FINNAIR GROUP INTERIM REPORT 1 JANUARY – 31 MARCH 2010

Operational loss halved from the previous year

Summary of the first quarter's key figures

– Turnover fell by 6.6% to 481.5 million euros (515.7)
– Passenger traffic declined by 5.7% from the previous year, passenger load factor rose from the previous year by 4.9 percentage points to 80.0% (75.1)
– Unit revenues from flight operations per revenue tonne kilometre fell by 6.3%, unit costs per revenue tonne kilometre fell by 10.6%
– The operational result, i.e. EBIT excluding non-recurring items, capital gains and changes in the fair value of derivatives, was a loss of 26.3 million euros (47.5 loss)
– The operating loss was 25.9 million euros (24.3 loss)
– The result before taxes was a loss of 29.4 million euros (25.0 loss)
– Gearing at the end of March was 30.2% (14.9) and gearing adjusted for leasing liabilities was 91.9% (91.5)
– Balance sheet cash and cash equivalents at end of the quarter totalled 523.3 million euros (374.8)
– Equity ratio 34.6% (34.0)
– Equity per share 6.51 euros (5.82)
– Earnings per share –0.19 euros (–0.15)
– Return on capital employed –8.3% (–5.4)
– Operational punctuality of flights 71.4% (87.0)

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

President & CEO Mika Vehviläinen on the interim result:

In terms of scheduled traffic, the year began with a slight rise in demand. In March, demand rose by 20 per cent from the previous year. Unit revenue still declined, but during the quarter the trend was positive. In March, turnover in the Airline Business segment rose for the first time since the beginning of the economic downturn.

There are clear signs of growth in markets outside Finland. Our flights from Asia to Finland and onward to Europe – and from Europe via Finland to Asia – are carrying more passengers who change flights at Helsinki-Vantaa and continue from there on their journey. Compared with its competitors, Finnair has increased its market share in traffic between Asia and Europe.

Cargo demand is also rising strongly. We plan to begin flights with cargo aircraft from Asian locations to the Northern European market.

A good start to spring was spoiled by the spread of the volcanic ash cloud across Europe, which halted air traffic over nearly the entire continent for a week. Estimates of the losses incurred by Finnair are already 20 million euros, but recovery of demand will take weeks further affecting profitability. There is every reason to expect, however, a return to the earlier positive trend at the latest during the second half of the year. This positive development will be overshadowed by the rise in fuel prices and the strengthening of the dollar that have taken place during the spring.

I believe, following the dispersal of the ash cloud, that we will continue to carry increasing passenger numbers, because business travel in Asia and Europe is on the rise. The passenger load factors of our Asian flights are high and in scheduled traffic our capacity is growing.

Work to improve our profitability will continue, because only by being cost-competitive can we succeed. In the early part of the year, unit costs clearly fell more than the decline in revenues. Most of the targets of our 200 million euro cost improvement programme have been recognised. Majority of the programme is being implemented, but further efforts are still required.

Personnel have participated in joint measures to achieve flexibilities. At the beginning of April, Finnair's personnel representatives and management met to consider the ways in which the company's future could be best secured. It is excellent to observe how committed and professional our personnel are.

We have just come through a significant crisis situation, so it is difficult to estimate how quickly we will return to a growth track. Before the stoppage of air traffic, the signs were encouraging, however. We expect our profitability to improve towards the end of the year.

Market and General Review

After a difficult 2009, demand for Finnair's scheduled traffic picked up in the early part of 2010. In March scheduled passenger traffic demand grew by nearly 20 per cent. Traffic performance overall, however, has been nearly at last year's level owing to a reduction in leisure flights by around 30 per cent. Demand among European airlines returned to cautious growth in December last year.

In the first quarter, the price level of Finnair's flight tickets was around seven per cent below the previous year's level, which is the main reason for the decline in turnover. The fall in the average price is due primarily to a sharp decline in business travel compared with the previous year.

In the early part of the year, business travel demand has begun to recover, but demand comes mainly from outside Finland – from Scandinavia and the rest of Europe as well as from the Asian market. Through capacity cuts, it has been possible to raise the passenger load factor to an excellent level. Cargo demand began to revive already at the end of last year, anticipating an improvement in economic conditions.

Operationally the quarter began in difficult conditions, when exceptionally poor weather disrupted air traffic in Finland and elsewhere in Europe. In addition, the quality problems in ground services which followed outsourcing arrangements were also reflected in the punctuality of baggage handling. The punctuality of air traffic rose in March to normal levels.

Since mid-April, air traffic has been disrupted throughout most of Europe by an ash cloud originating from a volcanic eruption in Iceland. Finnair also had to cancel over 1,700 flights and more than 140 000 bookings.

Financial Result, 1 January – 31 March 2010

In January–March, the Finnair Group's turnover was 481.5 million euros (515.7), which is 6.6 per cent lower 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 loss of 26.3 million euros (47.5 loss). The result before taxes was a loss of 29.4 million euros (25.0 loss).

Changes in the fair value of derivatives had a 0.4 million euro positive effect on the result reported for the first three months of the year. The corresponding item the previous year improved the reported result by 23.4 million euros.

In January–March, Finnair's passenger traffic capacity contracted by 11.5 per cent and revenue passenger kilometres fell by 5.7 per cent. Asian traffic increased by 10.1 per cent. The passenger load factor for all traffic rose by 4.9 percentage points from the previous year to 80.0 per cent. The amount of cargo carried grew from last year by 23.4 per cent.

In Group passenger traffic, total unit revenues per passenger kilometre fell by 2.3 per cent. Yield per passenger fell by 5.2 per cent. Unit revenues per tonne kilometre for cargo traffic declined by 3.1 per cent. Compared with the previous quarter, the price level improved slightly. Weighted unit revenues for passenger and cargo traffic fell by 6.3 per cent.

