ANNUAL REPORT 2003

Most Experienced In Northern Skies

www.finnair.com/2003

CONTENTS

A modern fleet in an expanding market
(Airbus A320, 1999-)

Towards new global horizons
(DC-8, 1969-1987)

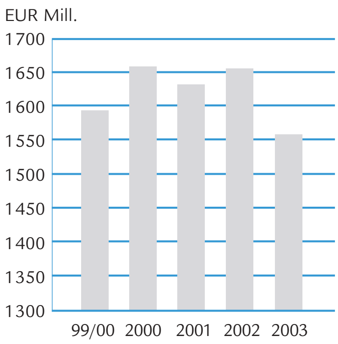
Fast connections in an expanding network
(Caravelle, 1960-1982)

Around Finland and Europe in comfort
(Convair, 1953-1979)

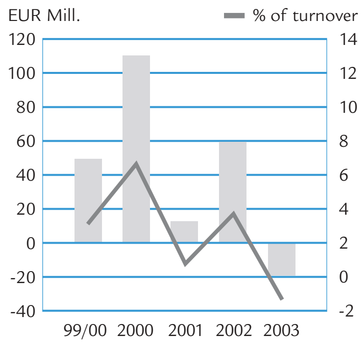
Links open to neighbouring countries
(Junkers F13, 1924-1934)

KEY FIGURES

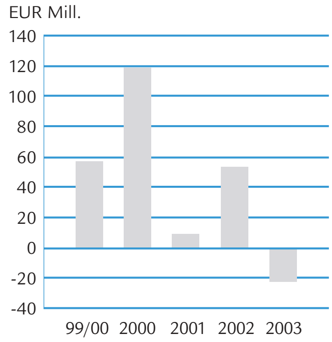
TURNOVER



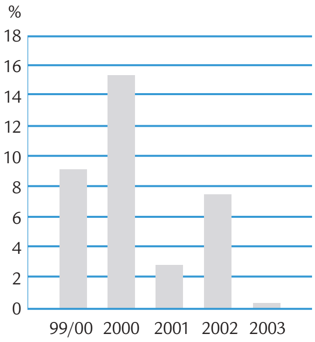
OPERATING PROFIT, EBIT



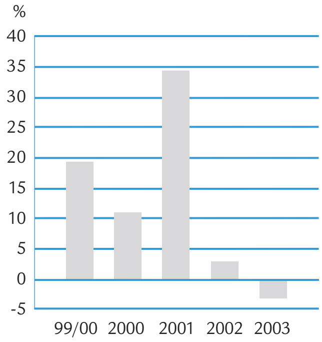
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES



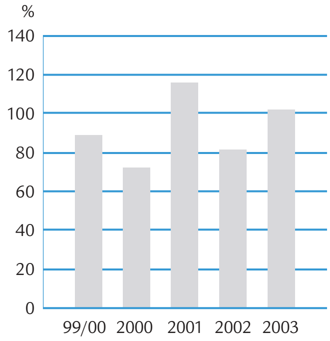
RETURN ON CAPITAL EMPLOYED



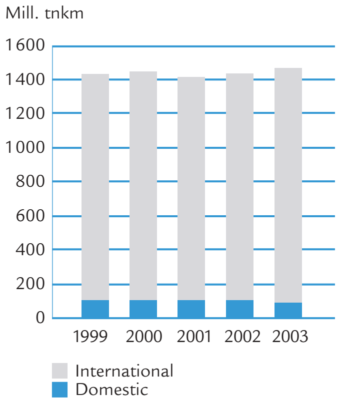
GEARING



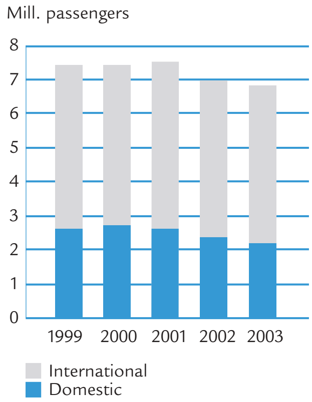
ADJUSTED GEARING



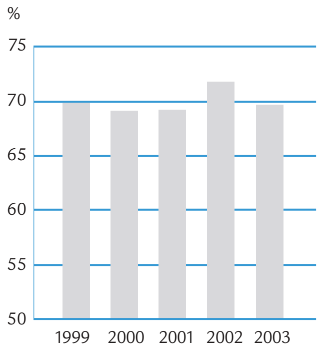
REVENUE TONNE KILOMETRES



NUMBER OF PASSENGERS



PASSENGER LOAD FACTOR



Key figures

		2003	2002	2001	2000*	1999/2000
Turnover	EUR Mill.	**1 558**	1 665	1 631	1 658	1 593
EBITDA	EUR Mill.	**85**	175	145	232	165
Operating profit	EUR Mill.	**-19**	60	13	111	50
Operating profit to turnover	%	**-1.2**	3.6	0.8	6.7	3.1
Profit before extraordinary items and taxes	EUR Mill.	**-22**	54	9	120	57
Earnings/share	Euro	**-0.19**	0.43	0.08	0.95	0.37
Equity/share	Euro	**7.24**	7.58	7.22	7.54	6.74
Gross capital expenditure	EUR Mill.	**82**	102	281	247	252
Interest bearing net debt	EUR Mill.	**-18**	20	212	71	112
Equity ratio	%	**44.4**	44.3	41.3	42.2	41.7
Net debt-to-equity (Gearing)	%	**-2.9**	3.1	34.6	11.1	19.6
Adjusted gearing	%	**102.7**	82.0	116.6	72.7	89.2
Return on capital employed	%	**0.0**	7.6	2.9	15.3	9.1
Average number of staff		**9 981**	10 476	10 847	11 051	11 462

*Proforma figures year 2000.

FINNAIR IN BRIEF

Finnair's goal is to be the leading Northern European aviation service enterprise.

European excellence

Finnair's aim is to provide the most highly regarded quality of travel related services, which are operationally the best in Europe and which are the most desirable choice for the customer.

Market leader

Finnair is the market leader in air transport out of and into Finland as well as in gateway traffic through Finland.

Values

The values that guide Finnair's operations always put the customer first. Our priorities are constant development, honesty, openness, willingness to take responsibility, fairness and respect for others.

Sustainable, profitable growth

Finnair's business objective is to achieve sustainable and profitable growth. Geographical expectations are placed on the growing Asian, Scandinavian and Baltic markets.

Competition strategy

Finnair's competition strategy is based on its high quality of service, its status as one of the most punctual airlines in the industry and its comprehensive, continually expanding route network via its alliance partnerships. Finnair is safeguarding its strong competitive position by making effective use of various distribution channels and by developing its services.

Capitalizing on e-business

Finnair will improve its competitiveness and cost efficiency by taking advantage of the possibilities e-business offers in its internal and external processes as well as in e-commerce and customer service.

Capable partner

Finnair is determined to be a capable and active partner that provides added value for its associates. Finnair is an expert on the Nordic dimension within the **one**world alliance. It is Finnair's aim to consolidate its position by being a pioneer as well as a developer and user of new technology, as well as being a beneficiary of the synergies offered by the alliance.

Preferred choice

Finnair's aim is to be the most desirable, safe, reliable and friendly choice for its customers. Finnair is systematically developing its service concepts on the basis of feedback from its customers. New technology enables us to provide an increasingly personal and comprehensive service for our clients.

Professional personnel

A professionally skilled, motivated and committed work force is an asset that Finnair values highly. We actively work to promote job satisfaction as well as staff capabilities in a rapidly changing work environment. A management culture of reward underpins our personnel strategy.

Environmental strategy

A responsible and open environmental policy is a permanent feature of the company's way of doing business. We pay active attention to the most pressing environmental challenges, which are aircraft noise, engine emissions and waste management.

Dividend policy

It is the aim of Finnair's dividend policy to pay on average at least two thirds of the earnings per share as dividend during an economic cycle.

Financial targets

The basis for setting financial targets is that the company produces added economic value. The target is met if the six per cent operating profit margin and 17 per cent EBITDAR ratio are surpassed.

FINNAIR GROUP

SCHEDULED PASSENGER TRAFFIC
- Finnair Scheduled Passenger Traffic
- Aero Airlines A/S
- Nordic Airlink
- Finnair Cargo Oy
- Finnair Aircraft Finance Ltd

LEISURE TRAFFIC
- Finnair Leisure Traffic
- Oy Aurinkomatkat - Suntours Ltd Ab

AVIATION SERVICES
- Finnair Technical Services
- Finnair Ground Handling
- Finnair Catering Oy
- Finncatering Oy
- Finnair Facilities Management Oy

TRAVEL SERVICES
- Finland Travel Bureau Ltd (FTB)
- A/S Estravel Ltd
- Area Travel Agency Ltd
- Mikkelin Matkatoimisto Oy
- Amadeus Finland Oy

WHOSE WINGS WILL WIN?

Give or take a year or two, Finnair is as old as commercial aviation itself. Finnair today is an airline which has deep roots in decades of experience and a bright future ahead of it.

The Wright brothers and the other pioneers of aviation changed the world. They offered their contemporaries a new perspective. Airborne, people could view things more clearly and move more easily unhindered by earthly restraints. During the past century the world has shrunk as air travel has expanded.

From technology to business strategy

The first seven decades of air travel were marked above all by the development of faster and more reliable aviation technology. Commercially, air travel was within the reach of comparably few people in the early decades of its history. With the coming of jet aircraft that flew faster and further, greater numbers of ordinary people took to the air. Intercontinental travel on a big scale was given a boost when large, wide-bodied aircraft began to fly.

From the 1920s to the Second World War, Finnair flew mainly in the Baltic region and focused on building a domestic network. After the war, it was time to connect Finland by air to the rest of Europe. Later, in the 1970s, Finnair began long-haul services by opening routes to North America. That decade was also a time of strong growth in leisure travel. Now, this millennium has started with a significant investment in Asian traffic.

Since the 1970s the business strategy dimension of air transport, both in America and in Europe, has been a greater challenge to operators than technical development. Through the liberalization of air transport, large national organizations, such as airlines, airports and providers of air traffic control services, have become commercial enterprises.

In Europe, state-owned airlines learned in the final decades of last century to operate according to business principles as they were exposed to competition and their ownership base was extended beyond state ownership into the free market.

Just as aerodynamic lift enabled an aircraft's wings to fly one hundred years ago, air transport in this millennium needs a new business dynamic, which even the established icons of aviation require in order to obtain an upward boost. An organization's capacity to adapt and produce services competitively in terms of price and quality is a vital requirement. Understanding customers' needs and the ability to fulfil them will be the prerequisites for success in the skies of the future.

