

Operational result weakened, second-half may be loss-making

Summary of the 2008 second-quarter key figures

- Turnover rose 1.5% to 546.1 million euros (538.1 million)
- Passenger traffic grew 0.4% in passenger kilometres from the previous year, passenger load factor fell 5.1 percentage points to 69.5% (74.6%)
- Unit revenues from flight operations fell by 2.2%, while unit costs fell by 4.6%
- Excluding the impact of FlyNordic, sold in July 2007, turnover rose 6.5%, passenger kilometres grew 6.9%, unit revenues rose 1.1% and unit costs fell 6.5%
- Operating profit was 20.7 million euros (37.1 million)
- The operational result, i.e. EBIT excluding capital gains, non-recurring items and changes in the fair value of derivatives, was 5.2 million euros (27.2 million)
- Profit before taxes was 19.1 million euros (34.4 million)
- Gearing at the end of June was –15.3% (21.7%) and gearing adjusted for leasing liabilities was 38.8% (114.6%)
- Balance sheet cash and cash equivalents at the end of the period totalled 437.1 million euros (249.9 million).
- Equity ratio 46.8% (36.1%)
- Equity per share 8.25 euros (7.27)
- Earnings per share 0.12 euros (0.26)
- Return on capital employed 12.3% (5.0%)

Comparisons of key figures have been made with second quarter 2007 figures, which include figures for FlyNordic. Figures for 2007 are presented in brackets after the figures for the current year.

The interim report's traffic performance comparison figures are actual traffic performance figures from 2007, while in order to facilitate comparison the traffic performance figures of FlyNordic, sold in July 2007, have been eliminated from the monthly published traffic figures.

President and CEO Jukka Hienonen on the interim result:

Air transport profitability has weakened strongly during the spring. High fuel prices and a trend towards lower ticket prices have been unsettling developments for airlines.

The sector is undergoing a market failure caused by an overcapacity in relation to demand. Airlines worried about short-term cash flow are cutting prices and undermining the profitability of the whole industry.

There is a great risk that state aid will return to upset the sector, as happened in years gone by. The coming cost-cutting programmes will be so severe that, in countries

where airlines collapse, there may be demands for using state funds to maintain flight connections for business needs.

Despite its good fundamentals, Finnair has been unable to insulate itself from sector developments, indeed the second quarter was clearly weaker than the previous year. Moreover, the latter part of the year appears difficult and the operational result for the last six months may dip into the red.

We are, moreover, seeking financial health through a 50 million euro profit improvement programme. As part of this programme, we have initiated statutory employer-employee negotiations in which we are seeking effective solutions in cooperation with personnel. Redundancies will be a last resort.

There has been positive development in the quality of operations during the spring. The long delays that proved a problem at the start of the year have been weeded out, which has improved customer satisfaction and reduced costs. In punctuality, we are again among the best of the European airlines. Baggage delays have also reduced to a third of last summer's numbers.

Market and General Review

Air transport profitability has weakened quickly following the rise in fuel costs, particularly in the second quarter. The price development for flight tickets has not managed to compensate for the increased costs.

If the oil price remains at its present level (USD135/barrel), the International Air Transport Association IATA estimates that airlines' total operating result for the entire year will be a loss of over six billion US dollars, compared with a profit of nearly six billion dollars last year. Also Finnair's profitability in the second quarter also weakened clearly from the previous year.

The tight competition, resulting from over-capacity in the sector, has not allowed wide-ranging price increases that more expensive fuel would require, to maintain healthy profitability. Airlines in financial difficulties have cut their ticket prices to ensure short-term cash flow, which will naturally weaken the profitability development of the whole sector.

The average yield per passenger kilometre of Finnair's passenger traffic fell in the early part of the year by nearly three per cent from the previous year. In scheduled passenger traffic, the reduction was more than two per cent and in leisure flights more than one per cent. Unit revenues for cargo traffic were up by more than five per cent.

Worldwide, air traffic grew in the early part of the year by more than five per cent, while traffic growth for European network airlines has been slightly less. Load factors have remained almost at the previous year's level.

Finnair scheduled traffic's growth, measured in passenger kilometres, has been above the European average in January-June. Passenger load factor development, on the other hand, has been clearly weaker than those of other European airlines, owing to a strong increase in capacity and a simultaneously rapid decrease in demand growth in

the second quarter. Growth in Asian traffic has been slowed by the earthquakes in China in the spring as well as by travel restrictions imposed by the Chinese government ahead of the Beijing Olympics, which may also continue for some time after the games.

Finnair's traffic programme has been adjusted for the latter part of the year, by means of reducing capacity in European and Asian traffic. Timetables have been modified to achieve better connections and to improve load factors.

A programme has been initiated to deliver a 50 million euro annual improvement in the result. The intention is to obtain around 20 million euros of savings from personnel expenses. Statutory employer-employee negotiations to allocate the cost cuts will take place in the late summer/early autumn.

Operational quality and traffic punctuality and regularity improved during the second quarter, which has been positively reflected in customer satisfaction.

Financial Result, 1 April – 30 June 2008

Turnover rose in the second quarter by 1.5 per cent to 546.1 million euros (538.1 million). The Group's operational result, i.e. EBIT excluding capital gains, non-recurring items and changes in the fair value of derivatives, fell by more than 22 million euros to 5.2 million euros (27.2 million). Adjusted operating profit margin was 1.0 per cent (5.1). Profit before taxes was 19.1 million euros (34.4 million).

Due to the increased oil price, a 12.6 million euro (4.9 million) item improving the second quarter result has been recognised as a fair value change of derivatives, which significantly reduces the item "Other expenses". The item has no effect on cash flow. Capital gains of 2.9 million (5.0 million) were incurred mainly by the sale of two ATR 72 turboprop aircraft as well as the six Boeing MD-80 aircraft used by the Swedish airline FlyNordic.

