

Southern Travel Holdings Limited Annual Report 2012





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Chairman's Report

For the year ended 30 June 2012

It is pleasing to see the Group return to profit following three years of losses and achieving a turnaround of \$733,000 year on year and just over \$1m from the June 2010 year in what are still particularly challenging economic times, especially in tourism. This is a positive reflection of the structural changes instituted, the new product and representation initiatives and the strategic reorganisation of the senior management teams. Certainly there is still a tough road ahead but within the Group there is a growing confidence that continuing improvements can be achieved.

Throughout the year we have continued with our progressive review of our operations and changes made as necessary and with care. This will continue through the coming year.

In Olympic terminology, the key to success in the inbound and representation business is being 'Fleet of Foot'. Readily adapting to changes in market forces, avoiding commitments which are inflexible to market changes, and maintaining a strong and proactive senior management team which is well aware of its markets and anticipates their direction.

The Group has aggressively pursued new opportunities in both inbound and the outbound representation business, has recognised the better prospects for growth from inbound tourism to Australia than to New Zealand, pursued opportunities to diversify the reliance on the Japan inbound market, recently engaged resource to identify representation opportunities in the vast Asian markets and created a joint venture arrangement with a strong European based company.

It is of course imperative that all the changes and all the initiatives are directed at producing a level of profitability capable of improving share value and allowing regular dividend payments. This year's result is another step toward these objectives and provides a stronger platform from which to continue rebuilding the Group in the future.

The CEO's report outlines in greater detail the performance of the Group over the past financial year and provides an indication for the year ahead which is realistically positive. We recognise the support throughout these past turbulent years of our shareholders and believe that we are taking the steps, small perhaps, but most definitely positive, to improve share value.

NZAX Listing

We are in the process of obtaining advice in relation to a transition of our listing on the NZAX market to "Unlisted". Subject to that advice, we expect that within the notice of annual meeting for this year, we will communicate our plans to move the listing of Southern Travel Holdings Limited from the current NZAX market platform, to "Unlisted", which is a well established facility that provides a cost effective public and centralised share trading platform. We believe this will continue to meet the needs of our shareholders and will provide further explanation with the notice of meeting to be sent to all shareholders. A transition will be subject to the passing of required shareholder resolutions.

Board of Directors

With effect from the 2012 annual meeting I will be standing down as chairman of the Board, although continuing my involvement as a director of the company. John King OAM, who joined the Board in 2010, has agreed to assume the role of chairman. John already brings an invaluable amount of experience to the Board through his many years as an outstanding leader within the Australian tourism industry. He is currently, among other positions, Chairman of the Australian Tourism and Export Council and a Trustee of the Travel Compensation Fund. His first-hand knowledge of the Australian industry, as well as his proven Chairmanship ability will provide significant support to our Australian based CEO and management team.

Dave Lock has advised the Board that he will retire as a director of the company and its various subsidiaries on 30 September 2012. It is intended that he will continue to assist us with the external reporting requirements for the Group, a role he has undertaken over the last two years in addition to his duties as a director and as part of our objectives to reduce our parent company overhead costs.

Events Subsequent to Balance Date

The directors are not aware of any other matter or circumstance since the end of the financial year, not otherwise presented in this report, which has significantly or may significantly affect the operations of Southern Travel Holdings Limited or its subsidiaries.

Annual Meeting

The Annual Meeting will be held at the Stamford Plaza Hotel, 22-24 Albert Street, Auckland City, commencing at 2pm on 2 November 2012. The notice of Annual Meeting setting out the business to be considered by shareholders, and the proxy form, will be mailed to shareholders before the meeting.

Acknowledgement

I conclude with special thanks to our CEO Jacqui Walshe and her management team for their total commitment to improving the Group's performance. Many hours have been willingly given and thousands of kilometres travelled all in endeavouring to return the Group to profitability. This commitment has unquestionably been the greatest contributor to this year's result and their dedication will continue to be a major factor in achieving improving performances in the future. The turnaround from three years of significant losses to an after tax profit is an illustration of sound management and exceptional teamwork.

My thanks also to my fellow directors for their wise and considered contributions at board level, for their availability at all times and their unstinting support for the management team.



Rodney HC Walshe ONZM
Chairman
Southern Travel Holdings Limited
5 September 2012

CEO's Report

For the year ended 30 June 2012

The principal activities of Southern Travel Holdings Limited (the Company) and the Group including the subsidiaries of the Company (the Group) for the year to 30 June 2012 continued to be the operation of both inbound and outbound tourism related business units. The inbound division primarily arranges tours and tour related services into New Zealand and Australia. The outbound division is a specialist in marketing and representation of global airlines and destinations in New Zealand, Australia, Hong Kong and Singapore.

There have been no significant changes to the nature of the principal activities of the Group in the current or prior year.

Operations and Financial Results:

The following summarises the key financial information contained within the Group results to 30 June 2012:

	30 June 2012 \$000	30 June 2011 \$000	Change \$000
Outbound revenue	8,213	8,026	
Inbound revenue	18,289	18,517	
Total sales revenue	26,502	26,543	
Divisional contributions:			
Outbound	433	757	(324)
Inbound	40	(680)	720
Parent company overheads	(225)	(397)	172
Total divisional contributions	248	(320)	568
Plus interest income	56	74	(18)
Less depreciation / amortisation	(195)	(244)	49
Plus / (Less) foreign exchange variance	38	(111)	149
Reported profit / (loss) before taxation	147	(601)	748
Income tax expense	(37)	(22)	(15)
Net profit / (loss) after taxation	110	(623)	733

Overall results:

The reported profit for the year ended 30 June 2012 has met our targets set and communicated at the start of the year. The turnaround in results relative to the previous year has been encouraging and supports the actions taken to restructure the inbound division and to manage through what has been a challenging period in terms of natural disasters in our main inbound source markets.

The overall revenue result is very similar to the previous year with a slight increase in outbound revenue offset by a similar decline in inbound revenues. Within the inbound division, the decline in our revenues from Japan into New Zealand were offset by our ability to access and take advantage of the opportunities created by the Rugby World Cup in New Zealand which generated \$2.2m of revenue, and from increased volumes into Australia.

Changes made in the prior year to our cost base of the inbound division and parent company are reflected in the year on year comparison in the contributions from these divisions. The contribution from the outbound division is down from the previous year as a result of the impact of several specific accounts within the portfolio which have been addressed as we head into the new financial year.

Foreign exchange variances have been favourable in this financial year which has also assisted the pre-tax results.

We have reviewed the recognition of our available income tax losses based on our full year result and future expectations of taxable earnings. As a result, our tax expense for the current year recognises the benefit of previously unrecognised income tax losses as a reduction in our income tax expense and an increase in our deferred tax assets recognised on the balance sheet.

Outbound Operations:

The Walshe Group has had another profitable year although at a reduced level to prior years. We have reported previously that in the first year or so of new representation accounts being taken on that the investment in set up and market development can outweigh the initial income levels – this then corrects itself in subsequent years. While some of the reduction in our profitability comes following the loss of Royal Brunei Airlines online operations into New Zealand, we have also been challenged by underperforming accounts in the 2012 financial year which have resulted in a need to negotiate revised terms or working through a termination process. This corrective action will be reflected in the financial result for year commencing from July 2012.

The Walshe Group continues to seek to add to its account portfolio and grow its revenue base and geographic reach. China Airlines is now represented by the New Zealand business and brings a reputable and quality brand to the portfolio creating an opportunity for improved earnings for this division. Oman Air in Australia was also added as a new account in the second half of the financial year and we have participated in several other tender processes. In the upcoming financial year there will be some adjustments to the representation portfolio with Japan Air Lines and SriLankan Airlines contracts coming to an end and as existing clients expand their operations. The Walshe Group has represented Hawaiian Airlines in New Zealand since the early 1980s and welcomed their announcement of a return to online services to Auckland in March 2013 which will enable the creation of a dedicated operation for that business and improve the revenue and overall contribution from this account.

The primary profitability for Walshe Group is generated in Australia and New Zealand with Hong Kong and Singapore offices each continuing to hold good potential for further growth. IndiGo was a major new account for Singapore during the 2012 financial year and while there have been unexpected challenges associated with it from our representative perspective, such that our earnings have been negatively impacted, we have revised the structure of this account with effect from 1 July 2012 and continue to view this as a strong brand to be associated with.

Subsequent to year end we have appointed a Director of Sales of Asia with the primary objective of growing our presence in Asia and within our existing offices. This is a fixed term arrangement to properly identify the true potential of this market so that we can apply our resources with a greater degree of confidence as we look to move forward in this region.

Inbound Operations:

The inbound division has had a better year, greatly assisted by the contribution from Rugby World Cup in New Zealand which provided a strong contribution to the Group in the first half of the financial year. The inbound division still has challenges however with New Zealand failing to recover its full flow of inbound tourism from Japan as a result of the two major natural disasters each country faced. Japan remains our core market for inbound operations at this time.

Australia has had a better year in terms of increasing both passenger volume and market share although in a competitive market, the greatest challenge to the business has been a squeeze on margins. We continue to emphasise the potential growth opportunities for Australia relative to New Zealand and given the decline in the underlying market to New Zealand and the quality of investment by Tourism Australia in its key international markets we shifted key management to Australia from our Auckland base during the second half of the financial year.

The three inbound teams in Australia, New Zealand and Japan continue to work very closely together however we will need to continue to review the scale of our investment in Japan and in the core fundamentals of the business model. This work will continue into the new financial year.

The success of the Rugby World Cup for the inbound division in New Zealand as a result of the commercial relationship established with Groupe Couleur of France during that period has resulted in the establishment of a joint venture with that company. Each of Southern Travel Holdings Limited and Groupe Couleur has as a 50% shareholding in Pacific Attitude Limited which has been established to market and sell event based travel opportunities, primarily to Oceania and Asia. The initial operation includes a dedicated manager who will operate from our Auckland offices.

We have continued to review our Experience New Zealand operations in order to achieve growth opportunities for this business. In our half year report we noted that an outcome of this review may be the need to recognise an impairment loss against the \$200,000 of relevant intangible assets recognised on the balance sheet. At this time, we do not consider that an impairment loss should be recognised, however we will continue to monitor actual results against our revised targets set for this operation.

Group Operations:

Staffing costs represent just over 70% of our operating cost base and have been held to levels below the prior year. For the Group as a whole, the reduction primarily relates to the absence of restructuring costs recognised in the 2011 financial year. Given continued pressure on remuneration rates and the full year effect of new outbound representation accounts, we are pleased to hold the total cost at consistent levels for the Group.

Necessary restructuring of the inbound division and parent company staff levels in 2011 has reduced the combined staffing costs of these divisions by 21%, equating to \$550,000.

For the outbound division, staffing costs have increased due to new representation accounts and the full year effect of some of the new accounts which commenced during the prior year. We continue to see the future potential for revenue generation and growth from these accounts. Increases were in part offset by the reduction in staff related costs associated with the cessation of online services by Royal Brunei Airlines to Auckland, however these reductions only came in the second half of the 2012 financial year.

Other expenses across the Group have primarily reduced in comparison to the prior year in accordance with the targets we set ourselves to improve our financial results in the face of the challenges we experienced during 2011. This included a reduction in the cost base of our parent company, which in turn has increased the requirements of other staff within the Group, primarily in the finance team. Many of the senior management functions are absorbed within the outbound division and we have been very pleased with the efficiencies that have been achieved.

Employee Group:

Employee numbers, at 110 across the Group, remain at similar levels to June last year, with operations in eleven cities across five countries. Our people are our biggest asset and we enjoy very low levels of turnover relative to industry standards. They remain a key part of the high quality service offering we provide to our major clients.

