FINNAIR GROUP INTERIM REPORT 1 JANUARY – 30 JUNE 2007

Result improved as expected

Summary of the second quarter's key figures

- **Turnover rose 8.8% to 538.1 million euros**
- **Passenger traffic grew 13.9%, passenger load factor fell 0.9 percentage points to 74.6%**
- **Unit revenues from flight operations fell by 0.5%, unit costs fell by 3.8%**
- **Operating profit i.e. EBIT was 37.1 million euros (5.5 million)**
- **Operational result i.e. EBIT excluding capital gains and changes in the fair value of derivatives, was 27.2 million euros (18.2 million)**
- **Profit before taxes was 34.4 million euros (3.3 million)**
- **Gearing at the end of the second quarter was 21.7% (–3.8%) and gearing adjusted for leasing liabilities was 114.6% (92.6%)**
- **Balance sheet cash and cash equivalents at the end of the second quarter totalled 249.9 million euros (366.1 million)**
- **Equity ratio 36.1% (38.5%)**
- **Equity per share 7.27 euros (7.33)**
- **Earnings per share 0.29 euros (0.01)**
- **Return on capital employed 5.0% (4.1%)**

Comparisons made with Q2 in 2006.

President and CEO Jukka Hienonen on the interim result:

The figures published today show that we are heading in the right direction. Unit costs have clearly decreased due to efficiency measures, and profitability has in many respects improved. This would not have been possible without determined work in different parts of the Group. However, the ongoing fleet renewal program requires us to further improve the current profitability level and operational performance.

New openings in Asia and Europe have started off well and the changes we have made to our long-haul network have proved to be successful. Daily connections to most Asian destinations have enhanced operational efficiency and have improved the product. They have also facilitated new corporate agreements in Finland and abroad. Next summer we will open a route to Seoul, flying five times a week.

The fast growth of Asian traffic has put the passenger and baggage handling capacity of Helsinki-Vantaa Airport to the test. A terminal extension serving Asian traffic will alleviate the situation when it opens in early 2009.

During the summer, higher passenger volumes as well as security measures have delayed baggage at large European airports to an unprecedented extent. The problems have also been reflected in Finnair's opportunities to serve its customers.

Finnair's organisation and operations have been modified with strong measures. It is clear that it will take a while for all parties to become accustomed to the implemented changes. We have what it takes, however, to build a success story in the coming years with high quality and flexible Finnair expertise.

Focusing more clearly on our core expertise in scheduled passenger and leisure traffic, as well as continuous development of structures and operations, will ensure that we have the ingredients for successful growth. New routes put pressure on pricing in the near future.

Our efficiency programme continues with greater impact towards the end of the year. The full effect of the programme will be seen next year. We continue to believe that this year our operational result will exceed 70 million euros.

Market and General Review

Growth in demand among European network airlines has levelled off in the early part of the year. Finnair's sales, on the other hand, have continued to be strong in nearly all types of traffic. This has been driven above all by Asian traffic, but growth in European traffic has also been solid, to a large extent due to increased demand for European routes brought by Asian connections.

European network airlines' performance improved on average by five per cent, while Finnair's revenue passenger kilometres in scheduled traffic increased by over 20 per cent, representing the absolute best performance in the sector. European airlines have increased their capacity on South American routes, but flying to Asia has increased on average by less than two per cent. Finnair's Asian traffic grew by 30 per cent in the early part of the year.

The price of jet fuel has remained at a high level and has even increased slightly since the beginning of the year. Through operational efficiencies, Finnair has reduced the unit costs of flight operations by a good three per cent in January-June. At the same time, unit revenues have remained at the previous year's level. This has improved profitability in the second quarter compared with the corresponding period last year.

The improvement of profitability is particularly evident in Scheduled Passenger Traffic, where a ten per cent growth in turnover brought a nearly 30 per cent increase in the operational result.

The 80 million euro efficiency programme initiated in 2006 is expected to yield over 40 million euros in savings in the cost structure during the current year. The savings will be weighted towards the end of the year. A significant part of the 670-job reduction of the workforce announced last May will be implemented during the summer.

Ownership and partnership arrangements for Northport, Finnair's loss-making ground handling company, have been clarified since the end of last year with the aim of improving the quality of operations and profitability. Part of the operations have been sold to the Finnish RTG Group. Otherwise, measures to improve efficiency will continue under new management.

Strongly growing Asian traffic is creating new challenges for baggage handling and for service to passengers travelling through Helsinki-Vantaa Airport. Finavia has initiated terminal expansion work and a renewal of baggage handling systems. To maintain the punctuality of traffic, staggering of arriving aircraft has been improved in cooperation with air traffic control and, in terms of facilities, temporary arrangements have been agreed with Airport management.

The long-haul fleet renewal programme announced in March 2007 advanced in the second quarter with the arrival of two new Airbus A340 long-haul aircraft as well as two Embraer 190 aircraft for European traffic. The present Boeing MD-11 fleet will be replaced with Airbus A330/340 wide-bodied aircraft by the end of 2010.

At the end of June, Finnair sold its Swedish subsidiary FlyNordic to Norwegian Air Shuttle. As a result of the deal, Finnair acquired over five per cent of Norwegian's shares as well as an option to increase its ownership to approximately ten per cent. The companies also agreed to wide cooperation in the Nordic region.

Financial Result, 1 April – 30 June 2007

Turnover rose in the second quarter by 8.8 per cent to 538.1 million euros. The Group's operational result (EBIT), i.e. operating profit excluding capital gains and changes in the fair value of derivatives, rose to 27.2 million euros (18.2 million euros, from which arrangement expenses were also eliminated). Adjusted operating profit margin was 5.1 per cent (3.7). Profit before taxes was 34.4 million euros (3.3 million).

The result includes 5.0 million euros (1.9 million) capital gains, consisting mainly of the sale of three ATR 72 turbo-prop aircraft. Changes in the fair value of derivatives improved the second quarter result by 4.9 million euros, but this has no effect on cash flow.

In April-June, the Finnair Group's passenger traffic capacity (ASK) rose 15.3 per cent and demand grew 13.9 per cent; demand in Asian traffic alone rose 25.8 per cent. Passenger load factor fell by 0.9 percentage points compared with the previous year to 74.6 per cent. The amount of cargo carried was 23.5 million kilos, i.e. approximately the same as in April-June last year. The amount of cargo in Asian traffic has grown, but cargo demand elsewhere has correspondingly decreased.

In Group passenger traffic, total unit revenues per passenger kilometre remained nearly at last year's level (–0.3%). Yield per passenger rose by 9.8 per cent. Unit revenues per tonne kilometre for cargo traffic fell 9.0 per cent due to price competition caused by overcapacity in the Northern European cargo market. Weighted unit revenue for passenger and cargo traffic fell by 0.5 per cent.

Euro-denominated operating costs rose during the period by 3.1 per cent. Unit costs for flight operations, on the other hand, fell by 3.8 per cent. Fuel costs increased in the second quarter by 14.9 per cent as a whole, but per available tonne kilometre only by 1.3 per cent. Unit costs excluding fuel costs fell by 5.3 per cent.

Earnings per share for the quarter amounted to 0.29 euros (0.01). The main factors in the Group's profit improvement were the improved results of the Scheduled Passenger Traffic business area and Finnair Technical Services.

Any comparison should also take into consideration the fact that 15 million euros of non-recurring expenses relating to the restructuring programme were recognised in the second quarter of last year. In the comparison of operational results, the restructuring provision has been eliminated.

Financial Result, 1 January – 30 June 2007

Turnover rose in January-June by 9.4 per cent to 1,066.6 million euros. The Group's operational result (EBIT), excluding capital gains and changes in the fair value of derivatives, rose to 33.0 million euros (13.1 million). Adjusted operating profit margin was 3.1 per cent (1.3). The result before taxes was 47.8 million euros (–1.9 million).