In April-June, Finnair's passenger traffic capacity grew 7.9 per cent and revenue passenger kilometres 0.4 per cent; Asian traffic revenue passenger kilometres grew 17.2 per cent and leisure traffic by 4.9 per cent. The passenger load factor for traffic overall declined from the previous year by 5.1 percentage points to 69.5 per cent. The amount of cargo carried grew by 14.8 per cent.

In scheduled passenger and leisure traffic, total unit revenues per passenger kilometre fell by 0.7 per cent. Yield per passenger rose by 7.8 per cent. Cargo traffic unit revenues per tonne kilometre rose by 8.1 per cent, due to fuel surcharges collected as a result of increased costs. Weighted unit revenues for passenger and cargo traffic fell by 2.2 per cent.

Euro-denominated operating costs rose during the period by 4.3 per cent, while turnover grew by 1.5 per cent. Unit costs for flight operations fell by 4.6 per cent. The rise in fuel costs took place mainly in the second quarter. Fuel costs rose in April-June by 37.6 per cent and per tonne kilometre flown by 22.5 per cent. Unit costs for flight operations, excluding fuel costs, fell by 12.9 per cent.

Financial Result, 1 January – 30 June 2008

Turnover rose in January-June by 5.3 per cent to 1,122.6 million euros (1,066.6 million). Excluding the impact of FlyNordic, sold in July 2007, turnover rose 9.5 per cent. The Group's operating profit, excluding capital gains, changes in the fair value of derivatives and non-recurring arrangement expenses fell to 16.3 million euros (33.0 million). Adjusted operating margin was 1.5 per cent (3.1). Profit before taxes was 26.7 million euros (47.8 million).

Changes in the fair value of derivatives had a 12.5 million euro (10.9 million) improvement effect on the result reported for the first six months of the year. Capital gains in January-June totalled 4.0 million euros (6.9 million).

In January-June, passenger traffic capacity rose 10.9 per cent and demand grew 6.6 per cent; demand in Asian traffic alone rose 20.3 per cent. The passenger load factor declined from the previous year by 3.0 percentage points to 72.3 per cent. The amount of cargo carried grew from the previous year by 15.3 per cent.

In Group passenger traffic, total unit revenues per passenger kilometre fell by 2.8 per cent. Yield per passenger rose by 8.4 per cent. Unit revenues per tonne kilometre for cargo traffic rose by 5.4 per cent. Weighted unit revenues for passenger and cargo traffic fell by 3.7 per cent.

Euro-denominated operating costs rose during the period by 6.9 per cent. Unit costs per tonne kilometre for flight operations fell by 5.0 per cent.

Net cash flow from operations fell in the early part of the year from 114.0 million to 86.5 million euros.

Earnings per share for January-June were 0.17 euros (0.36).

Investment, Financing and Risk Management

In January-June, investments totalled 144.8 million euros (244.6 million). Investments included two Embraer 190 aircraft and one long-haul traffic Airbus A340 aircraft. Including advance payments, the cash-flow impact of fleet and auxiliary investments was around 108.9 million euros in the first half of the year. The cash-flow impact of the new aircraft acquisition programme and auxiliary investments in 2008 will be around 250 million euros and in 2009 more than 400 million euros. The final investment sum will depend on how many of the aircraft are acquired on operational leasing agreements.

At the end of June, the Group had balance sheet cash and cash equivalents amounting to 437.1 million euros (249.9 million), in addition to which there is a total of 250 million euros in to-date unused committed credit facilities.

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

Due to the share issue completed in December last year, gearing fell from 21.7 per cent at the end of June 2007 to a debt-free position, namely -15.3 per cent, at the end of the period under review. Gearing adjusted for leasing liabilities was 38.8 per cent (114.6%). The equity ratio correspondingly rose from the previous year by 10.7 percentage points, from 36.1 per cent to 46.8 per cent.

The income statement's January-June financial items include a result-weakening item of around eight million euros due to a fall in value of share options owned by Finnair in the airline Norwegian Air Shuttle. The second quarter accounted for three million euros of the said item.

According to the financial risk management policy approved by Finnair's Board of Directors, the company has hedged 70 per cent of scheduled traffic's jet fuel purchases for the next six months and thereafter for the following 24 months with a decreasing level of hedging. Finnair Leisure Flights price hedges fuel consumption according to its agreed traffic programme within the framework of the hedging policy. Derivatives linked to jet fuel and gasoil prices are mainly used as the fuel price hedging instrument.

Under IFRS rules, a change during the financial period in the fair value of derivatives is recognised in the Finnair income statement item "Other expenses". The said change in the fair value of derivatives is not a realised hedging gain nor does it have an effect on cash flow; it is a valuation gain in accordance with IFRS reporting practice. In April-June, the change in the fair value of derivatives was +12.6 million euros, whereas in January-March it was -0.1 million euros.

The operational result for January-June includes realised gains on derivatives of 35 million euros, which appear mainly in the fuel item of the income statement and partly as a recognition that reduces expenses in the item "Other expenses". The figure includes both foreign exchange and fuel derivatives.

A significant shareholders' equity item is the hedging reserve, whose value at the closing date was 109 million euros, which includes foreign exchange and fuel derivatives less deferred taxes.

A weakening of the US dollar against the euro has had a positive impact of around 8.5 million euros on Finnair's operational result for the second quarter compared to the previous year, taking foreign currency hedging into account. At the end of June, the degree of hedging for a dollar basket over the next 12 months was 58 per cent.