Financial Position:

Total cash holdings at 30 June 2012 are up slightly on the prior year at \$3,671,000. This includes restricted cash balances which are funds held as security for letters of credit issued to airline principals represented by the Group and other security bonds required to operate as a travel agency overseas. During the year our restricted cash balances have reduced by almost one third as a result of work done to reduce the levels of our security bond requirements.

Capital expenditure has been held at \$72,000 for the year and primarily incurred for computer and office equipment essential to the efficient operation of our offices.

The Group continues to have no bank debt and net tangible assets were 11.9 cents per share at 30 June 2012 (2011: 11.1 cents per share).

Outlook:

The Group is offered some protection from the various challenges in the global economic environment through diversification within the business and continued positives for the Australian market. Investments have been made in boosting our senior management engagement in inbound to Australia, in a senior manager for Asian sales development based out of our Hong Kong office and the new joint venture targeting sporting and special event groups.

The Group does however want to see a continued improvement in underlying profitability so as to generate sustainable returns for shareholders. There has been much restructuring and accepting of major environmental events outside our control in the previous year. The result to 30 June 2012 met expectations and we are pleased to have achieved that turnaround from past years.

We have set our targets for the year to 30 June 2013 to at least maintain our total divisional contribution at levels consistent with the 2012 result, flowing through to similar overall profitability subject to foreign exchange variances. This target includes the absorption of additional costs incurred with the goal of generating improved earnings in subsequent financial years. It is essential that we pursue an active stance to business improvement and increased opportunity for shareholder return. As the year progresses we anticipate this will result in some major decisions being made about the structure of the business going forward.



Jacqui Walshe
Chief Executive Officer
Southern Travel Holdings Limited





INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SOUTHERN TRAVEL HOLDINGS LIMITED

Report on the Financial Statements

We have audited the financial statements of Southern Travel Holdings Limited ("the parent") and its subsidiaries (together, "the group") on pages 8 to 45, which comprise the group and parent balance sheets of Southern Travel Holdings Limited as at 30 June 2012 and the group and parent income statements, statements of comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Southern Travel Holdings Limited or subsidiaries.

Opinion

In our opinion, the financial statements on pages 8 to 45:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of Southern Travel Holdings Limited and the group as at 30 June 2012 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required; and
- In our opinion proper accounting records have been kept by Southern Travel Holdings Limited as far as appears from an examination of those records.

Hayes Knight Audit NZ



Hayes Knight Audit NZ
Chartered Accountants

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5 September 2012

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Financial Statements

For the year ended 30 June 2012

Income Statement

For the year ended 30 June 2012

	Note	Group		Parent Company	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
Revenue	2	26,502	26,543	-	-
Less cost of sales		15,117	15,408	-	-
Gross profit		11,385	11,135	-	-
Other revenue	2	138	152	503	642
		11,523	11,287	503	642
Expenses:					
Staffing	3	8,033	8,145	-	122
Marketing and administration		1,206	1,424	39	74
Occupancy		1,141	1,103	-	-
Other expenses	3	996	1,216	358	330
		11,376	11,888	397	526
Profit / (loss) before tax		147	(601)	106	116
Income tax expense	5	37	22	19	6
Net profit / (loss) after tax		110	(623)	87	110
Attributable to:					
Owners of the parent company		109	(638)	87	110
Non-controlling interests		1	15	-	-
		110	(623)	87	110
Basic and diluted earnings per share - cents per share	6	0.43	(2.52)		

All net profit / (loss) for the period is from continuing operations.

The above Income Statements are to be read in conjunction with the notes on pages 14 to 45.

Statement of Comprehensive Income

For the year ended 30 June 2012

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Profit / (loss) for the period	110	(623)	87	110
Other comprehensive income:				
Foreign exchange differences on translation of foreign operations net of tax	(13)	22	-	-
Total comprehensive income	97	(601)	87	110
Attributable to:				
Owners of the parent company	96	(616)	87	110
Non-controlling interests	1	15	-	-
	97	(601)	87	110

All comprehensive income for the period is from continuing operations.

The above Statements of Comprehensive Income are to be read in conjunction with the notes on pages 14 to 45.

Statement of Changes in Equity – Group

For the year ended 30 June 2012

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Retained Earnings \$000	Non Controlling Interests \$000	Total Equity \$000
GROUP					
Balance at 1 July 2011	6,531	144	(706)	25	5,994
Profit for the period	-	-	109	1	110
Foreign exchange gain / (loss) on translation of overseas operations	-	(13)	-	-	(13)
Total comprehensive income for the period	-	(13)	109	1	97
Balance at 30 June 2012	6,531	131	(597)	26	6,091
Balance at 1 July 2010	6,531	122	(68)	10	6,595
Profit (loss) for the period	-	-	(638)	15	(623)
Foreign exchange gain / (loss) on translation of overseas operations	-	22	-	-	22
Total comprehensive income for the period	-	22	(638)	15	(601)
Balance at 30 June 2011	6,531	144	(706)	25	5,994

The above Statements of Changes in Equity are to be read in conjunction with the notes on pages 14 to 45.

Statement of Changes in Equity – Parent Company

For the year ended 30 June 2012

	Share Capital \$000	Retained Earnings \$000	Total Equity \$000
PARENT COMPANY			
Balance at 1 July 2011	6,531	870	7,401
Profit for the period	-	87	87
Balance at 30 June 2012	6,531	957	7,488
Balance at 1 July 2010	6,531	760	7,291
Profit for the period	-	110	110
Balance at 30 June 2011	6,531	870	7,401


The above Statements of Changes in Equity are to be read in conjunction with the notes on pages 14 to 45.


Balance Sheet

As at 30 June 2012

	Note	Group		Parent Company	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
Current assets					
Cash and cash equivalents	7(a)	3,014	2,662	10	78
Restricted cash	7(b)	657	955	-	-
Receivables and prepayments	8	3,672	3,793	268	144
Income tax receivable	5	25	43	17	-
Total current assets		7,368	7,453	295	222
Non-current assets					
Income tax receivable	5	90	107	34	51
Property, plant and equipment	9	293	324	-	-
Intangible assets	10	3,079	3,171	138	184
Deferred tax assets	5	544	584	-	-
Receivables	8	-	-	696	516
Investments	11	10	-	6,807	6,797
Total non-current assets		4,016	4,186	7,675	7,548
Total assets		11,384	11,639	7,970	7,770
Current liabilities					
Trade and other payables	12	4,439	4,854	463	369
Employee entitlements		736	575	-	-
Finance lease obligations	16	15	15	-	-
Deferred tax liabilities	5	-	-	19	-
Total current liabilities		5,190	5,444	482	369
Non-current liabilities					
Employee entitlements		67	149	-	-
Finance lease obligations	16	36	52	-	-
Total non-current liabilities		103	201	-	-
Total liabilities		5,293	5,645	482	369
Net assets		6,091	5,994	7,488	7,401
Equity					
Contributed equity	13	6,531	6,531	6,531	6,531
Reserves		131	144	-	-
Retained earnings		(597)	(706)	957	870
Equity attributable to owners of the parent company		6,065	5,969	7,488	7,401
Non-controlling interests		26	25	-	-
Total equity		6,091	5,994	7,488	7,401

For and on behalf of the Board which authorised these financial statements for issue on 5 September 2012.


 Rodney HC Walshe
 Chairman


 David G Lock
 Director

The above Balance Sheets are to be read in conjunction with the notes on pages 14 to 45.

Statement of Cashflows

For the year ended 30 June 2012

	Note	Group		Parent Company	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
Cash flows from operating activities					
Receipts from customers		40,191	38,419	-	253
Payments to suppliers		(32,602)	(30,642)	(273)	(347)
Payments to employees		(7,516)	(7,604)	-	(120)
Change in restricted cash balances		298	(417)	-	-
Interest received		61	74	-	1
Interest paid		(6)	-	-	-
Income taxes received (net)		31	175	-	112
Net cash flows from / (used in) operating activities	14	457	5	(273)	(101)
Cash flows from investing activities					
Purchase of property, plant and equipment		(69)	(128)	-	-
Purchase of intangible assets		(3)	(5)	-	-
Investments		(10)	-	(10)	-
Intercompany advances (net)		-	-	215	52
Net cash flows (used in) / from investing activities		(82)	(133)	205	52
Cash flows from financing activities					
Repayment of finance leases		(16)	-	-	-
Net cash flows (used in) financing activities		(16)	-	-	-
Net increase / (decrease) in cash and cash equivalents		359	(128)	(68)	(49)
Cash and cash equivalents at the beginning of the year		2,662	2,774	78	127
Effect of exchange rate changes on foreign currency balances		(7)	16	-	-
Cash and cash equivalents at the end of the year		3,014	2,662	10	78

The above Statements of Cash Flows are to be read in conjunction with the notes on pages 14 to 45.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

1. Statement of accounting policies

Corporate Information

The financial statements presented comprise the separate financial statements of Southern Travel Holdings Limited ('the Company' or 'Parent Company') and the consolidated financial statements of the Parent Company and its subsidiaries (together comprising 'the Group').

The Parent Company is registered under the Companies Act 1993 and is listed on the New Zealand Stock Exchange on the NZAX board. The Parent Company is a profit-oriented entity and is an issuer for the purposes of the Financial Reporting Act 1993.

The nature of the operations and principal activities of the Group comprise the operation of both inbound and outbound tourism related business units. The inbound division primarily arranges tours and tour related services into New Zealand and Australia. The outbound division is a specialist in marketing and representation of global airlines and destinations in New Zealand, Australia, Hong Kong and Singapore.

The Parent Company is domiciled in New Zealand, with a registered office located at Level 6, 52 Swanson Street, Auckland. The subsidiaries are domiciled in New Zealand, Australia, Singapore and Hong Kong, with operations through a registered branch in Japan.

The financial statements were authorised for issue in accordance with a resolution of the directors on 5 September 2012.

Statement of compliance

These financial statements have been prepared in compliance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards.

Summary of significant accounting policies

The significant accounting policies adopted by the Group and Parent Company are set out below and have been consistently applied to all periods presented in these financial statements.

a) Basis of preparation

These financial statements have been prepared in accordance with current NZ GAAP which incorporates NZ IFRS and in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis with the exception of items for which specific accounting policies are identified.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's) unless stated otherwise.

b) Adoption of new and revised financial reporting standards

In the current year no new or amended financial reporting standards which have come into effect are of significance to the current disclosures and accounting policies of the Group and Parent Company.

c) Financial reporting standards issued but not yet effective

There are new financial reporting standards that have been approved, but which are not yet applicable.

NZ IFRS 12 "Disclosure of Interests in Other Entities" may increase the disclosures relating to interests held by the Group in joint venture arrangements and where non-controlling interests exist in subsidiaries, subject to the materiality of those interests at that time. NZ IFRS 12 applies for annual reporting periods commencing on or after 1 January 2013, and will therefore apply to the Group in the year to 30 June 2014.