In the first quarter, euro-denominated operating costs fell by 9.9 per cent as turnover declined by 6.6 per cent. Unit costs per revenue tonne kilometre fell by 10.6 per cent, and by 6.5 per cent excluding fuel costs.

All of the significant cost items fell due to lower operating levels as well as implemented efficiency measures. Fuel costs, including price hedging, fell by 20.1 per cent.

An item of around eight 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. Depreciation as well as fleet material purchases and overhaul costs have increased. Depreciation increased due to new aircraft acquisitions. Overhaul costs rose due to delivery overhauls of MD-11 and Boeing 757 aircraft.

Net operational cash flow was –17.9 million euros (-73.4).

Earnings per share for January–March amounted to –0.19 euros (–0.15).

Investment, Financing and Risk Management

At the end of March, balance sheet cash and cash equivalents totalled 523.3 million euros (374.8). Gearing stood at 30.2 per cent (14.9). Gearing adjusted for leasing liabilities was 91.9 per cent (91.5). The equity ratio was 34.6 per cent (34.0). Finnair's solidity is good in comparison with the sector.

Investments in the first quarter totalled 68.7 million euros (128.2) and an estimated over 200 million euros for the full year.

Last year Finnair made a finance leasing arrangement of around 165 million euros to finance three Airbus A-330 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 wide-bodied aircraft 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 330 million euros, the withdrawal of which requires a bank guarantee.

In addition, Finnair has agreed a 200 million euro syndicated credit facility, intended as reserve financing and not used so far. Financial flexibility is also achieved through a 200 million euro short-term commercial paper programme, of which 17 million euros was in use as per end of March.

According to the financial risk management policy approved by Finnair's Board of Directors, the company has hedged 72 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. 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 mainly used as the fuel price hedging instruments.

The change during this quarter in the fair value of derivatives that mature in future is 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 the first quarter, the change in the fair value of derivatives was +0.4 million euros (+23.4).

The operational result for the first quarter includes realised losses of 11.6 million euros (50.1) 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.

Shareholders' equity includes a fair value reserve 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 closing date was +1.8 million euros, after deferred taxes, which includes foreign exchange and fuel derivatives as well as, to lesser degree, other financial items (-98.2).

The strengthening of the US dollar in relation to the euro is negative for Finnair, but owing to a high degree of hedging the impact in the first quarter on the operational result has not been significant. At the end of March, the degree of hedging for a dollar basket over the following 12 months was 66 per cent.

A rise in value of Norwegian Air Shuttle shares in January–March had a positive impact on Finnair's shareholders' equity of around 5.2 million euros after deferred taxes. Finnair owns slightly below five per cent of Norwegian Air Shuttle shares.

Shares

Finnair's market value at the end of March was 557.4 million euros (471.5) and the closing price of the Finnair Plc share was 4.35 euros (3.68). During the period January-March, the highest price for the Finnair Plc share on the NASDAQ OMX Helsinki Stock Exchange was 4.40 euros (5.24), while the lowest price was 3.61 euros (3.52) and the average price 3.98 euros (4.42). Some 4.5 million (3.4) of the company's shares, with a value of 17.8 million euros (15.2), were traded on the NASDAQ OMX Helsinki Stock Exchange.

The number of shares recorded in Finnair's Trade Register entry was 128,136,115 at the end of March. The Finnish State owned 55.8 per cent (55.8) of Finnair's shares, while 16.3 per cent (19.3) were held by foreign investors or in the name of a nominee.

On 31 March 2010, Finnair held 387,429 of its own shares, representing 0.3 per cent of the company's total share capital. In January–March, the company did not acquire nor dispose of any of its own shares.

Board of Directors and Senior Management

On 31 January 2010, Jukka Hienonen left his position as President & CEO. Mika Vehviläinen M.Sc.(Econ) became Finnair's new President & CEO on 1 February 2010. Vehviläinen joined Finnair on 5 January 2010.

At the Annual General Meeting held on 31 March 2010, the following former members were elected as members of Finnair Plc's Board of Directors for a term lasting until the end of the next Annual General Meeting: Christoffer Taxell (Chairman), Elina Björklund, Sigurđur Helgason, Satu Huber, Ursula Ranin, Veli Sundbäck and Pekka Timonen. In addition, a new member, Harri Sailas, was elected.

The Annual General Meeting elected as the company's auditors Jyri Heikkinen, Authorised Public Accountant, and PricewaterhouseCoopers Oy, Authorised Public Accountants, in which Eero Suomela as principal auditor. APA Tuomas Honkamäki and APA Timo Takalo were elected deputy auditors.

Personnel

During January-March, the Finnair group had an average of 7,681 employees, which was 16.8 per cent fewer than a year before. Approximately 3,600 employees worked in the Airline Business segment. The total number of personnel in technical, catering and ground handling services was 2,679 and in travel services 1,164. A total of 238 people were employed in other functions.

The collective agreements of the Finnair Engineers' Association (FIRY), the Finnair White-Collar Employees' Association (FYT), the Finnair Technical Employees' Association and the Finnair Flight Attendants' Association (SLSY) expire on 30 April 2010. Negotiations are under way with all these groups.

A six-month agreement was signed in March with the Finnish Aviation Union (IAU), which represents ground handling and technical services employees, and it is valid until 31 August 2010. The collective agreement of the Finnish Aviation Employees Association (SLV) is valid until 30 April 2011.

A collective agreement for pilots was signed in November 2009 and it is valid until 31 October 2011. The agreement reduces pilots' personnel costs significantly. A working group, established in connection with the signing of the agreement, presented in March the agreed measures which reduce pilots' unit costs up to 13 per cent.

