FINNAIR GROUP INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2010

Record quarter for Finnair boosted by Asian traffic growth

Summary of January-September key figures

– Turnover rose 9.2% to 1,506.4 million euros (1,380.0)
– Scheduled traffic grew 4.2%, passenger traffic overall declined by 2.3%; passenger load factor rose from the previous year by 1.9 percentage points to 77.5%
– The operational result, i.e. EBIT excluding non-recurring items, capital gains and changes in the fair value of derivatives, was a profit of 2.0 million euros (133.4 loss)
–The result before taxes was a loss of 23.4 million euros (80.9 loss).

Summary of third quarter key figures

– Turnover rose by 26.2% to 551.4 million euros (436.9)
– Passenger traffic grew compared with the previous year by 1.1%; scheduled traffic grew by 2.1%
– Scheduled traffic yield per revenue passenger kilometre improved by 23.5%
– Unit costs fell by 3.8%
– The operational result was a profit of 41.9 million euros (32.9 loss).
– Net operational cash flow was 48.4 million euros (-114.2)

In this interim report, figures for 2009 are presented in brackets after the 2010 figures.

President & CEO Mika Vehviläinen on the interim result:

The third quarter was the first profitable quarter after seven successive loss-making quarters. The market situation has been clearly better than at the beginning of the year, which is evident in increasing demand and a sharp strengthening of unit revenues. Airline industry is sensitive to changes in world economy, which makes it difficult to predict the future development.

The quarters of the current year have been very different from each other, which reflects the sensitivity of profitability development in the sector. The perceived profit trend in Finnair is encouraging, but long-term success requires systematic and continuous work to improve cost-competitiveness. In addition to discipline in cost management, improving profitability also requires the correct management of capacity and pricing.

Our market share in traffic between Asia and Europe is continually strengthening. In August, our sales in Japan exceeded sales in Finland for the first time.

We in Finnair are committed to continuing our strong growth in Asia-Europe traffic. We will take advantage of growing demand in the Asian market as well as our competitive strengths, which are evident particularly in long-haul traffic.

During the coming winter we will renew our identity in terms of service content, our internal operating practices and external look. Our developing identity will help us to differentiate ourselves from the competition.

We have the ambition and all that it takes to develop into an international winning team. We want to offer our customers the best customer experience and value for money both in business and leisure travel.

Market and General Review

The growth in world air transport, which picked up in the early part of the year, has continued through the third quarter. The 8% growth figures for the air transport market have eased slightly towards the autumn. Capacity additions have been lower than growth in demand, so passenger load factors have remained at a high level.

Finnair's traffic volume growth in the third quarter has been somewhat lower than the trend for the sector as a whole. The strengthening of the demand base has been harnessed to improve unit revenues.

Demand has improved particularly in business travel, which has changed the sales mix. This, in turn, has clearly improved passenger kilometre-based unit revenues.

Unit revenues have improved most in Asian traffic, where travel demand comes mostly from outside Finland. Unit revenues have improved least in domestic traffic.

Finnair has increased its market share in traffic between Asia and Europe. Finnair's market share in traffic departing from Finland has fallen slightly as other companies have increased their capacity in Finland's international air traffic.

Cargo demand has strengthened worldwide since the end of last year. Finnair has taken advantage of the rapidly improved cargo market by operating, since last May, flights with a Boeing MD-11 cargo aircraft from Helsinki to Hong Kong and Seoul.

Financial Result, 1 January – 30 September 2010

In January-September, the Finnair Group's turnover was 1,506.4 million euros (1,380.0), which is 9.2% higher than the previous year. The Group's operational result, i.e. EBIT excluding non-recurring items, capital gains and changes in the fair value of derivatives, was a profit of 2.0 million euros (133.4 loss). The result before taxes was a loss of 23.4 million euros (80.9 loss).

Changes in the fair value of derivatives and exchange rate level of foreign exchange-denominated engine overhaul provisions had a 12 million euro weakening effect on the result reported for the first nine months. The corresponding item the previous year improved the reported result by 51.3 million euros.

In January-September, Finnair's passenger traffic capacity contracted by 4.7% and revenue passenger kilometres fell by 2.3%. Asian traffic grew by 11.1%. The passenger load factor for all traffic rose by 1.9 percentage points from the previous year to 77.5%. The amount of cargo carried grew from the previous year by 38.4%. In January-September, Finnair carried a total of 5.5 million passengers.

In Group passenger traffic, total unit revenues per passenger kilometre rose 8.3%. Yield per passenger rose by 9.8%. Unit revenues per tonne kilometre for cargo traffic rose by 18.2%. Weighted unit revenues for passenger and cargo traffic rose by 2.3%.

In January-September, euro-denominated operating expenses, excluding non-recurring items, capital gains and changes in the fair value of derivatives, fell by 0.3%. Unit costs per revenue tonne kilometre in flight operations fell by 7.1%.

The impact of efficiency measures is evident in significant cost items. An item of around 24 million euros was transferred from personnel expenses as part of ground handling and catering costs arising from the outsourcing of baggage handling and cargo warehousing activities. In terms of outsourced activities, the adjusted reduction in personnel expenses is 3.3 per cent.

Net operational cash flow for the review period was 48.4 million euros (-114.2). Earnings per share for January-September amounted to -0.18 euros (-0.47).

Financial Result, 1 July – 30 September 2010

Turnover rose in the third quarter by 26.2% to 551.4 million euros (436.9 million). The Group’s operational result, excluding non-recurring items, capital gains and changes in the fair value of derivatives, was a profit of 41.9 million euros (32.9 million loss). Adjusted operating profit margin was 7.6%. The result before taxes was a profit of 43.9 million euros (-24.5 million loss).

A 8.4 million euro item improving the third quarter result has been recognised for changes in the fair value of derivatives and the exchange rate level of foreign exchange-denominated engine overhaul provisions. The corresponding item last year improved the reported result by 3.7 million euros. The strong volatility is due to fluctuations in the market price of fuel and currency exchange rates. Changes in the fair value of derivatives have no effect on cash flow.

In July-September, Finnair’s passenger traffic capacity grew 2.5% and revenue passenger kilometres by 1.1%. Asian traffic grew by 8.5%. The passenger load factor for traffic overall declined from the previous year by 1.1 percentage points to 78.5%. The amount of cargo carried rose by 46.0%.

Total unit revenues per passenger kilometre from scheduled and charter flight traffic rose in the third quarter by 20.7% due to a positive change in the structure of demand. Business travel continued its strong growth during the quarter. Yield per passenger rose by 22.6%. Unit revenues per tonne kilometre in cargo traffic rose by 25.4%. Weighted unit revenues per tonne kilometre for passenger and cargo traffic rose by 12.7%.

Euro-denominated operating expenses, excluding non-recurring items, capital gains and changes in the fair value of derivatives, rose from the previous year by 8.5%. Unit costs per revenue tonne kilometre in flight operations fell by 3.8%.

Traffic charges rose by 12.3% due to increased traffic and higher Russian overflight fees. Personnel and fuel costs, on the other hand, fell significantly, both absolutely and relative to performance. 'Other lease payments' rose by 28.2%, mainly due to the sale and leaseback of airport properties.

'Fleet overhaul and material purchases' rose by 71.0%. The rise is due to a change in the engine overhaul provision for leased aircraft, extra costs related to the delivery of aircraft, and the impact of the euro-dollar exchange rate on overhaul expenses.

Net operational cash flow for the review period was 46.8 million euros (0.6).

Investment, Financing and Risk Management

At the end of September, balance sheet cash and cash equivalents totalled 538.7 million euros (304.4 million). Gearing stood at 33.5% (35.9). Gearing adjusted for leasing liabilities was 90.0% (100.6). The equity ratio was 34.0% (37.0). Finnair's solidity is good in comparison with the sector.

Investments in January-September totalled 156.4 million euros (338.8) and the projection for the full year is just over 200 million euros.

