

Weak third-quarter result

Summary of 2008 third-quarter key figures

- Turnover rose by 2.7% to 559.7 million euros (545.2 million)
- Passenger traffic in passenger kilometres grew by 1.3% from previous year, passenger load factor rose 2.5 percentage points to 79.8 (77.3) %.
- Unit revenues from flight operations fell by 2.2%, unit costs rose by 4.8%
- The operating result was -24.8 million euros (59.9 million)
- The operational result, i.e. EBIT excluding capital gains, non-recurring items and changes in the fair value of derivatives, was 2.8 million euros (39.2 million)
- The result before taxes was -22.3 million euros (55.9 million)
- Gearing at the end of September was -8.7% (17.7%) and gearing adjusted for leasing liabilities was 51.1% (103.3%)
- Balance sheet cash and cash equivalents at the end of the period totalled 374.0 million euros (257.1 million)
- Equity ratio 46.2% (37.5%)
- Equity per share 7.54 euros (7.68)
- Earnings per share -0.15 euros (0.41)
- Return on capital employed 5.5% (9.3%) (rolling 12 months)

In the interim report, comparison figures for 2007 are presented in brackets after the figures for the current year.

President and CEO Jukka Hienonen on the interim result:

What is usually our best quarter of the year fell far short of expectations. The main factors were a historically high fuel price and an average ticket price weakened by the economic downturn. A fall in oil prices towards the end of the quarter provided only limited relief.

Demand is actually quite good, but instead of business passengers, aircraft are increasingly filled with leisure passengers who pay less for their tickets.

Conditions for profitable business are increasingly marginal. In this situation we have sought cost savings by rationalising operations and by examining closely our second largest expense item, personnel costs.

Our aim was to achieve flexibility through a temporary salary reduction, but personnel organisations clearly rejected this proposal. Thus we have had to continue statutory employer-employee negotiations to achieve the savings through job cuts and lay-offs. And if this is not enough, we will make additional cuts in our capacity.

In our industry we have clearly moved to a new stage. The intensity of the changes is undermining the viability of airlines in an unprecedented way. Economic cycles come and go, but the key point is the shape in which companies emerge from the

downturn. Those that have an effective strategy and adjust most quickly to altered circumstances will survive largely unscathed.

We still believe in our Asian strategy. This is our lifeblood in the coming years. Even in the most difficult of times, we cannot concede our place as one of Europe's most significant Asian operators. Our task is now to adjust in order to put our profitability on a sustainable basis.

In these conditions, I would also hope that EU decision-makers will attend to the long-term development of a significant form of transport for the world economy. European air transport is being taken into emissions trading bound hand and foot against its will. Although emissions trading as a system will succeed in controlling the environmental effects of air transport, the model as it now stands, relating only to the EU, will undermine the competitiveness of European airlines. Air transport is a marginal producer of greenhouse gases (less than 2 per cent of the emissions load) but a substantial part of the logistics of many industrial sectors worldwide.

EU decision-makers would also have the opportunity to implement an integrated air traffic control system in Europe, which has been under discussion for 40 years. This would immediately bring a 12 per cent fuel saving and emissions reduction by shortening routes and curtailing waiting patterns.

The financial performance of the aviation industry this year and next will be facing big challenges, and Finnair is not immune to what is happening in the whole sector. We will, however, implement our planned investments in new aircraft and find in our organisation the efficiencies we need to ensure that we are in good shape when economic conditions recover.

Market and General Review

Finnair's result in the third quarter deteriorated sharply from the previous year, chiefly due to higher fuel prices and weaker average revenues. At the same time, cost flexibilities of a similar magnitude were not achieved.

Air traffic profitability has weakened further in the third quarter. The oil price in the current year peaked in July and for most of the quarter the price level was above 100 dollars per barrel.

The competitive situation in the sector has not allowed the Group to make the price increases that more expensive fuel would require to maintain healthy profitability. The International Air Transport Association IATA estimates that airlines will report total losses of around five billion dollars this year.

Owing to the state of the world economy, growth in demand for air transport has abated and has been redirected to cheaper price classes. European airlines' demand grew in January-September by more than one per cent compared with the previous year. Capacity growth remained above three per cent, however, which has weakened the passenger load factor. In September, a downturn in demand was perceptible.

Finnair's traffic demand has continued to grow. Moreover, load factors have been higher in July-September than in the previous year, but price levels have fallen. Finnair Scheduled Passenger Traffic's average revenue per passenger kilometre fell in the third quarter by around four per cent.

A weakening of the average ticket prices and a strengthening of the US dollar have diluted the benefit from the recent fall in fuel prices.

Finnair Scheduled Passenger Traffic's capacity in European and Asian traffic has been increased more modestly than originally planned. Even so, Finnair's market share in Europe-Asia traffic grew more than its competitors.

In the spring, Finnair initiated a 50 million euro cost-cutting programme. As part of the programme, statutory employer-employee negotiations were initiated to find areas for productivity improvements and savings. The 25 million euro saving planned as the personnel contribution remains partly unidentified.

The contribution made by other processes, on the other hand, has already been implemented. Subcontracting and service provider agreements, for example, have been renegotiated in order to cut costs.

Operational quality as well as traffic punctuality and regularity have clearly improved during the third quarter.

Financial Result, 1 July – 30 September 2008

Turnover rose in the third quarter by 2.7 per cent to 559.7 million euros (545.2 million). The Group's operational result, i.e. EBIT excluding capital gains, non-recurring items and changes in the fair value of derivatives, fell by more than 36 million euros to 2.8 million euros (39.2 million). Adjusted operating profit margin was 0.5 per cent (7.2). The result before taxes was -22.3 million euros (55.9 million). Earnings per share for the third quarter were -0.15 euros (0.41).

Due to the lower price of oil, a 26.1 million euro (-3.4 million) item weakening the third quarter result has been recognised for changes in the fair value of derivatives, which significantly increases the item "Other expenses". Changes in the fair value of derivatives have no effect on cash flow.

In July-September, Finnair's passenger traffic capacity grew by 4.3 per cent and revenue passenger kilometres 7.6 per cent; Asian traffic revenue passenger kilometres grew 13.1 per cent, and leisure traffic by 10.9 per cent. Passenger load factor for all traffic rose by 2.5 percentage points from the previous year to 79.8 per cent. The amount of cargo carried grew by 0.7 per cent.

In scheduled passenger and leisure traffic, total unit revenues per passenger kilometre fell by 3.9 per cent. Yield per passenger rose by 2.0 per cent. Cargo traffic unit revenues per tonne kilometre rose by 9.9 per cent, due to fuel surcharges collected as a result of increased costs. Weighted unit revenues for passenger and cargo traffic fell by 2.2 per cent.

Euro-denominated operating costs rose during the period by 15.0 per cent. Unit costs of flight operations rose by 4.8 per cent.

