FINNAIR GROUP INTERIM REPORT 1 JANUARY - 31 MARCH 2009

First quarter clearly loss-making

Summary of first quarter 2009 key figures

- **Turnover fell by 10.0 per cent to 515.7 million euros (572.9 million).**
- **Passenger traffic, i.e. revenue passenger kilometres, volume was the same as the previous year, and passenger load factor rose from the previous year by 1.1 percentage points to 75.9% (74.8)**
- **Unit revenue per available tonne kilometre for flight operations declined 9.1%, units costs remained nearly at last year's level, rising 0.6%.**
- **The operating loss was 24.3 million euros (operating profit 8.8 million).**
- **The operational result, i.e. EBIT excluding non-recurring items, capital gains and changes in the fair value of derivatives, was a loss of 47.5 million euros (7.8 million), i.e. –9.2% of turnover**
- **The result before taxes was a loss of 25.0 million euros (4.3 million loss)**
- **Gearing at the end of the period was 14.9% (–16.1%) and gearing adjusted for leasing liabilities was 91.5% (43.1%)**
- **Balance sheet cash and cash equivalents at the end of the period totalled 374.8 million euros (461.1 million)**
- **Equity ratio 34.0% (43.0%)**
- **Equity per share 5.82 euros (7.42)**
- **Earnings per share –0.15 euros (0.03)**
- **Return on capital employed –5.4% (14.2%)**

In this interim statement, figures for 2008 are presented in brackets after the 2009 figures.

President and CEO Jukka Hienonen on the interim result:

The figures for our sector make for sad reading wherever one looks. The demand base and price levels have softened and it is proving difficult to find solid ground underfoot. Airlines have adopted defence positions and are trying to adjust to the situation as best they can.

Our results from the first quarter reflect the situation of the entire airline industry regrettably well. The potential for profitability has run into sand due to feeble demand and a collapse in price levels. The weak figures hold true for both passenger and cargo traffic.

We initiated capacity cuts at the end of last year, but cost flexibility, particularly in Scheduled Passenger Traffic, is poor. The 50 million euro programme initiated last year and a second profit improvement programme of the same magnitude launched this year will in time bring some relief on the cost side.

In cutting personnel expenses we have used mainly lay-offs, whose impact on costs is faster than redundancies. However, continuing structural reforms are also need to allow to build future success. With our present structures, we will not do well in the hard struggle ahead.

A long-lived airline has many operating practices that make the cost structure inflexible. Breaking free from these structures requires long-term work. The prolonged collective employment agreement negotiations with pilots are only one example of the difficulty of change. Agreements that arose in a completely different world are unsustainable in the present situation in terms of cost level, productivity and flexibility.

Over the years and in many areas, good results have been achieved within Finnair to improve work productivity. In Finnair Technical Services, for example, work productivity and job satisfaction have increased.

2009 is a big year for Finnair in terms of investments. In practice, our long-haul fleet will be completely renewed by the end of the year. Despite the difficult situation in the financial markets, our funding for this year has been safeguarded. Furthermore, flexibility is enhanced by the fact that all seven lease agreements of our leisure traffic Boeing 757 fleet expire next year. We can therefore consider whether we will extend the agreements or replace the aircraft with an Airbus fleet.

We are adjusting to the present situation by cutting our capacity and costs without, however, jeopardising our Asian strategy over the longer term. At the same time, we are seeking areas of business where we have the opportunity even in these conditions to fare better than our competitors. Our goal is to safeguard and improve our competitiveness for a future upturn in prospects.

Market and General Review

The fall in demand that began last year continued in air traffic during the first quarter of this year. The deterioration of the worldwide economic climate reduced both passenger and cargo demand. During the first months of the year European Airlines passenger traffic demand has reduced by over 5% and cargo demand over 20% (AEA) compared to last year. The International Air Transport Association IATA forecasts losses of more than five billion dollars for the sector in 2009.

In Finnair the reduction in business travel, which began a year ago and accelerated towards the end of 2008, has continued. Reduced travelling by companies is evident not only as a fall in overall demand but also in a sharp decline in average prices. The load factors of Finnair's scheduled traffic aircraft have been defended through aggressive pricing. Revenue passenger kilometres declined in scheduled traffic, however, by around five per cent and the average price by more than 13 per cent.

Scheduled traffic capacity has been adjusted to strongly weakening demand. In the first quarter, the capacity cut was six per cent from the previous year. In Asian traffic, the cut has been even slightly larger. Other airlines, too, have cut their capacity between Europe and Asia.

Leisure Traffic demand has been maintained better than in scheduled traffic. To meet increased demand in the winter season just ended, a wide-bodied aircraft plus crew was leased from Spain for direct, non-stop flights to Phuket, Thailand.

The amount of cargo carried by Finnair began to decline in the autumn, whereas a fall in global cargo demand was already being reported in spring 2008. Finnair's cargo demand has fallen by around one fifth from the previous year. In addition to cargo volumes, the average price of cargo has also fallen by nearly 20 per cent.

The impact of the 100 million euro efficiency programmes initiated this year and last is expected to be felt mainly in the current year. The programmes include various operational efficiency measures as well as around 50 million euro savings in personnel costs. Through lay-offs, over 6,000 Finnair employees are affected by the reduction in labour resources. The number of jobs permanently reduced has been around 600. Cost structure flexibility has not, however, been improved at the same pace as the decline in revenues. The disparity between revenue and cost trends was a significant reason for the collapse in the Finnair Group's profitability in the first quarter.

Finnair's punctuality has improved significantly from last year. The company is again among the most punctual European airlines. In sector research surveys, Finnair's service is continually rated above the European average. Finnair has been rated a four-star airline, for example, in the international Skytrax classification. Skytrax is a well-known research company, which evaluates the world's commercial airlines and their services.

The fleet modernisation now under way will bring to Finnair's long-haul fleet this year five new Airbus A330 wide-bodied aircraft, of which the first arrived in March. The amount of Finnair's investments for the whole year is expected to rise to more than 400 million euros.

Financial Result, 1 January – 31 March 2009

In January-March, turnover fell by 10.0 per cent to 515.7 million euros (572.9 million). The Group's operational result, i.e. EBIT excluding non-recurring items, capital gains and changes in the fair value of derivatives, fell from the previous year from a profit of 7.8 million euros to a loss of 47.5 million euros. Adjusted operating margin was –9.2 per cent (1.4). The result before taxes was a loss of 25.0 million euros (4.3 million profit). Changes in the fair value of derivatives had a 23.4 million euro improving effect on the result reported for first quarter. Net cash flow from operations fell from last year's 28.7 million euros to –73.4 million euros. In addition to the weak result, the change was influenced by a weakening of net working capital, in which the biggest factor was lower advance payments as a result of a decline in sales. In the second quarter, the cash flow impact of net working capital is expected to improve in accordance with seasonal variation.
Earnings per share for the first quarter were –0.15 euros (0.03).

In January-March, Finnair carried a total of 1.9 million passengers in scheduled passenger and leisure traffic. Passenger traffic capacity was reduced by 1.4 per cent and revenue passenger kilometre volume remained at the previous year's level; Asia-traffic revenue passenger kilometres fell by 3.4 per cent. Due to capacity cuts, passenger load factor for all traffic rose by 1.1 percentage points from the previous year to 75.9 per cent, but weakened towards the end of the period. The amount of cargo carried fell from the previous year by 19.6 per cent.