Last year, Finnair made a finance leasing arrangement of around 165 million euros to finance three Airbus aircraft. This was backed by the export credit institutions of the Airbus owner states. Within the framework of the financing arrangement, Finnair acquired one wide-bodied aircraft in December last year and two at the beginning of this year. The second aircraft was delivered to Finnair in the first quarter and the third aircraft in April.

Finnair has the option of a loan-back of employment pension fund reserves from Ilmarinen Mutual Pension Insurance Company amounting to around 380 million euros, the withdrawal of which requires a bank guarantee.

In addition, Finnair renewed in June a 200 million euro syndicated credit facility, intended as reserve financing, which has not been used to date. Financial flexibility is also achieved through a 200 million euro short-term commercial paper programme, of which 36.2 million euros was in use at the end of September.

According to the financial risk management policy approved by Finnair's Board of Directors, the company has hedged 63% of scheduled traffic's jet fuel purchases during the next six months and thereafter for the following 21 months with a decreasing level of hedging. In Finnair's charter traffic, fuel consumption is price hedged in accordance with a traffic programme agreed with tour operators within the framework of the hedging policy. Derivatives linked to jet fuel and gasoil prices are the main fuel price hedging instruments.

The change during the review period in the fair value of derivatives that mature in future as well as in the exchange rate level of foreign exchange-denominated engine overhaul provisions are recognised in the Finnair income statement. The change in question is a valuation result in accordance with IFRS reporting practice which has not been realised. It has no cash-flow impact, nor is it included in the operational result. In January-September, the change in the fair value of derivatives and the foreign exchange rate level of engine overhaul provisions was -12.0 million euros (+51.3).

The operational result for January-September includes realised losses of 21.4 million euros (58.7 loss) on derivatives resulting from fuel price hedging, which appear in the fuel item of the income statement. The figure includes both foreign exchange and fuel derivatives. The third quarter operational result accounts for 5.8 million euros of the realised losses.

Shareholders' equity includes a fair value fund related to hedge accounting, the value of which is affected by changes in the oil price and foreign exchange rates. The size of the item on the end of September was 0.1 million euros (-54.3), after deferred taxes, which includes foreign exchange and fuel derivatives as well as, to lesser degree, other financial items.

A strengthening of the US dollar in relation to the euro had a negative effect on Finnair in the third quarter compared with the corresponding quarter of the previous year. The impact on the operational result in January-September was around 5 million euros. At the end of September, the degree of hedging for a dollar basket over the next 12 months was 73%. A significant proportion of Finnair's sales takes place in currencies other than euros, in which case a weakening of the euro generally has a positive impact on revenues.

Shares

Finnair's market value at the end of September on the NASDAQ OMX Helsinki Stock Exchange was 634.3 million euros (530.5) and the closing price of the Finnair Plc share was 4.95 euros (4.14). During the period January-September, the highest price for the Finnair Plc share was 4.95 (5.24) euros, while the lowest price was 3.61 (3.52) euros and the average price 4.26 (4.30) euros. Some 20.5 million (8.8) of the company's shares, with a value of 87.4 million (37.7), were traded.

The number of shares recorded in Finnair's Trade Register entry was 128,136,115 at the end of September. The Finnish State owned 55.8% (55.8) of Finnair's shares, while 15.7% (18.0) were held by foreign investors or in the name of a nominee.

On 30 September 2010, Finnair held 392,111 of its own shares, representing 0.3% of the company's total share capital. In January-September, the company did not acquire nor dispose of any of its own shares. In August 2010, 4,682 shares were returned to the company for no consideration, in connection with the company's share bonus scheme 2007–2009.

Management changes in the third quarter

Manne Tiensuu MA (Psych.) has been appointed Senior Vice President, Human Resources as of 1 October 2010.

Managing Director Jukka Hämäläinen of ground handling company Northport Oy left the company on 31 July 2010. Ari Kuutchin LL.M., who moved to the post from Finnair Group's Human Resources Administration, became Northport Oy's new Managing Director as of 1 August 2010.

Vice President and General Counsel Sami Sarelius was appointed as member of Finnair Plc's Executive Board as of 20 August 2010. He acts as secretary of the Executive Board. In addition, Sarelius is also the secretary for Finnair Plc's Board of Directors and the Management Board of the Finnair Group.

Finnair's Executive Board was restructured as of 1 September 2010. Deputy Chief Executive Officer Lasse Heinonen continues to deputise for Finnair Plc's President & CEO and he has line responsibility for Finnair's cargo operations, technical services, catering functions, and land and real-estate services.

Erno Hildén, formerly Senior Vice President Operations, became the Group's Chief Financial Officer. He is also responsible for the Group's fleet management company, Finnair Aircraft Finance. Ville Iho moved to become Senior Vice President Operations, and he will continue for the time being to be responsible for Resources Management.

Personnel

During January-September, the Finnair Group had an average of 7,608 employees, which was 15.3% fewer than a year before. The Airline Business segment had 3,542 employees. The total number of personnel in technical, catering and ground handling services was 2,694 and in travel services 1,123. A total of 249 people were employed in other functions.

During spring 2010, Group management and personnel representatives have endeavoured to identify suitable working practices to improve the operating culture and implement Finnair's strategy. Bilateral discussions between employees and management has been promoted by the Forward Together [Nokka nousuun] campaign.

The collective agreement of the Finnair Flight Attendants' Association (SLSY) expired on 30 April 2010. Prolonged negotiations have taken place and the aim is to continue them during November. The agreement with the Finnish Aviation Union (IAU), which represents ground handling and technical services employees, expired on 31 August 2010 and negotiations to reach a new agreement were started.

In June, one-year agreements valid until 31 May 2011 were reached with the Finnair Engineers' Association (FIRY) and the Finnair White-Collar Employees' Association (FYT). In June a two-year agreement valid until 31 May 2012 was also reached with the Finnair Technical Employees' Association.

The collective agreement of the Finnish Aviation Employees' Association (SLV) is valid until 30 April 2011 and the agreement of the Finnish Airline Pilots' Association (SLL) is valid until 31 December 2011.

Fleet Changes

The Finnair Group's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair Plc. At the end of September, the Finnair Group had a total of 61 passenger aircraft in its own flight operations. The average age of Finnair's entire fleet is just over six years, making it one of the most modern fleets in the world.

Two new Airbus A330-300 aircraft joined Finnair's wide-bodied fleet in the early part of the year. One additional new Airbus A330 aircraft acquired by Finnair will be delivered in the final quarter. At the turn of the year, Finnair's fleet will be further supplemented by two Airbus A340-300 aircraft, after which Finnair will have a total of 15 aircraft in long-haul traffic. The A340-300 aircraft will be acquired on flexible lease agreements of approximately four years' duration.

As part of the harmonisation of its fleet structure, in spring 2010 Finnair withdrew from service three Boeing 757-200 aircraft leased to leisure traffic, ordered five new Airbus A321ER aircraft and extended the lease period of its four remaining Boeing 757 aircraft. The remaining four Boeing 757s will be withdrawn in connection with the arrival of the new A321ERs in 2013 and 2014. Finnair was the first airline to order from Airbus the version equipped with wing-tip sharklets, which improve aerodynamics and fuel economy of the aircraft.

The last long-haul traffic Boeing MD-11 aircraft was withdrawn from Finnair's passenger traffic in February. Finnair sold its last two Boeing MD-11 wide-bodied aircraft to the US leasing company Neff Air in July. Ownership of the aircraft will be transferred at the beginning of 2011. The transaction is not expected to have any significant impact on Finnair's result.

Both aircraft have been converted into cargo aircraft, of which one was used to begin cargo aircraft operations from Helsinki to Hong Kong and Seoul in May. After right of ownership is transferred, Finnair will have the option of leasing one or both aircraft for use in its cargo traffic.

Finnair Aircraft Finance also increased the number of Embraer E170 aircraft leased out from the Group from two to four by leasing in May two E170 aircraft to Kenya Airways on a four-year agreement.

Environment and Corporate Responsibility

Finnair wishes to be the choice of the environmentally and quality aware passenger. That's why Finnair takes social, financial and environmental responsibility into consideration in all of its actions and decisions.