The rise in fuel costs took place mainly in the third quarter. Fuel costs rose in July-September by 35.8 per cent, and per tonne kilometre flown by 27.5 per cent. Unit costs for flight operations, excluding fuel costs, fell by 3.4 per cent.

A 14.7 per cent rise in fleet materials and maintenance expenses as well as a 16.9 per cent fall in other rental payments resulted from overhauls scheduled in the third quarter. A rise in package tour production expenses, both in the third quarter and in January-September as a whole, resulted from a rise in volume and price levels. A 25.7 per cent growth in sales and marketing expenses reflects Finnair's increased investment in boosting recognition in markets outside Finland.

Financial Result, 1 January – 30 September 2008

The 2007 January-September comparison figures include financial and performance figures for FlyNordic for the first six months of the period.

Turnover rose in January-September by 4.4 per cent to 1,682.3 million euros (1,611.8 million). The comparable turnover growth, excluding FlyNordic, which was sold in July 2007, was 7.1 per cent. The Group's operational result, i.e. EBIT excluding capital gains, changes in the fair value of derivatives and non-recurring arrangement expenses, fell to 19.1 million euros (72.2 million). Adjusted operating profit margin was 1.1 per cent (4.5). The result before taxes was 4.4 million euros (103.7 million). Net cash flow from operations fell in January-September from 168.7 million to 70.2 million euros. Earnings per share for January-September were 0.02 euros (0.77).

Changes in the fair value of derivatives had a 13.6 million euro (-14.3 million) weakening effect on the result reported for the first nine months of the year. Capital gains in January-September totalled 5.0 million euros (28.7 million).

In January-September, passenger traffic capacity rose 8.6 per cent and total revenue passenger kilometres grew 6.9 per cent; demand in Asian traffic alone rose 17.4 per cent. The passenger load factor for traffic overall declined from the previous year by 1.5 percentage points to 74.8 per cent. The amount of cargo carried grew from the previous year by 10.0 per cent.

In Group passenger traffic, total unit revenues per passenger kilometre fell 3.2 per cent. Yield per passenger rose by 11.1 per cent. Unit revenues per tonne kilometre for cargo traffic rose by 6.8 per cent. Weighted unit revenues for passenger and cargo traffic fell by 3.2 per cent.

Euro-denominated operating costs rose during the period by 9.6 per cent. Unit costs per available tonne kilometre for flight operations fell by 1.7 per cent.

Personnel expenses overall have remained almost at the previous year's level. Salary costs have risen, however, by around five per cent per employee. Correspondingly, personnel expenses have not been burdened this year by share based incentive and

personnel funds provisions, which totalled about 11 million euros in the first nine months of last year.

Investment, Financing and Risk Management

In January–September, investments totalled 219.7 million euros (264.3 million). Investments included two Embraer 190 aircraft and two long-haul traffic Airbus A340 aircraft. Including advance payments, the cash-flow impact of fleet and auxiliary investments was around 152.1 million euros in the third quarter.

The cash-flow impact of the new aircraft acquisition programme and auxiliary investments in 2008 will be around 250 million euros and in 2009 more than 400 million euros. The final investment sum will depend on how many of the aircraft are acquired on operational leasing agreements.

Balance sheet cash and cash equivalents at the end of September totalled 374.0 million euros (257.1 million). Agreed, but to date unused, credit facilities total 295 million euros, which includes a recently agreed 60 million dollar credit facility with the Nordic Investment Bank. In addition, Finnair also has a 250 million euro credit facility with the European Investment Bank, which requires a bank guarantee.

Due to the share issue completed in December last year, gearing fell from 17.7 per cent at the end of September 2007 to a debt-free position, namely –8.7 per cent, at the end of the period under review. Gearing adjusted for leasing liabilities was 51.1 per cent (103.3). The equity ratio correspondingly rose from the previous year by 8.7 percentage points to 46.2 per cent.

According to the financial risk management policy approved by Finnair’s Board of Directors, the company has hedged 76 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. Finnair Leisure Flights price hedges fuel consumption according to its agreed traffic programme within the framework of the hedging policy. Derivatives linked to jet fuel and gasoil prices are mainly used as the fuel price hedging instrument.

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 said 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. In July–September, the change in the fair value of derivatives was –26.1 million euros, whereas in January–September the figure was –13.6 million euros.

The operational result for January–September includes realised gains on derivatives of 66 million euros, which appear mainly in the fuel item of the income statement and partly in the item “Other expenses”. The figure includes both foreign exchange and fuel derivatives.

Shareholders’ equity includes, as a fluctuating item, the hedging reserve, whose value correlates with the changes in the oil price and foreign exchange rates. The hedging

reserve's value at the closing date was 35 million euros, which includes foreign exchange and fuel derivatives less deferred taxes.

A weakening of the US dollar against the euro has had a positive impact of around nine million euros on Finnair's operational result for the third quarter compared to the previous year, taking foreign currency hedging into account. At the end of September, the degree of hedging for a dollar basket over the next 12 months was 67 per cent.

Shares and Share Capital

The company's market value on 30 September 2008 was 517.7 million euros (1,038.4 million) and the closing share price was 4.04 euros. In January-September, the highest price for the Finnair Plc share on the NASDAQ OMX Nordic Exchange Helsinki was 8.49 euros (14.35), while the lowest price was 3.95 euros (10.86) and the average price 6.32 euros (12.86). Some 57.7 million (13.8 million) of the company's shares, with a value of 365.0 million euros (177.5 million), were traded. At the end of the period under review, the Finnish State owned 55.8 per cent (55.8) of the company's shares, while 17.7 per cent (32.9) were held by foreign investors or in the name of a nominee.

At the beginning of the financial year, Finnair held 151,903 of its own shares, which it had purchased in previous years. From 11 February to 17 March 2008, Finnair acquired 598,097 of its own shares, based on an authorisation of the Annual General Meeting on 22 March 2007. The Annual General Meeting held on 27 March 2008 authorised the Board of Directors for a period of one year to purchase the company's own shares up to a maximum of 5,000,000 shares and dispose of the company's own shares up to a maximum of 5,500,000 shares. The authorisation applies to shares amounting to less than five per cent of the company's total shares outstanding. Under the authorisation, on 9 May 2008 Finnair transferred a total of 327,693 of its own shares to individuals within the sphere of the 2007-2009 share bonus scheme as share bonuses payable for 2007. On 30 September 2008, the company held a total of 422,307 of its own shares, i.e. 0.3 per cent of all shares.

Personnel

In the period January-September, the average number of personnel employed by the Finnair Group amounted to 9,614, which was 0.8 per cent more than a year before. Scheduled Traffic had 4,254 employees and Leisure Traffic 456 employees. The total number of personnel in technical, catering and ground handling services was 3,658 and in Travel Services 1,095. A total of 151 people were employed in other functions.