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 March Finnair Group had a total of 63 aircraft in flight operations. The average age of Finnair's entire fleet is 6.5 years. Finnair's fleet is one of the most modern in the world.

In the first quarter, one new Airbus A330-300 aircraft joined Finnair's wide-bodied fleet and in April one more. In addition, this year one additional new Airbus A330 aircraft will be acquired, which will be delivered in the last quarter. Finnair currently operates a total of 12 long-haul aircraft, all of which are manufactured by Airbus.

The last long-haul traffic Boeing MD-11 aircraft was withdrawn from Finnair's passenger traffic in February. The company still owns two MD-11 aircraft, of which one has been converted into a cargo aircraft. The intention is to begin cargo operations with this aircraft from Asia in May. The other MD-11 will fly charter flights in the summer and will also be converted into a cargo aircraft in the autumn.

In April–May, as part of the harmonisation of its fleet structure, Finnair will withdraw from service three of its Boeing 757–200 aircraft after which Finnair will still have four Boeing 757 aircraft.

Environment

Finnair takes environmental aspects into consideration in all of its actions and decisions. Finnair participates actively in corporate responsibility work and discussions with its interest groups. Finnair reports its sustainable development principles and indicators in accordance with the international Global Reporting Initiative (GRI) guidelines and also within the Carbon Disclosure Project (CDP) system.

Finnair has been systematically modernising its fleet since 1999. 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.

Air transport emissions trading will begin in European Union in 2012. Air transport emissions trading will apply to all flights arriving at 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 2014–2020 have not yet been finally determined, which is adversely affecting preparations for emissions trading in the company.

In cooperation with various actors in the sector, Finnair endorses the establishment of a worldwide emissions trading scheme, which will not distort competition in the sector.

Business Area Development

The primary 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 Resource Management units as well as the subsidiaries Finnair Cargo Oy, Finnair Cargo Terminal Operations Oy and Finnair Aircraft Finance Oy.

Finnair's training centre operations were incorporated from the beginning of 2010 into a new company, Finnair Flight Academy Ltd, which is part of the Airline Business segment. The Finnair Flight Academy's task is to provide Finnair with training and competence development services. Most of the training services on offer consist of certification maintenance and aircraft type training for flight personnel. Flight training is also sold to external customers.

In the first quarter, the business area's turnover fell 5.3 per cent to 403.2 million euros (425.6). The operational loss was 24.6 million euros (44.0 loss). The key factor in the significantly reduced turnover is a lower average price.

In January–March, the number of passengers carried on scheduled flights was 1.6 million, which is 3.9 per cent more than the previous year. In scheduled traffic, revenue passenger kilometres rose by 7.3 per cent as capacity contracted by 2.7 per cent, which improved the passenger load factor by 7.2 percentage points to 76.7 per cent.

In January–March, scheduled passenger traffic unit revenue declined by 6.7 per cent. The shifting of business travel demand to cheaper price classes contributed to the decline in unit revenues. This was particularly evident in the Finnish marketplace.

Within the quarter, a monthly examination reveals a clear change. In March, unit revenue per passenger kilometre was still negative, but unit revenue per passenger was slightly better than last year. Scheduled passenger traffic demand and the passenger load factor were also clearly better than last year.

Cargo revenues account for around 10 per cent of all of the Airline Business segment's revenues. In the first quarter, cargo unit revenue in scheduled traffic declined by 2.2 per cent. In scheduled traffic, the amount of cargo kilos carried rose from the previous year by 25.0 per cent. The amount of cargo carried in Asian traffic rose from the previous year by 34.4 per cent.

In international scheduled passenger traffic, Finnair's market share relative to its main competitors has fallen by some percentage points, but is still nearly 60 per cent of 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 in January–March from the previous year by 15.6 percentage points to 71.4 per cent (87.0).

In January–March, Finnair's charter flights carried 250,000 passengers, which is 30.6 per cent fewer than the previous year. In January–March, the level of available passenger kilometres fell by 32.9 per cent. Performance in revenue passenger kilometres fell in the first quarter from the previous year by 30.6 per cent. The passenger load factor of charter flights improved 3.1 percentage points to 92.1 per cent.

Finnair's market share in charter flight traffic has fallen, because a number of tour operators have started to use their own Group's airlines.

Aviation Services

This business area comprises aircraft maintenance services, ground handling and the Group's catering operations. In addition, the Group's property holdings, the procurement of office services, and the management and maintenance of properties related to the Group's operational activities also belong to the Aviation Services business area. 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 the first quarter, Aviation Services' turnover fell 1.9 per cent to 110.7 million euros (112.8). The operational result weakened from the previous year and was 1.6 million euros (2.3).

Catering business is the most profitable of the Aviation Services. 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 as passenger numbers have declined. The unit has implemented adjustment measures scaling personnel numbers to the level of demand for meals. A stabilisation agreement was also reached with white-collar workers in Finnair Catering.

Finnair Technical Services was divided at the beginning of 2010 into two subsidiaries, Finnair Technical Services Oy and Finnair Engine Services Oy. This conversion into separate companies will create structural flexibility for cooperation arrangements in the future. Both of the new subsidiaries are part of the Aviation Services segment. In connection with the establishment of the new subsidiaries, the recognition practice for heavy maintenance of engines was changed. As a consequence of the change of the accounting principle, a 25.9 million euro reduction in shareholders' equity has been recognised in the opening balance sheet of Finnair Plc's Airline Business segment on 1 January 2010.

Finnair Technical Services' operational result was loss-making in the first quarter, mainly due to a decline in hourly-based invoicing for the Group's own traffic as well as delivery overhauls of MD-11 and Boeing 757 aircraft. Turnover outside the Finnair Group was around 30 per cent.

