. To manage this risk the Group's treasury activities are performed by a central treasury function and are governed by Group policies approved by the Board of Directors.

Details of the significant accounting policies and methods adopted, including criteria for recognition and the basis of measurement are disclosed in the Statement of Accounting Policies (note 1).

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not enter into derivative financial instruments for trading or speculative purposes.

Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar and the United States dollar. Foreign exchange risk arises when future commercial transactions are in currencies other than local currency and on recognised assets or liabilities and net investments in foreign operations.

Foreign exchange exposures on future commercial transactions incurred by operations in currencies other than their local currency are managed by using forward currency contracts managed by the central Treasury function.
The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. This is managed primarily through borrowings denominated in the relevant foreign currencies.
The Parent makes purchases in foreign currency and is exposed to foreign currency risk. This is managed by utilisation of forward currency contracts from time to time.

Exchange Rate Sensitivity

The following tables show the impact of a 5 cent movement up or down in the New Zealand dollar vs the Australian dollar and United States dollar and the impact that this exchange translation change has on reported net profit after tax and group equity. The reason for using a 5 cent change is based on prior year movements.

Post tax impact on reported profit of :	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
A 5 cent increase in the NZ dollar vs the AU dollar	(30)	(35)	-	-
A 5 cent increase in the NZ dollar vs the US dollar	(172)	5	-	-
A 5 cent decrease in the NZ dollar vs the AU dollar	34	40	-	-
A 5 cent decrease in the NZ dollar vs the US dollar	195	(5)	-	-

Impact on equity of :	Group 2012 $000's	Group 2011 $000's	Parent 2012 $000's	Parent 2011 $000's
A 5 cent increase in the NZ dollar vs the AU dollar	(2,122)	(2,331)	-	-
A 5 cent increase in the NZ dollar vs the US dollar	(356)	(21)	-	-
A 5 cent decrease in the NZ dollar vs the AU dollar	2,408	2,649	-	-
A 5 cent decrease in the NZ dollar vs the US dollar	403	23	-	-

Interest Rate Risk

The Group and Parent's interest rate risk primarily arises from long-term borrowings, cash and cash equivalents, advances to subsidiaries and the joint venture. Borrowings issued at variable rates expose the Group and Parent to cashflow interest rate risk. Borrowings issued at fixed rates expose the Group and Parent to fair value interest rate risk.

The Group and Parent manages its cash-flow interest rate risk by using floating to fixed interest rate derivative contracts. Such interest rate derivative contracts have the economic effect of converting borrowings from floating rates to fixed rates. Generally the Group and Parent raises long term borrowings at floating rates that are lower than those available if the Group and Parent borrowed at fixed rates directly.
Under the interest rate derivative contracts, the Group and Parent agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group and Parent maintains cash on overnight deposit in interest bearing bank accounts.

The following tables set out the interest rate repricing profile and weighted average interest rate of the interest bearing financial assets and liabilities.

As at 30 June 2012 Group	Effective Interest Rate	Floating $000's	Fixed up to 1 year $000's	Fixed up 1-2 years $000's	Fixed up 2-5 years $000's	Fixed > 5 years $000's	TOTAL $000's
Assets							
Advance to Joint Venture	7.91%	9,232	-	-	-	-	9,232
Cash and cash equivalents	2.5%	4,083	-	-	-	-	4,083
		13,315	-	-	-	-	13,315
Liabilities							
Bank Borrowings	5.5%	17,689	50,393	-	-	-	68,082
Other Loans	6.0%	-	1,534	3,990	-	-	5,524
Capitalised Lease obligations	7.1%	-	22,159	3,860	-	-	26,019
		-	74,086	7,850	-	-	99,625
Interest Rate Derivative Contracts	5.40%	-	7,526	-	18,445	10,000	35,971

The effective interest rate of group borrowings is 6.82% including the impact of the interest rate swaps and line fees on facilities.