Operations enhanced by new technology

In response to the challenges of the operating environment, Finnair's organization has rationalized its processes in order to improve service, increase productivity and cut costs. Finnair is a leading airline in the utilization of e-business and its commercial applications. The new applications have speeded up and diversified the services needed by passengers and have increased security as passengers are identified more often at different stages.

In the development of e-business the key objectives are improving operational quality, enhancing service fluency and increasing cost-efficiency. The digitalization of operations has had the effect of boosting the organization's internal processes and improving customer service.

A programme to develop procurement activities is under way within Finnair. The programme is one of the Group's strategic priorities. In procurement, economies of scale have been achieved by reducing the number of subcontractors and by centralizing supply agreements.

Future growth opportunities

Air transport has historically focused on the travel market within and between Western Europe and North America. Growth opportunities in these markets are limited and require new operating models. Over-capacity and a relatively new segment, the budget airlines, have lowered price and income levels in most forms of transport.

Growth in worldwide passenger volumes will be concentrated in the coming years increasingly in Eastern Europe and Asia. Nearly four billion people live in the area of Asia and Eastern Europe. Of this part of the world's population only a fraction already travel by air.

Although there have been uncertainties associated with Asia in recent times, the long-term growth potential in the Far East is not in doubt. The geographical location of Finnair's home airport on the main flight corridor between Europe and Asia gives Finnair a permanent competitive advantage and an excellent opportunity to service the growing passenger streams between the two continents.

Scope for growth also close to home

In areas close to Finland, there are also growth prospects in the Scandinavian market, where Finnair's budget airline Nordic Airlink is targeting high-volume, low-competition routes. The Baltic states will join the European Union in spring 2004. Another Finnair subsidiary, Aero Airlines, is satisfying growing travel demand in the markets of the eastern side of the Baltic. At the same time, Aero facilitates the provision of cost-effective flight services on routes in Southern and Central Finland.

The Russian market also offers a new significant growth opportunity near to home. Finnair has a long history of flight operations in Russia. New routes in different segments of the air transport market will be opened to the growth centres of the Baltic region over the next few years.

The challenge of today is to produce passenger and cargo flight services efficiently, safely and economically. Finnair's long experience creates a solid foundation amid the changes affecting the industry. Healthy finances provide the staying-power and high quality to deliver competitiveness.

From its early days, Finnair has connected Finland geographically to Europe. With its 21st century strategy, Finnair is bringing Europe closer to Asia. In the current competitive climate, those who succeed will not necessarily be the biggest, but those who most quickly adapt to change.

MID-AIR MUD-WRESTLING

When I forecast last year in the title of this review that we had a difficult year ahead, we hadn't even heard of SARS. At that stage, in the early months of 2003, we were seeing encouraging growth in demand, despite the preliminaries to the war in Iraq. Last year again showed, however, the nature of the new challenges facing the airline industry.

The recovery of demand that began after 2001 - the crisis year for commercial aviation - came to a halt in the summer of 2002. Over-capacity was not removed from the air transport market to the extent required by changes in demand. On the contrary, new companies, eager to take advantage of redundant aircraft and personnel, appeared on the market. At the end of 2002, over-capacity led to intensifying competition and downward pressure on prices.

Falling average prices at the beginning of 2003 were followed by fears of war in Iraq, the war itself and the SARS epidemic, all of which contributed to a collapse in demand for air travel. We adjusted our capacity accordingly in line with contracting demand. Sensible alternative uses for freed capacity were sought and the decision to open the Miami route, for example, was made in precisely those circumstances.

The future is in Asia

As the SARS epidemic receded at the end of last summer, we restored our capacity on Asian routes as demand recovered. The normalization of traffic and the opening of new routes to Osaka and Shanghai once more resulted in strong growth in demand in Asian traffic. In the third quarter the proportion of passenger and cargo revenue coming from Asian traffic exceeded revenue from domestic traffic for the first time.

Our strong success factors in the growing Asian travel market provide a sustainable foundation for our chosen strategy. We offer the fastest connections between our Far Eastern destinations and dozens of European cities. In three years our China traffic has grown from two Beijing flights per week to 16 return flights per week to three destinations in China.

Competition tests our staying power

Last year, new companies entered our domestic market, just as our traditional competitors were increasing their capacity on routes that were already well served. Our competitors clearly operated below break-even point, even as load factors remained modest. Competition, however, reduced the average prices of all operators.

Last autumn we reformed our domestic and European ticket pricing structure to one of flight-specific pricing based on supply

and demand. The new pricing is flexible, in line with customers' needs. Passengers can now make more flexible choices based on flight price or schedule. The reform was evident in a strong pick-up in demand at the end of the year.

Cost-efficiency remains a key factor in competition between airlines. In a climate of falling prices, the lowering of unit costs was one of the most important goals for Finnair in 2003.

Last spring we initiated an operational efficiency programme whose primary objective was permanent, structural cost competitiveness. The 160 million euro programme has progressed according to plan and most of its effects will be apparent during 2004. The full financial impact will be felt in 2005. We have also continued to develop the Group structure in line with our strategy. During our efficiency drive, we have succeeded in maintaining our position among the European elite in terms of operational and service quality.

From defence to attack

As part of our goal-directed growth strategy we acquired at the end of last year an 85 per cent majority shareholding in the Swedish airline Nordic Airlink, which has a light-weight cost structure and a flexible operating culture.

We aim to achieve a strong market share on Scandinavian routes with high passenger streams–routes on which there has been little competition to date. The company, armed with a new operating philosophy, began flying from Stockholm to Oslo, Copenhagen, Gothenburg and Luleå in late 2003. This year we will open new routes.

For Finnair, Nordic Airlink is a strong opening into new markets. In terms of initial investment the acquisition is small, but it has the potential to achieve a significant share of the Scandinavian market. Our aim is to grow Nordic Airlink into the Nordic countries' leading budget airline.

Another of our subsidiaries, the Estonian company Aero Airlines, began operating between Helsinki and Tallinn two years ago. Aero acts as an excellent bridgehead in the Baltic states, which will become part of the European common market in May 2004. Since last autumn Aero, with its light-weight cost structure, has also handled part of our turbo-prop operations in Southern Finland.

Competition in our own backyard has intensified quickly after the removal of restrictions. We cannot live on the illusions of the past. Competitors come and go; the staying power of each operator will be decisive. Those who can control their production costs and at the same time offer their customers a competitive service in terms of quality will win through in the end.

Responsibility to customers and interest groups

For 80 years Finnair has served its customers reliably, and in future we will continue to develop our operations from a long-term perspective. All of our passengers, whether on domestic routes, travelling from Asia via Helsinki to Europe or flying with Nordic Airlink in Scandinavia will receive value for money in terms of reliability, quality and safety.

Our responsibility is also evident in how we are prepared to take the measures necessary to ensure our competitiveness in a rapidly changing environment. By maintaining our financial health we will also keep the future of all our jobs on a sustainable footing–while safeguarding our shareholders' interests at the same time.

As a financially sound airline we are also able to shoulder our responsibilities towards the environment. In recent years we have rapidly renewed our fleet with the more environmentally friendly Airbus aircraft. Amidst violent fluctuations in demand, last year we were able to maintain our load factor at a reasonable level and thus ensure the eco-efficiency of our operations.

Air transport is an important part of an operationally effective society. We offer the best connections via Helsinki to more than fifty domestic and international destinations. Finnair's cargo services are an important link in the logistics chains of Nordic high-technology companies. Our growing gateway traffic between Europe and Asia is a clear indication of our ability to offer competitive services to an entirely new customer base.

In Finland, a well planned integrated transport policy is now needed. Other forms of transport are generously funded with public funds in the form of investment aid and subsidies. When air transport has to carry its own costs at the same time, it's clear that the different forms of transport are on an unequal competitive footing.

We support free competition between airlines and different forms of transport. By utilizing the strengths of the different forms of transport, however, solutions could be found that are both desirable for the national economy and sustainable from an environmental perspective.

A return to profitable growth

In recent years competition in the field of air transport has required airlines to produce services more cost-effectively than before. At the same time, external threats require from airlines an ability to adapt quickly to changing conditions. Faced with such challenges, large size is not necessarily an advantage, but staying power and flexibility most certainly are. In the new environment, success will come only to those who have what it takes to compete, whose quality of service is in good shape and whose finances are on a sound footing.

As a result of the goal-directed measures we have undertaken, we have come through a difficult year reasonably well. Due to our good basic health and excellent growth prospects, I believe that Finnair's finances will develop positively in the current year and that we can expect to record a profit for 2004.

I would like to thank our customers and our shareholders for the trust they have placed in our company and also for the contribution of our employees in difficult circumstances.

Keijo Suila

QUALITY AND STAYING-POWER ARE DECISIVE

Finnair's Scheduled Passenger Traffic division is responsible for regular passenger and cargo traffic. Scheduled Passenger Traffic is the largest of the Group's divisions and it represents 80 per cent of the Group's external turnover.

Finnair's scheduled passenger traffic service is based on comprehensive service provision to passengers and freight customers. In addition to Finnair's own route network, the services offered by partners inside and outside the **one**world alliance form a worldwide network that fulfils all of its customers' air transport needs.

The scheduled passenger traffic business requires networking on many levels. Prerequisites for providing high-quality service are reliable processes and highly developed systems. Finnair remains among the elite of European airlines in operational and service quality, even though the operating environment is becoming more challenging. At the same time, however, financial health must be kept in good shape.

A number of external indicators show that year after year Finnair has maintained its position as Europe's most reliable airline. In terms of punctuality on arrival, an important factor for passengers, Finnair was ranked first in a 2003 comparison survey of European airlines. Finnair is also the company least likely to cancel its flights.

Route network lives on demand

The biggest changes in the route network during 2003 took place in Asian traffic. During the SARS epidemic, Finnair temporarily adjusted its Asian capacity, but services began to be restored in late summer as demand recovered.

A route to Osaka was opened in June and in September Finnair became the first airline to fly between Northern Europe and Shanghai. Finnair currently operates more than 30 flights per week to Asian destinations. A sixth MD-11 wide-bodied aircraft, which will come into service in spring 2004, will enable flight frequency to present destinations to be increased.

Demand in Asian traffic grew in 2003 by around 20 per cent, despite the severe cuts in capacity due to SARS. Growth in the final months of 2003 was nearly 40 per cent compared with the previous year. Two thirds of passengers on Finnair's Far Eastern flights are Asians, one fifth Scandinavians and the remainder from other parts of Europe. The Finnish market accounts for only ten per cent of Asian traffic demand.

