2010 INTERIM FINANCIAL RESULTS

A STAR ALLIANCE MEMBER

AIR NEW ZEALAND GROUP
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE (UNAUDITED)
FOR THE SIX MONTHS TO 31 DECEMBER 2009

	NOTES	6 MONTHS TO 31 DEC 2009 $M	6 MONTHS TO 31 DEC 2008 $M	12 MONTHS TO 30 JUN 2009 $M
Operating Revenue				
Passenger revenue		1,679	1,948	3,734
Cargo		127	232	374
Contract services		165	150	331
Other revenue		83	89	170
	3	2,054	2,419	4,609
Operating Expenditure				
Labour		(492)	(508)	(1,019)
Fuel	4	(458)	(948)	(1,687)
Maintenance		(169)	(176)	(327)
Aircraft operations		(190)	(217)	(423)
Passenger services		(124)	(141)	(275)
Sales and marketing		(129)	(162)	(295)
Foreign exchange gains	2,4	9	214	366
Other expenses	2	(119)	(125)	(261)
		(1,672)	(2,063)	(3,921)
Earnings Before Finance Costs, Depreciation, Amortisation, Rental Expenses and Taxation		382	356	688
Depreciation and amortisation		(149)	(138)	(276)
Rental and lease expenses		(140)	(157)	(334)
Earnings Before Finance Costs and Taxation		93	61	78
Finance income		24	58	98
Finance costs	4	(33)	(105)	(169)
Profit Before Taxation		84	14	7
Taxation (expense)/credit		(28)	10	14
Net Profit Attributable to Shareholders of Parent Company		56	24	21
Per Share Information:				
Basic and diluted earnings per share (cents)		5.2	2.3	2.0
Interim and final dividend declared per share (cents)		3.0	3.0	6.5
Net tangible assets per share (cents)		138	154	147

	6 MONTHS TO 31 DEC 2009 $M	6 MONTHS TO 31 DEC 2008 $M	12 MONTHS TO 30 JUN 2009 $M
Supplementary Information			
Earnings before Taxation (per NZ IFRS above)	84	14	7
Reverse net (gains)/losses on derivatives that hedge exposures in other financial periods:			
Fuel derivatives	1	101	130
Foreign exchange derivatives	11	(88)	9
Interest rate derivatives	-	(1)	(1)
Normalised Earnings before Taxation	96	26	145
Normalised Earnings after Taxation	64	32	118
Per Share Information:			
Basic and diluted normalised earnings per share (cents)	6.0	3.1	11.1

Normalised Earnings represents Earnings stated in compliance with NZ IFRS after excluding net gains and losses on derivatives that hedge exposures in other financial periods.

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Institute of Chartered Accountants of New Zealand Review Engagement Standards RS-1. The accompanying notes form part of these financial statements.

AIR NEW ZEALAND GROUP
CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS TO 31 DECEMBER 2009

	6 MONTHS TO 31 DEC 2009 $M	6 MONTHS TO 31 DEC 2008 $M	12 MONTHS TO 30 JUN 2009 $M
Net Profit for the Period	56	24	21
Other Comprehensive Income:			
Changes in fair value of cash flow hedges	(120)	272	117
Transfers to net profit from cash flow hedge reserve	(33)	(121)	(10)
Transfers to asset carrying value from cash flow hedge reserve	(6)	(1)	(17)
Net gain on hedge of net investment in foreign operation	-	-	1
Taxation on above reserve movements	46	(41)	(25)
Other Comprehensive Income for the Period, Net of Tax	(113)	109	66
Total Comprehensive Income for the Period Attributable to Shareholders of the Parent Company	(57)	133	87

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Institute of Chartered Accountants of New Zealand Review Engagement Standards RS-1. The accompanying notes form part of these financial statements.

