FINNAIR GROUP FINANCIAL STATEMENT
1 JANUARY – 31 DECEMBER 2009

Sharp falls in demand and price level result in clear loss for Finnair

Summary of 2009 key figures

– Turnover fell 18.5% to 1,837.7 million euros (2,255.8 million)
– Passenger traffic declined 9.0% from the previous year, passenger load factor rose 0.7 percentage points to 75.9% (75.2%)
– Operational expenses fell by 10.5%
– Unit revenues from flight operations per revenue tonne kilometre fell 11.3%, unit costs per revenue tonne kilometre fell 2.4%
– The operating loss was 124.0 million euros (57.9 million loss)
– The operational result, i.e. EBIT excluding non-recurring items, capital gains and changes in the fair value of derivatives, was a loss of 180.2 million euros (0.8 million profit), i.e. –9.8% of turnover
– The result before taxes was a loss of 133.7 million euros (62.2 million loss)
– Gearing at the end of the year was 25,9% (–12.0%) and gearing adjusted for leasing liabilities was 86.9% (65.1%)
– Balance sheet cash and cash equivalents at the end of the year totalled 607.4 million euros (392.1 million)
– Equity ratio 35.5% (36.9%)
– Equity per share 6.67 euros (5.87)
– Earnings per share –0.81 euros (–0.36)
– Return on capital employed –8.4% (–3.0%)
– Operational punctuality of flights 86.7% (80.8%)

Summary of the most important key figures of the last quarter

– Turnover fell 20.9% to 457.7 million euros (579.0 million)
– Passenger traffic declined 15.4% from the previous year
– Operational expenses fell by 16.1%
– Unit revenues from flight operations per revenue tonne kilometre fell 13.4%
– The operational result was -39.4 million euros (-13.7 million)

In the financial statement bulletin, figures for 2008 are presented in brackets after the 2009 figures.

President & CEO Mika Vehviläinen on the result for the year:

2009 was a historically difficult year for the entire airline business. For Finnair the situation was made particularly difficult by a sharp fall in domestic demand as well as price competition, due to overcapacity in the sector, on many of our main routes. The cost-cutting measures initiated by Finnair produced results during the year, but costs could not be cut as quickly as revenue declined.

The early part of 2010 still appears to be difficult for Finnair and for the entire air transport sector. Domestic demand shows no signs of recovery and it seems that the fall in prices will continue in early 2010. The signs of recovery are evident in corporate travel and cargo demand from abroad, but this is still subject to strong price pressure.

The initiated efficiency measures must be continued. Of the 200 million euro profit-improvement, nearly 150 million euros is in progress but just over a quarter of the targets are as yet unidentified. To improve profitability, we must, alongside savings, make every effort to increase growth in demand, create new sources of revenue and improve average prices. The weak utilisation rate of narrow-bodied aircraft remains a challenge. During the last part of the year, crew utilisation has slightly improved. Further efforts to improve the utilisation in our operations are needed.

There has been a clearly positive trend in operational and service quality. Indicators show, that despite the difficulties of the latter part of the year, the punctuality of Finnair's flights as well as customer satisfaction have clearly improved. Here I would like to take an opportunity to extend my warm thank you for the Finnair personnel for the excellent work they have done during these difficult circumstances.

Market and General Review

The strongly negative trend in air transport demand in 2009 began to level off towards the end of the year. The result level for the sector remains negative, however, and the International Air Transport Association IATA estimates that airlines' total loss for 2009 will reach 11 billion US dollars.

Finnair's operational result for last year was a loss of 180 million euros. Turnover declined sharply due to falls in both demand and prices. Profitability weakened, as costs could not be adjusted quickly enough to match declining flight ticket and cargo price levels.

The Finnair Group's turnover fell last year by 18.5 per cent. Falling demand has affected both scheduled passenger and leisure traffic. The development of scheduled traffic prices was particularly affected by a reduction of business travel by more than 30 per cent from the previous year.

A cautious recovery of business travel demand has been perceptible from the end of last year, particularly outside Finland. Overcapacity in the sector is, however, continuing to keep ticket prices low, irrespective of the customer segment. Cargo demand was on a strongly downward trend throughout the year until the final quarter, but overcapacity kept cargo prices clearly below their 2008 level.

Due to capacity cuts, the passenger load factor of Finnair's flights has remained good.

To strengthen its balance sheet, Finnair issued in September a 120 million euro hybrid bond, which reduced the level of gearing. In addition, the company has obtained debt funding from a number of parties. Many airlines are encountering cashflow and financing problems. Compared with the sector, however, Finnair's gearing is moderate.

To improve rapidly deteriorating profitability, Finnair Group has under way an efficiency programme totalling 200 million euros, which delivered just over 100 million euros in savings last year. Of the programme, a savings target of around 120 million euros is allocated to personnel costs. A significant proportion of planned efficiencies and cost savings will be achieved through collective employment and stabilisation agreements concluded with personnel, while some will be found via temporary lay-offs and redundancies. Finnair has also made structural changes and has sought partnerships in a number of business areas.

Last year's result was also adversely affected by industrial action, including turnover lost and extra costs resulting from the threat of such action. During long collective employment agreement negotiations, the Finnish Airline Pilots' Association (SLL) threatened a strike in February 2009 and implemented a two-day strike in November.

Further industrial action took place in ground handling operations, when a partnership arrangement was reached in respect of baggage handling and loading operations. At the beginning of December, around 500 employees, who had been transferred to a new employer, held a four-day illegal strike. A knock-on effect of the industrial action was a host of irregularities in Finnair's baggage handling services in an otherwise challenging traffic situation during the Christmas and New Year traffic peak period and poor weather conditions.

In European comparison, Finnair's service quality and traffic punctuality remained at a high level and improved clearly compared to previous year.

Financial Result, 1 October – 31 December 2009

Turnover fell in the final quarter by 20.9 per cent to 457.7 million euros (579.0 million). The Group's operational result, excluding non-recurring items, capital gains and changes in the fair value of derivatives, was a loss of 39.4 million euros (13.7 million loss). Adjusted operating profit margin was -8.6 per cent (-2.4). The result before taxes was a loss of 45.4 million euros (62.0 million loss).

A 4.2 million euro item improving the fourth quarter result has been recognised for changes in the fair value of derivatives. The corresponding item last year weakened the reported result by 43.8 million euros. The strong volatility is due to fluctuations in the market price of fuel. Changes in the fair value of derivatives have no effect on cash flow.

In October-December, Finnair's passenger traffic capacity contracted 15.7 per cent and revenue passenger kilometres declined by 15.4 per cent. Asian traffic declined by 11.9 per cent. The passenger load factor for all traffic was at the previous year's level, 76.9 per cent. The amount of cargo carried rose by 2.9 per cent.

In scheduled passenger and charter traffic, total unit revenues per passenger kilometre fell by 9.8 per cent after demand shifted to cheaper price classes. Yield per passenger fell by 11.5 per cent. Unit revenues per tonne kilometre for cargo traffic declined by 27.6 per cent. Weighted unit revenues per tonne kilometre for passenger and cargo traffic fell by 14.3 per cent.

Euro-denominated operational expenses, excluding non-recurring items, capital gains and changes in the fair value of derivatives, fell during the period by 16.1 per cent. Unit costs per available tonne kilometre for flight operations rose by 1.0 per cent, and by 6.3 per cent excluding fuel costs.

A new key figure presented is unit costs per revenue tonne kilometre. In the final quarter, the change in unit costs calculated in this way was 7.0 per cent lower compared with the previous year.

In the final quarter, non-recurring items and impairment losses of 9.6 million euros were recorded as well as nearly two million euros in capital gains. Non-recurring items and impairment losses resulted from the decommissioning of three Boeing MD-11 and three Boeing 757 aircraft and the discontinuation of PW-100 engine maintenance preparedness. A one-off entry was also made in terms of costs relating to the cutting of staff.

The strikes of pilots and baggage handling workers weakened the final quarter's operational result by an estimated 20 million euros. More than half of the result-weakening is estimated to come from revenue losses and the rest mainly from additional costs due to exceptional arrangements and compensation.

