future taking flight
B777-300ER flies our skies

“Welcome aboard one of the biggest game changers to hit the commercial aviation industry in quite some time.” NYC Aviation

Business Premier
Air New Zealand has improved our completely lie flat bed experience with an enhanced sleep mattress made of memory foam and a full sized pillow for a truly luxurious sleep. The new dining experience means travellers are in control of their dining time and meals are prepared freshly onboard the aircraft.

Premium Economy
“We wanted to create Premium Economy as a class of its own, with its own specific seat design and service experience.” The result was another world first, the Spaceseat™ which offers two completely different experiences. The inner Spaceseat™s are designed for socialisation allowing for a shared dining experience. The outer Spaceseat™s allow individual travellers to enjoy their own environment.

Economy
Air New Zealand now offers a world first in Economy, the Sky couch™. “The goal was to find an economy seat that would allow people in Economy to rest comfortably. No easy quest but one that our team took on board, deciding they would not give up until they succeeded. The determination and innovation of the team resulted in changes not only to economy but to all three classes of service.

The B777-300ER aircraft itself will introduce operational efficiencies to our Long haul network compared to the B747-400. The aircraft is more fuel efficient, burning 12% less fuel and CO2 per passenger and with a capability to increase cargo volume by 40 percent.

The first passengers guaranteed to experience the next generation of Long Haul travel will be on dedicated return services on NZ1 and NZ2 between Auckland and London, via Los Angeles, from April 2011. On board there are 338 seats; 44 Business Premier; 50 Premium Economy; 244 Economy, including 60 seats that convert into 20 Sky couches™.

Air New Zealand has ordered a total of five B777-300ER aircraft, the last of which is due to be delivered next year.

Innovative Ideas
- In flight entertainment includes touch screen entertainment systems with live news feeds and the capability for travelers to follow the schedule of events during the flight through the flight planner.
- Mood lighting effect throughout the cabin.
- The new Jet Cadets kids experience will be a hit with children. As part of this experience we will have story time after dinner, kids packs that include head phones that actually fit them and a lunch box full of healthy snacks.

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Four years ago Air New Zealand embarked on a journey to redefine Long Haul travel, to create the world’s best Long Haul flight experience, one that looks after everyone on the plane, from families to business travellers to holiday makers. Among other things this meant we wanted to develop an economy seat that would allow people in Economy to rest comfortably. No easy quest but one that our team took on board, deciding they would not give up until they succeeded. The determination and innovation of the team resulted in changes not only to economy but to all three classes of service.

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Air New Zealand is committed to supporting our employees and the Christchurch community during this rebuilding phase and we know this commitment will be required long after the media have left and the spotlight has turned to other events. Without a doubt the impact of the Christchurch earthquake on tourism and demand will make for a challenging environment but over the coming weeks, months and years we will be resolutely focused on driving tourism and trade to the city and connecting its people with family and friends at home and around the world.

Overall Air New Zealand has had a strong six months to 31 December 2010. Passenger numbers, cargo volumes and yields have all increased year on year, with an increase in revenues of 9 percent. This has been offset by costs relating to increased capacity, increasing fuel prices and losses from foreign exchange hedges.

Fuel prices have increased, the average spot price of jet fuel increased 15 percent compared with the first half of 2010. Higher fuel prices and increased volumes resulted in fuel cost being $73 million higher than the comparative 2009 period. We have seen a favorable currency movement with the NZ dollar strengthening throughout the period, although the benefit of this has been delayed due to our current hedging profile.

We now have a solid platform to progress and build value from these investments.

This platform has also allowed us the flexibility to play a key leadership role in our home market of New Zealand in the aftermath of the tragic earthquake in Christchurch in February.

The crisis management response to the Christchurch earthquake, and the immediate and sustained focus on helping rescue personnel from New Zealand and around the world.