Finnair has been systematically modernising its fleet since 1999. The first phase of the long-haul traffic fleet modernisation has been completed and Finnair currently flies with one of the world's most modern fleets. In addition, emissions as well as consumption of energy and materials are minimised through operational measures both on the ground and in the air.

This spring, Finnair published new substantial emissions targets for 2017. The objective is to reduce emissions by 24% per seat between 2009 and 2017. Emissions have already been substantially reduced, so the total emissions reduction from 1999 to 2017 will be 41% per passenger seat.

Air transport emissions trading will begin in the European Union in 2012. The scheme will apply to all flights arriving and departing from EU airports. In EU emissions trading, the level of rights to be allocated free of charge as well as Finnair's share arising from this remain open. Moreover, the rules for the second emissions trading period 2013–2020 have not yet been finally determined, which is adversely affecting preparations for emissions trading in the company. Finnair has delivered an acceptable authentication plan to the authorities. In cooperation with various actors in the sector, Finnair endorses the establishment of a worldwide emissions trading scheme, which would not distort competition in the sector.

Finnair participates actively in corporate responsibility work and in discussions with its interest groups. Finnair has reported its sustainable development principles and indicators in accordance with the international Global Reporting Initiative (GRI) guidelines for two years now. The 2009 report was ranked in the best category, Class A. This year, Finnair also reported for the fourth time the environmental impact of its operations in the international Carbon Disclosure Project (CDP).

Finnair supports the International Air Transport Association IATA's vision of zero-emission flying in 2050.

Business Area Development

The segment reporting of the Finnair Group's financial statements is based on business areas. The reporting business areas are Airline Business, Aviation Services and Travel Services.

Airline Business

This business area is responsible for scheduled passenger and charter traffic as well as cargo sales, service concepts, flight operations and activity connected with the procurement and financing of aircraft. The Airline Business segment comprises the Sales & Marketing, Operations, Customer Service and Resources Management units as well as the subsidiaries Finnair Cargo Oy, Finnair Cargo Terminal Operations Oy, Finnair Aircraft Finance Oy and, from the beginning of 2010, Finnair Flight Academy Oy.

The business area's turnover rose in January-September by 12.0% to 1,307.6 million euros (1,167.0). The operational profit was 10.0 million euros (116.0 loss). In the third quarter, turnover rose by 29.0%. The key factors in the change of turnover were increased demand and improved unit revenues.

In January-September, the number of passengers carried on scheduled flights was 4.8 million, which is 0.5% fewer than the previous year. In scheduled traffic, revenue passenger kilometres, on the other hand, rose by 4.2% as capacity contracted by 0.9%, which improved the passenger load factor from the previous year by 2.4 percentage points to 75.5%. In the third quarter, scheduled traffic grew by 2.1%.

In January-September, scheduled passenger traffic unit revenues declined by 7.6% and in the third quarter they improved by 23.5%. Growth in business travel demand in the second quarter and particularly in the third quarter made a significant contribution to the changes in unit revenues. The change in unit revenues was strongest in Asian traffic, where the recovery of business travel demand was also most evident. Price levels rose least in domestic traffic. Growth in business travel demand has been clearly stronger than growth in overall demand. The proportion of business travellers in scheduled traffic is just over 6%, in Asian traffic over 10%. Growth in demand is coming mainly from outside Finland.

Cargo revenues account for just over 12% of the Airline Business segment's total revenues. In January-September, cargo unit revenues in scheduled traffic rose by 18.2%, and in the third quarter by 25.4%. The amount of cargo carried on Finnair flights rose in January-September by 38.4% and in the third quarter by 46.0% from the previous year. Cargo aircraft traffic initiated in May from Helsinki to Hong Kong and Seoul contributed to the sharp increase in volume. Cargo business has been clearly profit-making in the early part of the year. Cargo experienced a collapse in demand last year.

In international scheduled passenger traffic, Finnair’s market share is around 50% in flights departing from Finland. The market share of Asian flights in particular has grown compared with Finnair’s main competitors. In domestic traffic, Finnair’s market share has fallen, primarily due to the discontinuation of short routes. This has, however, improved the passenger load factor and profitability.

Due to major traffic irregularities at the beginning of the year, the arrival punctuality of scheduled flights weakened 7.1 percentage points in January-September from the previous year to 83.2% (90.3). After the difficulties of the turn of year, the punctuality trend has clearly improved. In the third quarter, punctuality was 89.7%, which is 2.4 percentage points lower than the previous year.

In January-September, Finnair's leisure flights carried 680,000 passengers, which is 21.7% fewer than the previous year. Capacity was cut in connection with fleet harmonisation, when in spring 2010 the Boeing 757 fleet focusing mainly on leisure flights was reduced by three aircraft.

In January-September, the level of available passenger kilometres on leisure flights fell by 26.3%. Performance in revenue passenger kilometres fell in January-September by 24.2% from the previous year. The passenger load factor of charter flights improved 2.4 percentage points to 87.9%.

Finnair’s market share in charter flight traffic has fallen, because a number of tour operators have increased use of their parent companies’ aircraft in the Finnish market.

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' business consists mainly of intra-Group service provision. Of the business area's turnover, one quarter consists of business outside of the Group.

In January-September, Aviation Services' turnover rose by 2.9% to 319.2 million euros (310.2). The operational result improved from the previous year and was 6.7 million euros (2.6 loss). In the third quarter, the business area's turnover improved by 11.4% and operating profit was 2.8 million euros (4.7 loss). Turnover growth was due to increased traffic volume. The improvement of profitability resulted above all from the stabilisation agreement reached with Finnair's technical services personnel, which reduced costs.

Catering operations are divided into meal production and related logistics as well as travel retail functions, which include inflight sales, preorder services and airport shops in Helsinki, Tampere and Turku.

Finnair Catering's turnover has fallen due to changes in service concepts; profitability has, however, remained at a satisfactory level. The unit has implemented adjustment measures by scaling personnel numbers to the level of demand for meals. The fall in travel retail turnover has been due partly to conversion work at Helsinki-Vantaa Airport, which has temporarily reduced the sales area.

Finnair Technical Services was divided at the beginning of 2010 into two subsidiaries, Finnair Technical Services Oy and Finnair Engine Services Oy. The companies' turnover grew. A significant part of this growth came from higher turnover outside the Finnair Group. The proportion of turnover outside the Finnair Group is just over 23%.

Finnair Technical Services' operational result in January-September was loss-making, but clearly better than the previous year. The order book for future maintenance work is weak.

Finnair Technical Services has entered into a component support service agreement with the Swedish charter operator Nova Airlines AB (Novair) for three Airbus A321 aircraft and with the global component supplier AJ Walter for MD-11 aircraft.

A multi-year maintenance agreement covering heavy maintenance and line maintenance of Boeing 757 and 767 aircraft has also been agreed with the Swedish charter operator TUIfly Nordic.

Finnair Engine Services, on the other hand, has signed agreements for 2010 with a number of operators in Russia and elsewhere in Europe covering A320 fleet engine and APU overhauls.

Northport Oy, which provides ground handling services, recorded a loss in January-September, but profitability improved slightly. After difficulties in the early part of the year, service quality in Northport is at a good level.

Travel Services (tour operators and travel agencies)

The business area consists of the Group's tour operators, i.e. Aurinkomatkat-Suntours as well as its Estonian subsidiary Horizon Travel and the subsidiary Calypso, operating in St. Petersburg, and also the travel agencies Matkatoimisto Area, Finland Travel Bureau (FTB) and its subsidiary Estravel, operating in the Baltic states. In addition, the business area includes Amadeus Finland Oy, which produces IT applications and solutions for the travel industry.

Travel Services' turnover in January-September fell by 10.2% to 226.7 million euros (252.5). The operational loss was reduced, however, from the previous year's 5.5 million euros to 2.1 million euros.

Slower recovery of consumer demand from the recession as well as the Iceland volcanic ash crisis, which halted air traffic for a week in the second quarter, contributed to the fall in turnover. The improvement in profitability was due to efficiency measures implemented the previous year and adjustments made to weakly profitable production. A record hot summer in Finland reduced demand for package tours. In August-September, demand for package tours was clearly lower than the previous year and the price level fell.