In Group passenger traffic, total unit revenues per passenger kilometre fell by 11.1 per cent. Yield per passenger fell by 9.8 per cent. Unit revenues per tonne kilometre for cargo traffic declined by 18.2 per cent. Weighted unit revenues per tonne kilometre for passenger and cargo traffic fell by 9.1 per cent.

Euro-denominated operating expenses, excluding non-recurring items, capital gains and changes in the fair value of derivatives, decreased last year by 0.3 per cent. Unit costs per available tonne kilometre for flight operations rose from the first quarter of last year by 0.6 per cent.

Fuel costs fell in the first quarter by 2.5 per cent from January-March the previous year. In the comparison, fuel costs also take into account realised hedging gains and losses of hedge accounting, which have been recognised in the income statement item 'Other expenses'.

Fleet material and maintenance expenses rose last year by 33.5 per cent. The main reason for the growth in costs is three major engine overhauls. The 'Other lease payments' item rose 48.3 per cent, mainly as a result of an Airbus 330 and crew leased from Air Europe, which flew leisure flights to Phuket, Thailand, from November to April.

The non-recurring earnings impact caused by threat of industrial action in the first quarter is estimated to be around four million euros.

Sales and marketing expenses fell in January-March by 23.9 per cent. Personnel expenses overall fell by 3.8 per cent from the previous year, owing to implemented personnel reduction measures and lay-offs.

The IFRS accounting practice for frequent-flyer programme bonus points changed from the beginning of the year. The points liability is now valued at fair value based on the selling price instead of an earlier valuation based on marginal cost. Finnair's points liability now lowers shareholders' equity by around 42 million euros, compared with around 20 million euros before.

Investment, Financing and Risk Management

In January–March, investments totalled 128.2 million euros (64.4 million), including two Embraer 190 and one Airbus A330 aircraft as well as one A330 spare engine. Including advance payments, the cash-flow impact of fleet and auxiliary investments was around 127 million euros in the first quarter. The cash-flow impact of the new aircraft acquisition programme and auxiliary investments will be more than 400 million euros this year and around 300 million euros next year. The final investment sum will depend on how many of the aircraft are acquired on operational leasing agreements.

At the end of March, balance sheet cash and cash equivalents totalled 374.8 million euros (461.1 million). The company's cash position has been kept strong because of the investments that lie ahead. In addition to the share issue held at the end of 2007, the company's financial position has been reinforced through credit arrangements.

Agreed, but to date unused, credit facilities total 200 million euros. In addition to this, Finnair has a 250 million euro credit facility from the European Investment Bank and a more than 400 million euro option on the loan-back of employment pension fund reserves from Imarinen Mutual Pension Insurance Company, both of which require a bank guarantee. Flexibility in financing will also be achieved through a 200 million euro commercial paper programme.

The gearing was 14.9 per cent (–16.1%) at the end of March. Gearing adjusted for leasing liabilities was 91.5 per cent (43.1%). The equity ratio was 34.0 per cent (43.0%).

According to the financial risk management policy approved by Finnair's Board of Directors, the company has hedged 75 per cent of scheduled traffic's jet fuel purchases during the next six months and thereafter for the following 24 months with a decreasing level of hedging. Finnair Leisure Flights price-hedges fuel consumption according to its agreed traffic programme within the framework of the hedging policy. Derivatives linked to jet fuel and gasoil prices are mainly used as the fuel price hedging instruments.

Under IFRS rules, a change during a financial quarter in the fair value of derivatives that mature in future is recognised in the Finnair income statement item "Other expenses". The said change in the fair value of derivatives is not realised nor does it have an effect on cash flow; it is a valuation loss in accordance with IFRS reporting practice. In January-March, the change in the fair value of derivatives improved the result by 23.4 million euros.

The operational result for January-March includes realised losses on derivatives of 45 million euros, which appear in the fuel item of the income statement and in the item "Other expenses". The figure includes both foreign exchange and fuel derivatives.

Shareholders' equity includes, as a variable item, the hedging reserve, whose value is directly affected by oil price and foreign exchange rate changes. The size of the item on the closing date was –98 million euros, which includes foreign exchange and fuel derivatives as well as, to lesser degree, other financial items less deferred taxes.

Thanks to the currency hedging policy, the strengthening of the US dollar in relation to the euro compared with the previous year did not significantly influence Finnair's first quarter operational result. At the end of March, the degree of hedging for a dollar basket over the following 12 months was 75 per cent.

Shares and Share Capital

Finnair's market value at the end of March was 471.5 million euros (930.3 million) and the closing price 3.68 euros. During the period January-March, the highest price for the Finnair Plc share on the NASDAQ OMX Helsinki Stock Exchange was 5.24

(8.49) euros, while the lowest price was 3.52 (6.63) euros and the average price 4.42 (7.29) euros. Some 3.4 million (28.4 million) of the company's shares, with a value of 15.2 million (207.2 million), 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 19.3 per cent (21.8%) were held by foreign investors or in the name of a nominee.

In January-March, the company did no acquire or dispose of any of its own shares. At the end of March, Finnair held 387,429 own shares (treasury shares) acquired in previous years, representing 0.3 per cent of the total number of shares on the last day of the quarter.

Board of Directors and Senior Management

At the Annual General Meeting held on 26 March 2009, 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), Sigurdur Helgason, Satu Huber, Kari Jordan, Ursula Ranin, Veli Sundbäck and Pekka Timonen. In addition, a new member, Elina Björklund, was elected.

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

The Finnair Group's Chief Financial Officer Lasse Heinonen was appointed Executive Vice President and Finnair's Deputy CEO as of 13 January 2009. Heinonen continues as the Group's CFO. In addition to financial units, the business units of Aviation Services report to Heinonen: Northport Oy (ground handling), Finnair Catering Oy and Finnair Technical Services as well as Finnair Cargo Oy and Finnair Cargo Terminal Operations Oy, Finnair Aircraft Finance Oy (fleet management) and Finnair Facilities Management Oy (property services).

As of 1 January 2009, Finnair's President & CEO Jukka Hienonen will lead the Scheduled Passenger Traffic organisation together with the business area's management group. SVP Flight Operations Division Veikko Sievänen will serve as the Accountable Manager referred to in the Airline Operator's Certificate (AOC). At the same time, Sievänen was also appointed member of the Group's executive board. SVP Technical Services Kimmo Soini will serve as Accountable Manager for technical areas of responsibility.

Personnel

During January-March, the average number of staff employed by the Finnair Group totalled 9,230, which was 2.1 per cent less than a year before. Scheduled Passenger Traffic had 4,159 employees and Leisure Traffic 499 employees. The total number of personnel in technical, catering and ground handling services was 3,429 and in travel services 997. A total of 146 people were employed in other functions.

Finnair has collective employment agreements valid until spring 2010 with six personnel organisations. During spring 2009, negotiations will be held with the Finnish Aviation Union and Finnair's Technical Services personnel on a wage solution for the final year of the agreement.

The pilots' collective employment agreement expired at the end of November 2008 and negotiations on a new agreement have been under way since the autumn. The Finnish Airline Pilots' Association (SLL), which represents Finnair's pilots, initiated industrial action on 24 January 2009 by announcing an overtime ban. SLL also stated that it would continue industrial action with day-long strikes in February. The union withdrew its strike threat before the strikes began. The most significant points of contention between the employer and employees relate to pension benefits, business management decision-making and working time arrangements.