Financial Result, 1 January – 31 December 2009

In 2009 the Finnair Group's turnover totalled 1,837.7 million euros (2,255.8 million), which is 18.5 per cent lower than the previous year. The Group's operational result, excluding capital gains, changes in the fair value of derivatives and non-recurring items, fell to a loss of 180.2 million euros (0.8 million profit). Adjusted operating profit margin was –9.8 per cent (0.0). The result before taxes was a loss of 133.7 million euros (62.2 million loss).

Changes in the fair value of derivatives had a 55.5 million euro improvement effect on the full-year result. The corresponding item in the previous year weakened the reported result by 57.4 million euros.

In January–December, Finnair's passenger traffic capacity contracted by 9.8 per cent and revenue passenger kilometres fell by 9.0 per cent. Asian traffic declined by 9.9 per cent. Passenger load factor rose 0.7 percentage points from the previous year to 75.9 per cent. The amount of cargo carried fell by 12.6 per cent from the previous year.

In Group passenger traffic, total unit revenues per passenger kilometre fell by 11.5 per cent. Yield per passenger fell by 10.4 per cent. Unit revenue per tonne kilometre for cargo traffic declined by 29.4 per cent. Weighted unit revenue for passenger and cargo traffic fell by 12.8 per cent.

Euro-denominated operational expenses fell during 2009 by 10.5 per cent as turnover declined by 18.5 per cent. Unit costs per available tonne kilometre for flight operations rose by 0.8 per cent, and by 4.2 per cent excluding fuel costs. Unit costs per revenue tonne kilometre fell by 2.4 per cent.

All of the significant cost items fell due to lower operating levels as well as implemented efficiency measures. A fall in world market prices and new fuel efficient aircraft also contributed to the decline in fuel costs.

In non-recurring items, capital gains were balanced by arrangement expenses and impairment losses.

For the full year, net operational cash flow was –120.6 million euros. The negative cash flow arose mainly in the first half of the year.

Earnings per share for 2009 amounted to –0.81 euros (–0.36).

Investment, Financing and Risk Management

Balance sheet cash and cash equivalents totalled 607.4 million euros (392.1 million) at the end of the year. Gearing stood at 25.9 per cent (–12.0). Gearing adjusted for leasing liabilities was 86.9 per cent (65.1). The equity ratio was 35.5 per cent (36.9). Finnair's solidity is good in comparison with the sector.

Investment in 2009 totalled 347.6 million euros (232.8 million). Including advance payments, the cash-flow impact of fleet and auxiliary investments in 2009 was around 265 million euros and the estimate for 2010 is around 200 million euros.

Bilateral aircraft financing loans totalling 94 million euros were raised during 2009. A long-term TyEL pension fund loan amounting to 105 million euros was raised during 2009. To release capital, in August-September Finnair made sale and leaseback agreements for certain properties located in the area of Helsinki-Vantaa Airport, as well as for one Airbus A330 aircraft spare engine. The cash-flow impact of the agreements totalled around 90 million euros.

In September, Finnair issued a 120 million euro hybrid bond, which was oversubscribed. The hybrid bond reduced adjusted gearing by 29.5 percentage points.

In December Finnair withdrew 178 million euros in credit from the European Investment Bank and made a 55 million euro finance leasing arrangement with the export credit institutions of the Airbus owner states to finance an Airbus A330 aircraft. The intention is also to make corresponding arrangements for two A330 aircraft to be delivered in early 2010.

Finnair still has the option of a loan-back of employment pension fund reserves from Ilmarinen Mutual Pension Insurance Company amounting to around 330 million euros, the withdrawal of which requires a bank guarantee.

In addition, Finnair has agreed an as yet unused 200 million euro syndicated credit facility, intended as reserve financing. Financial flexibility is also achieved through a 200 million euro short-term commercial paper programme, of which 121 million euros was in use at the closing date.

According to the financial risk management policy approved by Finnair's Board of Directors, the company has hedged 73 per cent of scheduled traffic's jet fuel purchases during the next six months and thereafter for the following 24 months with a decreasing level of hedging. In Finnair's charter traffic, fuel consumption is price hedged in accordance with a traffic programme agreed with tour operators within the framework of the hedging policy. Derivatives linked to jet fuel and gasoil prices are mainly used as the fuel price hedging instruments.

The change during the year in the fair value of derivatives that mature in future is recognised in the Finnair income statement. The change in question is a valuation result, in accordance with IFRS reporting practice, which has not been realised. It has no cash-flow impact, nor is it included in the operational result. In 2009 the change in the fair value of derivatives improved the result by 55.5 million euros (–57.4 million), and in the final quarter by +4.2 million euros (–43.8 million).

The operational result for 2009 includes realised losses of 133.7 million euros on derivatives resulting from fuel price hedging, which appear in the fuel item of the income statement. In the final quarter, the losses totalled 19.1 million euros. The figure includes both foreign exchange and fuel derivatives.

Shareholders' equity includes a fair value fund related to hedge accounting, the value of which is affected by changes in the oil price and foreign exchange rates. The size of the item on the closing date was –25.0 million euros, after deferred taxes, which includes foreign exchange and fuel derivatives as well as, to lesser degree, other financial items.

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 operational result for last year. At the end of the year, the degree of hedging for a dollar basket over the next 12 months was 66 per cent.

The IFRS accounting practice for frequent-flyer programme bonus points changed from the beginning of 2009. The points liability is now valued at fair value based on the selling price instead of an earlier valuation based on marginal cost. The valuation principle lowers shareholders' equity by more than 20 million euros.

A rise in value of Norwegian Air Shuttle shares in 2009 had a positive impact on Finnair's shareholders' equity of around 12.2 million euros after deferred taxes. Finnair owns just over five per cent of Norwegian Air Shuttle shares.

Shares

Finnair's market value at the end of the year was 480.5 million euros (626.6 million) and the closing share price was 3.75 euros. During 2009 the highest price for the Finnair Plc share on the NASDAQ OMX Helsinki Stock Exchange was 5.24 euros (8.49), while the lowest price was 3.52 euros (3.50) and the average price 4.15 euros (6.10). Some 13.8 million (64.8 million) of the company's shares, with a value of 57.5 million (395.2 million), were traded on the NASDAQ OMX Helsinki Stock Exchange.

The number of Finnair shares at the end of the year was 128,136,115. The Finnish State owned 55.8 per cent (55.8%) of Finnair's shares, while 16.5 per cent (19.5%) were held by foreign investors or in the name of a nominee.

On 31 December 2009, Finnair held 387,429 of its own shares (treasury shares), representing 0.30 per cent of the total number of the company's shares.

A more detailed account of the shares can be found in the Financial Report section of the Annual Report.

Organisational Change

As part of its operational efficiency programme, Finnair changed the structure of its Group organisation as of 1 October 2009. The change centralised the Group's scheduled traffic and leisure flight operations into an integrated Airline Business organisation under the President & CEO and also seeks to achieve closer cooperation between operations and Group Administration.

Finnair's business activities are now divided into five operational entities: Sales & Marketing, Operations, Customer Service, Travel Services and Aviation Services. The support functions are Economics and Finance, Human Resources Management, Corporate Communications and Public Affairs, Resource Management, Business Development and Legal Affairs.

In the new structure, Sales & Marketing is led by Mika Perho, Operations by Erno Hilden, Customer Service by Timo Riihimäki and Travel Services by Kaisa Vikkula. The Resource Management Unit is led by Ville Iho.

Aviation Services, comprising Finnair Catering, Finnair Technical Services and the ground handling company Northport Oy, as well as the cargo companies belonging to Airline Business segment, will continue within Deputy CEO Lasse Hienonen's area of responsibility.

Administrative support functions, such as Information Management, Human Resources Management and Financial Management have been centralised in Group Administration. Moreover, Resources Management and Long-Term Operational Planning have been transferred to become part of Group Administration.

Through the change, scheduled and leisure traffic are no longer externally reporting business areas of the Finnair Group. As of 1 October 2009, the primary operational segments according to IFRS reporting are: Airline Business, Aviation Services and Travel Services. Finnair's scheduled and charter traffic, cargo business and the fleet company Finnair Aircraft Finance are included in the Airline Business segment. Aurinkomatkat-Suntours is part of Travel Services. The 2009 result is reported in its entirety according to the new segment division.