At the end of September, Finnair Group had around 800 employees outside of Finland, of whom 300 worked in sales and customer service tasks for Finnair's passenger and cargo traffic. There are a total of 500 employees working for travel agencies and tour operators based in the Baltic states and Russia, and as guides at Aurinkomatkat-Suntours' holiday destinations. Foreign personnel are included in the total number of Group employees.

In June, the Finnair Group initiated statutory employer-employee negotiations under the Act on Co-Determination within Undertakings aimed at finding savings of around five per cent in salary expenses. The target corresponds to a reduction of around 500 jobs.

At the beginning of September, the personnel organisations were presented with three options aimed at achieving a cost-cutting target of 25 million euros. The alternatives were based on a fixed-term salary reduction or the giving up of holiday pay. Personnel organisations rejected the employer's proposals, which could have minimised job reductions. The negotiations are continuing. Savings are now being presented for implementation through unit-specific redundancies and lay-offs.

The company is preparing for production cuts this year and next relating to all types of traffic. Cutbacks will be implemented in line with the development of demand.

The pilots' collective employment agreement expired at the end of April. A six-month long collective employment agreement was negotiated with the Finnish Air Line Pilots' Association at the beginning of June; this agreement will expire at the end of November 2008. Negotiations to reach a new agreement are under way.

Fleet changes

Finnair Group's fleet is managed by Finnair Aircraft Finance Oy, which belongs to the Scheduled Passenger Traffic business area. At the end of September, the Finnair Group had a total of 66 aircraft in flight operations. The average age of Finnair Scheduled Passenger Traffic's entire fleet is 6.3 years and in European traffic less than five years.

Finnair's wide-bodied fleet grew in May by one Airbus A340 aircraft. A second A340 aircraft joined the Finnair fleet in July. One Boeing MD-11 aircraft will be withdrawn from Finnair's fleet in October.

The modernisation of the wide-bodied fleet will continue in 2009 with the acquisition of five new Airbus A330-300 long-haul aircraft and in 2010 with the acquisition of three more. The Boeing MD-11 aircraft will be withdrawn from Finnair's fleet in 2009-2010, three aircraft in each year. In 2010 the aircraft will be completely withdrawn by the end of March.

In the first quarter of 2009, Finnair's fleet will be supplemented by two new 100-seat Embraer 190 aircraft. On the other hand, three of smaller 170-model planes will be withdrawn from operations in 2009, two in January and one later during the first half of the year due to the weakening demand.

Environment

In July, the Parliament of the European Union made the decision to incorporate air transport into the emissions trading scheme as of 2012. This decision will increase the costs of European airlines in particular.

Free emissions rights for air transport will be distributed on the basis of actual carbon dioxide emissions recorded in 2004–2006. This includes the 20 per cent reduction target for carbon dioxide emissions already specified in the Kyoto agreement.

Emissions trading and more expensive fuel will raise airlines' costs. A modern fleet is efficient in terms of fuel consumption and has lower carbon dioxide and noise emissions. Finnair has been systematically modernising its fleet since 1999. The European and domestic traffic's Airbus A320 and Embraer aircraft represent the latest technology. Leisure Traffic's Boeing 757 aircraft are energy-efficient, and the aircraft's winglets, fitted by Finnair, reduce jet fuel consumption by five per cent.

The long-haul fleet modernisation initiated last year will continue with the replacement of Finnair's Boeing MD-11 aircraft by new, low-emission Airbus A330 aircraft. The programme will be concluded by spring 2010. Fleet growth during the next decade will be realised with new-generation technology aircraft.

Business area development in the third quarter

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

Scheduled Traffic

This business area is responsible for sales of scheduled passenger traffic and cargo, service concepts, flight operations and activity connected with the procurement and financing of aircraft. Scheduled 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, Finnair Cargo Oy, Finnair Cargo Terminal Operations Oy and Finnair Aircraft Finance Oy. The operations of the Estonian subsidiary Aero Airlines were discontinued on 6 January 2008.

Turnover rose in the third quarter by 3.4 per cent to 447.4 million euros (432.6 million). The operational result was –4.0 million euros (28.8 million).

Scheduled Passenger Traffic passenger volume in July-September was a good 1.8 million, i.e. around the same as the previous year. Scheduled Passenger Traffic's revenue passenger kilometre volume grew 7.0 per cent, while capacity increased by 5.0 per cent. Passenger load factor improved by 1.5 percentage units to 78.2 per cent.

During the third quarter, Scheduled Passenger Traffic's unit revenues per passenger kilometre fell by 4.0 per cent from the previous year. The decline was due to a reduction in business travel and an increase in lower revenue travel.

In January-September unit revenues fell 2.9 per cent, mainly due to a weaker price level in long-haul traffic and due to the increased share of long-haul traffic.

Cargo revenues account for a good ten per cent of all Scheduled Traffic's revenues. In July-September, cargo unit revenues rose by 9.9 per cent, taking all types of traffic into account. The total amount of cargo carried in scheduled traffic grew by 2.8 per cent.

The amount of cargo carried in Asian traffic rose by 10.7 per cent from the previous year. In traffic overall, also including leased cargo aircraft capacity and leisure traffic, the amount of cargo grew by 0.7 per cent.

Finnair Cargo Oy's profitability improved in July-September through improved average revenue. The euro revenue of cargo operations was boosted by a strengthening of Asian currencies and a rise in the level of ticket prices, which included a fuel surcharge. The fuel surcharge compensates for the impact of higher oil prices.

In international scheduled traffic, Finnair has increased its market share compared with its main competitors. In domestic traffic, Finnair's market share has fallen, primarily due to the discontinuation of short routes.

In July-September, Scheduled Traffic's flight arrival punctuality improved compared with the third quarter of the previous year by 3.9 percentage points to 85.4 per cent (81.5).

Leisure Traffic

This business area consists of Finnair Leisure Flights and the Aurinkomatkat-Suntours package tour company as well as its Estonian tour operator Horizon Travel, the St. Petersburg Calypso travel agency and the takeOFF brand, which focuses on youth travel. Aurinkomatkat-Suntours is Finland's leading tour operator, with a market share of 37 per cent. Finnair Leisure Flights has a strong market leadership in leisure travel flights. The unit's customers include all of the significant tour operators in Finland.

Leisure Traffic's third-quarter turnover rose by 4.0 per cent to 93.7 million euros. The Leisure Traffic business area's operational profit was 6.0 million euros (7.8 million).

In the third quarter, Finnair Leisure Flights carried 344,000 passengers, 8.3 per cent more than a year earlier. Performance calculated in passenger kilometres rose 10.9 per cent. Leisure Flights' passenger load factor rose 8.1 percentage points to 88.2 per cent. Poor summer weather in Finland improved demand for package tours and Leisure Flights' seat-only sales. Summer season direct flights to Toronto and Boston sold significantly better than the previous year.