The Scheduled Passenger Traffic division provides direct links from Helsinki to 30 international destinations. The European route network acts as a good extension to Asian links. Partners, meanwhile, have increased the number of passenger and cargo destinations in Asia and Australia.

Finnair's passenger volume was less than seven million in 2003, compared with seven and a half million at the turn of the millennium. Traffic performance measured in passenger kilometres has grown, however, which is explained by an increase in the average length of flights.

Finnair offers over 30 weekly links between metropolitan centres in Asia and Europe. Asia's growing travel market is just a comfortable flight away from Europe.

Price reform a response to market change

A slower than expected pick-up in the world economy has had the impact of increasing customers' price consciousness. This trend has accelerated the entry into the market of budget airlines. The traditional airlines' reaction to the new challengers has been reflected in their pricing structures and in intensified competition.

In response to customers' needs, Finnair implemented a major reform of domestic and European tickets in autumn 2003. The old rules-based pricing was discontinued in favour of flight-specific pricing according to supply and demand. Customers can buy outbound and inbound flights in different travel classes. Now flexible routings are also possible. The new pricing has had a positive impact on Finnair's price image and on demand.

The significance of business class as a basis for pricing declined as a result of the new pricing system. Most of Finnair's Eastern Europe flights were switched to a one-class service. The routes in question are those on which business-class demand was low.

At the same time Finnair discontinued the payment of travel agency sales commission, enabling flight ticket pricing to become more transparent. Finnair introduced service fees, which had already been used in travel agencies for a number of years. In the other main market areas, travel agency sales commission has been reduced or abandoned completely.

The new flight pricing and service fee model means that customers can exercise their influence more easily on the price of their journey and on the service they receive. For the airlines, the change will bring significant cost savings. Moreover, travel agencies' income is now based on work done, not on percentage sales commission on falling ticket prices.

Quality maintained at a high level

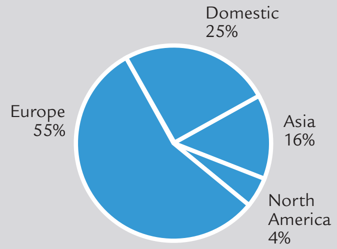
Declining revenues in air transport has also led to a critical examination of production costs. Safeguarding competitiveness has required the introduction of measures to cut unit costs.

In Scheduled Passenger Traffic's personnel structure the priority is now on volume-linked tasks. The utilization of operational staff has been enhanced by, among other things, a new crew management system.

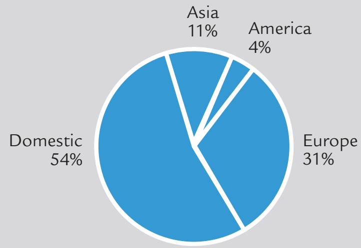
Service concepts have been streamlined to cut costs. The cost-cutting measures have been implemented to have the minimum possible impact on passenger comfort. In connection with the changes, customer feedback has been closely monitored and adjustments made accordingly to meal and other services. As measured by various indicators of operational and service quality, Finnair is still one of the best European airlines.

The European route network fleet has been renewed according to plan since 1999. Airbus A320 series aircraft have replaced ageing DC-9s. At the end of 2003 the Airbus fleet consisted of 25 aircraft. Four more Airbus aircraft will be added to the Finnair fleet during 2004.

DISTRIBUTION OF SCHEDULED TRAFFIC REVENUES



DISTRIBUTION OF PASSENGER SALES IN SCHEDULED TRAFFIC REVENUES



Over the decades Finnair has been renowned for high-quality service. In 2003 Finnair was again Europe's most reliable and punctual airline.

Customers covered by improved systems

The membership of the Finnair Plus frequent-flyer programme grew in 2003 by more than 13 per cent to exceed 600,000 members. Credit card cooperation with American Express ended in September and MasterCard became the new Finnair Plus credit card partner at the beginning of 2004. The frequent-flyer customer relationship management system is currently being renewed. At the same time, the range of special offers is being diversified and their targeting made more precise.

The use of electronic tickets (e-tickets) grew by more than half compared with 2002. Of all the tickets written for Finnair flights, nearly one in two is now written as an e-ticket. E-tickets account for more 80 per cent of domestic tickets. The use of electronic tickets will now increase mainly in international traffic and in e-ticket cooperation between airlines.

Direct sales of tickets via the Internet nearly doubled compared with 2002. Internet bookings accounted for nearly ten per cent of all journeys sold in 2003. The price structure reform implemented in the autumn had the effect of sharply increasing the number of Internet bookings in the latter part of the year. The structure of the service fees introduced means that customers can chose between self-service or personal service.

New operating models in subsidiaries

In an environment changing at an accelerating rate, Finnair has taken steps to take advantage of the liberalization trend in European air transport.

In the Scandinavian market Finnair began budget airline operations towards the end of 2003. The 85 per cent majority shareholding acquired in the Swedish airline Nordic Airlink has proved to be an excellent step in the Group's growth strategy.

Through a low-cost operating model, Nordic Airlink offers services more cheaply than its competitor, which operates with a heavy cost structure. According to its new business philosophy, the company will focus on those routes in Scandinavia which have high passenger volumes and little competition.

Nordic Airlink, whose home base is at Stockholm Arlanda, offers price-conscious passengers with seven MD-80 aircraft good links to Oslo, Copenhagen, Gothenburg and Luleå. This year new routes will be opened. Frequent flights from these cities' main airports provide an excellent alternative for business and leisure passengers alike.

The Estonian company Aero Airlines AS, which began operating in spring 2002, is the other Finnair subsidiary engaged

Finnair cargo services are part of the high-technology industry's Nordic logistics chains. Today's Silk Road between Scandinavia and Asia runs through Helsinki.

in flight operations. Since its founding, Aero Airlines has flown between Tallinn and Helsinki. At the end of 2003, the company broadened its operations to routes in Southern Finland. In this way Finnair is able to operate its short-haul turbo-prop routes in a more cost-effective way.

Aero Airlines flies with two ATR-72 turbo-prop aircraft. The number of aircraft will be increased during 2004. The Baltic states' entry into the European Union in May 2004 will open up a new market for Aero Airlines.

A continually developing logistics expert

Finnair's cargo operations, namely Finnair Cargo Oy, became part of the Scheduled Passenger Traffic division at the beginning of 2004. Most of cargo is carried on scheduled flights, so the merging of passenger and cargo traffic into the same division was a sensible step. Finnair Cargo Oy began 2003 under the leadership of its new managing director, Juha Kinnunen.

Cargo operations suffered from worldwide over-capacity, while demand has remained below the level of 2000. The war in Iraq had a rather minor impact on cargo operations. On the other hand, particularly on Asian routes, the capacity cuts in scheduled services due to the collapse in passenger demand caused by the SARS epidemic reduced cargo volumes significantly.

The opening of new routes in summer and autumn to Osaka in Japan and to Shanghai in China increased cargo traffic between Asia and Europe. The sixth MD-11 wide-bodied aircraft will bring additional cargo capacity during 2004. Plans also exist to expand cargo aircraft traffic on Asian routes.

The profitability of cargo traffic on North Atlantic routes was improved by cancelling an old agreement for cargo flights with an external cargo flight company. The capacity lost as a result was replaced through wider cooperation with the Emirates airline. In addition to North American capacity, strategic cooperation also covers traffic to the Persian Gulf region and to India.

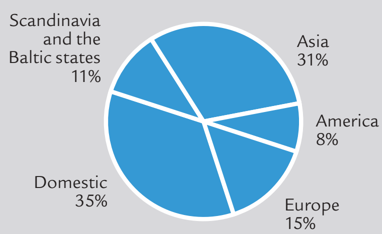
Cargo flight capacity to Germany and the UK was transferred to traffic between Vienna and Helsinki. This will strengthen Finnair's opportunities to offer good links via the Helsinki Gateway between the cargo markets of Eastern Europe and Asia. Due to the shift in focus of the European cargo market to Eastern Europe, The European centre for Finnair's cargo sales was transferred from London to Frankfurt.

The company introduced a Revenue and Yield Management system, which was perceived to be necessary to optimize cargo revenue in passenger traffic. This reconciles supply and demand at the market price.

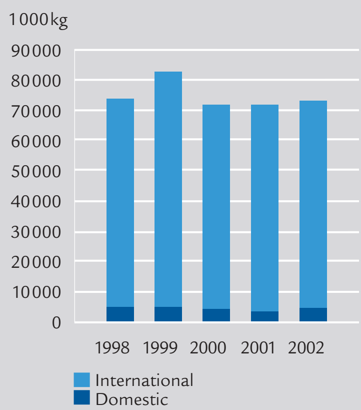
For the management of customer relations, Finnair Cargo Oy introduced a new sales management system. An information system to improve customer service will also be introduced during 2004. The new system will improve tracking of cargo consignments along the entire logistics chain, not only during air transport.

The transport of goods and mail has been part of the airline's service since operations began.

CARGO REVENUES 2003



CARGO



LEISURE TRAFFIC´S MARKET LEADERS OFFER ADVENTURE

Aurinkomatkat-Suntours and Finnair Leisure Flights form a strong combination in the Finnish tourism market. As far as leisure trips are concerned, Finns are accustomed to putting their trust in Finnish service. Aurinkomatkat-Suntours is the market leader in package tour production and Finnair Leisure Flights provides transport for customers of Aurinkomatkat and other tour operators to and from their holiday destinations. The Leisure Traffic division's high brand awareness in the domestic market creates a strong foundation for future development in Finland and in neighbouring countries.

The number of leisure trips made by flying remained almost at the previous year's level in 2003. A slight increase had originally been forecast for last year. The leisure travel market, however, contracted by one per cent. Demand for air transport, which was otherwise severely affected by the war in Iraq and SARS did not reduce leisure travel significantly, but the holiday destinations were different.

Aurinkomatkat-Suntours

Last year Aurinkomatkat-Suntours celebrated the 40th anniversary of its founding. Since 1963 this Finnish tour operator has arranged for Finns new travel experiences to sun-drenched beaches and distant paradises as well as to the ski slopes of the Alps and the metropolitan centres of the world. The company also offers packages tailored to customers' special interests and pastimes.

The build-up to the war in Iraq and the commencement of hostilities in early 2003 reduced demand for leisure travel in the countries of the eastern Mediterranean. Trips to Turkey, Greece and Cyprus as well as to Arab countries of the Middle East were cancelled and replaced by destinations in countries deemed to be more safe.