Your airline continued to invest throughout the worst of the global financial crisis and to now in a far stronger competitive position as a result of our innovation, people and strategic alliances. We now have a solid platform to progress and build value from these investments.

The thoughts and sympathies of all Air New Zealanders are with those who have lost loved ones in this tragedy. Fortunately none of our 1900 Christchurch based Air New Zealanders were lost or suffered serious injuries, but a number have lost family and close friends or suffered significant property damage.

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In the first week after the earthquake we significantly increased our capacity into Christchurch and flew more than 70,000 people in and out of the city including hundreds of emergency and search and rescue personnel from New Zealand and around the world.

Air New Zealand has been operating flights to and from Christchurch since 1947 and as well as being one of the key ports on our network it is also home to our second largest workforce, with around 1900 Air New Zealanders, making us one of the largest employers in the region. The thoughts and sympathies of all Air New Zealanders are with those who have lost loved ones in this tragedy. Fortunately none of our 1900 Christchurch based Air New Zealanders were lost or suffered serious injuries, but a number have lost family and close friends or suffered significant property damage.
MORE FRIENDS, MORE REACH

Our people, our ability to adapt quickly to changing environments and our uniquely Air New Zealand way mean we compete internationally with airlines much bigger than we are. However our geographic location and the relatively small passenger flows to and from New Zealand make it challenging to have the network and frequency our home market customers would like. Where it does not make economic sense to fly to specific destinations in our own right we seek to build alliances with complementary partners to broaden Air New Zealand’s effective network reach. Our largest alliance is our membership of Star Alliance which provides Air New Zealand with connectivity to 28 other global airlines within the Star Alliance and access to 1,160 airports around the world.

In addition to the Star Alliance we establish code share relationships with carriers that we believe offer a viable and complementary network to Air New Zealand’s.

We have formed two code share alliances recently; one with Virgin Atlantic and the other with Etihad Airways. Both code shares will offer our passengers an extended reach and feed an important new source of passengers onto our services.

CHANGES AND INVESTMENT IN DOMESTIC NEW ZEALAND

The competitive landscape is constantly changing and the domestic and regional routes are no different. In November we saw Pacific Blue withdraw from domestic New Zealand, demonstrating the difficulty of being profitable in this market. This has contributed to an increase in demand for our services on the domestic routes, with passenger numbers now up 8 per cent on the same period last year. We are adding capacity to meet increased demand and will continue to do so throughout the rest of the calendar year as our new Domestic A320 fleet arrives. The first aircraft has already arrived and stands out with its stunning all black paint job. We are proud of our association with New Zealand’s unique rugby heritage and the black plane demonstrates our long-standing support for the iconic All Blacks.

Regional and Domestic New Zealand is the heart of our network and we are dedicated to ensuring we provide the best service, network and frequency that is economically viable. We have recently consolidated our turboprop maintenance and invested in a new maintenance facility in Nelson, which now provides both ATR and Q300 engineering and maintenance support for Mount Cook Airline and Air Nelson.

In recent times, we have all been reminded of our exposure to natural occurrences beyond our control. We have seen the devastating effects of the Pike River Mine disaster, flooding across the Tasman and most recently the Christchurch Earthquakes. It is heart wrenching to see such tragedies unfold, throughout these times Air New Zealand has focussed on mobilising resources quickly to support those affected whilst minimising disruptions across the network.

With over 11,000 Air New Zealanders we are deeply connected to the communities in which we operate. As New Zealand’s national carrier we try to help out where we can, to make a difference and to go the extra mile. We receive many letters of gratitude from people, organisations and charities that we have helped and we are humbled by their responses.

LOOKING FORWARD

Over the last six months we have seen positive business indicators emerging. Overall group load factors increased by 2.6 percentage points over the same period last year, group yield has increased by 3.0 per cent, we have added 2.7 per cent capacity and seen an increase of 6.0 per cent in demand. As we reflect on these numbers we cannot help but feel positive about this year.