Based on current operations and these financial statements, other financial reporting standards which have been approved but are not yet applicable are not expected to have a material impact on the measurement or disclosure contained in the financial statements of the Group or Parent Company.

d) Critical judgements, estimates and assumptions

In applying these accounting policies, the directors continually evaluate judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group or Parent Company. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

While the application of most accounting policies requires some degree of judgement and estimation, many are typical to most trading entities similar to the Group such that they may be considered quite standard by their nature. The Board has identified the following exceptions to this whereby actual results may be different due to different assumptions and conditions that could apply and impact upon the financial performance and financial position reported in future periods:

- At each balance date the Group considers and tests whether goodwill and identified intangible assets with an indefinite useful life have suffered any impairment in accordance with the accounting policy on impairment. The recoverable amounts of cash generating units for goodwill impairment testing have been determined based on value-in-use calculations which require the use of assumptions and estimates about the future operating performance of the relevant division. The methodology applied is outlined within note 10 to these financial statements.
- The Group is required to consider the recognition of available income tax losses and the ability to utilise the income tax losses against future taxable profits in order to determine the amount of the related deferred tax asset on the balance sheet. This requires judgements based on current information as to the expected timing and ability to utilise tax losses with reference to operating plans and longer-term profitability within each tax jurisdiction, and the assumption that loss carry forward requirements within each tax jurisdiction will be met in the future. The recognition of income tax losses is outlined within note 5 to these financial statements.

e) Basis of consolidation

The consolidated financial statements comprise those of the Parent Company and its subsidiaries accounted for using the acquisition method.

Subsidiaries are entities over which the Parent Company has control of the financial and operating policies so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intercompany transactions, balances and dividends are eliminated in full on consolidation. Investments in subsidiaries held by the Parent Company are accounted for at cost in the separate financial statements of the Parent Company.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

At acquisition date, the Group recognises the fair values of the identifiable assets acquired, liabilities assumed, and any non-controlling interest in the acquired subsidiary. The excess of the cost of the acquisition over these items is recorded as goodwill. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss for the period.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the Group balance sheet, separately from the equity of the owners of the Parent Company.

f) Joint venture interests

Interests in joint ventures represent a joint arrangement whereby the parties have joint control and share in the rights to the net assets of a separate joint venture entity. These interests are accounted for using the equity method of accounting in the Group financial statements and at cost in the Parent Company financial statements.

Under the equity method, investments in joint ventures are carried at cost plus post acquisition changes in the Group's share of net assets of the joint venture entity. The Group's share of post-acquisition profits or losses is recognised in the income statement and within the carrying value of the investment. The resulting carrying value is reviewed to assess whether it is necessary to recognise an impairment loss.

If the Group's share of losses of the joint venture entity equals or exceeds its interest in the venture, then the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture entity.

Dividends received are recognised in the income statement of the Parent Company.

The accounting policies of the joint venture entity conform to those used by the Group.

g) Intangible assets

Intangible assets include goodwill arising from the acquisition of subsidiaries, computer software, and acquired intellectual property.

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired at the time of acquisition of a business or an equity interest in a subsidiary. After initial recognition, goodwill is measured at the amount recognised at acquisition date less any accumulated impairment losses. The carrying value of goodwill is tested annually for impairment against the cash generating unit to which the goodwill relates.

Computer software represents external software costs together with consulting fees and related costs for personnel directly associated with the development of software that have been capitalised. Computer software and licence costs as well as website development costs are recorded as intangible assets. When these intangible assets are ready for use they are amortised over the period of expected use on the basis that they have a finite useful life. The amortisation period is as follows:

Website costs	4 to 5 years
Computer software	3 to 5 years

Intellectual property primarily represents the cost of acquired New Zealand and international domain names owned by the Group and are not amortised on the basis that they have an indefinite useful life. The intellectual property is carried at the fair value acquired less any accumulated impairment losses. The carrying value of acquired intellectual property is tested annually for impairment.

h) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost is the fair value of consideration paid to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the asset to the location and condition necessary for their intended use.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, only where it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs are expensed in the income statement when incurred.

Depreciation is provided and determined using a mixture of the diminishing value and straight line methods on all property, plant and equipment, at depreciation rates calculated to allocate the assets' cost over their expected useful lives. The expected useful lives of the major classes of property, plant and equipment held at balance date have been estimated as follows:

Leasehold improvements	5 to 8 years
Computer & office equipment	3 to 5 years
Furniture & fittings	5 to 8 years

Disposals:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of an asset, calculated as the difference between the net disposal proceeds and the carrying value of the item, is included in the income statement in the year it is derecognised.

i) Impairment

Non-financial assets other than goodwill or indefinite life intangibles are subject to amortisation and depreciation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Goodwill and other intangibles with an indefinite useful life are not subject to amortisation and are tested annually for impairment. The assumptions used in estimating the recoverable amount and the carrying amount of such assets are set out within note 10 to these financial statements.

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount (if any). The recoverable amount is the higher of an asset's fair value less costs to sell and the assets value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Previously recognised impairment losses on assets other than goodwill may be reversed if there is a positive change in the estimates of the recoverable amount, but only to the extent of the prior cumulative impairment loss.

j) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the relevant taxation authority in each jurisdiction in which the Group operates based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

The income tax expense charged to the income statement includes both the current year's provision and the income tax effect of:

- Taxable temporary differences, except those arising from initial recognition of goodwill and other assets that are not depreciated, and
- Deductible temporary differences to the extent that it is probable that they will be utilised.

Deferred tax is not recognised on temporary differences associated with investments in subsidiaries because:

- The Parent Company is able to control the timing of the reversal of the differences; and
- They are not expected to reverse in the foreseeable future.

Tax effect accounting is applied on a comprehensive basis to all temporary differences using the liability method. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates expected to apply in the period of settlement, based on tax rates enacted or substantively enacted at balance date. In compliance with mandatory financial reporting standards deferred tax assets and liabilities are expressed in nominal values and are not discounted to net present value.

A deferred tax asset is only recognised to the extent that it is probable there will be future taxable profit to utilise the temporary differences. The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

k) Foreign currencies

The functional and presentation currency of the Parent Company and the Group is New Zealand dollars. The functional currencies of individual subsidiaries are the currencies applicable in the countries of incorporation of each subsidiary (refer note 11).

Transactions in foreign currencies are initially recognised in the functional currency of the relevant operating unit.

At balance date, foreign monetary assets and liabilities are translated at exchange rates current at balance date, and exchange gains and losses are brought to account in determining the profit or loss for the period.

The assets and liabilities of foreign operations whose functional currency is not the New Zealand dollar are translated at exchange rates current at balance date. Revenue and expense items are translated at the spot rate at the transaction date, or a rate approximating that rate. Foreign currency exchange differences arising from the translation of foreign operations are recognised in the foreign currency translation reserve.

l) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group or Parent Company becomes party to the contractual provisions of the instrument.

They include cash balances, restricted cash, receivables, and payables. The Group has no external debt in the form of bank borrowings.

The Group does not currently hedge its investments in foreign operations, and nor does the Group currently enter into foreign currency forward exchange contracts or any other form of derivatives.

The following recognition criteria is applied to the various financial instruments applicable to the Group:

Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand, and deposits held at call with New Zealand and overseas banks.

Restricted cash:

Restricted cash comprises interest bearing term deposits held by New Zealand and overseas banks as security in the event of default for outstanding letters of credit and security bonds provided to third parties. Cash is committed for the term of the related letter of credit or security bond. Letters of credit are generally for a maximum period of twelve months from the date of issue but are subject to review as to the amount of the letter of credit. Letters of credit are generally renewed at expiry for a further term.

Trade receivables:

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any considered impairment. This is not materially different to the face (or nominal) value of the receivable less appropriate allowances for estimated irrecoverable amounts.

Ability to collect amounts due is reviewed on an ongoing basis. An allowance for doubtful debts is made when there is objective evidence that the debt will not be able to be collected. Bad and doubtful debts are recognised in the income statement when they are known to be uncollectible.

Trade payables:

Trade payables and other payables represent liabilities for goods and services provided to the Group or Parent Company prior to the end of the financial year that are unpaid and arise when the Group or Parent Company become obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within thirty days of recognition. Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method which is equivalent to the face (or nominal) value of the payables due to their short-term nature.

m) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and long-service leave, are recognised in respect of employees' services up to the reporting date.

Where these liabilities are expected to be settled within twelve months of the reporting date, they are recorded as current liabilities at the undiscounted amount payable for the entitlement earned and expected to be paid when the liabilities are utilised and settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at rates paid or payable.

For long-service leave liabilities which are expected to be settled beyond twelve months from the reporting date, the liability is recognised as a non-current liability equal to the present value of the estimated future cash outflows as a result of employee services provided up to the reporting date.

n) Revenues

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or Parent Company and the revenue can be reliably measured.

The following specific recognition criteria apply to the different forms of revenues received by the Group:

- Revenues on sales of inbound tours to New Zealand and Australia, including sales through websites, are recognised when the inbound tour commences.
- Revenues derived from outbound operations comprise of commission relating to representation of various airlines is recognised when the airline passenger undertakes the travel.
- Revenues derived from outbound operations relating to representation of various destinations is recognised based on the work undertaken within the reporting period.
- Interest revenue is recognised as interest accrues using the effective interest method.

o) Leases

Leases which effectively transfer substantially all of the risks and benefits of ownership of the leased item to the Group are classified as finance leases. Finance lease payments are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are recognised and the leased assets are depreciated over the period the Group entity is expected to benefit from their use. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the income statement.

Leases under which substantially all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

p) Other taxes

With the exception of trade payables and receivables which are stated inclusive of Goods and Services Tax (GST), all other assets, liabilities, revenues and expenses are recognised net of GST, or the equivalent value added tax applicable in foreign jurisdictions. The net amount of GST (or equivalent) recoverable from, or payable to, the relevant taxation authority is included as part of receivables or payables in the balance sheet.

q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

r) Reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

s) Earnings per share

Basic earnings per share is calculated as net profit attributable to owners of the Parent Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares on issue during the period. As there are no other instruments that would dilute earnings per share the diluted earnings per share calculation is the same as the basic earnings per share calculation.

t) Segment information

The operating segments reported are those that engage in business activities and whose operating results are regularly reviewed by the Group's chief operating decision makers.

Profit or loss, assets and liabilities for all segments as well as transactions between segments are measured according to generally accepted accounting practice in New Zealand.

Revenue is attributed to countries on the basis of location of the entity making the sale. Attributing revenue on the basis of the customer's location would not make a material difference to segment analysis as outbound revenues principally relate to customers in the location of the entity making the sale and recurring sources of inbound revenues primarily relate to customers from Japan. Total inbound revenues are identifiable separately from outbound revenues. Reportable segments are identified by the service delivered.

u) Statement of cash flows

The statement of cash flows is prepared exclusive of GST (and other comparable value added taxes) and the GST or equivalent component of cash flows arising from investing and financing activities which is recoverable from or payable to the relevant taxation authority is classified as part of operating activities.

Receipts recognised within operating activities include receipts from customers for travel and travel services and payments include the payment of these funds to principals from which the Group derives a component of revenue.

Operating activities represent all transactions and other events that are not investing or financing activities. Investing activities are those activities relating to the acquisition and disposal of investments, intangibles, and property, plant and equipment. Financing activities are those activities relating to changes in the equity and debt structure and those activities relating to the cost of servicing equity.

For the purpose of the statement of cash flows, cash includes cash on hand and deposits held at call.