Changes in the fair value of derivatives improved the result for the first six months by 10.9 million euros, but this has no effect on cash flow.

In January-June, passenger traffic capacity (ASK) rose 12.3 per cent and demand grew 12.6 per cent; demand in Asian traffic alone rose 30.5 per cent. The passenger load factor was at the previous year's level, 75.2 per cent. The amount of cargo carried was nearly at the previous year's level (+0.6%) and was 45.2 million kilos.

In Group passenger traffic, total unit revenues per passenger kilometre rose 0.9 per cent. Yield per passenger rose 9.7 per cent. In cargo traffic, unit revenues per tonne kilometre fell 7.2 per cent due to strong price competition and a change of traffic structure. Weighted unit revenue for passenger and cargo traffic rose by 0.6 per cent.

Euro-denominated operating costs rose during the period by 4.6 per cent. Unit costs for flight operations fell by 2.9 per cent. Fuel costs increased in January-June by 15.2 per cent as a whole, but per available tonne kilometre only by 2.5 per cent. Unit costs excluding fuel costs fell by 4.5 per cent.

Earnings per share for January-June amounted to 0.40 euros (–0.04).

Investment, financing and risk management

Investments in January-June totalled 244.6 million euros (119.0 million) and included, among other things, two Airbus A340 wide-bodied aircraft as well as three Embraer 190 aircraft for European traffic. Including advance payments, the cash flow impact of investments was -195.7 million euros. Total investments in the years 2007–2009 exceed 300 million euros per year.

At the end of June, the Group had balance sheet cash and cash equivalents amounting to 249.9 million euros, in addition to which there was a total of 250 million euros in unused committed credit facilities.

Operational net cash flow in January-June was 114.0 million euros, compared with 23.6 million euros a year earlier. Gearing increased from 7.1 per cent at the beginning of the year to 21.7 per cent at the end of June, and gearing adjusted for leasing liabilities increased from 112.8 per cent to 114.6 per cent. Equity ratio decreased 1.1 percentage points from the beginning of the year to stand at 36.1 per cent. Various options for funding investments and strengthening the capital structure are being studied.

The leasing agreements of the seven Boeing 757 aircraft used by Leisure Flights have been renewed on more favourable financial terms, which is evident as lower aircraft leasing costs.

During the second quarter, one sale and leaseback agreement was concluded for an Embraer 190 aircraft. The lease agreement is a Japanese Operating Lease, which includes the right to repurchase when the leasing term of approximately ten years expires.

According to the financial risk management policy approved by Finnair's Board of Directors, the company has hedged around 66 per cent of scheduled traffic's jet fuel purchases during the next six months and thereafter for the following 24 months with a decreasing level of hedging.

At the end of 2006 Finnair adjusted its hedging policy so that the hedging horizon for jet fuel was extended from two to three years. Finnair Leisure Flights has price hedged over 60 per cent of the fuel consumption of its agreed traffic programme for the current summer season and the coming winter season.

Derivatives linked to the jet fuel price are mainly used as the fuel price hedging instrument. Due to the extension of the hedging horizon and derivatives market efficiency differences, Finnair also uses other oil derivatives.

Under IFRS rules, a change during the financial period in the fair value of derivatives that mature in future is recognised in the Finnair income statement item 'Other expenses'. The change in the fair value of derivatives is not a realised hedging gain nor does it have an effect on cash flow; it is a valuation gain in accordance with IFRS reporting practice. During the second quarter, the change in the fair value of derivatives was 4.9 million euros, and in January-June 10.9 million euros.

During the early part of the year, a weakening of the US dollar against the euro has had a positive impact on Finnair's operational result of more than four million euros, taking foreign currency hedging into account. At the end of June, the degree of hedging for a dollar basket over the next 12 months was 66 per cent.

Shares and Share Capital

The company's market value on 30 June 2007 was 1,167.1 million euros (1,071.8 million) and the closing share price 13.15 euros. During the period January-June, the highest price for the Finnair Plc share on the Helsinki Stock Exchange was 14.35 (15.00) euros, while the lowest price was 12.02 (10.01) euros and the average price 13.09 (12.61) euros. During the early part of the year, some 10.1 million (23.0 million) of the company's shares, with a value of 131.8 million euros (290.3 million), were traded on the Helsinki Stock Exchange. At the end of the period under review, the Finnish State owned 55.78 per cent (56.13) of the company's shares, while 31.16 per cent (34.07) were held by foreign investors or in the name of a nominee.

At the beginning of the financial period, the company held 151,903 of its own shares, which it had purchased in previous years. On 22 March 2007 the Annual General Meeting authorised the Board of Directors to purchase the company's own shares up to a maximum of 3,500,000 shares and dispose of the company's own shares up to a maximum of 3,651,903 shares. The authorisation applies to shares amounting to less than five per cent of the company's share capital. The company has not acquired nor disposed of its own shares in the period 1 January-30 June 2007, and on 30 June 2007 the company held a total of 151,903 own shares, i.e. 0.17 per cent of all shares.

Changes in Senior Management

Kristina Inkiläinen began as Managing Director of Finnair Catering Oy and SVP, Catering on 30 April 2007, succeeding Anssi Komulainen, who became SVP, Human Resources. Inkiläinen was formerly Managing Director of Select Service Partner Finland Oy.

Kristiina Asplund began as Managing Director of Finnair Catering Oy's subsidiary Finncatering Oy on 1 April 2007.

Tero Vauraste, Managing Director of the Group's ground handling company Northport Oy, resigned from his post on 31 May 2007. He will be succeeded by Jukka Hämäläinen, who previously served as Managing Director of Servisair Oy. Hämäläinen starts working in his new post on 13 August 2007.

Taru Keronen has been appointed Managing Director of Matkatoimisto Oy Area as of 1 October 2007, who previously served as Managing Director of Eckerö Line. Area's present Managing Director, Juhani Suomela, will remain a senior adviser until the end of the year, when he will retire.

Personnel

During the first six months of the year, the Finnair Group had an average number of 9,531 employees, which was 1.8 per cent fewer than a year earlier. Scheduled Passenger Traffic had 4,180 employees and Leisure Traffic 373 employees. The total number of personnel in technical, catering and ground handling services was 3,696 and in travel services 1,134. A total of 148 people were employed in other functions.

Personnel expenses rose by 3.1 per cent in January-June. Nominal salaries rose by 2.4 per cent and pension contributions by 7.8 per cent. Personnel expenses fell in April-June by 2.8 per cent compared with the second quarter of the previous year, when personnel expenses included approximately ten million euros in reorganisation expenses. Comparable personnel expenses per available tonne kilometre fell 3.4 per cent in the second quarter.

The criteria for the 2007 incentive bonuses has been decided. The size of the profit bonus payable to the Personnel Fund will be determined on the basis of a combination of the operating profit margin (3-7%) and return on capital employed (8-14%). The determination criteria of the share bonus scheme for key individuals are earnings per share (0.70-1.20 euros per share) and return on capital employed (8-14%). In addition, there is also an incentive scheme for all personnel based on operational performance.

Finnair has collective employment agreements valid until 30 September 2007 with six labour unions and with pilots until the end of April 2008. In March, an efficiency agreement was signed with the Finnish Airline Pilots Association (SLL). The agreement will help improve work productivity and achieve significant cost savings. A corresponding agreement had been concluded earlier with cabin staff.

Fleet changes

Finnair Group's fleet is managed by Finnair Aircraft Finance Oy, which belongs to the Scheduled Passenger Traffic business area. On 30 June 2007, the Finnair Group's fleet had a total of 72 aircraft in service. The average age of the entire fleet was 7.6 years. In European traffic, the average age of the fleet is about four years. Finnair has at its disposal the most modern fleet in European air traffic, which brings both cost savings and eco-efficiency.