Looking forward, we will start to see the positive benefits come through from the trans-Tasman Alliance with Virgin Blue as we streamline routes and improve connectivity between the airlines. We will also see benefits from the Virgin Atlantic and Etihad Airways code share agreements and investigate other opportunities to better enhance our international reach. The new Long Haul product will be in full service from April and we are encouraged with forward bookings to date on the new SkyCouch™ and Premium Economy seating. By the end of the 2011 calendar year we will have four new B777-300ER Long Haul aircraft in service. This will result in reduced operating costs from more efficient aircraft compared with the B747-400 that it is replacing and improved yield from the enhanced product offering.

The recent announcement by Prime Minister John Key that the Crown is looking at the partial privatisation of some major SOEs and a possible sell down of some of its Air New Zealand stake is good news. It is a reflection of how this business has been able to grow and prosper under the current ownership model and that there is now confidence that the Crown can, over time, reduce its long term investment but retain a majority position. There is no urgency from the company’s viewpoint, but the prospect that our shares will have a larger free float percentage and greater private participation is something we welcome.

The influx of international rugby fans later in the year is going to be an exceptional time for New Zealand, and Air New Zealand is excited to play an important role in showcasing our beautiful country. This will be a great opportunity for everyone to play their part and maximise our time in the limelight to create 85,000 possible New Zealand ambassadors.

Something special is taking shape; we have been successful in implementing initiatives across all facets of the business to enhance Air New Zealand’s customer experience, product offering, network, technology, efficiencies and strategic position. Demand and yield has improved over the last six months, which together with the benefit of a stronger NZ dollar as our hedging profile rolls off later in the year, and the implementation of new initiatives sets a strong platform for future performance. However, fuel price volatility and the effects of the Christchurch earthquake are significant risks to the year end result.

Jean Albrecht,
CEO of Star Alliance

IN DECEMBER AIR NEW ZEALAND HOSTED THE STAR ALLIANCE CHIEF EXECUTIVE BOARD MEETING IN QUEENSTOWN. THIS WAS THE FIRST TIME THE BOARD MEETING HAD BEEN HOSTED IN NEW ZEALAND AND WE WERE PROUD TO SHOWCASE OUR COUNTRY.
AIR NEW ZEALAND FLEW 1.2 MILLION PASSENGERS ON 7,600 FLIGHTS BETWEEN NEW ZEALAND AND AUSTRALIA DURING THE SIX MONTHS TO DECEMBER 2010. THIS REPRESENTED 21 PERCENT OF AIR NEW ZEALAND’S FLYING DURING THE PERIOD.

The challenges associated with creating acceptable returns on the Tasman have been well documented over the past decade. It is a market that has been beset by over-capacity as regional carriers and foreign-flagged carriers using “fifth freedom” rights have continuously added capacity ahead of demand. With a customer base predominately made up of leisure customers, discounted prices are a regular feature in the market as carriers compete to fill the surplus capacity.

For Air New Zealand the Tasman provides an essential range of destinations to our customers. It also provides a considerable flow of passengers who connect our services through to our domestic and broader international networks.

Creating value in this environment means constantly innovating, and we have rolled out three new strategies:

**Seats to Suit** is a new product that now provides passengers with the choice to pay only for what they want. From the simple Seat Only product through to the premium service Works Deluxe, Air New Zealand has a cost base and product range to surpass all of its competitors.

**The Australasian Airline Alliance with Virgin Blue** was approved by the New Zealand and Australian regulators in December. Whether it’s Kaitaia to Kalgoorlie or Dunedin to Darwin, the combined extensive networks of Air New Zealand and Virgin Blue will allow customers of both airlines to enjoy seamless journeys to wherever they want to fly between New Zealand and Australia.