During the first nine months of the year, Leisure Flights carried 980,000 passengers, 10.3 per cent more from the previous year. Growth in passenger kilometres was 13.3 per cent.

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

In previous summers, Finnair Leisure Flights has leased one or two aircraft to European airlines. The Boeing 757 fleet was used in the summer season in scheduled passenger traffic, for example on the Rome and Barcelona routes.

Finnair Leisure Flights has leased an Airbus A330-200 long-haul aircraft from the leisure flight company Air Europe for the coming winter 2008/2009 program to

Thailand. The aircraft will be used to replace the originally planned XL Airways flights as XL Airways went bankrupt during autumn.

Aviation Services

This business area comprises aircraft maintenance services, ground handling and the Group's catering operations. In addition, most of 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.

Aviation Services' turnover declined in the third quarter 1.2 per cent to 108.6 million euros (109.9 million). The operational result weakened by 0.8 million euros and was 1.9 million euros (2.7 million).

The profitability of Finnair Technical Services is still unsatisfactory. Maintenance of a modernising fleet requires fewer working hours by maintenance staff. As a result, customer relationships outside the Finnair Group are growing in importance. Of these, the most significant customer is currently Aeroflot Cargo.

The US company Gemini Air Cargo Inc., which was a Technical Services customer, has filed for bankruptcy, as a consequence of which a 1.5 million euro weakening item arising from additional depreciation of fixed assets was recognised in Finnair's third-quarter result. A credit loss of 0.6 million euros was recognised during Q3 in trade receivables in addition to earlier booked provision.

Operational quality and productivity have improved significantly in Northport Oy, which has been apparent, for example, in a clear decline in the amount of baggage being left behind. Work to improve the company's profitability is continuing.

In Finnair Catering, process improvements facilitated by a new production building have boosted operations and improved quality. Profitability has also developed positively.

Travel Services

This business area consists of the Group's travel agencies: Matkatoimisto Area, Finland Travel Bureau and its subsidiary Estravel, which operates in the Baltic states, as well as Amadeus Finland Oy, which integrates travel agency systems and sells travel reservation systems. Estravel celebrated the 20th anniversary of its founding in August.

The business area's turnover in July-September declined by 3.7 per cent to 18.3 million euros (19.0 million), but the operational result remained the same at 1.3 million euros (1.3 million). In the early part of the year, Finland Travel Bureau has managed to acquire significant new customer relationships, which will be evident in sales later in the year.

A general fall-off in demand for air travel as well as cuts to company travel budgets has weakened the profitability of the travel agency sector.

Air Traffic Services and Products

In recent years, the Finnair route network has been developed to serve traffic between Europe and Asia passing through Helsinki. At the same time, Finns have been offered efficient and diverse connections to destinations all over the world.

Finnair has a total of 60 direct flights per week to 10 Asian destinations. Finnair began direct flights to Seoul, the capital of South Korea. The Seoul route is flown five times per week. Finnair's other Asian destinations are Bangkok, Mumbai, Delhi, Hong Kong, Nagoya, Osaka, Beijing, Shanghai and Tokyo. The Guangzhou route was discontinued when the winter season began at the end of October. The Guangzhou area is served by daily connections with Hong Kong.

Flights covering 45 European and 13 domestic destinations connect into Finnair's Asia network. At the same time, a wide selection of direct connections is offered from Finland to the rest of Europe. In the coming winter season, connections between Asia and Europe will be increased by changing the Asian flight timetables. Also in the coming winter season, capacity has been reduced compared with plans at the beginning of the year by around five per cent, measured in passenger kilometres.

The departure time of the second daily flight between Helsinki and Bangkok in the winter season will be moved from the morning to late in the evening, in which case the number of onward connections from Europe will multiply. Following the change, good connections will be established from around 40 cities to the Bangkok route. Connections via Bangkok to Australia will also improve as a result.

The departure times of Finnair's Delhi and Mumbai routes will be moved closer to the main wave of European arrival times in Helsinki. In this way, the number of onward connections from Europe to Delhi will double.

Compared to last winter season, the number of flights per week on the New York route will increase from five to six and the number of flights on the Hong Kong route from four per week to daily. Flights to Guangzhou, on the other hand, were suspended from the beginning of the winter traffic season. The new Seoul route will be flown four times per week during the winter season.

At the beginning of September, Finnair began scheduled flights from Helsinki to Yekaterinburg, located in the Urals. The route, flown three times per week with Airbus A319 aircraft, is Finnair's third scheduled traffic destination in Russia after Moscow and St. Petersburg. Finnair flies the route in cooperation with Ural Airlines. The three-hour flight time as well as onward connections with brief changeovers at both ends make the route very competitive in Russia, the Nordic countries and elsewhere in Europe.

The Leisure Flights fleet consists of seven Boeing 757 aircraft, and Airbus capacity leased from Scheduled Passenger Traffic. Due to increased demand, Finnair Leisure Flights will lease for the winter season one wide-bodied aircraft, which will fly to Phuket in Thailand. In the summer season, Leisure Flights flies, in addition to charter flight traffic, certain holiday routes, including Boston and Toronto.

At the beginning of June, the electronic ticket (e-ticket) was adopted worldwide in flight traffic for all journeys. Finnair has been among the leading companies in introducing the e-ticket. Using e-tickets is more economical than using paper tickets.

Short-term risks and uncertainty factors

Despite the recent fall in oil prices, the price of fuel remains the most significant uncertainty factor in terms of costs. Turnover is affected mainly by the development of demand and the average revenue of flight tickets and cargo.

The sensitivity of the result to changes in the demand and price is significant. A change of one percentage point in the load factor affects the annual result by more than 15 million euros. Correspondingly a change of one percentage point in the average price also affects the annual result by more than 15 million euros.

A change of ten per cent in the price of oil on an annual level affects the company's fuel bill by over 25 million euros, based on Finnair's hedging levels. Correspondingly, a ten per cent strengthening of the US dollar against the euro weakens the result by a good 15 million euros annually with Finnair's degree of hedging.

In scheduled traffic, bookings extend for only a few weeks. The impact of the world economy on Finnair's demand and price level cannot be reliably estimated in the long term, but a weakening of economic conditions is a significant risk to the development of air travel and air cargo.

Negotiations to renew the collective employment agreement of pilots, which ends on 30 November 2008, are currently under way.

Outlook

In the final quarter, scheduled passenger traffic capacity, measured in passenger kilometres, will grow around six per cent. In Asian traffic, growth of revenue passenger kilometres will not meet the previous forecast of 20 per cent. In 2009 Finnair's scheduled passenger traffic capacity is expected to reduce by 1-2 per cent, as a consequence of production cutbacks. These will have impact on personnel.

The company's cost structure and operations will be enhanced through a 50 million result improvement programme, which is not expected, however, to have any significant impact on the 2008 result. In connection with the programme, statutory employer-employee negotiations are currently under way, aimed at cutting 500 jobs. Part of the savings will also be found through lay-offs.