AIR NEW ZEALAND GROUP

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS TO 31 DECEMBER 2009

	6 MONTHS TO 31 DEC 2009 $M	6 MONTHS TO 31 DEC 2008 $M	12 MONTHS TO 30 JUN 2009 $M
Issued Capital			
Balance at the beginning of the period	2,237	2,227	2,227
Shares issued	8	4	7
Equity settled share-based payments	2	1	3
Balance at the end of the period	2,247	2,232	2,237
Cash Flow Hedge Reserve			
Balance at the beginning of the period	47	(16)	(16)
Changes in fair value of cash flow hedges	(120)	272	117
Transfers to net profit ("Fuel")	(19)	85	374
Transfers to net profit ("Other expenses")	(14)	(206)	(384)
Transfers to asset carrying value	(6)	(1)	(17)
Taxation on above reserve movements	48	(45)	(27)
Balance at the end of the period	(64)	89	47
Foreign Currency Translation Reserve			
Balance at the beginning of the period	(7)	(10)	(10)
Net gain on hedge of net investment in foreign operation	-	-	1
Taxation on above reserve movements	(2)	4	2
Balance at the end of the period	(9)	(6)	(7)
Retained Deficit			
Balance at the beginning of the period	(672)	(624)	(624)
Net profit for the period	56	24	21
Dividends on Ordinary Shares	(37)	(37)	(69)
Balance at the end of the period	(653)	(637)	(672)
Total Equity at the End of the Period	1,521	1,678	1,605
Total Equity			
Balance at the beginning of the period	1,605	1,577	1,577
Shares issued	8	4	7
Equity settled share-based payments	2	1	3
Dividends on Ordinary Shares	(37)	(37)	(69)
Total comprehensive income for the period, net of tax	(57)	133	87
Balance at the End of the Period	1,521	1,678	1,605

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Institute of Chartered Accountants of New Zealand Review Engagement Standards RS-1. The accompanying notes form part of these financial statements.

AIR NEW ZEALAND GROUP
CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 DECEMBER 2009

	NOTES	31 DEC 2009 $M	31 DEC 2008 $M	30 JUN 2009 $M
Current Assets				
Bank and short term deposits		1,095	1,417	1,573
Trade and other receivables	2	345	520	362
Inventories		148	145	143
Derivative financial assets	4	52	676	143
Income taxation		7	-	7
Assets held for resale	2	5	25	3
Other assets		50	96	44
Total Current Assets		1,702	2,879	2,275
Non-Current Assets				
Trade and other receivables		39	30	34
Property, plant and equipment	2	2,328	2,355	2,337
Intangible assets		41	41	39
Investments		61	65	62
Derivative financial assets	4	2	49	-
Assets held for resale	2	4	-	7
Other assets		389	241	291
Total Non-Current Assets		2,864	2,781	2,770
Total Assets		4,566	5,660	5,045
Current Liabilities				
Trade and other payables		366	478	374
Revenue in advance		715	789	721
Interest-bearing liabilities		182	299	172
Derivative financial liabilities	4	187	380	282
Provisions		41	37	34
Income taxation		-	58	-
Other liabilities		137	142	176
Total Current Liabilities		1,628	2,183	1,759
Non-Current Liabilities				
Revenue in advance		113	111	114
Interest-bearing liabilities		919	1,229	1,107
Derivative financial liabilities	4	6	2	25
Provisions		149	186	164
Other liabilities		31	41	38
Deferred taxation		199	230	233
Total Non-Current Liabilities		1,417	1,799	1,681
Total Liabilities		3,045	3,982	3,440
Net Assets		1,521	1,678	1,605
Equity				
Issued capital		2,247	2,232	2,237
Cash flow hedge reserve		(64)	89	47
Other reserves		(662)	(643)	(679)
Total Equity		1,521	1,678	1,605

John Palmer, CHAIRMAN

Roger France, DIRECTOR

For and on behalf of the Board, 26 February 2010

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Institute of Chartered Accountants of New Zealand Review Engagement Standards RS-1. The accompanying notes form part of these financial statements.

AIR NEW ZEALAND GROUP
CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS TO 31 DECEMBER 2009