Aurinkomatkat–Suntours is Finland's leading tour operator, with a market share of 36%. Demand for package tours declined in Finland last winter by around 20% from the previous year. Aurinkomatkat cut its production correspondingly. Summer 2010 production was also reduced slightly. All destinations are served by Finnair's own fleet. Greece and Turkey are among the most popular autumn destinations. Next winter's biggest attractions are the Canary Islands and Phuket, Thailand. New destinations include Columbia and Sri Lanka.

In Estonia the package market collapsed last year and no recovery is yet perceptible. One local tour operator has filed for bankruptcy. In difficult circumstances, Horizon Travel has, however, adjusted its operations to correspond with the demand situation.

The building of Aurinkomatkat in Russia continued with a long-term perspective. Customer satisfaction is excellent, but Aurinkomatkat cut its package tour production due to a strong weakening of the Russian economy. The recent strengthening of the rouble has been reflected in a recovery in demand for package tours. The summer 2010 programme includes ten Mediterranean destinations.

Finland Travel Bureau (FTB) and Area are Finland's leading travel agencies, and Estravel is one of the leading travel agencies in the Baltic states. In May, domestic business travel showed slight signs of growth for the first time since the sharp economic downturn that began in 2008. Demand continued to be strong in the early autumn. The companies have succeeded in winning a number of significant competitive tenders arranged by major customers.

In Estonia, FTB has managed to adjust operations significantly during the downturn. As demand has picked up during this autumn, FTB has also increased its market share.

The leisure travel services of Area and FTB will be merged into Aurinkomatkat-Suntours as a distinct Independent Travel business area. After the merger, Aurinkomatkat would have, in euro terms, around 40% of Finland's package tour market and a third of the entire leisure travel market. The implementation of the arrangement will require statutory employer-employee (YT) negotiations under the Act on Cooperation Within Undertakings.

Air Traffic Services and Products

In the summer season, Finnair had a total of 60 direct flights per week from Helsinki to nine Asian destinations. Finnair's Asian destinations are Bangkok, Delhi, Hong Kong, Nagoya, Osaka, Beijing, Shanghai, Seoul and Tokyo. Finnair has a total of 20 flights per week to three Japanese destinations. From the end of the year, Finnair will increase the number of its direct flights to Seoul, Nagoya, Osaka and Delhi.

Next summer, Finnair will fly a record number of 74 flights per week to 10 Asian cities: to Hong Kong 12 flights per week, and daily to Tokyo, Osaka, Nagoya, Seoul, Beijing, Shanghai, Bangkok and the reopened Singapore route. There will be six flights per week to Delhi.

Flights covering 43 European and 9 domestic destinations connect into Finnair's Asian network. At the same time, a wide selection of direct connections is offered from Finland to the rest of Europe. In August, Finnair opened a new connection from Helsinki to Bromma Airport in Stockholm. The route will be served by three flights per day. The new flight will particularly serve business travel directed from Sweden to Finland. The route from Helsinki to Stuttgart, served by ten flights per week, also reopened in August.

In October, Finnair announced that it will extend its codeshare cooperation with American Airlines in the summer traffic season 2011, when American Airlines begins flights from Helsinki to Chicago. The route will be served by daily flights.

In May, flight passengers selected Finnair as the best Northern European airline in a survey conducted by the independent Skytrax research centre. The **one**world alliance was ranked in the Skytrax survey as the world's best airline alliance for the seventh time.

In May, Brussels Airport awarded Finnair a prize for punctuality. In September, moreover, Finnair was selected the best airline in China, when the Chinese magazine Voyage, directed at business and luxury travellers, presented Finnair with its 2010 Travel Brand Award.

The Finnair Plus frequent-flyer programme was updated at the beginning of the year to enable more versatile use of points. In the spring, service was revamped on Finnair flights. From June, part of the economy class meal and drinks service became more varied and at the same time partly required payment.

Baggage guidelines were also revised at the beginning of September. The maximum baggage allowance in economy class was increased while at the same time the number of free baggage items was restricted to one. The free baggage weight and item allowances of business class customers, Finnair Plus Platinum, Gold and Silver members, **one**world tier members and buyers of the most expensive economy class tickets are greater.

As of September, leisure flight passengers have been able to check in on the internet for flights departing from Helsinki.

In September, Finnair opened a revised emissions calculator on its website. The calculator is the only one in the world to be based on quarterly updated actual cargo, passenger and fuel consumption figures. Calculations are certified by PricewaterhouseCoopers. Other calculators are based on averages and assumptions.

Finnair has been a pioneer in the utilisation of social media. Finnair's corporate blog, launched last year, has had more than half a million readers and Finnair's Facebook page, which opened in March 2010, has more than 27,000 friends. The Facebook page has proved to be an efficient, interactive customer communications channel in exceptional circumstances, for example.

In October, Finnair chose, from over 5,200 applicants, four Quality Hunters, who for two months will travel on Finnair flights and observe quality on flights, at airports and at the destinations themselves. Quality Hunters will relate their observations on Finnair's website.

Cooperation with Other Airlines

The **one**world alliance, of which Finnair has been a member for over 10 years, received approval in July for its North Atlantic cooperation from both the EU Commission and the US Department of Transport. The approval means that Finnair, American Airlines, British Airways, Iberia and Royal Jordanian can extend their cooperation in flights across the North Atlantic. The decision is significant, particularly in terms of competition between alliances.

The Indian Kingfisher Airlines' joining of the **one**world alliance next year will expand Finnair's connections in India and will bring to **one**world 58 new Indian destinations.

Germany's second largest airline, Air Berlin, and the **one**world airline alliance have agreed that the airline will become a member of the alliance in 2012. Finnair and Air Berlin have also reached a codeshare agreement in traffic between Germany and Finland, and later in Finnair's Asian traffic.

In October, Finnair announced that it will extend its codeshare cooperation with American Airlines in the summer traffic season 2011, when American Airlines begins flights from Helsinki to Chicago. The route will be flown daily during the summer traffic season.

Finnair and Finncomm, signed on 8 September 2010, a preliminary agreement firstly on the purchase of a 20 percent minority interest in Finnish Commuter Airlines Oy (FCA), which practises Finncomm's air traffic operations, and secondly on the acquisition of the entire share stock of the companies that own the Finncomm Group's 12 ATR aircraft.

It is the parties' intention to find, in addition to Finnair, external investors in FCA. Negotiations between the parties on the detailed conditions of the transaction are under way.

Finnair and Finncomm continue their co-operation in feeder traffic in Finland and the Baltics.

Short-term Risks and Uncertainty Factors

Globally, the airline industry is one of the sectors most sensitive to cyclical changes in economic conditions. The development of GDP, investment and international trade has a strong impact on air transport passenger and cargo demand.

Due to the short booking horizon in passenger and cargo traffic, it is difficult to forecast demand far into the future. Unexpected external shocks such as the spring 2010 ash cloud crisis can rapidly affect the development of air transport demand.

A change of one percentage point in the passenger load factor affects the Group's operating result by just under 15 million euros. A change of one per cent in the average yield of passenger traffic services also affects the Group’s operating result by slightly less than 15 million euros.

Fuel costs constitute just over 20% of the Group’s costs and, due to price and exchange rate changes, are one of the most significant uncertainty factors where costs are concerned. Finnair provides against fuel price and foreign exchange rate volatility by entering into option and future contracts for hedging purposes. A rise in the cost of hedging arrangements also poses a risk.

A 10% change in the world market price of fuel affects Finnair’s operating result on an annual basis by around 17 million euros after hedging. A 10% change in the euro-dollar exchange rate affects Finnair’s operating result on an annual basis by around 15 million euros after hedging. The market price of fuel in euros has risen from the third quarter of last year by more than 26%.

The hedging policy practised by Finnair dampens fuel price fluctuations. Finnair’s relative competitive position in terms of costs is also influenced by competitors’ fuel price hedging policies. The company’s main competitors adhere to the same principles as Finnair in their hedging policies.