Leisure Flights' sales to tour operators in terms of winter long-haul trips have grown from last year.

During the coming few months the situation in the sector is expected to remain extremely difficult, however, due to uncertain development in demand. Finnair's demand is expected to remain at last year's level, but average unit revenue in scheduled passenger and cargo traffic is expected to fall from the level of the previous year.

The decrease of fuel spot prices will help Finnair in medium / long term but high hedging ratios reduces the impact in the short term. The operational result for the final quarter is expected to be negative.

FINNAIR PLC
Board of Directors

Press conference

Finnair will hold briefings for media representatives (11 a.m.) and analysts (12.30 p.m.) on 31 October 2008, at the address Toimistotorni, Lentäjätie 3, Helsinki-Vantaa Airport. Further information and registrations: Hanna-Kaisa Nurmi, tel. +358 9 818 4951 or hanna-kaisa.nurmi@finnair.com.

Finnair Plc
Communications
Christer Haglund
SVP Corporate Communications

For further information, please contact:

SVP and CFO Lasse Heinonen
tel. +358 9 818 4950
lasse.heinonen@finnair.fi

SVP Corporate Communications, Christer Haglund
tel. +358 9 818 4007
christer.haglund@finnair.fi

VP Financial Communications and Investor Relations Taneli Hassinen
tel. +358 9 818 4976
taneli.hassinen@finnair.fi

<http://www.finnair.com/investor>

FINNAIR GROUP INTERIM REPORT FOR JANUARY 1 – SEPTEMBER 30, 2008

KEY FIGURES EUR mill.

	2008	2007	Change	2008	2007	Change	2007
	1 July- 30 Sep	1 July- 30 Sep	%	1 Jan- 30 Sep	1 Jan- 30 Sep	%	1 Jan- 31 Dec
Turnover	559.7	545.2	2.7	1 682.3	1 611.8	4.4	2 180.5
Result before depreciation and lease payments, EBITDAR *	54.0	88.0	-38.6	166.2	216.8	-23.3	287.4
Lease payments for aircraft	20.7	19.8	4.5	61.8	60.6	2.0	81.2
Operating result, EBIT*	2.8	39.2	-92.9	19.1	72.2	-73.5	96.6
Fair value changes of derivatives	-26.1	3.4	-	-13.6	14.3	-	14.5
Result from disposal of capital assets	-1.5	17.3	-	2.5	24.2	-89.7	30.4
Operating result, EBIT	-24.8	59.9	-	8.0	110.7	-	141.5
Result for the financial year (share attributable to shareholders of parent company)	-17.3	39.6	-	2.1	74.7	-	101.6
Operating result, EBIT, % of turnover *	0.5	7.2	-	1.1	4.5	-74.7	4.4
EBITDAR, % of turnover *	9.6	16.1	-	9.9	13.5	-26.6	13.2
Unit revenues of flight operations c/RTK	67.4	68.9	-2.2	70.5	72.8	-3.2	72.6
Unit costs of flight operations c/ATK	42.8	40.9	4.8	42.9	43.7	-1.7	43.5
Earnings per share EUR (basic)	-0.15	0.41	-	0.02	0.77	-	1.04
Earnings per share EUR (diluted)	-0.15	0.41	-	0.02	0.77	-	1.04
Equity per share EUR	7.54	7.68	-1.8	7.54	7.68	-1.8	7.70
Gross investment EUR mill.	74.9	19.7	-	219.7	264.3	-16.9	326.3
Gross investment. % of turnover	13.4	3.6	-	13.1	16.4	-	15.0
Equity ratio %				46.2	37.5	23.2	47.0
Gearing %				-8.7	17.7	-	-22.5
Adjusted gearing %				51.1	103.3	-	35.1
Rolling 12-month ROCE %				5.5	9.3	-	14.2
Rolling 12-month ROE %				3.6	8.3	-	12.9

* Excluding capital assets, fair value changes of derivatives and non-recurring items.

Unit costs of flight operations c / ATK = Operating expenses (excluding fair value changes of derivatives and non-recurring items) of Scheduled Traffic business area and Leisure Flights business unit / ATK of Group.

CALCULATION OF KEY RATIOS

Earnings / share:

Result 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 result, EBIT :

Operating result excluding the disposal of the capital assets, fair value changes of derivatives and non-recurring items

Shareholders equity = To equity holders of the parent

Return on capital employed,%: (ROCE)

Result 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 *100

Equity + minority interests (average)

The figures of interim report have not been audited.

CONSOLIDATED INCOME STATEMENT (EUR mill.)

	2008	2007	Change	2008	2007	Change	2007
	1 July– 30 Sep	1 July– 30 Sep	%	1 Jan– 30 Sep	1 Jan– 30 Sep	%	1 Jan– 31 Dec
Turnover	559.7	545.2	2.7	1 682.3	1 611.8	4.4	2 180.5
Work used for own purposes and capitalized	0.5	1.1	-54.5	1.1	2.4	-54.2	3.0
Other operating income	4.3	26.1	-83.5	18.5	42.7	-56.7	52.8
Operating income	564.5	572.4	-1.4	1 701.9	1 656.9	2.7	2 236.3
Operating expenses							
Staff costs	129.3	129.1	0.2	398.0	391.4	1.7	541.5
Fuel	158.2	116.5	35.8	436.6	324.0	34.8	439.9
Lease payment for aircraft	20.7	19.8	4.5	61.8	60.6	2.0	81.2
Other rental payments	13.3	16.0	-16.9	48.5	48.5	0.0	63.8
Fleet materials and overhauls	19.5	17.0	14.7	58.4	58.4	0.0	76.7
Traffic charges	48.6	46.0	5.7	139.3	134.1	3.9	177.0
Ground handling and catering expenses	38.1	39.1	-2.6	109.8	118.3	-7.2	154.3
Expenses for tour operations	27.4	25.0	9.6	97.5	83.8	16.3	120.6
Sales and marketing expenses	24.0	19.1	25.7	76.0	65.6	15.9	92.0
Depreciation	32.0	33.5	-4.5	87.8	88.5	-0.8	112.6
Other expenses	78.2	51.4	52.1	180.2	173.0	4.2	235.2
Total	589.3	512.5	15.0	1 693.9	1 546.2	9.6	2 094.8
Operating result, EBIT	-24.8	59.9	-	8.0	110.7	-	141.5
Financial income	5.4	2.0	170.0	18.0	8.2	119.5	17.2
Financial expenses	-2.9	-6.0	-51.7	-21.6	-15.3	41.2	-19.9
Share of result in associates	0.0	0.0	-	0.0	0.1	-	0.1
Result before taxes	-22.3	55.9	-	4.4	103.7	-	138.9
Direct taxes	5.0	-16.1	-	-2.3	-28.6	-	-36.8
Result for financial year	-17.3	39.8	-	2.1	75.1	-	102.1

Earnings per share to shareholders of the parent company	-17.3	39.6		2.1	74.7		101.6
Minority interest	0.0	0.2		0.0	0.4		0.5
Earnings per share calculated from result attributable to shareholders of the parent company							
Earnings per share EUR (basic)	-0.15	0.41		0.02	0.77		1.04
Earnings per share EUR (diluted)	-0.15	0.41		0.02	0.77		1.04

CONSOLIDATED BALANCE SHEET (EUR mill.)