The present Boeing MD-11 long-haul traffic fleet will be replaced by Airbus A330 and A340 wide-bodied aircraft by the end of 2010. In May and June, Finnair received the first two of four new Airbus A340 aircraft it has ordered. The remaining two A340 will arrive next year. The fleet already has one A340 aircraft, acquired last year.

Finnair has also placed orders for six Airbus A330/A340 wide-bodied aircraft to be delivered in 2009–10 and has options for four more. The final selection of the types of aircraft will be decided later. The programme means that the Finnair long–haul fleet can be increased from the present ten aircraft to 11-15 aircraft by the end of 2010.

In 2014-16, new technology A350XWB aircraft will also be acquired. Finnair has placed firm orders for 11 of this type of aircraft and has options for four more.

The present seven Boeing MD-11 aircraft will be withdrawn from Finnair's ranks in 2008-10 as their lease agreements expire. Two aircraft which were owned by Finnair were agreed to sell to Aeroflot Cargo in June. The aircraft will be transferred to their new owner in autumn 2008 and summer 2009.

Because the selling price of the MD-11 aircraft exceeds the book value, the depreciation program for the aircraft´s time of use has been lowered, and thus significant capital gains will not arise at the end of the period. Due to the change, monthly depreciation up to the time of the withdrawal of the MD-11 aircraft will be around 0.7 million lower compared with the previous depreciation programme. During the second quarter, depreciation on the MD-11 aircraft decreased by around 1.4 million euros.

After the withdrawal of the MD-11 aircraft, the company's scheduled passenger traffic fleet will consist solely of modern Airbus A320, A330 and A340 aircraft as well as Embraer 170 and 190 aircraft.

The orders made will accelerate the fleet renewal. The commonality of the fleet will boost the efficiency of crew utilisation and maintenance work. The lower fuel consumption of the new aircraft will bring savings and cut emissions. The fleet renewal will create a good framework for lowering operating costs and improving profitability. The total value of confirmed aircraft orders is around two billion euros.

The Embraer aircraft acquisition programme, which began in autumn 2005, continues. The number of Embraer aircraft ordered to date is 20, of which ten are the 76-seat 170 model and ten the 100-seat 190 model. All ten Embraer 170 aircraft and four Embraer 190s have already been delivered to Finnair. During the current year, two more Embraer 190s will arrive, and the remaining four will be delivered in 2008–09, two each year.

Some technical problems relating to departure reliability have been connected with the introduction of the Embraer aircraft, and this has led to delays and flight cancellations. Embraer and Finnair have been cooperating to rectify the problems. Some of the problems caused by faults have already been eliminated and a solution to the rest will be found in the near future. The technical departure reliability of the Embraer aircraft is at the same level as other new types of aircraft.

Winglets have been fitted to six of the seven Boeing 757 aircraft used by Finnair Leisure Flights. The remaining aircraft will be fitted with them this autumn. Winglets improve an aircraft's aerodynamics and thus reduce fuel consumption and emissions. Fuel consumption falls by an estimated four per cent.

Of the seven ATR 72 turboprop aircraft used by the Estonian subsidiary Aero Airlines AS, four were sold in June and July. A 4.5 million euro capital gain from the sale of three aircraft was recognised in the second quarter, and a good one million euro capital gain from the sale of one aircraft will be recognised in the third quarter.

Aero continues to operate with three ATR 72 aircraft primarily from Helsinki to Tallinn, Tampere, Turku.

Performance of business areas

The primary segment reporting of the Finnair Group's financial statements is based on business areas. The reporting business areas are Scheduled Passenger Traffic, Leisure Traffic, Aviation Services and Travel Services.

Scheduled Passenger Traffic

This business area is responsible for sales of scheduled passenger traffic and cargo, service concepts, flight operations, and procurement and financing of aircraft. Scheduled Passenger Traffic leases to Leisure Traffic the crews and aircraft it requires. The business area consists of the following units and companies: Finnair Scheduled Passenger Traffic, Aero Airlines, Finnair Cargo Oy, Finnair Aircraft Finance Oy, and FlyNordic up to end of the second quarter.

In April-June the business area's turnover grew 10.6 per cent to 434.0 million euros. The operational result, i.e. adjusted EBIT, improved 27.6 per cent to 27.7 million euros (21.7 million).

In the second quarter, Scheduled Passenger Traffic's capacity and demand, measured in passenger kilometres, both grew by 19.9 per cent, so passenger load factor remained on the previous year's level, 73.3 per cent. Alongside additions to Asian traffic, a capacity swap between the Boeing 757 and the Airbus A320 fleet agreed with Leisure Flights contributed to the strong growth in capacity. Scheduled Passenger Traffic carried 2.1 million passengers in April-June. During the first six months of the year, four million passengers were carried on scheduled flights.

Unit revenue for scheduled passenger traffic declined by 3.1 per cent in April-June. The fall in unit revenue resulted from weaker unit revenue in European traffic as well as from growth in the relative share of long-haul traffic. On long flights, passenger kilometre-based unit revenue and cost are lower than on shorter European and domestic flights.

In international scheduled traffic, Finnair has increased its market share by several percentage points. Finnair has a market share of more than 57 per cent in travel departing from Finland.

During January-June, the arrival punctuality of scheduled passenger flights fell by 4.7 per cent to 80.8 per cent (85.5%). Delays are particularly caused by the Helsinki-Vantaa Airport terminal's capability of handling the increased passenger and baggage streams of Europe-Asia traffic during extension work, which will be completed in 2009.

Finnair sold its Swedish subsidiary FlyNordic to Norwegian Air Shuttle. The deal was implemented as a share swap through which Finnair gained a more than five per cent ownership of Norwegian Air Shuttle. In addition, Finnair acquired share options which, if exercised, would increase its ownership to around ten per cent by the end of 2008. FlyNordic clearly improved its profitability from the previous year, and it reported a profit in the second quarter.

Finnair and Norwegian Air Shuttle have also agreed to deepen cooperation between the companies. Norwegian Air Shuttle's Scandinavian route network will be linked to Finnair's increasing Asian connections, which will mean, for example, that growing demand in Asia for tours of the Nordic countries and Central Europe can be satisfied better.

The total amount of cargo carried in scheduled traffic grew by 3.5 per cent. Leased cargo capacity has been reduced in North American traffic. The amount of cargo carried in Asian traffic increased 19.0 per cent from the previous year.

In June it was decided to divide Cargo's sales and terminal operations into two distinct subsidiaries of Finnair Oyj. Around 300 employees will be transferred to a newly formed company, Finnair Cargo Terminal Operations Oy, with around 100 employees remaining in Finnair Cargo Oy. Antero Lahtinen will continue as the managing director of both companies. The objective is also to expand Finnair's cargo terminal capacity in the area of Helsinki-Vantaa Airport in next few years.

Unit revenues of cargo in scheduled traffic declined 9.1 per cent in the second quarter as a result of a fall in prices due to overcapacity in the Nordic market. A positive factor is strong cargo demand in the Indian market, where Finnair has quadrupled its capacity from three to 12 flights per week.

Leisure Traffic

This business area consists of Finnair Leisure Flights as well as the Aurinkomatkat-Suntours package tour group, which is the biggest in its field in Finland with a market share of more than 37 per cent. Finnair Leisure Flights also enjoys a strong market leadership in leisure travel flights. The business area's clientele consists of Finland's leading tour operators and private customers.

In April-June, Finnair Leisure Flights carried nearly 283,500 passengers. Performance calculated in passenger kilometres was 7.4 per cent lower than a year earlier and capacity was reduced by 4.0 per cent, so the passenger load factor of Leisure Flights declined 3.0 percentage points from the previous year's level to 81.2 per cent. The capacity reduction resulted mainly from the fitting of winglets to the Boeing 757 fleet being scheduled for April-June. Winglets enable significant savings in fuel consumption to be achieved.