Customers will also enjoy the increased frequency of the combined network meaning that they can fly when they want to fly and create holiday or work itineraries that suit their plans – not the airline schedules. The complementary sales presence that each airline has in their home markets will ensure that sales are maximised throughout Australasia. No matter which airline they are flying on across the Tasman, qualifying travellers are able to earn frequent flyer points on either Air New Zealand’s award-winning Airpoints™ programme or Virgin Blue’s Velocity™ programme. Access to lounges across both networks will also be available as a result of the alliance. The combination of these customer benefits is projected to lift Air New Zealand’s market share and performance in the Tasman market.

To meet this expected demand increase Air New Zealand and Virgin Blue have committed to regulators to increase capacity on certain Tasman markets.

**The Equity Investment in Virgin Blue** provides Air New Zealand with an enduring regional alignment with one of the world’s most successful new carriers. This minority investment is an expression of our support for our alliance partner, and also widens Air New Zealand’s economic exposure to the Australasian single aviation market.

**THE CULMINATION OF THESE STRATEGIES OVER THE PAST FEW MONTHS DEMONSTRATES THE DETERMINATION AND CLARITY THAT AIR NEW ZEALAND HAS TO DRIVE RETURNS FROM ONE OF THE WORLD’S TOUGHEST AIRLINE MARKETS.**
Following the success of recent innovative marketing campaigns and award winning products and services, we are taking a new approach to promoting our airfares. It will be driven through mainstream media channels like television and online, and supplemented with social media activity. We are confident that this new consistent approach will further cement Air New Zealand’s position as the airline with more deals, more choice and more value.

The new approach will also give us the ability to build a more constant and familiar promotional approach for people to look out for. In order to achieve this we need to act like a retailer, giving people a shop window to browse through to find the deal that suits them best. Ultimately this will mean more deals, more choice and more value for customers and position Air New Zealand more competitively.

Jodi Williams
Head of Marketing, International

Megan Matthews
Head of Marketing, Australasia

Mike Tod
General Manager of Marketing and Communications

F.L.Y.E.R
DEALS

more deals, more choice, more value
At least 85,000 rugby fans are expected to visit New Zealand to celebrate rugby over September and October 2011. As well as creating a boost in tourism arrivals, the real opportunity lies in creating 85,000 ambassadors who will promote New Zealand to their friends and family back home.

Ensuring these visitors have an outstanding experience will be rewarded with increased tourism in the future. The real New Zealand festival aims to do just that, with hundreds of events planned right across the country offering visitors a fun way to meet New Zealanders and take part in celebrations that showcase the best of New Zealand.

Air New Zealand is also gearing up to host. With a critical role in ensuring everyone gets to the game on time, a dedicated team is focused on ensuring that all our operations run smoothly. But it does not stop there; we will be ensuring the festival atmosphere continues in the air. Our passion for rugby will be reflected during their journey on Air New Zealand – creating a memorable experience that could only happen in New Zealand!

The financial opportunity for New Zealand is significant, so we all must ensure visitors to New Zealand have a fabulous experience whilst they are here so they will want to come back for more! We are adding extra domestic capacity to accommodate the additional demand for our services from flying fans around New Zealand to ensuring our regular travellers continue to be well looked after. On the Tasman we will deploy larger aircraft for many flights to cater for the Australian market and additional flights have been scheduled between Auckland and London on selected days. At the same time we need to ensure that our normal tourism traffic continues to flow into New Zealand. The goal is for all of New Zealand, from Cape Reinga to Bluff, to be full throughout the entire tournament, not just the locations of the games and we are up for it!

Air New Zealand is crazy about rugby and our All Blacks safety video and new All Black A320 shows it. But we are equally crazy and excited about the large influx of rugby fans to New Zealand in 2011.