Senior Management

President & CEO Jukka Hienonen announced his resignation on 7 August 2009. Hienonen left the company on 31 January 2010. Mika Vehviläinen MSc (Econ) became Finnair's new President & CEO on 1 February 2010. Vehviläinen joined Finnair on 5 January 2010 from his position as Chief Operating Officer of Nokia Siemens Networks.

Finnair Plc's Board of Directors extends its warm thanks to Jukka Hienonen, who relinquished the duties of President & CEO at the end of January 2010, for the valuable work he has done for the good of the company in a difficult operating environment and during an upheaval in the sector. Under Hienonen's leadership, many essential reforms were made in Finnair's structures and operating culture, and an extensive investment programme in the long-haul fleet was implemented at a difficult time in the financial markets. As Mika Vehviläinen is taking over, Finnair is a financially solid and high quality airline operating in a challenging environment.

Changes took place in Finnair Plc's Executive Board on 1 October 2009 as a consequence of the structural changes. The Executive Board comprises, in addition to the President & CEO, Deputy CEO and Chief Financial Officer Lasse Heinonen, SVP Public Affairs and Corporate Communications Christer Haglund, SVP Airline Business Erno Hilden, SVP Resources Management Ville Iho, SVP Human Resources Anssi Komulainen, SVP Sales & Marketing Mika Perho, SVP Customer Service Timo Riihimäki and SVP Travel Services Kaisa Vikkula, who is responsible for the Group's tour operators and travel agencies.

SVP Erno Hilden also serves as the Accountable Manager referred to in the Airline Operator's Certificate (AOC).

The Board of Management includes, in addition to the members of the Executive Board, Northport Oy's Managing Director Jukka Hämäläinen, SVP Catering Kristina Inkiläinen, SVP Cargo Antero Lahtinen and SVP Technical Services Kimmo Soini.

A Corporate Governance Statement and a review of management salaries and remuneration principles is presented in the Corporate Governance section of the Financial Report.

Personnel

During 2009, the Finnair Group had an average number of 8,797 employees, which was 8.3 per cent fewer than a year earlier. The Airline Business segment had 3,925 employees. The total number of personnel in technical, catering and ground handling services was 3,347 and in travel services 1,289. A total of 236 people were employed in other functions. At the end of 2009, the Finnair Group had a little under 7,400 employees, which was 1,650 fewer than a year earlier.

At the end of the year, Finnair Group had around 738 employees outside of Finland, of which 258 worked in sales and customer service duties for Finnair's passenger and cargo traffic. There are a total of 480 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.

Full-time staff accounts for 96 per cent of employees. Around half of part-time staff are employees on partial child-care leave. Some 97 per cent of staff are employed on a permanent basis. The average age of employees was 43 years. More than 25 per cent were over 50 years old and one in ten under 30 years old.

Employees' average number of years in service is 16. One third of Finnair's personnel have been in the service of the Group for more than 20 years. Some 12 per cent have served for more than 30 years.

Of the Finnair Group's personnel, 54 per cent are women and 46 per cent are men. Of the 12 members of the Finnair Group's Board of Management, two are women. Three of the eight members of Finnair Plc's Board of Directors are women.

Finnair has collective employment agreements valid with four personnel organisations, namely the Finnish Aviation Employees Association (SLV), the Finnish Flight Attendants' Association (SLSY), the Finnair White-Collar Employees Association (FYT) and the Finnair Engineers' Association (FIRY) until spring 2010, and with the Finnish Airline Pilots' Association (SLL) until 31 December 2011.

Collective employment agreements with the Finnish Aviation Union (IAU) and the Finnair Technical Employees' Association expired on 30 September 2009, because no agreement could be reached on a pay rise adjustment under the agreements. Negotiations are continuing to reach new collective agreements with both organisations.

Temporary lay-offs and personnel reduction decided on at the end of 2008 and in 2009 have been implemented. As a consequence of the organisational change implemented on 1 October 2010, around 200 positions have been or will be cut from general staff and support functions.

To date, stabilisation agreements with personnel organisations have been agreed in Finnair Technical Services, the Cabin Service Department and Finnair Catering. The agreements include an additional bonus model which allows for the return of savings made as the operational result improves. In connection with the collective employment agreement negotiations, permanent structural savings were agreed with pilots that will, together with other adjustment measures directed at pilots, amount to around 20 million euros.

Through concluded stabilisation agreements and personnel adjustments, around 80 million euros of the total personnel savings target of 120 million euros is expected to be achieved by the end of 2010. The remaining 40 million euros of the target is as yet unidentified.

In the final quarter of the year, two significant episodes of industrial action took place. In mid-November, the pilots were on strike for two days in connection with collective employment agreement negotiations. In late November/early December, the

Northport subsidiary's baggage handling and apron staff held a four-day illegal strike when operations and staff were transferred to Finnair's partner Barona Handling. A corresponding arrangement in respect cargo warehouse operations implemented at the same time with Suomen Transval Oy did not cause disruption.

Including indirect employee costs, just over five million euros of incentive bonuses, based mainly on quality indicators, are expected to be paid to personnel for 2009. The criteria based on the Group result for the personnel profit bonus and the share bonus scheme for key individuals were not fulfilled for 2009, and no incentive payments will be paid.

Fleet Changes

The Finnair Group's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair. At the end of the year, the Finnair Group had a total of 68 aircraft in flight operations. The average age of Finnair's entire fleet is around six years. Finnair's fleet is one of the most modern in the world.

In the first quarter of 2009, two new 100-seat Embraer 190 aircraft joined Finnair's fleet. In late 2009 and early 2010 Finnair leased two Embraer 170 aircraft to its feeder traffic partner FinnComm Airlines. Two other Embraer 170 aircraft are on sale.

Five new Airbus A330-300 aircraft joined Finnair's wide-bodied fleet last year. In the first quarter of 2010, when the Boeing MD-11 aircraft have been decommissioned and two new Airbus A330-300 aircraft have been accepted, Finnair will have a total of 12 long-haul aircraft in service.

In 2010 a total of three new Airbus A330 will be acquired, two in the first quarter and one in the final quarter. The last remaining Boeing MD-11 aircraft will be withdrawn from Finnair's fleet at the end of February. Two Airbus wide-bodied aircraft are ordered for 2012–2014, but the final delivery timetable is still to be confirmed.

Two MD-11 aircraft owned by Finnair are currently on sale. The aircraft were sold 2007 to Aeroflot Cargo on a forward sale agreement, but due to collapse of cargo markets the deal was cancelled by mutually agreed terms.

This spring, as part of the harmonisation of its fleet structure, Finnair will withdraw from service three of its leisure traffic Boeing 757-200 aircraft. Finnair will still have four Boeing 757 aircraft.

Environment

Finnair takes the environment into consideration in all of its actions and decisions.

Finnair has been systematically modernising its fleet since 1999. The long-haul traffic fleet modernisation was completed and Finnair currently flies with one of the world's most modern fleets. New aircraft are significantly more economic in fuel consumption and produce less emissions and noise compared with the previous generation's technology. In addition, emissions as well as consumption of energy and materials are minimised through operational measures both on the ground and in the air.

Finnair is actively involved in social responsibility work and in discussions with its interest groups. Finnair reports its sustainable development principles and indicators in accordance with the international Global Reporting Initiative (GRI) guidelines and also participates in the Carbon Disclosure Project (CDP).

Last year the EU approved a model for the implementation of emissions trading in air transport starting in 2012. Finnair has cooperated with the authorities and has prepared for the future when the first emission trading obligations will begin. In addition, Finnair will strive in cooperation with various actors to argue successfully for the system to be worldwide and not distort competition in the sector.

Air transport emissions trading will begin in European Union in 2012. Air transport emissions trading will apply to all flights arriving and departing from EU airports. National legislation will come into force on 1 February 2010. Finnair has delivered its monitoring, reporting and verification plan for approval to the Transport Safety and Security Agency, which acts as the supervising authority.

Free emission rights for the period 2012-2020 will be granted based on traffic performance in 2010. The rules for the first period 2012 are clear. Details for the second period (2013-2020) currently remain open which is hindering preparations for emissions trading. Achieving an international sector agreement, instead of regional schemes, would also be desirable.