Finnair Technical Services and the Swedish charter operator Nova Airlines AB (Novair) have entered into a component support agreement for three Novair Airbus A321 aircraft and with the global component supplier AJ Walter for MD-11 aircraft. The Swedish charter operator TUIfly Nordic has also signed a multi-year maintenance agreement covering heavy maintenance and line maintenance of Boeing 757 and 767 aircraft.

Northport Oy, which provides ground handling services, broke even in January–March. During the first quarter, Northport refined cooperation arrangements between the company and Barona Handling, to which baggage handling and apron functions where transferred at the beginning of December 2009. Personnel held a four-day illegal strike in December. Thereafter, there were shortcomings in operations at the beginning of the year, but since then operational quality has improved.

Travel Services (tour operator 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, as well as 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 integrates travel agency systems and sells travel reservation systems.

Travel Services' turnover in January–March fell by 12.8 per cent to 100.1 million euros (114.8). The operational result was a profit of 0.4 million euros (2.3 loss). The profit improvement was due to efficiency measures implemented the previous year and to the good price level of inclusive tour sales.

Aurinkomatkat-Suntours is Finland's leading tour operator, with a market share of 36 per cent. As demand weakened from the previous year's peak figures, the company cut its winter production by 14 per cent. All destinations were served by Finnair's own fleet, whereas the previous winter additional capacity was acquired from Air Europe for flights to Phuket, Thailand. The winter's main destinations were the Canary Islands and Thailand.

Sales of summer 2010 tours have developed more slowly than the previous year, as travel decisions are being made closer to the date of travel. Capacity is close to last summer's level and sales are expected to rise to the same level. Greece and Turkey are among the most popular destinations.

In Estonia the package market collapsed last year and no recovery is yet perceptible. Horizon Travel has succeeded, however, in difficult circumstances to adjust its operations to correspond with the demand situation.

The establishment of Aurinkomatkat in Russia continued in a difficult market climate. Due to the January travel season and adjustment measures, the result rose into positive territory. The winter's destinations were India, Israel and Egypt. Package tour demand in Russia is returning to growth. In summer 2010 the company offers a range of 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. The sharp reduction in business travel in particular exerted pressure on margins.

Air Traffic Services and Products

In the summer season, Finnair has a total of 60 and in the winter season a total of 61 direct scheduled 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. A total of more than 50 European destinations connect into Finnair's Asian network.

The Finnair Plus frequent-flyer programme has been updated to enable more versatile use of points. Last year more than 100 new partners in 30 countries and different service product areas joined the points programme. Through the programme update, Finnair Plus members gained the opportunity to combine points and money when redeeming awards. Finnair has opened a web shop to facilitate access to benefits.

In connection with the update, the points limits of the frequent-flyer programme tiers will change. Customers will now move onto a higher tier with a smaller number of points than before. On the other hand, points will expire more quickly. Points will be valid for three years instead of five. Flexibility will also be increased by offering the possibility to transfer points among family members.

In March, Finnair opened its Facebook pages. These pages attracted rapidly over 10,000 fans and proved to be an efficient and appreciated interactive customer communications channel during the air traffic disruption caused by the ash cloud. Customer cases have been taken care of and solved on-line and it shows the growing importance of social media.

In winter season 2009–2010, Finnair has used in leisure flight traffic its long-haul traffic Airbus A330-300 aircraft in addition to Boeing 757 aircraft.

Impact of the volcanic eruption

In mid-April a volcano erupted in Iceland, discharging an ash cloud into European airspace. Most of the continent's air traffic had to be stopped due to the flight safety risk.

Over a week or so, Finnair had to cancel more than 1,700 flights, which affected more than 140,000 bookings. The halting of air traffic created difficulties for tens of thousands of Finnair customers, who had to change their travel plans.

In common with many other network airlines, Finnair took the view that it was not obliged to compensate customers' accommodation expenses when air traffic was stopped. Nevertheless the halting of traffic meant that Finnair incurred losses estimated at 20 million euros. The recovery of demand will burden the passenger load factor in the second quarter. Thus, the final financial impact is still unknown.

The consumer authorities in Finland and the EU have demanded that airlines compensate passengers for additional costs arising from flight cancellations. Finnair has stressed the need for EU rules to be clear and fair for both customers and airlines. Compensation should be commensurate with the price of the product.

The traffic problems caused by the ash cloud are now completely at an end. The post-crisis commercial impact is also expected to be limited, as the situation was quickly resolved with no enduring operational uncertainties affecting demand.

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 strongly affect the development of 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. The disruption to air traffic caused by the ash cloud will give rise to some uncertainty over the return of demand to the positive trend that preceded the crisis.

A change of one percentage point in the passenger load factor affects the Group's operating profit by a little 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 nearly 15 million euros.

Fuel costs constitute around one fifth of the Group's costs and are one of the most significant uncertainty factors where costs are concerned. Foreign exchange rate changes also represent a risk. Finnair hedges against fuel price and foreign exchange rate volatility by entering into option and future contracts. The rising cost of hedging arrangements also poses a risk.

A ten per cent change in the world market price of fuel affects Finnair's operating result on an annual basis by around 20 million euros after hedging. A ten per cent change in the euro-dollar exchange rate affects Finnair's operating result on an annual basis by around 18 million euros after hedging. The market price of fuel in USD has risen from the first quarter of last year by around 50 per cent.

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.

Outlook

Before the volcanic eruption in Iceland and the disruption to air traffic caused by the ash cloud created by it, demand for air travel had clearly begun to pick up. Business travel has been recovering, above all outside Finland.

Due to controlled growth of capacity, passenger load factors are expected to return to a good level in the second half of the year.