Statutory employer-employee (YT) negotiations initiated in June 2008 were concluded in January this year, covering all personnel groups besides the pilots, in respect of whom YT negotiations were concluded in March.

The objective of YT negotiations in Northport Oy, initiated in February-March, is a reduction of around 90 man working years, which will be implemented as part-time working arrangements and also as possible outsourcing of operations. In March, YT negotiations on personnel lay-offs were initiated in Finnair Catering Oy and Finnair Technical Services, and on personnel reductions in Finnair Scheduled Passenger Traffic and Matkatoimisto Area.

Altogether, Finnair Group personnel cost-cutting measures affect over 6,000 employees in terms of temporary lay-offs. The duration of the temporary lay-offs for the most part varies from two weeks to three months. Around 200 jobs have been reduced through redundancies. In addition, around 400 fixed-term employment contracts will end during the spring.

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 March, the Finnair Group had a total of 67 aircraft in flight operations. The average age of the Finnair's entire fleet is 6.3 years, and in European traffic around five years.

The European and domestic fleet grew in the first quarter by two 100-seat Embraer 190 aircraft. The fleet has a total of 20 Embraer aircraft and 29 Airbus A320 aircraft. The company's first Airbus A330-300 aircraft joined the Finnair wide-bodied fleet in March. At the same time, one Boeing MD-11 aircraft was withdrawn from the fleet. Finnair has a total of 11 long-haul aircraft.

The renewal of the wide-bodied fleet will continue this year with the acquisition of a further four new Airbus A330-300 long-haul aircraft and next year with at least three more. The Airbus aircraft will replace the five Boeing MD-11 aircraft to be withdrawn from Finnair's fleet at the beginning of March 2010. Future sale of two MD-11s to Aeroflot Cargo has been agreed upon. The aircraft are in Finnair's ownership, until the transaction is closed. The other four MD-11 aircraft are leased and their agreements expire within a year.

The fleet modernisation will harmonise Finnair's scheduled traffic fleet. A reduction of aircraft types will mean a more efficient cost structure due to more simplified crew utilisation and maintenance activities.

The lease agreements of the Boeing 757 aircraft used by Finnair Leisure Flights are valid until 2010, after which they can if necessary be extended on current terms twice at two years at a time. Before a possible extension decision, the company will assess the most efficient way of managing its leisure flight commitments.

Environment and Social Responsibility

Finnair takes the environment into consideration in all of its actions and decisions. Finnair's environmental and social responsibility issues are outlined in more detail in the annual report and on the Finnair website.

Last year the EU approved a model for the implementation of emissions trading in air transport starting in 2012. The emissions trading calculation principles take into account the performance undertaken for the fuel consumed. Finnair will strive as part of the community of European airlines to argue successfully that the system should be worldwide and not distort competition in the sector. In addition, Finnair became a member of the international Aviation Global Deal Group, which is proposing a model as the basis of a sector agreement in international emissions trading.

Finnair has been systematically modernising its fleet since 1999. The European and domestic traffic's Airbus A320 and Embraer aircraft represent the latest technology. The modern fleet is eco-efficient both in terms of carbon dioxide and noise emissions. The modernisation of the long-haul fleet currently under way will influence the amount of emissions significantly. The Airbus A330 reduces the fuel consumption and emissions index by around twenty per cent compared with the MD-11 aircraft.

Finnair is actively involved in environmental cooperation work with interest groups. A new emissions calculator as well as a social responsibility report will be published in May. In addition, Finnair has already been reporting on its environmental impact in the international Carbon Disclosure Project (CDP) for three years.

Performance of Business Areas

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

Scheduled Passenger Traffic

This business area is responsible for scheduled passenger traffic and cargo sales, service concepts, flight operations and activity connected with the procurement and financing of aircraft. Scheduled Passenger Traffic leases to Leisure Traffic the crews and aircraft it requires. The business area consists of the following units and companies: Finnair Scheduled Passenger Traffic, Finnair Cargo Oy, Finnair Cargo Terminal Operations Oy and Finnair Aircraft Finance Oy.

In January-March, the business area's turnover fell by 15.7 per cent to 353.8 million euros (419.6 million). The operational result was a loss of 50.3 million euros (3.7 million loss).

Scheduled Passenger Traffic carried more than 1.5 million passengers in January-March. Scheduled Passenger Traffic's revenue passenger kilometres declined by 4.9 per cent at the same time as capacity was cut by 6.0 per cent, which improved passenger load factor from the previous year by nearly one percentage point to 69.5 per cent.

In the first quarter, unit revenues for scheduled passenger traffic fell by 13.5 per cent. A 30 per cent collapse in business travel and the shifting of demand to cheaper price classes contributed to the decline in unit revenues. When examining quarterly earnings development, it is worth noting that Easter, which reduces the volume of higher-priced business travel, falls this year in the second quarter, when last year it was in the first quarter.

Cargo revenues account for over ten per cent of all Scheduled Passenger Traffic's revenues. The profitability of Finnair's cargo business has weakened quickly worldwide due to adverse global economic climate. In January-March, cargo business unit revenues declined by 19.1 per cent. In scheduled traffic, the number of cargo kilos carried fell by 19.3 per cent. In Asia traffic, the amount of cargo carried fell from the previous year by 22,8 per cent.

On Finnair's route network, capacity cuts will be made by reducing the number of flights on European and Asian routes. On the other hand, European summer destinations have again been opened this summer, but with lower seating capacities. Finnair will fly to Tokyo and New York three additional times per week in the summer months. The Tokyo route will be operated daily and New York ten times per week. Scheduled traffic capacity in passenger kilometres is with the present traffic programme nearly eight per cent lower than last year.

In international scheduled passenger 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 January-March, the arrival punctuality of scheduled passenger flights improved 16.6 percentage points from the previous year's level to 87.3 per cent (70.7%). Finnair's punctuality is one of the best among European airlines.

Finnair's cargo companies, Finnair Cargo Oy and Finnair Cargo Terminal Operations Oy, have also suffered from the economic downturn. Cargo demand has collapsed worldwide by more than 20 per cent. As a consequence of increased capacity, the price level has also fallen steeply. The export industry in Scandinavia countries has declined by 25–35 per cent. Asian national economies, moreover, are also suffering from a downturn in export business. For example, Japan exports have fallen by more than 40 per cent and gross domestic product by ten per cent.

Finnair's cargo companies have made major adjustments to their operations. The terminal company especially has managed to reduce personnel resources to match falling cargo volumes.

Leisure Traffic

This business area consists of Finnair Leisure Flights plus the Aurinkomatkat-Suntours package tour company and its subsidiaries, the Estonian tour operator Horizon Travel and the St. Petersburg Calypso travel agency, as well as the Finnish takeOFF brand, which focuses on youth travel. Aurinkomatkat-Suntours is Finland's largest tour operator, with a market share of more than 35 per cent. Finnair Leisure Flights enjoys strong market leadership in leisure travel flights and all of Finland's largest tour operators are its customers. For their package tour production, tour operators buy the flight series they need to holiday destinations for the summer and winter seasons.