Second quarter capacity of Aurinkomatkat-Suntours was seven per cent lower than the previous year, but passenger load factor rose 1.3 percentage points to 98.2 per cent. The opening of the sales for the winter season at the end of April was the most successful ever. Tourism to Thailand continues to grow strongly.

At the end of 2006, Aurinkomatkat-Suntours agreed to buy Estonia's second biggest tour operator, Oü Horizon Travel. The deal was finalised at the beginning of April. The company, however, will be reported for the whole year as part of Aurinkomatkat's result. The company increases Aurinkomatkat's tour capacity by more than five per cent.

The business area's turnover in the second quarter was 83.1 million euros (82.4 million). The operational result was similar to the previous year, a profit of 1.1 million euros.

Finnair has agreed fixed flight prices with tour operators and provided for the fuel risk with price hedging in accordance with the Group's financial policy.

Aviation Services

This business area comprises aircraft maintenance services, ground handling and the Group's catering operations. In addition, the Group's property holdings, the procurement of office services, and the management and maintenance of properties related to the Group's operational activities also belong to the Aviation Services business area.

In April-June, turnover for Aviation Services rose by 2.4 per cent to 99.8 million euros (97.5 million). The operational result improved by 2.6 million euros and was a profit of 1.3 million euros (1.3 million loss).

At the beginning of 2006, Finnair Technical Services initiated a competitiveness project in which the entire organisation's revenue and cost structure was examined. The goal is to achieve profitable business operations through specialisation and by developing processes and operating models. Operations for which there is no commercial justification will be discontinued. As a result of operational efficiencies, Finnair Technical Services' operational result in January-June was in profit, even though the second quarter was slightly loss-making.

Finnair Technical Services has received new clients outside the Group, which will increase external turnover towards the end of the year. Utilisation of the Aircraft Heavy Maintenance unit has increased and profitability improved, but the unit is still loss-making.

Around 300 jobs will be cut in Finnair Technical Services by the end of the year. The reduction in jobs will be implemented through various early retirement solutions, outsourcing of functions as well as redundancies, in a manner agreed earlier. A significant proportion of the employment relationships will end during summer 2007.

All of the units of ground handling company Northport Oy operated at a loss in April-June. Northport Oy expanded its operations to Oslo's Gardemoen Airport in October 2006. Operational profitability has not developed in line with objectives.

As part of the Finnair Group's restructuring and profitability improvement, opportunities for the reorganisation of Northport Oy and its subsidiaries have been investigated. Various ownership and partnership options for the whole company or parts thereof have been explored. Improvements in efficiency will continue under Northport's new management.

In respect of Finnish airports, excluding Helsinki-Vantaa, the transfer of ground handling services to the responsibility of the RTG Group was agreed in June. At the same time, a single unit was formed from Northport's and SAS Ground Handling's arrival service functions at Helsinki-Vantaa Airport and sold to the RTG Group.

Catering operations are profitable. The efficiency of production processes has been improved and traffic growth has also increased demand for catering products. In addition to basic operations, additional revenue has been generated from expanded advance sales in connection with long-haul flights and increased sales on European flights. Moreover, the product range has been widened to special meals ordered by passengers in advance.

Finnair Catering will receive new premises at Helsinki-Vantaa Airport at the beginning of next year. The subsidiary Finncatering moved to new premises a year ago.

Travel Services

This business area consists of the Group's domestic and foreign travel agencies, including Finland Travel Bureau (FTB), its subsidiary Estravel which operates in the Baltic countries, and Matkatoimisto Area, as well as the operations of the travel reservations systems supplier Amadeus Finland Oy.

In the second quarter, the business area's turnover fell 3.0 per cent to 22.4 million euros (23.1 million). The decline was due to a down-sizing of FTB's own package tour production. Sales via the internet doubled from the previous year. Customers have given a good reception to the opportunity to tailor their leisure trips themselves on the internet. The internal restructuring of Area and FTB implemented last year and the merger of operating locations situated in various localities into an FTB distribution network are beginning to be evident in improved financial performance. Travel Services' operating profit improved in the second quarter over 30% to 1.2 million euros (0.9 million).

Flight Traffic Services and Products

Finnair has focused on traffic between Europe and Asia, offering efficient and diverse connections from Finland to the world. Nearly half of scheduled traffic revenue is linked to Asian traffic. Finnair has a total of 59 direct flight connections per week to ten Asian destinations.

In spring 2007 Finnair's Asian route network was revised so that all destinations are now served by direct flights, with no intermediate stops. From summer 2007 the daily destinations are Bangkok, Delhi, Hong Kong, Osaka, Beijing and Shanghai. In addition, Finnair flies to Guangzhou in China and to Tokyo and Nagoya in Japan.

A new destination, Mumbai in India, was opened in June 2007 with five flights per week. In June 2008 Finnair will begin direct flights to Seoul, the capital of South Korea. The route will be operated with five flights a week.

Daily, or almost daily, connections to Asian destinations offer business passengers a competitive product. Product improvement is also expected to increase average revenues.

Finnair's long-haul strategy exploits Helsinki's ideal location on flight routes between Asia and Europe. Flights covering 50 European and 15 domestic destinations connect into Finnair's Asia network. At the same time, a wide selection of direct connections are offered from Finland to the rest of Europe.

Growing passenger streams between Europe and Asia have enabled the opening of new routes in Europe. The expansion of the European network also provides an excellent service to Finnish customers, who can utilise Finnair's morning-evening concept in their European connections.

This year, five new destinations, serving local demand as well as the needs of Asian traffic, have been added to the European route network. The new destinations are Bucharest, Gdansk, Lisbon, Ljubljana and Nuremberg. In addition, the Madrid and Manchester flights now fly direct, without an intermediate stop in Stockholm. The changes mean that all European routes will be served by non-stop flights.

The shorter flight connections also improve the eco-efficiency of travelling; when flying with Finnair from Europe to Asia, passengers travel the most direct route, and connections via Central Europe that increase travel time and fuel consumption are not needed.

Finavia is currently extending Helsinki-Vantaa Airport to serve the needs of the growing Asian traffic. The increasing bottlenecks in luggage handling underline the urgent need for modernization and completion of the new terminal extension. Until then the problems facing passengers are alleviated through cooperation of the parties involved.

At the beginning of April, the **one**world-alliance completed the biggest expansion in its history, when Japan Airlines, Malév Hungarian Airlines and Royal Jordanian Airlines became members of the alliance.

In July American Airlines, Finnair and three other European **one**world airlines – Iberia, Malév and Royal Jordanian – applied for antitrust immunity (ATI) from the United States' Department of Transport (DOT) regarding Trans-Atlantic traffic.

The **one**world partners wish to expand their cooperation in, among other things, traffic and route planning, marketing, pricing, frequent-flyer schemes, cargo transportation, and information and distribution systems.

In their bilateral cooperation, Finnair and American Airlines have had a valid antitrust immunity in United States since 2002. It has reflected, for example, in common pricing, increased onward connections between Finland and the USA, and improved airport services.

Finnair Leisure Flights carries the customers of ten tour operators to 66 holiday destinations in 33 countries. In addition, there are flights which only can be purchased on the internet to dozens of Leisure Flights' destinations. Growth in Asian travel reflects also in Leisure Flights. Next winter season, Leisure Flights will operate 12 weekly flights to Asia, including daily flights to Thailand. A new winter destination is Krabi in Thailand.

Leisure Flights' fleet consists of seven Boeing 757 aircraft and Airbus capacity leased from Scheduled Passenger Traffic. At the beginning of 2007, Leisure Flights launched additional services that customers can pay for. Before their trip, customers can, for example, order via the internet various meal options or make arrangements for special baggage. The range of additional services will be expanded during the latter part of the year.