	NOTES	6 MONTHS TO 31 DEC 2009 $M	6 MONTHS TO 31 DEC 2008 $M	12 MONTHS TO 30 JUN 2009 $M
Cash Flows from Operating Activities				
Receipts from customers		2,055	2,388	4,595
Interest received		28	63	109
Payments to suppliers and employees		(1,857)	(2,238)	(4,122)
Income tax paid		(16)	(33)	(79)
Interest paid		(45)	(67)	(148)
		165	113	355
Rollover of foreign exchange contracts*		(81)	38	131
Net Cash Flow from Operating Activities		84	151	486
Cash Flows from Investing Activities				
Disposal of property, plant and equipment and intangibles		1	100	104
Acquisition of property, plant and equipment and intangibles		(237)	(143)	(318)
Dividends received from associates		-	-	4
Rollover of foreign exchange contracts*		(14)	(3)	19
Other interest-bearing assets		(4)	(60)	-
Loans provided to associates		-	-	(4)
Acquisition of subsidiaries and associates		-	(21)	(21)
Net Cash Flow from Investing Activities		(254)	(127)	(216)
Cash Flows from Financing Activities				
Shares issued		4	-	-
Interest-bearing liabilities drawdowns		-	-	33
Interest-bearing liabilities payments		(103)	(63)	(237)
Rollover of foreign exchange contracts*		(175)	201	281
Dividend on Ordinary Shares	8	(34)	(34)	(63)
Net Cash Flow from Financing Activities		(308)	104	14
(Decrease)/Increase in Cash and Cash Equivalents		(478)	128	284
Cash and cash equivalents at the beginning of the period		1,573	1,289	1,289
Cash and Cash Equivalents at the End of the Period		1,095	1,417	1,573
Reconciliation of Net Profit Attributable to Shareholders to Net Cash Flows from Operating Activities:				
Net profit attributable to shareholders		56	24	21
Plus/(less) non-cash items:				
Depreciation and amortisation		149	138	276
Loss on disposal of property, plant and equipment and intangibles		3	7	11
Impairment of property, plant and equipment	2	-	81	81
Share of surplus of associates		(4)	-	(3)
Unrealised losses on fuel derivatives	4	1	101	130
Foreign exchange (gains)/losses	4	(5)	(42)	36
Other non-cash items		2	(4)	(2)
		202	305	550
Net working capital movements:				
Assets		(4)	(65)	83
Revenue in advance		(7)	(31)	(96)
Deferred foreign exchange (gains)/losses		(81)	38	131
Liabilities		(26)	(96)	(182)
		(118)	(154)	(64)
Net Cash Flow from Operating Activities		84	151	486

* Relates to gains/losses on rollover of foreign exchange contracts that hedge exposures in other financial periods.

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Institute of Chartered Accountants of New Zealand Review Engagement Standards RS-1. The accompanying notes form part of these financial statements.

1. FINANCIAL STATEMENTS

The condensed Group interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2009.

The accounting policies used in the preparation of the interim financial statements are consistent with those used as at 30 June 2009 and 31 December 2008. The Group has adopted the amendments to NZ IAS 1: Presentation of Financial Statements (revised) effective from 1 July 2009 (which resulted in presentation changes only).

These interim financial statements have not been audited. The interim financial statements have been prepared in accordance with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting and have been the subject of review by the auditors, pursuant to the Institute of Chartered Accountants of New Zealand Review Engagement Standards RS-1.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current period.

2. GENERAL DISCLOSURES

Total operating revenue (including finance income) is $2,078 million (31 December 2008: $2,477 million; 30 June 2009: $4,707 million).

Foreign currency transactions are converted into New Zealand dollars using exchange rates approximating those at transaction date. "Foreign exchange gains" as disclosed separately in the Statement of Financial Performance comprise realised gains/(losses) from operating hedge derivatives, the translation of monetary assets and liabilities denominated in foreign currencies and ineffective and non-hedge accounted foreign currency derivatives.

The Group's investment in associates include a 49% interest in Christchurch Engine Centre (CEC), 33% interest in Travel Software Solutions Pty Limited and a 26% interest in VCubed Pty Limited.

In December 2008 and June 2009 impairment losses on property, plant and equipment of $81 million were recognised in relation to an Airbus A320 which was lost in the Mediterranean sea, and one surplus Boeing 747-400 aircraft. The Airbus A320 aircraft was being leased to and operated by XL Airways Germany GmbH, and was insured by the lessee. As at 31 December 2008 insurance proceeds of $76 million were receivable by the Group and were recognised within "Other expenses". The insurance proceeds were received prior to 30 June 2009. Impairment of the Boeing 747-400 arose upon transfer of the aircraft to an assets held for resale category and reflected indicative market valuations.

3. SEGMENTAL INFORMATION

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.

Geographical

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

	6 MONTHS TO 31 DEC 2009 $M	6 MONTHS TO 31 DEC 2008 $M	12 MONTHS TO 30 JUN 2009 $M
Analysis of revenue by geographical region of original sale			
New Zealand	1,166	1,279	2,373
Australia and Pacific Islands	295	343	647
United Kingdom and Europe	192	264	533
Asia	186	264	498
North America	215	269	558
Total Operating Revenue	2,054	2,419	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.