	30 Sep 2008	30 Sep 2007	31 Dec 2007
ASSETS			
Non-current assets			
Intangible assets	47.7	47.0	46.6
Tangible assets	1 242.7	1 163.2	1 168.9
Investments in associates	5.8	5.7	5.7
Financial assets	21.5	14.3	13.8
Deferred tax receivables	12.3	18.1	13.2
Total	1 330.0	1 248.3	1 248.2
Short-term receivables			
Inventories	37.6	39.8	36.1
Trade receivables and other receivables	358.5	307.6	287.3
Investments	357.7	231.8	518.6
Cash and bank equivalents	16.3	26.6	21.5
Total	770.1	605.8	863.5
Non-current Assets held for sale	35.3	11.2	34.7
Assets total	2 135.4	1 865.3	2 146.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent company			
Shareholders' equity	75.4	75.4	75.4
Other equity	887.6	605.1	909.9
Total	963.0	680.5	985.3
Minority interest	0.8	1.6	1.7
Equity, total	963.8	682.1	987.0
Long-term liabilities			
Deferred tax liability	149.1	118.7	143.4
Financial liabilities	242.8	313.6	269.6
Pension obligations	2.2	11.8	15.8
Total	394.1	444.1	428.8
Short-term liabilities			
Current income tax liabilities	0.0	23.1	12.1
Reserves	53.3	56.5	53.6
Financial liabilities	51.9	70.3	54.5
Trade payables and other liabilities	672.3	579.2	610.4
Total	777.5	729.1	730.6
Liabilities related to long-term asset items held for sale	0.0	10.0	0.0
Liabilities total	1 171.6	1 183.2	1 159.4
Shareholders' equity and liabilities, total	2 135.4	1 865.3	2 146.4

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
Change in fair value of hedging instruments					15.1		15.1		15.1
Result for the period						74.7	74.7	0.4	75.1
Shareholders´ equity 30.9.2007	75.4	0.0	20.4	147.7	-6.0	443.0	680.5	1.6	682.1

SHAREHOLDERS´ EQUITY EUR mill.

Equity attributable to shareholders of parent company										
	Share capital	Share issue	Share pre- mium account	Bo- nus issue	Hedging reserve	Unrestric- ted equity	Retai- ned earn- ings	Total	Minority interests	Own equity total
Shareholders´ equity 1.1.2008	75.4	0.0	20.4	147.7	26.8	244.9	470.1	985.3	1.7	987.0
Translation difference							0.2	0.2		0.2
Dividend payment							-31.9	-31.9	-0.6	-32.5
Minority change							0.0	0.0	-0.3	-0.3
Purchase of own shares	0.0	0.0	0.0				-4.7	-4.7		-4.7
Assignment of own shares/ Share premium account charges						2.1	0.8	2.9		2.9
Change in fair value of hedging instruments					9.1			9.1		9.1
Result for the period							2.1	2.1	0.0	2.1
Shareholders´ equity 30.9.2008	75.4	0.0	20.4	147.7	35.9	247.0	436.6	963.0	0.8	963.8

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 30 Sep 2008	1 Jan – 30 Sep 2007	1 Jan – 31 Dec 2007
Cash flow from operating activities			
Result for the financial year	2.1	75.1	102.1
Operations for which a payment is not included 1)	69.7	79.8	100.0
Interest and other financial expenses	21.6	15.3	19.9
Interest income	-14.8	-8.1	-11.9
Other financial income	-3.2	-0.1	-5.1
Dividend income	0.0	0.0	-0.2
Taxes	2.3	28.6	36.8
Changes in working capital:			
Change in trade and other receivables	-50.2	-86.3	2.4
Change in inventories	-1.5	-1.3	2.4
Change in accounts payables and other liabilities	49.1	87.9	86.4
Interest paid	-9.6	-10.5	-14.6
Paid financial expenses	-3.5	-2.5	-2.3
Received interest	10.8	6.3	9.6
Received financial income	3.2	0.1	0.5
Taxes paid	-5.8	-15.6	-24.2
Net cash flow from operating activities	70.2	168.7	301.8
Cash flow from investing activities			
Sell of subsidiaries, net cash sold	0.0	0.0	0.6
Acquisitions of subsidiaries	-3.2	-0.6	-0.6
Investments in intangible assets	-6.2	-15.2	-15.4
Investments in tangible assets	-199.8	-264.3	-346.2
Net change of financial interest bearing assets at fair value through profit and loss	123.6	12.6	-205.6
Net change of shares classified as available for sale	18.9	0.0	0.0
Sales of tangible fixed assets	64.8	40.7	65.2
Received dividends	0.0	0.0	0.2
Change in non-current receivable	-7.7	1.1	1.7
Net cash flow from investing activities	-9.6	-225.7	-500.1
Cash flow from financing activities			
Loan withdrawals	3.7	85.1	95.6
Loan repayments and changes	-51.3	-43.8	-115.0
Share issue	0.0	0.0	244.9
Purchase of own shares	-4.7	0.0	0.0
Dividends paid	-31.9	-8.9	-8.9
Net cash flow from financing activities	-84.2	32.4	216.6
Change in cash flows	-23.6	-24.6	18.3
Change in liquid funds			
Liquid funds, at beginning	291.8	273.5	273.5
Change in cash flows	-23.6	-24.6	18.3
Liquid funds, in the end	268.2	248.9	291.8

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 30 Sep 2008	1 Jan – 30 Sep 2007	1 Jan – 31 Dec 2007
Notes to consolidated cash flow statement			
1) Operations for which a payment is not included			
Depreciation	87.8	88.5	112.6
Employee benefits	-13.7	-4.8	6.8
Other adjustments	-4.4	-3.9	-19.4
Total	69.7	79.8	100.0
Financial asset at fair value	357.7	231.8	518.6
Cash and bank equivalents	16.3	25.3	21.5
Short-term cash and cash equivalents in balance sheet	374.0	257.1	540.1
Maturing after more than 3 months	-99.1	-5.3	-222.7
Shares held to trading purposes	-6.7	-2.9	-25.6
Total in cash flow statement	268.2	248.9	291.8

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. BASIS OF PREPARATION

In preparing this interim report, the Group has applied the same accounting principles as in its 2007 financial statements, but so that the Group has introduced the following new interpretations as of 1 January 2008:

IFRIC 11, IFRS 2 – Group and Treasury Share Transactions. The interpretation clarifies the treatment of transactions relating to an entity's own equity instruments or to Group companies in the parent company and in Group companies' financial statements by providing guidance on their classification into share-based transactions payable as shareholders' equity or payable as cash. The interpretation has no impact on the consolidated financial statements.