The SARS outbreak in China and certain other Asian countries in the spring reduced demand for leisure travel to China and Vietnam. The number of trips to Thailand also declined slightly, even though the country was not touched by the epidemic at all.

Sales of summer sun holidays are always partly dependent on the Finnish weather. A cool, rainy start to the summer in Finland encouraged holidaymakers to browse the travel brochures and guarantee for themselves a sunny vacation at Aurinkomatkat destinations. The improved summer demand more than made up for fewer early-season bookings than normal.

Aurinkomatkat-Suntours' turnover grew by around two per cent to 195.1 million euros. Measured both by customer volumes and revenue, Aurinkomatkat-Suntours is the market

Finns are accustomed to holidaying abroad. Now they are increasingly changing their familiar Mediterranean and Canary Islands destinations for exotic alternatives in Asia and South America.

leader with an over 35 per cent market share. Last year nearly 300,000 customers travelled with the orange Aurinkomatkat label on their luggage.

Package tours are increasingly being promoted and sold via e-business channels. Around ten per cent of all Aurinkomatkat holidays are sold via the Internet, which is more than double the previous year's figure.

Finnair Leisure Flights

Finnair Leisure Flights is still the strong market leader in leisure travel flights in Finland. Finnair's leisure flight services are used by the majority of Finnish tour operators.

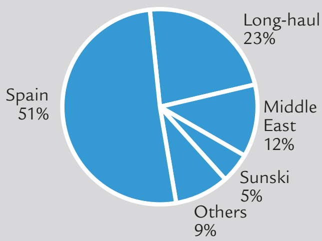
Last year more than 600,000 return journeys to over 60 destinations were made on Finnair's leisure flights. Among the new destinations were Colombo in Sri Lanka and Natal in Brazil. Demand for trips to Brazil doubled from the previous year. The capacity and load factor of leisure flights remained nearly at the previous year's level.

Finnair Leisure Flights carries passengers mainly using 227-seat Boeing B757 aircraft. Finnair Leisure Flights' fleet has seven B757s. The average utilization rate of this type of aircraft in Finnair Leisure Flights' fleet is the world's highest, measured in flying hours.

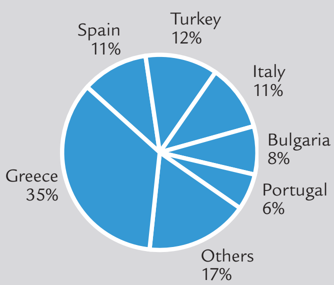
In the summer months, two of Finnair Leisure Flights' aircraft were leased, complete with pilots, to the service of a UK leisure flight operator. The aircraft flew to holiday destinations in the Mediterranean.

Aurinkomatkat-Suntours has fulfilled Finnish dreams for four decades. And Finnair has carried holidaymakers to their dream locations for just as long.

SUNTOURS TOUR PRODUCTION BY COUNTRY
Winter 2003/2004



SUNTOURS TOUR PRODUCTION BY COUNTRY
Summer 2003



SUPPORT SERVICES SAFEGUARD QUALITY

The Aviation Services division consists of Finnair Ground Handling, which provides ground handling services, Finnair Catering, which produces meals for flights and engages in sales activities, and Finnair Technical, which provides aircraft maintenance services. These key support functions for flight operations make a vital contribution to Finnair's renowned and reliable quality. Finnair Facilities Management Oy, which is responsible for managing the Finnair Group's real estate and for providing office services, joined the Aviation Services division at the beginning of 2004.

Ground Handling

Finnair Ground Handling (FGH) is responsible for Finnair's passenger services as well as for the loading of baggage, cargo and mail in connection with the arrival and departure of aircraft at all of Finland's airports, either independently or with the assistance of partners.

FGH, as the market leader in its field in Finland, provides ground handling services to Finnair and nearly 20 other airlines. Every year the unit's 900 employees and 200 additional staff employed by ten partners handle over 100,000 flights as well as eight million passengers and their baggage.

Demand for services fluctuates strongly according to passenger volumes in different seasons of the year, at certain times of the week and at particular times during the day. The multitasking abilities of service production staff at Helsinki-Vantaa Airport have been broadened. This enables staff to work more efficiently at different workpoints throughout the airport.

FGH expanded its operations at Stockholm's Arlanda Airport when its subsidiary FinnHandling AB began providing ground handling services in June. A completely new service production model guarantees services that are flexible and rapidly adaptable to changes, in partnership with a staff hire company specializing in air transport.

The outsourcing of ground handling at domestic airports continued. Cooperation with entrepreneurs expanded at five airports, bringing the number to twelve. FGH provided services itself at five airports.

Turnover has increased and profitability has improved. The number of employees decreased during the year by around 15 per cent.

The operations of the Finnair Ground Handling business unit will be transferred into a wholly owned subsidiary of Finnair Plc as of May 1, 2004. The Finnair Plc subsidiary FinnHandling AB, which has operated under the FGH business unit at Stockholm Arlanda since June 2003, will become at the same time a subsidiary of the new company.

Catering

This business area comprises Finnair Catering Oy and its subsidiary Finncatering Oy. Finnair Catering is responsible for the logistics of catering services, for part of meal preparation and for sales that take place at airports and on flights. Finncatering produces meals for leisure flights and for European economy class, and supplies catering products to retail food outlets.

Changes in client airlines' operations have also affected Finnair Catering's activities. A division of labour that previously lay between the subsidiary Finncatering Oy, which supplied leisure flights, and Finnair Catering Oy has been changed such that in Finnair Catering Oy's operations the significance of logistics is given greater emphasis relative to the actual preparation of meals.

Finnair Catering Oy is one of the world's leading catering companies in environmental matters. Rapid changes in the operating environment, however, are setting new challenges to Finnair Catering Oy's environmental management system. The environmental impact of the services provided are monitored systematically and their effect on the environment is also assessed in connection with operational changes.

In Finnair Catering Oy and in Finncatering Oy, production has been adapted and processes adjusted in accordance with the Finnair Group's operational efficiency programme to achieve further improvements in efficiency. Finnair Catering Oy has some 700 employees and Finncatering 170 employees.

Technical services

Finnair Technical provides high quality technical services, primarily for Finnair but also for other airlines, of which the largest is Lufthansa Cargo. Another Finnair Technical customer, the French airline AirLib, was declared bankrupt last year. The capacity freed by this turn of events was utilized in the implementation of cost-cutting measures.

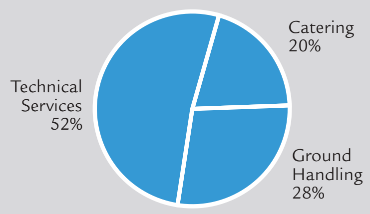
The unit's services range from full-scale servicing and overhauls to small, individual repair jobs. The first overhauls on Airbus A320 series aircraft taken into service in 1999 were performed during 2003. Aircraft must undergo such overhauls every few years.

Finnair Technical's engine repair shop also performed the first overhauls on the environmentally friendly CFM engines used on the Airbus aircraft. The longest-serving aircraft of the Boeing B757 fleet used in Finnair's Leisure Traffic operations also underwent their first overhauls.

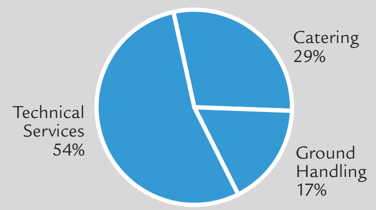
As part of process and systems development, Finnair Technical has initiated a project with the aim of replacing several operational management and procurement systems.

Structural arrangements advanced further when a Technical Services unit was created within Finnair's Scheduled Passenger Traffic division. The unit will be responsible for purchasing aircraft maintenance work and optimizing maintenance costs. The planning and description of the unit's operations have been ongoing since autumn 2003. The arrangement will come into effect during the second quarter of 2004.

AVIATION SERVICES PERSONNEL



AVIATION SERVICES TURNOVER



TRAVEL AGENCIES´ EARNINGS MODEL RENEWED

The Travel Services division provides travel planning and travel management services via its travel agencies Matkatoimisto Area Oy and Suomen Matkatoimisto Oy and through the travel booking and information supplier Amadeus Finland Oy. Estonia's largest travel agency chain, Estravel, is a subsidiary of Suomen Matkatoimisto. In Finland, Mikkelin Matkatoimisto Oy is a subsidiary of Matkatoimisto Area.

The Finnair Group's Matkatoimisto Area and Suomen Matkatoimisto are two or the three biggest travel agency groups in Finland. One of their assets is their strong brand awareness both among Finnish companies and in the leisure travel market.

Recently the operations of both travel agency groups have been developed in response to the travel agency's changing role. Due to weakening demand, lay-offs and reductions in staff numbers were implemented in Finnair's travel agencies last year.

Selling expertise the priority

An upheaval has been under way in the travel agency sector for several years. Airlines, in their search for cost cuts, have reduced the sales commission paid to travel agencies. Finnair discontinued the payment of sales commission in autumn last year and adopted the practice of net pricing in the pricing of flight tickets.

In the new model, a travel agency prices its services and the customer can easily compare the price-quality ratio of different travel agencies' services. In the travel agencies' earning model, the focus has shifted from sales commission to service fees charged from the customer. Travel agencies are now having to sell their expertise, which is consequently highlighted as a competitive factor.

In the area of business travel, the travel agencies have invested in developing and providing travel management services for companies. Through correctly implemented travel management, companies can achieve significant cost savings in their travel budget. In the leisure travel sector, the focus has moved from agent sales of simple packages to personalized travel arrangements.

Companies' price consciousness and their efforts to cut their travel costs have put the relationship between travel agencies and corporate customers under the spotlight. Travel is looked upon by companies as a production factor that must be optimized in order to achieve cost-effectiveness. Companies can outsource their travel management to a large extent, enabling the company-travel agency relationship to be based on a partnership from which both parties benefit.

New, electronic service channels

A significant change in the travel agencies' role has also been brought about by travel sector e-business services, which have developed rapidly in recent years. To an increasing extent consumers are making the simplest reservations themselves.

Airlines are selling flight tickets direct to consumers, but many travel agencies, too, have developed their own Internet services in order to serve their customers. For the needs of corporate customers, the Finnair Group's travel agencies have created targeted extranet services that provide client companies with total travel management packages. Electronic tickets have promoted the spread of self-service among consumers and streamlined corporate travel processes.

Systems improve processes

In the wake of structural change, there are many projects under way in travel agencies to improve the efficiency of processes. The Finnair Group's Amadeus Finland also acts as a systems supplier and integrator for travel agencies.