As at 30 June 2012 Parent	Effective Interest Rate	Floating $000's	Fixed up to 1 year $000's	Fixed up 1-2 years $000's	Fixed up 2-5 years $000's	Fixed > 5 years $000's	TOTAL $000's
Assets							
Advance to Joint Venture	7.91%	9,232	-	-	-	-	9,232
Advances to subsidiary companies	5.66%	29,598	-	-	-	-	29,598
Cash and cash equivalents	2.5%	393	-	-	-	-	393
		39,223	-	-	-	-	39,223
Liabilities							
Bank Borrowings	6.2%	16,300	26,500	-	-	-	42,800
		-	26,500	-	-	-	42,800
Interest Rate Derivative Contracts	5.40%	-	7,526	-	18,445	10,000	35,971

As at 30 June 2011 Group	Effective Interest Rate	Floating $000's	Fixed up to 1 year $000's	Fixed up 1-2 years $000's	Fixed up 2-5 years $000's	Fixed > 5 years $000's	TOTAL $000's
Assets							
Cash and cash equivalents	2.5%	3,685	-	-	-	-	3,685
		3,685	-	-	-	-	3,685
Liabilities							
Bank Borrowings	5.5%	9,800	50,440	-	-	-	60,240
Other Loans	6.0%	-	2,086	1,489	3,873	-	7,448
Capitalised Lease obligations	7.3%	-	13,371	21,492		-	34,863
		-	65,897	22,981	3,873	-	102,551
Interest Rate Derivative Contracts	5.82%	-	10,000	5,111	13,030	13,000	41,141

The effective interest rate of group borrowings is 8.59% including the impact of the interest rate swaps and line fees on facilities.

As at 30 June 2011 Parent	Effective Interest Rate	Floating $000's	Fixed up to 1 year $000's	Fixed up 1-2 years $000's	Fixed up 2-5 years $000's	Fixed > 5 years $000's	TOTAL $000's
Assets							
Advances to subsidiary companies	5.92%	31,784	-	-	-	-	31,784
Cash and cash equivalents	2.5%	1,269	-	-	-	-	1,269
		33,053	-	-	-	-	33,053
Liabilities							
Bank Borrowings	6.2%	9,800	24,000	-	-	-	33,800
		-	24,000	-	-	-	33,800
Interest Rate Derivative Contracts	5.82%	-	10,000	5,111	13,030	13,000	41,141

Interest Rate Sensitivity

At year end the floating bank borrowings and cash deposits were subject to interest rate sensitivity risk. The remaining borrowings are fixed using interest rate derivative contracts. If the Group's and Parent's floating borrowings and deposits year end balances remained the same throughout the year and interest rates moved by 1.0% then the impact on profitability is as follows:

	Group		Parent	
Pre tax impact of:	**2012 $000's**	**2011 $000's**	**2012 $000's**	**2011 $000's**
An increase in interest rates of 1%	(280)	(154)	(64)	86
A decrease in interest rates of 1%	280	154	64	(86)

At year end the value of interest rate derivative contracts used as cash flow hedges were subject to interest rate risk in relation to the value recognised in equity. If interest rates moved by 1.0% across the yield curve then the impact on the fair value of the swaps is shown in the following table.
A movement of 1% or 100bps is considered by management as a reasonable estimate of a possible shift in interest rates for the year based on historic movements.

	Group		Parent	
Post tax impact on equity of a 1% move in interest rates	**2011 $000's**	**2010 $000's**	**2011 $000's**	**2010 $000's**
An increase in interest rates of 1% across the yield curve	887	763	887	931
A decrease in interest rates of 1% across the yield curve	(887)	(777)	(887)	(945)

Credit Risk

The Parent and Group has a concentration of credit risk in respect of the advance to the joint venture. The Group has no other significant concentrations of credit risk. Policies are in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Derivative contract counterparties and cash on deposit are limited to high credit rated quality financial institutions.

The Group considers its maximum exposure to credit risk as follows.

