Air New Zealand

interim

Financial Results

2013

A STAR ALLIANCE MEMBER

Statement of Financial Performance (unaudited)

For the six months to 31 December 2012

	NOTES	6 MONTHS TO 31 DEC 2012 $M	6 MONTHS TO 31 DEC 2011 $M	12 MONTHS TO 30 JUN 2012 $M
Operating Revenue				
Passenger revenue		1,930	1,865	3,634
Cargo		164	151	298
Contract services		150	162	316
Other revenue		125	113	235
	3	2,369	2,291	4,483
Operating Expenditure				
Labour		(531)	(534)	(1,050)
Fuel		(633)	(606)	(1,219)
Maintenance		(147)	(159)	(303)
Aircraft operations		(217)	(198)	(390)
Passenger services		(117)	(122)	(233)
Sales and marketing		(143)	(138)	(270)
Foreign exchange gains/(losses)	2(f)	3	(46)	(68)
Other expenses		(120)	(125)	(235)
		(1,905)	(1,928)	(3,768)
Earnings Before Finance Costs, Depreciation, Amortisation, Rental Expenses and Taxation		464	363	715
Depreciation and amortisation		(203)	(171)	(348)
Rental and lease expenses		(91)	(107)	(209)
Earnings Before Finance Costs and Taxation		170	85	158
Finance income		19	15	31
Finance costs		(48)	(46)	(95)
Profit Before Taxation	4	141	54	94
Taxation expense		(41)	(16)	(23)
Net Profit Attributable to Shareholders of Parent Company		100	38	71
Per Share Information:				
Basic and diluted earnings per share (cents)		9.1	3.5	6.5
Interim and final dividend declared per share (cents)		3.0	2.0	5.5
Net tangible assets per share (cents)		154	140	148

	NOTE	6 MONTHS TO 31 DEC 2012 $M	6 MONTHS TO 31 DEC 2011 $M	12 MONTHS TO 30 JUN 2012 $M
Supplementary Information				
Earnings before Taxation (per NZ IFRS above)		141	54	94
Reverse net (gains)/losses on derivatives that hedge exposures in other financial periods:				
Fuel derivatives		(2)	(27)	(11)
Foreign exchange derivatives		-	6	8
Normalised Earnings before Taxation	2(g)	139	33	91
Normalised Earnings after Taxation		99	23	69
Per Share Information:				
Basic normalised earnings per share (cents)		9.0	2.1	6.3

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. Normalised Earnings is a non-IFRS financial performance measure that matches derivative gains or losses with the underlying hedged transaction, and represents the underlying performance of the business for the relevant period.

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Statement of Review Engagement Standards RS-1, issued by the External Reporting Board. The accompanying notes form part of these financial statements.

Statement of Comprehensive Income (unaudited)

For the six months to 31 December 2012

	6 MONTHS TO 31 DEC 2012 $M	6 MONTHS TO 31 DEC 2011 $M	12 MONTHS TO 30 JUN 2012 $M
Net Profit for the Period	**100**	38	71
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Changes in fair value of investment in quoted equity instruments	**10**	4	40
Total items that will not be reclassified to profit or loss	**10**	4	40
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of cash flow hedges	**3**	30	63
Transfers to net profit from cash flow hedge reserve	**1**	45	75
Transfers to asset carrying value from cash flow hedge reserve	**-**	9	10
Net translation (loss)/gain on investment in foreign operation	**(1)**	-	1
Taxation on above reserve movements	**(2)**	(23)	(42)
Total items that may be reclassified subsequently to profit or loss	**1**	61	107
Total Other Comprehensive Income for the Period, Net of Tax	**11**	65	147
Total Comprehensive Income for the Period, Attributable to Shareholders of the Parent Company	**111**	103	218

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Statement of Review Engagement Standards RS-1, issued by the External Reporting Board. The accompanying notes form part of these financial statements.