Work in travel agencies is being done with fewer personnel, creating a need to automate functions and data acquisition. The integrated operational control and reservation systems used by travel agencies, as well as links to electronic services used by customers, facilitate process management.

The Amadeus centralized ticket writing system is replacing the Finnair-developed Finnres system, which has been used for decades. The introduction of the Amadeus system will mean the standardization of domestic and international ticket production. Amadeus will also supply to rail and shipping traffic an Amanda system adapted for the Finnish market. The outsourcing of ticket writing to Amadeus is part of a cooperation agreement between Finnair and Amadeus which will generate for Finnair savings of several million euros

DESTINATION THE WORLD
FINLAND TRAVEL BUREAU

AREA

REISIBÜROO ESTRAVEL

AMERICAN EXPRESS Travel Services

RISK MANAGEMENT

Risk management in Finnair is a Group management responsibility. Risk management measures are directed primarily at risks that threaten the fulfilment of the Group's business objectives. Finnair's risk management activity is guided by business objectives set by shareholders, finance providers, customers, management, personnel and other important interest groups.

In order to exploit business opportunities the Finnair Group utilizes its risk-taking and risk-bearing capacity through considered and controlled exposure to risk. No risks are taken in flight safety matters. Risk management and safety thinking are an integral part of Finnair's operating practices and culture as well as its management and supervision procedures.

Finnair strives to anticipate the realization of risks. The Group's risk management activity includes risk recognition and analysis. Based on this, a range of risk management measures are used, taking into account the optimization of costs arising from risk management. Administrative means are used to avoid and remove risks, to reduce the probability and impact of risks as well as to spread and transfer risks. Effective special situation management preparedness has been put in place in case certain risks should be realized.

The Board of Directors and the Chief Executive Officer are responsible for the Group's risk management strategy and principles as well as for the management of risks that threaten the fulfilment of strategic objectives. The Group's Chief Financial Officer is responsible for the management of financial risks and the SVP, Administration and Personnel Resources for the management of accident risks.

The management of flight safety risks is the responsibility of a separately appointed organization of responsible personnel approved by the authorities. The level of risk management as well as the development and practical application of risk management principles is directed by a risk management steering group and monitored by internal and external auditing.

In order to facilitate their management, Finnair's risks are classified into strategic, operational, financial and accident risks. Based on this risk classification, the Group constantly surveys and analyzes business risks, determines acceptable risk levels and formulates risk management measures for various risk categories. The Group's subsidiaries and business units have conducted analyses of the most significant risks to which their own business activities are exposed. This has been used to prepare a risk map for the Finnair Group.

Operating environment risks

Demand for passenger and cargo traffic demand is influenced by the domestic and international financial and political climate. The current trend clearly indicates that competitiveness in the air transport sector depends on how flexibly the company can react and adapt to changes in demand and to a changing competitive environment.

A critical factor for operational flexibility in future is the adjustment of fixed costs to fluctuations in demand. Moreover, the company's ability to react quickly in adjusting capacity, routes and costs to correspond to changing demand and economic conditions is also an essential factor in maintaining the company's profitability.

In Finnair a permanent adjustment in fixed costs is being implemented through a operational efficiency programme initiated in spring 2003. The objective of the programme is to implement cost cuts totalling 160 million euros and to reduce the company's unit costs by 15 per cent from the 2002 level by 2005.

The influence of domestic and international economic and political events is immediately evident as fluctuations in demand. The economic down-turn, the events of September 11, 2001, the SARS epidemic, last year's war in Iraq and the impact of terrorism have weakened the company's ability to achieve its goals in terms of volumes and revenue.

Epidemics require preparation

Finnair continually and actively monitors developments in the situation with regard to epidemics throughout the world. The company strives to anticipate changes relating to infectious diseases and the resulting changes in customer behaviour and to react quickly to altered circumstances.

Preparing for epidemics is part of Finnair's crisis management planning. Preparations include continuous situation monitoring and analysis. If necessary, the development of an epidemic and the measures taken in response are communicated quickly and reliably. Guidelines are prepared to protect customers and employees. The company's air transport capacity is redeployed in regions that are deemed safe.

In response to the SARS epidemic and the war in Iraq, scheduled passenger traffic and leisure traffic capacity and routes were rearranged in accordance with plans prepared in advance. Higher insurance premiums as a result of exceptional events as well as wartime surcharges have increased the company's costs.

Finnair will defend its operating rights

An airline domiciled in the European Union can operate freely within the entire area of the expanded Union. To date Finland, like other European countries, has been accustomed to negotiating bilateral operating agreements with countries outside the European Union. In future, regulation at the European Union level will bring the negotiation of aviation agreements between countries inside and outside the European Union under the European Commission. Existing bilateral operating agreements will remain in force in the new situation.

As a negotiating party the Union is stronger than an individual country and thus can strengthen the position of European airlines when negotiating operating rights. In some cases this may have an adverse impact on Finnair and may weaken the company's competitive position in relation to other European airlines. Finnair for its part will endeavour to influence actively the parties who negotiate operating rights in order to safeguard its interests.

The company's operations are subject to legislative changes, to regulations and to changes in airport charges and taxes on both national and international levels. Possible changes are actively monitored by the company and an effort made to influence them via airline industry bodies, such as the International Air Transport Association (IATA) and the Association of European Airlines (AEA).

Market risk

The air transport business is sensitive to both cyclical and seasonal changes. Competition in the sector is intense and the decline in average ticket prices has been considerable due to over-capacity and the changed market situation. Airlines are cutting their prices in order to increase volumes, achieve sufficient cash flow and maintain market share.

Finnair has successfully responded to these challenges by reforming its pricing structure and by permanently reducing its cost structure. Pricing of domestic, Scandinavian and European flights has been changed to flight-based pricing determined by management of supply and demand. Finnair's strengths are service quality, an extensive route network as part of the **one**world alliance and the advantages of cooperation acquired through strategic partnerships.

A change of one percentage unit in the average price level or unit revenue of scheduled passenger traffic services affects the Group's operating profit by around 10 million euros. Correspondingly a change of one percentage unit in the load factor of scheduled passenger traffic services also affects the Group's operating profit by around 10 million euros.

To improve profitability, a division of labour has been effected between the parent company and Aero Airlines in traffic between Helsinki and Tallinn as well as on routes within Finland. By acquiring a majority shareholding of the Swedish airline Nordic Airlink, the company aims to expand its operations in Scandinavia. Nordic Airlink will be developed into the leading budget airline in the Nordic countries.

Variations in industry supply and demand also affect the market value of aircraft. Finnair manages the residual value risk related to aircraft ownership by leasing approximately half of the fleet under operative lease agreements of different duration. Aircraft leasing also allows for flexible capacity control in the short and long term.

Reliability of flight operations

Reliability is an essential prerequisite for operating successfully in the airline industry. The air transport business, however, is exposed to various disruptive factors such as delays, bad weather and strikes. As well as their impact on operational and service quality, air traffic delays also increase costs. Finnair invests continually in the overall quality and punctuality of its operational activities.

A key role is played by the Operations Control department, which coordinates all decisions connected with flight operations. In order to enhance operations further, the Network Control Centre (NCC) began operating in late 2003 as part the Operations Control department. The NCC brings together all the critical parties for flight operations, thus enabling the most effective overall solutions to be implemented.

Finnair Technical's service punctuality and diverse expertise as well as its detailed specification of technical functions ensure the reliability of flight operations. Furthermore, in operational activities the contribution of partners and interest groups is essential. Finnair monitors the quality of external suppliers within the framework of standards specified in advance and through regulations prescribed for flight operations. Finnair was Europe's most punctual airline in 2003 Europe.

Information technology risk

Development of information system solutions demands continuous investment. An IT environment's complexity, inefficiency and vulnerability as well as rapidly spreading virus programs represent risk factors in a rapidly changing technological landscape. These factors have a direct influence on IT costs.

Finnair has under way a number of system renewal projects, which aim to simplify, standardize and replace ageing systems. Clarifying the structure will also enable the data security of the IT environment to be maintained more effectively. The ever-increasing provision of services via the Internet demands continuously a new approach to investment in data security solutions.

The careful selection of external agreement partners in IT solutions also reduces the technology risk. The Group has also gained access to technological expertise through the Finnair-IBM joint venture, Aerosystems.

The coordination of the Group's information system architecture as well as its IT purchases and strategies has been centralized in the Group's information management department. This will bring synergy benefits and improve cost-efficiency through economies of scale.

Accident risk

Accident risks can be divided into two main categories: risks that threaten flight safety and risks that threaten corporate security . Accident risk management work is coordinated by the flight safety and corporate security departments. In Finnair the focus of accident risk management has been on managing risks to the security of flights, individuals and data. Other accident risk subareas are property, environment, product, liability and loss of business risks.

The exceptional events of recent years have led to greater attention to international security norms as well as to stricter legislation and security regulations, all of which have an effect of costs. Indeed, increased flight insurance costs have had a considerable impact.

In its operations the company must take into account the possibility of various environmental risks. The effect of Finnair's operations on energy consumption, emissions and noise values is monitored activity by the company. Every year Finnair publishes a separate Environmental Report, which includes measures and key figures for the assessment of environmental efficiency.

Principles of financial risk management

The operations of the Finnair Group are by nature international and require significant amounts of capital. This means exposure to risks related to exchange rates, interest rates, credit, liquidity and commodity prices. The policy of the Group is to minimize the negative effect of such risks on cash flow, financial performance and equity.

Financial risk management has been centralized in the parent company's finance department, which coordinates operations in the Group and provides various internal banking services such as group accounts and netting services. Financial risk management is based on the risk management policy approved by the Board of Directors, which enables limited exposures to foreign exchange and interest rate risks within set risk limits.

In its management of foreign exchange, interest rate and jet fuel positions the company uses a wide range of hedging instruments and methods, such as forward contracts, swaps and options.

Foreign exchange risk

The Group's policy is to eliminate the identified foreign exchange risk caused by foreign currency surpluses or deficits. Apart from receivables and payables and other commercial commitments, the estimated 6-12 month cash flows in foreign currencies are as a rule included in exposed foreign currency positions.

At the end of financial year 2003, the majority of the Group's interest-bearing liabilities were denominated in US dollars and euros. The exchange rate risk of the loans was almost fully covered. Around 75 per cent of Group turnover is denominated in euros. The other key foreign sales currencies are the US dollar, the British pound, the Japanese yen and the Swedish crown.