Air cargo demand has clearly started to rise. Particularly in the Asian market, cargo demand has strengthened, which is also improving prospects for Finnair's cargo operations. In May, Finnair will begin its own cargo aircraft operations from Asian locations to Europe.

The Finnair Group's objective, according to a programme announced earlier, is to implement efficiency measures totalling around 200 million euros. The efficiency targets and means have been for the most part recognised. All parts of the programme are not yet being implemented, but will generate savings throughout the course of the year.

Demand for package tours in the coming summer season is expected to be at last year's level. Charter flight capacity will fall when three of the seven Boeing 757 aircraft are withdrawn from Finnair's fleet as their leasing agreements now expire.

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 over one fifth of Finnair's turnover.

Finnair's passenger traffic capacity for the whole year is expected to remain at last year's level. The level of passenger kilometres in scheduled traffic is expected to grow and leisure flight performance to fall. Finnair's scheduled traffic is adversely affected by low unit revenue, but the passenger load factors of aircraft are expected to remain at a good level.

As a result of direct revenue losses and extra costs caused by the volcanic ash cloud as well as a temporary fall in the passenger load factor, the second quarter is expected be clearly worse than the first quarter. Giving a reliable forecast in current circumstances is difficult.

FINNAIR PLC
Board of Directors

Press conference

Finnair with arrange briefings on 28.4.2010 for the media at 11.00, and for analysts at 12.30. The location is Toimistotorni, Lentäjäntie 3, at Helsinki-Vantaa Airport. Further information and registrations: Marjo Kalliola, tel. +358 9 818 4972 or marjo.kalliola@finnair.fi.

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FINNAIR GROUP FINANCIAL STATEMENT FOR JANUARY 1 – MARCH 31. 2010
KEY FIGURES

EUR mill.	2010 1 Jan- 31 Mar	2009 1 Jan 31 Mar	Change %	2009 1 Jan– 31 Dec
Turnover	481.5	515.7	-6.6	1 837.7
Profit before depreciation and lease payments, EBITDAR *	20.0	-1.5	-	11.9
Lease payments for aircraft	18.3	19.3	-5.2	74.4
Operational result, EBIT*	-26.3	-47.5	-	-180.2
Fair value changes of derivatives	0.4	23.4	-	55.5
Profit from disposal of capital assets	0.0	-0.2	-	0.7
Operating profit, EBIT	-25.9	-24.3	-	-124.0
Profit for the period (share attributable to shareholders of parent company)	-21.8	-18.6	-	-102.0
Operating profit, EBIT, % of turnover *	-5.5	-9.2	-	-9.8
EBITDAR, % of turnover *	4.2	-0.3	-	0.6
Unit revenues of flight operations c/RTK	59.4	63.4	-6.3	67.2
Unit costs of flight operations c/RTK	69.1	77.3	-10.6	74.7
Unit costs of flight operations c/ATK	45.4	42.7	6.3	43.8
Earnings per share EUR (basic) **	-0.19	-0.15	-	-0.81
Earnings per share EUR (diluted) **	-0.19	-0.15	-	-0.81
Equity per share EUR	6.51	5.82	11.9	6.67
Gross investment EUR mill.	68.7	128.2	-	347.6
Gross investment, % of turnover	14.3	24.9	-	18.9
Equity ratio %	34.6	34.0		35.5
Gearing %	30.2	14.9		25.9
Adjusted gearing %	91.9	91.5		86.9
Rolling 12-month ROCE %	-8.3	-5.4		-8.4
Rolling 12-month ROE %	-13.4	-7.6		-12.7

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

Profit / 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 result, EBIT :
Operational 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)
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)
Profit *100
____
Equity + non-controlling interest (average)

The figures of interim report have not been audited.

CONSOLIDATED INCOME STATEMENT

EUR mill.	2010 1 Jan- 31 Mar	2009 1 Jan- 31 Mar	Change %	2009 1 Jan– 31 Dec
Turnover	**481.5**	**515.7**	**-6.6**	**1 837.7**
Work used for own purposes and capitalized	0.5	0.4	25.0	4.7
Other operating income	2.8	3.9	-28.2	14.9
Profit from disposal of capital assets*)	0.0	-0.2	-	32.9
Operating income	**484.8**	**519.8**	**-6.7**	**1 890.2**
Operating expenses				
Staff costs	111.9	135.2	-17.2	482.3
Fuel	105.3	131.8	-20.1	450.3
Lease payment for aircraft	18.3	19.3	-5.2	74.4
Other rental payments	18.8	26.7	-29.6	81.4
Fleet materials and overhauls	28.0	26.3	6.5	101.6
Traffic charges	44.5	45.0	-1.1	171.1
Ground handling and catering expenses	41.0	33.4	22.8	130.2
Expenses for tour operations	37.9	45.5	-16.7	131.1
Sales and marketing expenses	19.9	20.4	-2.5	77.2
Depreciation	28.0	26.7	4.9	117.9
Other expenses	57.5	57.2	0.5	220.0
Operational expenses total	**511.1**	**567.5**	**-9.9**	**2 037.5**
Operational result, EBIT	**-26.3**	**-47.5**	**-**	**-180.2**
Fair value changes of derivatives	0.4	23.4	-98.3	55.5
Non-recurring items	0.0	0.0	-	-32.2
Total expenses	**510.7**	**544.1**	**-6.1**	**2 014.2**
Operating profit EBIT	**-25.9**	**-24.3**	**-**	**-124.0**
Financial income	2.5	3.1	-19.4	8.9
Financial expenses	-6.0	-3.8	57.9	-18.7
Share of result in associates	0.0	0.0	-	0.1
Profit before taxes	**-29.4**	**-25.0**	**-**	**-133.7**
Direct taxes	7.7	6.4	-	31.8
Profit for the period	**-21.7**	**-18.6**	**-**	**-101.9**

Earnings per share to shareholders of the parent company profit of the period	-21.8	-18.6		-102.0
Non-controlling interest profit of the period	0.1	0.0		0.1
Earnings per share calculated from profit of the period attributable to shareholders of the parent company				
Earnings per share EUR (basic)	-0.19	-0.15		-0.81
Earnings per share EUR (diluted)	-0.19	0.15		-0.81

*) Is not included in the operational profit, EBIT.