Shares and Share Capital

Finnair's market value on 30 June 2008 was 594.6 million euros (1,167.1 million) and the closing share price was 4.64 euros. In January-June, the highest price for the Finnair Plc share on the OMX Nordic Exchange Helsinki was 8.49 euros (14.35), while the lowest price was 4.61 euros (12.02) and the average price 6.83 euros (13.09). Some 43.2 million (10.1 million) of the company's shares, with a value of 295.4 million euros (131.8 million), were traded on the OMX Nordic Exchange Helsinki. At the end of the period under review, the Finnish State owned 55.8 per cent (55.8) of

the company's shares, while 16.6 per cent (31.2) were held by foreign investors or in the name of a nominee.

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

Personnel

In the period January-June, the average number of staff employed by the Finnair Group amounted to 9,573 people (9,531), which was 0.4 per cent more than a year earlier. Scheduled Passenger Traffic had 4,222 employees and Leisure Traffic 461 employees. The total number of personnel in technical, catering and ground handling services was 3,632 and in travel services 1,106. A total of 152 people were employed in other functions.

At the end of March, Finnair Group had around 600 employees outside of Finland, of whom 300 worked in sales and customer service duties for Finnair's passenger and cargo traffic. There are a total of 300 employees working for travel agencies and tour operators based in the Baltic states and Russia, and as guides at Aurinkomatkat-Suntours' holiday destinations. Foreign personnel are included in the total number of Group employees.

In June, Finnair announced that statutory employer-employee negotiations under the Act on Co-Determination within Undertakings would be initiated. The company is preparing for production cuts relating to all types of traffic. The more precise size of the cuts will be determined as the negotiations proceed during the late summer/early autumn. The negotiations are expected to affect around 500 people in the form of lay-offs or redundancies.

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

Due to weak profit development, no provisions at all have been made for personnel share and profit bonuses in the early part of the year. In January-June 2007 provisions totalling 7.1 million euros were made.

Fleet changes

Finnair Group's fleet is managed by Finnair Aircraft Finance Oy, which belongs to the Scheduled Passenger Traffic business area. At the end of June, Finnair Group had a total of 65 aircraft in flight operations, of which 11 are wide-bodied aircraft, used in long-haul traffic, and seven are Boeing 757 aircraft, which are used on leisure flights. The average age of the Finnair Scheduled Passenger Traffic's entire fleet was 5.7 years, and in European traffic less than five years.

Finnair's wide-bodied fleet grew in May by one Airbus A340 aircraft. A second A340 aircraft joined the Finnair fleet in July, at which time the long-haul fleet size grew to 12 aircraft. One Boeing MD-11 aircraft will leave the Finnair fleet in autumn 2008.

In the second quarter, two ATR 72 aircraft previously used by Aero Airlines were sold. Aero stopped operating on 6 January 2008.

In April 2008 the sale of six Boeing MD-80 aircraft and three back-up engines was announced. The aircraft and the engines were owned by Finnair but operated by FlyNordic, which was sold in July 2007.

Environment

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

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

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

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

Business area development in the second quarter

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

Scheduled Passenger Traffic

This business area is responsible for sales of scheduled passenger traffic and cargo, service concepts, flight operations, procurement and financing of aircraft. Scheduled Passenger Traffic leases to Leisure Traffic the crews and aircraft. The business area consists of the following units and companies: Finnair Scheduled Passenger Traffic, Finnair Cargo Oy, Finnair Cargo Terminal Operations Oy and Finnair Aircraft Finance Oy. The operations of the Estonian subsidiary Aero Airlines were discontinued on 6 January 2008.

The business area's turnover rose in the second quarter by 1.1 per cent to 438.9 million euros (434.0 million). The operational result was 1.9 million euros (27.7 million).

Scheduled Passenger Traffic carried nearly 1.7 million passengers in April-June. This represented a decline of 16 per cent from the previous year, resulting from the sale of FlyNordic and the winding up of Aero's operations. Scheduled Passenger Traffic's revenue passenger kilometres remained at the previous year's level while capacity grew eight per cent, which reduced the passenger load factor of scheduled traffic by six percentage points to 67 per cent.

Scheduled Passenger Traffic's unit revenues in the second quarter remained at the level of the previous year. Unit revenues were expected to rise in the second quarter from the previous year, when Easter took place in April compared with March this year. Business travel is lower at Easter and in the week preceding and following it.

In January-June, unit revenues fell more than two per cent, due to growth in the relative proportion of Asian traffic, which has a lower average revenue. Examining all types of traffic individually – European, Asian, North-American and domestic – average revenue rose from the previous year.

Cargo revenues account for a good ten per cent of all Scheduled Passenger Traffic's revenues. In April-June, cargo unit revenues rose by 8.1 per cent, taking all types of traffic into account. The total amount of cargo carried in scheduled traffic grew by 21.9 per cent. The amount of cargo carried in Asian traffic rose by 32.1 per cent from the previous year. In traffic overall, also including leased cargo aircraft capacity and leisure traffic, the amount of cargo grew by 14.8 per cent.

Finnair Cargo Oy's profitability improved as business volume grew strongly at the same time as costs of cargo aircraft capacity leased from outside the company were cut. Cargo business revenues were increased partly by cargo fuel surcharges, collected to compensate for increased costs.

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

During April-June, the arrival punctuality of scheduled passenger flights was at the previous year's level, 84.6 per cent. Punctuality was clearly improved from the beginning of the year.

Leisure Traffic

This business area consists of Finnair Leisure Flights and the Aurinkomatkat-Suntours tour operator as well as its Estonian tour operator Horizon Travel, the St. Petersburg Calypso travel agency and the takeOFF brand, which focuses on youth travel.