	Group		Parent	
	2012 $000's	2011 $000's	2012 $000's	2011 $000's
Bank balances	4,083	3,685	393	1,269
Advances to joint venture	9,232	-	9,232	-
Trade receivables (net of impairment provision)	13,322	21,819	2,594	7,231
Taxation receivable	856	1,343	97	805
Prepayments and other receivables	4,190	8,886	2,810	7,408
	31,683	35,733	15,126	16,713
Trade Receivable Analysis				
Debtors past due	5,815	8,710	2,562	3,311
Impairment Provision	(561)	(384)	(408)	(134)
Debtors past due not impaired	5,254	8,326	2,154	3,177
Debtors current	8,068	13,493	440	4,054
Total Trade Debtors (note 18)	13,322	21,819	2,594	7,231

The Group has numerous credit terms for various customers. The terms vary from cash, monthly and greater depending on the service and goods provided and the customer relationship. Collateral is not normally required.
All trade receivables are individually reviewed regularly for impairment as part of normal operating procedures and where appropriate provision is made. Trade receivables less than three months overdue are not considered impaired. Overdue amounts that have not been provided for relate to customers that have a reliable trading credit history and no recent history of default.

Other receivables relate to normal business practice.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.
The amounts disclosed are the contractual undiscounted cash flows.

As at 30 June 2012	Up to 1 year $000's	Between 1-2 years $000's	Between 2-5 years $000's	Greater than 5 years $000's	TOTAL $000's	Carrying value $000's
Group						
Liabilities						
Trade and other payables	19,794	-	-	-	19,794	19,794
Bank Borrowings	-	-	68,082	-	68,082	68,082
Vendor Loans	1,821	4,110	-	-	5,931	5,524
Capitalised Lease obligations	23,148	3,970	-	-	27,118	26,019
Interest rate derivative contracts *	864	775	1,704	149	3,492	2,660
	45,627	8,855	69,786	149	124,417	122,079
Parent						
Liabilities						
Trade and Other Payables	6,260	-	-	-	6,260	6,260
Bank Borrowings	-	-	42,800	-	42,800	42,800
Interest rate derivative contracts *	864	775	1,704	149	3,492	2,660
	7,124	775	44,504	149	52,552	51,720

* The amounts expected to be payable in relation to the interest rate swaps have been estimated using forward interest rates applicable at the reporting date.

As at 30 June 2011	Up to 1 year $000's	Between 1-2 years $000's	Between 2-5 years $000's	Greater than 5 years $000's	TOTAL $000's	Carrying value $000's
Group						
Liabilities						
Trade and other payables	31,156	-	-	-	31,156	31,156
Bank Borrowings	-	19,500	40,740	-	60,240	60,240
Vendor Loans	2,470	1,766	3,989	-	8,225	7,448
Capitalised Lease obligations	15,407	22,209	-	-	37,616	34,863
Interest rate derivative contracts *	839	698	1,655	513	3,705	1,479
	49,872	44,173	46,384	513	140,942	135,186
Parent						
Liabilities						
Trade and Other Payables	15,749	-	-	-	15,749	15,749
Bank Borrowings	-	19,500	14,300	-	33,800	33,800
Interest rate derivative contracts *	839	698	1,655	513	3,705	1,479
	16,588	20,198	15,955	513	53,254	51,028

* The amounts expected to be payable in relation to the interest rate swaps have been estimated using forward interest rates applicable at the reporting date.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Group considers capital to be share capital and interest bearing debt. To maintain or alter the capital structure the Group has the ability to review the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, reduce or increase debt or sell assets.

There are a number of externally imposed bank covenants required as part of seasonal and term debt facilities. These covenants are calculated monthly and reported to banks quarterly.
The most significant covenants relating to capital management are Net Interest Bearing Debt to EBITDA ratio and an equity to total assets ratio (net of intangible assets).

There have been no breaches or events of review for the current or prior period.

Seasonality

Due to the seasonal nature of the businesses the risk profile at year end is not representative of all risks faced during the year
Seasonality causes fluctuations in the size of borrowings and debtors.