Approximately 30 per cent of the Group's operating costs are denominated in currencies outside the euro zone.

The main purchasing currency is the US dollar, which accounts for almost half of all operating costs denominated in foreign currency. Acquisition of aircraft and their spare parts also takes place mainly in US dollars.

Clearly the biggest foreign currency risk to Finnair arises from the dollar. Significant dollar-denominated operating expenses are aircraft leasing fees and jet fuel purchases. The dollar risk is diminished by sales in dollars and in Asian currencies which correlate strongly with the dollar. Without the hedging programme, a one per cent decline in the dollar rate has a positive impact on the result of 2.0-2.5 million euros.

Fuel price risk in flight operations

Fuel price risk management is based on a risk management policy approved by the Board of Directors. Various hedging instruments such as forward contracts and options are used to manage the price risks. The hedging period is mainly less than 12 months. At the end of financial year 2003, Finnair had hedged 37 per cent of its jet fuel purchases for the first six months of 2004.

In the financial year 2004, fuel used in flight operations accounted for 9.7 per cent of the Group's operating costs. Fuel costs depend on fluctuations in the oil market and the value of the US dollar. Without the hedging programme, a ten per cent increase in the world market price of jet fuel has a negative impact on the result of 13-14 million euros.

Interest rate risk

In order to manage interest rate risks, the Group's loans and investments are diversified into fixed and variable interest-rate instruments, yet so that most of the Group's interest-bearing loans have fixed interest rates. At the end of financial year 2003, the average interest rate on the Group's interest-bearing loans was 3.42 per cent. Finnair invests most of its cash reserves in the money market for terms of less than 12 months.

Credit risk

The Group is exposed to counterparty risk when investing its cash reserves and in using derivative instruments. The credit risk is managed by making contracts, within the framework of counterparty risk limits, only with financially sound domestic and foreign banks, financial institutions and brokers. Liquid assets are also invested in promissory notes and commercial paper issued by conservatively selected companies.

Liquidity risk

The goal of the Finnair Group is to maintain good liquidity. Liquidity is ensured by cash reserves, bank account limits, liquid money market investments and committed credit facilities. With respect to aircraft purchases, the company's policy is to secure financing, for example through credit facilities, at least 6 months before delivery. The Group's liquid assets were 294.3 million euros at the end of financial year 2003. Furthermore, Finnair Plc had the following unused credit facilities at the closing of the accounts: a binding USD 250 million credit limit and a domestic commercial paper programme of 100 million euros.

CORPORATE GOVERNANCE

Group structure

The parent company of the Finnair Group is Finnair Plc, which has 21 subsidiaries. The most significant subgroups are Suomen Matkatoimisto Oy, Matkatoimisto Oy Area and Finnair Catering Oy. Other notable subsidiaries are Oy Aurinkomatkat-Suntours Ltd. Ab, Finnair Aircraft Finance Oy, Finnair Cargo Oy and Finnair Facilities Management Oy. The Finnair Group's airlines are, in addition to the parent company, Aero Airlines AS and the Swedish company Nordic East Airlink AB. The Finnair Group's 19 business units and subsidiaries are organized into four divisions: Scheduled Passenger Traffic, Leisure Traffic, Aviation Services and Travel Services.

Annual General Meeting and exercising of voting rights at the Annual General Meeting

Ultimate authority in Finnair Plc is exercised by the company's shareholders at the Annual General Meeting. The Annual General Meeting is convened by the company's Board of Directors. In accordance with the Companies Act the Annual General Meeting decides on, among other things, the following matters:

- the number, election and remuneration of the Board of Directors
- the number, election and remuneration of the auditors
- the approval of the financial statements
- the distribution of dividends
- the amendment of the Articles of Association.

The Articles of Association of Finnair Plc do not contain any redemption clauses nor any restrictions on voting rights. The company has one series of shares.

Board of Directors

The Supervisory Board of Finnair Plc was abolished by a decision of the Annual General Meeting on April 9, 2003. The duties of the Supervisory Board were transferred to the Board of Directors and the election of the Board of Directors to the Annual General Meeting. The Supervisory Board convened once during 2003. The members of the Supervisory Board were paid fees and attendance allowances totalling 14,720 euros in 2003.

Composition and term of office

The Board of Directors of Finnair Plc consists of a chairman and at least four and at most six members. The Annual General Meeting elects the Chairman and the Members of the Board of Directors for one year at a time. The Board of Directors elects a Vice Chairman from among its members.

On April 9, 2003 the Annual General Meeting of Finnair Plc elected Christoffer Taxell as Chairman of the Board of Directors, and as Members of the Board Kari Jordan (Vice Chairman), Samuli Haapasalo, Markku Hyvärinen, Helena Terho and Kaisa Vikkula. Member of the Board Antti Satuli died of a sudden illness on April 17, 2003. The Board of Directors' term of office expires at the end of the Annual General Meeting to be held on April 7, 2004.

Duties and meetings

The Board of Directors is responsible for the company's operations and finances, it convenes the Annual General Meeting and it prepares the matters to be dealt with at the Annual General Meeting. The Board of Directors is also responsible for implementing the decisions of the Annual General Meeting.

The Board of Directors appoints and dismisses the CEO and decides on his/her salary. The Board of Directors also appoints and dismisses the deputy to the CEO. The Board of Directors selects the members of the Group's Board of Management and decides on their terms of employment, taking into account the guidelines of personnel strategy and remuneration system in accordance with the company's administrative principles. The Board of Directors is responsible for ensuring that the company's accounts, budget monitoring systems and risk management are arranged in accordance with the company's administrative principles.

The Board of Directors is also responsible for ensuring that the openness and fairness referred to in the company's administrative principles are implemented in the information given in the company's financial statements.

The company's business name is signed by the Chairman of the Board of Directors and the CEO each separately or two members of the Board of Directors together. The Board of Directors grants and revokes rights to sign the business name as well as powers of procuration. The holders of powers of procuration sign the business name two together or each separately with one member of the Board of Directors.

The Board of Directors meets on average 8-10 times per year. The Board of Directors met ten times in 2003. The average attendance of the members of the Board of Directors at the meetings of the Board was 89 per cent.

The CEO of Finnair Plc, or a senior member of Finnair Group management nominated by the CEO, acts as the presenting officer at meetings of the Board of Directors. The Finnair Group's VP, Legal Affairs acts as secretary to the Board of Directors. The Board of Directors evaluates its working practices regularly.

Committees

The Board of Directors has established a Salary and Appointments Committee. The committee consists of Chairman of the Board Christoffer Taxell as well as Members of the Board Kari Jordan and Samuli Haapasalo. President & CEO Keijo Suila acts as the presenting officer. The committee met twice in 2003.

Remuneration and other benefits

The monthly remuneration and attendance allowances decided by the Annual General Meeting for Members of the Board of Directors in 2003 were:

- Chairman's monthly remuneration 2,600 euros/month
- Member of the Board's monthly remuneration 1,200 euros/month
- Attendance allowance 200 euros/meeting/person

The Board of Directors are entitled to a daily allowance and compensation for travel expenses in accordance with Finnair Plc's general travel rules. In addition, Members of the Board of Directors have a limited right to use ID tickets in accordance with Finnair Plc's ID ticket rules.

The members of Finnair Plc's Board of Directors were paid monthly remuneration and attendance allowances totalling 44,200 euros in 2003.

President & CEO and Deputy CEO

Finnair Plc has a CEO, whose task is to manage the company's operations according to guidelines and instructions issued by the Board of Directors. The Board of Directors appoints and dismisses the CEO and decides on his/her terms of employment. The Board of Directors also appoints and dismisses the deputy to the Chief Executive Officer. Finnair Plc's CEO is Keijo Suila and its Deputy CEO is Henrik Arle, EVP Scheduled Passenger Traffic.

President & CEO Keijo Suila was paid a total of 560,104 euros in salary, bonuses and fringe benefits in 2003. Deputy CEO Henrik Arle was paid a total of 215,856 euros in salary, bonuses and fringe benefits in 2003.

The CEO and the Deputy CEO have the right to retire at the 60 years of age on a full pension of 60 per cent of pensionable salary. The CEO's and the Deputy CEO's contracts may be terminated with a period of notice of six months. In addition to salary for the period of notice, they are entitled to severance compensation equivalent to 12 months' salary if the contract is terminated for reasons independent of them.

Group Management Board

Finnair Group Management is chaired by President & CEO Keijo Suila. Its other members are Eero Ahola, Mauri Annala, Henrik Arle, Hannes Bjurström, Christer Haglund, Juha Kinnunen, Anssi Komulainen, Tero Palatsi, Petri Pentti, Mika Perho, Tero Vauraste and Jarmo Vilenius

The Group Management meets 8-10 times a year and its tasks include handling of group-wide development projects as well as group-level principles and procedures. In addition, the Group Management is informed about, among other things, the business plans of sector companies, financial performance as well as matters to be dealt with by Finnair Plc's Board of Directors, in the preparation of which it participates.

Matters relating to the remuneration scheme of members of the Group Management are considered in the Board of Directors' Remuneration and Appointments Committee. Decisions are made by the company's Board of Directors. Management incentive bonuses are determined annually based on the company's earnings per share, business-unit quality and process indicators as well as personal performance appraisals. The bonus can be equivalent at most to four months' basic salary.

Finnair Plc's Management Board

Management Board of Finnair Plc consists of the members of the Group Management and staff representatives.

Corporate governance of subsidiaries

The members of the boards of directors of the most significant subsidiaries are selected from individuals belonging to Finnair Group management. The key tasks of the boards of directors of subsidiaries are strategy preparation, approving the operational plan and budget, and deciding on investments and commitments within the limits of instructions issued by the Board of Directors of Finnair Plc.

Auditors and monitoring

Auditors

The company has at least two and at most four auditors elected by the Annual General Meeting. The auditors' term of office is the company's financial year and the auditors' duties end at the conclusion of the Annual General Meeting following the meeting of their election. At least one of the auditors must be an authorized public accountant or an authorized accounting firm approved by the Central Chamber of Commerce. Finnair Plc's Annual General Meeting in 2003 elected two regular auditors, namely Authorized Accounting Firm PricewaterhouseCoopers Oy and AA Erkki Mäki-Ranta. The auditors of Finnair Group subsidiaries are mainly PricewaterhouseCoopers auditing firms or auditors employed by them.

In 2003 the Group's auditors were paid auditing fees totalling 151,800 euros. Finnair Plc also paid auditors 84,982 euros for services (taxation and IFRS consulting) unrelated to the statutory audit of the accounts.