New seats with a slimmer structure have been fitted in the Airbus A320 and A321 aircraft mainly used in European traffic. The new seats have been designed so that leg room is not reduced, even though the seat spacing has been shortened. The seat renewal increases by 15 the number of seats in each of the 18 aircraft, while the weight of each aircraft is reduced by 1,200 kilos, thus enhancing fuel efficiency.

Short-term risks and uncertainty factors

Fuel costs constitute approximately one fifth of the Group's total costs and are one of the most significant uncertainty factors where costs are concerned. For the rest of the year, the degree of hedging of more than 60 per cent will dampen any short-term fluctuation in the result.

Six out of seven of the Finnair Group's agreements with labour unions are due to expire on 30 September 2007. The agreement with pilots expires on 30 April 2008.

Finnair has opened new routes to Asia and has increased capacity on existing routes. The new route openings and increases may weaken load factors and average prices in the short term.

In traffic between Europe and Asia, cargo pricing is under pressure due to sharply increased competition in Northern Europe.

Outlook

Finnair's Europe-Asia strategy exploits the company's strengths as a network airline as well as Helsinki's geographical location. The chosen strategy diversifies operational risk, because Finnair's European flights serve both local and transit travel. In addition, with passenger and cargo traffic Finnair operates in Asia in a number of different types of markets.

Growth in demand for Finnair's Scheduled Passenger Traffic is expected to continue strongly. This growth will be seen in both Asian and European traffic. Asian traffic is forecast to grow by over 30 per cent this year and European traffic by 15–20 per cent.

Despite increased capacity, passenger load factors have remained at good levels, based not only on growing demand but also on flexible fleet utilisation. A suitable aircraft can be used on each route according to demand.

Tight price competition is expected to continue. The relentless growth in fuel prices and security costs, however, will impose pressure on the whole sector to raise prices. In the short term Finnair yields per revenue passenger kilometre are expected to slightly decrease due to new route openings and change in traffic structure.

Of Finnair's seven collective labour agreements, six are due to expire at the end of September 2007. Terms of employment have been and will be adjusted further to the needs of long-haul traffic in collaboration with personnel groups. Significant cost savings have also been achieved with flight personnel as a whole by developments in work shift arrangements.

Operational efficiencies will continue to be sought throughout the Finnair Group in accordance with the 80 million euro programme initiated last year. More than half of the savings will be delivered this year and the full impact will be evident next year. The estimate for the 2007 operational result remains unchanged, i.e. to exceed 70 million euros.

FINNAIR PLC
Board of Directors

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FINNAIR GROUP INTERIM REPORT FOR JANUARY 1 – JUNE 30, 2007

KEY FIGURES EUR mill.

	2007	2006	Change	2007	2006	Change	2006
	1Apr–30 June	1Apr–30 June	%	1 Jan–30 June	1 Jan–30 June	%	1 Jan–31 Dec
Turnover	538.1	494.6	8.8	1 066.6	974.9	9.4	1 989.6
Profit before depreciation and lease payments, EBITDAR *	74.0	68.2	8.5	128.8	109.1	18.1	206.8
Lease payments for aircraft	19.1	23.2	-17.7	40.8	45.8	-10.9	90.8
Operating profit, EBIT*	27.2	18.2	49.5	33.0	13.1	-	11.2
Fair value changes of derivatives	4.9	0.6	-	10.9	0.5	-	-8.8
Profit from disposal of capital assets	5.0	1.9	-	6.9	1.9	-	2.0
Operating profit, EBIT	37.1	5.5	-	50.8	0.3	-	-10.8
Profit for the financial year (share attributable to shareholders of parent company)	25.8	0.4	-	35.1	-3.6	-	-13.6
Operating profit. EBIT, % of turnover *	5.1	3.7	-	3.1	1.3	-	0.6
EBITDAR, % of turnover *	13.8	13.8	-	12.1	11.2	7.9	10.4
Unit revenues of flight operations c/RTK	77.2	77.5	-0.5	74.9	74.5	0.6	74.0
Unit costs of flight operations c/ATK	45.5	47.3	-3.8	45.2	46.6	-2.9	46.0
Earnings per share EUR (basic)	0.29	0.01	-	0.40	-0.04	-	-0.16
Earnings per share EUR (diluted)	0.29	0.01	-	0.40	-0.04	-	-0.16
Equity per share EUR	7.27	7.33	-0.8	7.27	7.33	-0.8	6.77
Gross investment EUR mill.	192.3	70.3	-	244.6	119.0	-	252.2
Gross investment, % of turnover	35.7	14.2	-	22.9	12.2	-	12.7
Equity ratio %				36.1	38.5	-	37.2
Gearing %				21.7	-3.8	-	7.1
Adjusted gearing %				114.6	92.6	-	112.8
Rolling 12-month ROCE %				5.0	4.1	-	-0.1
Rolling 12-month ROE %				3.8	3.0	-	-2.0

* Excluding capital assets, fair value changes of derivatives and reorganization expenses.
Unit costs of flight operations c / ATK = Operating expenses (excluding fair value changes of derivatives) of Scheduled Traffic business area and Leisure Flights business unit / ATK of Group.

CALCULATION OF KEY RATIOS

Earnings / share:
Profit for the financial year
____
Average number of shares at the end of the financial year, adjusted for share issues

Equity / share:
Shareholders' equity
____
Number of shares at the end of the financial year, adjusted for share issues

Gearing. %:
Net interest-bearing liabilities *100
____
Shareholders' equity + minority interest

Operating profit, EBIT :
Operating profit excluding the disposal of the capital assets, fair value changes of derivatives and reorganization expenses

Shareholders equity = To equity holders of the parent

The figures of interim report have not been audited.

Return on capital employed,%: (ROCE)
Profit before taxes + interest and other financial expenses *100
____
Balance sheet total - non-interest-bearing liabilities (average)

Net interest bearing liabilities:
Interest-bearing liabilities - interest-bearing assets - listed shares

Equity ratio, %:
Shareholders' equity + minority interest *100
____
Balance sheet total - advances received

Return on equity %: (ROE)
Result before extraordinary items – taxes *100
____
Equity + minority interests (average)

CONSOLIDATED INCOME STATEMENT (EUR mill.)

	2007	2006	Change	2007	2006	Change	2006
	1 Apr–30 June	1 Apr 30 June	%	1 Jan–30 June	1 Jan–30 June	%	1 Jan–31 Dec
Turnover	**538.1**	**494.6**	**8.8**	**1 066.6**	**974.9**	**9.4**	**1 989.6**
Work used for own purposes and capitalized	0.5	0.3	66.7	1.3	0.4	225.0	3.7
Other operating income	10.7	7.3	46.6	16.6	13.0	27.7	17.9
Operating income	**549.3**	**502.2**	**9.4**	**1 084.5**	**988.3**	**9.7**	**2 011.2**
Operating expenses							
Staff costs	127.2	130.8	-2.8	262.3	254.4	3.1	508.2
Fuel	104.3	90.8	14.9	207.5	180.1	15.2	385.0
Lease payment for aircraft	19.1	23.2	-17.7	40.8	45.8	-10.9	90.8
Other rental payments	15.3	19.2	-20.3	32.5	40.0	-18.8	80.7
Fleet materials and overhauls	19.2	23.1	-16.9	41.4	48.9	-15.3	100.6
Traffic charges	44.4	40.4	9.9	88.1	79.1	11.4	161.9
Ground handling and catering expenses	42.7	35.0	22.0	79.2	68.2	16.1	139.4
Expenses for tour operations	23.0	22.9	0.4	58.8	57.1	3.0	111.5
Sales and marketing expenses	27.1	24.8	9.3	46.5	41.7	11.5	91.3
Depreciation	27.7	26.8	3.4	55.0	50.2	9.6	104.8
Other expenses	62.2	59.7	4.2	121.6	122.5	-0.7	247.8
Total	**512.2**	**496.7**	**3.1**	**1 033.7**	**988.0**	**4.6**	**2 022.0**
Operating profit EBIT	**37.1**	**5.5**	**-**	**50.8**	**0.3**	**-**	**-10.8**
Financial income	2.6	2.0	30.0	6.2	4.7	31.9	11.0
Financial expenses	-5.4	-4.3	25.6	-9.3	-7.0	32.9	-15.0
Share of result in associates	0.1	0.1	-	0.1	0.1	-	0.1
Profit before taxes	**34.4**	**3.3**	**-**	**47.8**	**-1.9**	**-**	**-14.7**
Direct taxes	-8.4	-2.4	-	-12.5	-1.0	-	1.7
Profit for financial year	**26.0**	**0.9**	**-**	**35.3**	**-2.9**	**-**	**-13.0**