In addition, the Group has introduced the following amendments to standards that have been issued during 2008:

*IAS 39 (Amendment) and IFRS 7 (Amendment), Reclassification of Financial Assets **. The amendment facilitates the reclassification of financial assets from financial assets held for trading purposes or financial assets available-for-sale under certain conditions and only in special situations. In such cases additional disclosures are required in the financial statements. The amendment has been effective as of 1 July 2008. The interpretation has no impact on the consolidated financial statements.

In addition to the new standards and interpretations presented in the 2007 financial statements, the Group will introduce in 2009 the following amended standards and interpretations published after 1 January 2008:

*IFRIC 16, Hedges of a Net Investment in a Foreign Operation **. IFRIC 16 clarifies the treatment of hedges of a net investment in a foreign operation. This means that hedges of a net investment in a foreign operation relate to differences in the functional currency of the foreign operation and not to differences in the presentation currency. In addition, the hedging instrument may be held by any entity within the Group. IAS 21, *The Effects of Changes in Foreign Exchange Rates* is applied to the hedged item. Group management is examining the impact on the consolidated financial statements of the amendment to the standard. **

*IFRIC 15, Agreements for the Construction of Real Estate **. The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and, accordingly, when revenue from construction projects should be recognised. The interpretation has no impact on the consolidated financial statements. **

*IAS 39 (Amendment), Financial instruments: Recognition and Measurement – Eligible Hedged Items **. According to the amendment, inflation may not be designated as hedged component in a fixed-rate debt. In addition, when hedge accounting is applied to options, the time value of an option may no longer be included in the hedging of a one-sided risk. Group management is examining the impact on the consolidated financial statements of the amendment to the standard. **

* The names and interpretations of the standards which do not have official translating will be published in English.

** The standard/interpretation in question has not yet been approved for application in the EU.

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 2007 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 base on the corresponding information reported in the financial statement.

PRIMARY REPORTING FORMAT - BUSINESS SEGMENT DATA 1 January – 30 September 2008

	Scheduled Passenger Traffic	Leisure Traffic	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.							
External turnover	1 234.0	311.9	79.3	57.1			1 682.3
Internal turnover	75.5	5.9	250.7	2.9	-335.0		0.0
Turnover	1 309.5	317.8	330.0	60.0	-335.0	0.0	1 682.3
Operating result	1.5	14.6	7.8	3.2		-19.1	8.0
Share of results of associated undertakings						0.0	0.0
Financial income						18.0	18.0
Financial expenses						-21.6	-21.6
Income tax						-2.3	-2.3
Minority interest						0.0	0.0
Result for the period							2.1
Other items							
Investments	182.5	0.1	36.2	0.4	0.0	0.5	219.7
Depreciation	56.8	0.3	28.7	1.0	0.0	1.0	87.8

PRIMARY REPORTING FORMAT - BUSINESS SEGMENT DATA 1 January- 30 September 2007

	Scheduled Passenger Traffic	Leisure Traffic	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.							
External turnover	1 179.0	285.1	89.0	58.7			1 611.8
Internal turnover	78.8	4.7	231.5	3.4	-318.4		0.0
Turnover	1 257.8	289.8	320.5	62.1	-318.4	0.0	1 611.8
Operating result	63.4	14.5	8.5	3.8		20.5	110.7
Share of results of associated undertakings						0.1	0.1
Financial income						8.2	8.2
Financial expenses						-15.3	-15.3
Income tax						-28.6	-28.6
Minority interest						-0.4	-0.4
Result for the period							74.7
Other items							
Investments	237.2	0.8	23.3	0.8	0.0	2.2	264.3
Depreciation	64.7	0.3	19.8	1.1	0.0	2.6	88.5

TURNOVER

	2008	2007	Change	2008	2007	Change	2007
	1 Jul– 30 Sep	1 Jul 30 Sep	%	1 Jan– 30 Sep	1 Jan– 30 Sep	%	1 Jan– 31 Dec
EUR mill.							
Scheduled Passenger Traffic	447.4	432.6	3.4	1 309.5	1 257.8	4.1	1 685.3
Leisure Traffic	93.7	90.1	4.0	317.8	289.8	9.7	409.6
Aviation Services	108.6	109.9	-1.2	330.0	320.5	3.0	433.9
Travel Services	18.3	19.0	-3.7	60.0	62.1	-3.4	82.3
Group eliminations	-108.3	-106.4	1.8	-335.0	-318.4	5.2	-430.6
Total	559.7	545.2	2.7	1 682.3	1 611.8	4.4	2 180.5

OPERATING RESULT EXCLUDING THE DISPOSAL OF THE CAPITAL ASSETS, FAIR VALUE CHANGES OF DERIVATIVES AND NON-RECURRING ITEMS

	2008	2007	Change	2008	2007	Change	2007
	1 Jul– 30 Sep	1 Jul 30 Sep	%	1 Jan– 30 Sep	1 Jan– 30 Sep	%	1 Jan– 31 Dec
EUR mill.							
Scheduled Passenger Traffic	-4.0	28.8	-113.9	-2.5	56.2	-104.4	76.2
Leisure Traffic	6.0	7.8	-23.1	14.6	14.5	0.7	24.2
Aviation Services	1.9	2.7	-29.6	8.8	7.3	20.5	10.3
Travel Services	1.3	1.3	0.0	3.1	3.8	-18.4	2.9
Unallocated items	-2.4	-1.4	71.4	-4.9	-9.6	-49.0	-17.0
Total	2.8	39.2	-92.9	19.1	72.2	-73.5	96.6

EMPLOYEES AVERAGE BY SEGMENT

	2008	2007	Change
	1 Jan– 30 Sep	1 Jan– 30 Sep	%
Scheduled Passenger Traffic	4 254	4 145	2.6
Leisure Traffic	456	372	22.6
Aviation Services	3 658	3 730	-1.9
Travel Services	1 095	1 129	-3.0
Other functions	151	158	-4.4
Finnair Group Total	9 614	9 534	0.8

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS TURNOVER OUTSIDE THE GROUP BY SALES DESTINATION

	2008	2007	Change	2008	2007	Change	2007
	1 Jul– 30 Sep	1 Jul– 30 Sep	%	1 Jan– 30 Sep	1 Jan– 30 Sep	%	1 Jan– 31 Dec
EUR mill.							
Finland	90.3	99.0	-8.8	307.2	308.5	-0.4	419.7
Europe	256.9	246.8	4.1	755.7	762.2	-0.9	992.8
Asia	181.3	164.9	9.9	519.4	440.4	17.9	626.3
North America	21.8	21.3	2.3	51.9	49.5	4.8	63.2
Others	9.4	13.2	-28.8	48.1	51.2	-6.1	78.5
Total	559.7	545.2	2.7	1 682.3	1 611.8	4.4	2 180.5