Aurinkomatkat-Suntours is Finland's leading tour operator, with a market share of 37 per cent. Finnair Leisure Flights has a strong market leadership in leisure travel flights. The company's customers include all of the significant tour operators in Finland.

Leisure Traffic's second quarter turnover rose by 2.0 per cent to 84.8 million euros. The Leisure Traffic business area's operational result was a loss of 2.5 million euros (1.1 million profit).

In the second quarter, Finnair Leisure Flights carried 292,900 passengers, 3.3 per cent more than a year earlier. Performance calculated in passenger kilometres rose 4.9 per cent. Leisure Flights' passenger load factor rose nearly one percentage point to 82 per cent.

In previous summers, Finnair Leisure Flights has leased one or two aircraft to European airlines. This summer, two aircraft remained in Finland for scheduled traffic needs. The contraction of the flight programme planned for the aircraft will weaken Leisure Flights' earnings and result for the summer season.

In terms of demand and result, the second quarter is Leisure Traffic's weakest. Aurinkomatkat's result was slightly loss-making due to seasonality. Aurinkomatkat was able to increase slightly its sales of package tours, but in the spring and early summer it was necessary to sell summer tours at a discount, due to slow demand and overcapacity in the market.

In the Estonian market, a weakening of domestic market demand is evident in a reduction in leisure travel. The result was also adversely affected by arrangement expenses connected with the acquisition of the Russian travel agency Calypso.

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

In previous summer Finnair Leisure Flights have leased one to two aircraft to European airlines. This summer two aircraft flew scheduled passenger flights.

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.

The business area's turnover rose in the second quarter by 11.7 per cent to 111.5 million euros (99.8 million). The operational result improved by three million euros and was 4.4 million euros (1.3 million).

It is important for Finnair Technical Services' long-term functional capacity and profitability that the unit also has customers from outside the Group. At the end of last year, it was agreed, for example, that Technical Services would handle the overhauls of the Russian airline Aeroflot's Boeing MD-11 cargo fleet. The value of the eight-year contract is more than 200 million euros.

One of Finnair Technical Services biggest customers, the United States Gemini Air Cargo Inc., announced in June that it was seeking to restructure its debts. As a result, a credit loss provision of 1.5 million euros has been made in Finnair's balance sheet. Gemini has announced that it will continue operating and that it is looking for a party to continue its operations. Finnair Technical Services' component service agreement with Gemini will continue. The value of Finnair's assets in Gemini's possession is around seven million euros.

The ground handling company Northport Oy is still loss-making. On the other hand, the quality and productivity of operations has improved. Moreover, the amount of baggage left behind has declined significantly during the early part of the year.

Travel Services

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

The business area's turnover in April-June declined by 8.0 per cent to 20.6 million euros (22.4 million), but the operational result rose by 16.7 per cent to 1.4 million euros (1.2 million). In the early part of the year, Finland Travel Bureau has managed to acquire significant new customer relationships, which will be evident in sales later in the year.

Air Traffic Services and Products

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

Finnair has a total of 65 direct flights per week to 11 Asian destinations. A service to Mumbai in India, with a frequency of five flights per week, was started in June 2007. In June 2008 the number of weekly flights to Mumbai rose to six, and at the same time Finnair started direct flights to the South Korean capital Seoul. The Seoul route is operated five times per week. Finnair's other Asian destinations are Bangkok, Delhi, Hong Kong, Guangzhou, Nagoya, Osaka, Beijing, Shanghai and Tokyo.

Flights covering 45 European and 13 domestic destinations connect into Finnair's Asia network. At the same time, a wide selection of direct connections is offered from

Finland to the rest of Europe. In the coming winter season, connections between Asia and Europe will be increased by changing the Asian flight timetables. In the coming winter season, capacity will be reduced compared with plans at the beginning of the year by around five per cent, measured in passenger kilometres.

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

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

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

In European traffic, additional flights began to Paris, Moscow and St. Petersburg in April. Finnair now flies to Paris 35 times a week, and the number of Moscow flights doubled as Finnair and Aeroflot cooperate in flying four times a day between Helsinki and Moscow, i.e. 28 times per week. Additional flights were also opened to Manchester and Kiev at the beginning of the summer.

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

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

Short-term risks and uncertainty factors

The price of fuel is the most significant uncertainty factor in terms of costs. Oil price has been at record highs for an extended period. A high degree of hedging and the relationship of the US dollar to the euro softens the impact of the rising oil price, but fuel costs are expected to grow more quickly than turnover.

During August-December, a ten per cent change in the price of oil increases the annual fuel bill by more than 10 million euros with Finnair's degree of hedging. On an annual level, a ten per cent change in the price of oil affects the fuel bill by over 35 million euros. Correspondingly, a weakening of the US dollar by ten per cent against the euro improves the result by more than 25 million euros annually with Finnair's degree of hedging.

Weakening in general economic conditions will slow growth of air travel. In scheduled traffic, bookings extend only for a few weeks, so predicting the result far into the future is difficult. The sensitivity of the result to changes in the demand and price is significant. A change of one percentage point in the load factor affects the annual result by more than 15 million euros. Correspondingly a change of one percentage point in the average price also affects the annual result by more than 15 million euros.

Negotiations to renew the collective employment agreement of pilots, which ends on 30 November 2008, will take place in the autumn.

Outlook

In the latter part of the year Scheduled traffic capacity in passenger kilometres will grow only approximately five per cent due to production cuts. In Asian traffic, growth of revenue passenger kilometres will not reach the forecasted 20 per cent.