The business area's first quarter turnover rose by 6.8 per cent to 148.8 million euros (139.3 million). The operational profit fell by 50.5 per cent and was 5.5 million euros (11.1 million).

In January-March, Finnair Leisure Flights carried over 360,000 passengers, which is around five per cent more than in the previous year. In addition to its own Boeing 757 fleet, Leisure Flights leased from Air Europe a 299-seat Airbus A330 wide-bodied aircraft with crew for flights to Phuket in Thailand for the winter season 2008/09.

Available passenger kilometres grew by 12.0 per cent. Finnair Leisure Flights' revenue passenger kilometres have been clearly higher than the previous year throughout the entire winter season. As the proportion of winter season long-haul traffic grew, performance calculated in revenue passenger kilometres rose by 10.6 per cent from the previous year. Leisure Flights' passenger load factor therefore fell by 1.2 percentage points to 91.7 per cent.

Due to the economic recession and uncertainty, consumers are buying their trips closer to the date of travel. After a good early winter, demand for package tours fell clearly in March. More than before, package tours were sold with last-minute discounts, which weakened tour operators' earnings. Demand for summer package tours is also more subdued than the previous year.

The tour operators' capacity cuts will weaken the efficient utilisation of Leisure Flights' fleet in the second and third quarter. Also Aurinkomatkat-Suntours has cut its summer production to meet the level of demand. Sales of trips for the following winter season have just begun.

On the St. Petersburg market, Aurinkomatkat's own production has begun promisingly. Winter destinations, such as Thailand, Israel, Egypt and India, have sold well. Customer satisfaction is on a high level. Due the recession, however, growth targets in the Russian market have been cut. In Estonia, demand for holiday trips has clearly fallen.

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 25 per cent consists of business outside of the Group.

Turnover for Aviation Services rose in January-March by 2.6 per cent to 112.8 million euros. The operational profit decreased from the previous year by 8.0 per cent to 2.3 million euros (2.5 million).

Aviation Services' financial and production situation and outlook have weakened as the traffic of its main customers has contracted.

Finnair Catering's first quarter was still reasonable in terms of financial performance. The number of flight passengers has declined, however, and the structure of travel has changed decisively in the early part of the year, which has significantly reduced, for example, sales of business class meals as well as sales in shops. Operations are also expected to continue to be weaker. In Finnair Catering Oy in March, YT negotiations were held on lay-offs affecting all employees. The duration of the lay-offs for the most part varies from two weeks to three months, depending on the job and the work situation.

Finnair Technical Services' financial situation has also weakened, as a result of cuts in traffic by both Finnair and customer airlines from outside the Group. In Finnair Technical Services, lower demand has resulted in lay-offs averaging four weeks for all personnel.

The ground handling company Northport Oy is still loss-making. The quality of ground handling operations has significantly improved, however, from the previous year. YT negotiations were initiated in February. In Northport the objective is a reduction of around 90 man years through possible redundancies, part-time working and outsourcing of operations. In addition, possible temporary lay-offs will affect all Northport Oy personnel.

Finnair Technical Services' and Northport Oy' operational results were slightly loss-making in January-March. Finnair Catering Oy's operational result was in profit due to effective adjustment to demand.

Travel Services

The business area consists of the Group's travel agencies: Area, the Finland Travel Bureau and its subsidiary Estravel, which operates in the Baltic states, as well as Amadeus Finland Oy, which sells information systems and travel reservation systems. 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 business area’s first quarter turnover fell by 28.0 per cent to 15.2 million euros (21.1 million). The operating loss was 1.5 million euros (0.4 million profit).

A steep 30 per cent contraction in business travel was reflected in the travel agencies’ sales and result. Personnel reductions and lay-offs did not yet manage to affect the travel agencies’ first quarter result. In Finland, travel agency personnel with fall by the autumn by around 100 employees, corresponding to 17 per cent of all staff. In addition, 4-8 week lay-offs will also be implemented.

The recession is also clearly evident in the Baltic states market. Estravel, which belongs to the FTB Group, has adjusted its operations through personnel reductions. In Estonia the company’s market share is 40 per cent.

The turnover of Travel Services’ Amadeus Finland fell slightly as travel volume contracted.

Air Traffic Services and Products

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

In the winter season, Finnair has a total of 55 direct flights per week to ten Asian destinations. Finnair's Asian destinations are Bangkok, Delhi, Hong Kong, Mumbai, Nagoya, Osaka, Beijing, Shanghai, Seoul and Tokyo. The Mumbai route is not flown in the summer season.

Flights covering 34 European and 12 domestic destinations connect into Finnair’s Asian network. At the same time, a wide selection of direct connections is offered from Finland to the rest of Europe.

In January Finnair increased the number of its Brussels flights. A new service that departs Helsinki in the evening and returns from Brussels in the morning is particularly convenient for business travellers between the cities.

In March Finnair began direct flights to Istanbul, Turkey. The Istanbul route provides good connections via Helsinki from Turkey to Scandinavia, the Baltic states and Finnair's Asian network.

In the summer season Finnair also flies to Ljubljana, Krakow, Venice, Pisa and Bergen. Flights to Ljubljana began at the end of March, and to Krakow and Venice at the beginning of April. The Pisa and Bergen routes will start up in May. In addition, Finnair will fly to Tokyo in June-September daily instead of its normal four flights per week schedule, and to New York ten times per week.

The interior design of Finnair's scheduled fleet is currently being renewed. The change will be made cost-effectively according to the normal material replacement cycle. The new interior design was first introduced in a new Airbus A330 aircraft, which departed on its first commercial flight on 4 April. This year Finnair will receive four more A330 aircraft, all of which will have the new interior. A redesign of uniforms was postponed owing to the economic situation.

Leisure Flights' fleet consists of seven Boeing 757 aircraft. Due to increased demand, Finnair Leisure Flights leased for the winter season one Airbus A330 wide-bodied aircraft, which flew non-stop to Phuket in Thailand. In the summer season, Leisure Flights flies, in addition to charter flight traffic, certain holiday routes, including Boston and Toronto.

Short-term Risks and Uncertainty Factors

The tightening of the financial markets has raised the cost of planned financing higher than was anticipated. The availability of funding has deteriorated, but a lack of sufficient funding is not considered to be a risk during 2009. The financial crisis will be reflected in the financing of Finnair's fleet modernisation primarily via the cost of borrowed capital and the price level of lease agreements.

The risk in the acquisition of new aircraft is that demand will fall more quickly than capacity can be meaningfully reduced. The lease agreements of Finnair Leisure Flights' seven Boeing 757 aircraft will expire in 2010, at which time the size of the scheduled traffic and leisure flight fleets can be optimised according to demand forecasts.

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 provides 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.

The hedging policy practised by Finnair dampens fuel price fluctuations. Finnair's more than 70 per cent hedging level over the next six months will slow the transfer of the benefit of the fall in market price of jet fuel to the company's fuel costs. Hedging losses will be most evident in the first half of the year. 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. If the market price of fuel rises, Finnair's hedging losses will decline.

Globally, the airline industry is one of the sectors most sensitive to cyclical changes in economic conditions. The development of gross domestic product and international trade strongly affect the development of air transport passenger and cargo demand. A weakening of domestic consumer confidence might also have an adverse impact on demand for non-business travel in both leisure and scheduled traffic services.

