








INTERIM

# FINANCIAL OVERVIEW

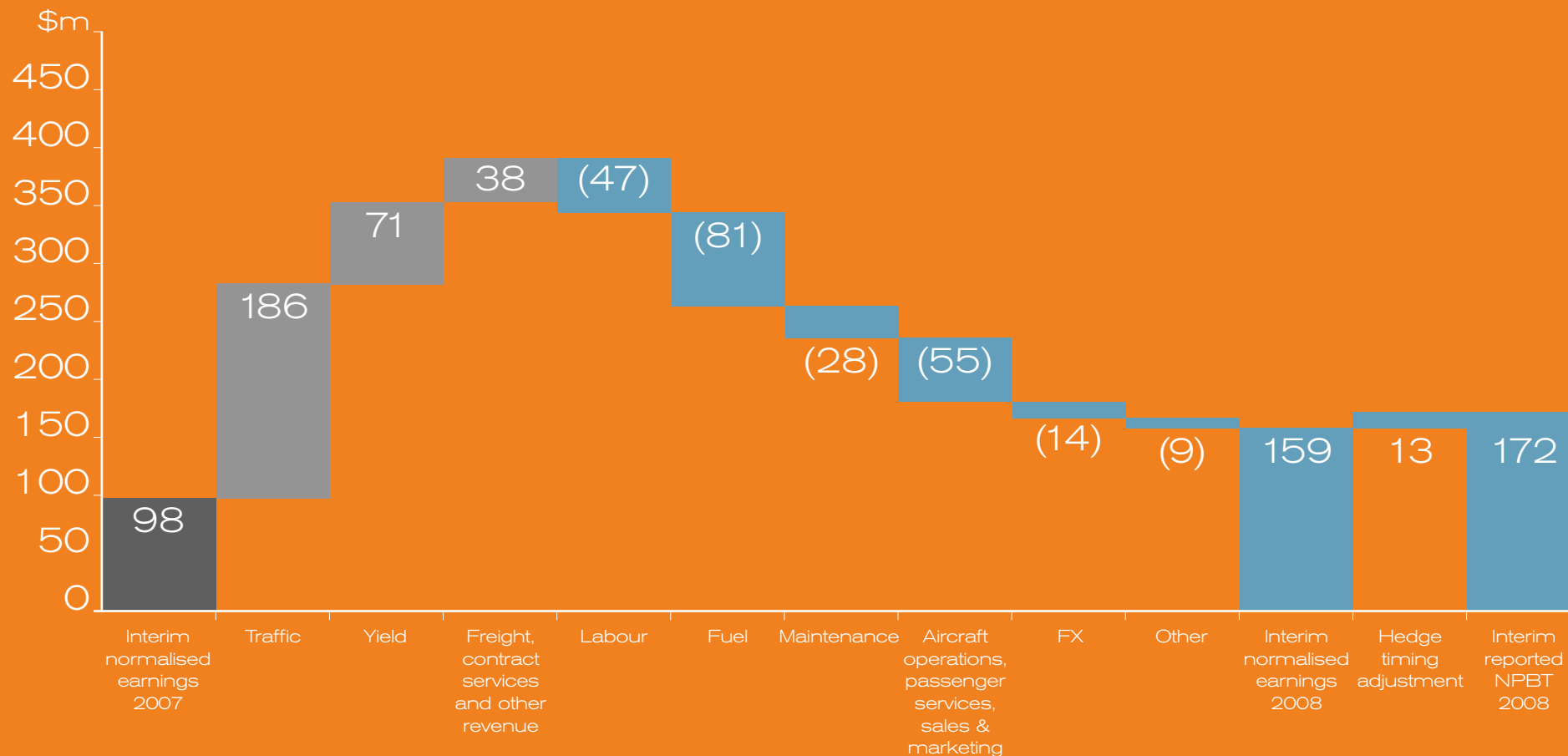
	DEC 2007	DEC 2006	DOLLAR MOVEMENT	PERCENTAGE MOVEMENT
OPERATING REVENUE	\$2,332m	\$2,127m	\$205m	 9.6%
NORMALISED EARNINGS*	\$159m	\$98m	\$61m	 62%
NPAT	\$115m	\$73m	\$42m	 58%
ADJUSTED OPERATING CASH FLOW**	\$320m	\$227m	\$93m	 41%
NET CASH	\$1,222m	\$1,045m	\$177m	 17%
GEARING	48.6%	52.0%	n/a	 3.4pts
INTERIM DIVIDEND	5cps	3cps	n/a	 67%