Earnings per share to shareholders of the parent company	25.8	0.4		35.1	-3.6		-13.6
Minority interest	0.2	0.5		0.2	0.7		0.6
Earnings per share calculated from profit attributable to shareholders of the parent company							
Earnings per share EUR	0.29	0.01		0.40	-0.04		-0.16
Earnings per share EUR (diluted)	0.29	0.01		0.40	-0.04		-0.16

CONSOLIDATED BALANCE SHEET (EUR mill.)

	30 June 2007	30 June 2006	31 Dec 2006
ASSETS			
Non-current assets			
Intangible assets	48.5	50.5	47.5
Tangible assets	1 165.6	933.9	1 012.3
Investments in associates	5.6	2.9	5.6
Financial assets	15.0	16.2	15.4
Deferred tax receivables	17.7	26.5	27.1
Total	1 252.4	1 030.0	1 107.9
Short-term receivables			
Inventories	40.4	40.3	38.5
Trade receivables and other receivables	264.0	274.9	211.8
Investments	225.7	324.4	268.6
Cash and bank equivalents	21.2	41.7	25.7
Total	551.3	681.3	544.6
Non-current Assets held for sale	26.2	0.0	7.6
Assets total	**1 829.9**	**1 711.3**	**1 660.1**
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent company			
Shareholders´equity	75.4	75.0	75.4
Other equity	569.0	565.6	524.5
Total	644.4	640.6	599.9
Minority interest	1.4	1.9	1.6
Equity, total	645.8	642.5	601.5
Long-term liabilities			
Deferred tax liability	117.5	124.1	115.7
Financial liabilities	317.7	299.7	286.9
Pension obligations	6.8	7.6	7.0
Total	442.0	431.4	409.6
Short-term liabilities			
Current income tax liabilities	12.0	8.3	3.0
Reserves	9.5	0.0	10.0
Financial liabilities	78.3	58.1	56.6
Trade payables and other liabilities	615.6	571.0	579.4
Total	715.4	637.4	649.0
Liabilities related to long-term asset items held for sale	26.7	0.0	0.0
Liabilities total	1 184.1	1 068.8	1 058.6
Shareholders' equity and liabilities. total	**1 829.9**	**1 711.3**	**1 660.1**

SHAREHOLDERS´EQUITY EUR mill.

Equity attributable to shareholders of parent company									
	Share capital	**New issue**	**Share pre-mium account**	**Bonus issue**	**Hedging reserve**	**Retained earnings**	**Total**	**Minority interests**	**Own equity total**
Shareholders´ equity 1.1.2006	73.8	0.6	18.3	147.7	20.9	411.1	**672.4**	**1.6**	**674.0**
Optio right to own shares	1.2	-0.6	2.4				3.0		3.0
Share premium account changes			-2.3			2.1	-0.2		-0.2
Translation difference						-0.1	-0.1		-0.1
Dividend payment						-21.8	-21.8	-0.4	-22.2
Change in fair value of hedging instruments					-9.1		-9.1		-9.1
Profit for the period						-3.6	-3.6	0.7	-2.9
Shareholders´ equity 30.6.2006	75.0	0.0	18.4	147.7	11.8	387.7	**640.6**	**1.9**	**642.5**

SHAREHOLDERS´EQUITY EUR mill.

Equity attributable to shareholders of parent company									
	Share capital	**New issue**	**Share pre-mium account**	**Bonus issue**	**Hedging reserve**	**Retained earnings**	**Total**	**Minority interests**	**Own equity total**
Shareholders´ equity 1.1.2007	75.4	0.0	20.4	147.7	-21.1	377.5	**599.9**	1.6	**601.5**
Translation difference						-0.3	-0.3		-0.3
Dividend payment						-8.9	-8.9	-0.4	-9.3
Optio right to shares	0.0	0.0	0.0				0.0		0.0
Change in fair value of hedging instruments					18.6		18.6		18.6
Profit for the period						35.1	35.1	0.2	35.3
Shareholders´ equity 30.6.2007	75.4	0.0	20.4	147.7	-2.5	403.4	**644.4**	**1.4**	**645.8**

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 30 June 2007	1 Jan – 30 June 2006	1 Jan – 31 Dec 2006
Cash flow from operating activities			
Profit for the financial year	35.3	-2.9	-13.0
Operations for which a payment is not included **1)**	49.3	42.4	100.2
Interest and other financial expenses	9.2	7.0	15.0
Interest income	-5.6	-4.7	-9.1
Other financial income	-0.5	0.0	-1.8
Dividend income	0.0	0.0	-0.1
Taxes	12.5	1.0	-1.7
Changes in working capital:			
Change in trade and other receivables	-67.7	-40.7	10.2
Change in inventories	-1.9	4.9	6.7
Change in accounts payables and other liabilities	97.9	36.3	13.4
Interest paid	-6.3	-4.1	-11.0
Paid financial expenses	-3.9	-2.3	-3.4
Received interest	4.7	4.4	9.9
Received financial income	1.2	0.0	1.6
Taxes paid	-10.2	-17.7	-21.1
Net cash flow from operating activities	**114.0**	**23.6**	**95.8**
Cash flow from investing activities			
Acquisitions of subsidiaries	-0.6	0.0	0.0
Investments in intangible assets	-7.2	-10.8	-12.6
Investments in tangible assets	-206.9	-136.5	-273.0
Net change of financial interest bearing assets at fair value through profit and loss	8.8	31.1	53.2
Sales of tangible fixed assets	9.7	2.1	2.3
Received dividends	0.0	0.0	0.1
Change in non-current receivable	0.5	1.5	2.3
Net cash flow from investing activities	**-195.7**	**-112.6**	**-227.7**
Cash flow from financing activities			
Loan withdrawals and changes	68.0	103.2	108.3
Loan repayments	-13.0	-12.9	-25.9
Optio right to shares	0.0	3.0	5.4
Dividends paid	-8.9	-21.8	-21.8
Net cash flow from financing activities	**46.1**	**71.5**	**66.0**
Change in cash flows	**-35.6**	**-17.5**	**-65.9**
Change in liquid funds			
Liquid funds. at beginning	273.5	339.4	339.4
Change in cash flows	-35.6	-17.5	-65.9
Liquit funds, in the end	**237.9**	**321.9**	**273.5**

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 30 June 2007	1 Jan – 30 June 2006	1 Jan – 31 Dec 2006
Notes to consolidated cash flow statement			
1) Operations for which a payment is not included			
Depreciation	55.0	50.2	104.8
Employee benefits	-3.2	-5.3	-2.8
Finance lease	-2.4	-2.4	-5.0
Other adjustments	-0.1	-0.1	3.2
Total	49.3	42.4	100.2
Financial asset at fair value	225.7	324.4	268.6
Cash and bank equivalents (including cash and cash equivalents of long-term assets held for sale, EUR 3.0 million)	24.2	41.7	25.7
Short-term cash and cash equivalents in balance sheet	249.9	366.1	294.3
Shares held to trading purposes	-2.9	-4.2	-2.9
Maturing after more than 3 months	-9.1	-40.0	-17.9
Total in cash flow statement	237.9	321.9	273.5

NOTES TO THE CONSOLIDATED INTERIM REPORT

1. BASIS OF PREPARATION

This consolidated interim report has been prepared according to the International (IAS) Standard 34: Interim Financial Reporting, which has been introduced in the EU.