85,000 international visitors to New Zealand
85,000 possible ambassadors

2,000 media representatives expected

Expanded Air New Zealand schedule to meet demand
Hi Bruce

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Deseree decided on the spot she didn’t want this customer to leave New Zealand with a bad experience when she experience by sharing her NZ. and quickly phoned her husband to ask if they would mind if they gave their Bach located at Papamoa to the customer for 3 weeks so that they could enjoy NZ and go home with a taste of what New Zealand was about. Her husband agreed to take up Deseree’s offer, and are now having an amazing This gentleman and his friend decided to stay in NZ and make the most of it, and quickly phoned her husband to ask if he would mind if they gave their Bach located at Papamoa to the customer for 3 weeks so that they could enjoy NZ and go home with a taste of what New Zealand was about. Her husband agreed to take up Deseree’s offer, and are now having an amazing experience by sharing her NZ.

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Sent: Monday, 22 February 2010 4:04 p.m.
To: Parton, Bruce (Group GM Australasia)
Subject: Sharing NZ

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Air New Zealand's normalised earnings before taxation for the first half of the 2011 financial year were $112 million, including an $18 million gain on equity swaps relating to the investment in Virgin Blue. Air New Zealand has continued to gain momentum and added back capacity as demand has improved. However increasing fuel prices and the drag of foreign exchange hedge losses offset increased revenue.

In October last year, Moody's recognised our "relative good performance and resilience through the downturn" and upgraded our credit rating from Ba1 to Ba3/investment grade with the "expectation of continued improved performance for the company which is now enjoying more stable operating conditions". This is a positive, independent, international assessment of how we have managed through this phase of the economic cycle and one that shows our agility in challenging operating conditions. This action by Moody's was against the trend of reducing airline ratings by rating agencies in previous years.

REVENUE

Operating revenue for the six months increased by $182 million, up 8.9 percent on the same period last year to $2.2 billion. Excluding the impact of foreign exchange rates operating revenue was up 11.6 percent. Passenger revenue increased by $155 million, primarily due to a 6.0 percent increase in demand and overall yield improvement of 3.5 percent.

Long haul yields improved significantly by 7.2 percent, with a 2.1 percent increase in capacity and a 13.9 percent point increase in load factor, to 84.6 percent. This improvement reflects a slow recovery from the impact of the global recession and recovering Asian markets, which were impacted by the influence of a H1N1 outbreak for a material part of the prior period.

Revenue performance for the Tasman and Pacific Islands was stronger than the previous period with demand up 9.7 percent. The improvement reflects both economic recovery and the expansion of the Tasman market to absorb surplus capacity. The Seats to Suit product has proven to be particularly successful on the highly competitive Tasman route with the airline adding approximately 10 percent capacity since its introduction mid-November 2010. Loads improved overall on the Trans-Tasman and Pacific Islands by 4.3 percentage points with yields unchanged. In the domestic and regional operations demand was up 9.8 percent on increased capacity of 2.7 percent improving loads by 4.9 percentage points. Overall Domestic yields were down 2.1 percent as demand was stimulated with reduced fares. Cargo revenue was $144 million for the six months, an increase of 15.4 percent on the previous period. Overall increased demand and improved yield on the Pacific and Asian routes were the primary drivers of the improvement.

Contract services revenue, including engineering, contract handling and training revenue decreased slightly with revenue down $1 million on the comparable period to $164 million. Other revenue increased by $11 million due to increased charter activity and higher ancillary revenue.

EXPENSES

Operating expenditure increased by 2.1 percent on the 2009 comparative period after excluding the impact of fuel and foreign exchange on a 2.7 percent increase in capacity.

Labour cost increased by $29 million or 5.9 percent compared with the same period in the 2010 financial year. Full-time employees have increased by 2 percent since December 2009. The increase in full-time employees and associated labour costs reflects more activity across the airline, alongside rate increases.

The average US dollar in-to-plane cost of fuel, excluding hedging relating to other periods, increased by 20 percent on the same period last year. Fuel usage increased by 3 percent compared to the December 2009 period, driven by the increase in capacity. A combination of increased activity and higher fuel prices has increased fuel for the six months to December 2010 by $74 million.