The financial difficulties of the customers increase the bad debt risk in the future. Due to the short booking horizon in passenger and cargo traffic, it is difficult to forecast demand far into the future.

A change of one percentage point in the load factor of scheduled passenger traffic services affects the Group's operating profit by around 15 million euros. A change of one percentage in the average yield of scheduled passenger traffic services also affects the Group's operating profit by around 15 million euros.

Negotiations to renew the collective employment agreement of pilots, which ended on 30 November 2008, are under way. During spring 2009, negotiations are being held with the Finnish Aviation Union and Finnair's Technical Services personnel on a wage solution for the final year of an agreement. In the event of possible industrial action, the halting of Finnair traffic will cause estimated daily losses of around three million euros. In addition, the uncertainty caused by traffic disruptions would also be reflected negatively in demand on the days surrounding the strike.

Outlook

This year is expected to be a very difficult one for airlines' financial development. Finnair will maintain its Asian strategy. The long-term goal of scheduled passenger traffic is to grow in services between Europe and Asia, utilising Helsinki as a geographically and logistically ideal transit location.

Finnair has secured credit facilities totalling 200 million euros as well as a 250 million credit facility requiring a bank guarantee from the European Investment Bank, plus a more than 400 million euro option on the loan-back of employment pension fund reserves. In addition, Finnair has credit facilities totalling 200 million euros.

The introduction of the Airbus A330 fleet will continue in the second quarter. Type training for pilots and the technical introduction of a new type of aircraft will increase costs. The fifth aircraft of this type will arrive in the final quarter of the year.

Finnair's fuel costs are expected to be lower this year than last due to a fall in fuel prices and the improved fuel economy of aircraft. At the present price level, fuel costs are expected to be around 23 per cent of Finnair's turnover in 2009 compared to 24.6 per cent in 2008.

The decline in business travel demand is expected to continue in the second quarter. Through the adjustment decisions that have now been made, Finnair's scheduled traffic capacity for the whole of 2009 will fall by around eight per cent compared with 2008. In the second quarter, the capacity cut will be around ten per cent. The additional cuts in capacity are expected to improve the passenger load factor.

Demand for this summer's holiday trips is expected to contract from last year's peak level. To avoid a weakening of price level, Aurinkomatkat-Suntours has adjusted its capacity and its Finnair flight programme to the weakened demand. Due to aircraft overcapacity, the leasing of aircraft and crew to foreign operators does not seem probable this summer.

Cargo demand is dependent on industry investment levels and the durable consumer goods market. Only a change of sentiment in the global economy will enable cargo demand to turn to growth. Similarly, a pick-up in business travel will require a clear change in international economic conditions.

Finnair Group has efficiency programmes totalling about 100 million euros with expected cost savings impact occurring mainly in the current year. The implementation of the programmes still requires additional savings in all areas of operations, including personnel costs.

The second quarter is expected to remain clearly loss-making. The operational result for the full year will substantially depend on the demand situation and cost development. Visibility for the second half of the year is limited, but we expect the full year operational result to be negative.

FINNAIR PLC
Board of Directors

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KEY FIGURES EUR mill.

	2009	2008	Change	2008
	1 Jan-31 Mar	1 Jan-31 Mar	%	1 Jan–31 Dec
Turnover	515.7	572.9	-10.0	2 255.8
Profit before depreciation and lease payments, EBITDAR *	-1.5	54.9	-	188.5
Lease payments for aircraft	19.3	20.4	-5.4	82.6
Operating profit, EBIT*	-47.5	7.8	-	0.8
Fair value changes of derivatives	23.4	-0.1	-	-57.4
Profit from disposal of capital assets	-0.2	1.1	-	-1.3
Operating profit, EBIT	-24.3	8.8	-	-57.9
Profit for the period (share attributable to shareholders of parent company)	-18.6	3.1	-	-46.3
Operating profit. EBIT, % of turnover *	-9.2	1.4	-	0.0
EBITDAR, % of turnover *	-0.3	9.6	-	8.4
Unit revenues of flight operations c/RTK	62.9	69.2	-9.1	70.1
Unit costs of flight operations c/ATK	42.7	42.5	0.6	43.5
Earnings per share EUR (basic)	-0.15	0.03	-	-0.36
Earnings per share EUR (diluted)	-0.15	0.03	-	-0.36
Equity per share EUR	5.82	7.42	-21.6	5.87
Gross investment EUR mill.	128.2	64.4	-	232.8
Gross investment, % of turnover	24.9	11.2	-	10.3
Equity ratio %	34.0	43.0		36.9
Gearing %	14.9	-16.1		-12.0
Adjusted gearing %	91.5	43.1		65.1
Rolling 12-month ROCE %	-5.4	14.2		-3.0
Rolling 12-month ROE %	-7.6	12.4		-5.3

* 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.
In connection with the adoption of IAS 1 standard 1.1.2009 the figures of the statement of comprehensive income have been reported in the appendix 15 and the correspondence of the previous year's figures has been made.

CALCULATION OF KEY RATIOS

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

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

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

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

Shareholders equity = To equity holders of the parent
The figures of interim report have not been audited.

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

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

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

Return on equity %: (ROE)
Result *100
____
Equity + minority interests (average)

CONSOLIDATED INCOME STATEMENT (EUR mill.)

	2009	2008	Change	2008
	1 Jan 31 Mar	1 Jan 31 Mar	%	1 Jan– 30 Dec
Turnover	**515.7**	**572.9**	**-10.0**	**2 255.8**
Work used for own purposes and capitalized	0.4	0.1	300.0	1.6
Other operating income	3.7	5.9	-37.3	27.1
Operating income	**519.8**	**578.9**	**-10.2**	**2 284.5**
Operating expenses				
Staff costs	135.2	140.5	-3.8	541.0
Fuel	103.9	134.9	-23.0	567.9
Lease payment for aircraft	19.3	20.4	-5.4	82.6
Other rental payments	26.7	18.0	48.3	69.3
Fleet materials and overhauls	26.3	19.7	33.5	96.1
Traffic charges	45.0	43.6	3.2	188.5
Ground handling and catering expenses	33.4	35.2	-5.1	146.6
Expenses for tour operations	45.5	44.6	2.0	138.9
Sales and marketing expenses	20.4	26.8	-23.9	102.9
Depreciation	26.7	27.7	-3.6	110.2
Other expenses	61.7	58.7	5.1	298.4
Total	**544.1**	**570.1**	**-4.6**	**2 342.4**
Operating profit EBIT	**-24.3**	**8.8**	**-**	**-57.9**
Financial income	3.1	5.4	-42.6	22.1
Financial expenses	-3.8	-9.9	-61.6	-26.7
Share of result in associates	0.0	0.0	-	0.3
Profit before taxes	**-25.0**	**4.3**	**-**	**-62.2**
Direct taxes	6.4	-1.2	-	16.1
Profit for the period	**-18.6**	**3.1**	**-**	**-46.1**

Earnings per share to shareholders of the parent company	-18.6	3.1		-46.3
Minority interest	0.0	0.0		0.2
Earnings per share calculated from profit attributable to shareholders of the parent company				
Earnings per share EUR (basic)	-0.15	0.03		-0.36
Earnings per share EUR (diluted)	-0.15	0.03		0.36

After the adoption of IFRIC 13, Customer Loyalty Programmes'. (Finnair-Plus program, the correspondence of turnover, marketing expenses and deferred taxes of the previous year income statement has been made.