Events after the review period

The IAU executed a two-day strike relating to technical services on 25–26 October 2010. A new collective agreement was made, which ended the industrial action.

Short term consequences of the strike were marginal, but inflexibilities of the terms weaken cost competitiveness of the units where the agreement is applied. Compensation for the cost effects of the collective agreement will require increased flexibility through local agreement as well as adjustment measures, if necessary.

Outlook

Air travel and cargo demand is expected to continue to be strong in Finnair's market areas due to the strengthening of national economies and subsequent export industry growth. The demand base provides an opportunity to improve unit revenues from the previous year.

Finnair aims to maximise total revenue, which is expected to maintain the passenger load factor at the previous year's level or to reduce it slightly. Correspondingly, unit revenues are expected to be significantly higher than last year.

Finnair's fuel costs are expected to be lower during the current year than last year due to the improved fuel economy of aircraft. At the present price level and hedging policy, fuel costs this year are expected to be approximately one fifth of Finnair's turnover.

Finnair's passenger traffic capacity is expected to grow in the final quarter by 5% from last year. The level of passenger kilometres in scheduled traffic is expected to grow and leisure flight capacity is expected to fall slightly.

The final quarter is expected to be profitable, but due to seasonal fluctuations of demand and sales significantly weaker than the third quarter.

FINNAIR PLC
Board of Directors

Press conference

Finnair will hold briefings for media representatives (11 a.m.) and analysts (12.30 p.m.) on 28 October 2010. The location is the Helsinki Airport Congress Centre Helsinki-Vantaa Airport/Terminal 2. Further information and registrations: Teija Kirjavainen, tel. +358 9 818 4941 or teija.kirjavainen@finnair.com.

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

For further information, please contact:

Chief Financial Officer Erno Hildén
tel. +358 9 818 8550
erno.hilden@finnair.com

SVP Public Affairs and Corporate Communications, Christer Haglund
tel. +358 9 818 4007
christer.haglund@finnair.com

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

http://www.finnair.com/group

FINNAIR GROUP INTERIM REPORT FOR JANUARY 1 – SEPTEMBER 30, 2010

KEY FIGURES

	2010	2009	Change	2010	2009	Change	2009
EUR mill.	1 Jul-30 Sep	1 Jul-30 Sep	%	1 Jan–30 Sep	1 Jan-30 Sep	%	1 Jan–31 Dec
Turnover	551.4	436.9	26.2	1 506.4	1 380.0	9.2	1 837.7
Profit before depreciation and lease payments, EBITDAR *	86.1	15.3	-	138.6	9.1	-	21.0
Lease payments for aircraft	13.5	17.9	-24.6	48.8	56.1	-13.0	74.4
Operational profit, EBIT*	41.9	-32.9	-	2.0	-133.4	-	-171.1
Fair value changes of derivatives and changes of exchange rates in fleet overhauls	8.4	3.7	-	-12.0	51.3	-	55.5
Capital gains	0.3	8.6	-	1.4	8.6	-83.7	0.7
Operating profit, EBIT	50.6	-20.6	-	-8.6	-73.5	88.3	-114.9
Profit for the period (share attributable to shareholders of parent company)	32.4	-18.1	-	-17.6	-59.9	70.6	-95.3
Operating profit, EBIT % of turnover *	7.6	-7.5	-	0.1	-9.7	-	-9.3
EBITDAR, % of turnover *	15.6	3.5	-	9.2	0.7	-	1.1
Unit revenues of flight operations c/RTK *	71.6	63.3	13.1	69.9	68.0	2.9	67.2
Unit costs of flight operations c/RTK *	64.9	67.5	-3.8	69.4	74.8	-7.1	74.3
Unit costs of flight operations c/ATK *	43.2	42.0	2.9	45.5	42.9	5.9	43.6
Earnings per share EUR (basic) **	0.24	-0.14	-	-0.18	-0.47	-	-0.76
Earnings per share EUR (diluted) **	0.24	-0.14	-	-0.18	-0.47	-	-0.76
Equity per share EUR	6.50	6.50	0.0	6.50	6.50	0.0	6.45
Gross investment EUR mill.	12.9	11.3	-	156.4	338.8	-	347.6
Gross investment, % of turnover	2.3	2.6	-	10.4	24.6	-	18.9
Equity ratio %				34.0	37.0		34.2
Gearing %				33.5	35.9		26.8
Adjusted gearing %				90.0	100.6		90.0
Rolling 12-month ROCE %				-2.9	-9.6		-7.8
Rolling 12-month ROE %				-6.4	-12.4		-12.1

* Excluding capital gains, non-recurring items and fair value changes of derivatives.
Unit revenues on flight operations c/RTK = Revenues of flight operations/flight operations RTK.
Unit costs on flight operations c/RTK = Operating expenses of flight operations/flight operations RTK.
Unit costs on flight operations c/ATK = Operating expenses of flight operations/flight operations ATK.
** Includes the interest of Hybrid Bond.

CALCULATION OF KEY RATIOS

Earnings / share:
Profit for the period
___
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 + non-controlling interest

Operational profit, EBIT :
Operating profit excluding capital gains,
fair value changes of derivatives and non-recurring items

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 + non-controlling interest *100
___
Balance sheet total - advances received

Return on equity %: (ROE)
Result *100
___
Equity + non-controlling interest (average)

CONSOLIDATED INCOME STATEMENT

EUR mill.	2010 1 Jul- 30 Sep	2009 1 Jul- 30 Sep	Change %	2010 1 Jan– 30 Sep	2009 1 Jan- 30 Sep	Change %	2009 1 Jan– 31 Dec
Turnover	**551.4**	**436.9**	**26.2**	**1 506.4**	**1 380.0**	**9.2**	**1 837.7**
Work used for own purposes and capitalized	2.5	0.6	316.7	6.3	1.5	320.0	4.7
Other operating income	1.9	3.2	-40.6	10.1	11.1	-9.0	14.9
Capital gains *	0.3	31.2	-	1.9	31.2	-	32.9
Operating income	**556.1**	**471.9**	**17.8**	**1 524.7**	**1 423.8**	**7.1**	**1 890.2**
Operating expenses							
Staff costs	107.0	118.7	-9.9	324.8	370.5	-12.3	482.3
Fuel	116.7	108.0	8.1	325.1	349.1	-6.9	450.3
Lease payment for aircraft	13.5	17.9	-24.6	48.8	56.1	-13.0	74.4
Other rental payments	20.9	16.3	28.2	61.0	61.1	-0.2	81.4
Fleet materials and overhauls	31.3	18.3	71.0	88.8	65.8	35.0	92.5
Traffic charges	49.3	43.9	12.3	143.6	131.1	9.5	171.1
Ground handling and catering expenses	47.6	30.7	55.0	130.2	94.2	38.2	130.2
Expenses for tour operations	25.3	25.9	-2.3	85.5	96.7	-11.6	131.1
Sales and marketing expenses	20.2	14.3	41.3	61.7	54.8	12.6	77.2
Depreciation	30.7	30.3	1.3	87.8	86.4	1.6	117.9
Other expenses	51.4	49.3	4.3	163.5	160.2	2.1	220.0
Operational expenses total	**513.9**	**473.6**	**8.5**	**1 520.8**	**1 526.0**	**-0.3**	**2 028.4**
Operational profit, EBIT	**41.9**	**-32.9**	**-**	**2.0**	**-133.4**	**-**	**-171.1**
Fair value changes of derivatives and changes of exchange rates in fleet overhauls	8.4	3.7	127.0	-12.0	51.3	-	55.5
Non-recurring items	0.0	-22.6	-	-0.5	-22.6	-	-32.2
Total expenses	**505.5**	**492.5**	**2.6**	**1 533.3**	**1 497.3**	**2.4**	**2 005.1**
Operating profit EBIT	**50.6**	**-20.6**	**-**	**-8.6**	**-73.5**	**88.3**	**-114.9**
Financial income	1.4	2.7	-48.1	4.9	6.7	-26.9	8.9
Financial expenses	-8.2	-6.6	24.2	-19.9	-14.1	41.1	-18.7
Share of result in associates	0.1	0.0	-	0.2	0.0	-	0.1
Profit before taxes	**43.9**	**-24.5**	**-**	**-23.4**	**-80.9**	**71.1**	**-124.6**
Direct taxes	-11.5	6.4	-	6.3	21.1	-70.1	29.4
Profit for the period	**32.4**	**-18.1**	**-**	**-17.1**	**-59.8**	**71.4**	**-95.2**

Earnings per share to shareholders of the parent company profit of the period	32.4	-18.1		-17.6	-59.9		-95.3
Non-controlling interest	0.0	0.0		0.5	0.1		0.1
Earnings per share calculated from profit of the period attributable to shareholders of the parent company							
Earnings per share EUR (basic)	0.24	-0.14		-0.18	-0.47		-0.76
Earnings per share EUR (diluted)	0.24	-0.14		-0.18	-0.47		-0.76

* Is not included in the operational profit, EBIT.