2. Revenue

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Revenue:				
Outbound tourism	8,213	8,026	-	-
Inbound tourism	18,289	18,517	-	-
	26,502	26,543	-	-
Other revenue:				
Interest received	62	74	-	1
Other revenue	76	78	-	-
Intercompany fees	-	-	463	453
Intercompany subvention	-	-	-	28
Intercompany dividends	-	-	40	160
	138	152	503	642

3. Expenses

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Staffing expenses include the following employee benefits:				
Salary and wage entitlements	7,136	7,192	-	118
Defined contribution superannuation	471	436	-	2
Restructuring costs	24	121	-	-
Other benefits	52	46	-	-
Other staff related costs	350	350	-	2
	8,033	8,145	-	122
Administration and occupancy expenses include:				
Operating lease payments	1,051	1,028	-	-

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Other expenses include:				
Depreciation & amortisation	195	244	46	46
Communications costs	325	346	-	-
IT costs	164	193	15	35
Directors fees	100	99	100	99
Foreign exchange (gains) losses	(38)	111	-	-
Interest paid	6	-	-	-
Intercompany fees	-	-	126	83
Amounts paid or payable to auditors:				
The table below sets out fees paid to the auditors of the Group. Other than Hayes Knight Audit NZ and affiliated international practices of Hayes Knight Audit NZ, no other auditors were engaged by the Group or Parent Company in the current or prior year.				
Assurance services:				
Hayes Knight Audit NZ	56	66	20	25
Affiliated practices of Hayes Knight	34	40	-	-
Taxation services:				
Hayes Knight NZ Limited	-	7	-	7
Affiliated practices of Hayes Knight	11	9	-	-
Other services:				
Affiliated practices of Hayes Knight	2	9	-	-
	103	131	20	32

Fees paid for taxation services included \$11,000 (2011: \$16,000) for compliance work. Fees paid for other services in the current year primarily relate to annual filing requirements in overseas jurisdictions. Fees of \$9,000 paid for other services in the prior year relate to a compliance review engagement and advice on the issue of shares by an Australian subsidiary.

Fees paid by the Parent Company for taxation services in the prior year were for compliance work.

4. Operating segments

The Group operates predominately in two business segments being inbound and outbound tourism providing the arrangement of tours and tour related services and representation services in New Zealand, Australia, Hong Kong and Singapore.

The inbound businesses concentrate on selling inbound travel to New Zealand and Australia through the international travel distribution system, in the case of Southern Travelnet operations, and via online sales in the case of Experience New Zealand operations.

The outbound business is a specialist in marketing and representation of airlines and destinations earning revenue through the sales generated by the total distribution system, and not only by what is handled directly through the Walshe Group operations, or by a direct predetermined fee for marketing and representation services.

The accounting policies used by the Group in reporting segments are the same as those contained in note 1 to these financial statements.

The information presented for the prior year to 30 June 2011 is presented in a manner consistent with the presentation and divisional reporting used by the Group in the year to 30 June 2012. The adopted reporting structure recognises two divisions comprising inbound and outbound operations, and unallocated revenues and expenses relating to the Parent Company and consolidation eliminations necessary for reporting components of the balance sheet on a Group basis.

Business Segments:

	Outbound Tourism \$000	Inbound Tourism \$000	Eliminations / Unallocated \$000	Group Total \$000
30 June 2012:				
Outbound revenue	8,213	-	-	8,213
Inbound revenue	-	18,289	-	18,289
Interest revenue	37	25	-	62
Other revenue	75	1	-	76
Total revenue	8,325	18,315	-	26,640
Segment profit measure*	433	40	(225)	248
30 June 2011:				
Outbound revenue	8,026	-	-	8,026
Inbound revenue	-	18,517	-	18,517
Interest revenue	28	45	1	74
Other revenue	76	2	-	78
Total revenue	8,130	18,564	1	26,695
Segment profit measure*	757	(680)	(397)	(320)

* The segment profit measure is stated before income tax and recognises the contribution before depreciation, amortisation, foreign exchange variation, net interest income, and internal management and income tax subvention charges.

	Outbound Tourism \$000	Inbound Tourism \$000	Eliminations / Unallocated \$000	Group Total \$000
30 June 2012:				
Reconciliation of segment profit measure to reported profit / (loss):				
Segment profit measure	433	40	(225)	248
<i>Other revenue / (expenses):</i>				
Depreciation and amortisation	(74)	(75)	(46)	(195)
Net interest revenue	31	25	-	56
Foreign exchange variation	18	20	-	38
Net intercompany fees	(212)	(125)	337	-
Net subvention / tax loss offset	(69)	69	-	-
Segment result (before tax)	127	(46)	66	147
Income tax expense	-	-	-	(37)
Total segment expenses, excluding intercompany charges:				
Staffing costs	5,994	2,039	-	8,033
Occupancy costs	872	269	-	1,141
Other costs	976	806	225	2,007
Depreciation and amortisation	74	75	46	195
30 June 2011:				
Reconciliation of segment profit measure to reported profit / (loss):				
Segment profit measure	757	(680)	(397)	(320)
<i>Other revenue / (expenses):</i>				
Depreciation and amortisation	(95)	(103)	(46)	(244)
Net Interest revenue	28	45	1	74
Foreign exchange variation	(142)	31	-	(111)
Net intercompany fees	(222)	(148)	370	-
Net subvention / tax loss offset	(130)	102	28	-
Segment result (before tax)	196	(753)	(44)	(601)
Income tax expense	-	-	-	(22)
Total segment expenses, excluding intercompany charges:				
Staffing costs	5,556	2,467	122	8,145
Occupancy costs	833	270	-	1,103
Other costs	1,098	1,023	275	2,396
Depreciation and amortisation	95	103	46	244

	Outbound Tourism \$000	Inbound Tourism \$000	Eliminations / Unallocated \$000	Group Total \$000
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30 June 2012:

Other segment disclosures:

Capital expenditure	69	3	-	72
Investment in joint venture	-	10	-	10
Total segment assets*	4,354	4,838	2,192	11,384
Total segment liabilities	2,224	4,428	(1,359)	5,293

30 June 2011:

Other segment disclosures:

Capital expenditure	180	20	-	200
Total segment assets*	4,243	4,879	2,517	11,639
Total segment liabilities	2,099	4,380	(834)	5,645

* The amount shown for eliminations / unallocated segment assets includes Goodwill of \$2,647,000 recognised by the Parent Company on the acquisition of the outbound division.

Information about major customers:

The Group transacts with two (2011: three) customers that individually account for 10% or more of total Group revenues. One (2011: two) of these customers are reported within the inbound division and one customer is reported within the outbound division. These customers provide revenue in both New Zealand and Australia.

Geographical Segments:

The Group is an Oceania specialist and earns the majority of its revenues in Australia and New Zealand, which for inbound operations includes revenues from the Japan offices which relate exclusively to Australia and New Zealand services. A smaller proportion of revenue streams are earned through offices in Hong Kong and Singapore servicing outbound operations.

Revenues are allocated to three geographical areas for the purposes of the summary presented, being New Zealand, Australia and Other.

The cost of staff and offices located in Japan (and denominated in Japanese Yen) are included in the New Zealand cost base as these operations are through a branch of the New Zealand inbound company. Total costs denominated in Japanese Yen, but expressed in New Zealand dollars for Japan based operations of the Group in the year to 30 June 2012 were \$909,000 (2011: \$1,056,000).

	New Zealand \$000	Australia \$000	All Other \$000	Group \$000
30 June 2012:				
Outbound revenue	1,726	5,716	771	8,213
Inbound revenue	9,361	8,928	-	18,289
Interest revenue	37	25	-	62
Other revenue	18	20	38	76
Total revenue	11,142	14,689	809	26,640
Segment expenses include:				
Staffing costs	2,463	4,959	611	8,033
Other segment disclosures:				
Total current assets	4,008	4,887	497	9,392
Less intercompany assets	(1,942)	(82)	-	(2,024)
	2,066	4,805	497	7,368
Income tax – non-current	90	-	-	90
Property, plant and equipment	69	196	28	293
Intangibles – goodwill	2,647	-	-	2,647
Intangibles – other	418	14	-	432
Investments – joint venture interest	10	-	-	10
	3,234	210	28	3,472
30 June 2011:				
Outbound revenue	2,270	4,938	818	8,026
Inbound revenue	10,727	7,790	-	18,517
Interest revenue	51	23	-	74
Other revenue	14	64	-	78
Total revenue	13,062	12,815	818	26,695
Segment expenses include:				
Staffing costs	2,905	4,757	483	8,145
Other segment disclosures:				
Total current assets	4,794	3,684	377	8,855
Less intercompany assets	(1,316)	(86)	-	(1,402)
	3,478	3,598	377	7,453
Income tax – non-current	107	-	-	107
Property, plant and equipment	93	192	39	324
Intangibles – goodwill	2,647	-	-	2,647
Intangibles – other	504	20	-	524
	3,351	212	39	3,602

5. Income tax

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000

Income tax expense:

The profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Parent Company as follows:

Profit / (loss) before income tax	147	(601)	106	116
Income tax calculated at the Parent Company statutory income tax rate (2012: 28%; 2011: 30%)	41	(180)	30	35
Adjusted for the tax effect of:				
Income at foreign tax rates	7	(14)	-	-
Impact of change in income tax rates	-	5	-	-
Non-deductibles/assessed income	64	27	-	-
Recognition of tax losses	(77)	-	-	-
Unrecognised tax losses	2	184	-	-
Intercompany dividends	-	-	(11)	(48)
Intercompany loss offsets	-	-	-	19
Total income tax expense	37	22	19	6

The income tax expense is represented by:

Current tax	4	2	-	-
Deferred tax	33	20	19	6
	37	22	19	6

The New Zealand company tax rate reduced from 30% to 28% with effect from the start of the 2012 income tax year. This reduction in tax rate has been reflected within the deferred tax balance at 30 June 2011 and for the calculation of New Zealand tax and deferred tax in the current year.

There is no income tax effect which arises as a result of the translation difference recognised in the statement of comprehensive income.

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Deferred tax:				
Movement in deferred tax asset:				
Balance at the beginning of the year	584	592	-	6
Foreign exchange translation	(7)	12	-	-
Current year income tax expense	(33)	(20)	(19)	(6)
Balance at the end of the year	544	584	(19)	-

Deferred tax balances are attributable to the following:

Assets:				
Employee entitlements	253	214	-	-
Other non-deductible accruals	40	35	8	8
Income tax losses	295	376	1	18
	588	625	9	26
Liabilities:				
Property, plant and equipment	(44)	(41)	(28)	(26)
Deferred tax asset (liability)	544	584	(19)	-

The utilisation of the deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, and shareholder continuity requirements being maintained in accordance with income tax legislation in each jurisdiction for which a deferred income tax asset is recognised in relation to income tax losses.

In the current year, the benefit of previously unrecognised income tax losses with a net tax effect of \$77,000 has been recognised based on a review of estimated future taxable income. As at 30 June 2012, the Group has recognised the benefit of income tax losses with a tax effect amounting to \$295,000 (2011: \$376,000). There are further tax losses, with a tax effect of \$134,000 (2011: \$209,000), which are available to the Group but the benefit of which has not been recognised within the deferred tax asset. The recognition of the benefit of available income tax losses has been determined with reference to the expected profitability and plans within each jurisdiction of operation. The directors are of the view that it is prudent not to recognise the benefit of these further income tax losses until there is more certainty as to the timing and extent of the expected utilisation of the losses. This recognition will be reviewed on a continuing basis.

Income tax receivable:

Income tax receivable is recognised as a current (\$25,000) and non-current (\$90,000) receivable on the balance sheet as the amount of income tax refundable in New Zealand is restricted by the level of imputation credits available to the Parent Company and subsidiaries.

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Imputation credits:				
Balance at the beginning of the year	46	113	-	43
Income tax refunds	(21)	(67)	-	(112)
Attached to dividends received	-	-	17	69
Balance at the end of the year	25	46	17	-

The Group imputation position recognises the balance of imputation credits available to shareholders of the Parent Company directly (2012: 17,000; 2011: nil) and indirectly through interests held in New Zealand subsidiary companies (2012: 8,000; 2011: 46,000).