Business Area Development

The primary segment reporting of the Finnair Group's financial statements is based on business areas. As of 1 October 2009, the reporting business areas has been: Airline Business, Aviation Services and Travel Services.

Airline Business

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

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

In 2009 the business area's turnover fell by 19.9 per cent to 1,537.9 million euros (1,920.7 million). The operational result was a loss of 170.5 million euros (19.4 million loss). The key factors in the significantly reduced turnover are lower demand and a significantly poorer average price. The adjustment of costs to lower volumes has succeeded fairly well. On the other hand, it has not been possible to make the adjustment required by the decline in turnover due to the deterioration of the average price.

Scheduled traffic passengers numbers in 2009 totalled 6.3 million. In scheduled traffic, revenue passenger kilometres fell from the previous year by 8.5 per cent as capacity contracted by 10.3 per cent, which improved the passenger load factor by 1.4 percentage points to 73.4 per cent.

Unit revenues for scheduled passenger traffic fell 14.1 per cent in 2009. In the final quarter, unit revenues fell by 12.7 per cent. The shifting of business travel demand to cheaper price classes contributed to the decline in unit revenues. The change was particularly marked in the Finnish marketplace.

Cargo revenues account for around 10 per cent of all of the Airline Business segment's revenues. In 2009 cargo unit revenue declined by 29.5 per cent. The number of cargo kilos carried in scheduled traffic declined from the previous year by 12.6 per cent and in the final quarter rose by 2.9 per cent. In Asian traffic, the amount of cargo carried declined from the previous year by 12.1 per cent, but grew in the final quarter by 10.3 per cent.

In Finnair Cargo Terminal Operations Oy, which maintains Finnair's cargo terminal activity, a transfer of business in terms of warehouse functions was made. A cooperation agreement was made with Suomen Transval Oy.

In international scheduled passenger traffic, Finnair's market share relative to its main competitors has fallen some percentage points, but is still more than 50 per cent. In domestic traffic, Finnair's market share has fallen, mainly due to the discontinuation of short routes. This has, however, improved the passenger load factor and profitability.

Despite a host of traffic irregularities at the end of the year, the arrival punctuality of scheduled flights improved during 2009 from the previous year to 86.7 per cent (80.8).

In 2009 Finnair's charter flights carried more than 1.1 million passengers, which is around 15 per cent fewer than previous year. In January-December 2009, the volume of available passenger kilometres fell by 7.7 per cent, in October-December by 24.3 per cent. Performance in revenue passenger kilometres fell in January-December from the previous year by 10.5 per cent and in the final quarter by 25.5 per cent. The passenger load factor of charter flights weakened slightly to 85.5 per cent.

In addition to its own Boeing 757 fleet used in charter flight traffic, Finnair leased from Air Europe a 299-seat Airbus 330 wide-bodied aircraft with crew for flights to Phuket, Thailand in the winter season 2008/2009. Corresponding traffic in the current winter season is being flown with Finnair's own aircraft, although at lower capacity.

Finnair enjoys 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.

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

Aviation Services

This business area comprises aircraft maintenance services, ground handling and the Group's catering operations. In addition, the Group's property holdings, the procurement of office services, and the management and maintenance of properties related to the Group's operational activities also belong to the Aviation Services business area. Aviation Services' business consists mainly of intra-Group service provision. Of the business area's turnover, one fourth consists of business outside of the Group.

In 2009 Aviation Services' turnover fell by 5.5 per cent to 421.3 million euros. The operational profit halved from the previous year and was 7.3 million euros (13.8 million).

Catering business is the most profitable of the Aviation Services. Operations are divided into meal production and related logistics as well travel retail functions, which include inflight sales plus advance order services and airport shops in Helsinki, Tampere and Turku.

Finnair Catering's turnover has fallen as passenger numbers have declined. The unit has implemented adjustment measures by which labour has been dimensioned to the level of demand for meals. A stabilisation agreement was also reached with white-collar workers in Finnair Catering.

Finnair Technical Services' operational result was loss-making last year, due mainly to a decline in hourly-based invoicing for the Group's own traffic. External turnover grew by around 10 per cent from the previous year.

For Finnair Technical Services' long-term functional capacity and profitability, it is important that the unit also has customers from outside the Group. The stabilisation agreement reached in Finnair Technical Services in August will increase the unit's cost competitiveness, which enabled a 20 million euro three-year maintenance agreement to be concluded with the leisure flight airline Condor.

Finnair Technical Services was divided at the beginning of financial year 2010 into two subsidiaries, Finnair Technical Services Oy and Finnair Engine Services Oy. This conversion into a separate companies will create structural flexibility from cooperation arrangements in the future.

The ground handling company Northport Oy is still loss-making. To achieve operational flexibility, a partnership arrangement was agreed for baggage handling as well as loading and apron activities by which functions and personnel were transferred to Barona Handling Oy from the beginning of December.

Travel Services (tour operators and travel agencies)

The business area consists of the Group's tour operators, i.e. Aurinkomatkat-Suntours and its Estonian subsidiary Horizon Travel, the subsidiary Calypso, operating in St. Petersburg, and the Matkayhtymä Oy/takeOFF brand, operating in Finland, as well as the travel agencies Matkatoimisto Area, Finland Travel Bureau (FTB) and its subsidiary Estravel, operating in the Baltic states. In addition, the business area includes Amadeus Finland Oy, which integrates travel agency systems and sells travel reservation systems.

In 2009, the business area's turnover fell 10.2 per cent to 346.5 million euros (385.9 million). As a result of the recession, business travel contracted in Finland by 30–35 per cent from previous year, which was reflected in turn in travel agencies sales and results. Consumers' uncertainty about the future of their own finances was apparent in their delaying travel decisions until closer to the date of travel. Demand for leisure travel clearly began to weaken at the end of the year. Travel declined very strongly in the Baltic states and in Russia. The operational result fell to a loss of 4.3 million euros (12.3 million profit).

In 2009 some 961,000 (989,000) package tours where made from Finland using flights abroad. Included in the sector's overall total for the first time are the dynamic flight-hotel packages, which customers assemble themselves at the travel agency's internet service.

The number of package tours produced by traditional tour operators fell by around 7 per cent. Aurinkomatkat-Suntours is Finland's leading tour operator, with a market share of 36 per cent. As demand weakened from the previous year's peak figures, the company cut its summer production by 10 per cent.

Sales of winter 2009/10 packages began cautiously, as travel decisions were made closer to the date of travel. Sales of winter packages will also fall significantly short of the cyclical peak level of winter 2008/2009. Capacity has been cut correspondingly. Aurinkomatkat renewed its reservation system, which had been use for more than 30 years. Introduction of the new production system went well.

In 2009 Aurinkomatkat's passenger numbers declined in Finland from previous year by 5.2 per cent to 327,000. The load factor and result clearly weakened from the 2008 record level. Profitability was weakened by sales of last minute holidays at a discount as well as by packages unsold due to strikes.

In Estonia the package tour market collapsed by around 40 per cent. Horizon Travel succeeded, however, in difficult circumstances to adjust its operations to correspond with the demand situation.

Establishing Aurinkomatkat in Russia continued in a difficult market climate. Aurinkomatkat produced 13.000 package tours abroad for customers flying from St. Petersburg. Demand for summer packages fell strongly, but due to flights shared with other tour operators, production could not be correspondingly adjusted. The company did not receive any flights to its main winter destination.

Target load factors were achieved, but discounts and weak selling prices increased the operational loss. Aurinkomatkat strives to stand out from its competitors through quality. The company's customer satisfaction is high in Russia, but the problem is low production volume resulting from the poor economic conditions. Sales of Calypso's VIP packages also suffered from the economic downturn.

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 collapse in business travel pushed the result to a loss, even though temporary lay-offs of several weeks were implemented in travel agencies and 160 permanent job cuts were made. The headcount is now 18 percent less than in the previous year. Business travel is expected to remain permanently on a lower level. Lower travel volumes will pressurise margins. The companies were highly rated in a customer satisfaction survey of business travellers in the Nordic countries.

Travel sales are shifting strongly to the internet. In 2009 the Area.fi website became Finland¹s leading location for the purchase of independent travel packages, and 85 per cent of leisure trips sold by Area are sold via Area.fi. In business travel, the focus was on developing productisation and electronic services. An exceptional situation throughout the world means that travellers will increasingly value a reliable travel management partner and 24-hour service.