Statement of Changes in Equity (unaudited)

For the six months to 31 December 2012

	NOTES	6 MONTHS TO 31 DEC 2012 $M	6 MONTHS TO 31 DEC 2011 $M	12 MONTHS TO 30 JUN 2012 $M
Issued Capital				
Balance at the beginning of the period		2,282	2,269	2,269
Acquisition of treasury stock (share buyback)	2(e)	(11)	-	-
Shares issued		1	5	8
Equity-settled share-based payments		3	3	5
Balance at the end of the period		2,275	2,277	2,282
Cash Flow Hedge Reserve				
Balance at the beginning of the period		86	(20)	(20)
Changes in fair value of cash flow hedges		3	30	63
Transfers to net profit ("Fuel")		-	2	14
Transfers to net profit ("Foreign exchange gains/(losses)")		1	43	61
Transfers to asset carrying value		-	9	10
Taxation on above reserve movements		(1)	(24)	(42)
Balance at the end of the period		89	40	86
Investment Revaluation Reserve				
Balance at the beginning of the period		(41)	(81)	(81)
Changes in fair value of investment in quoted equity instruments		10	4	40
Balance at the end of the period		(31)	(77)	(41)
Foreign Currency Translation Reserve				
Balance at the beginning of the period		(9)	(10)	(10)
Net translation (loss)/gain on investment in foreign operation		(1)	-	1
Taxation on above reserve movements		(1)	1	-
Balance at the end of the period		(11)	(9)	(9)
Retained Deficit				
Balance at the beginning of the period		(632)	(654)	(654)
Net profit for the period		100	38	71
Dividends on Ordinary Shares	8	(39)	(27)	(49)
Balance at the end of the period		(571)	(643)	(632)
Total Equity attributable to Shareholders of the Parent Company		1,751	1,588	1,686
Non-controlling Interests				
Balance at the beginning of the period		2	-	-
Acquired through business combinations		-	2	2
Disposed through business combinations	2(c)	(1)	-	-
Total Equity attributable to Non-controlling Interest		1	2	2
Total Equity at the End of the Period		1,752	1,590	1,688
Total Equity				
Balance at the beginning of the period		1,688	1,504	1,504
Net profit for the period		100	38	71
Total other comprehensive income for the period, net of tax		11	65	147
Transactions with owners:				
Acquisition of treasury stock (share buyback)	2(e)	(11)	-	-
Shares issued		1	5	8
Equity-settled share-based payments		3	3	5
Dividends on Ordinary Shares	8	(39)	(27)	(49)
Acquired through business combinations		-	2	2
Disposed through business combinations	2(c)	(1)	-	-
Transactions with owners		(47)	(17)	(34)
Balance at the End of the Period		1,752	1,590	1,688

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Statement of Review Engagement Standards RS-1, issued by the External Reporting Board. The accompanying notes form part of these financial statements.

Statement of Financial Position (unaudited)

As at 31 December 2012

	NOTES	31 DEC 2012 $M	31 DEC 2011 $M	30 JUN 2012 $M
Current Assets				
Bank and short term deposits		**1,075**	915	1,029
Trade and other receivables		**346**	383	374
Inventories		**172**	176	170
Derivative financial assets	4	**15**	42	40
Income taxation		**-**	12	20
Assets held for resale		**5**	9	9
Other assets		**46**	77	58
Total Current Assets		**1,659**	1,614	1,700
Non-Current Assets				
Trade and other receivables		**48**	51	48
Property, plant and equipment		**3,009**	2,904	3,092
Intangible assets		**64**	59	63
Investment in quoted equity instruments	2(d)	**264**	124	203
Investments in other entities	2(b)	**60**	57	60
Derivative financial assets	4	**-**	-	1
Other assets		**327**	364	292
Total Non-Current Assets		**3,772**	3,559	3,759
Total Assets		**5,431**	5,173	5,459
Current Liabilities				
Bank overdraft and short term borrowings		**-**	3	2
Trade and other payables		**403**	431	373
Revenue in advance		**853**	773	902
Interest-bearing liabilities		**158**	135	155
Derivative financial liabilities	4	**27**	44	14
Provisions		**27**	89	61
Income taxation		**9**	-	-
Other liabilities		**171**	155	176
Total Current Liabilities		**1,648**	1,630	1,683
Non-Current Liabilities				
Revenue in advance		**140**	137	135
Interest-bearing liabilities		**1,452**	1,438	1,537
Provisions		**105**	79	94
Other liabilities		**23**	30	25
Deferred taxation		**311**	269	297
Total Non-Current Liabilities		**2,031**	1,953	2,088
Total Liabilities		**3,679**	3,583	3,771
Net Assets		**1,752**	1,590	1,688
Equity				
Issued capital		**2,275**	2,277	2,282
Cash flow hedge reserve		**89**	40	86
Other reserves		**(613)**	(729)	(682)
Parent interests		**1,751**	1,588	1,686
Non-controlling interests		**1**	2	2
Total Equity		**1,752**	1,590	1,688

John Palmer, CHAIRMAN   Roger France, DIRECTOR

For and on behalf of the Board, 28 February 2013.