Cost structure and operations efficiency will be increased with a 50 million euro result improvement programme, which is not yet expected to significantly affect the 2008 result. In connection with the programme, statutory employer-employee negotiations have been started. The already planned and possible future production cuts affect all traffic segments. The size of the cuts will become apparent only during the negotiations, but they are expected to affect approximately 500 persons.

After the Olympics, it is assumed that travel demand in China will again start to pick up. The booking horizon for flight journeys and cargo is comparatively short, however, which will adversely affect forecastability in the latter part of the year. Leisure Flights' sales to tour operators in terms of winter long-haul trips have grown from last year.

The situation in the sector is expected to remain extremely difficult, however, due to expensive fuel and uncertain demand development. Fuel costs accounted for around 25 per cent of Finnair's turnover in the early part of the year. In the second half of the year, fuel costs are expected to rise to 28 per cent of turnover, assuming that flight ticket and fuel prices (USD 125/barrel) remain at their end-July levels. Without the fuel hedging already undertaken, fuel cost would rise to approximately 33 per cent of turnover.

The operational result for the second half of the year may be negative. The assessment is based on the end-July price of fuel and ticket prices remaining on last year's levels.

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

KEY FIGURES EUR mill.

	2008	2007	Change	2008	2007	Change	2007
	1Apr– 30June	1Apr– 30June	%	1Jan– 30June	1Jan– 30June	%	1Jan– 31Dec
Turnover	546.1	538.1	1.5	1 122.6	1 066.6	5.3	2 180.5
Profit before depreciation and lease payments, EBITDAR *	54.0	74.0	-27.0	112.2	128.8	-12.9	287.4
Lease payments for aircraft	20.7	19.1	8.4	41.1	40.8	0.7	81.2
Operating profit, EBIT*	5.2	27.2	-80.9	16.3	33.0	-50.6	96.6
Fair value changes of derivatives	12.6	4.9	-	12.5	10.9	-	14.5
Profit from disposal of capital assets	2.9	5.0	-	4.0	6.9	-42.0	30.4
Operating profit, EBIT	20.7	37.1	-44.2	32.8	50.8	-	141.5
Profit for the financial year (share attributable to shareholders of parent company)	13.9	25.8	-46.1	19.4	35.1	-	101.6
Operating profit. EBIT, % of turnover *	1.0	5.1	-	1.5	3.1	-53.1	4.4
EBITDAR, % of turnover *	9.9	13.8	-	10.0	12.1	-17.2	13.2
Unit revenues of flight operations c/RTK	75.4	77.1	-2.2	72.2	75.0	-3.7	72.6
Unit costs of flight operations c/ATK	43.5	45.5	-4.6	43.0	45.2	-5.0	43.5
Earnings per share EUR (basic)	0.12	0.26	-	0.17	0.36	-	1.04
Earnings per share EUR (diluted)	0.12	0.26	-	0.17	0.36	-	1.04
Equity per share EUR	8.25	7.27	13.5	8.25	7.27	13.5	7.70
Gross investment EUR mill.	80.4	192.3	-	144.8	244.6	-40.8	326.3
Gross investment, % of turnover	14.7	35.7	-	12.9	22.9	-	15.0
Equity ratio %				46.8	36.1	-	47.0
Gearing %				-15.3	21.7	-	-22.5
Adjusted gearing %				38.8	114.6	-	35.1
Rolling 12-month ROCE %				12.3	5.0	-	14.2
Rolling 12-month ROE %				10.2	3.8	-	12.9

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

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

CALCULATION OF KEY RATIOS

Earnings / share:

Profit for the financial year

Average number of shares at the end of the financial year, adjusted for share issues

Equity / share:

Shareholders' equity

Number of shares at the end of the financial year, adjusted for share issues

Gearing. %:

Net interest-bearing liabilities * 100

Shareholders' equity + minority interest

Operating profit, EBIT :

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

Shareholders equity = To equity holders of the parent

The figures of interim report have not been audited.

Return on capital employed,%: (ROCE)

Profit before taxes + interest and other financial expenses * 100

Balance sheet total - non-interest-bearing liabilities (average)

Net interest bearing liabilities:

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

Equity ratio, %:

Shareholders' equity + minority interest * 100

Balance sheet total - advances received

Return on equity %: (ROE)

Result before extraordinary items – taxes * 100

Equity + minority interests (average)

CONSOLIDATED INCOME STATEMENT (EUR mill.)

	2008	2007	Change	2008	2007	Change	2007
	1 Apr– 30 June	1 Apr 30 June	%	1 Jan– 30 June	1 Jan– 30 June	%	1 Jan– 31 Dec
Turnover	546.1	538.1	1.5	1 122.6	1 066.6	5.3	2 180.5
Work used for own purposes and capitalized	0.5	0.5	0.0	0.6	1.3	-53.8	3.0
Other operating income	8.3	10.7	-22.4	14.2	16.6	-14.5	52.8
Operating income	554.9	549.3	1.0	1 137.4	1 084.5	4.9	2 236.3
Operating expenses							
Staff costs	128.2	127.2	0.8	268.7	262.3	2.4	541.5
Fuel	143.5	104.3	37.6	278.4	207.5	34.2	439.9
Lease payment for aircraft	20.7	19.1	8.4	41.1	40.8	0.7	81.2
Other rental payments	17.2	15.3	12.4	35.2	32.5	8.3	63.8
Fleet materials and overhauls	19.2	19.2	0.0	38.9	41.4	-6.0	76.7
Traffic charges	47.1	44.4	6.1	90.7	88.1	3.0	177.0
Ground handling and catering expenses	36.5	42.7	-14.5	71.7	79.2	-9.5	154.3
Expenses for tour operations	25.5	23.0	10.9	70.1	58.8	19.2	120.6
Sales and marketing expenses	24.9	27.1	-8.1	52.0	46.5	11.8	92.0
Depreciation	28.1	27.7	1.4	55.8	55.0	1.5	112.6
Other expenses	43.3	62.2	-30.4	102.0	121.6	-16.1	235.2
Total	534.2	512.2	4.3	1 104.6	1 033.7	6.9	2 094.8
Operating profit EBIT	20.7	37.1	-	32.8	50.8	-	141.5
Financial income	7.2	2.6	176.9	12.6	6.2	103.2	17.2
Financial expenses	-8.8	-5.4	63.0	-18.7	-9.3	101.1	-19.9
Share of result in associates	0.0	0.1	-	0.0	0.1	-	0.1
Profit before taxes	19.1	34.4	-	26.7	47.8	-	138.9
Direct taxes	-5.2	-8.4	-	-7.3	-12.5	-	-36.8
Profit for financial year	13.9	26.0	-	19.4	35.3	-	102.1