Travel Services' Amadeus Finland, a provider of travel reservation and information systems to travel agencies, brought to the market many new services relating to companies' and travel agencies' travel management. A hotel booking service was added to the Amadeus reservation system. A decline in flight travel by Finns of around 10 per cent had an adverse impact on the company's turnover and result.

Air Traffic Services and Products

In the summer season, Finnair has a total of 55 and in the winter season a total of 57 direct flights per week to nine Asian destinations. Finnair's Asian destinations are Bangkok, Delhi, Hong Kong, Nagoya, Osaka, Beijing, Shanghai, Seoul and Tokyo.

Flights covering 33 European and 11 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 long-haul traffic, Delhi was served by a daily flight schedule from mid-September to the end of January, after which the number of weekly flights has been six. In June-September, Finnair flew to Tokyo daily instead of its normal four flights per week schedule, and to New York ten times per week.

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

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

In July Finnair launched a user-friendly service by which companies can produce for themselves an environmental report on their overall travel. The environmental report tool has been added to Finnair's brand experience website http://feel.finnair.com. On the site, one can easily compare the environmental impact of flight routes when flying via different transit airports.

In August Finnair centralised its traffic and customer service in Helsinki-Vantaa's Terminal 2, where **one**world and Finnair's other cooperation partner airlines are also located. The division into domestic and international terminals also ended.

In winter season 2009–2010 Finnair is using for leisure flights long-haul traffic Airbus A330-300 aircraft in addition to Boeing 757 aircraft. The 271-seat wide-bodied aircraft flies non-stop leisure flights from Helsinki to Phuket in Thailand 3–4 days a week from November to April. Last winter, an Airbus A330-200 aircraft leased from outside the Group was used for the corresponding leisure flight series, six days per week.

In addition to leisure traffic, the Airbus A330-300 aircraft is also used on Finnair's scheduled flights to New York, Delhi, Nagoya and Osaka, as a result of which the aircraft has a 42-seat business class section. On leisure flights, business class is renamed Comfort class, which offers, in addition to lie-flat seats, a more comprehensive service than economy class.

In December Finnair opened the Via Spa and the modern Via Lounge at Helsinki-Vantaa Airport, in a terminal extension that opened at the same time. The lounge and spa offers unique wellness and comfort services, particularly for Finnair's transit passengers travelling between Europe and Asia.

The business class of Finnair's latest Airbus A330, which arrived before Christmas, has a new type of full-flat seat that reclines to horizontal as well as a new configuration that allows more seats to be offered while at the same time providing more privacy. At the end of 2009, a pick-up was perceptible in Europe-Asia traffic, so the new aircraft and their higher service level have fulfilled a need.

The cabin of the new Airbuses that arrived from April 2009 onwards has a new, brighter look, and technically high-level solutions also significantly enhance passenger comfort in economy class. Every passenger has an individual display screen with diverse entertainment options, and it is also possible to send text messages and work with a laptop during flights. Scenario lighting simulates the movement of the sun according to a daily cycle, helping passengers adjust to new time zones while on the aircraft.

Short-term Risks and Uncertainty Factors

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

A weakening of domestic consumer confidence also has an adverse impact on demand for non-business travel in both leisure and scheduled traffic services. In Finland, business travel might also recover more slowly than in other markets. The financial difficulties of customers will 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 passenger load factor affects the Group's operating result by nearly 15 million euros. A change of one per cent in the average yield of passenger traffic services also affects the Group's operational result by around 15 million euros.

A risk in the acquisition of new aircraft is that weak demand will not enable the aircraft to be operated fully and profitably in 2010.

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 hedging against fuel price and foreign exchange rate volatility by entering into option and future contracts. The rising cost of hedging arrangements also poses a risk.

A 10 per cent change in the world market price of fuel affects Finnair's operational result by around 18 million euros after hedging. A 10 per cent change in the euro-dollar exchange rate effects Finnair's operational result by around 17 million euros after hedging.

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

Outlook

There are weak signs in the sector that the decline in travel demand is coming to an end, but due to overcapacity, increasing prices will prove difficult. Business travel is recovering, above all outside Finland.

Air cargo demand is beginning to pick up modestly. Particularly in the Asian market, cargo demand has strengthened, which will also improve prospects for Finnair's cargo operations.

The implementation of the Europe-Asia strategy will be purposefully continued, but taking into consideration market-specific fluctuations of demand.

Adjustment measures to lower unit costs will continue in all units. The goal is to reduce unit costs to correspond with falling average yields. The Finnair Group's objective, according to a programme announced earlier, is to implement efficiency measures totalling around 200 million euros. Just over a quarter of the efficiency and result improvement targets are as yet unidentified. Personnel cost savings include personnel reductions and temporary lay-offs as well as partnership arrangements for certain operations to achieve flexibility.

To boost sales, the Finnair Plus frequent-flyer programme has been developed by improving service and diversifying the product range. The programme facilitates more targeted and effective marketing.

Demand for package tours in the current winter season and the coming summer season is expected to be lower than last year. To avoid a weakening of price level due to oversupply, Aurinkomatkat-Suntours has adjusted its capacity. Charter flight capacity will fall when three of the seven Boeing 757 aircraft are withdrawn from Finnair's fleet when leasing agreements expire this coming summer.

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

Finnair's passenger traffic capacity is expected to be around 10 per cent below the previous year in the first quarter of 2010. Finnair's scheduled traffic suffers from low unit revenue, but the passenger load factors of aircraft are expected to remain at a satisfactory level. This will lead to a further fall in turnover in the first quarter.

The first quarter of 2010 is expected to remain difficult and to be clearly loss-making. Due to the efficiency measures being implemented, the Finnair Group's profitability is expected to improve gradually towards the end of the year.

Board of Directors Proposal on the Dividend

The distributable equity of Finnair Plc amounts to 393.0 million euros. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for 2009.

FINNAIR PLC
Board of Directors

Press conference

Finnair will hold briefings for media representatives (11 a.m.) and analysts (12.30 p.m.) on 5 February 2010. The location is Toimistotorni, Lentäjäntie 3, at Helsinki-Vantaa Airport. Further information and registrations: Marjo Kalliola, tel. +358 9 818 4951 or marjo.kalliola@finnair.fi.

Finnair Plc
Corporate Communications
Christer Haglund
SVP, Public Affairs and Corporate Communications

For further information, please contact:

Deputy CEO & CFO Lasse Heinonen
tel. +358 9 818 4950
lasse.heinonen@finnair.fi

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

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

http://www.finnair.com/group

FINNAIR GROUP FINANCIAL STATEMENT FOR JANUARY 1 – DECEMBER 31, 2009
KEY FIGURES EUR mill.

	2009 1 Oct- 31 Dec	2008 1 Oct 31 Dec	Change %	2009 1 Jan– 31 Dec	2008 1 Jan- 31 Dec	Change %
Turnover	457.7	579.0	-20.9	1 837.7	2 255.8	-18.5
Profit before depreciation and lease payments, EBITDAR *	10.2	22.6	-	11.9	173.5	-
Lease payments for aircraft	18.3	20.8	-12.0	74.4	82.6	-9.9
Operational result, EBIT*	-39.4	-13.7	-	-180.2	0.8	-
Fair value changes of derivatives	4.2	-43.8	-	55.5	-57.4	-
Profit from disposal of capital assets	-7.9	-3.8	-	0.7	-1.3	-
Operating profit, EBIT	-43.1	-61.3	-	-124.0	-57.9	-
Profit for the period (share attributable to shareholders of parent company)	-36.6	-45.0	-	-102.0	-46.3	-
Operating profit, EBIT, % of turnover *	-8.6	-2.4	-	-9.8	0.0	-
EBITDAR, % of turnover *	2.2	3.9	-	0.6	7.7	-
Unit revenues of flight operations c/RTK	65.6	75.8	-13.4	67.2	75.8	-11.3
Unit costs of flight operations c/RTK	73.8	79.4	-7.0	74.7	76.6	-2.4
Unit costs of flight operations c/ATK	45.7	45.3	1,0	43.8	43.4	0.8
Earnings per share EUR (basic)	-0.30	-0.38	-	-0.81	-0.36	-
Earnings per share EUR (diluted)	-0.30	-0.38	-	-0.81	-0.36	-
Equity per share EUR	6.67	5.87	13.6	6.67	5.87	13.6
Gross investment EUR mill.	8.8	13.1	-	347.6	232.8	-
Gross investment, % of turnover	1.9	2.3	-	18.9	10.3	-
Equity ratio %				35.5	36.9	
Gearing %				25.9	-12.0	
Adjusted gearing %				86.9	65.1	
Rolling 12-month ROCE %				-8.4	-3.0	
Rolling 12-month ROE %				-12.7	-5.3	

* Excluding capital assets, fair value changes of derivatives and non-recurring items.
Unit costs of flight operations c / RTK = Operating expenses (excluding fair value changes of derivatives and non-recurring items) of Flight Operations / RTK.
Unit costs of flight operations c / ATK = Operating expenses (excluding fair value changes of derivatives and non-recurring items) of Flight Operations / ATK of Group.