CONSOLITATED BALANCE SHEET (EUR mill.)

	31 March 2009	31 March 2008	31 Dec 2008	1 Jan 2008
ASSETS				
Non-current assets				
Intangible assets	47.7	49.0	48.1	46.6
Tangible assets	1 373.5	1 234.7	1 272.1	1 168.9
Investments in associates	5.8	5.8	6.1	5.7
Financial assets	23.3	12.9	21.5	13.8
Deferred tax receivables	64.2	28.2	57.7	16.7
Total	1 514.5	1 330.6	1 405.5	1 251.7
Short-term receivables				
Inventories	36.3	40.1	35.1	36.1
Trade receivables and other receivables	281.4	367.6	231.8	287.3
Investments	359.6	443.6	373.8	518.6
Cash and bank equivalents	15.2	17.5	18.3	21.5
Total	692.5	868.8	659.0	863.5
Non-current Assets held for sale	19.4	32.8	19.4	34.7
Assets total	**2 226.4**	**2 232.2**	**2 083.9**	**2 149.9**
SHAREHOLDERS´ EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the parent company				
Shareholders´equity	75.4	75.4	75.4	75.4
Other equity	668.2	869.8	674.0	891.8
Total	743.6	945.2	749.4	967.2
Minority interest	0.7	1.1	1.1	1.7
Equity, total	744.3	946.3	750.5	968.9
Long-term liabilities				
Deferred tax liability	122.3	150.1	120.6	144.5
Financial liabilities	271.8	258.9	261.1	269.6
Pension obligations	1.9	14.0	6.1	15.8
Total	396.0	423.0	387.8	429.9
Short-term liabilities				
Current income tax liabilities	0.0	7.5	1.5	8.2
Reserves	60.7	53.8	61.5	0.0
Financial liabilities	222.2	55.2	48.5	54.5
Trade payables and other liabilities	803.2	746.4	834.1	688.4
Total	1 086.1	862.9	945.6	751.1
Liabilities total	1 482.1	1 285.9	1 333.4	1 181.0
Shareholders' equity and liabilities, total	**2 226.4**	**2 232.2**	**2 083.9**	**2 149.9**

After the adoption of IFRIC 13, Customer Loyalty Programmes’. (Finnair-Plus program, the correspondence of deferred credits, equity and deferred taxes of the previous year reported balance sheet has been made.

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 31 Mar 2009	1 Jan – 3Mar 2008	1 Jan – 31 Dec 2008
Cash flow from operating activities			
Profit for the period	-18.6	3.1	-46.1
Operations for which a payment is not included **1)**	20.9	24.4	117.2
Interest and other financial expenses	3.8	9.9	26.7
Interest income	-2.3	-5.4	-18.9
Other financial income	-0.6	0.0	-3.2
Dividend income	-0.2	0.0	0.0
Taxes	-6.4	1.2	-16.1
Changes in working capital:			
Change in trade and other receivables	-49.6	-60.2	-2.7
Change in inventories	-1.2	-4.0	1.0
Change in accounts payables and other liabilities	-18.6	61.6	45.6
Interest paid	-2.1	-3.2	-13.1
Paid financial expenses	-0.3	-0.2	-1.3
Received interest	3.1	2.3	15.4
Received financial income	0.0	0.0	3.2
Taxes paid	-1.3	-0.8	12.5
Net cash flow from operating activities	**-73.4**	**28.7**	**120.2**
Cash flow from investing activities			
Acquisitions of subsidiaries	0.0	-2.5	-3.2
Investments in intangible assets	-3.0	-3.4	-12.7
Investments in tangible assets	-123.9	-91.6	-215.3
Net change of financial interest bearing assets at fair value through profit and loss	-14.1	50.4	183.1
Net Change of shares classified as available for sale	6.3	6.4	0.0
Sales of tangible fixed assets	0.0	3.6	69.0
Received dividends	0.2	0.0	0.0
Change in non-current receivable	-1.7	0.9	-7.8
Net cash flow from investing activities	**-136.2**	**-36.2**	**13.1**
Cash flow from financing activities			
Loan withdrawals	205.1	1.4	4.9
Loan repayments and changes	-20.6	-11.4	-50.0
Purchase of own shares	0.0	-4.7	-4.7
Dividends paid	0.0	0.0	-31.9
Net cash flow from financing activities	**184.5**	**-14.7**	**-81.7**
Change in cash flows	**-25.1**	**-22.2**	**51.6**
Change in liquid funds			
Liquid funds. at beginning	343.4	291.8	291.8
Change in cash flows	-25.1	-22.2	51.6
Liquit funds. in the end	**318.3**	**269.6**	**343.4**

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 31 Mar 2009	1 Jan – 31 Mar 2008	1 Jan – 31 Dec 2008
Notes to consolidated cash flow statement			
1) Operations for which a payment is not included			
Depreciation	26.7	27.7	110.2
Employee benefits	-4.5	-1.8	-10.3
Other adjustments	-1.3	-1.5	17.3
Total	20.9	24.4	117.2
Financial asset at fair value	359.6	443.6	373.8
Liquid funds	15.2	17.5	18.3
Short-term cash and cash equivalents in balance sheet	374.8	461.1	392.1
Maturing after more than 3 months	-53.7	-172.3	-39.6
Shares held to trading purposes	-2.8	-19.2	-9.1
Total in cash flow statement	318.3	269.6	343.4

SHAREHOLDERS´EQUITY EUR mill.

Equity attributable to shareholders of parent company											
	Share capital	**New issue**	**Share premium account**	**Bonus issue**	**Hedging reserve**	**Share capital**	**Translation difference**	**Retained earnings**	**Total**	**Minority interests**	**Own equity total**
Shareholders´ equity 1.1.2008	75.4	0.0	20.4	147.7	26.8	244.9	-0.1	452.1	**967.2**	1.7	**968.9**
Dividend payment								-31.9	-31.9	-0.6	-32.5
Purchase of own shares	0.0	0.0	0.0					-4.7	-4.7		-4.7
Shareholders equity related to owners 31.3.2008	75.4	0.0	20.4	147.7	26.8	244.9	-0.1	415.5	**930.6**	**1.1**	**931.7**
Statement of comprehensive income					11.3		0.2	3.1	14.6	0.0	14.6
Shareholders´ equity 31 3.2008	75.4	0.0	20.4	147.7	38.1	244.9	0.1	418.6	**945.2**	**1.1**	**946.3**

SHAREHOLDERS´EQUITY EUR mill.

Equity attributable to shareholders of parent company											
	Share capi-tal	**New issue**	**Share pre-mium account**	**Bonus issue**	**Hed-ging reserve**	**Share capital**	**Trans-lation diffe-rence**	**Retai-ned ear-nings**	**Total**	**Mino-rity inte-rests**	**Own equity total**
Share-holders´ equity 1.1.2009	75.4	0.0	20.4	147.7	-110.5	247.2	0.0	369.2	**749.4**	1.1	**750.5**
Dividend payment								0.0	0.0	-0.4	-0.4
Purchase of own shares	0.0	0.0	0.0					0.0	0.0		0.0
Share-holders equity related to owners 31.3.2009	75.4	0.0	20.4	147.7	-110.5	247.2		369.2	**749.4**	**0.7**	**750.1**
Statement of compre-hensive income					12.3		0.5	-18.6	-5.8	0.0	-5.8
Share-holders´ equity 31.3.2009	75.4	0.0	20.4	147.7	-98.2	247.2	0.5	350.6	**743.6**	**0.7**	**744.3**

SHAREHOLDERS´EQUITY EUR mill.