4. DERIVATIVE FINANCIAL INSTRUMENTS

Air New Zealand is subject to credit, foreign currency, interest rate and fuel price risks. These risks are managed using various financial instruments, based on policies approved regularly by the Board of directors. Group policy is not to enter, issue or hold derivative financial instruments for speculative trading purposes.

Derivatives are required to be recognised in the Statement of Financial Position at their fair market value, with subsequent changes in fair value being recognised through earnings. Changes in the fair value of those derivatives which have been successfully designated as part of a cash flow hedge relationship are recognised through the cash flow hedge reserve within equity, to the extent that they are effective. Any accounting ineffectiveness is recognised through earnings.

NZ IAS 39: Financial Instruments: Recognition and Measurement requires hedge effectiveness to be determined for accounting purposes within strict parameters. Each derivative transaction used to hedge identified risks must be documented and proven to be effective in offsetting changes in the value of the underlying risk within a range of 80% - 125%. This measure of effectiveness may result in economically appropriate hedging transactions being deemed ineffective for accounting purposes. In particular, the use of crude oil derivatives as a proxy for jet fuel, and the high volatility of fuel markets may cause cash flow hedges in respect of fuel derivatives to fail the hedge effectiveness test.

Risk management practices are determined on an economic basis, rather than being designed to achieve a particular accounting outcome. Consequently, it is expected that this will result in some transactions failing the accounting hedge effectiveness criteria from time to time and ineffectiveness being recorded through earnings in periods other than when the hedged item occurs, causing some volatility through earnings. Normalised earnings, disclosed as supplementary information at the foot of the Statement of Financial Performance, shows earnings before taxation after excluding movements on derivatives that hedge exposures in other financial periods. Such movements include amounts required to be recognised as ineffective for accounting purposes.

Where changes in the fair value of a derivative provide a natural offset to the underlying hedged item as it impacts earnings, hedge accounting is not applied. Both the changes in value of the hedged item and the hedging instrument are recognised through the same line within the Statement of Financial Performance. Furthermore, some components of hedge accounted derivatives are excluded from the designated risk. Cash flow hedges in respect of fuel derivatives only include the intrinsic value of the fuel options with all other components of the option value (mainly time value) being marked to market through earnings. Similarly, forward points (the differential in interest rates between currencies) are excluded from the hedge designation in respect of foreign currency derivatives which hedge account forecast foreign currency operating revenue and expenditure transactions. These components are not hedge accounted and, accordingly, marked to market through earnings.

FOREIGN CURRENCY DERIVATIVES

Non-hedge accounted derivatives

Foreign currency translation gains or losses on United States Dollar denominated interest-bearing liabilities and lease return provisions are recognised in the Statement of Financial Performance within “Foreign exchange gains”. Marked to market gains or losses on non-hedge accounted foreign currency derivatives provide a natural offset to these foreign exchange movements, and are also recognised within “Foreign exchange gains”.

During the period to 31 December 2009, a loss of $93 million was recognised in respect of the above non-hedge accounted foreign currency derivatives (31 December 2008: $268 million gain; 30 June 2009: $113 million gain), which was offset by exchange movements on the underlying exposures. Forward point costs of $10 million in respect of these derivatives were marked to market through “Finance costs” in the period to 31 December 2009 (31 December 2008: $21 million of costs; 30 June 2009: $39 million of costs).

4. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Hedge accounted derivatives

Air New Zealand hedge accounts the foreign currency risk arising on forecast foreign currency operating revenue, operating expense and capital expenditure transactions.

Forward points are excluded from the hedge designation in respect of operating revenue and expenditure transactions and are marked to market through earnings. Forward point costs of $7 million in respect of these derivatives were marked to market through "Finance costs" in the period to 31 December 2009 (31 December 2008: $41 million of costs; 30 June 2009: $59 million of costs).

Accounting ineffectiveness arising in the period to 31 December 2009 on these cash flow hedges was nil on operating transactions and a loss of $2 million on capital transactions (31 December 2008: $1 million gain on operating transactions; $1 million loss on capital transactions; 30 June 2009: $1 million loss on operating transactions; $19 million loss on capital transactions).