CALCULATION OF KEY RATIOS

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

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

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

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

Shareholders equity = To equity holders of the parent
The figures of financial statement 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)
Profit *100
____
Equity + minority interests (average)

The figures of financial statement report have not been audited.

CONSOLIDATED INCOME STATEMENT (EUR mill.)

	2009 1 Oct- 31 Dec	2008 1 Oct 31 Dec	Change %	2009 1 Jan– 31 Dec	2008 1 Jan- 31 Dec	Change %
Turnover	**457.7**	**579.0**	**-20.9**	**1 837.7**	**2 255.8**	**-18.5**
Work used for own purposes and capitalized	3.2	0.5	540.0	4.7	1.6	193.8
Other operating income	3.8	7.4	-48.6	14.9	20.9	-28.7
Profit from disposal *)	1.7	1.2	-	32.9	6.2	-
Operating income	**466.4**	**588.1**	**-20.7**	**1 890.2**	**2 284.5**	**-17.3**
Operating expenses						
Staff costs	111.8	140.6	-20.5	482.3	538.6	-10.5
Fuel	101.2	142.3	-28.9	450.3	557.6	-19.2
Lease payment for aircraft	18.3	20.8	-12.0	74.4	82.6	-9.9
Other rental payments	20.3	20.8	-2.4	81.4	69.3	17.5
Fleet materials and overhauls	28.4	46.4	-38.8	101.6	111.1	-8.6
Traffic charges	40.0	49.2	-18.7	171.1	188.5	-9.2
Ground handling and catering expenses	36.0	36.8	-2.2	130.2	146.6	-11.2
Expenses for tour operations	34.4	41.4	-16.9	131.1	138.9	-5.6
Sales and marketing expenses	22.4	27.8	-19.4	77.2	102.9	-25.0
Depreciation	31.5	11.1	183.8	117.9	90.1	30.9
Other expenses	59.8	63.4	-5.7	220.0	251.3	-12.5
Operational expenses total	**504.1**	**600.6**	**-16.1**	**2 037.5**	**2 277.5**	**-10.5**
Operational result, EBIT	**-39.4**	**-13.7**	**-**	**-180.2**	**0.8**	**-**
Fair value changes of derivatives	4.2	-43.8	-109.6	55.5	-57.4	-
Non-recurring items	-9.6	-5.0	-	-32.2	-7.5	-
Total expenses	**509.5**	**649.4**	**-21.5**	**2 014.2**	**2 342.4**	**-14.0**
Operating profit EBIT	**-43.1**	**-61.3**	**-**	**-124.0**	**-57.9**	**-**
Financial income	2.2	4.1	-46.3	8.9	22.1	-59.7
Financial expenses	-4.6	-5.1	-9.8	-18.7	-26.7	-30.0
Share of result in associates	0.1	0.3	-	0.1	0.3	-
Profit before taxes	**-45.4**	**-62.0**	**-**	**-133.7**	**-62.2**	**-**
Direct taxes	8.8	17.2	-	31.8	16.1	-
Profit for the period	**-36.6**	**-44.8**	**-**	**-101.9**	**-46.1**	**-**

Earnings per share to shareholders of the parent company profit of the period	-36.6	-45.0		-102.0	-46.3	
Minority interest profit of the period	0.0	0.2		0.1	0.2	
Earnings per share calculated from profit of the period attributable to shareholders of the parent company						
Earnings per share EUR (basic)	-0.30	-0.38		-0.81	-0.36	
Earnings per share EUR (diluted)	-0.30	-0.38		-0.81	-0.36	

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

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.

The fleet materials and overhauls expenses and depreciation has been adjusted to correspondence to the recognition method of the current year so, that depreciation has been decreased 10.6 million euros in period Q1-Q4/ 2008 and 4.3 million euros in period Q4/2008. The correspondence values have been increased to fleet materials and overhaul expenses.

From other expenses has been transferred previous year to fuel expenses the effect of fair value changes of derivatives as follows: Q4/2008 11.0 EUR mill. Q1-Q4/2008 -10.3 EUR mill.

CONSOLIDATED BALANCE SHEET (EUR mill.)

	31 Dec 2009	31 Dec 2008	1 Jan 2008
ASSETS			
Non-current assets			
Intangible assets	46.1	48.1	46.6
Tangible assets	1 469.0	1 272.1	1 168.9
Investments in associates	8.3	6.1	5.7
Financial assets	20.5	21.5	13.8
Deferred tax receivables	42.0	57.7	16.7
Total	1 585.9	1 405.5	1 251.7
Short-term receivables			
Inventories	36.8	35.1	36.1
Trade receivables and other receivables	197.5	231.8	287.3
Investments	598.2	373.8	518.6
Cash and bank equivalents	9.2	18.3	21.5
Total	841.7	659.0	863.5
Non-current Assets held for sale	19.4	19.4	34.7
Assets total	**2 447.0**	**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
Other equity	777.2	674.0	891.8
Total	852.6	749.4	967.2
Minority interest	0.9	1.1	1.7
Equity, total	853.5	750.5	968.9
Long-term liabilities			
Deferred tax liability	99.1	120.6	144.5
Financial liabilities	637.4	261.1	269.6
Pension obligations	0.0	6.1	15.8
Total	736.5	387.8	429.9
Short-term liabilities			
Current income tax liabilities	0.0	1.5	8.2
Reserves	73.0	61.5	53.6
Financial liabilities	201.8	48.5	54.5
Trade payables and other liabilities	582.2	834.1	634.8
Total	857.0	945.6	751.1
Liabilities total	1 593.5	1 333.4	1 181.0
Shareholders' equity and liabilities, total	**2 447.0**	**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 Dec 2009	1 Jan – 30 Dec 2008
Cash flow from operating activities		
Profit for the period	-101.9	-46.1
Operations for which a payment is not included **1)**	74.7	174.6
Interest and other financial expenses	18.7	26.7
Interest income	-8.6	-18.9
Other financial income	-0.2	-3.2
Dividend income	-0.1	0.0
Taxes	-31.8	-16.1
Changes in working capital:		
Change in trade and other receivables	32.7	-2.7
Change in inventories	-1.7	1.0
Change in accounts payables and other liabilities	-94.6	-11.8
Interest paid	-12.7	-13.1
Paid financial expenses	-2.3	-1.3
Received interest	7.0	15.4
Received financial income	0.2	3.2
Taxes paid	0.0	12.5
Net cash flow from operating activities	**-120.6**	**120.2**
Cash flow from investing activities		
Acquisitions of subsidiaries	0.0	-3.2
Investments in intangible assets	-9.4	-12.7
Investments in tangible assets	-316.1	-215.3
Net change of financial interest bearing assets at fair value through profit and loss	-279.1	183.1
Net Change of shares classified as available for sale	6.2	0.0
Sales of tangible fixed assets	61.9	69.0
Received dividends	0.1	0.0
Change in non-current receivable	-1.6	-7.8
Net cash flow from investing activities	**-538.0**	**13.1**
Cash flow from financing activities		
Loan withdrawals	611.1	4.9
Loan repayments and changes	-129.5	-50.0
Hybrid Bond	119.4	
Purchase of own shares	0.0	-4.7
Dividends paid	0.0	-31.9
Net cash flow from financing activities	**601.0**	**-81.7**
Change in cash flows	**-57.6**	**51.6**
Change in liquid funds		
Liquid funds, at beginning	343.4	291.8
Change in cash flows	-57.6	51.6
Liquit funds, in the end	**285.8**	**343.4**

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1 Jan – 31 Dec 2009	1 Jan – 31 Dec 2008
Notes to consolidated cash flow statement		
1) Operations for which a payment is not included		
Depreciation	132.8	110.2
Employee benefits	-11.0	-10.3
Fair value changes of derivatives	-55.5	57.4
Other adjustments	8.4	17.3
Total	74.7	174.6
Financial asset at fair value	598.2	373.8
Liquid funds	9.2	18.3
Short-term cash and cash equivalents in balance sheet	607.4	392.1
Maturing after more than 3 months	-318.7	-39.6
Shares held to trading purposes	-2.9	-9.1
Total in cash flow statement	285.8	343.4

SHAREHOLDERS´EQUITY EUR mill.