\* Normalised earnings before taxation & unusual items after excluding net gains/losses on non-hedge accounted & ineffective derivatives that hedge exposures in other financial periods









\*\* Operating cash flow excluding the impact of the rollover of short-dated foreign exchange contracts



# KEY INFLUENCES ON PROFITABILITY



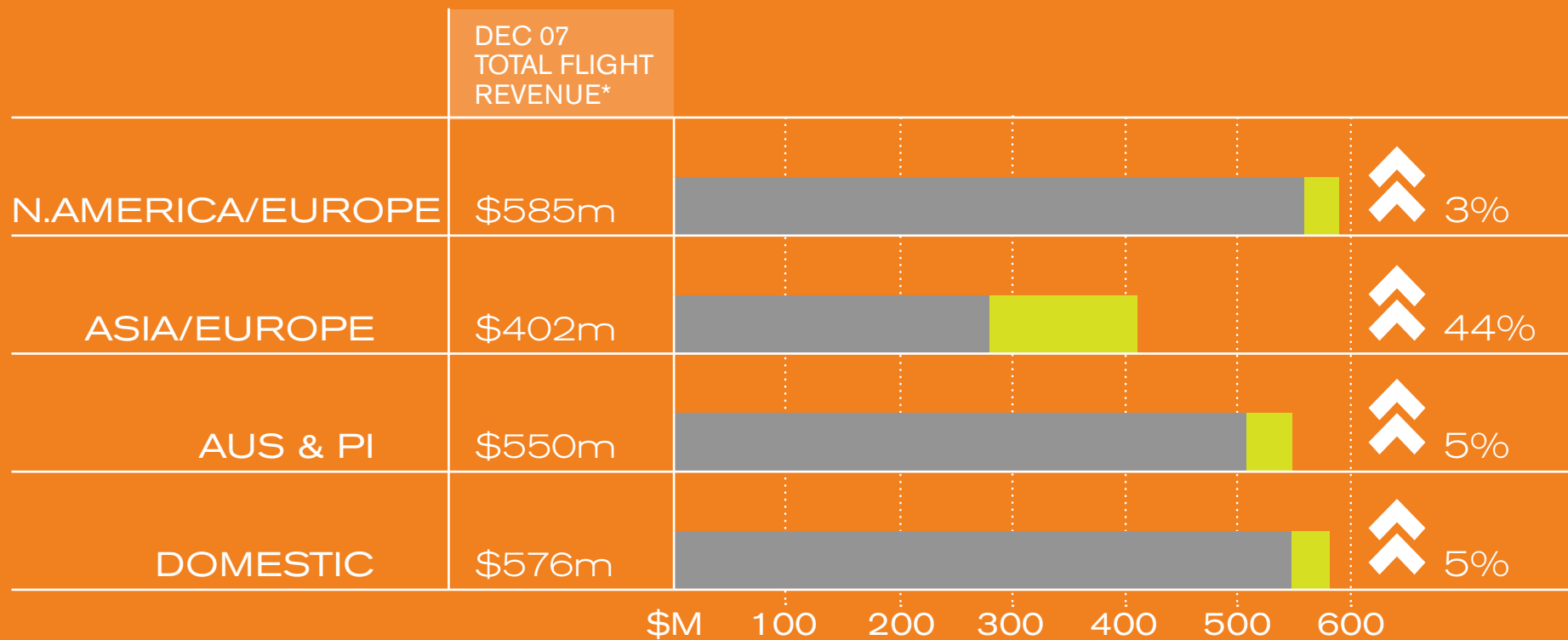
# GROUP OPERATING STATISTICS

	DEC 2007	DEC 2006	JUN 2007	MOVEMENT*
PASSENGERS CARRIED ('000)	6,592	6,193	12,480	  6.4%
AVAILABLE SEAT KILOMETRES (ASKs)	18,464m	17,689m	35,113m	  4.4%
LOAD FACTOR	79.4%	74.1%	76.5%	  5.3pts
YIELD (cents per RPK)	13.0	13.0	12.9	  (0.4%)


\* Calculations based on numbers before rounding



# BROAD BASED REVENUE GROWTH











 Dec 06 revenue

 Dec 07 increase

\* Flight revenue includes passenger revenue, cargo and mail.