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to the Statement of Review Engagement Standards RS-1, issued by the External Reporting Board. The accompanying notes form part of these financial statements.

Statement of Cash Flows (unaudited)

For the six months to 31 December 2012

	NOTES	6 MONTHS TO 31 DEC 2012 $M	6 MONTHS TO 31 DEC 2011 $M	12 MONTHS TO 30 JUN 2012 $M
Cash Flows from Operating Activities				
Receipts from customers		2,358	2,185	4,515
Interest received		16	14	29
Payments to suppliers and employees		(1,993)	(2,011)	(3,997)
Income tax paid		-	(1)	(5)
Interest paid		(44)	(41)	(87)
		337	146	455
Rollover of foreign exchange contracts*		6	-	17
Net Cash Flow from Operating Activities		343	146	472
Cash Flows from Investing Activities				
Disposal of property, plant and equipment and intangibles		6	2	8
Acquisition of property, plant and equipment and intangibles		(171)	(302)	(610)
Acquisition of quoted equity instruments	2(d)	(33)	-	(30)
Other assets		-	(30)	(13)
Interest-bearing assets		4	(1)	(10)
Acquisition of subsidiaries and joint ventures		-	1	1
Net Cash Flow from Investing Activities		(194)	(330)	(654)
Cash Flows from Financing Activities				
Shares issued		1	2	2
Interest-bearing liabilities drawdowns		43	371	574
Acquisition of treasury stock (share buyback)	2(e)	(11)	-	-
Interest-bearing liabilities payments		(75)	(102)	(165)
Rollover of foreign exchange contracts*		(20)	(11)	(19)
Dividend on Ordinary Shares	8	(39)	(24)	(43)
Net Cash Flow from Financing Activities		(101)	236	349
Increase in Cash and Cash Equivalents		48	52	167
Cash and cash equivalents at the beginning of the period		1,027	860	860
Cash and Cash Equivalents at the End of the Period		1,075	912	1,027
Reconciliation of Net Profit Attributable to Shareholders to Net Cash Flows from Operating Activities:				
Net profit attributable to shareholders		100	38	71
Plus/(less) non-cash items:				
Depreciation and amortisation		203	171	348
Loss on disposal of property, plant and equipment and intangibles		5	3	6
Impairment on property, plant and equipment, intangibles and assets held for resale		1	1	5
Share of profit of joint venture and associates		(2)	(2)	(6)
Unrealised losses/(gains) on fuel derivatives	4	2	(18)	(6)
(Gain)/loss on equity derivative	4	(2)	3	(13)
Foreign exchange gains		-	(2)	(4)
Other non-cash items		6	(1)	13
		313	193	414
Net working capital movements:				
Assets		27	(20)	-
Revenue in advance		(44)	(100)	27
Deferred foreign exchange losses		6	-	17
Liabilities		41	73	14
		30	(47)	58
Net Cash Flow from Operating Activities		343	146	472

*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 Statement of Review Engagement Standards RS-1, issued by the External Reporting Board. The accompanying notes form part of these financial statements.

Condensed Notes to the Financial Statements (unaudited)

As at and for the six months to 31 December 2012

1. FINANCIAL STATEMENTS

The condensed Group interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2012.

The accounting policies used in the preparation of the interim financial statements are consistent with those used as at 30 June 2012 and 31 December 2011 except as noted below.

The amendments to NZ IAS 1 - Presentation of Financial Statements concerning the presentation of items of Other Comprehensive Income was adopted on 1 July 2012. The adoption has not had a significant impact on the financial statements presented. Separate presentation is now required of items which are subsequently reclassified to profit or loss from those that will not be reclassified.

These interim financial statements have not been audited. The interim financial statements comply 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 Statement of Review Engagement Standards RS-1, issued by the External Reporting Board.

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

2. GENERAL DISCLOSURES

(a) Total operating revenue (including finance income) is $2,388 million (31 December 2011: $2,306 million; 30 June 2012: $4,514 million).