Monitoring and reporting system

The principal task of the statutory audit is to verify that the financial statements give accurate and sufficient information about the Group's result and financial position for the financial year. The auditors report their findings to the Board of Directors once per year and submit an auditors' report to company's shareholders in connection with the annual financial statements.

The company has a risk management steering group, chaired by the President & CEO, whose task is to assess and safeguard the sufficiency, appropriateness and effectiveness of the Group's risk management, monitoring and management processes.

The Board of Directors of Finnair Plc has approved principles of internal monitoring, which are applied within the Group. Internal Auditing is responsible for fulfilling the monitoring and auditing obligation laid down in the Companies Act.

Internal auditing assists in verifying the integrity of transactions and the accuracy of information in internal and external accounting and to confirm that controls are exercised effectively, property is maintained and operations are conducted appropriately in accordance with the Group objectives. Internal auditing also participates in the auditing of Finnair Plc subsidiaries' accounts in collaboration with external auditing. The internal auditing priorities are determined in accordance with the Group's risk management strategy.

The fulfilment of financial targets is monitored by a system of Group-wide reporting. The reporting encompasses realized data and up-to-date forecasts for a rolling 12-month period. The accumulation of financial added value is monitored monthly in an internal reporting process. The Group's traffic performance is published in a monthly stock exchange bulletin.

Risks arising from operations in relating to property, interruption, accident and liability have been covered by appropriate insurances.

Governing provisions

Finnair Plc adheres to valid legislation, provisions issued under such legislation and the company's Articles of Association. Furthermore, in its activities Finnair Plc complies with the recommendations of the Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers on the administration and management of listed companies as well as insider rules.

Company insiders

According to the Securities Markets Act, Finnair Plc's permanent insiders include members of the Finnair Plc's Board of Directors, the President & CEO and his deputy, members of the Group Management Board, and auditors, including the auditor of carrying chief responsibility for the auditing firm. In addition, Finnair Plc's permanent insiders also include individuals working in positions specified by the Board of Directors. A monthly updated list of Finnair Plc's insiders as well as their share and stock option holdings can be viewed on Finnair Plc's website at the address www.finnair.com/investor.

The Board of Directors of Finnair Plc have approved Finnair Plc's insider guidelines, which contain guidelines for permanent and project-work insiders and specify the organization and procedures of the company's insider controls. The company's insider guidelines have been distributed to all insiders.

Compliance with the insider guidelines is monitored by the legal affairs department by, among other things, sending insiders an extract from the insider register for checking. The company operates a restriction on trading, which applies to insiders' trading in the company shares or in securities granting entitlement to shares for 14 days before the declaration of financial results.

Finnair Plc's insider register is maintained by Finnish Central Securities Depository Ltd. Up-to-date details of insiders' shareholdings can be viewed at HEXGate's premises in Helsinki at the address Fabianinkatu 14 (street level) and on the company's website at the address www.finnair.com/investor.

Corporate Governance update

The Finnair Corporate Governance section is updated regularly and can be viewed on the company's website at the address www.finnair.com/investor. Finnair Plc's website is published in Finnish and English, as is the printed Annual Report. The electronic annual report and interim reports are also published in Swedish.

BOARD OF DIRECTORS 2003

Christoffer Taxell, b. 1948, LL.M., Chancellor of Åbo Akademi University, Member of the Boards of Raisio Yhtymä Oyj, Sampo Oyj, Stockmann Oyj Abp, Skandia Insurance Company Ltd. (publ.) and Boliden AB, Chairman of the Board of Finnair Plc since 2003. 2,000 Finnair shares.

Samuli Haapasalo, b. 1952, LL.M., Director-General at the Ministry of Transport and Communications, Member of the Board of Finland Post Corporation, and Member of the Board of Finnair Plc since 1999. 0 Finnair shares.

Markku Hyvärinen, b. 1948, Deputy CEO of Varma Mutual Pension Insurance Company, Member of the Board of If Skadeförsäkring Holding AB (publ.), Deputy Chairman of the Board of Mutual Insurance Company Kaleva, Member of Finnair Supervisory Board 1992-1997, Chairman of Finnair Supervisory Board 1997-2003, Member of the Board of Finnair Plc since. 0 Finnair shares.

Kari Jordan, b. 1956, B.Sc. (Econ), Group Executive Vice President of Nordea Bank AB, Deputy Chairman of the Centre for Finnish Business and Policy Studies (EVA), Deputy Chairman of the Board of the Research Institute of the Finnish Economy, Member of the Board of Finnair Plc since 2003. 0 Finnair shares.

Helena Terho, b. 1948, M.Sc. (Eng.), eMBA, Vice President, Competence Development, Kone Corporation, Member of Advisory Board of Nordea Bank Finland, Member of the Board of Finnair Plc since 1997. 0 Finnair shares.

Kaisa Vikkula, b. 1960, D.Sc.(Econ.), Managing Director, Mascus Oy Ab, Member of the Board of Finnair Plc since 2003. 2,000 Finnair shares.

Auditors

Regular auditors
AA Erkki Mäki-Ranta and PricewaterhouseCoopers,
APA Eero Suomela as main accountable auditor.

Deputy Auditors
APA Jyri Heikkinen
APA Jorma Heikkinen

GROUP MANAGEMENT

Keijo Suila, b. 1945, B.Sc.(Econ.), President and CEO, served with Finnair since 1998. 7,100 Finnair shares, 240,000 options.

Eero Ahola, b. 1943, M.Sc.(Econ.), SVP, Corporate Business Development and Strategy, served with Finnair since 1970. 0 Finnair shares, 80,000 options.

Mauri Annala, b. 1945, M.Sc.(Econ.), EVP, Leisure Traffic and Travel Services, served with Finnair since 1976. 0 Finnair shares, 80,000 options.

Henrik Arle, b. 1948, LL.M., EVP and COO, Deputy CEO, Scheduled Passenger Traffic, served with Finnair since 1979. 2,000 Finnair shares, 105,000 options.

Hannes Bjurström, b. 1950, SVP, Flight Operations, served with Finnair since 1999. 0 Finnair shares, 80,000 options.

Christer Haglund, b. 1959, B.A., SVP, Corporate Communications, served with Finnair since 2000. 1,000 Finnair shares, 60,000 options.

Juha Kinnunen, b. 1948, SVP, Managing Director of Finnair Cargo Oy, served with Finnair since 1969. 0 Finnair shares, 20,000 options.

Anssi Komulainen, b. 1964, M.Sc., SVP, Managing Director of Finnair Catering Oy, served with Finnair 1989-99 and again since 2001. 0 Finnair shares, 35,000 options.

Tero Palatsi, b. 1947, LL.Lic., SVP, Administration and Personnel Resources, served with Finnair since 1999. 0 Finnair shares, 70,000 options.

Petri Pentti, b. 1962, M.Sc.(Econ.), SVP and CFO, Economic and Finance, served with Finnair since 1989. 0 Finnair shares, 83,000 options.

Mika Perho, b. 1959, BBA, SVP, Marketing, served with Finnair since 1985. 268 Finnair shares, 100,000 options.

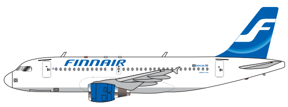
Tero Vauraste, b. 1967, M.Sc., SVP, Finnair Ground Handling, served with Finnair since 2001. 0 Finnair shares, 25,000 options.

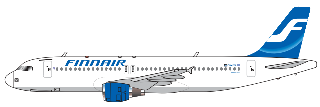
Jarmo Vilenius, b. 1950, M.Sc.(Eng.), SVP, Technical Services, served with Finnair since 1973. 54 Finnair shares, 80,000 options.

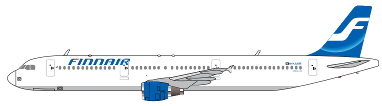
TRAFFIC INFORMATION AND FLEET

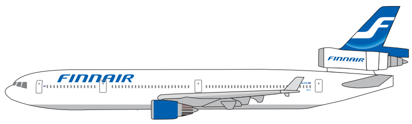
Finnair traffic information

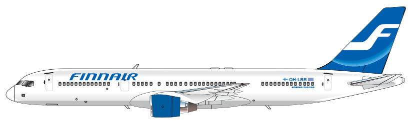
	2003	2002	2001	2000	1999
Flight hours	172 884	172 681	180 863	183 082	187 578
Flight kilometres (1 000)	113 892	104 838	107 574	107 379	107 487
Available seat kilometres, mill.	18 644	17 785	18 489	18 219	18 433
Revenue passenger kilometres, mill.	12 971	12 793	12 796	12 700	12 916
Cabin factor %	69.6	71.9	69.2	69.7	70.1
Available tonne kilometres, mill.	2 636	2 491	2 493	2 509	2 455
Revenue tonne kilometres, mill.	1 470	1 439	1 417	1 464	1 439
Overall load factor %	55.8	57.8	56.8	58.4	58.6
Passengers (1 000)	6 849	7 037	7 537	7 542	7 437
Cargo and mail (1 000 kg)	73 416	72 084	71 900	82 847	74 131


A319

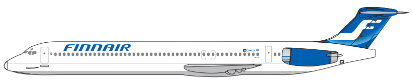

A320

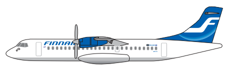

A321

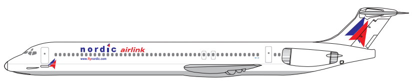

MD-11

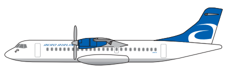

B757


DC-9-51


MD-82/83


ATR 72


MD-80 (Nordic Airlink)


ATR 72 (Aero Airlines)

Finnair Group Fleet 31 December 2003

	Seat	Owned	Leased	Total	Average age
A319	123-126	6	3	9	2.8
A320	144	5	6	11	1.6
A321	181	4	1	5	3.5
MD-82/83	140-156	5	8	13	13.4
ATR 72 *	68	9	0	9	13.0
MD-11	287	2	3	5	10.3
B757	227	0	7	7	4.6
Total		**31**	**28**	**59**	**7.4**

* Including two aircraft operated by Aero Airlines.

In addition, Nordic Airlink operates five MD-80 series aircraft.

At the end of 2003, Finnair had purchase agreements for two and lease contracts for two additional new Airbus A320 family aircraft as well as a lease contract for one Boeing MD-11 aircraft. Finnair will take delivery of these aircraft in 2004.

ON THE ROAD TO SUSTAINABLE, PROFITABLE GROWTH

During its 80 years, Finnair has carried 150 million passengers and employed tens of thousands of people in Finland and abroad. An airline's business arises from demand. Our operations, on the one hand, are vital for society and, on the other, have an impact on the environment.