CONSOLIDATED BALANCE SHEET

EUR mill.	**31 Mar 2010**	**31 Mar 2009**	**31 Dec 2009**
ASSETS			
Non-current assets			
Intangible assets	43.7	47.7	46.1
Tangible assets	1 464.6	1 373.5	1 469.0
Investments in associates	8.3	5.8	8.3
Financial assets	13.9	23.3	20.5
Deferred tax receivables	49.6	64.2	42.0
Total	1 580.1	1 514.5	1 585.9
Short-term receivables			
Inventories	50.5	36.3	36.8
Trade receivables and other receivables	264.9	281.4	197.5
Investments	513.8	359.6	598.2
Cash and bank equivalents	9.5	15.2	9.2
Total	838.7	692.5	841.7
Non-current Assets held for sale	19.4	19.4	19.4
Assets total	**2 438.2**	**2 226.4**	**2 447.0**
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	755.8	668.2	777.2
Total	831.2	743.6	852.6
Non-controlling interest	0.9	0.7	0.9
Equity, total	832.1	744.3	853.5
Long-term liabilities			
Deferred tax liability	93.9	122.3	99.1
Financial liabilities	689.9	271.8	637.4
Pension obligations	0.0	1.9	0.0
Total	783.8	396.0	736.5
Short-term liabilities			
Current income tax liabilities	0.0	0.0	0.0
Reserves	104.2	60.7	73.0
Financial liabilities	95.6	222.2	201.8
Trade payables and other liabilities	622.5	803.2	582.2
Total	822.3	1 086.1	857.0
Liabilities total	1 606.1	1 482.1	1 593.5
Shareholders' equity and liabilities, total	**2 438.2**	**2 226.4**	**2 447.0**

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 31 Mar 2010	1 Jan – 31 Mar 2009
Cash flow from operating activities		
Profit for the period	-21.7	-18.6
Operations for which a payment is not included **1)**	25.1	-2.5
Interest and other financial expenses	6.0	3.8
Interest income	-2.2	-2.3
Other financial income	-0.2	-0.6
Dividend income	-0.1	-0.2
Taxes	-7.7	-6.4
Changes in working capital:		
Change in trade and other receivables	-68.6	-49.6
Change in inventories	2.6	-1.2
Change in accounts payables and other liabilities	53.1	4.8
Interest paid	-4.6	-2.1
Paid financial expenses	-0.3	-0.3
Received interest	0.7	3.1
Taxes paid	0.0	-1.3
Net cash flow from operating activities	**-17.9**	**-73.4**
Cash flow from investing activities		
Investments in intangible assets	-0.6	-3.0
Investments in tangible assets	28.3	-123.9
Net change of financial interest bearing assets at fair value through profit and loss	162.0	-14.1
Net Change of shares classified as available for sale	0.1	-2.0
Sales of tangible fixed assets	0.6	0.0
Received dividends	0.1	0.2
Change in non-current receivable	6.6	-1.7
Net cash flow from investing activities	**197.1**	**-144.5**
Cash flow from financing activities		
Loan withdrawals	10.8	205.1
Loan repayments and changes	-119.0	-20.6
Net cash flow from financing activities	**-108.2**	**184.5**
Change in cash flows	**71.0**	**-33.4**
Change in liquid funds		
Liquid funds. at beginning	262.9	343.4
Change in cash flows	71.0	-33.4
Liquit funds, in the end	**333.9**	**310.0**

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 31 Mar 2010	1 Jan – 31 Mar 2009
Notes to consolidated cash flow statement		
1) Operations for which a payment is not included		
Depreciation	28.0	26.7
Employee benefits	-1.4	-4.5
Fair value changes of derivatives	-0.4	-23.4
Other adjustments	-1.1	-1.3
Total	25.1	-2.5
Financial asset at fair value	513.8	359.6
Liquid funds	9.5	15.2
Short-term cash and cash equivalents in balance sheet	523.3	374.8
Maturing after more than 3 months	-156.7	-53.7
Shares held to trading purposes	-32.7	-11.1
Total in cash flow statement	333.9	310.0

*) The A330 aircraft leasing arrangement is not included.

SHAREHOLDERS´EQUITY

Equity attributable to shareholders of parent company											
EUR mill.	**Share capi-tal**	**Sha-re 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**	**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**
Dividend payment							0.0	0.0	-0.4	0.0	-0.4
Share-holders equity related to owners 31.3.2009	75.4	20.4	147.7	-110.5	247.2	0.0	369.2	**749.4**	**0.7**	**0.0**	**750.1**
Result for the period							-18.6	-18.6	0.0		-18.6
Statement of compre-hensive income				12.3		0.5	0.0	12.8	0.0	0.0	12.8
Comprehen-sive income for the financial period	0.0	0.0	0.0	12.3	0.0	0.5	-18.6	-5.8	0.0	0.0	-5.8
Share-holders´ equity 31.3.2009	75.4	20.4	147.7	-98.2	247.2	0.5	350.6	**743.6**	**0.7**	**0.0**	**744.3**