(b) The Group's investment in associates relates to a 49% interest in Christchurch Engine Centre (CEC). The investment in joint ventures relates to a 50% interest in Pacific Leisure Group Limited.

(c) On 31 October 2012, the Group disposed of its interest in VCubed Pty Limited for $1 million. VCubed Pty Limited held an investment in a wholly owned subsidiary, TXNZ Limited. The impact on the Group was a reduction in net assets of $1 million.

(d) During the period ended 31 December 2012, the Group exercised an equity derivative to acquire a further 1.5% interest in Virgin Australia Holdings Limited (Virgin Australia). The cost of the acquisition excluding transaction costs (which was recognised within "Other assets" as at 30 June 2012) was A$10 million or 30 cents per share. On 7 November 2012 upon the issue of additional share capital by Virgin Australia, the Group contemporaneously paid a further A$25 million (excluding transaction costs) or 50 cents per share to maintain a continous ownership interest at 19.99%. At 31 December 2011 the Group held a 14.99% interest and at 30 June 2012 a 18.49% interest in Virgin Australia.

(e) On 28 September 2012 the Group announced an on-market share buyback programme with the intention to acquire up to 3% of its Ordinary Shares. The share buyback programme is expected to continue until 27 September 2013. During the period ended 31 December 2012 the Group acquired treasury stock of 8,767,702 shares for $11 million.

(f) Foreign currency transactions are converted into New Zealand dollars using exchange rates approximating those at transaction date. "Foreign exchange gains/(losses)" 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.

(g) Normalised earnings, disclosed as supplementary information at the foot of the Statement of Financial Performance, shows earnings after excluding movements on derivatives that hedge exposures in other financial periods. The adjustments match derivative gains or losses with the underlying hedged transaction. Such movements comprise the time value on open derivatives and amounts required to be recognised as ineffective for accounting purposes (refer Note 4). The amounts recognised in the Statement of Financial Performance in relation to (gains)/losses on derivatives which hedge exposures in other financial periods are $2 million of gains for fuel derivatives (31 December 2011: gains of $27 million; 30 June 2012: gains of $11 million) and nil on foreign exchange derivatives (31 December 2011: losses of $6 million; 30 June 2012: losses of $8 million).

Condensed Notes to the Financial Statements (continued) (unaudited)

As at and for the six months to 31 December 2012

3. SEGMENTAL INFORMATION

Air New Zealand operates predominantly in one segment, its primary business being the transportation of passengers and cargo on an integrated network of 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

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

	6 MONTHS TO 31 DEC 2012 $M	6 MONTHS TO 31 DEC 2011 $M	12 MONTHS TO 30 JUN 2012 $M
Analysis of revenue by geographical region of original sale			
New Zealand	**1,395**	1,346	2,593
Australia and Pacific Islands	**369**	360	677
United Kingdom and Europe	**155**	189	363
Asia	**190**	174	363
North America	**260**	222	487
Total Operating Revenue	**2,369**	2,291	4,483

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

4. DERIVATIVE FINANCIAL INSTRUMENTS

The earnings impact of derivative financial instruments (excluding the transfer of the effective portion of qualifying hedge relationships from the cash flow hedge reserve to earnings upon the occurrence of the underlying hedged item) is summarised as follows:

	6 MONTHS TO 31 DEC 2012 $M	6 MONTHS TO 31 DEC 2011 $M	12 MONTHS TO 30 JUN 2012 $M
Gain/(loss) recognised in the Statement of Financial Performance:			
Accounting ineffectiveness on cash flow hedges	**-**	12	12
Non-hedge accounted derivatives	**(35)**	32	21
Components of derivatives excluded from hedge designations	**(15)**	(12)	(24)
	(50)	32	9

Accounting ineffectiveness on cash flow hedges

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 accounting 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.

Non-hedge accounted derivatives

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. Foreign currency gains or losses on lease return provisions and non-hedge accounted United States Dollar denominated interest-bearing liabilities are recognised in the Statement of Financial Performance within "Foreign exchange gains/(losses)". 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/(losses)". In addition, short-dated fuel derivatives are not hedge accounted and are marked to market within "Fuel".