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

Estimation of Fair Values

The fair values of financial assets and financial liabilities are determined as follows:
- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using market-quoted rates based on discounted cash flow analysis.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available,
use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Interest rate forward price curve	Published market swap rates
Foreign exchange forward prices	Published spot foreign exchange rates and interest rate differentials
Discount rate for valuing interest rate derivatives	The discount rates used to value interest rate derivatives are published market interest rates as applicable to the remaining life of the instrument
Discount rate for valuing forward foreign exchange contracts	The discount rates used to value interest rate derivatives are published market interest rates as applicable to the remaining life of the instrument

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See earlier in this note for sensitivity analysis.

Effective 1 July 2009 the Group adopted the amendment to NZ IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

• Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
• Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
• Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group and Parent only have derivative contracts that are classified as level 2 in the fair value measurement hierarchy. The fair values are disclosed in note 14.

14. Derivative Financial Instruments

Group	2012 Assets	2012 Liabilities	2011 Assets	2011 Liabilities
Interest rate derivative contracts - cash flow hedges	-	2,660	-	1,479
Total	-	**2,660**	-	**1,479**
Less: non-current portion				
Interest rate derivative contracts - cash flow hedges	-	2,567	-	1,419
	-	**2,567**	-	**1,419**
Current portion	-	**93**	-	**60**

Hedging derivates are classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability, if the maturity of the hedged item is less than 12 months

The ineffective portion recognised in the profit or loss that arises from cash flow hedges in 2012 amount to $Nil (2011: $70,000 gain).

Interest rate swaps
The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2012 were
$40,971,000 (2011: $46,141,000).
At 30 June 2012, the fixed interest rates vary from 3.65% to 6.69% (2011: 5.06% to 6.69%).

15. Property, plant and equipment

	Motorhomes	Coaches and motor vehicles	Land and buildings	Other plant & equipment	Capital work in progress	Total
	$000's	$000's	$000's	$000's	$000's	$000's
Group						
Year ended 30 June 2011						
Opening net book amount	133,463	4,235	5,585	6,002	23,913	173,198
Exchange differences	3,749	-	-	-	-	3,749
Transfer to assets held for sale			-			-
Impairment of assets	(1,727)	-	-	-	-	(1,727)
Additions	133,761	197	11,369	3,076	(19,555)	128,848
Transferred to intangibles	-	-	-	(222)	-	(222)
Transferred to inventory	(40,269)	(667)	9	-	-	(40,927)
Disposals	-	(1,091)	(82)	(119)	-	(1,292)
Depreciation charge	(36,829)	(1,139)	(1,445)	(1,690)	-	(41,103)
Closing net book amount	192,148	1,535	15,436	7,047	4,358	220,524
As at 30 June 2011						
Cost	300,173	7,563	24,280	23,548	4,358	359,922
Accumulated depreciation and impairment	(108,025)	(6,028)	(8,844)	(16,501)	-	(139,398)
Net book amount	192,148	1,535	15,436	7,047	4,358	220,524
Year ended 30 June 2012						
Opening net book amount	192,148	1,535	15,436	7,047	4,358	220,524
Exchange differences	556	-	-	-	-	556
Reversal of impairment of assets	2,494	-	-	-	-	2,494
Transfer to assets held for sale	-	-	(7,105)	-	-	(7,105)
Additions	69,161	1,211	8,945	2,148	1,331	82,796
Transferred to intangibles	-	-	-	(1,744)	-	(1,744)
Transferred to inventory	(45,671)	(1,640)	-	-	-	(47,311)
Disposals	-	-	(249)	(2,005)	-	(2,254)
Depreciation charge	(39,414)	(774)	(1,383)	(1,270)	-	(42,841)
Closing net book amount	179,274	332	15,644	4,176	5,689	205,115
As at 30 June 2012						
Cost	323,663	7,134	32,976	23,691	5,689	393,153
Accumulated depreciation and impairment	(144,389)	(6,802)	(17,332)	(19,515)	-	(188,038)
Net book amount	179,274	332	15,644	4,176	5,689	205,115
Parent						
Year ended 30 June 2011						
Opening net book amount	62,036	2,980	5,188	5,254	13,205	88,663
Reversal of impairment of assets	1,119	-	-	-	-	1,119
Additions	25,240	191	10,663	2,030	(12,133)	25,991
Transferred to intangibles	-	-	-	(124)	-	(124)
Transferred to inventory	(4,072)	(667)	9	-	-	(4,730)
Disposals	-	-	(82)	(73)	-	(155)
Depreciation charge	(11,705)	(1,077)	(1,225)	(1,286)	-	(15,293)
Closing net book amount	72,618	1,427	14,553	5,801	1,072	95,471
As at 30 June 2011						
Cost	119,016	5,834	20,217	17,553	1,072	163,692
Accumulated depreciation and impairment	(46,398)	(4,407)	(5,664)	(11,752)	-	(68,221)
Net book amount	72,618	1,427	14,553	5,801	1,072	95,471
Year ended 30 June 2012						
Opening net book amount	72,618	1,427	14,553	5,801	1,072	95,471
Reversal of impairment of assets	175	-	-	-	-	175
Transfer to assets held for sale	-	-	(7,105)	-	-	(7,105)
Additions	22,280	1,205	7,846	1,760	318	33,409
Transferred to intangibles	-	-	-	(1,718)	-	(1,718)
Transferred to inventory	(10,416)	(477)	-	-	-	(10,893)
Disposals	-	-	(249)	(1,881)	-	(2,130)
Depreciation charge	(13,293)	(711)	(1,149)	(867)	-	(16,020)
Closing net book amount	71,364	1,444	13,896	3,095	1,390	91,189
As at 30 June 2012						
Cost	130,879	6,563	28,063	19,314	1,390	186,209
Accumulated depreciation and impairment	(59,515)	(5,119)	(14,167)	(16,219)	-	(95,020)
Net book amount	71,364	1,444	13,896	3,095	1,390	91,189