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 2007 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 Sep 2008		30 Sep 2007		31 Dec 2007	
	Nominal value (EUR mill.)	Fair value (EUR mill.)	Nominal value (EUR mill.)	Fair value (EUR mill.)	Nominal value (EUR mill.)	Fair value (EUR mill.)
Currency derivatives						
Hedge accounting items						
Forward contracts. Jet Fuel currency hedging	380.0	7.2	254.3	-17.1	267.0	-20.0
Forward contracts. Hedging of Aircraft purchase price	469.9	9.8	424.8	-15.0	463.0	-16.9
Forward contracts. Currency hedging of lease payments	49.1	1.4	62.6	-3.2	56.3	-3.9
Total	899.0	18.4	741.7	-35.3	786.3	-40.8
Currency derivatives at fair value through profit or loss						
Operating cash flow hedging (terminals)	60.1	3.4	0.0	0.0	2.7	0.0
Operating cash flow hedging (options)						
Currency call options	20.4	0.3	28.2	0.0	54.3	0.1
Currency put options	19.4	-0.1	28.2	-0.5	64.5	-0.6
Balance sheet hedging	67.4	0.4	77.6	-1.3	47.2	-0.6
Total	167.3	4.0	134.0	-1.8	168.7	-1.1
Currency derivatives, total	1 066.3	22.4	875.7	-37.1	955.0	-41.9
	30 Sep 2008		30 Sep 2007		31 Dec 2007	
	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	602 800	52.0	538 000	17.5	562 750	55.3
Commodity derivatives at fair value through profit or loss						
Jet Fuel Forward contracts	69 200	-5.3	9 400	0.3	11 100	0.6
Gasoil forward contracts	28 500	0.5	38 400	1.7	21 900	2.7
Jet differential forward contracts	460 500	1.1	333 000	1.8	395 000	1.1
Options						
Jet Fuel call options	45 000	2.0	28 500	2.0	64 500	2.0
Jet Fuel put options	45 000	-3.9	57 000	-0.7	76 000	-0.7
Gasoil call options	64 000	-2.9	51 000	3.3	48 500	3.1
Gasoil put options	78 500	0.0	99 000	-0.8	86 500	-0.5
Total		43.4		25.1		63.5
	30 Sep 2008		30 Sep 2007		31 Dec 2007	
	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	18.6	-8.5	30.3	-13.6	26.9	-13.6
Cross currency interest rate swaps at fair value through profit or loss	12.4	-7.4	17.1	-10.2	15.4	-10.1
Total	31.0	-15.9	47.4	-23.8	42.3	-23.7
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	0.7	20.0	1.0	20.0	0.9
Total	20.0	0.7	20.0	1.0	20.0	0.9
Share derivatives						
Shares						
Call options, share	15.4	0.0	16.6	3.2	16.1	8.4

6. COMPANY ACQUISITIONS AND SALES

On 23 October 2007, the Group subsidiary Oy Aurinkomatkat – Suntours Ltd Ab signed an agreement by which it purchased a majority shareholding of all three Russian companies belonging to the Calypso Group. 80 per cent of share stock and control was transferred in January 2008. at which time the company became part of the Group. The gross investment in the shares was 2.5 million euros. During the reported period additional purchase price 0.4 million euros has been paid from Horizon Travel shares.

7. INCOME TAXES

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

8. DIVIDEND PER SHARE

The Annual General Meeting decided on 27 March 2008 to distribute a dividend of 0.25 euros per share. The total dividend was 31.9 million euros, based on the number of shares registered on 1 April 2008. The dividend was paid on 7 April 2008.

9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS EUR mill.

	30 Sep 2008	30 Sep 2007	31 Dec 2007
Carrying amount at beginning of period	1 250.2	1 067.4	1 067.4
Fixed asset investments	241.7	264.3	326.3
Change in advances	-13.6	15.8	35.8
Disposals	-64.8	-40.7	-66.7
Depreciation	-87.8	-88.5	-112.6
Carrying amount at end of period	1 325.7	1 218.3	1 250.2

Proportion of assets held for sale at beginning of period	34.7	7.6	7.6
Proportion of assets held for sale at end of period	35.3	8.1	34.7

10. INTEREST-BEARING LIABILITIES

In the reported period, Group loans were repaid in accordance with a repayment programme also the bond has been repurchased by 23.0 million euros. The rest of the loan transactions presented in the accounts relate 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 Sep 2008	30 Sep 2007	31 Dec 2007
Other contingent liabilities			
Pledges on own behalf	268.3	282.8	263.1
Guarantees on group undertakings	67.5	60.9	67.5
Total	335.8	343.7	330.6

Investment commitments for property, plant and equipment on 30 September 2008 totalled 1,360.0 million euros (31 December 2007: 1,311.1 million euros)

12. LIABILITIES (EUR million)

	30 Sep 2008	30 Sep 2007	31 Dec 2007
Fleet lease payment liabilities	301.5	333.2	324.8
Other liabilities	201.5	181.8	177.7
Total	503.0	515.0	502.5

13. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Finnair's 2007 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 September 2008

	Total traffic	Europe	North America	Asia	Domestic	Scheduled Traffic Total	Leisure	Cargo
Passengers (1000)	6 248	3 088	114	965	1 101	5 267	981	
%-change	-6.8	-13.8	5.4	15.1	-14.5	-9.5	10.3	
Cargo and mail (tonnes)	78 225	15 683	5 544	52 128	2 304	75 660	281	78 225
%-change	10.0	-2.5	-0.7	25.0	-7.8	14.9	-20.1	10.0
Available seat-kilometres mill	21 702	6 413	896	9 228	1 055	17 590	4 112	
%-change	8.6	-4.5	4.6	22.5	-4.7	8.5	9.1	
Revenue passenger kilometres	16 224	4 259	752	6 942	624	12 577	3 648	
%-change	6.9	-8.4	5.4	17.4	-8.2	5.2	13.3	
Passenger load factor %	74.8	66.4	84.0	75.2	59.2	71.5	88.7	
%-change	-1.2	-2.8	0.6	-3.3	-2.2	-2.2	3.3	
Available tonne-kilometres	3 357							727
%-change	11.0							10.9
Revenue tonne-kilometres mill	1 901							448
%-change	8.6							13.9
Overall load factor %	56.6							61.7 *
%-change	-1.3							1.6

* Operational calculatory capacity

15. EVENTS AFTER THE REVIEW PERIOD

There have not been other remarkable events after the closing date as told in the interim report.