2. ACCOUNTING PRINCIPLES

The accounting principles adhered to in the interim report are consistent with the principles adhered to in the 2006 consolidated financial statements, excluding the changes listed below.

The following new standards, changes to standards and the application of interpretations which are perceived to be essential for the Group have been introduced from the beginning of 2007:
- IFRS 7 Financial Instruments; Disclosures in the Financial Statements as well as amendments to the IAS 1 Standard: Presentation of Financial Statements - Capital Disclosures. IFRS 7 calls for new disclosures on financial instruments. The standard has no impact on the classification or valuation of the Group's financial instruments.
- IFRIC 9 Reassessment of Embedded Derivatives. The interpretation requires that an entity must assess whether contracts contain an embedded derivative that must be separated from the host contract and accounted for as a derivative.
- IFRIC 10 Interim Financial Reporting and Impairment. IFRIC 10 prohibits an entity from reversing, at a later closing date during a reporting period, an impairment loss recognised in a previous interim period in respect of goodwill.

These new, introduced standards and interpretations have no substantial impact on reporting in the income statement, balance sheet and notes.

The following interpretations are compulsory in 2007, but they have no significance for the Group:
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.
- IFRIC 8 Scope of IFRS 2.

3. CRITICAL FINANCIAL STATEMENT ESTIMATES AND ASSUMPTIONS

The preparation of interim reports requires the company's management to make estimates and assumptions that influence the levels of reported assets and liabilities as well as of revenue and expenses. Realised results might differ from these estimates.

In connection with the preparation of this interim report, the significant estimates made by management relating to the consolidated accounting principles and the key uncertainty factors are the same as those applied in the 2006 annual financial statements .

4. SEGMENT INFORMATION

The business segments, Scheduled Passenger,Traffic, Leisure Traffic, Aviation Services and Travel Services, are the primary reporting format. The geographical segments, Finland, Europe, Asia, North America and Others, are the secondary reporting format. Segment information will based on the corresponding information reported in the financial statement.

PRIMARY REPORTING FORMAT - BUSINESS SEGMENT DATA 1 January – 30 June 2007

	Scheduled Passenger Traffic	Leisure Traffic	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.							
External turnover	769.5	196.9	59.5	40.7			1 066.6
Internal turnover	55.7	2.8	151.1	2.4	-212.0		0.0
Turnover	825.2	199.7	210.6	43.1	-212.0	0.0	1 066.6
Operating profit	33.3	6.7	5.5	2.5		2.8	50.8
Share of results of associated undertakings						0.1	0.1
Financial income						6.2	6.2
Financial expenses						-9.3	-9.3
Income tax						-12.5	-12.5
Minority interest						-0.2	-0.2
Result for the period							35.1
Other items							
Investments	228.7	0.9	13.1	0.7	0.0	1.2	244.6
Depreciation	40.3	0.2	13.0	0.7	0.0	0.8	55.0

PRIMARY REPORTING FORMAT - BUSINESS SEGMENT DATA 1 January- 30 June 2006

	Scheduled Passenger Traffic	Leisure Traffic	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.							
External turnover	689.8	190.0	51.8	43.3			974.9
Internal turnover	55.3	1.8	147.9	2.4	-207.4		0.0
Turnover	745.1	191.8	199.7	45.7	-207.4	0.0	974.9
Operating profit	18.1	7.2	-15.4	1.2		-10.8	0.3
Share of results of associated undertakings						0.1	0.1
Financial income						4.7	4.7
Financial expenses						-7.0	-7.0
Income tax						-1.0	-1.0
Minority interest						-0.7	-0.7
Result for the period							-3.6
Other items							
Investments	101.8	0.4	15.3	0.5	0.0	1.0	119.0
Depreciation	34.6	0.1	13.2	0.7	0.0	1.6	50.2

TURNOVER

	2007	2006	Change	2007	2006	Change	2006
	1 Apr– 30 June	1 Apr 30 June	%	1 Jan– 30 June	1 Jan– 30 June	%	1 Jan– 31 Dec
EUR mill.							
Scheduled Passenger Traffic	434.0	392.3	10.6	825.2	745.1	10.8	1 522.1
Leisure Traffic	83.1	82.4	0.8	199.7	191.8	4.1	386.8
Aviation Services	99.8	97.5	2.4	210.6	199.7	5.5	407.5
Travel Services	22.4	23.1	-3.0	43.1	45.7	-5.7	87.4
Group eliminations	-101.2	-100.7	0.5	-212.0	-207.4	2.2	-414.2
Total	**538.1**	**494.6**	**8.8**	**1 066.6**	**974.9**	**9.4**	**1 989.6**

OPERATING PROFIT EXCLUDING THE DISPOSAL OF THE CAPITAL ASSETS AND FAIR VALUE CHANGES OF DERIVATIVES AND REORGANIZATION EXPENSES

	2007	2006	Change	2007	2006	Change	2006
	1 Apr–30 June	1Apr 30 June	%	1 Jan–30 June	1 Jan–30 June	%	1 Jan–31 Dec
EUR mill.							
Scheduled Passenger Traffic	27.7	21.7	27.6	27.4	17.3	58.4	28.6
Leisure Traffic	1.1	1.1	0.0	6.7	7.3	-8.2	18.6
Aviation Services	1.3	-1.3	-200.0	4.6	-4.9	-193.9	-24.5
Travel Services	1.2	0.9	33.3	2.5	1.2	108.3	2.3
Unallocated items	-4.1	-4.2	-2.4	-8.2	-7.8	5.1	-13.8
Total	**27.2**	**18.2**	**49.5**	**33.0**	**13.1**	**151.9**	**11.2**

EMPLOYEES AVERAGE BY SEGMENT

	2007	2006	Change
	1 Jan–30 June	1 Jan–30 June	%
Scheduled Passenger Traffic	4 180	4 139	1.0
Leisure Traffic	373	333	12.0
Aviation Services	3 696	3 836	-3.6
Travel Services	1 134	1 165	-2.7
Other functions	148	234	-36.8
Finnair Group Total	**9 531**	**9 707**	**-1.8**

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

TURNOVER OUTSIDE THE GROUP BY SALES DESTINATION

	2007	2006	Change	2007	2006	Change	2006
	1 Apr-30 June	1 Apr–30 June	%	1 Jan–30 June	1 Jan–30 June	%	1 Jan–31 Dec
EUR mill.							
Finland	101.3	104.5	-3.1	209.5	222.7	-5.9	436.7
Europe	282.5	256.9	10.0	515.4	471.7	9.3	936.5
Asia	127.5	104.6	21.9	275.5	209.9	31.3	482.0
North America	16.9	17.1	-1.2	28.2	29.5	-4.4	66.4
Others	9.9	11.5	-13.9	38.0	41.1	-7.5	68.0
Total	**538.1**	**494.6**	**8.8**	**1 066.6**	**974.9**	**9.4**	**1 989.6**

5. MANAGEMENT OF FINANCIAL RISKS

No significant changes have been made to the Group's risk management principles in the reporting period. The objectives and principles of risk management are consistent with information presented in the Group's 2006 Annual Report.

The tables below present the nominal value or the amount and net fair value of derivative contracts used in the Group's hedge accounting.

DERIVATIVE CONTRACTS EUR mill.