The significant decrease in fuel prices in the prior year to 30 June 2009 led to a revision of forecast fuel costs. This, together with a shift in forecast foreign currency revenues, required the de-designation of certain hedge relationships where the forecast transaction was no longer expected to occur. This included items which whilst no longer meeting the hedge accounting requirements of NZ IFRS continued to provide economic hedge relationships (and were therefore excluded from Normalised Earnings). NZ IFRS requires that the cumulative gains or losses on these hedging instruments that have been recognised in the cash flow hedge reserve over the period in which the hedges were effective, be transferred to earnings. This had no impact in the period to 31 December 2009. In the prior period to 31 December 2008, gains of $152 million were transferred from the cash flow hedge reserve to "Foreign exchange gains" within the Statement of Financial Performance (30 June 2009: gains of $163 million).

Fuel derivatives

Air New Zealand uses crude oil collar options and swaps to hedge price risk in jet fuel. The intrinsic value component of these derivatives is designated as a cash flow hedge. All other components are marked to market through earnings, as are any short-dated outright derivatives. In the period to 31 December 2009, gains of $1 million relating to non-hedge accounted derivatives were recognised within "Fuel" (31 December 2008: $61 million gain; 30 June 2009: $76 million gain).

Accounting ineffectiveness arising in the period to 31 December 2009 of $6 million gain was recognised within "Fuel" (31 December 2008: $54 million loss; 30 June 2009: $9 million loss).

INTEREST RATE DERIVATIVES

Interest rate derivatives are not hedge accounted. Changes in the fair value of these derivatives are recognised each period within "Finance costs". In the period to 31 December 2009, there were no interest rate derivatives outstanding and no impact on earnings (31 December 2008: $1 million gain; 30 June 2009: $1 million gain).

5. OPERATING LEASE COMMITMENTS

	31 DEC 2009 $M	31 DEC 2008 $M	30 JUN 2009 $M
Aircraft Leases Payable			
Not later than 1 year	201	302	234
Later than 1 year and not later than 5 years	502	443	275
Later than 5 years	276	10	5
	979	755	514
Property Leases Payable			
Not later than 1 year	36	26	39
Later than 1 year and not later than 5 years	99	77	110
Later than 5 years	78	82	88
	213	185	237

During January 2010 the Group agreed to remove the early termination rights on four Boeing 777-200ER and five Airbus A320 aircraft operating leases. The amounts in the above table reflect the extended lease terms.

During February 2010 the Group entered into agreements to lease four Airbus A320 aircraft which are due to be delivered between January 2011 and December 2011. The lease commitments in respect of these aircraft have been included in the above table.

6. CAPITAL COMMITMENTS

	31 DEC 2009 $M	31 DEC 2008 $M	30 JUN 2009 $M
Aircraft and engines	3,075	3,444	3,070
Other assets	9	5	3
	3,084	3,449	3,073

Commitments shown are for those asset purchases committed and contracted for and are converted at the period end exchange rate.

Significant movements (excluding progress payments and foreign exchange movements) in capital commitments since 30 June 2009 include:

On 18 December 2009, Air New Zealand confirmed the purchase of ten Airbus A320 aircraft and associated engines. The aircraft will be delivered between June 2013 and September 2016. Under the agreement the Group secured the right to purchase up to an additional eleven aircraft.

On 22 September 2008, the Group entered into an agreement to purchase seven ATR 72-500 aircraft on operating lease to the Group. Since then the Group has taken delivery of five aircraft and the remaining two aircraft will be acquired between January 2010 and February 2010.

On 18 January 2010, the Group entered into an agreement with an aircraft seat manufacturer for the Boeing 777-300 fleet. These contractual commitments are included in the above table.

7. CONTINGENT LIABILITIES

All significant legal disputes involving probable loss that can be reliably estimated have been provided for in the financial statements. There are no contingent liabilities for which it is practicable to estimate the financial effect.

Air New Zealand has been named in five class actions. One, in Australia, claims travel agents commission on fuel surcharges and two (one in Australia and the other in the United States) make allegations against more than 30 airlines, of anti competitive conduct in relation to pricing in the air cargo business. The other two class actions (in the United States and in Canada) allege that Air New Zealand together with many other airlines conspired in respect of fares and surcharges on trans-Pacific routes. All class actions are being defended.

The allegations made in relation to the air cargo business are also the subject of investigations by regulators in a number of jurisdictions including New Zealand, the United States and the European Union. A formal Statement of Objections was issued by the European Commission in 2007 to 25 airlines including Air New Zealand. Air New Zealand has responded to this Statement of Objections. On 15 December 2008 the New Zealand Commerce Commission filed proceedings against 13 airlines including Air New Zealand alleging breaches of the Commerce Act.