Earnings per share to shareholders of the parent company	13.9	25.8		19.4	35.1		101.6
Minority interest	0.0	0.2		0.0	0.2		0.5
Earnings per share calculated from profit attributable to shareholders of the parent company							
Earnings per share EUR	0.12	0.26		0.17	0.36		1.04
Earnings per share EUR (diluted)	0.12	0.26		0.17	0.36		1.04

CONSOLIDATED BALANCE SHEET (EUR mill.)

	30 June 2008	30 June 2007	31 Dec 2007
ASSETS			
Non-current assets			
Intangible assets	48.9	48.5	46.6
Tangible assets	1 232.0	1 165.6	1 168.9
Investments in associates	5.8	5.6	5.7
Financial assets	19.9	15.0	13.8
Deferred tax receivables	23.5	17.7	13.2
Total	1 330.1	1 252.4	1 248.2
Short-term receivables			
Inventories	38.3	40.4	36.1
Trade receivables and other receivables	477.8	264.0	287.3
Investments	418.5	225.7	518.6
Cash and bank equivalents	18.6	21.2	21.5
Total	953.2	551.3	863.5
Non-current Assets held for sale	16.2	26.2	34.7
Assets total	2 299.5	1 829.9	2 146.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent company			
Shareholders' equity	75.4	75.4	75.4
Other equity	978.0	569.0	909.9
Total	1 053.4	644.4	985.3
Minority interest	0.8	1.4	1.7
Equity, total	1 054.2	645.8	987.0
Long-term liabilities			
Deferred tax liability	176.3	117.5	143.4
Financial liabilities	226.9	317.7	269.6
Pension obligations	12.2	6.8	15.8
Total	415.4	442.0	428.8
Short-term liabilities			
Current income tax liabilities	13.3	12.0	12.1
Reserves	54.3	59.1	53.6
Financial liabilities	53.2	78.3	54.5
Trade payables and other liabilities	709.1	566.0	610.4
Total	829.9	715.4	730.6
Liabilities related to long-term asset items held for sale	0.0	26.7	0.0
Liabilities total	1 245.3	1 184.1	1 159.4
Shareholders' equity and liabilities. Total	2 299.5	1 829.9	2 146.4

SHAREHOLDERS' EQUITY EUR mill.

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

SHAREHOLDERS' EQUITY EUR mill.

Equity attributable to shareholders of parent company										
	Share capital	Share issue	Share pre- mium account	Bonus issue	Hedging reserve	Unrestric- ted equity	Retain- ed earn- ings	Total	Minority interests	Own equity total
Shareholders' equity 1.1.2008	75.4	0.0	20.4	147.7	26.8	244.9	470.1	985.3	1.7	987.0
Translation difference							0.2	0.2		0.2
Dividend payment							-31.9	-31.9	-0.6	-32.5
Minority change							0.0	0.0	-0.3	-0.3
Purchase of own shares	0.0	0.0	0.0				-4.7	-4.7		-4.7
Assignment of own shares/ Share premium account charges						2.1	0.8	2.9		2.9
Change in fair value of hedging instruments					82.2			82.2		82.2
Profit for the period							19.4	19.4	0.0	19.4
Shareholders' equity 30.6.2008	75.4	0.0	20.4	147.7	109.0	247.0	453.9	1 053.4	0.8	1 054.2

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 30 June 2008	1 Jan – 30 June 2007	1 Jan – 31 Dec 2007
Cash flow from operating activities			
Profit for the financial year	19.4	35.3	102.1
Operations for which a payment is not included 1)	49.6	49.3	100.0
Interest and other financial expenses	18.7	9.2	19.9
Interest income	-10.3	-5.6	-11.9
Other financial income	-2.3	-0.5	-5.1
Dividend income	0.0	0.0	-0.2
Taxes	7.3	12.5	36.8
Changes in working capital:			
Change in trade and other receivables	-74.9	-67.7	2.4
Change in inventories	-2.2	-1.9	2.4
Change in accounts payables and other liabilities	90.5	97.9	86.4
Interest paid	-7.5	-6.3	-14.6
Paid financial expenses	-3.6	-3.9	-2.3
Received interest	6.4	4.7	9.6
Received financial income	0.0	1.2	0.5
Taxes paid	-4.6	-10.2	-24.2
Net cash flow from operating activities	86.5	114.0	301.8
Cash flow from investing activities			
Sell of subsidiaries, net cash sold	0.0	0.0	0.6
Acquisitions of subsidiaries	-2.5	-0.6	-0.6
Investments in intangible assets	-5.9	-7.2	-15.4
Investments in tangible assets	-159.2	-206.9	-346.2
Net change of financial interest bearing assets at fair value through profit and loss	113.2	8.8	-205.6
Net change of shares classified as available for sale	15.9	0.0	0.0
Sales of tangible fixed assets	64.9	9.7	65.2
Received dividends	0.0	0.0	0.2
Change in non-current receivable	-6.2	0.5	1.7
Net cash flow from investing activities	20.2	-195.7	-500.1
Cash flow from financing activities			
Loan withdrawals	2.4	68.0	95.6
Loan repayments and changes	-46.4	-13.0	-115.0
Share issue	0.0	0.0	244.9
Purchase of own shares	-4.7	0.0	0.0
Dividends paid	-31.9	-8.9	-8.9
Net cash flow from financing activities	-80.6	46.1	216.6
Change in cash flows	26.1	-35.6	18.3
Change in liquid funds			
Liquid funds. at beginning	291.8	273.5	273.5
Change in cash flows	26.1	-35.6	18.3
Liquid funds, in the end	317.9	237.9	291.8