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**	**Total**
Shareholders´ equity 1.1.2010	75.4	20.4	147.7	-25.2	247.2	0.5	241.3	**707.3**	0.9	119.4	**827.6**
Dividend payment							0.0	0.0	-0.1	0.0	-0.1
Shareholders equity related to owners 31.3.2010	75.4	20.4	147.7	-25.2	247.2		241.3	**707.3**	**0.8**	**119.4**	**827.5**
Result for the period							-21.8	-21.8	0.0	0.0	-21.8
Statement of comprehensive income				27.0		-0.7	0.0	26.3	0.1	0.0	26.4
Comprehensive income for the financial period	0.0	0.0	0.0	27.0	0.0	-0.7	-21.8	4.5	0.1	0.0	4.6
Shareholders´ equity 31.3.2010	75.4	20.4	147.7	1.8	247.2	-0.7	219.5	**711.8**	**0.9**	**119.4**	**832.1**

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**	**Total**
Shareholders´ equity 1.1.2010	75.4	20.4	147.7	-25.2	247.2	0.5	267.2	**733.2**	0.9	119.4	**853.5**
Change of accounting principle							-25.9	-25.9	0.0	0.0	-25.9
Adjusted´ equity 1.1.2010	75.4	20.4	147.7	-25.2	247.2	0.5	241.3	**707.3**	0.9	**119.4**	**827.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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.

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

PRIMARY REPORTING FORMAT - BUSINESS SEGMENT DATA 1 January – 31 March 2010

	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.						
External turnover	355.7	26.1	99.7			481.5
Internal turnover	47.5	84.6	0.4	-132.5		0.0
Turnover	403.2	110.7	100.1	-132.5	0.0	481.5
Operating profit	-26.1	1.6	0.4		-1.8	-25.9
Share of results of associated undertakings					0.1	0.1
Financial income					2.5	2.5
Financial expenses					-6.0	-6.0
Income tax					7.7	7.7
Non-controlling interest					-0.1	-0.1
Result for the period						-21.7
Other items						
Investments	67.0	1.7	0.0	0.0	0.0	68.7
Depreciation	23.3	4.0	0.4	0.0	0.3	28.0

PRIMARY REPORTING FORMAT - BUSINESS SEGMENT DATA 1 January- 31 March 2009

	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.						
External turnover	373.2	28.2	114.3			515.7
Internal turnover	52.4	84.6	0.5	-137.5		0.0
Turnover	425.6	112.8	114.8	-137.5	0.0	515.7
Operating profit	-44.0	2.3	-2.3		19.7	-24.3
Share of results of associated undertakings					0.0	0.0
Financial income					3.1	3.1
Financial expenses					-3.8	-3.8
Income tax					6.4	6.4
Non-controlling interest					0.0	0.0
Result for the period						-18.6
Other items						
Investments	118.7	8.6	0.8	0.0	0.1	128.2
Depreciation	20.2	5.7	0.4	0.0	0.4	26.7

TURNOVER

	2010	2009	Change	2009
	1 Jan- 31 Mar	1 Jan 31 Mar	%	1 Jan– 31 Dec
EUR mill.				
Airline Business	403.2	425.6	-5.3	403.2
Aviation Services	110.7	112.8	-1.9	110.7
Travel Services	100.1	114.8	-12.8	100.1
Group eliminations	-132.5	-137.5	-3.6	-132.5
Total	**481.5**	**515.7**	**-6.6**	**481.5**

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

	2010	2009	Change	2009
	1 Jan- 31 Mar	1 Jan 31 Mar	%	1 Jan– 31 Dec
EUR mill.				
Airline Business	-24.6	-44.0	-44.1	-170.5
Aviation Services	1.6	2.3	-30.4	7.3
Travel Services	0.4	-2.3	-117.4	-4.3
Unallocated items	-3.7	-3.5	5.7	-12.7
Total	**-26.3**	**-47.5**	**-44.6**	**-180.2**

NUMBER OF EMPLOYEES AVERAGE BY SEGMENT

	2010	2009	Change
	1 Jan– 31 Mar	1 Jan– 31 Mar	%
Airline Business	3 600	4 185	-14.0
Aviation Services	2 679	3 429	-21.9
Travel Services	1 164	1 385	-16.0
Other functions	238	231	3.0
Finnair Group, Total	**7 681**	**9 230**	**-16.8**

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

TURNOVER OUTSIDE THE GROUP BY SALES DESTINATION

	2010	2009	Change	2009
	1 Jan- 31 Mar	1 Jan 31 Mar	%	1 Jan– 31 Dec
EUR mill.				
Finland	74.5	115.8	-35.7	358.8
Europe	190.0	191.2	-0.6	782.2
Asia	167.9	160.2	4.8	551.5
North America	12.9	10.8	19.4	55.9
Others	36.2	37.7	-4.0	89.3
Total	**481.5**	**515.7**	**-6.6**	**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	**31 March 2010**		**31 March 2009**		**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	302.0	14.9	375.2	24.1	299.1	-3.0
Forward contracts. Hedging of Aircraft purchase price						
Fair value hedging	379.6	14.0	471.3	29.4	491.0	7.1
Cash flow hedging	0.0	0.0	29.7	-0.3	0.0	0.0
Forward contracts. Currency hedging of lease payments	29.4	1.5	38.3	3.3	36.2	-0.6
Total	**711.0**	**30.4**	**914.5**	**56.5**	**826.3**	**3.5**
Currency derivatives at fair value through profit or loss						
Operating cash flow hedging (forward contracts)	256.5	0.6	55.6	3.0	214.8	0.9
Operational cash flow hedging (options)						
Call options	0.0	0.0	0.0	0.0	0.0	0.0
Put options	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet hedging (forward contracts)	94.6	3.2	94.2	0.3	90.0	1.9
Total	**351.1**	**3.8**	**149.8**	**3.3**	**304.8**	**2.8**
Currency derivatives. total	**1 062.1**	**34.2**	**1 064.2**	**59.8**	**1 131.1**	**6.3**
	31 March 2010		**31 March 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	517 650	-25.3	572 600	-149.1	538 600	-34.7
Commodity derivatives at fair value through profit or loss						
Jet Fuel swaps	63 300	1.3	53 500	-18.8	48 400	0.7
Gasoil forward contracts	0	0.0	8 000	-2.6	0	0.0
Jet differential forward contracts	99 500	5.5	262 500	10.6	120 500	4.3
Options						
Jet Fuel call options	79 250	0.9	16 000	0.0	68 000	0.8
Jet Fuel put options	95 750	-0.2	16 000	-5.7	80 500	-0.4
Gasoil call options	0	0.0	27 000	0.0	0	0.0
Gasoil put options	0	0.0	39 500	-12.4	0	0.0
Total		**-17.8**		**-177.9**		**-29.3**
	31 March 2010		**31 March 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	2.6	-1.2	13.8	-5.3	6.9	-3.8
Cross currency interest rate swaps at fair value through profit or loss	6.0	-3.0	10.9	-5.1	4.7	-2.6
Total	**8.6**	**-4.2**	**24.8**	**-10.4**	**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	45.0	-0.3	20.0	0.2	20.0	-0.2
Total	**45.0**	**-0.3**	**20.0**	**0.2**	**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