6. Earnings per share (EPS)

	Group	
	2012	2011
For basic and diluted earnings per share calculations:		
Profit / (loss) attributable to ordinary shareholders (\$000)	109	(638)
Weighted average number of ordinary shares outstanding (000)	25,344	25,344
Basic and Diluted earnings per share (cents)	0.43	(2.52)

Earnings per share is calculated by dividing the Group net profit / (loss) after income tax attributable to owners of the Parent Company by the weighted average number of ordinary shares on issue during the period. As the Parent Company only has ordinary shares of a single class on issue and no dilutive instruments exist, the basic and diluted EPS are identical.

	Group		Parent Company	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000

7. (a) Cash and cash equivalents

Components of cash and cash equivalents available for use:

Cash at bank and on hand	2,909	2,584	10	78
Foreign currency denominated accounts	105	78	-	-
	3,014	2,662	10	78

Cash at bank is held in the functional currency of the subsidiary holding that cash.

7. (b) Restricted cash

Restricted cash	657	955	-	-
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Restricted cash balances primarily relate to deposits provided as security for bank facilities so that the Group can provide letters of credit in favour of the various airlines which the Group represents, and for security bonds required to operate as a travel agency in certain jurisdictions.

The cash is held on term deposit by the relevant bank in support for the letter of credit issued. Letters of credit are provided as security for airline ticket stocks and airline customer funds received by the Group to be remitted to the respective airlines. Letters of credit are primarily for a period of less than twelve months and the amount is subject to review on a continuing basis. The provision of a letter of credit is in accordance with industry practice. There have been no previous claims against the letters of credit provided by the Group to existing customers.

The National Bank of New Zealand Limited has a first ranking security interest over the assets and undertakings of a subsidiary company, Walshes World Limited, by way of a registered general security agreement.

8. Receivables and prepayments

	Group		Parent Company	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000

Current:

Trade receivables	2,260	2,620	-	-
Other receivables	466	326	-	-
Prepayments	946	847	9	-
Intercompany receivables	-	-	259	144
	3,672	3,793	268	144

Non-current:

Intercompany receivables	-	-	696	516
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Trade receivables are amounts due from customers for services performed in the ordinary course of business and are predominately on 30 to 60 day terms consistent with industry practice. The amount of past due receivables within total trade receivables is \$114,000 (2011: \$85,000). No amounts that are past due are considered to be impaired (2011: \$nil) and no provision for impairment loss for any receivables has been recognised in the current year (2011: \$nil).

Other receivables do not contain any amounts that are past due and it is expected that these balances will be received in accordance with agreed terms.

Intercompany receivables are non-interest bearing and due and receivable on demand. Intercompany receivables which are not expected to be demanded or received within twelve months of balance date are recognised as non-current receivables by the Parent Company.

9. Property, plant and equipment

Parent Company

The Parent Company holds no items of property plant and equipment at 30 June 2012 (2011: \$nil).

Group

Security interests in leased assets - property plant and equipment:

At 30 June 2012, computer and office equipment with a carrying value of \$53,000 (2011: \$67,000) is subject to finance lease arrangements and pledged as security for the related finance lease (refer note 16).

Other security interests in property plant and equipment:

Property, plant and equipment comprising computer and office equipment with a carrying value of \$3,000 (2011: \$5,000), furniture and fittings with a carrying value of \$2,000 (2011: \$2,000) and leasehold improvements with a carrying value of \$13,000 (2011: \$17,000) form part of the security under a registered general security agreement with National Bank of New Zealand Limited in support of letter of credit facilities provided to a New Zealand subsidiary.

The following items of property, plant and equipment were held by the Group at balance date:

	2012 Cost \$000	2012 Accum Depn \$000	2012 Book Value \$000	2011 Cost \$000	2011 Accum Depn \$000	2011 Book Value \$000
Computer & office equipment	1,052	(876)	176	1,000	(812)	188
Furniture & fittings	241	(196)	45	236	(186)	50
Leasehold improvements	158	(86)	72	152	(66)	86
	1,451	(1,158)	293	1,388	(1,064)	324

	2011 Book Value \$000	2012 Additions \$000	2012 Disposals \$000	2012 Depn \$000	2012 Book Value \$000
2012 reconciliation of carrying values					
Computer & office equipment	188	58	-	(70)	176
Furniture & fittings	50	5	-	(10)	45
Leasehold improvements	86	6	-	(20)	72
	324	69	-	(100)	293

	2010 Book Value \$000	2011 Additions \$000	2011 Disposals \$000	2011 Depn \$000	2011 Book Value \$000
2011 reconciliation of carrying values					
Computer & office equipment	155	133	-	(100)	188
Furniture & fittings	69	-	-	(19)	50
Leasehold improvements	43	62	-	(19)	86
	267	195	-	(138)	324

10. Intangible assets

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Intangible assets comprise:				
Goodwill	2,647	2,647	-	-
Websites and software	232	324	138	184
Intellectual property	200	200	-	-
	3,079	3,171	138	184

Goodwill:

Goodwill arose from the previous acquisition of all of the shares of The Walshe Group Limited which operates the outbound representation division of the Group, and from the acquisition of the assets of Experience New Zealand Travel which forms part of the inbound division of the Group.

Cost base	2,885	2,885	81	81
Accumulated impairment losses	(238)	(238)	(81)	(81)
Total carrying value	2,647	2,647	-	-

Goodwill arising from the acquisition of Experience New Zealand Travel has been written down in full in a previous reporting period. The current carrying value relates only to the goodwill arising on the acquisition of the outbound division and for the purposes of assessing the carrying value for potential impairment, the cash generating unit for which goodwill is allocated, is the total outbound representation division.

A consistent methodology to that which was applied at 30 June 2011 has been used to assess the carrying value of goodwill at 30 June 2012.

The assessment at 30 June 2012 supports the recoverable amount recognised for the outbound operations, based on the value-in-use methodology. The recoverable amount has been assessed with reference to future earnings expectations and the past experience of management.

Key assumptions:

The value-in-use methodology projects the future maintainable earnings using the budget approved by the directors for the 2013 financial year as the base year for an internal discounted cash flow projection model. Information produced in the budget reflects the current expectations of the financial performance of the outbound division based on existing operations and the past experience of management.

The projections for future periods beyond the base year incorporate consistent growth and inflation rates over a five year period and the determination of a terminal value reflecting future cash flows beyond the five year period. The projections assume foreign exchange rates remain consistent with the base year. The projections incorporate a 2.5% (2011: 2.5%) normalised inflation assumption with growth at 0.5% (2011: 1.0%) above inflation levels for the projected five year period. For the terminal value a growth rate of 0.5% (2011: 1.0%) is applied to net cash flows. These assumptions have been applied with reference to external information applicable to the primary jurisdictions in which the outbound division operates, and with regard for the assumptions contained within the budget used for the base year.

The estimated future cash flows are discounted to their present value using a discount rate that reflects the current assessment of the time value of money and the risks specific to the outbound division for which the estimates of future cash flows have not been adjusted.

The discount rate which has been applied to the unleveraged pre-tax nominal cash flows including capital expenditure expectations is 15.7% (2011: 15.1%). The discount rate applied in the current year assessment has been determined based on external market based information and the past experience of management.

Sensitivity analysis:

The assessment at 30 June 2012 supports the carrying value of goodwill of \$2,647,000. The excess value over the net assets of the outbound division has increased marginally from the assessment undertaken at 30 June 2011 as a result of the application of revised assumptions which are considered appropriate based on current information and profitability levels. In applying the methodology required by NZ IAS 36 "Impairment of Assets" the amount by which the recoverable value exceeds the effective carrying value of the relevant assets is \$1,061,000 (2011: \$986,000).

If budget expectations are not met and this is due to reasons which impact subsequent periods or there are differences between the key assumptions and actual results, then the carrying value could subsequently exceed the considered recoverable value. The carrying value would exceed the recoverable value if (keeping all other factors constant):

- the annual growth rate above inflation is reduced from 0.5% to slightly less than 0%; or
- the appropriate pre-tax discount rate is considered to be greater than 19.40%

Market Capitalisation:

The market capitalisation of the Company at 30 June 2012 was \$1,267,187 (2011: \$2,281,837).

This compares to the net assets of the Group which total \$6,091,000 (2011: \$5,994,000) at the same date. Of the \$6,091,000, the net tangible assets total \$3,012,000 (2011: \$2,823,000), and total intangible assets including goodwill are \$3,079,000 (2011: \$3,171,000). The Group has no bank debt.

A lower market capitalisation can be an indication of impairment, however the goodwill is assessed only against the performance of the outbound division from which it arose and excludes the impact of operating results arising from the inbound division and the costs of the listed Parent Company which impact on the overall results of the Group.

Other intangible assets:

	2012 Cost \$000	2012 Accum Amort \$000	2012 Book Value \$000	2011 Cost \$000	2011 Accum Amort \$000	2011 Book Value \$000
Group:						
Websites and software	1,133	(901)	232	1,130	(806)	324
Intellectual property	200	-	200	200	-	200
	1,333	(901)	432	1,330	(806)	524
Parent Company:						
Websites and software	315	(177)	138	315	(131)	184

	2011 Book Value \$000	2012 Additions \$000	2012 Amort \$000	2012 Book Value \$000
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2012 reconciliation of carrying values

Group:				
Websites and software	324	3	(95)	232
Intellectual property	200	-	-	200
	524	3	(95)	432
Parent Company:				
Websites and software	184	-	(46)	138

	2010 Book Value \$000	2011 Additions \$000	2011 Amort \$000	2011 Book Value \$000
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2011 reconciliation of carrying values

Group:				
Websites and software	425	5	(106)	324
Intellectual property	200	-	-	200
	625	5	(106)	524
Parent Company:				
Websites and software	230	-	(46)	184

Websites and software:

Websites and software are intangible assets which are considered to have a finite useful life. In accordance with NZ IAS 36 "Impairment of Assets", the impairment of such assets is required to be considered if there is an indication of impairment. Having regard to the replacement costs of these assets, current functionality, and the revenues expected to be generated from the ongoing use of the website and software assets held at 30 June 2012, it is considered that there is no impairment of these assets which is not already recognised within the annual amortisation expense.

The period of amortisation for all software and website related assets held by the Group at 30 June 2012 is three to five years.

Intellectual property:

Intellectual property primarily represents the cost of acquired New Zealand and international domain names, and also includes trademarks and business names utilised or owned in connection with the inbound business of Experience New Zealand Travel Limited, all of which have an indefinite useful life.

No impairment has been recognised against the carrying value of this intellectual property at 30 June 2012 (2011: \$nil), however the recoverable value is assessed to be at a level where it equates to the carrying value based on a value-in-use methodology whereby the recoverable amount has been assessed with reference to future earnings expectations.

There is an expectation that the international domain names hold a value which is not recognised within the future earnings expectations and could be sold to third parties, however the realisable values have not been assessed at this time.

Accordingly, no impairment is considered necessary for recognition at 30 June 2012 (2011: \$nil).

Key assumptions:

The value-in-use methodology projects the future maintainable earnings using the budget approved by the directors for the 2013 financial year as the base year for an internal discounted cash flow projection model for the Experience New Zealand Travel operating division. Information produced in the budget reflects the current expectations of the financial performance of the division based on existing operations and the past experience of management.

The projections for future periods beyond the base year incorporate consistent growth and inflation rates over a five year period and the determination of a terminal value reflecting future cash flows beyond the five year period. The projections incorporate a 2.5% (2011: 2.5%) normalised inflation assumption with growth at 0% (2011: 0%) above inflation levels. The growth rate will be reviewed at such time as the performance of the division achieves target trading levels.

The estimated future cash flows are discounted to their present value using a discount rate that reflects the current assessment of the time value of money and the risks specific to the division for which the estimates of future cash flows have not been adjusted. The discount rate which has been applied to the unleveraged pre-tax nominal cash flows including capital expenditure expectations is 16.7% (2011: 16.7%). The discount rate applied in the current year assessment has been determined based on external market based information and the past experience of management.