An impairment charge was booked in the year ended 30 June 2011 against certain motorhomes which were affected by various build issues in the 2007 and 2008 years by Ci Munro and reflects the recoverable amount of assets in their current condition. During the year ended 30 June 2012 units have been repaired and the impairment charge reversed as the units have been completed. An impairment provision remains at the 30 June 2012 for units yet to be repaired. These are expected to be completed in the period to 31 December 2012.

Depreciation expense of $42,841k (2011: $ 41,103k) has been charged in other operating expenses

Capital Work in Progress of $5,689k (2011: $4,358k) has been included in the above closing net book amount.

Lease rentals amounting to $5,504k (2011: $ 7,342k) relating to the lease of equipment, and property are included in the income statement.

16. Leased Assets in Property, Plant & Equipment

	2012	2011
	$000's	$000's

Motorhomes include the following amounts where the Group is a lessee under a finance lease:

Cost	38,746	41,311
Accumulated depreciation	(9,212)	(7,012)
Net book amount	29,534	34,299

Finance leases are taken out under a non-renewable contract with a 50% balloon on the final payment.

17. Intangible assets

Group

	Brand Value Acquired $000's	Goodwill $000's	Trademarks & Licences $000's	Other Intangibles $000's	Total $000's
Year ended 30 June 2011					
Opening net book amount	-	28,227	12,489	3,764	44,480
Exchange differences	-	1,150	-	-	1,150
Additions	-	5,822	-	274	6,096
Disposal	-	-	-	(60)	(60)
Impairment of goodwill	-	(26,138)	-	-	(26,138)
Amortisation charge	-	-	(623)	(1,395)	(2,018)
Closing net book amount	-	9,061	11,866	2,583	23,510
As at 30 June 2011					
Cost	-	55,359	22,591	11,714	89,664
Accumulated amortisation and impairment	-	(46,298)	(10,725)	(9,131)	(66,154)
Net book amount	-	9,061	11,866	2,583	23,510
Year ended 30 June 2012					
Opening net book amount	-	9,061	11,866	2,583	23,510
Exchange differences	-	-	-	(2)	(2)
Additions	-	-	-	1,780	1,780
Transfers	720	(720)	-	-	-
Disposal	-	-	(14)	(63)	(77)
Impairment of goodwill	-	-	-	-	-
Amortisation charge	-	-	(616)	(930)	(1,546)
Closing net book amount	720	8,341	11,236	3,368	23,665
As at 30 June 2012					
Cost	720	54,639	22,577	13,429	91,365
Accumulated amortisation and impairment	-	(46,298)	(11,341)	(10,061)	(67,700)
Net book amount	720	8,341	11,236	3,368	23,665