# SHORT-HAUL OPERATING STATISTICS

	DEC 2007	DEC 2006	JUN 2007	MOVEMENT*
PASSENGERS CARRIED ('000)	5,618	5,360	10,731	  4.8%
AVAILABLE SEAT KILOMETRES (ASKs)	7,457m	7,598m	14,588m	  (1.8%)
LOAD FACTOR	77.4%	72.8%	75.3%	  4.6pts
YIELD (cents per RPK)	18.7	18.4	18.4	  1.6%

\* Calculations based on numbers before rounding



## TASMAN/PACIFIC ISLANDS









- Sustained demand, less capacity  
= acceptable performance

## DOMESTIC/REGIONALS

- 4.5% revenue growth on 6.2% growth in capacity
- Load factors and yields down
- Network and product remain very competitive
- Innovation programme underway
- In for intense period of competition



# LONG-HAUL OPERATING STATISTICS

	DEC 2007	DEC 2006	JUN 2007	MOVEMENT*
PASSENGERS CARRIED ('000)	973	833	1,749	  16.8%
AVAILABLE SEAT KILOMETRES (ASKs)	11,007m	10,091m	20,525m	  9.1%
LOAD FACTOR	80.8%	75.1%	77.4%	  5.7pts
YIELD (cents per RPK)	9.3	9.1	9.2	  1.8%

\* Calculations based on numbers before rounding



- “Best in class” business product driving loads and yields
- New routes performing well
  - Vancouver exceeding expectations
  - Shanghai meeting expectations
- US markets performing well despite softening economy
- Japanese market remains challenging
- Beijing to commence in July 2008
- Fuel prices remain a concern



Operating environment less predictable than this time last year:

- Fuel prices remain high
- Increased competition in the domestic market
- Tight labour market
- High airport charges



- Domestic market – competitive positioning
- International focus on customer service and international sales strategy
- Developing and executing innovative competitive advantages
- Growing other non-airline revenue sources



- Strong financial position
- Flexible fleet plan
- Competitive product
- Competitive cost base and work practices
- Environmental initiatives gathering momentum



## CURRENCY

- US dollar operating cash flow exposure for second half of 2008 is approx. 90% hedged at an average NZD/USD rate of 0.69
- 2009 US dollar operating cash flow exposure is approx. 65% hedged at an average NZD/USD rate of 0.74
- USD 629m of future capex commitments are hedged at NZD/USD 0.744 spot