Sensitivity analysis:

The assessment at 30 June 2012 supports the carrying value of intellectual property of \$200,000. In applying the methodology required by NZ IAS 36 "Impairment of Assets" the amount by which the recoverable value exceeds the effective carrying value of the relevant assets is \$nil. Accordingly, if any of the assumptions referred to above are not achieved, then the effective carrying value of the intellectual property could subsequently exceed the considered recoverable value.

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000

11. Investments

Investments comprise:

Joint venture interests	10	-	10	-
Investments in subsidiaries	-	-	6,797	6,797
	10	-	6,807	6,797

Joint venture interests:

Southern Travel Holdings Limited is a 50% (2011: nil) shareholder in Pacific Attitude Limited, an entity incorporated in New Zealand and established to market and sell event based travel opportunities, primarily to Oceania and Asia. Pacific Attitude Limited was incorporated on 13 March 2012 and has a 30 June balance date. The shareholders of Pacific Attitude Limited have joint control pursuant to a joint venture agreement such that decisions about certain relevant activities require the unanimous consent of the shareholders representatives. No significant operations have been undertaken between incorporation and 30 June 2012, such that the total and net assets of Pacific Attitude Limited at 30 June 2012 are represented by the total paid in capital of \$20,000.

Investments in subsidiaries:

All subsidiaries have a 30 June balance date. The principal activities of the outbound division entities are the marketing and representation of global airlines and destinations in New Zealand, Australia, Hong Kong and Singapore. The principal activities of the inbound division entities are the arrangement of tours and tour related services into New Zealand and Australia.

The following entities are subsidiaries within the Group:

Name of Entity	Country of Incorporation	Percentage held	
		30 June 2012	30 June 2011
<i>Outbound division:</i>			
The Walshe Group Limited	New Zealand	100%	100%
Walshes World Limited	New Zealand	100%	100%
Alliance International Marketing Services Limited	New Zealand	80%	80%
Hawaii Tourism Oceania Limited	New Zealand	100%	100%
The Walshe Group Pty Limited	Australia	100%	100%
Walshes World Agencies Pty Limited	Australia	100%	100%
Airline International Marketing Services Pty Limited	Australia	100%	100%
Hawaii Tourism Australia Pty Limited	Australia	100%	100%
The Walshe Group (Singapore) PTE. Limited	Singapore	100%	100%
The Walshe Group Limited	Hong Kong	100%	100%
<i>Inbound division:</i>			
Southern Travelnet Pty Limited	Australia	100%	100%
Southern Travelnet Limited	New Zealand	100%	100%
Experience New Zealand Travel Limited	New Zealand	100%	100%
Experience Travel Limited	New Zealand	100%	100%

12. Trade and other payables

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Trade payables	2,225	2,091	9	37
Income in advance	1,616	2,066	-	-
Other payables and accruals	598	697	52	55
Intercompany payables	-	-	402	277
	4,439	4,854	463	369

Trade payables are non-interest bearing and are normally settled on 30 day terms. Income in advance relates to amounts received from and invoiced to customers for future travel bookings. Other payables and accruals are non-trade payables and are non-interest bearing. Intercompany payables are non-interest bearing and due and payable on demand.

13. Contributed equity

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
	6,531	6,531	6,531	6,531

At 30 June 2012 there are 25,343,741 fully paid ordinary shares on issue with no par value (2011: 25,343,741). There are no other securities on issue.

All shares have the right to one vote and to participate equally in dividend distributions and any profit on a winding up of the Parent Company.

Capital management:

The Group's capital consists of contributed equity and the balance of reserves including retained earnings.

The Group's capital management policy includes the maintenance of a capital base to ensure investor, market and creditor confidence, and to sustain the Group's activities in order to ensure the Group continues as a going concern and creates opportunities intended to provide an investment return to shareholders.

The Group monitors its capital structure as part of the budget and forecasting process during the year with regard to expected financial performance, cash flows, and opportunities to expand the business through new channels and growth from existing business units.

The Group has no externally-imposed capital requirements (2011: nil).

The Group intends to continue with its policy of not having any interest bearing bank debt and there are no current plans to issue further new shares.

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000

14. Reconciliation of reported surplus after taxation with cash flows from operating activities

Reported profit / (loss) after taxation	110	(623)	87	110
<i>Add/(less) items not involving cash flows:</i>				
Depreciation & amortisation expense	195	244	46	46
Movements in deferred tax	40	8	19	6
Net loss/(gain) on foreign exchange	(4)	6	-	-
<i>Movements in working capital items:</i>				
Increase/(decrease) in trade creditors	134	428	(28)	37
Increase/(decrease) in other payables and entitlements	(472)	1,502	(3)	(78)
(Increase)/decrease in receivables and prepayments	121	(1,314)	(9)	29
(Increase)/decrease in tax receivable	35	171	-	112
(Increase)/decrease in restricted cash	298	(417)	-	-
Increase/(decrease) – intercompany	-	-	(385)	(363)
Net cash flows from / (used in) operating activities	457	5	(273)	(101)

15. Financial instruments

	Group		Parent Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000

The Group has no derivative financial assets or liabilities. The following material financial assets and liabilities, that potentially subject the Group to financial risk, have been recognised in the financial statements:

Loans and receivables:

Cash at bank and on hand	3,014	2,662	10	78
Restricted cash	657	955	-	-
Trade and other receivables	2,726	2,946	-	-
Advances to subsidiaries	-	-	955	660
	6,397	6,563	965	738

Financial liabilities measured at amortised cost:

Trade and other payables	2,823	2,788	61	92
Advances from subsidiaries	-	-	402	277
	2,823	2,788	463	369

Fair Values:

The carrying value of all financial instruments is equivalent to their fair value because of their short term to maturity. Restricted cash balances earn interest at current market interest rates.

Risks arising from financial instruments:

The main risks arising from the Group's financial instruments are credit risk, currency risk, liquidity risk, and interest rate risk. The Board reviews and agrees policies for managing and reviewing each of these risks on a continuing basis.

Other than as described below there are no other financial instruments in place which have an effect on the fair value of financial assets and liabilities at 30 June 2012 (2011: \$nil).

Credit Risk:

Credit risk is the risk that a debtor or counterparty will fail to honour its contractual obligations resulting in financial loss to the Group.

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances and receivables. The maximum exposure to credit risk is equivalent to the carrying value of cash, restricted cash, and receivables at 30 June 2012 and is displayed in the preceding table. There is no expectation of a loss and therefore no provision for impairment is recognised.

The Group only has banking arrangements with major creditworthy financial institutions and further minimises its credit exposure by limiting the amount of funds placed with any one of them at any one time.

The Group performs credit evaluations on all customers requiring credit and continuously monitors the credit quality of its larger trade receivables. The Group does not require collateral or security from its trade debtors. The balance of accounts receivable is monitored on a continuing basis with the result that the Group's experience of bad debts has not been significant and there are no existing customers that have previously defaulted on amounts due or for which late payment plans have needed to be negotiated.

The Parent Company has limited exposure to external credit risk as there are no receivables from external parties other than subsidiaries within the Group.

Concentration of Credit Risk:

The Group has two (2011: three) customers who together account for approximately 31% (2011: 37%) of total sales and 28% (2011: 21%) of trade receivables at balance date. These customers have no history of default on obligations due to the Group. The Group does not have any other significant concentrations of credit risk.

Currency Risk:

Currency risk is the risk that transactions and balances denominated in currencies other than the functional currency of the relevant business unit change in value as a result of changes in the relevant foreign currency exchange rates. This risk arises both as a result of holding assets and incurring liabilities in currencies other than the functional currency of operating entities in the Group and as a result of sales by those entities in currencies other than their functional currency.

Operations of the Group are primarily based in Australia, New Zealand, Japan, and to a lesser degree, Hong Kong and Singapore.

The foreign currency in which the Group primarily transacts is Australian dollars. It is the Group's policy not to cover anticipated exposures. Instead the Group maintains a number of foreign currency accounts and also manages exposure by holding funds received to match these funds against payments over the short-term, rather than converting foreign funds at time of receipt.

By managing currency risk the Group aims to moderate the impact of short-term fluctuations in exchange rates. Over longer periods changes in exchange rates will have an impact on profit.

The Parent Company is not directly exposed to significant currency risk and has no amounts receivable or payable which are not denominated in New Zealand dollars.

The Group has exposure to changes in foreign currencies as a result of the following balances being denominated in a currency other than the functional currencies of the individual operating subsidiaries holding these financial instruments:

30 June 2012 – stated in \$NZ'000:	\$AUD	\$USD	Other
Cash at bank and in hand	1	68	36
Restricted cash	134	370	-
Trade and other receivables	-	214	163
Trade and other payables	-	-	(15)
	135	652	184

30 June 2011 – stated in \$NZ'000:	\$AUD	\$USD	Other
Cash at bank and in hand	8	42	28
Restricted cash	376	329	-
Trade and other receivables	-	222	89
Trade and other payables	-	-	(41)
	384	593	76

At 30 June 2012, had the New Zealand dollar moved by 3% (2011: 3%) against either the Australian or United States dollar, then based on the carrying value of the foreign currency denominated financial instruments disclosed above, with all other variables held constant, the after tax profit / loss and total equity of the Group would have been +/- \$20,000 (2011: +/- \$18,000) in respect of USD financial assets and liabilities and +/- \$4,000 (2011: +/- \$12,000) in respect of AUD financial assets and liabilities.

Cash, receivables, and payables of the Australian operating subsidiaries which are denominated in Australian dollars are excluded from the above information as the Australian dollar is the functional currency of the respective subsidiaries.

The foreign exchange variance included within the income statement also arises as a result of the valuation of closing balances of amounts due to/from overseas subsidiaries from/to New Zealand subsidiaries which are designated as foreign currency receivables and payables. These balances are included in the table below on a net receivable / payable basis for entities within the Group:

Stated in \$NZ'000:	\$AUD	\$HKD	\$SNG
June 2012 – receivable / (payable):	(54)	159	56
June 2011 – receivable / (payable):	(82)	139	44

The Group incurs expenditure in Japan which is incurred in the local currency (Yen). Revenues from this market are received in local New Zealand or Australian dollars. Changes in the NZD/Yen impact upon the operating costs recognised in the financial statements of the Group.

At 30 June 2012, had the New Zealand dollar moved, as set out below, with all other variables held constant, then the after tax profit / loss and total equity would have been affected as follows:

- If the New Zealand dollar had been 3% (2011: 3%) stronger against the Australian dollar over the last year, it is estimated that the reported profit would have been \$3,000 lower (2011: loss would have been \$5,000 higher) and total equity would have been \$35,000 lower (2011: \$34,000 lower) at 30 June 2012.
- If the New Zealand dollar had been 3% (2011: 3%) stronger against the Japanese Yen over the last year, it is estimated that reported profit would have been \$26,000 higher (2011: loss would have been \$32,000 lower) and total equity would have been \$26,000 (2011: \$32,000) higher at 30 June 2012.

Sensitivity to other currencies is considered to be lower and not considered as significant to the Group for the purpose of assessing the impact of changes in foreign currency exchange rates on trading results of the Group.

Liquidity Risk:

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as and when they fall due. Liquidity risk is managed on a group basis.

The Group evaluates its liquidity risk by monitoring expected total cash inflows and outflows based on forecasts and estimates of financial performance. These estimates recognise the liquidity profile of financial instruments excluding the expected outgoings yet to be incurred for travel deposits received or invoiced in advance. The directors consider that the Group generates sufficient cash flows from its operating activities to meet obligations arising from its financial liabilities.

