

Air New Zealand Limited
Preliminary Full Year Results
26 August 2010

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NZX Appendix 7

Air New Zealand Limited
ARBN 000 312 685
Preliminary Final Report - 30 June 2010
Full year information given to the ASX under listing rule 4.3A
Appendix 4E

1 This report is for the full year ended 30 June 2010 and should be read in conjunction with the annual financial report.

Comparatives are in respect of the full year ended 30 June 2009.

2 Results for announcement to the market:

	Current Year	Up/(Down)	Previous Year
	\$NZ'm	%	\$NZ'm
2.1 Revenue from ordinary activities (including finance income)	4,089	(13)%	4,707
2.2 Profit from ordinary activities after taxation	82	290%	21
2.3 Net profit attributable to members	82	290%	21

2.4 - 2.6 Dividends:

On 25 August 2010, the Board of Directors declared a final dividend for the 2010 financial year of 4.0 cents per Ordinary Share, payable on 21 September 2010 to registered shareholders at 10 September 2010. The total dividend payable will be \$43 million. Imputation credits will be attached and supplementary dividends paid to non resident shareholders. This dividend has not been recognised in the June 2010 financial statements.

An interim dividend of 3.0 cents per Ordinary Share was paid on 26 March 2010. Imputation credits were attached and supplementary dividends paid to non-resident shareholders. Under the dividend reinvestment plan, interim dividends payable of \$3 million were settled by the issue of 2,141,257 Ordinary Shares, at \$1.2929 per Ordinary Share.

A final dividend in respect of the 2009 financial year of 3.5 cents per Ordinary Share was paid on 18 September 2009. Imputation credits were attached and supplementary dividends paid to non-resident shareholders. Under the dividend reinvestment plan, dividends payable of \$4 million were settled by the issue of 3,722,263 Ordinary Shares, at \$1.2089 per Ordinary Share.

3 Statement of Financial Performance, together with notes:

Refer to the Financial Statements.

4 Statement of Financial Position, together with notes:

Refer to the Financial Statements.

5 Statement of Cash flows, together with notes:

Refer to the Financial Statements.

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6 Dividends:

Details on the final dividend for the 2010 financial year are provided in section 2 above.

	\$NZ'm	NZ Cents Per Share
Distributions recognised		
Final dividend for 2009 financial year on Ordinary Shares	37	3.5
Interim dividend for 2010 financial year on Ordinary Shares	33	3.0
Distributions paid		
Final dividend for 2009 financial year on Ordinary Shares	34	3.5
Interim dividend for 2010 financial year on Ordinary Shares	31	3.0

7 Dividend or Distribution reinvestment plans in operation:

A dividend reinvestment plan (the Plan) has been established which offers eligible shareholders the opportunity to increase their investment in the Company by applying dividends received on some or all of their existing Ordinary Shares to the acquisition of additional Ordinary Shares. All shareholders with registered addresses in New Zealand and Australia are entitled to participate in the Plan. The subscription price of Ordinary Shares issued under the Plan will be at a discount of 1.5 percent of the volume weighted average sale price of the Ordinary Shares on the NZSX and ASX over the first five trading days on which the Shares trade ex-entitlement on the NZSX. For participation in the Plan to be effective in relation to the Final dividend which is proposed to be paid on 21 September 2010, a properly completed participation form must already be held, or will need to be received, by Link Market Services Limited (the Company's share registrar) prior to 5.00 pm (NZ time) on 10 September 2010.

8 Statement of Movements in Retained Earnings:

Refer to the Statement of Changes in Equity contained in the Financial Statements.

9 Net tangible assets per security:

(NZ Cents Per Share)	Current Year	Previous Year
Ordinary Shares	141	147

10 Entities over which control has been gained or lost during the year:

Nil.

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11 Details of associates and joint ventures:

11.1 & 11.2	Name	% owned
	Christchurch Engine Centre (CEC)*	49%
	VCubed Pty Limited	26%

* The CEC is operated in partnership with Pratt and Whitney.

11.3 Profit/(loss), by associate

Associate	Current Year \$NZ'm	Previous Year \$NZ'm
Christchurch Engine Centre	6	3
VCubed Pty Limited	(1)	(1)

12 Other significant information needed by an investor:

	Measurement	Current Year	Previous Year	% Change
Passengers Carried	000	12,324	12,368	0%
Revenue Passenger Kilometres	m	25,829	27,112	-5%
Available Seat Kilometres	m	31,578	34,316	-8%
Passenger Load Factor	%	81.8	79.0	2.8% pts

13 Accounting standards:

This report is compiled in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate to profit-oriented entities.