Air New Zealand is defending each of these proceedings. In the event that a court determined, or it was agreed with a regulator, that Air New Zealand had breached relevant laws, the Company would have potential liability for pecuniary penalties and to third party damages under the laws of the relevant jurisdictions. No other significant contingent liability claims are outstanding at balance date.

Outstanding letters of credit and performance bonds total $42 million (31 December 2008: $26 million; 30 June 2009: $37 million).

The Group has a partnership agreement with Pratt and Whitney in which it holds a 49 percent interest in the Christchurch Engine Centre (CEC). By the nature of the agreement, joint and several liability exists between the two parties. Total liabilities of the CEC are $54 million (31 December 2008: $50 million; 30 June 2009: $68 million).

8. DIVIDENDS

On 25 February 2010, the Board of directors declared an interim dividend of 3.0 cents per Ordinary Share, payable on 26 March 2010 to registered shareholders at 15 March 2010. The total dividend payable will be $32 million. Imputation credits will be attached and supplementary dividends paid to non-resident shareholders. The dividend has not been recognised in the December 2009 interim financial statements.

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.

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 interim dividend which is proposed to be paid on 26 March 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 15 March 2010.

AIR NEW ZEALAND GROUP
REVIEW REPORT

Deloitte.

TO THE SHAREHOLDERS OF AIR NEW ZEALAND LIMITED

We have reviewed the condensed consolidated interim financial statements on pages 1 to 10. The condensed consolidated interim financial statements provide information about the past financial performance of Air New Zealand Limited and its subsidiaries ("the Group") and its financial position as at 31 December 2009. This information is stated in accordance with the accounting policies referred to on page 6.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of the condensed consolidated interim financial statements which present fairly the financial position of the Group as at 31 December 2009 and the results of operations and cash flows for the six months ended on that date.

Independent Accountant's Responsibilities

The Auditor-General is the auditor of the Group pursuant to section 5(1)(f) of the Public Audit Act 2001. Pursuant to section 32 of the Public Audit Act 2001, the Auditor-General has appointed Andrew Burgess of Deloitte to carry out the annual audit of the Group.

We are responsible for reviewing the condensed consolidated interim financial statements presented by the Board of Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the condensed consolidated interim financial statements do not present fairly the matters to which they relate.

Basis of Opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

We have reviewed the condensed consolidated interim financial statements of the Group for the six months ended 31 December 2009 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have performed other engagements in the areas of taxation, audit and other assurance services. None of these engagements impact, in any way, on our independence. In addition to these engagements, principals and employees of our firm deal with the Group on arm's length terms within the ordinary course of trading activities of the Group. Other than these engagements and arm's length transactions, and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Group.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements on pages 1 to 10 do not present fairly the financial position of the Group as at 31 December 2009 and the results of its operations and cash flows for the six months ended on that date in accordance with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting.

Our review was completed on 26 February 2010 and our review opinion is expressed as at that date.

A.G. Burgess

Andrew Burgess
Deloitte
On behalf of the Auditor-General
Auckland, New Zealand

Matters Relating to the Electronic Presentation of the Unaudited Condensed Group Interim Financial Statements

This review report relates to the unaudited condensed Group interim financial statements of Air New Zealand Limited for the six months ended 31 December 2009 included on Air New Zealand's website. Air New Zealand's Board of Directors is responsible for the maintenance and integrity of the Air New Zealand Limited website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the unaudited condensed Group interim financial statements since they were initially presented on the website. The review report refers only to the unaudited condensed Group interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited condensed Group interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the reviewed unaudited condensed Group interim financial statements and related review report dated 26 February 2010 to confirm the information included in the reviewed unaudited condensed Group interim financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AIR NEW ZEALAND GROUP
SHAREHOLDER ENQUIRIES

Air New Zealand's investor website **www.airnzinvestor.com** provides shareholders with information on monthly operating statistics, financial results, stock exchange releases, corporate governance, annual meetings, investor presentations, important dates and contact details. Shareholders can also view webcasts of key events from this site.

Shareholders who would like to receive electronic news updates can register online at www.airnzinvestor.com or email Investor Relations directly on **investor@airnz.co.nz**.

SHARE REGISTRAR

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