Condensed Notes to the Financial Statements (continued) (unaudited)

As at and for the six months to 31 December 2012

4. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Air New Zealand entered into equity derivatives whereby the Group was guaranteed a minimum additional exposure of 3.5% interest in Virgin Australia Holdings Limited (Virgin Australia) and up to a maximum additional exposure of 5% interest. Air New Zealand exercised the derivatives over the 3.5% interest during the year ended 30 June 2012, and the 1.5% interest during the period ended 31 December 2012. Derivative gains of $2 million were recognised during the period ended 31 December 2012 (31 December 2011: $3 million loss). The exercise of the derivatives in the year ended 30 June 2012 yielded a $13 million gain, which, together with unrealised gains recognised in respect of the remaining derivatives offset by option costs, lead to a net gain of $10 million. The gain/(loss) in respect of these equity derivatives is included in the "Non-hedge accounted derivatives" line above and in "Other expenses" in the Statement of Financial Performance.

Components of derivatives excluded from hedge designations

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 within "Fuel". 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 within "Finance costs".

5. CAPITAL COMMITMENTS

	31 DEC 2012 $M	31 DEC 2011 $M	30 JUN 2012 $M
Aircraft and engines	**2,142**	2,515	2,324
Other assets	**17**	3	2
	2,159	2,518	2,326

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 2012 include the delivery of two ATR72-600 aircraft.

During the period the delivery dates on two Airbus A320 aircraft were accelerated from October 2014 and December 2014 to November 2013 and July 2014.

6. OPERATING LEASE COMMITMENTS

	31 DEC 2012 $M	31 DEC 2011 $M	30 JUN 2012 $M
Aircraft Leases Payable			
Not later than 1 year	**128**	154	139
Later than 1 year and not later than 5 years	**566**	500	467
Later than 5 years	**166**	216	164
	860	870	770
Property Leases Payable			
Not later than 1 year	**37**	39	35
Later than 1 year and not later than 5 years	**112**	100	96
Later than 5 years	**98**	95	87
	247	234	218

During February 2013, the Group entered into an agreement to lease two Boeing 777-300ER aircraft which are due to be delivered in June 2014 and September 2014. The lease commitments in respect of these aircraft have been included in the above table.

Condensed Notes to the Financial Statements (continued) (unaudited)

As at and for the six months to 31 December 2012

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 four class actions. 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. Two class actions (one in the United States and the other 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 proceedings by regulators. In the event that a court determined that Air New Zealand had breached relevant laws, the Company would have potential liability for pecuniary penalties 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 $50 million (31 December 2011: $29 million; 30 June 2012: $26 million).

The Group has a partnership agreement with Pratt and Whitney in which it holds a 49% 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 $19 million (31 December 2011: $79 million; 30 June 2012: $39 million).

8. DIVIDENDS

On 27 February 2013, the Board of Directors declared an interim dividend of 3.0 cents per Ordinary Share, payable on 22 March 2013 to registered shareholders at 15 March 2013. The total dividend payable will be $33 million. Imputation credits will be attached and supplementary dividends paid to non-resident shareholders. The dividend has not been recognised in the December 2012 interim financial statements.

A final dividend in respect of the 2012 financial year of 3.5 cents per Ordinary Share was paid on 26 September 2012. No imputation credits were attached.

The dividend reinvestment plan is currently suspended.

Review Report

Deloitte.

TO THE SHAREHOLDERS OF AIR NEW ZEALAND LIMITED

We have reviewed the condensed Group interim financial statements on pages 1 to 9. The condensed Group 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 2012. This information is stated in accordance with the accounting policies set out 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 Group interim financial statements which present fairly the financial position of the Group as at 31 December 2012 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 Dick of Deloitte to carry out the annual audit of the Group.

We are responsible for reviewing the condensed Group 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 Group 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 Group interim financial statements of the Group for the six months ended 31 December 2012 in accordance with the Review Engagement Standards issued by the External Reporting Board.

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.

Opinion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the condensed Group interim financial statements on pages 1 to 9 do not present fairly the financial position of the Group as at 31 December 2012 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 28 February 2013 and our review opinion is expressed as at that date.

Andrew Dick
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 2012 included on Air New Zealand's website. The entity's governing body is responsible for the maintenance and integrity of the entity's 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 shareholders 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 28 February 2013 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.

Shareholder Enquiries

Shareholder Communication

Air New Zealand's investor website **www.airnzinvestor.co.nz** 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.co.nz or email Investor Relations directly on **investor@airnz.co.nz**.

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