14 Commentary on the results of the year:

14.1 14.2	Measurement	Current Year	Previous Year
Basic and diluted earnings per share	NZ cents per share	7.6	2.0
Returns to shareholders (see also sections 2 and 6)			
Final dividend on Ordinary Shares*	\$NZ'm	37	37
Interim dividend on Ordinary Shares	\$NZ'm	33	32

* Reflects the final dividend for the 2009 and 2008 financial years. Details on the final dividend for the 2010 financial year are provided in the first paragraph of section 2 above.

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14.3 Significant features of operating performance:

Refer to the media release.

14.4 Segmental results:

Industry Segment

Air New Zealand operates predominantly in one segment, its primary business being the transportation of passengers and cargo on scheduled airline services to, from and within New Zealand. Resource allocation decisions across the network are made to optimise the consolidated Group's financial result.

Geographical segment

An analysis of operating revenue by geographic region of original sale is provided below.

	Current Year	Previous Year
	\$NZ'm	\$NZ'm
Analysis of revenue by geographical region of original sale		
New Zealand	2,245	2,373
Australia and Pacific Islands	568	647
United Kingdom and Europe	389	533
Asia	393	498
North America	451	558
Total operating revenue	4,046	4,609

The principal non-current assets of the Group are the aircraft fleet which is registered in New Zealand and employed across the worldwide network. Accordingly, there is no reasonable basis for allocating these assets to geographical segments.

14.5 Discussion of trends in performance:

Refer to the media release.

14.6 Any other factors which have or are likely to affect the results, including those where the effect could not be quantified:

Refer to the media release.

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- 15 This report is based on accounts which have been audited.**
A copy of the audit report is attached at the back of the financial statements.
- 16 Audit: likely dispute or qualification:**
Nil.
- 17 Audit: dispute or qualification:**
Nil.

Directors' Declaration

By resolution of the board, the directors declare that:

- the financial statements together with the notes to the financial statements comply with New Zealand generally accepted accounting practice;
- the financial statements together with the notes to the financial statements give a true and fair view of the financial position and performance of Air New Zealand Limited and its subsidiaries as at 30 June 2010, as represented by the results of their operations and their cash flows for the year ended on that date.

In the directors' opinion, at the date of this declaration there are reasonable grounds to believe that Air New Zealand Limited will be able to pay its debts as and when they become due and payable.

Dated 26 August 2010

John Palmer
Chairman

Air New Zealand Limited
ARBN 000 312 685

Directors' Report - 30 June 2010

Review of operations and results:

Refer to the media release.

Directors' details:

The following directors held office during the 12 months to 30 June 2010 and are directors at the date of this report.

Name		Date of Initial Appointment
John Palmer	Chairman (Non Executive, Independent)	29 November 2001
Roger France	Deputy Chairman (Non Executive, Independent)	1 October 2001
Warren Larsen	(Non Executive, Independent)	27 February 2002
John McDonald	(Non Executive, Independent)	27 February 2002
Jane Freeman	(Non Executive, Independent)	27 February 2002
Dr James Fox	(Non Executive, Independent)	21 November 2006
Paul Bingham	(Non Executive, Independent)	1 July 2008

At the Annual Meeting held on 23 September 2009, the following directors retired by rotation in accordance with the Company's Constitution and were re-elected to the Board:

Warren Larsen
John McDonald

Dated 26 August 2010

John Palmer
Chairman

Name of Listed Issuer:

AIR NEW ZEALAND LIMITED

Results for announcement to the market

Reporting Period 12 months to 30 June 2010

Previous Reporting Period 12 months to 30 June 2009

	Amount \$NZ'm	Percentage change
Revenue from ordinary activities (including finance income)	4,089	(13)%
Profit from ordinary activities after tax attributable to security holders	82	290%
Net profit attributable to security holders	82	290%

Dividends (NZ cents)	Amount per security	Imputed amount per security
Interim dividend	3.0	1.37
Final dividend*	4.0	1.71

* Final dividend was declared on 25 August 2010

Details of final dividend	
Record Date for Final Dividend	10-Sep-10
Payment Date for Final Dividend	21-Sep-10

Comments:

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

AIR NEW ZEALAND LIMITED

Full Year Ended 30 June 2010 (referred to in this report as the "current full year")

1.1 Details of the reporting period and the previous reporting period

The reporting period is for the year ended 30 June 2010 with the comparative period being for the year ended 30 June 2009.