CONSOLITATED BALANCE SHEET

EUR mill.	30 Sep 2010	30 Sep 2009	31 Dec 2009	1 Jan 2009
ASSETS				
Non-current assets				
Intangible assets	41.1	44.3	46.1	48.1
Tangible assets	1 487.7	1 457.2	1 469.0	1 272.1
Investments in associates	7.9	5.8	8.3	6.1
Financial assets	12.6	21.1	20.5	21.5
Deferred tax receivables	53.8	74.2	52.1	70.2
Total	1 603.1	1 602.6	1 596.0	1 418.0
Short-term receivables				
Inventories	47.4	30.2	36.8	35.1
Trade receivables and other receivables	288.8	335.5	197.5	231.8
Other financial assets	507.1	299.1	598.2	373.8
Cash and bank equivalents	31.6	5.3	9.2	18.3
Total	874.9	670.1	841.7	659.0
Non-current Assets held for sale	19.4	19.4	19.4	19.4
Assets total	**2 497.4**	**2 292.1**	**2 457.1**	**2 096.4**
SHAREHOLDERS´ EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the parent company				
Shareholders´equity	75.4	75.4	75.4	75.4
Other equity	755.5	754.6	748.3	638.4
Total	830.9	830.0	823.7	713.8
Non-controlling interest	1.1	0.7	0.9	1.1
Equity, total	832.0	830.7	824.6	714.9
Long-term liabilities				
Deferred tax liability	96.1	105.7	99.1	120.6
Financial liabilities	709.2	436.0	637.4	261.1
Pension obligations	0.0	0.0	0.0	6.1
Total	805.3	541.7	736.5	387.8
Short-term liabilities				
Current income tax liabilities	0.0	0.0	0.0	1.5
Reserves	95.1	100.6	112.0	109.6
Financial liabilities	120.2	177.4	201.8	48.5
Trade payables and other liabilities	644.8	641.7	582.2	834.1
Total	860.1	919.7	896.0	993.7
Liabilities total	1 665.4	1 461.4	1 632.5	1 381.5
Shareholders' equity and liabilities. total	**2 497.4**	**2 292.1**	**2 457.1**	**2 096.4**

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 30 Sep 2010	1 Jan – 30 Sep 2009
Cash flow from operating activities		
Profit for the period	-17.1	-59.8
Operations for which a payment is not included **1)**	93.4	39.4
Interest and other financial expenses	19.9	14.1
Interest income	-4.7	-6.5
Other financial income	-0.1	-0.1
Dividend income	-0.1	-0.1
Taxes	-6.3	-21.1
Changes in working capital:		
Change in trade and other receivables	-88.1	16.4
Change in inventories	5.8	1.0
Change in accounts payables and other liabilities	58.7	-90.6
Interest paid	-13.7	-9.0
Paid financial expenses	-2.2	-0.7
Received interest	3.1	5.7
Received financial income	0.0	0.1
Taxes paid	-0.2	-3.0
Net cash flow from operating activities	**48.4**	**-114.2**
Cash flow from investing activities		
Acquisitions of subsidiaries	-0.1	0.0
Investments in intangible assets	-3.0	-4.9
Investments in tangible assets *	8.6	-328.2
Net change of financial interest bearing assets at fair value through profit and loss	200.5	-43.6
Netchange of shares classified as available for sale	1.4	0.0
Sales of tangible fixed assets	2.6	57.4
Received dividends	0.1	0.1
Change in non-current receivable	8.0	0.4
Net cash flow from investing activities	**218.2**	**-318.8**
Cash flow from financing activities		
Loan withdrawals	48.4	345.1
Loan repayments and changes	-178.2	-43.4
Hybrid Bond	0.0	0.0
Purchase of own shares	0.0	0.0
Dividends paid	0.0	0.0
Net cash flow from financing activities	**-129.8**	**301.7**
Change in cash flows	**136.8**	**-131.3**
Change in liquid funds		
Liquid funds. at beginning	262.9	343.4
Change in cash flows	136.8	-131.3
Liquit funds. in the end	**399.7**	**212.1**

* The A330 aircraft leasing arrangement is not included.

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 30 Sep 2010	1 Jan – 30 Sep 2009
Notes to consolidated cash flow statement		
1) Operations for which a payment is not included		
Depreciation	87.8	96.5
Employee benefits	2.3	-12.7
Fair value changes of derivatives and changes of exchange rates in fleet overhauls	12.0	-51.3
Other adjustments	8.7	6.9
Total	93.4	39.4
Financial asset at fair value	507.1	299.1
Liquid funds	31.6	5.3
Short-term cash and cash equivalents in balance sheet	538.7	304.4
Maturing after more than 3 months	-118.2	-66.7
Shares held to trading purposes	-20.8	-25.6
Total in cash flow statement	399.7	212.1

SHAREHOLDERS´EQUITY

Equity attributable to shareholders of parent company											
EUR mill.	**Share capital**	**Share premium account**	**Bonus issue**	**Hedging reserve**	**Unrestricted equity**	**Translation difference**	**Retained earnings**	**Total**	**Non-controlling interest**	**Hybrid bond**	**Own equity total**
Shareholders´ equity 1.1.2009	75.4	20.4	147.7	-110.5	247.2	0.0	333.6	**713.8**	1.1	0.0	**714.9**
Dividend payment							0.0	0.0	-0.5	0.0	-0.5
Shareholders equity related to owners 30.9. 2009	75.4	20.4	147.7	-110.5	247.2	0.0	333.6	**713.8**	**0.6**	**0.0**	**714.4**
Hybrid bond								0.0	0.0	119.4	119.4
Result for the period							-59.9	-59.9	0.1		-59.8
Comprehensive income for the financial period											
Translation differences						0.5		0.5			0.5
Change of fair value in available-for-sale financial assets				11.9				11.9			11.9

Taxes				-4.2				-4.2			-4.2
Change of fair value in hedging inst-ruments				44.3				44.3			44.3
Taxes				-15.5				-15.5			-15.5
Comp-rehensive income for the financial period	0.0	0.0	0.0	56.2	0.0	0.5	0.0	-3.2	0.0	0.0	-3.1
Share-holders´ equity 30.9. 2009	75.4	20.4	147.7	-54.3	247.2	0.0	273.7	**710.6**	**0.7**	**119.4**	**830.7**

SHAREHOLDERS´EQUITY

Equity attributable to shareholders of parent company											
EUR mill.	**Share capi-tal**	**Share pre-mium ac-count**	**Bonus issue**	**Hed-ging reserve**	**Unres-tricted equity**	**Trans-lation diffe-rence**	**Retai-ned ear-nings**	**Total**	**Non-control-ling interest**	**Hyb-rid bond**	**Own equity total**
Share-holders´ equity 1.1.2010	75.4	20.4	147.7	-25.2	247.2	0.5	238.3	**704.3**	0.9	119.4	**824.6**
Dividend payment							0.0	0.0	-0.3	0.0	-0.3
Share-holders equity related to owners 30.9. 2010	75.4	20.4	147.7	-25.2	247.2		238.3	**704.3**	**0.6**	**119.4**	**824.3**
Hybrid bond							0.0	0.0		0.0	0.0
Result for the period							-17.6	-17.6	0.5	0.0	-17.1
Comp-rehensive income for the financial period											
Transla tion differ-rences						-0.5		-0.5			-0.5
Change of fair value in avai-lable-for-sale finan-cial assets				-2.7				-2.7			-2.7