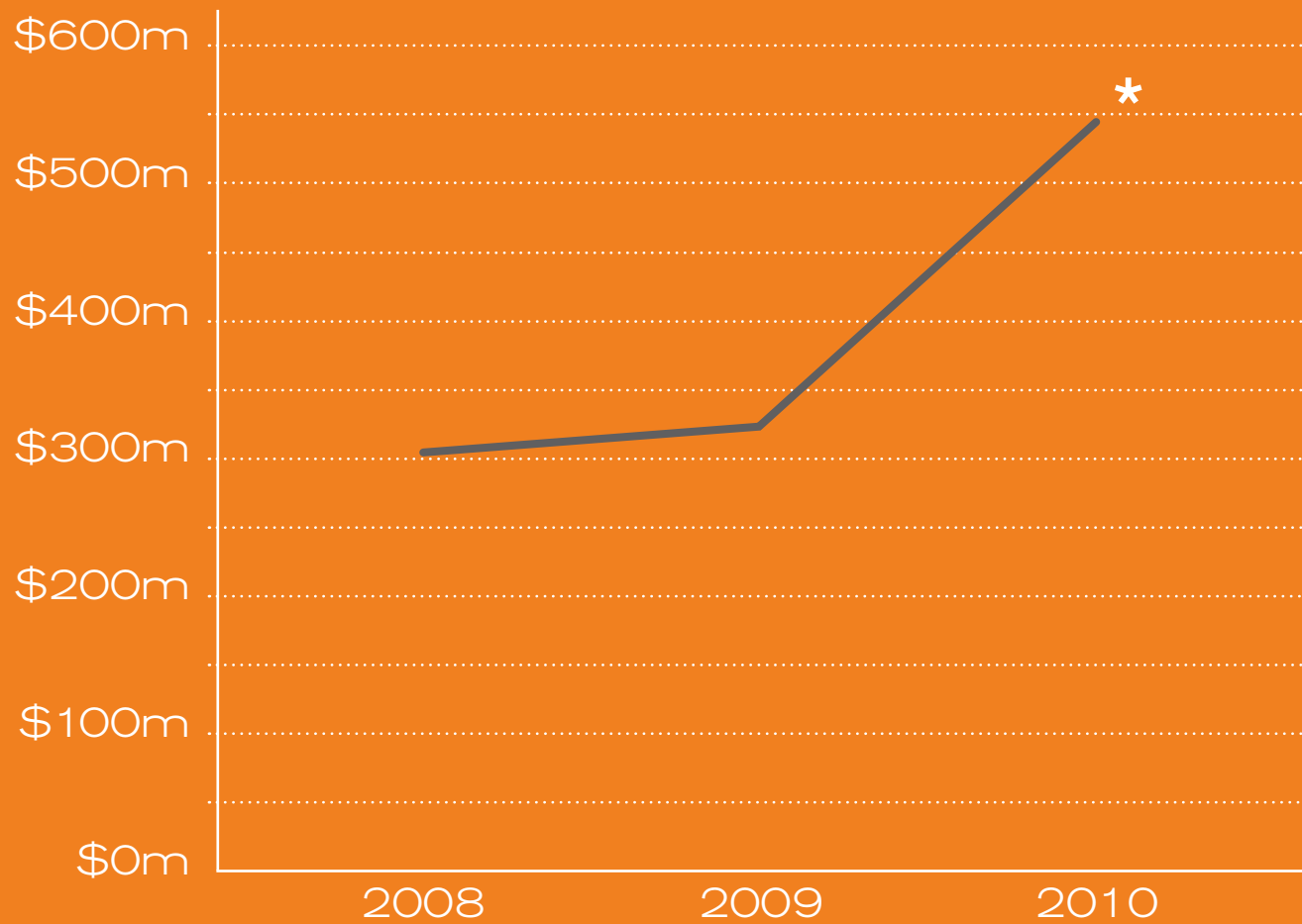


## FUEL

- The second half of 2008 is approx. 82% hedged with the average ceiling at USD 80 per bbl WTI
- The first half of 2009 is approx. 40% hedged with the average ceiling at USD 89 per bbl WTI



# CAPEX PROJECTION

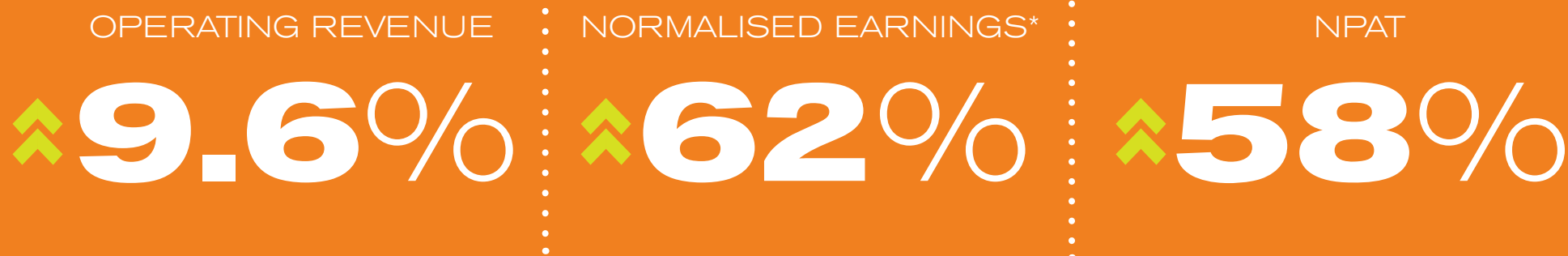


1. Includes progress payments on aircraft    2. Assumed NZD/USD = 0.75

\* Subjected to confirmation from Boeing regarding the timing of B789 deliveries



ATW magazine “best passenger service”



Note: Six months to 31st December year-on-year comparison.

\* Normalised earnings before taxation & unusual items after excluding net gains/losses on non-hedge accounted & ineffective derivatives that hedge exposures in other financial periods