Finnair Technical Services was divided at the beginning of financial year 2010 into two subsidiaries, Finnair Technical Services Oy and Finnair Engine Service Oy. This conversion into a separate companies will create structural flexibility from cooperation arrangements in the future. The both companies are part of Aviation Services segment. In connection with the corporatization the accounting treatment of engine heavy maintenance has been changed. According to the change of accounting principles has recognized in the open balance sheet 1.1.2010 of Airline Business Segment 25.9 million euro decrease in the own equity.

Finnair's training centre operations were incorporated from the beginning of 2010 into a new company Finnair Flight Academy Ltd, which is part of the Airline Business segment. The Finnair Flight Academy's task is to provide Finnair, its biggest customer, with top quality training and competence development services. The majority of the training services on offer will be for certification maintenance and aircraft type training for flight personnel. Flight training will also be sold to external customers.

7. INCOME TAXES

Operational and deferred taxes based on the result have been recognised in the income statement at prevailing tax rates.

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.	31 Mar 2010	31 Mar 2009	31 Dec 2009
Carrying amount at beginning of period	1 534.5	1 339.6	1 339.6
Fixed asset investments	68.7	129.0	413.2
Change in advances	-30.5	-1.3	-22.2
Disposals	-0.6	0.0	-63.3
Transfers	-16.4	-	-
Depreciation	-28.0	-26.7	132.8
Carrying amount at end of period	**1 527.7**	**1 440.6**	**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.	31 Mar2010	31 Mar 2009	31 Dec 2009
Pledges on own behalf	699.0	377.1	680.0
Guarantees on group undertakings	68.8	82.1	81.4
Total	**767.8**	**459.2**	**761.4**

Investment commitments for property. plant and equipment on 31 March 2010 totalled 1,100.0 million euros (1,505.0)

12. LIABILITIES

EUR mill.	31 Mar 2010	31 Mar 2009	31 Dec 2009
Fleet lease payment liabilities	211.8	377.1	226.5
Other liabilities	251.6	205.1	256.8
Total	**463.4**	**582.2**	**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 – 31 March 2010

	Total traffic	Europe	North America	Asia	Domestic	Scheduled Traffic Total	Leisure	Cargo
Passengers (1000)	1 839	847	32	320	390	1 589	251	
%-change	-2.7	7.2	-0.1	8.5	-5.3	3.9	-30.6	
Cargo and mail (tonnes)	24 958	4 696	1 959	17 088	617	24 360	598	24 958
%-change	23.4	3.9	31.0	34.4	-19.2	25.0	74.5	23.4
Available seat-kilometres mill	6 560	1 729	270	2 758	367	5 123	1 437	
%-change	-11.5	-5.1	2.2	-0.4	-11.4	-2.7	-32.9	
Revenue passenger kilometres	5 251	1 155	209	2 339	224	3 927	1 324	
%-change	-5.7	6.2	-0.1	10.1	-5.9	7.3	-30.6	
Passenger load factor %	80.0	66.8	77.4	84.8	61.2	76.7	92.1	
%-change	4.9	7.1	-1.8	8.0	3.6	7.2	3.1	
Available tonne-kilometres	940							207
%-change	-14.9							-11.7
Revenue tonne-kilometres mill	618							147
%-change	1.1							31.4
Overall load factor %	65.7							70.9 *
%-change	10.4							23.3

* 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**	**2009**
EUR mill.	**1 Jan- 1 Mar**	**1 Jan - 31 Mar**	**%**	**1 Jan– 31 Dec**
Profit for the period	**-21.7**	**-18.6**	**-**	**-101.9**
Other comprehensive income items				
Translation differences	-0.7	0.5	-	0.5
Change in available-for-sale financial assets after taxes	5.1	1.3		12.0
- Taxes	-1.8	-0.4		-4.2
Change in fair value of hedging instruments after taxes	21.9	11.0	-	73.3
- Taxes	-7.7	-3.9		-25.7
Other comprehensive income items. total	**26.3**	**12.8**	**-**	**85.8**
Comprehensive income for the financial period	**4.6**	**-5.8**	**-**	**-16.1**

Earnings per share to shareholders of the parent company of the comprehensive income statement	4.5	-5.8		-16.2
Earnings per share to non-controlling interest of the parent company of the comprehensive income statement	0.1	0.0		0.1

16. EVENTS AFTER THE REVIEW PERIOD

The volcanic eruption in Iceland and the disruption to air traffic caused by the ash cloud have been told in the interim report.