Taxes				0.9				0.9			0.9
Change of fair value in hedging inst-ruments				28.0				28.0			28.0
Taxes				-9.8				-9.8			-9.8
Comp-rehensive income for the financial period	0.0	0.0	0.0	25.3	0.0	-0.5	-17.6	7.2	0.5	0.0	7.7
Share-holders´ equity 30.9. 2010	75.4	20.4	147.7	0.1	247.2	0.0	220.7	**711.5**	**1.1**	**119.4**	**832.0**

SHAREHOLDERS´EQUITY

Equity attributable to shareholders of parent company											
EUR mill.	**Share capi-tal**	**Share pre-mium ac-count**	**Bonus issue**	**Hed-ging reserve**	**Unres-tricted equity**	**Trans-lation diffe-rence**	**Retai-ned ear-nings**	**Total**	**Non-control-ling interest**	**Hybrid bond**	**Own equity total**
Share-holders´ equity 1.1.2009	75.4	20.4	147.7	-110.5	247.2	0.0	369.2	**749.4**	1.1	0.0	**750.5**
Change of accounting principle							-35.6	-35.6	0.0	0.0	-35.6
Adjusted´ equity 1.1.2009	75.4	20.4	147.7	-110.5	247.2	0.0	333.6	**713.8**	1.1	**0.0**	**714.9**

NOTES TO THE CONSOLIDATED INTERIM REPORT

1. BASIS OF PREPARATION

This consolidated interim report has been prepared. 9th February 2007, 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 2009 consolidated financial statements apart from the new accounting praxis for engine performance restoration. In the interim report Q2 / 2010 the group has reported more detailed the impact of the accounting principle to profit and loss statement and balance sheet items in previous year

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 2010:

- *IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations.* The amendment to clarify that IFRS 5, 'Non-current assets held for sale and discontinued operations'. specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. Also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

- *IFRS 8 (Amendment) Operating Segments* Minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker.

- *IAS 7 (Amendment) Statement of Cash Flows.* The amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities.

- *IAS 17 (Amendment) Leases.* The amendment deletes specific guidance regarding classification of leases of land. so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17.

- *IAS 39 (Amendment) Financial Instruments: Recognition and Measurement* The amendment clarifies that pre-payment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk should be considered closely related to the host debt contract.

- *IAS 39 (Amendment) Financial Instruments: Recognition and Measurement* The amendment to the scope exemption in paragraph 2(g) of IAS 39 to clarify that: (a) it only applies to binding (forward) contracts between an acquirer and a vendor in a business combination to buy an acquire at a future date; (b) the term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) the exemption should not be applied to option contracts (whether or not currently exercisable) that on exercise will result in control of an entity. nor by analogy to investments in associates and similar transactions.

- *IAS 39 (Amendment) Financial Instruments: Recognition and Measurement* The amendment to clarify when to recognise gains or losses on hedging instruments as a reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

The implementations of these standards have not had essential effect in this interim report.

The standards and interpretations published by the IASB to be introduced by the Group in 2011 and 2012 will be discussed in detail in the accounting principles of 2010 financial statements.

3. CRITICAL FINANCIAL STATEMENT ESTIMATES AND ASSUMPTIONS

The preparation of interim reports and the financial statements bulletin 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. The estimates and assumptions are based on assumptions and factors of which Finnair's management are currently aware and on management's current decisions and plans. Although management believes that assumptions directed at the future are justified, there is no certainty that the said assumptions will prove to be correct. For this reason, results can be clearly distinguished from assumptions included in statements directed at the future. e.g. due to economic certainty.

4. SEGMENT INFORMATION

The reported segments of the Group are business segments and geographical segments. The business segments are Airline Business, Aviation Services and Travel Services. The geographical segments are Finland, Europe, Asia, North America and others.

BUSINESS SEGMENT DATA 1 January – 30 September 2010

	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.						
External turnover	1 201.4	79.3	225.7			1 506.4
Internal turnover	106.2	239.9	1.0	-347.1		0.0
Turnover	1 307.6	319.2	226.7	-347.1	0.0	1 506.4
Operating profit	4.0	8.3	-2.1		-18.8	-8.6
Share of results of associated undertakings					0.2	0.2
Financial income					4.9	4.9
Financial expenses					-19.9	-19.9
Income tax					6.3	6.3
Non-controlling interest					-0.5	-0.5
Result for the period						-17.6
Other items						
Investments	144.2	11.9	0.2	0.0	0.1	156.4
Depreciation	73.4	12.4	1.0	0.0	1.0	87.8

BUSINESS SEGMENT DATA 1 January - 30 September 2009

	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.						
External turnover	1 057.3	71.6	251.1			1 380.0
Internal turnover	109.7	238.6	1.4	-349.7		0.0
Turnover	1 167.0	310.2	252.5	-349.7	0.0	1 380.0
Operating profit	-131.4	22.5	-5.4		40.8	-73.5
Share of results of associated undertakings					0.0	0.0
Financial income					6.7	6.7
Financial expenses					-14.1	-14.1
Income tax					21.1	21.1
Non-controlling interest					-0.1	-0.1
Result for the period						-59.9
Other items						
Investments	322.1	15.3	1.0	0.0	0.4	338.8
Depreciation	72.7	20.4	0.9	0.0	2.5	96.5

TURNOVER

	2010	2009	Change	2010	2009	Change	2009
	1 Jul- 30 Sep	1 Jul- 30 Sep	%	1 Jan– 30 Sep	1 Jan- 30 Sep	%	1 Jan– 31 Dec
EUR mill.							
Airline Business	488.8	378.8	29.0	1 307.6	1 167.0	12.0	1 537.9
Aviation Services	106.7	95.8	11.4	319.2	310.2	2.9	421.3
Travel Services	63.3	65.8	-3.8	226.7	252.5	-10.2	346.5
Group eliminations	-107.4	-103.5	3.8	-347.1	-349.7	-0.7	-468.0
Total	**551.4**	**436.9**	**26.2**	**1 506.4**	**1 380.0**	**9.2**	**1 837.7**

OPERATING PROFIT EXCLUDING THE DISPOSAL OF THE CAPITAL GAINS AND FAIR VALUE CHANGES OF DERIVATIVES AND NON-RECURRING ITEMS

	2010	2009	Change	2010	2009	Change	2009
	1 Jul– 30 Sep	1 Jul 30 Sep	%	1 Jan – 30 Sep	1 Jan 30 Sep	%	1 Jan– 31 Dec
EUR mill.							
Airline Business	45.2	-24.8	-282.3	10.0	-116.0	-108.6	-161.4
Aviation Services	2.8	-4.7	-159.6	6.7	-2.6	-357.7	7.3
Travel Services	-0.9	-0.4	125.0	-2.1	-5.5	-61.8	-4.3
Unallocated items	-5.2	-3.0	73.3	-12.6	-9.3	35.5	-12.7
Total	**41.9**	**-32.9**	-227.4	**2.0**	**-133.4**	-101.5	**-171.1**

EMPLOYEES AVERAGE BY SEGMENT

	2010	2009	Change
	1 Jan– 30 Sep	1 Jan– 30 Sep	%
Airline Business	3 542	3 991	-11.3
Aviation Services	2 694	3 435	-21.6
Travel Services	1 123	1 322	-15.1
Other functions	249	232	7.3
Finnair Group. Total	**7 608**	**8 980**	**-15.3**