1.2 Information prescribed by NZX

Refer to Results for announcement to the market.

1.3 The following information, which may be presented in whatever way the Issuer considers is the most clear and helpful to users e.g. combined with notes to the financial statements or set out separately.

(a) A Statement of Financial Performance

Refer to the Financial Statements.

(b) A Statement of Financial Position

Refer to the Financial Statements.

(c) A Statement of Cash Flows

Refer to the Financial Statements.

(d) Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividends or distributions.

On 25 August 2010, the Board of Directors declared a final dividend for the 2010 financial year of 4.0 cents per Ordinary Share, payable on 21 September 2010 to registered shareholders at 10 September 2010. The total dividend payable will be \$43 million. Imputation credits will be attached and supplementary dividends paid to non-resident shareholders. This dividend has not been recognised in the June 2010 financial statements.

An interim dividend of 3.0 cents per Ordinary Share was paid on 26 March 2010. Imputation credits were attached and supplementary dividends paid to non-resident shareholders. Under the dividend reinvestment plan, interim dividends payable of \$3 million were settled by the issue of 2,141,257 Ordinary Shares, at \$1.2929 per Ordinary Share.

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	\$NZ'm	NZ cents per share
Distributions recognised		
Final dividend for 2009 financial year on Ordinary Shares	37	3.5
Interim dividend for 2010 financial year on Ordinary Shares	33	3.0
Distributions paid		
Final dividend for 2009 financial year on Ordinary Shares	34	3.5
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PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

AIR NEW ZEALAND LIMITED

Full Year Ended 30 June 2010 (referred to in this report as the "current full year")

(e) Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

A dividend reinvestment plan (the Plan) has been established which offers eligible shareholders the opportunity to increase their investment in the Company by applying dividends received on some or all of their existing Ordinary Shares to the acquisition of additional Ordinary Shares. All shareholders with registered addresses in New Zealand and Australia are entitled to participate in the Plan. The subscription price of Ordinary Shares issued under the Plan will be at a discount of 1.5 percent of the volume weighted average sale price of the Ordinary Shares on the NZSX and ASX over the first five trading days on which the Shares trade ex-entitlement on the NZSX. For participation in the Plan to be effective in relation to the Final dividend which is proposed to be paid on 21 September 2010, a properly completed participation form must already be held, or will need to be received, by Link Market Services Limited (the Company's share registrar) prior to 5.00 pm (NZ time) on 10 September 2010.

(f) A Statement of Movements in Equity

Refer to the Financial Statements.

(g) Net tangible assets per security with the comparative figure for the previous corresponding period

(NZ Cents Per Share)	Current Year	Previous Year
Ordinary Shares	141	147

(h) Details of entities over which control has been gained or lost during the period

Nil.

(i) Details of associates and joint ventures:

Parts (i) and (ii)

Name	% owned
Christchurch Engine Centre (CEC)*	49%
VCubed Pty Limited	26%

* The CEC is operated in partnership with Pratt and Whitney.

Part (iii) - Profit/(loss) by associate

Associate	Current Year \$NZ'm	Previous Year \$NZ'm
Christchurch Engine Centre	6	3
VCubed Pty Limited	(1)	(1)

(j) Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

	Measurement	Current Year	Previous Year	% Change
Passengers Carried	000	12,324	12,368	0%
Revenue Passenger Kilometres	m	25,829	27,112	-5%
Available Seat Kilometres	m	31,578	34,316	-8%
Passenger Load Factor	%	81.8	79.0	2.8% pts

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

AIR NEW ZEALAND LIMITED

Full Year Ended 30 June 2010 (referred to in this report as the "current full year")

(k) Commentary on the results

	Measurement	Current Year	Previous Year
(i) Basic and diluted earnings per share	Cents per share	7.6	2.0
(ii) Returns to shareholders (see also section (d) above)			
Final dividend on Ordinary Shares*	\$NZ'm	37	37
Interim dividend on Ordinary Shares	\$NZ'm	33	32

* Reflects the final dividend for the 2009 and 2008 financial years. Details on the final dividend for the 2010 financial year are provided in the first paragraph of section (d) above.

