

Air New Zealand Limited
ARBN 000 312 685
Preliminary Final Report - 30 June 2011
Full year information given to the ASX under listing rule 4.3A
Appendix 4E

- 1 This report is for the full year ended 30 June 2011 and should be read in conjunction with the annual financial report.**

Comparatives are in respect of the full year ended 30 June 2010.

- 2 Results for announcement to the market:**

| | Current Year | Up/(Down) | Previous Year |
|---|--------------|-----------|---------------|
| | \$NZ'm | % | \$NZ'm |
| 2.1 Revenue from ordinary activities (including finance income) | 4,377 | 7% | 4,089 |
| 2.2 Profit from ordinary activities after taxation | 81 | (1%) | 82 |
| 2.3 Net profit attributable to members | 81 | (1%) | 82 |

2.4 - 2.6 Dividends:

On 24 August 2011, the Board of Directors declared a final dividend for the 2011 financial year of 2.5 cents per Ordinary Share, payable on 21 September 2011 to registered shareholders at 9 September 2011. The total dividend payable will be \$27 million. No imputation credits will be attached. This dividend has not been recognised in the June 2011 financial statements.

An interim dividend of 3.0 cents per Ordinary Share was paid on 22 March 2011. Imputation credits were attached and supplementary dividends paid to non-resident shareholders. Under the dividend reinvestment plan, interim dividends payable of \$3 million were settled by the issue of 2,769,264 Ordinary Shares, at \$1.0913 per Ordinary Share.

A final dividend in respect of the 2010 financial year of 4.0 cents per Ordinary Share was paid on 21 September 2010. Imputation credits were attached and supplementary dividends paid to non-resident shareholders. Under the dividend reinvestment plan, dividends payable of \$5 million were settled by the issue of 4,133,584 Ordinary Shares, at \$1.2597 per Ordinary Share.

- 3 Statement of Financial Performance, together with notes:**

Refer to the Financial Statements.

- 4 Statement of Financial Position, together with notes:**

Refer to the Financial Statements.

- 5 Statement of Cash flows, together with notes:**

Refer to the Financial Statements.

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6 Dividends:

Details on the final dividend for the 2011 financial year are provided in section 2 above.

| | \$NZ'm | NZ Cents Per Share |
|---|--------|--------------------|
| Distributions recognised | | |
| Final dividend for 2010 financial year on Ordinary Shares | 43 | 4.0 |
| Interim dividend for 2011 financial year on Ordinary Shares | 32 | 3.0 |
| Distributions paid | | |
| Final dividend for 2010 financial year on Ordinary Shares | 39 | 4.0 |
| Interim dividend for 2011 financial year on Ordinary Shares | 30 | 3.0 |

7 Dividend or Distribution reinvestment plans in operation:

A dividend reinvestment plan (the Plan) has been established which offers eligible shareholders the opportunity to increase their investment in the Company by applying dividends received on some or all of their existing Ordinary Shares to the acquisition of additional Ordinary Shares. All shareholders with registered addresses in New Zealand and Australia are entitled to participate in the Plan. The subscription price of Ordinary Shares issued under the Plan will be at a discount of 1.5 percent of the volume weighted average sale price of the Ordinary Shares on the NZSX and ASX over the first five trading days on which the Shares trade ex-entitlement on the NZSX. For participation in the Plan to be effective in relation to the Final dividend which is proposed to be paid on 21 September 2011, 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 9 September 2011.

8 Statement of Movements in Retained Earnings:

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

9 Net tangible assets per security:

| (NZ Cents Per Share) | Current Year | Previous Year |
|----------------------|--------------|---------------|
| Ordinary Shares | 133 | 141 |

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

Nil.

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11 Details of associates and joint ventures:

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

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

11.3 Profit/(loss), by associate

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

12 Other significant information needed by an investor:

| | Measurement | Current Year | Previous Year | % Change |
|------------------------------|-------------|--------------|---------------|----------|
| Passengers Carried | 000 | 13,103 | 12,324 | 6% |
| Revenue Passenger Kilometres | m | 26,996 | 25,829 | 5% |
| Available Seat Kilometres | m | 32,353 | 31,578 | 2% |
| Passenger Load Factor | % | 83.4 | 81.8 | 1.6% pts |

13 Accounting standards:

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

14 Commentary on the results of the year:

| 14.1 14.2 | Measurement | Current Year | Previous Year |
|---|--------------------|--------------|---------------|
| Basic and diluted earnings per share | NZ cents per share | 7.5 | 7.6 |
| Returns to shareholders (see also sections 2 and 6) | | | |
| Final dividend on Ordinary Shares* | \$NZ'm | 43 | 37 |
| Interim dividend on Ordinary Shares | \$NZ'm | 32 | 33 |

* Reflects the final dividend for the 2010 and 2009 financial years. Details on the final dividend for the 2011 financial year are provided in the first paragraph of section 2 above.

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14.3 Significant features of operating performance:

Refer to the media release.

14.4 Segmental results:

Industry Segment

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

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

| | Current Year | Previous Year |
|--|--------------|---------------|
| | \$NZ'm | \$NZ'm |
| Analysis of revenue by geographical region of original sale | | |
| New Zealand | 2,496 | 2,245 |
| Australia and Pacific Islands | 611 | 568 |
| United Kingdom and Europe | 374 | 389 |
| Asia | 397 | 393 |
| North America | 463 | 451 |
| Total operating revenue | 4,341 | 4,046 |

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

14.5 Discussion of trends in performance:

Refer to the media release.

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

Refer to the media release.

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

Directors' Declaration

By resolution of the board, the directors declare that:

- the financial statements together with the notes to the financial statements comply with New Zealand generally accepted accounting practice;
- the financial statements together with the notes to the financial statements give a true and fair view of the financial position and performance of Air New Zealand Limited and its subsidiaries as at 30 June 2011, as represented by the results of their operations and their cash flows for the year ended on that date.

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

Dated 25 August 2011

John Palmer
Chairman

Air New Zealand Limited
ARBN 000 312 685

Directors' Report - 30 June 2011

Review of operations and results:

Refer to the media release.

Directors' details:

The following directors held office during the 12 months to 30 June 2011 and are directors at the date of this report.

| Name | | Date of Initial Appointment |
|---------------|---|------------------------------------|
| John Palmer | Chairman (Non Executive, Independent) | 29 November 2001 |
| Roger France | Deputy Chairman (Non Executive, Independent) | 1 October 2001 |
| Warren Larsen | (Non Executive, Independent) | 27 February 2002 |
| Dr James Fox | (Non Executive, Independent) | 21 November 2006 |
| Paul Bingham | (Non Executive, Independent) | 1 July 2008 |
| Antony Carter | (Non Executive, Independent) | 1 December 2010 |
| Janice Dawson | (Non Executive, Independent) | 1 April 2011 |

At the Annual Meeting held on 24 September 2010, the following directors retired by rotation in accordance with the Company's Constitution and were re-elected to the Board:

Jane Freeman
Dr James Fox

On 31 March 2011, John McDonald retired as a non executive independent director.

On 24 August 2011, Jane Freeman retired as a non executive independent director.

Dated 25 August 2011

John Palmer
Chairman