GEOGRAPHICAL SEGMENTS

TURNOVER OUTSIDE THE GROUP BY SALES DESTINATION

	2010	2009	Change	2010	2009	Change	2009
	1 Jul- 30 Sep	1 Jul– 30 Sep	%	1 Jan– 30 Sep	1 Jan– 30 Sep	%	1 Jan– 31 Dec
EUR mill.							
Finland	70.7	66.4	6.5	211.5	260.2	-18.7	358.8
Europe	209.5	203.6	2.9	604.0	602.2	0.3	782.2
Asia	229.3	135.6	69.1	558.9	414.2	34.9	551.5
North America	20.4	16.3	25.2	51.2	41.2	24.3	55.9
Others	21.5	15.0	43.3	80.8	62.2	29.9	89.3
Total	**551.4**	**436.9**	**26.2**	**1 506.4**	**1 380.0**	**9.2**	**1 837.7**

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 2009 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

Derivative contracts	30 Sep 2010		30 Sep2009		31 Dec 2009	
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	259.9	3.9	310.5	-9.3	299.1	-3.0
Forward contracts, Hedging of Aircraft purchase price						
Fair value hedging	291.4	11.0	493.0	3.2	491.0	7.1
Cash flow hedging	0.0	0.0	0.0	0.0	0.0	0.0
Forward contracts, Currency hedging of lease payments	26.5	0.3	28.8	-1.0	36.2	-0.6
Total	**577.8**	**15.1**	**832.3**	**-7.1**	**826.3**	**3.5**
Currency derivatives at fair value through profit or loss						
Operating cash flow hedging (forward contracts)	286.6	-5.4	76.3	-0.3	214.8	0.9
Operational cash flow hedging (options)						
Call options	0.0	0.0	13.0	0.3	0.0	0.0
Put options	0.0	0.0	13.0	-0.4	0.0	0.0
Balance sheet hedging (forward contracts)	90.4	-7.0	88.1	-1.2	90.0	1.9
Total	**377.0**	**-12.4**	**190.4**	**-1.6**	**304.8**	**2.8**
Currency derivatives, total	**954.9**	**2.7**	**1 022.7**	**-8.7**	**1 131.1**	**6.3**
	30 Sep 2010		**30 Sep 2009**		**31 Dec 2009**	
	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	472 550	-4.7	549 600	-67.4	538 600	-34.7
Commodity derivatives at fair value through profit or loss						
Jet Fuel Forward contracts	104 550	1.5	75 700	-3.4	48 400	0.7
Gasoil forward contracts	0	0.0	0	0.0	0	0.0
Jet differential forward contracts	56 500	2.4	151 000	5.8	120 500	4.3
Options						
Jet Fuel call options	69 000	0.8	69 750	1.3	68 000	0.8
Jet Fuel put options	116 500	-0.2	80 250	-1.4	80 500	-0.4
Gasoil call options	0	0.0	0	0.0	0	0.0
Gasoil put options	0	0.0	0	0.0	0	0.0
Total		**-0.2**		**-65.1**		**-29.3**
	30 Sep 2010		**30 Sep 2009**		**31 Dec 2009**	
	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	0.0	0.0	7.0	-3.8	6.9	-3.8
Cross currency interest rate swaps at fair value through profit or loss	3.6	-1.9	7.8	-4.5	4.7	-2.6
Total	**3.6**	**-1.9**	**14.7**	**-8.4**	**11.6**	**-6.4**
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	25.0	-0.7	20.0	-0.3	20.0	-0.2
Total	**25.0**	**-0.7**	**20.0**	**-0.3**	**20.0**	**-0.2**

Share derivatives						
Shares						
Call options, share	0.0	0.0	0.0	0.0	0.0	0.0

6. COMPANY ACQUISITIONS AND SALES

The Group has sold the associated undertaking Kiinteistö Oy Lentäjäntie 3 and bought the Back Office Estonia OU in which the group ownership is 85.7%.

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 on 31 March 2010 decided not to distribute a dividend for financial year 2009.

9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

EUR mill.	**30 Sep 2010**	**30 Sep 2009**	**31 Dec 2009**
Carrying amount at beginning of period	1 534.5	1 339.6	1 339.6
Fixed asset investments	156.4	341.6	413.2
Change in advances	-35.8	-5.7	-22.2
Disposals	-2.6	-58.1	-63.3
Transfers	-16.5	-	-
Depreciation	-87.8	-96.5	-132.8
Carrying amount at end of period	**1 548.2**	**1 520.9**	**1 534.5**

Proportion of assets held for sale at beginning of period	19.4	19.4	19.4
Proportion of assets held for sale at end of period	19.4	19.4	19.4

10. INTEREST-BEARING LIABILITIES

The loan withdrawals were according to the loan withdrawals program. 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 2010**	**30 Sep 2009**	**31 Dec 2009**
Pledges on own behalf	698.9	440.0	680.0
Guarantees on group undertakings	69.9	82.9	81.4
Total	**768.8**	**522.9**	**761.4**

Investment commitments for property, plant and equipment on 30 September 2010 totalled 1.100.0 million euros (1. 200.0)

12. LIABILITIES

EUR mill.	**30 Sep 2010**	**30 Sep 2009**	**31 Dec 2009**
Fleet lease payment liabilities	234.7	221.9	226.5
Other liabilities	241.9	148.2	256.8
Total	**476.6**	**370.1**	**483.3**

13. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Finnair's 2009 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 2010

	Total traffic	Europe	North America	Asia	Domestic	Scheduled Traffic Total	Leisure	Cargo
Passengers (1000)	5 479	2 786	117	959	938	4 800	679	
%-change	-3.7	-1.6	-9.7	10.7	-6.0	-0.5	-21.7	
Cargo and mail (tonnes)	89 426	16 027	6 223	55 227	1 709	79 187	1 038	89 426
%-change	38.4	17.7	33.2	30.3	-16.9	26.2	17.9	38.4
Available seat-kilometres mill	19 082	5 711	964	8 532	861	16 068	3 014	
%-change	-4.7	-3.0	-6.5	5.4	-6.5	0.9	-26.3	
Revenue passenger kilometres	14 781	3 854	771	7 003	503	12 131	2 650	
%-change	-2.3	-2.1	-9.7	11.1	-7.8	4.2	-24.2	
Passenger load factor %	77.5	67.5	80.0	82.1	58.5	75.5	87.9	
%-change	1.9	0.6	-2.8	4.2	-0.9	2.4	2.4	
Available tonne-kilometres	2 848							737
%-change	-5.1							14.1
Revenue tonne-kilometres mill	1 865							540
%-change	8.2							47.3
Overall load factor %	65.5							73.4 *
%-change	8.0							16.5

* Operational calculatory capacity

15. ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income include the unrealisable change in the fair value of the hedging instruments of the hedge accounting items which has earlier recognised straight in the hedging reserve of the shareholders' equity and the translation difference.

	2010	2009	Change	2010	2009	Change	2009
EUR mill.	1 Jul-30 Sep	1 Jul 30 Sep	%	1 Jan-30 Sep	1 Jan-30 Sep	%	1 Jan-31 Dec
Profit for the period	**32.4**	**-18.1**	**-**	**-17.1**	**-59.8**	**-**	**-95.2**
Other comprehensive income items							
Translation differences	0.6	0.1	-	-0.5	0.5	-	0.5
Change of fair value in available-for-sale financial assets	-2.0	9.2		-2.7	11.9		12.0
Taxes	0.6	-3.2		0.9	-4.2		-4.2
Change of fair value in hedging instruments	-7.0	-1.5	-	28.0	44.3	-	73.3
Taxes	2.5	0.5		-9.8	-15.5		-25.7
Other comprehensive income items. total	**-8.4**	**7.8**	**-**	**24.8**	**56.7**	**-**	**85.8**
Comprehensive income for the financial period	**24.0**	**-10.3**	**-**	**7.7**	**-3.1**	**-**	**-9.4**

Earnings per share to shareholders of the parent company of the comprehensive income statement	24.0	-10.3		7.2	-3.2		-9.5
Earnings per share to non-controlling interest of the comprehensive income statement	0.0	0.0		0.5	0.1		0.1

16. EVENTS AFTER THE REVIEW PERIOD

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