(iii) Significant features of operating performance:

Refer to the media release.

(iv) Segmental results:

Industry segment

Air New Zealand operates predominantly in one segment, its primary business being the transportation of passengers and cargo on scheduled airline services to, from and within New Zealand. Resource allocation decisions across the network are made to optimise the consolidated Group's financial result.

Geographical segment

An analysis of operating revenue by geographic region of original sale is provided below.

	Current Year \$NZ'm	Previous Year \$NZ'm
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North America	451	558
Total operating revenue	4,046	4,609

The principal non-current assets of the Group are the aircraft fleet which is registered in New Zealand and employed across the worldwide network. Accordingly, there is no reasonable basis for allocating these assets to geographical segments.

(v) Discussion of trends in performance:

Refer to the media release.

(vi) Any other factors which have or are likely to affect the results, including those where the effect could not be quantified:

Refer to the media release.

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

AIR NEW ZEALAND LIMITED

Full Year Ended 30 June 2010 (referred to in this report as the "current full year")

(l) Audit of financial statements

This report is based on accounts which have been audited. The audit opinion has been attached which contains no qualifications.

(m) Major changes in trends in the business subsequent to the end of the financial year

Refer to the media release.

(n) Unrealised gains resulting from the revaluation of assets of the parent, any subsidiaries or any associated company

Nil

3.1 Basis of preparation

This report is compiled in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate to profit-oriented entities.

3.2 Accounting policies

Refer to Statement of Accounting Policies in the financial statements.

3.3 Changes in accounting policies

There have not been any accounting policy changes during the year.

3.4 Audit Report

A copy of the audit report is attached at the back of the financial statements.

3.5 Additional information

Not applicable.

This full year report was approved by the Board of Directors on 26 August 2010.

John Palmer

Chairman

Appendix 7 of Listing Rules.

EMAIL: announce@nzx.com

Notice of event affecting securities

NZX Listing Rule 7.12.2. For rights, Listing Rules 7.10.9 and 7.10.10. For change to allotment, Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant details on additional pages)

1

Full name of Issuer	Air New Zealand Limited		
Name of officer authorised to make this notice	John Blair	Authority for event, e.g. Directors' resolution	Directors' Resolution
Contact phone number	649 336 2910	Contact fax number	649 336 2765
Date	25 / 08 / 10		

Nature of event	Bonus Issue <input type="checkbox"/>	If ticked, state whether: Taxable <input type="checkbox"/> / Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
Tick as appropriate	Rights Issue non-renalounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input type="checkbox"/>
				Full Year <input checked="" type="checkbox"/>	Special <input type="checkbox"/>

EXISTING securities affected by this *If more than one security is affected by the event, use a separate form.*

Description of the class of securities	Ordinary Shares	ISIN	NZAIRE0001S2
			<i>If unknown, contact NZX</i>

Details of securities issued pursuant to this event *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities		ISIN	
			<i>If unknown, contact NZX</i>

Number of Securities to be issued following event		Minimum Entitlement		Ratio, e.g. 1 for 2	<input type="checkbox"/>	for	<input type="checkbox"/>
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Conversion, Maturity, Call Payable or Exercise Date	Enter N/A if not applicable	Treatment of Fractions	
Strike price per security for any issue in lieu or date Strike Price available.		Tick if <i>pari passu</i> <input type="checkbox"/>	OR provide an explanation of the ranking

Monies Associated with Event *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

<i>In dollars and cents</i>		Source of Payment	Retained Earnings
Amount per security	\$0.040	Supplementary dividend details - Listing Rule 7.12.7	Amount per security in dollars and cents
Currency	NZ Dollars		\$0.007059
Total monies	\$43 million	Date Payable	21 September 2010

Taxation *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price	n/a	Resident Withholding Tax	\$0.001714	Credits (Give details)	\$0.017143
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Timing (Refer Appendix 8 in the Listing Rules)

Record Date 5pm For calculation of entitlements	10 September 2010	Application Date Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.	21 September 2010
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Notice Date Entitlement letters, call notices, conversion notices mailed	n/a	Allotment Date For the issue of new securities. Must be within 5 business days of record date.	n/a
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OFFICE USE ONLY

Ex Date: _____ Security Code: _____
 Commence Quoting Rights: _____ Security Code: _____
 Cease Quoting Rights 5pm: _____
 Commence Quoting New Securities: _____
 Cease Quoting Old Security 5pm: _____