Equity attributable to shareholders of parent company											
	Share capi-tal	**Sha-re pre-mium ac-count**	**Bonus issue**	**Hed-ging reserve**	**Unres-tricted equity**	**Trans-lation diffe-rence**	**Retai-ned ear-nings**	**Total**	**Minority interests Minority interests**	**Hybrid bond**	**Own equity total**
Share-holders´ equity 1.1.2008	75.4	20.4	147.7	26.8	244.9	-0.1	452.1	**967.2**	1.7	0.0	**968.9**
Dividend payment							-31.9	-31.9	-0.5	0.0	-32.4
Minority change							0.0	0.0	-0.3	0.0	-0.3
Purchase of own shares	0.0	0.0					-4.7	-4.7		0.0	-4.7
Assignment of own shares/ Share premium account charges					2.3		0.0	2.3		0.0	2.3
Share-holders equity related to owners 31.12.2008	75.4	20.4	147.7	26.8	247.2	-0.1	415.5	**932.9**	**0.9**	**0.0**	**933.8**
Result for the period							-46.3	-46.3	0.2		-46.1
Statement of compre-hensive income				-137.3		0.1	0.0	-137.2	0.0	0.0	-137.2
Comprehen-sive income for the financial period	0.0	0.0	0.0	-137.3	0.0	0.1	-46.3	-183.5	0.2	0.0	-183.3
Share-holders´ equity 31.12.2008	75.4	20.4	147.7	-110.5	247.2	0.0	369.2	**749.4**	**1.1**	**0.0**	**750.5**

SHAREHOLDERS´EQUITY EUR mill.

Equity attributable to shareholders of parent company											
	Share capital	Share premium account	Bonus issue	Hedging reserve	Unrestricted equity	Translation difference	Retained earnings	Total	Minority interests Minority interests	Hybrid bond	Own equity total
Shareholders´ equity 1.1.2009	75.4	20.4	147.7	-110.5	247.2	0.0	369.2	**749.4**	1.1	0.0	**750.5**
Dividend payment							0.0	0.0	-0.3	0.0	-0.3
Purchase of own shares	0.0	0.0					0.0	0.0		0.0	0.0
Shareholders equity related to owners 31.12.2009	75.4	20.4	147.7	-110.5	247.2		369.2	**749.4**	**0.8**	**0.0**	**750.2**
Hybrid bond							0.0	0.0		119.4	119.4
Result for the period							-102.0	-102.0	0.1	0.0	-101.9
Statement of comprehensive income				85.3		0.5	0.0	85.8	0.0	0.0	85.8
Comprehensive income for the financial period	0.0	0.0	0.0	85.3	0.0	0.5	-102.0	-16.2	0.1	0.0	-16.1
Shareholders´ equity 31.12.2009	75.4	20.4	147.7	-25.2	247.2	0.5	267.2	**733.2**	**0.9**	**119.4**	**853.5**

SHAREHOLDERS´EQUITY EUR mill.

Equity attributable to shareholders of parent company											
	Share capital	Share premium account	Bonus issue	Hedging reserve	Unrestricted equity	Translation difference	Retained earnings	Total	Minority interests Minority interests	Hybrid bond	Own equity total
Shareholders´ equity 1.1.2008	75.4	20.4	147.7	26.8	244.9	-0.1	470.2	**985.3**	1.7	0.0	**987.0**
Change of accounting principle (IFRIC 13)							-18.1	-18.1	0.0	0.0	-18.1
Adjusted´ equity 1.1.2008	75.4	20.4	147.7	26.8	244.9	-0.1	452.1	**967.2**	**1.7**	**0.0**	**968.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION

This consolidated interim report has been prepared. 9th February 2007, according to the International (IAS) Standard 34: Interim Financial Reporting which has been introduced in the EU.

2. ACCOUNTING PRINCIPLES

The accounting principles adhered to in the interim report are consistent with the principles adhered to in the 2009 consolidated financial statements.

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

- *IFRIC 13*. The effect of Customer Loyalty Programmes to profit and loss statement and balance sheet of year 2008 have been reported in the interim report Q1/2009.

- *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.

The standards and interpretations published by the IASB to be introduced by the Group in 2010 and 2011 will be discussed in detail in the accounting principles of 2009 financial statements.

3. CRITICAL FINANCIAL STATEMENT ESTIMATES AND ASSUMPTIONS

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

4. SEGMENT INFORMATION

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

PRIMARY REPORTING FORMAT - BUSINESS SEGMENT DATA 1 January – 31 December 2009

	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.						
External turnover	1 387.2	105.8	344.7			1 837.7
Internal turnover	150.7	315.5	1.8	-468.0		0.0
Turnover	1 537.9	421.3	346.5	-468.0	0.0	1 837.7
Operating profit	-191.2	29.8	-4.3		41.7	-124.0
Share of results of associated undertakings					0.1	0.1
Financial income					8.9	8.9
Financial expenses					-18.7	-18.7
Income tax					31.8	31.8
Minority interest					-0.1	-0.1
Result for the period						-102.0
Other items						
Investments	325.1	17.6	4.0	0.0	0.9	347.6
Depreciation	99.3	30.6	1.3	0.0	1.6	132.8

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

	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
EUR mill.						
External turnover	1 765.4	106.8	383.6			2 255.8
Internal turnover	155.3	339.0	2.3	-496.6		0.0
Turnover	1 920.7	445.8	385.9	-496.6	0.0	2 255.8
Operating profit	-16.9	10.9	12.0		-63.9	-57.9
Share of results of associated undertakings					0.3	0.3
Financial income					22.1	22.1
Financial expenses					-26.7	-26.7
Income tax					16.1	16.1
Minority interest					-0.2	-0.2
Result for the period						-46.3
Other items						
Investments	196.1	34.2	1.2	0.0	1.3	232.8
Depreciation	77.4	30.5	1.9	0.0	0.4	110.2

TURNOVER

	2009	2008	Change	2009	2008	Change
	1 Oct-31 Dec	1 Oct 31 Dec	%	1 Jan–31 Dec	1 Jan-31 Dec	%
EUR mill.						
Airline Business	370.9	484.7	-23.5	1 537.9	1 920.7	-19.9
Aviation Services	111.1	115.8	-4.1	421.3	445.8	-5.5
Travel Services	94.0	111.9	-16.0	346.5	385.9	-10.2
Group eliminations	-118.3	-133.4	-11.3	-468.0	-496.6	-5.8
Total	**457.7**	**579.0**	**-20.9**	**1 837.7**	**2 255.8**	**-18.5**

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

	2009	2008	Change	2009	2008	Change
	1 Oct-31 Dec	1 Oct 31 Dec	%	1 Jan–31 Dec	1 Jan-31 Dec	%
EUR mill.						
Airline Business	-47.1	-23.0	104.8	-170.5	-19.4	-
Aviation Services	9.9	5.0	98.0	7.3	13.8	-47.1
Travel Services	1.2	5.3	-77.4	-4.3	12.3	-135.0
Unallocated items	-3.4	-1.0	240.0	-12.7	-5.9	115.3
Total	**-39.4**	**-13.7**	**187.6**	**-180.2**	**0.8**	-