Maintenance expense reduced by $26 million or 16.4 percent compared to the previous period, attributable to the timing of maintenance checks and reduced costs associated with lower third party activity. Aircraft operations and passenger services costs increased in line with capacity and passenger growth.

Sales and marketing expenses increased by $8.5 percent with the six months to December 2009 to $140 million. This was primarily due to increased commissions as a result of higher revenue and increased promotional spend. Other expenses decreased $15 million to $104 million for the six months mainly reflecting the $18 million gain on equity swaps in relation to the subsequent investment in Virgin Blue.

Restructuring, consulting and other expenses decreased by $15 million compared to the December 2009 period. This was primarily due to the conclusion of the Virgin Blue equity investment on 10 March 2010 and subsequent disposals of the full-time employee announcement and restructuring activities. Overall, other costs decreased by $38 million or 8.5 percent.

FINANCIAL POSITION

Closing net cash was $940 million at December 2010. The balance has reduced by $127 million from June 2010 mainly due to outgoing payments for fixed assets. Net gearing, including capitalised operating leases, improved 4.5 percentage points from June 2010 to 42.8 percent at December 2010.

Change in Profitability

The key changes in profitability are broken down in the table below.

These numbers isolate the impact of foreign exchange and also derivatives that hedge exposures in other financial periods.

<table>
<thead>
<tr>
<th></th>
<th>December 2009 normalised earnings before taxation</th>
<th>$96m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger yield</td>
<td>+$77m</td>
<td></td>
</tr>
<tr>
<td>Passenger traffic</td>
<td>+$127m</td>
<td></td>
</tr>
<tr>
<td>Cargo, contract services and other revenue</td>
<td>+$34m</td>
<td></td>
</tr>
<tr>
<td>Labour</td>
<td>-$30m</td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>-$106m</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>+$20m</td>
<td></td>
</tr>
<tr>
<td>Aircraft operations and passenger services</td>
<td>-$12m</td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>-$12m</td>
<td></td>
</tr>
<tr>
<td>Depreciation and lease costs</td>
<td>+$4m</td>
<td></td>
</tr>
<tr>
<td>Net impact of foreign exchange movements</td>
<td>-$97m</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>+$11m</td>
<td></td>
</tr>
</tbody>
</table>

December 2010 normalised earnings before taxation $112m

- Net impact of derivatives that hedge exposures in other financial periods

December 2010 earnings before taxation

- $15m
**Financial Summary**

### Financial Performance (unaudited)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passenger revenue</td>
<td>1,834 $M</td>
<td>1,679 $M</td>
<td>3,305 $M</td>
</tr>
<tr>
<td>Cargo</td>
<td>144 $M</td>
<td>177 $M</td>
<td>255 $M</td>
</tr>
<tr>
<td>Contract services and other revenue</td>
<td>258 $M</td>
<td>248 $M</td>
<td>486 $M</td>
</tr>
<tr>
<td><strong>Operating Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour</td>
<td>(521) (492) (976)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>(529) (458) (959)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>(143) (169) (326)</td>
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</tr>
<tr>
<td>Aircraft operations</td>
<td>(196) (190) (365)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passenger services</td>
<td>(126) (124) (240)</td>
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</tr>
<tr>
<td>Sales and marketing</td>
<td>(140) (123) (261)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange (losses)/gains</td>
<td>(75) (9) (6)</td>
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</tr>
<tr>
<td>Other expenses</td>
<td>(104) (113) (230)</td>
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<td></td>
</tr>
<tr>
<td><strong>Operating Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenditure</strong></td>
<td>(2,007) (1,918) (3,721)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>236 $M</td>
<td>84 $M</td>
<td>334 $M</td>
</tr>
<tr>
<td><strong>Rollover of foreign exchange contracts relating to operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash flow from investing activities</strong></td>
<td></td>
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<tr>
<td><strong>Net cash flow from financing activities</strong></td>
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</tr>
</tbody>
</table>