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 30 June 2008	1 Jan – 30 June 2007	1 Jan – 31 Dec 2007
Notes to consolidated cash flow statement			
1) Operations for which a payment is not included			
Depreciation	55.8	55.0	112.6
Employee benefits	-3.7	-3.2	6.8
Other adjustments	-2.5	-2.5	-19.4
Total	49.6	49.3	100.0
Financial asset at fair value	418.5	225.7	518.6
Cash and bank equivalents (including cash and cash equivalents of long-term assets held for sale in previous year, EUR 3.0 million)	18.6	24.2	21.5
Short-term cash and cash equivalents in balance sheet	437.1	249.9	540.1
Maturing after more than 3 months	-109.5	-9.1	-222.7
Shares held to trading purposes	-9.7	-2.9	-25.6
Total in cash flow statement	317.9	237.9	291.8

NOTES TO THE CONSOLIDATED INTERIM REPORT

1. BASIS OF PREPARATION

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

2. ACCOUNTING PRINCIPLES

The accounting principles adhered to in the interim report are consistent with the principles adhered to in the 2007 consolidated financial statements, excluding the changes listed below.

The following new standards, changes to standards and the application of interpretations which are perceived to be essential for the Group have been introduced from the beginning of 2008:

- IFRIC 11, 'Group and treasury share transactions' provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have any impact on the group's financial statements.

The following new standards and interpretations effective in 2008 are not relevant to the group's operations:

- IFRIC 12, 'Service Concession Arrangements' applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.
- IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' is applied to post-employment defined benefit plans and other long-term defined benefit plans under IAS 19, if the plan includes minimum funding requirements. The interpretation also clarifies the criteria for recognition of an asset on future refunds or reductions in future contributions. The revision, amendment or interpretation to published standards is still subject to endorsement by the European Union.

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

The group will adopt in 2009 the following standards published by IASB:

- IAS 1 (Revised), Presentation of Financial Statements
- Amendment to IAS 23 'Borrowing Costs'
- IFRS 8, Operating Segments
- IFRIC 13, Customer Loyalty Programmes

The impact of these standards has been told in the consolidated financial statements 2007.

3. CRITICAL FINANCIAL STATEMENT ESTIMATES AND ASSUMPTIONS

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

In connection with the preparation of this interim report, the significant estimates made by management relating to the consolidated accounting principles and the key uncertainty factors are the same as those applied in the 2007 annual financial statements.

4. SEGMENT INFORMATION

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

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

	Scheduled Passenger Traffic	Leisure Traffic	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.							
External turnover	807.4	220.5	55.1	39.6			1 122.6
Internal turnover	54.7	3.6	166.3	2.1	-226.7		0.0
Turnover	862.1	224.1	221.4	41.7	-226.7	0.0	1 122.6
Operating profit	-1.7	8.5	7.0	1.9		17.1	32.8
Share of results of associated undertakings						0.0	0.0
Financial income						12.6	12.6
Financial expenses						-18.7	-18.7
Income tax						-7.3	-7.3
Minority interest						0.0	0.0
Result for the period							19.4
Other items							
Investments	115.5	0.1	28.6	0.3	0.0	0.3	144.8
Depreciation	37.4	0.2	16.9	0.7	0.0	0.6	55.8

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

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

TURNOVER

	2008	2007	Change	2008	2007	Change	2007
	1 Apr– 30 June	1 Apr 30 June	%	1 Jan– 30 June	1 Jan– 30 June	%	1 Jan– 31 Dec
EUR mill.							
Scheduled Passenger Traffic	438.9	434.0	1.1	862.1	825.2	4.5	1 685.3
Leisure Traffic	84.8	83.1	2.0	224.1	199.7	12.2	409.6
Aviation Services	111.5	99.8	11.7	221.4	210.6	5.1	433.9
Travel Services	20.6	22.4	-8.0	41.7	43.1	-3.2	82.3
Group eliminations	-109.7	-101.2	8.4	-226.7	-212.0	6.9	-430.6
Total	546.1	538.1	1.5	1 122.6	1 066.6	5.3	2 180.5

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

	2008	2007	Change	2008	2007	Change	2007
	1 Apr– 30 June	1 Apr 30 June	%	1 Jan– 30 June	1 Jan– 30 June	%	1 Jan– 31 Dec
EUR mill.							
Scheduled Passenger Traffic	1.9	27.7	-93.1	1.5	27.4	-94.5	76.2
Leisure Traffic	-2.5	1.1	-327.3	8.6	6.7	28.4	24.2
Aviation Services	4.4	1.3	238.5	6.9	4.6	50.0	10.3
Travel Services	1.4	1.2	16.7	1.8	2.5	-28.0	2.9
Unallocated items	0.0	-4.1	-100.0	-2.5	-8.2	-69.5	-17.0
Total	5.2	27.2	-80.9	16.3	33.0	-50.6	96.6