Parent

	Brand Value Acquired $000's	Goodwill $000's	Trademarks & Licences $000's	Other Intangibles $000's	Total $000's
Year ended 30 June 2011					
Opening net book amount	-	7,453	3,355	3,464	14,272
Additions	-	-	-	151	151
Disposal	-	-	-	(60)	(60)
Impairment of goodwill	-	(4,452)	-	-	(4,452)
Amortisation charge	-	-	(145)	(1,367)	(1,512)
Closing net book amount	-	3,001	3,210	2,188	8,399
As at 30 June 2011					
Cost	-	13,057	4,121	10,433	27,611
Accumulated amortisation and impairment	-	(10,056)	(911)	(8,245)	(19,212)
Net book amount	-	3,001	3,210	2,188	8,399
Year ended 30 June 2012					
Opening net book amount	-	3,001	3,210	2,188	8,399
Additions	-	-	-	1,757	1,757
Disposal	-	-	(14)	(63)	(77)
Impairment of goodwill	-	-	-	-	-
Amortisation charge	-	-	(139)	(869)	(1,008)
Closing net book amount	-	3,001	3,057	3,013	9,071
As at 30 June 2012					
Cost	-	13,057	4,107	12,127	29,291
Accumulated amortisation and impairment	-	(10,056)	(1,050)	(9,114)	(20,220)
Net book amount	-	3,001	3,057	3,013	9,071

Amortisation of fixed term licences is calculated using the straight line method over the life of the various licences.
Tourism Holdings Limited has leased the Waitomo Glowworm Caves until 2027. The other caves have licences to operate with terms expiring in 2033 and 2039.

Software development costs recognised as intangible assets are amortised over their estimated useful lives of three to five years.

NZ IAS 38 Intangible Assets prohibits amortisation of an intangible asset with an indefinite useful life. Instead such assets are tested for impairment under NZ IAS 36 Impairment of Assets by comparing the recoverable amount with the carrying amount annually, and whenever there is an indication that the intangible asset may be impaired.

Goodwill is considered to have an indefinite useful life. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity.

The brand value acquired relates to the Road Bear brand of Rentals US.

The table below details the cash generating units goodwill is attributable to.

	2012		
	Rentals $000's	Tourism Group $000's	Total $000's
New Zealand	-	3,001	3,001
United States of America	5,340	-	5,340
	5,340	3,001	8,341

	2011		
	Rentals $000's	Tourism Group $000's	Total $000's
New Zealand	-	3,001	3,001
United States of America	6,060	-	6,060
	6,060	3,001	9,061

The recoverable amount of a cash generating unit is determined on value-in-use calculations. These calculations use free cash flow projections based on financial budgets approved by management covering a five year period plus a terminal value calculation. These annual free cash flows are then discounted by a country specific pre-tax discount rate to arrive at a net present value (or enterprise value) which is compared to the carrying book value.
In addition, carrying values are also tested using alternative valuation metrics, in particular EBIT multiples for similar industry groupings.