### Earnings Before Finance Costs, Depreciation, Amortisation, Rental Expenses and Taxation

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Before Finance Costs, Depreciation, Amortisation, Rental Expenses and Taxation</td>
<td>402 $M</td>
<td>382 $M</td>
<td>708 $M</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(151) (149) (204)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental and lease expenses</td>
<td>(124) (140) (203)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit Attributable to Shareholders of Parent Company</strong></td>
<td>127 $M</td>
<td>93 $M</td>
<td>151 $M</td>
</tr>
<tr>
<td><strong>Profit Before Taxation</strong></td>
<td>115 $M</td>
<td>84 $M</td>
<td>123 $M</td>
</tr>
<tr>
<td>Taxation expense</td>
<td>(17) (28) (41)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit Attributable to Shareholders of Parent Company</strong></td>
<td>98 $M</td>
<td>66 $M</td>
<td>82 $M</td>
</tr>
<tr>
<td><strong>Earnings Before Taxation</strong></td>
<td>112 $M</td>
<td>96 $M</td>
<td>105 $M</td>
</tr>
<tr>
<td><strong>Net Profit Attributable to Shareholders of Parent Company</strong></td>
<td>81 $M</td>
<td>64 $M</td>
<td>77 $M</td>
</tr>
</tbody>
</table>

### Cash Flows (unaudited)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cash inflows from operating activities</td>
<td>2,217 $M</td>
<td>2,083 $M</td>
<td>4,192 $M</td>
</tr>
<tr>
<td>Cash outflows from operating activities</td>
<td>(2,007) (1,918) (3,721)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>210 $M</td>
<td>165 $M</td>
<td>471 $M</td>
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</tr>
</tbody>
</table>

**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.

**Earnings Before Finance Costs, Depreciation, Amortisation, Rental Expenses and Taxation**

- 127 $M (6M 2010)
- 93 $M (6M 2009)
- 151 $M (12M 2010)

**Net Profit Attributable to Shareholders of Parent Company**

- 115 $M (6M 2010)
- 84 $M (6M 2009)
- 123 $M (12M 2010)

**Profit Before Taxation**

- 112 $M (6M 2010)
- 96 $M (6M 2009)
- 105 $M (12M 2010)

**Net Profit Attributable to Shareholders of Parent Company**

- 81 $M (6M 2010)
- 64 $M (6M 2009)
- 77 $M (12M 2010)

**Normalised Earnings**

- 98 $M (6M 2010)
- 66 $M (6M 2009)
- 82 $M (12M 2010)

### Financial Position (unaudited)

- **Total Current Assets**: 1,597 $M (31 Dec 2010), 1,702 $M (31 Dec 2009), 1,688 $M (30 Jun 2010)
- **Total Non-Current Assets**: 3,357 $M (31 Dec 2010), 2,284 $M (31 Dec 2009), 1,909 $M (30 Jun 2010)
- **Total Assets**: 4,854 $M (31 Dec 2010), 4,556 $M (31 Dec 2009), 3,697 $M (30 Jun 2010)
- **Total Liabilities**: 1,672 $M (31 Dec 2010), 1,628 $M (31 Dec 2009), 1,667 $M (30 Jun 2010)

This summary financial information has been derived from, and should be read in conjunction with, the Air New Zealand Group Interim Financial Statements (the ‘Full Interim Financial Statements’). The Full Interim Financial Statements, dated 24 February 2011, are available at: www.airnzinvestor.com

The summary financial information cannot be expected to provide as complete an understanding as provided by the Full Interim Financial Statements. The accounting policies used in these financial statements are consistent with those used as at 30 June 2010.

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- **Fax**: +64 (9) 336 2290
- **Website**: www.airnzinvestor.com
- **Email**: investor@airnz.co.nz

**Full Interim Financial Report**

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