Equity attributable to shareholders of parent company											
	Share capi-tal	**New issue**	**Share pre-mium account**	**Bonus issue**	**Hed-ging reserve**	**Share capital**	**Trans-lation diffe-rence**	**Retai-ned ear-nings**	**Total**	**Mino-rity inte-rests**	**Own equity total**
Share-holders´ equity 1.1.2008	75,4	0,0	20,4	147,7	26,8	244,9	-0,1	470,2	**985,3**	1,7	**987,0**
Change of accounting principle (IFRIC 13)								-18,1	-18,1	0,0	-18,1
Adjusted´ equity 1.1.2008	75,4	0,0	20,4	147,7	26,8	244,9	-0,1	452,1	**967,2**	1,7	**968,9**

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 2008 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 2009:
- *IFRIC 13*, Customer Loyalty Programmes'. The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The group operates loyalty programmes as defined by the interpretation (Finnair-Plus program) in the scheduled traffic segment. After the adoption of the interpretation the correspondence of deferred credits, equity and deferred taxes of the previous year reported balance sheet and turnover, marketing expenses and deferred credits of the previous year income and loss statement has been made.

Changes in the income statement	**1 Jan-31 Mar 2008**	**1Apr-30 Jun 2008**	**1 Jan – 30 Jun 2008**	**1 Jul-30 Sep 2008**	**1 Jan-30 Sep 2008**	**1 Oct-31 Dec 2008**	**1 Jan-31 Dec 2008**
Turnover	-3.6	-0.9	-4.5	-1.0	-5.5	-1.3	-6.8
Marketing expenses	0.3	0.3	0.6	0.3	0.9	0.1	1.0
Operating profit, EBIT*	**-3.3**	**-0.6**	**-3.9**	**-0.7**	**-4.6**	**-1.2**	**-5.8**
Deferred taxes	0.9	0.2	1.0	0.2	1.2	0,3	1.5
Profit effect	**-2,4**	**-0.4**	**-2.9**	**-0.5**	**-3.4**	**-0.9**	**-4.3**

Changes in the balance sheet	**1 Jan 2008**	**31 Mar 2008**	**30 Jun 2008**	**30 Sep 2008**	**31 Dec 2008**
Deferred credits, increase	24.4	27.7	28.3	29.0	30.2
Equity, decrease	18.1	20.5	21.0	21.4	22.3
Deferred taxes, increase	6.3	7.2	7.3	7.6	7.9

- *IAS 1 (Revised)*, 'Presentation of Financial Statements'. The revised standard is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Non-owner changed in equity will be presented in the statement of comprehensive income. The group has been reported the income statement and statement of comprehensive income and made the correspondence of the previous year income statement and statement of the comprehensive income according to the IAS 1 (Revised).

- *IFRS 8, 'Operating Segments'*. The new standard replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments reported by the group will also in the future be the same as the business segments under IAS 14. The reported operating segments are the same as under IAS 14 business segments and they correspond the internal reporting.

- *Amendment to IAS 23, 'Borrowing Costs'*. The amended standard requires an entity to capitalise borrowing costs directly attributable to a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will commence capitalisation of borrowing cost related to such undertakings as well as projects to be accounted for under the stage of completion method embarked in 2009. Such Borrowing Costs are expected to be most in the Scheduled Traffic segment. So far, there have not been the Borrowing Costs according to IAS 23 standard.

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 2008 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 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 2009

	Scheduled Passenger Traffic	Leisure Traffic	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.							
External turnover	326.1	147.1	28.2	14.3			515.7
Internal turnover	27.7	1.7	84.6	0.9	-114.9		0.0
Turnover	353.8	148.8	112.8	15.2	-114.9	0.0	515.7
Operating profit	-50.3	5.5	2.3	-1.5		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
Minority interest						0.0	0.0
Result for the period							-18.6
Other items							
Investments	118.7	0.1	8.6	0.7	0.0	0.1	128.2
Depreciation	20.2	0.1	5.7	0.3	0.0	0.4	26.7

PRIMARY REPORTING FORMAT - BUSINESS SEGMENT DATA 1 January- 31 March 2008

	Scheduled Passenger Traffic	Leisure Traffic	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.							
External turnover	388.4	138.1	26.5	19.9			572.9
Internal turnover	31.2	1.2	83.4	1.2	-117.0		0.0
Turnover	419.6	139.3	109.9	21.1	-117.0	0.0	572.9
Operating profit	-1.6	11.1	2.6	0.4		-3.7	8.8
Share of results of associated undertakings						0.0	0.0
Financial income						5.4	5.4
Financial expenses						-9.9	-9.9
Income tax						-1.2	-1.2
Minority interest						0.0	0.0
Result for the period							3.1
Other items							
Investments	46.4	0.1	17.7	0.2	0.0	0.0	64.4
Depreciation	19.6	0.1	7.3	0.4	0.0	0.3	27.7

TURNOVER

	2009	2008	Change	2008
	1 Jan– 31 Mar	1 Jan 31 Mar	%	1 Jan– 31 Dec
EUR mill.				
Scheduled Passenger Traffic	353.8	419.6	-15.7	1 728.9
Leisure Traffic	148.8	139.3	6.8	454.6
Aviation Services	112.8	109.9	2.6	445.8
Travel Services	15.2	21.1	-28.0	77.9
Group eliminations	-114.9	-117.0	-1.8	-451.4
Total	**515.7**	**572.9**	**-10.0**	**2 255.8**

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

	2009	2008	Change	2008
	1 Jan– 31 Mar	1 Jan 31 Mar	%	1 Jan– 31 Dec
EUR mill.				
Scheduled Passenger Traffic	-50.3	-3.7	1 259.5	-35.9
Leisure Traffic	5.5	11.1	-50.5	26.7
Aviation Services	2.3	2.5	-8.0	13.8
Travel Services	-1.5	0.4	-475.0	2.1
Unallocated items	-3.5	-2.5	40.0	-5.9
Total	**-47.5**	**7.8**	**-709.0**	**0.8**

EMPLOYEES AVERAGE BY SEGMENT

	2009	2008	Change
	1 Jan– 31 Mar	1 Jan– 31 Mar	%
Scheduled Passenger Traffic	4 159	4 168	-0.2
Leisure Traffic	499	463	7.8
Aviation Services	3 429	3 540	-3.1
Travel Services	997	1 102	-9.5
Other functions	146	153	-4.6
Finnair Group,Total	**9 230**	**9 426**	**-2.1**

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

TURNOVER OUTSIDE THE GROUP BY SALES DESTINATION

	2009	2008	Change	2008
	1 Jan- 31 Mar	1 Jan– 31 Mar	%	1 Jan– 31 Dec
EUR mill.				
Finland	115.8	122.1	-5.2	432.8
Europe	191.2	223.5	-14.5	962.5
Asia	160.2	187.0	-14.3	708.8
North America	10.8	11.5	-6.1	67.6
Others	37.7	28.8	30.9	84.1
Total	**515.7**	**572.9**	**-10.0**	**2 255.8**

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 2008 Annual Report.
The tables below present the nominal value or the amount and net fair value of derivative contracts used in the Group's hedge accounting.