Key assumptions used for value-in-use calculations:

	2012	
	Rentals United States of America	**Tourism Group** New Zealand
Growth rate (1)	2% - 10%p.a.	0% - 2%p.a.
Terminal Growth rate	2.0%	2.0%
Discount rate (2)	15.2%	15.7%

	2011	
	Rentals United States of America	**Tourism Group** New Zealand
Growth rate (1)	0% - 20%p.a.	0% - 5%p.a.
Terminal Growth rate	2.0%	2.0%
Discount rate (2)	16.7%	15.7%

(1) Weighted average passenger or visitor growth rates used to extrapolate cash flows.
(2) Pre-tax discount rate applied to the cash flow projections

The divisional models used by Tourism Holdings Limited to generate the free cash flow projections incorporate the expected growth rates from markets the businesses operate in which are compared to Tourism Forecasting Council (NZ) and United States Department of Commerce Office of Travel and Tourism Industries forecasts for reasonableness. Capital expenditure and disposal proceeds are projected forward based on current build or purchase costs, realisable sale values and expected fleet rotation by vehicle type (for the rentals operations). Costs and revenues are inflated by an expected inflation rate of 3% unless additional specific information is known.

The 2011 Rentals New Zealand and Rentals Australia goodwill was fully impaired.

If the following changes in key assumptions are made with other variables held constant the recoverable amount of goodwill in the Tourism Group would be equal to the carrying amount at 30 June 2012.

- passenger growth rate per annum	-0.5%
- terminal growth rate	-25%
- discount rate	23%

18. Trade and other receivables

	Group		Parent	
	2012	2011	2012	2011
	$000's	$000's	$000's	$000's
Trade receivables	13,883	22,203	3,002	7,365
Less provision for impairment of receivables	(561)	(384)	(408)	(134)
Trade receivables - net	13,322	21,819	2,594	7,231
Prepayments	3,257	3,372	1,960	1,956
Other receivables	933	5,514	850	5,452
Total Trade and other receivables	17,512	30,705	5,404	14,639
Provision for impairment of receivables				
Opening Balance	384	317	134	139
Increase / (Decrease) in provision for impairment of receivables	177	67	274	(5)
Closing Balance	**561**	**384**	**408**	**134**
Trade debtors written off directly to operating expenses (note 4)	-	111	-	33

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

The Group has recognised an increase in the provision of $177k (2011: $67k increase) for the impairment of its trade receivables which has been included in other operating expenses. The Group has written off to other operating expenses $Nil (2011: $111k) of balances of receivables during the year ended 30 June 2012.

19. Inventories

	Group		Parent	
	2012	2011	2012	2011
	$000's	$000's	$000's	$000's
Raw materials	1,512	6,026	371	6,026
Work in progress	3,137	13,908	-	13,908
Rental assets for sale	18,569	14,214	7,706	2,972
Finished goods	2,987	4,718	1,767	2,274
Provision for obsolescence	-	(220)	-	(220)
	26,205	38,646	9,844	24,960

20. Assets held for sale

	Group		Parent	
	2012	2011	2012	2011
	$000's	$000's	$000's	$000's
Land and buildings	8,419	1,314	8,419	1,314
	8,419	1,314	8,419	1,314

As a result of the Group entering into the joint venture RVMG, the property held at 32 Kaimiro St Hamilton is held for sale at 30 June 2012. The two properties at 155 Beach Road Auckland and 32 Kaimiro St Hamilton are surplus to requirements for the operation of the business and are being actively marketed and are available for sale at 30 June 2012. The assets held for sale are held in Group Support Services.

21. Investments

	Group		Parent	
	2012	2011	2012	2011
	$000's	$000's	$000's	$000's
Subsidiary companies shares	-	-	38,484	38,484

The principal activities of the Parent company and trading subsidiaries are motorhome rental and manufacturing and attractions. All subsidiaries are 100% owned and have 30 June balance dates except JJ Motorcars Inc which has a 31 December balance date to facilitate US tax legislation compliance. Material subsidiary companies included in the Group Financial Statements at 30 June 2012 are:

	Country of incorporation:
THL Group Australia Pty Limited	Australia
Tourism Holdings Australia Pty Limited	Australia
Waitomo Caves Limited	New Zealand
JJ Motorcars Inc	United States of America

22. Cash and cash equivalents

	Group		Parent	
	2012	2011	2012	2011
	$000's	$000's	$000's	$000's
Cash at bank and in hand	4,083	3,685	393	1,269
	4,083	3,685	393	1,269