The Group has no bank debt (2011: \$nil).

All trade and other payables are non-interest bearing and have a liquidity profile of less than six months. This is consistent with the liquidity profile of available cash and receivables such that these obligations are expected to be settled when they fall due as follows for the Group:

	2012 <6 mths \$000	2012 >6 mths \$000	2011 <6 mths \$000	2011 >6 mths \$000
Cash at bank and in hand	3,014	-	2,662	-
Restricted cash	34	623	380	575
Trade and other receivables	2,726	-	2,946	-
	<u>5,774</u>	<u>623</u>	<u>5,988</u>	<u>575</u>
Less trade and other payables	(2,823)	-	(2,788)	-
	2,951	623	3,200	575

The level of surplus liquidity indicated in the above table is as a result of cash and debtor balances including income received and invoiced in advance, the future associated costs of which are recognised in part within prepayments, and also subsequent to balance date where the actual costs are yet to be incurred by the Group.

The amounts shown as being available beyond six months represent restricted cash balances at balance date that are expected to remain in place six months or more after balance date.

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The exposure to interest rate risk is not considered to be material to the Group due to the relatively low level of expected interest income.

Apart from cash at bank and term deposits the Group is not exposed to interest rate risk as all other financial assets and liabilities are non-interest bearing. Cash is placed on term deposit to support security requirements imposed for the provision of letters of credit to third parties. Cash is also placed into an interest bearing call account as and when determined by management with regard to available cash and interest rates.

The deposit interest rates ranged from 0.05% to 4.50% during the year (30 June 2011: 0.05% to 4.75%). Assessments of reasonably possible movements in interest rates would not have made a significant difference to the reported profit / loss or equity at 30 June 2012 (2011: \$nil).

The Parent Company had no interest bearing financial instruments at the current or previous year end. Advances to subsidiaries are excluded as they are not subject to interest rates and are repayable on demand.

16. Leases

Operating leases:

The Group leases various offices and equipment under non-cancellable operating leases with expiry dates up to five years from balance date. There are no operating lease commitments which extend more than five years from balance date. Office leases have varying terms with standard escalation clauses and rights of renewal consistent with commercial office lease arrangements. There are no leases which are subject to contingent rentals.

The Parent Company has no non-cancellable operating lease commitments at 30 June 2012 (2011: \$nil).

Total operating lease commitments for the Group at year end, expressed in nominal terms, and including relevant right of renewal periods, are \$1,943,000 (2011: \$1,716,000), and are payable as follows:

	Group	
	2012 \$000	2011 \$000
Payable within one year	911	768
Payable between one and two years	512	543
Payable between two and five years	520	405
Total operating lease commitments	1,943	1,716

Finance Leases:

The Group has an Australian dollar finance lease for office equipment located in Australia. The lease payments are fixed for the term of the lease with an effective finance rate of 12.94% p.a. (2011: 12.94% p.a.). There are no amounts payable more than five years from balance date.

The Parent Company has no finance lease obligations at 30 June 2012 (2011: \$nil).

Total operating finance lease obligations at year end are as follows:

	Group	
	2012 \$000	2011 \$000
Payable within one year	21	21
Payable between one and two years	21	21
Payable between two and five years	21	42
Total minimum lease payments	63	84
Less financing charges	(12)	(17)
Present value of minimum lease payments	51	67
Current	15	15
Non-current	36	52
	51	67

17. Capital commitments

At 30 June 2012, the Parent Company has an initial funding commitment of \$40,000 to the Pacific Attitude Limited joint venture interest. The Group and Parent Company have no other capital commitments at 30 June 2012 (2011: \$nil).

The joint venture interest, Pacific Attitude Limited, has no capital commitments at 30 June 2012 (2011: \$nil).

18. Contingent liabilities

The Group and Parent Company have no significant contingent liabilities at 30 June 2012 (2011: \$nil).

The joint venture interest, Pacific Attitude Limited, has no significant contingent liabilities at 30 June 2012 (2011: \$nil).

19. Related parties and key management personnel

Group:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any director of the Parent Company or a subsidiary.

Compensation paid or payable by the Group to key management personnel (including for this purpose any director in the Group) during the year to 30 June 2012 was:

	Directors fees \$000	Remuneration \$000	Other services \$000	Total \$000
Rodney Walshe	34	-	4	38
Kiyomi Gunji	22	-	-	22
John King	22	-	-	22
David Lock	22	-	60	82
Payments to directors	100	-	64	164
<i>Other key management personnel:</i>				
Short-term employee benefits	-	557	110	667
Long-term employee benefits	-	-	-	-
Total compensation	100	557	174	831

Payments to directors include fees paid to related business entities of the directors for other services which were charged under normal commercial terms and conditions at fair market value. The \$60,000 (2011: \$37,000) of fees for other services recognised for David Lock relate to fees paid and accrued for the provision of accounting and taxation services by Zeus Management Limited, a company in which David Lock is a shareholder, director and employee. At 30 June 2012, the amount outstanding and payable to directors or their related entities is \$42,000 (2011: \$37,000).

Fees paid to other key management personnel for other services related to payments to contractors included within key management personnel. Benefits to key management personnel include \$83,000 (2011: \$83,000) of costs which are directly recoverable from third parties on a full cost reimbursement basis.

Short-term employee benefits relate to remuneration paid during the year or payable within twelve months of balance date. Long-term employee benefits relate to remuneration entitlements to long-service leave recognised during the year which is not payable within twelve months of balance date. No post-employment benefits, termination benefits, or share-based payments were made or accrued during the year to 30 June 2012 (2011: \$nil).

Compensation paid or payable by the Group to key management personnel (including for this purpose any director in the Group) during the year to 30 June 2011 was:

	Directors fees \$000	Remuneration \$000	Other services \$000	Total \$000
Rodney Walshe	33	-	8	41
Kiyomi Gunji	22	-	-	22
John King	14	-	-	14
David Lock	14	-	37	51
Richard Fyers	8	-	-	8
Terry Nicholas	8	-	3	11
Payments to directors	99	-	48	147
<i>Other key management personnel:</i>				
Short-term employee benefits	-	571	110	681
Long-term employee benefits	-	13	-	13
Total compensation	99	584	158	841

Parent Company:

The amounts shown in the compensation paid or payable to key management personnel include directors fees paid by the Parent Company of \$100,000 (2011: \$99,000), together with \$37,000 (2011: \$44,000) paid for other services provided by the directors or their related business entities, and \$nil (2011: \$120,000) to other key management personnel employed or engaged directly by the Parent Company.

The ultimate parent entity within the Group is Southern Travel Holdings Limited. All members of the Group are considered to be related parties of the Parent Company and are listed in note 11 to these financial statements.

During the year the following transactions occurred with related parties of the Parent Company, in addition to the payments to key management personnel set out above:

	Parent Company	
	2012 \$000	2011 \$000
<i>Revenues from subsidiaries:</i>		
Management fees received	463	453
Tax subvention receipt	-	28
Dividends received	40	160
<i>Expenses to subsidiaries:</i>		
Management fees paid	126	83

	Parent Company	
	2012	2011
	\$000	\$000
At 30 June, the following balances are outstanding in relation to transactions with subsidiaries during the year:		
<i>Receivables from subsidiaries:</i>		
Southern Travelnet Limited	696	516
The Walshe Group Limited	259	116
Walshes World Limited	-	28
	955	660
<i>Payables to subsidiaries:</i>		
Experience New Zealand Travel Limited	402	277

The above related party balances are non interest bearing and payable and receivable on demand.

During the year to 30 June 2012, the Parent Company subscribed for 10,000 shares in Pacific Attitude Limited (\$10,000). During the year ended 30 June 2011 the Parent Company subscribed for additional equity in the form of redeemable preference shares issued by Southern Travelnet Pty Limited. Consideration for this purchase was settled by way of debt offset arrangements between wholly owned group entities.

20. Subsequent events

Other than as set out within these financial statements and the annual report for the year to 30 June 2012, there have been no events subsequent to 30 June 2012 which are considered to have a material effect on these financial statements (2011: nil).

Statutory Information

For the year ended 30 June 2012

Board of Directors

At 30 June 2012 the directors of Southern Travel Holdings Limited were Rodney Walshe (Chairman), Kiyomi Gunji (Deputy Chairman), John King, and David Lock. There has been no change to the Board of Directors during the year.

David Lock has advised that he will step down as a director on 30 September 2012.

Rodney Walshe ONZM:

Rodney Walshe has been actively involved in tourism since 1970 during which time he has made a significant contribution to the New Zealand industry as well as establishing the Walshe Group, which today forms the outbound division of Southern Travel Holdings Limited.

Rodney is a past president and life member of the Tourism Industry Federation (now TIANZ), past president of TAANZ, life member of the NZ Institute of Travel, and former Chairman of the NZ Tourism Council and Tourism Auckland. He is an ex-officio trustee of the New Zealand Antarctic Heritage Trust and also the Honorary Consul General of Ireland in New Zealand, an appointment he has held since 1976. Rodney is an independent chairman of New Zealand Experience Limited and Rainbow's End Theme Park Limited.

In 2007 he received the Sir Jack Newman Tourism Award, the highest award granted to an individual within the New Zealand tourism industry. In the year 2000 Honours list, Rodney was appointed an Honorary Officer of the New Zealand Order of Merit (ONZM) for his outstanding contribution to New Zealand Tourism and the community.

Kiyomi Gunji:

Kiyomi Gunji was one of the original founders of Silver Fern Holidays Limited in 1978, the predecessor to the Southern Travel Holdings inbound operating division. Kiyomi held the position of managing director of the Group until March 2008 and has over thirty-six years of experience in the tourism industry. Kiyomi is the author of the first New Zealand travel guide book in Japanese published in 1975, and is a former board member of the Inbound Tour Operators Council of New Zealand Incorporated (ITOC) and previous president of the Japanese Society of Auckland Incorporated. In 2008, he received the Horwath Sir Jack Newman Award at the New Zealand Tourism industry awards.

John King OAM:

John King, who is based in Sydney, is the Managing Director of Global Tourism & Leisure and Chairman of the Australian Tourism Export Council. John has a 38 year background in highly successful and widely recognised international tourism marketing and management. He has held a number of senior positions with tourism companies and tourism agencies across the world. John has been presented with the 2010 Pacific Asia Travel Association Award of Merit in April 2010 in Sarawak, Malaysia and is an Honorary Fellow of Southern Cross University in recognition of his contribution to tourism. He has also undertaken several assignments for the International Finance Corporation, a division of the World Bank in developing tourism as a key industry in Pacific island nations.

In May 2006 John was appointed Independent Chairman of the Australian Tourism Export Council, the primary industry body for Australia's inbound tourism industry. Last year John was also appointed as a member of the Visitor Economy Taskforce in New South Wales, Australia. John was recognised for his services to Australian Tourism with an Order of Australia medal in the 2011 Australia Day honours list.

David Lock:

David Lock (Dave) is a chartered accountant and a director and shareholder of Zeus Management Limited. He has previously been a director of private equity investment firm, Emerald Capital Limited, having served as finance manager for ten years. Dave has a background in financial, legal, taxation and commercial matters and his experience includes involvement in a number of equity sale and purchase processes (due diligence, negotiation, business planning), equity raising and structuring, financing negotiations, strategic planning and business improvement processes, and assistance with legal and compliance obligations.

Dave is involved with a number of private companies in New Zealand across a varied range of industries and is also a director on the board of New Zealand Experience Limited and Rainbow's End Theme Park Limited.

Directors of subsidiary and joint venture companies:

The following persons are directors of subsidiary and joint venture companies within the Group, or have been directors of the subsidiaries during the year to 30 June 2012:

The Walshe Group Limited, Walshes World Limited, Experience New Zealand Travel Limited

Rodney Walshe, Kiyomi Gunji, David Lock.