DERIVATIVE CONTRACTS EUR mill.

Derivative contracts	31 March 2009		31 March 2008		31 Dec 2008	
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	375.2	24.1	279.3	-30.3	382.7	14.0
Forward contracts. Hedging of Aircraft purchase price	501.0	29.1	461.2	-34.4	484.7	26.8
Forward contracts. Currency hedging of lease payments	38.3	3.3	52.0	-5.6	48.4	2.2
Total	**914.5**	**56.5**	**792.5**	**-70.3**	**915.8**	**43.0**
Currency derivatives at fair value through profit or loss						
Operating cash flow hedging (forward contracts)	55.6	3.0	44.4	-1.5	74.4	3.2
Operational cash flow hedging (options)	0.0	0.0	60.2	0.3	12.8	0.2
Call options	0.0	0.0	67.1	-1.7	18.8	-0.1
Balance sheet hedging (forward contracts)	94.2	0.3	61.8	-2.0	46.9	-2.3
Total	**149.8**	**3.3**	**233.5**	**-4.9**	**152.9**	**1.0**
Currency derivatives, total	**1 064.2**	**59.8**	**1 026.0**	**-75.2**	**1 068.8**	**44.0**
	31 March 2009		**31 March 2008**		**31 Dec 2008**	
	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	572 600	-149.1	567 750	85.8	591 300	-153.1
Commodity derivatives at fair value through profit or loss						
Jet Fuel Forward contracts	53 500	-18.8	14 000	1.9	71 700	-27.6
Gasoil forward contracts	8 000	-2.6	12 500	0.9	17 000	-5.5
Jet differential forward contracts	262 500	10.6	439 000	0.1	340 500	6.9
Options						
Jet Fuel call options	16 000	0.0	72 500	5.3	28 000	0.1
Jet Fuel put options	16 000	-5.7	76 000	-0.5	28 000	-8.9
Gasoil call options	27 000	0.0	57 500	3.0	47 000	0.0
Gasoil put options	39 500	-12.4	104 500	-0.2	63 500	-17.6
Total		**-177.9**		**96.3**		**-205.6**
	31 March 2009		**31 March 2008**		**31 Dec 2008**	
	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	13.8	-5.3	22.0	-13.2	16.7	-7.3
Cross currency interest rate swaps at fair value through profit or loss	10.9	-5.1	13.3	-10.0	11.7	-6.3
Total	**24.8**	**-10.4**	**35.3**	**-23.2**	**28.4**	**-13.6**
Interest rate swaps						
Hedge accounting items	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps at fair value through profit or loss	20.0	0.2	20.0	0.7	20.0	0.1
Total	**20.0**	**0.2**	**20.0**	**0.7**	**20.0**	**0.1**
Share derivatives						
Shares						
Call options. share	0.0	0.0	15.9	3.0	0.0	0.0

6. COMPANY ACQUISITIONS AND SALES

Group subsidiary Oy Aurinkomatkat - Suntours Ltd Ab purchased in March 2009 the entire share stock of Toivelomat Oy, and the company has been consolidated as a Group subsidiary in this interim report.

7. INCOME TAXES

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

8. DIVIDEND PER SHARE

The Annual General Meeting on 26 March 2009 decided not to distribute a dividend for financial year 2008.

9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS EUR mill.

	31 March 2009	**31 March 2008**	**31 Dec 2008**
Carrying amount at beginning of period	1 339.6	1 250.2	1 250.2
Fixed asset investments	129.0	66.9	273.2
Change in advances	-1.3	30.7	-4.6
Disposals	0.0	-3.6	-69.0
Depreciation	-26.7	-27.7	-110.2
Carrying amount at end of period	**1 440.6**	**1 316.5**	**1 339.6**

Proportion of assets held for sale at beginning of period	19.4	34.7	34.7
Proportion of assets held for sale at end of period	19.4	32.8	19.4

10. INTEREST-BEARING LIABILITIES

In the first quarter of 2009, Group loans were repaid in accordance with a repayment programme. During the first period the loan withdrawals were 205.1 million euros, the part of short-term loans was 86,8 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.

	31 March 2009	**31 March 2008**	**31 Dec 2008**
Other contingent liabilities			
Pledges on own behalf	377.1	250.8	273.3
Guarantees on group undertakings	82.1	67.5	68.0
Total	**459.2**	**318.3**	**341.3**

Investment commitments for property, plant and equipment on 31 March 2009 totalled 1, 505.0 million euros (31 December 2008: 1. 508.9 million euros)

12. LIABILITIES (EUR million)

	31 March 2009	**31 March 2008**	**31 Dec 2008**
Fleet lease payment liabilities	272.2	299.1	285.9
Other liabilities	205.2	239.0	202.5
Total	**477.4**	**538.1**	**488.4**

13. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Finnair's 2008 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 2009

	Total traffic	Europe	North America	Asia	Domestic	Scheduled Traffic Total	Leisure	Cargo
Passengers (1000)	1 890	790	32	295	412	1 529	361	
%-change	-6.6	-10.3	12.5	-3.0	-11.5	-8.9	5.0	
Cargo and mail (tonnes)	20 228	4 520	1 496	12 711	764	19 491	343	20 228
%-change	-19.6	-15.7	-4.3	-22.8	2.3	-19.3	219.8	-19.6
Available seat-kilometres mill	7 409	1 821	264	2 768	414	5 267	2 141	
%-change	-1.4	-6.3	15.4	-6.9	-9.5	-6.0	12.0	
Revenue passenger kilometres	5 624	1 088	209	2 126	238	3 661	1 963	
%-change	0.0	-8.4	12.5	-3.4	-13.9	-4.9	10.6	
Passenger load factor %	75.9	59.7	79.2	76.8	57.6	69.5	91.7	
%-change	1.1	-1.3	-2.1	2.8	-2.9	0.8	-1.2	
Available tonne-kilometres	1 105							235
%-change	-1.3							-2.9
Revenue tonne-kilometres mill	616							112
%-change	-4.7							-21.5
Overall load factor %	55.7							47.6 *
%-change	-2.0							-11.3

* 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.

	2009	2008	Muutos	2008
	1 Jan-31 Mar	1 Jan-31 mar	%	1 Jan-31 Dec
Profit for the period	**-18.6**	**3.1**	**-**	**-46.1**
Other comprehensive income items				
Translation differences	0.5	0.2	-	0.1
Fair value change of hedging instruments after taxes	1.3	-4.7		-13.7
- Taxes	-0.4	1.7		48.8
Change in fair value of hedging instruments after taxes	11.0	16.0	-	-123.6
- Taxes	-3.9	-5.7		43.4
Other comprehensive income items, total	**12.8**	**11.5**	**-**	**-137.2**
Comprehensive income for the financial period	**-5.8**	**14.6**	**-**	**-183.3**

Earnings per share to shareholders of the parent company of the comprehensive income statement	-5.8	14.6		-183,5
Earnings per share to minority of the parent company of the comprehensive income statement	0.0	0.0		0.2

16. EVENTS AFTER THE REVIEW PERIOD

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