EMPLOYEES AVERAGE BY SEGMENT

	2009	2008	Change
	1 Jan–31 Dec	1 Jan–31 Dec	%
Airline Business	3 925	4 280	-8.3
Aviation Services	3 347	3 650	-8.3
Travel Services	1 289	1 419	-9.2
Other functions	236	246	-4.1
Finnair Group, Total	**8 797**	**9 595**	**-8.3**

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

TURNOVER OUTSIDE THE GROUP BY SALES DESTINATION

	2009	2008	Change	2009	2008	Change
	1 Oct-31 Dec	1 Oct 31 Dec	%	1 Jan–31 Dec	1 Jan-31 Dec	%
EUR mill.						
Finland	98.6	126.1	-21.8	358.8	432.8	-17.1
Europe	180.0	209.8	-14.2	782.2	962.5	-18.7
Asia	137.3	191.4	-28.3	551.5	708.8	-22.2
North America	14.7	15.7	-6.4	55.9	67.6	-17.3
Others	27.1	36.0	-24.7	89.3	84.1	6.2
Total	**457.7**	**579.0**	**-20.9**	**1 837.7**	**2 255.8**	**-18.5**

5. MANAGEMENT OF FINANCIAL RISKS

No significant changes have been made to the Group's risk management principles in the reporting period. The objectives and principles of risk management are consistent with information presented in the Group's 2009 Annual Report.

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

DERIVATIVE CONTRACTS EUR mill.

Derivative contracts	31 Dec 2009		31 Dec 2008	
Currency derivatives	**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	299.1	-3.0	382.7	14.0
Forward contracts, Hedging of Aircraft purchase price				
Fair value hedging	491.0	7.1	425.8	26.4
Cash flow hedging	0.0	0.0	58.9	0.4
Forward contracts, Currency hedging of lease payments	36.2	-0.6	48.4	2.2
Total	**826.3**	**3.5**	**915.8**	**43.0**
Currency derivatives at fair value through profit or loss				
Operating cash flow hedging (forward contracts)	214.8	0.9	74.4	3.2
Operational cash flow hedging (options)				
Call options	0.0	0.0	12.8	0.2
Put options	0.0	0.0	18.8	-0.1
Balance sheet hedging (forward contracts)	90.0	1.9	46.9	-2.3
Total	**304.8**	**2.8**	**152.9**	**1.0**
Currency derivatives, total	**1 131.1**	**6.3**	**1 068.8**	**44.0**
	31 Dec 2009		**31 Dec 2008**	
	Nominal value (tonnes)	**Fair value (EUR mill.)**	**Nominal value (tonnes)**	**Fair value (EUR mill.)**
Commodity derivatives				
Hedge accounting items				
Jet Fuel swaps	538 600	-34.7	591 300	-153.1
Commodity derivatives at fair value through profit or loss				
Jet Fuel Forward contracts	48 400	0.7	71 700	-27.6
Gasoil forward contracts	0	0.0	17 000	-5.5
Jet differential forward contracts	120 500	4.3	340 500	6.9
Options				
Jet Fuel call options	68 000	0.8	28 000	0.1
Jet Fuel put options	80 500	-0.4	28 000	-8.9
Gasoil call options	0	0.0	47 000	0.0
Gasoil put options	0	0.0	63 500	-17.6
Total		**-29.3**		**-205.6**
	31 Dec 2009		**31 Dec 2008**	
	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	6.9	-3.8	16.7	-7.3
Cross currency interest rate swaps at fair value through profit or loss	4.7	-2.6	11.7	-6.3
Total	**11.6**	**-6.4**	**28.4**	**-13.6**
Interest rate swaps				
Hedge accounting items	0.0	0.0	0.0	0.0
Interest rate swaps at fair value through profit or loss	20.0	-0.2	20.0	0.1
Total	**20.0**	**-0.2**	**20.0**	**0.1**

Share derivatives				
Shares				
Call options. share	0.0	0.0	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 since that the company has been consolidated as a Group subsidiary in the interim report.

7. INCOME TAXES

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

8. DIVIDEND PER SHARE

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

9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS EUR mill.

	31 Dec 2009	31 Dec 2008
Carrying amount at beginning of period	1 339.6	1 250.2
Fixed asset investments	413.2	273.2
Change in advances	-22.2	-4.6
Disposals	-63.3	-69.0
Depreciation	-132.8	-110.2
Carrying amount at end of period	**1 534.5**	**1 339.6**

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

10. INTEREST-BEARING LIABILITIES

During the financial year of 2009 the loan withdrawals were 611.1 million euros, the part of short-term loans was 206.5 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 Dec 2009	31 Dec 2008
Pledges on own behalf	680.0	273.3
Guarantees on group undertakings	81.4	68.0
Total	**761.4**	**341.3**

Investment commitments for property, plant and equipment on 31 December 2009 totalled 1,100.0 million euros (31 December 2008: 1. 508.9 million euros)

12. LIABILITIES (EUR million)

	31 Dec 2009	31 Dec 2008
Fleet lease payment liabilities	226.5	285.9
Other liabilities	256.8	204.2
Total	**483.3**	**490.1**

13. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Finnair's 2009 Annual Report. There have been no substantial changes after the closing date.

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

14. AIR TRAFFIC 1 January – 31 December 2009

	Total traffic	Europe	North America	Asia	Domestic	Scheduled Traffic Total	Leisure	Cargo
Passengers (1000)	7 433	3 672	165	1 157	1 315	6 310	1 123	
%-change	-10.1	-8.8	6.9	-10.9	-10.6	-9.2	-14.9	
Cargo and mail (tonnes)	89 234	18 344	6 647	59 290	2 688	86 969	1 279	89 234
%-change	-12.6	-11.4	-11.5	-12.1	-14.0	-12.0	111.1	-12.6
Available seat-kilometres mill	26 260	7 590	1 321	10 713	1 203	20 827	5 433	
%-change	-9.8	-9.9	10.3	-12.2	-13.5	-10.3	-7.7	
Revenue passenger kilometres	19 935	5 065	1 091	8 417	715	15 289	4 646	
%-change	-9.0	-8.4	7.0	-9.9	-12.6	-8.5	-10.5	
Passenger load factor %	75.9	66.7	82.6	78.6	59.4	73.4	85.5	
%-change	0.7	1.1	-2.6	2.0	0.7	1.4	-2.6	
Available tonne-kilometres	3 920							848
%-change	-12.6							-12.7
Revenue tonne-kilometres mill	2 298							512
%-change	-9.7							-12.3
Overall load factor %	58.6							60.3 *
%-change	1.9							0.3

* 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	Change	2009	2008	Change
	1 Oct-31 Dec	1 Oct 31 Dec	%	1 Jan–31 Dec	1 Jan-31 Dec	%
Profit for the period	**-36.6**	**-44.8**	**-**	**-101.9**	**-46.1**	**-**
Other comprehensive income items						
Translation differences	0.0	-0.2	-	0.5	0.1	-
Fair value change of hedging instruments after taxes	0.1	0.4		12.0	-13.7	
- Taxes	0.0	-0.2		-4.2	4.8	
Change in fair value of hedging instruments after taxes	29.0	-146.8	-	73.3	-123.6	-
- Taxes	-10.2	51.6		-25.7	43.4	
Other comprehensive income items. total	**29.1**	**-146.6**	**-**	**85.8**	**-137.2**	**-**
Comprehensive income for the financial period	**-7.5**	**-191.4**	**-**	**-16.1**	**-183.3**	**-**

Earnings per share to shareholders of the parent company of the comprehensive income statement	-7.5	-191.6		-16.2	-183.5	
Earnings per share to minority of the parent company of the comprehensive income statement	0.0	0.2		0.1	0.2	

16. EVENTS AFTER THE REVIEW PERIOD

Finnair Technical Services was divided at the beginning of financial year 2010 into two subsidiaries, Finnair Technical Services Oy and Finnair Engine Services Oy. This conversion into a separate companies will create structural flexibility from cooperation arrangements in the future. The both companies are part of Aviation Services segment. In connection with the corporatization the accounting treatment of engine heavy maintenance has been changed correspond to the IAS 37 adjustment. According to the standard Finnair Plc will recognize in the open balance sheet 1.1.2010 of Airline Business Segment approximately 22 million euro decrease in the own equity.

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