EMPLOYEES AVERAGE BY SEGMENT

	2008	2007	Change
	1 Jan– 30 June	1 Jan– 30 June	%
Scheduled Passenger Traffic	4 222	4 180	1.0
Leisure Traffic	461	373	23.6
Aviation Services	3 632	3 696	-1.7
Travel Services	1 106	1 134	-2.5
Other functions	152	148	2.7
Finnair Group Total	9 573	9 531	0.4

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

TURNOVER OUTSIDE THE GROUP BY SALES DESTINATION

	2008	2007	Change	2008	2007	Change	2007
	1 Apr– 30 June	1 Apr– 30 June	%	1 Jan– 30 June	1 Jan– 30 June	%	1 Jan– 31 Dec
EUR mill.							
Finland	94.3	101.3	-6.9	216.9	209.5	3.5	419.7
Europe	273.3	282.5	-3.3	498.8	515.4	-3.2	992.8
Asia	150.0	127.5	17.6	338.1	275.5	22.7	626.3
North America	18.6	16.9	10.1	30.1	28.2	6.7	63.2
Others	9.9	9.9	0.0	38.7	38.0	1.8	78.5
Total	546.1	538.1	1.5	1 122.6	1 066.6	5.3	2 180.5

Interest rate swaps						
Hedge accounting items	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps at fair value through profit or loss	20.0	1.0	20.0	1.2	20.0	0.9
Total	20.0	1.0	20.0	1.2	20.0	0.9

Share derivatives						
Shares						
Call options, share	16.0	0.0	0.0	0.0	16.1	8.4

6. COMPANY ACQUISITIONS AND SALES

In January 2008 the Group's subsidiary Oy Aurinkomatkat-Suntours Ltd Ab acquired all the shares of Oy Matkayhtymä Ab, and in April 2008 95% of the shares of the Estonian company Horizon Travel A/S. The company acquisitions have no substantial impact on the figures of the consolidated interim report. The gross investment in the shares was 0.6 million euros.

On 30 June 2008 the final contract of sale was signed with Norwegian Air Shuttle on the sale of the shares of the Group's subsidiary FlyNordic. The completion of the sale requires the approval of the Norwegian competition authority. In the interim report, assets relating to the sale have been presented in the balance sheet as long-term assets held for sale, and liabilities as liabilities relating to long-term assets held for sale.

7. INCOME TAXES

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

8. DIVIDEND PER SHARE

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

9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS EUR mill.

	30 June 2008	30 June 2007	31 Dec 2007
Carrying amount at beginning of period	1 250.2	1 067.4	1 067.4
Fixed asset investments	147.2	244.0	326.3
Change in advances	20.4	-29.9	35.8
Disposals	-64.9	-9.7	-66.7
Depreciation	-55.8	-55.0	-112.6
Carrying amount at end of period	1 297.1	1 216.8	1 250.2

Proportion of assets held for sale at beginning of period	34.7	7.6	7.6
Proportion of assets held for sale at end of period	16.2	2.7	34.7

10. INTEREST-BEARING LIABILITIES

In the first half year of 2008, Group loans were repaid in accordance with a repayment programme also the bond has been repurchased by 23.0 million euros. The rest of the loan transactions presented in the accounts relate to old secured loans, which owing to their exceptional agreement structure have a net repayment entered gross both as a withdrawal and a repayment.

11. CONTINGENT LIABILITIES EUR mill.

	30 June 2008	30 June 2007	31 Dec 2007
Other contingent liabilities			
Pledges on own behalf	251.3	232.0	263.1
Guarantees on group undertakings	67.5	61.4	67.5
Total	318.8	293.4	330.6

Investment commitments for property, plant and equipment on 30 June 2008 totalled 1,179.9 million euros (31 December 2007: 1,311.1 million euros)

12. LIABILITIES (EUR million)

	30 June 2008	30 June 2007	31 Dec 2007
Fleet lease payment liabilities	311.3	362.0	324.8
Other liabilities	205.5	168.8	177.7
Total	516.8	530.8	502.5

13. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Finnair's 2007 Annual Report. There have been no substantial changes after the closing date.

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

14. AIR TRAFFIC 1 January – 30 June 2008

	Total traffic	Europe	North America	Asia	Domestic	Scheduled Traffic Total	Leisure	Cargo
Passengers (1000)	4 064	1 945	68	584	830	3 427	637	
%-change	-10.7	-20.5	7.9	16.1	-14.2	-13.9	11.4	
Cargo and mail (tonnes)	52 123	10 747	3 537	34 289	1 539	50 112	212	52 123
%-change	15.3	3.3	7.6	34.0	-11.2	22.2	-5.3	15.3
Available seat-kilometres mill	14 486	4 180	553	5 939	810	11 482	3 004	
%-change	10.9	-7.0	6.9	30.8	-3.4	10.5	12.6	
Revenue passenger kilometres	10 469	2 654	449	4 223	473	7 798	2 671	
%-change	6.6	-13.0	7.9	20.3	-7.6	4.2	14.2	
Passenger load factor %	72.3	63.5	81.1	71.1	58.3	67.9	88.9	
%-change	-3.0	-4.4	0.7	-6.2	-2.6	-4.1	1.3	
Available tonne-kilometres	2 211							478
%-change	13.5							16.0
Revenue tonne-kilometres mill	1 234							296
%-change	9.5							19.6
Overall load factor %	55.8							62.0 *
%-change	-2.1							1.9

* Operational calculatory capacity

15. EVENTS AFTER THE REVIEW PERIOD

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