The Walshe Group Pty Limited, Walshes World Agencies Pty Limited, Hawaii Tourism Australia Pty Limited, Southern Travelnet Pty Limited

Kiyomi Gunji, John King, Jacqui Walshe.

Southern Travelnet Limited

Rodney Walshe, Kiyomi Gunji, David Lock, Michael Hall.

Alliance International Marketing Services Limited

Rodney Walshe, Jacqui Walshe, Alison Espley.

The Walshe Group (Singapore) PTE. Limited

John King, Jacqui Walshe, Ismail Bin Senin.

The Walshe Group Limited (Hong Kong)

Jacqui Walshe.

Airline International Marketing Services Pty Limited

Rodney Walshe, Kiyomi Gunji, John King, Jacqui Walshe.

Hawaii Tourism Oceania Limited

Rodney Walshe, Kiyomi Gunji.

Experience Travel Limited

Rodney Walshe.

Pacific Attitude Limited (joint venture interest incorporated 13 March 2012)

Jacqui Walshe, Michael Hall, David Chevalier, Marco Balberini.

Directors' Remuneration

For the year ended 30 June 2012 the remuneration paid to the directors of the Company was:

Rodney Walshe (Chairman)	\$33,250
Kiyomi Gunji	\$22,250
John King	\$22,250
David Lock	\$22,250

The financial statements included in this annual report set out other payments to Directors or related parties of the Directors. There were no other benefits received by the directors of the Company during the period. No director's fees are paid by the subsidiary companies.

Directors' Share Trading

No shares of Southern Travel Holdings Limited were purchased or sold by the directors during the year ended 30 June 2012.

Register of Directors' Relevant interests in shares of Southern Travel Holdings Limited

Other than as set out below no shares of the Company are held by any directors either directly or through a nominee.

Directors of the Parent Company:

- At 30 June 2012, Rodney Walshe had a relevant interest in 9,417,357 ordinary shares of Southern Travel Holdings Limited. These shares are held by Rodney Walshe Limited (6,786,296 shares) and John Holmes and Rodney Walshe (2,631,061 shares). No shares were purchased or sold during the year ended 30 June 2012.
- At 30 June 2012, Kiyomi Gunji had a relevant interest in 8,000,000 ordinary shares of Southern Travel Holdings Limited. These shares are held by Kiyomi Gunji (4,526,000 shares) and Kazue Gunji (3,474,000 shares). No shares were purchased or sold during the year ended 30 June 2012.
- At 30 June 2012, David Lock had a relevant interest in 100,000 ordinary shares of Southern Travel Holdings Limited. These shares are held by David Lock. No shares were purchased or sold during the year ended 30 June 2012.

Directors of the Subsidiary Companies:

- At 30 June 2012, Michael Hall had a relevant interest in 168,454 ordinary shares of Southern Travel Holdings Limited. No shares were purchased or sold during the year ended 30 June 2012.

Register of Directors' Interests

The Register of director's interests recognises the relevant interests of directors in shares of the Company, and the following entries in the period to 30 June 2012:

During the year the Company has maintained directors' liability insurance for the directors of the Company and its subsidiaries. The Company has also provided deeds of indemnity to directors of the Company and to directors of various subsidiary companies. Directors are not indemnified for actions which do not comply with directors duties under the Companies Act 1993, are criminal in nature, or acts not undertaken in good faith that the action is in the best interests of the Group. The insurance and indemnities have been provided in accordance with the terms of the constitution of the Company and in accordance with the Companies Act 1993.

The following entries are recognised in respect of each director. Items denoted with an * recognise changes to the register during the period.

Rodney Walshe:

Director	Rodney Walshe Limited
Chairman and shareholder	New Zealand Experience Limited (appointed chairman effective 31 December 2011)*
Director	Rainbow's End Theme Park Limited

John King:

Trustee	Travel Compensation Fund (Australia)
Chairman	Australian Tourism Export Council
Member	Visitor Economy Taskforce in New South Wales, Australia
Director and shareholder	Global Tourism and Leisure Pty Limited

David Lock:

Director and shareholder	Zeus Management Limited
Director	New Zealand Experience Limited
Director	Rainbow's End Theme Park Limited

Remuneration of Employees

The number of employees and former employees within the Group and Parent Company receiving remuneration and benefits above \$NZ 100,000 in their capacity as employees during the year ended 30 June 2012 are shown in the table below. This table includes benefits accruing for long service leave and compulsory superannuation in Australia, stated in New Zealand dollars:

	Group	Parent Company
100,000-109,999	5	-
110,000-119,999	2	-
120,000-129,999	1	-
130,000-139,999	1	-
140,000-149,999	1	-
150,000-159,999	1	-
200,000-209,999	1	-
230,000-239,999	1	-
280,000-289,999	1	-

Role of the Board

The directors of Southern Travel Holdings Limited are elected by the shareholders to direct and supervise the management and affairs of the Company as part of the Board of directors. The Board establishes the Company's strategic objectives, overall policy framework within which the business of the Company is conducted, and confirms strategies for achieving these objectives. The Board monitors management's performance and ensures the procedures are in place to provide effective internal financial controls.

The Board seeks to add long-term value to the Company's shares for the benefit of shareholders having appropriate regard to the interests of all significant stakeholders. In setting and assessing the objectives of the Group and management, the Board does so with the intent to strengthen the performance of the Group.

The financial statements of the Group are presented to the Board at each board meeting with reforecasts and budgets presented at appropriate times throughout the financial year. The Board regularly reviews the affairs and direction of the Group and assesses the need to inform shareholders and market participants of matters arising to meet the requirements of the continuous disclosure regime.

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders in the annual report and interim reports, media announcements, and through the market announcement platform of the New Zealand Exchange. The Board encourages full participation of shareholders at the annual meeting and shareholder identification with the Group's strategies and goals.

The directors are committed to continually improving the operation of the Board and its corporate governance practices.

Board composition

The Board currently comprises of four non-executive directors including the chairman. The directors work closely with senior management, but the Board remains independent of management. The Board and its committees meet on a regular basis throughout the year.

The Board considers that John King and David Lock act as independent directors, and Rodney Walshe and Kiyomi Gunji are non-independent directors due to their shareholding interests in the Company.

The experience and skills of directors are considered in assessing the composition of Board and maintaining a Board with an appropriate balance so as to represent the interests of shareholders and stakeholders. One third of directors, or the number nearest to one third, is required to retire by rotation at each annual meeting of shareholders.

Committees of the Board

Due to the size of the Company and its Board, the benefits of operating committees outside the full Board are more limited than larger companies; however the directors ensure that separate meetings are scheduled to provide an appropriate level of focus on specific committee responsibilities and issues.

Audit and Finance Committee:

The Audit and Finance Committee comprises all members of the Board and meets as a discrete committee. David Lock is the current chairman of the committee. Management attends meetings of the committee when determined as appropriate.

The functions of the Audit and Finance Committee are set out within the Audit and Finance Committee charter, which is reviewed on an annual basis. The functions include reviewing the integrity and compliance matters relating to the interim and annual financial statements, and releases to the New Zealand Exchange, and reviewing and assessing the system of internal controls including those internal controls which are intended to enable the preparation of financial statements that are free from material misstatement. The committee also provides recommendations regarding the remuneration, appointment and removal of the auditor, and reviews the independence of the external auditors and the non-audit services they may perform.

Remuneration Committee:

The Remuneration Committee comprises all members of the board and meets as a discrete committee. John King is the current chairman of the committee. Management attends meetings of the committee when determined as appropriate. Rodney Walshe does not participate in decisions or discussions relating to the remuneration or performance of the chief executive officer (Jacqui Walshe).

The functions of the Remuneration Committee are set out within the Remuneration Committee charter, which is reviewed on an annual basis. The functions include reviewing and determining the remuneration policies relating to the chief executive officer, senior executives of the Group, and the remuneration of directors.

Auditors

In accordance with section 200(1) of the Companies Act 1993, the Group's auditors, Hayes Knight Audit NZ, continue to act as auditors of the Group.

The Audit and Finance Committee reviews the independence of the external auditor on a regular basis. The level of non-audit work performed by the external auditors is considered to be insignificant on an ongoing basis, and as such the directors believe the capacity of Hayes Knight Audit NZ to be independent is not diminished in any way.

Shareholder Statistics

Twenty largest shareholders as at 24 August 2012

	No of shares	% of total
Rodney Walshe Limited	6,786,296	26.78%
Kiyomi Gunji	4,526,000	17.86%
Kazue Gunji	3,474,000	13.71%
John Robin Holmes and Rodney Harold Clinton Walshe	2,631,061	10.38%
Russell John Field and Anthony James Palmer	1,700,000	6.71%
Keith Fraser Johnston and Judith Gay Johnston	945,986	3.73%
Bancorp Strategic Management Limited	773,382	3.05%
John Scott Stewart Richardson	436,787	1.72%
FNZ Custodians Limited	421,215	1.66%
Richard Marston Flower and James Michael Robert Syme	224,692	.89%
Ian Graham Douglas	186,786	.74%
Geoffrey Donald Walker and Martin Victor Richardson	184,582	.73%
Terry Bryce Horne and Margaret June Horne	172,533	.68%
Alan Selwyn Dodwell and Nicola Kathleen Ann Dodwell	171,429	.68%
Michael Hall	168,454	.66%
Donna Nerissa Love and Marcel Riethmann	160,000	.63%
James Christopher Bernard Ireland	124,214	.49%
Terry Bryce Horne and Barbara Lesley Horne	100,000	.39%
David George Lock	100,000	.39%
Ace Finance Limited	71,429	.28%

Distribution of shareholdings holdings as at 24 August 2012

Size of shareholding	Number of holdings	Number of shares	% of capital
1 - 1,000	7	5,795	0.02%
1,001 - 5,000	76	267,917	1.06%
5,001 - 10,000	55	449,750	1.78%
10,001 - 50,000	55	1,070,261	4.22%
50,001 - 100,000	6	462,601	1.82%
Over 100,000	17	23,087,417	91.10%

Substantial security holders

According to information publically available to the company as determined from notices filed pursuant to the Securities Markets Act 1988 as at 24 August 2012, the substantial security holders in the company and the relevant interests were as follows:

Shareholder	Relevant interest	%	Date of notice
Rodney Walshe Limited	6,786,296	26.78%	3 Dec 2009
Kiyomi Gunji	4,526,000	17.86%	3 Dec 2009
Kazue Gunji	3,474,000	13.71%	3 Dec 2009
John Robin Holmes and Rodney Harold Clinton Walshe	2,631,061	10.38%	3 Dec 2009
Russell John Field and Anthony James Palmer	1,700,000	6.71%	28 Oct 2010

The total number of issued voting securities of the company as at 24 August 2012 was 25,343,741.

Company Directory

As at 30 June 2012

Directors: Rodney Walshe ONZM (Chairman)
Kiyomi Gunji (Deputy Chairman)
John King OAM
David Lock

Registered Office: Level 6, 52 Swanson Street
Po Box 3719
Auckland
New Zealand

Websites: www.southerntravel.co.nz
www.walshgroup.com
www.stravelnet.com
www.experiencenz.com
www.drivingnz.com
www.passingthrough.co.nz

Auditor: Hayes Knight Audit NZ

Bankers: The National Bank of New Zealand Limited
ASB Bank Limited

NZX Sponsor: Bancorp New Zealand Limited

Share Registry: Link Market Services Limited
PO Box 91976, Auckland 1142
New Zealand
Telephone: +64 9 375 5998
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