Derivative contracts	30 June 2007		30 June 2006		31 Dec 2006	
Currency derivatives	**Nominal value (EUR mill.)**	**Fair value (EUR mill.)**	**Nominal value (EUR mill.)**	**Fair value (EUR mill.)**	**Nominal value (EUR mill.)**	**Fair value (EUR mill.)**
Hedge accounting items						
Forward contracts, Jet Fuel currency hedging	270.9	-9.0	194.5	-3.6	260.2	-8.2
Forward contracts, Hedging of Aircraft purchase price	451.7	-8.8	237.2	-5.3	324.7	-9.1
Forward contracts. Currency hedging of lease payments	60.2	-1.4	50.2	-1.9	63.8	-1.9
Total	**782.8**	**-19.2**	**481.9**	**-10.8**	**648.6**	**-19.2**
Currency derivatives at fair value through profit or loss						
Operating cash flow hedging	3.7	0.0	60.9	-0.4	26.7	-1.3
Balance sheet hedging	105.8	0.5	91.5	-1.4	94.1	-0.6
Currency call options	29.6	0.2	0.0	0.0	0.0	0.0
Currency put options	29.6	0.0	0.0	0.0	0.0	0.0
Total	**168.7**	**0.7**	**152.4**	**-1.8**	**120.9**	**-2.0**
Currency derivatives, total	**951.5**	**-18.5**	**634.3**	**-12.6**	**769.5**	**-21.2**
	30 June 2007		**30 June 2006**		**31 Dec 2006**	
	Nominal value (tonnes)	**Fair value (EUR mill.)**	**Nominal value (tonnes)**	**Fair value (EUR mill.)**	**Nominal value (tonnes)**	**Fair value (EUR mill.)**
Commodity derivatives						
Hedge accounting items						
Jet Fuel swaps	543 700	9.5	384 800	27.4	510 400	-12.8
Commodity derivatives at fair value through profit or loss						
Jet Fuel Forward contracts	22 450	0.4	82 000	2.2	79 300	-5.1
Gasoil forward contracts	24 900	0.7	0	0.0	0	0.0
Jet differential forward contracts	256 500	0.8	0	0.0	112 500	0.0
Options						
Jet Fuel call options	36 500	1.5	31 500	2.0	35 000	0.3
Jet Fuel put options	73 000	-0.5	63 000	-1.0	70 000	-0.5
Gasoil call options	34 000	1.8	0	0.0	9 000	0.0
Gasoil put options	59 000	-0.5	0	0.0	18 000	0.0
Total		**13.7**		**30.6**		**-18.2**
	30 June 2007		**30 June 2006**		**31 Dec 2006**	
	Nominal value (EUR mill.)	**Fair value (EUR mill.)**	**Nominal value (EUR mill.)**	**Fair value (EUR mill.)**	**Nominal value (EUR mill.)**	**Fair value (EUR mill.)**
Interest rate derivatives						
Cross currency Interest rate swaps						
Hedge accounting items	35.4	-13.7	55.9	-14.4	42.5	-15.2
Cross currency interest rate swaps at fair value through profit or loss	19.2	-10.1	27.9	-10.2	22.1	-10.7
Total	**54.6**	**-23.8**	**83.8**	**-24.6**	**64.7**	**-25.9**
Interest rate swaps						
Hedge accounting items	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps at fair value through profit or loss	20.0	1.2	20.0	1.0	20.0	1.0
Total	**20.0**	**1.2**	**20.0**	**1.0**	**20.0**	**1.0**

6. COMPANY ACQUISITIONS AND SALES

In January 2007 the Group's subsidiary Oy Aurinkomatkat-Suntours Ltd Ab acquired all the shares of Oy Matkayhtymä Ab, and in April 2007 95% of the shares of the Estonian company Horizon Travel A/S. The company acquisitions have no substantial impact on the figures of the consolidated interim report. The gross investment in the shares was 0.6 million euros.

On 30 June 2007 the final contract of sale was signed with Norwegian Air Shuttle on the sale of the shares of the Group's subsidiary FlyNordic. The completion of the sale requires the approval of the Norwegian competition authority. In the interim report, assets relating to the sale have been presented in the balance sheet as long-term assets held for sale, and liabilities as liabilities relating to long-term assets held for sale.

7. INCOME TAXES

Income taxes have been entered in the income statement using the tax rates that will be applied to the expected total profit for the year.

8. DIVIDEND PER SHARE

The Annual General Meeting decided on 22 March 2007 to distribute a dividend of 0.10 euros per share. The total dividend was 8.9 million euros, based on the number of shares registered on 27 March 2007. The dividend was paid on 3 April 2007.

9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS EUR mill.

	30 June 2007	30 June 2006	31 Dec 2006
Carrying amount at beginning of period	1 067.4	889.0	889.0
Fixed asset investments	244.0	119.0	252.2
Change in advances	-29.9	28.3	33.4
Disposals	-9.7	-1.7	-2.4
Depreciation	-55.0	-50.2	-104.8
Carrying amount at end of period	**1 216.8**	**984.4**	**1 067.4**

Proportion of assets held for sale at beginning of period	7.6	0.0	0.0
Proportion of assets held for sale at end of period	2.7	0.0	7.6

10. INTEREST-BEARING LIABILITIES

During the second quarter of 2007, the Group's subsidiary Finnair Aircraft Finance Oy raised a new long-term loan from Nordea in order to finance the Group's aircraft fleet investment programme, which is currently underway. The secured constant repayment loan was raised for 10 years. The capital of the loan is 49.5 million euros and three E170 aircraft were lodged as security. The rest of the loan withdrawals presented in the accounts relates to old secured loans, which owing to their exceptional agreement structure have a net repayment entered gross both as a withdrawal and a repayment.

11. CONTINGENT LIABILITIES EUR mill.

	30 June 2007	30 June 2006	31 Dec 2006
Other contingent liabilities			
Pledges on own behalf	232.0	244.1	236.9
Guarantees on group undertakings	673.1	430.6	536.3
Total	**905.1**	**674.7**	**773.2**

12. LIABILITIES (EUR million)

	30 June 2007	30 June 2006	31 Dec 2006
Fleet lease payment liabilities	**362.0**	**425.8**	**389.8**

13. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Finnair's 2006 Annual Report. There have been no substantial changes after the closing date.

Transactions and open balances with associated undertakings were of very minor significance in the reporting period.

14. AIR TRAFFIC 1 January – 30 June 2007

	Total traffic	Europe	North America	Asia	Domestic	Scheduled Traffic Total	Leisure	Cargo
Passengers (1000)	4 549	2 443	63	503	968	3 977	572	
%-change	2.3	9.0	-6.4	24.4	-14.1	3.6	-5.9	
Cargo and mail (tonnes)	45 200	10 402	3 286	25 587	1 734	41 009	224	45 200
%-change	0.6	-14.2	-13.9	19.3	-12.8	4.2	18.4	0.6
Available seat-kilometres mill	13 059	4 493	517	4 542	839	10 391	2 668	
%-change	12.3	15.3	-4.3	32.6	-16.7	17.2	-3.4	
Revenue passenger kilometres	9 824	3 049	416	3 509	511	7 485	2 339	
%-change	12.6	18.5	-6.5	30.5	-10.1	19.3	-4.7	
Passenger load factor %	75.2	67.9	80.4	77.3	60.9	72.0	87.7	
%-change	0.2	1.8	-1.9	-1.3	4.5	1.3	-1.2	
Available tonne-kilometres	1 947							584
%-change	12.4							46.9
Revenue tonne-kilometres mill	1 127							248
%-change	11.5							6.6
Overall load factor %	57.9							42.5 *
%-change	-0.5							-16.0

* Operational calculatory capacity

15. EVENTS AFTER THE REVIEW PERIOD

On 30 July 2007, a total of 1,063,830 Norwegian Air Shuttle shares were received as consideration for the sale of the shares of the Group's subsidiary FlyNordic.