Measuring and reporting the implementation of social responsibility is a most complex and varied task. In addition to financial performance and product quality, however, companies' right to exist is increasingly also being assessed by other indicators. In this process, honesty and openness are fundamental.

Social responsibility is an accountability for the impact of the company's activities on the surrounding society and on the company's interest groups. It consists of three cornerstones, namely financial responsibility, responsibility to the community and environmental responsibility.

Social reporting improves transparency

Our goal is to communicate about our operations in a more versatile and comprehensive way. In this annual report we tell on a general level about our objectives and achievements. Further information about Finnair's social responsibility can be found on the Group's website, http://www.finnairgroup.com.

Finnair's business objective is to achieve sustainable and profitable growth. The reform of our financial management and administrative structure implemented in 2001 has clearly improved the transparency of our activities. In addition to regular quarterly reports, Finnair also publishes monthly traffic statistics.

In this early stage of reporting Finnair's social responsibility, we are focusing on defining aspects of social responsibility, refining existing data and creating reliable management systems in collaboration with our interest groups. Although we are taking our first steps on the road to reporting social responsibility, the actions of every Finnair employee are guided by responsibility in accordance with our values.

Wider reporting of environmental effects

Air transport gives rise to many environmental and health effects. It is, on the one hand, the safest form of transport, but it also consumes natural resources, weakens air quality, generates noise and produces waste.

Active, organized environmental protection work began in Finnair more than a decade ago, when an environmental policy working group was established. Finnair's environmental organization has continued this work since 1991 and Finnair has reported on the Group's environmental impacts since 1997. We intend to develop environmental reporting to serve a wider target group, by communicating environmental matters in a more understandable way. To date, published noise and emission tables have mostly been of benefit to industry experts.

Responsible and transparent handling of environmental issues is an established aspect of the Group's business operations and decision-making. Finnair is one of Europe's leading airlines when it comes to taking the environment into account and, as a member of the Association of European Airlines (AEA), it is accountable for its emissions. Furthermore, as a member of the International Air Transport Association (IATA) and the **one**world alliance, Finnair strives towards common environmental targets worldwide.

Reconciling the demands of producing air transport services and environmental protection is seen in Finnair as an important challenge. Long-term environmental work is also being done in the Group's subsidiaries. Examples of this are Finnair Catering, which in 2001 became the first flight kitchen in the world to receive an ISO 14001 certificate, and Aurinkomatkat-Suntours, which has adopted a sustainable tourism programme as a key guiding principle.

During 2003 Finnair has adapted its organization to correspond to new environmental challenges: the fleet has been renewed with the best available technology, the oldest aircraft have been decommissioned and operations have been developed in the spirit of sustainable development. The objective is a reduction in greenhouse emissions, aircraft noise and the amount of unsorted waste.

Air transport - a part of modern society

We also wish to stimulate discussion on new aspects of air transport and its right to exist.

Efficient transport links and services are a prerequisite of modern Western society. Finnair, with its highly efficient, extensive route network, is an important part of Finnish infrastructure and competitiveness. Direct links to over 30 destinations abroad and 20 destinations in Finland, plus 60 leisure flight destinations, constitute an exceptionally diverse route network–and no similar network is offered in any of our neighbouring countries.

Air transport in Finland is the only area of public transport that does not need taxpayers' support. Finnair, indeed, finances a significant part of Finnish air transport infrastructure: Finnair directly employs around 10,000 people and generates for society tax revenues as well as a financial profit. Finnair also indirectly employs thousands of people in different parts of Finland and the world.

We feel that responsible corporate activity is worthwhile. A clear vision, sound values, consistent actions and open communications create for the 80-year-old Finnair–and through us for all our interest groups–the most enduring and best framework to succeed in the future.

Keijo Suila
President and CEO, Finnair

ACTIVE, LOYAL PERSONNEL

Finnair's success is based on expert, motivated and committed personnel. We encourage staff to participate actively, as this promotes the setting, achievement and understanding of common objectives and enables staff to exhibit their own expertise and to work in a goal-directed way. Finnair requires from its employees loyalty and a commitment to set objectives - the same operating principles that Finnair itself follows as a company.

The International Air Transport Association IATA has issued to its members recommendations on ethical rules and it is on these that Finnair's operating principles are largely based.

No compromises over flight safety

Flight safety is the absolute standard that guides Finnair's activities. It is never compromised for any reason, whether on grounds of economics, operations or attitudes. Flight safety is a self-evident truth and we never use it, for example, as a marketing argument.

An equal, trouble-free working environment

Finnair promotes working conditions that offer everyone equal opportunities to succeed in work. In Finnair no-one is discriminated against for reasons of gender, religious or political conviction, age, race, skin colour or origin. Harassment of any kind in the workplace has no place in our operating culture.

In our corporate culture we strive to create loyalty towards Finnair. The company understands and accepts unionization as well as individual employees' right to safeguard their employment and other interests in consultation with the company. Finnair does not accept corruption in any form.

Finnair as an employer in 2003

Finnair is one of Finland's biggest employers and it has a significant influence on employment both directly and indirectly, not only in Vantaa but also in surrounding municipalities. The company is one of the most highly rated employers among students, young professionals and other employees.

As the Group's restructuring proceeds and the competitive climate in the industry intensifies, Finnair has had to implement the toughest adaptation measures in its history. The personnel reduction measures that began in 2003 will continue in 2004. Although we have been able to implement most of the permanent adaptations through early retirement arrangements, redundancies cannot be avoided completely.

Finnair supports culture, sport and science in different ways. The National Veterinary and Food Research Institute of Finland (EELA), which operates under the control of the Ministry of Agriculture and Forestry, aims to promote both animal health and welfare as well as the safety and quality of livestock products. The EELA's Oulu area unit specializes in research on animal diseases, with special emphasis on reindeer, game and fish. One of the objectives of this Finnair-sponsored project is to find indicators for evaluating the welfare and health of reindeer.

Personnel strategy takes a new course

The company's personnel strategy has been updated in line with the objective of sustainable, profitable growth. Support of supervisor activity, in terms of management that encourages performance, expertise and well-being in work, has been selected as a priority. Each year Finnair commissions an employee well-being survey, which acts as a tool in guiding supervisor activity.

To implement the personnel strategy, the SAO HR personnel data system was introduced during 2003. The Balanced Scorecard management method is taking root in the company at the present time. This requires that business units and individuals set goals more carefully than before. The Balance Scorecard method measures, among other things, the achievement of objectives in the areas of finance, quality and well-being.

All Finnair Group employees fall within the sphere of incentive schemes. A profit bonus is paid into a personnel fund, which is obliged to invest part of the bonus in Finnair Oyj's shares. In addition, the Group has established for each unit an incentive scheme based on the fulfilment of business targets. The total sum of bonuses paid in 2003 was 1.8 million euros.

Development focus on key expertise

Alongside traditional vocational training, the Finnair Group paid special attention in 2003 to personnel development in areas of key expertise. Key expertise covers business and financial competence, customer skills and know-how, process and organizational knowledge, management, personal capabilities and technological proficiency.

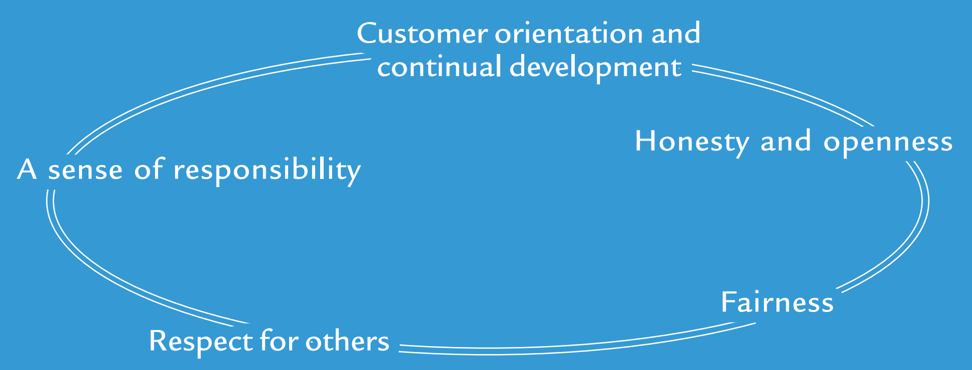
Areas of expertise and their development are based on our business and personnel strategy. In this way we ensure that the expertise of our employees corresponds with business needs. With training and development work we strive to provide concrete tools to handle daily tasks, but also to offer a basis for operational planning. Training and development methods have been renewed, and especially eLearning –studying over the internet or intranet–has been found to be effective as an educational tool.

The various strands of personnel development have been harmonized in the Group's different units. Particularly active training and development has taken place in the areas of expertise management systems, supervisor activity and finance. The determination of development priorities has been guided by numerous customer surveys as well as well-being surveys conducted among the Group's employees.

Finnair employees

- adhere to current legislation
- handle their duties in a morally and ethically acceptable way
- are aware of the demands set by environmental protection
- take social and future aspects into account in their work
- respect the customs and practices of others
- are service-oriented and respectful of customers.

Finnair´s values



AIR TRANSPORT BETTER THAN ITS REPUTATION

Finland is a geographical island and that's why air transport is particularly important for its well-being and competitiveness. Air transport has become an important everyday activity in our society, and it is a growing field of business. The interaction between air transport and the environment plays a significant role in this development. Key decisions are made from a long-term perspective. Greenhouse gas emissions, the air quality of airport surroundings and aircraft noise are the biggest challenges as Finnair reforms its operations in the spirit of sustainable development.

Responsible action in environmental matters is based on Finnair's values. We take environmental aspects into account in all decision-making. We systematically gather and assess information about the environmental impact of the services we provide. Using the information received in this way, we are committed to continuous work in order to reduce environmental impact and improve the level of environmental protection.

The entire world is our operating environment

Finnair wants to be one of Europe's leading airlines also in environmental matters. The natural background to this aspiration consists of successful fleet solutions in terms of engine emissions and noise as well as local, rather strict, environmental requirements. The fragility of northern nature is also an important environmental issue for us.

In all of our activities we adhere to current environmental legislation and the environmental protection principles of the International Civil Aviation Organization ICAO. As a member of the International Air Transport Association IATA, we are also committed to reducing the environmental effects of our operations in an economically reasonable manner without jeopardizing air safety.

Competitiveness also measured by environmental impact

When people select a form of transport for a particular journey, Finnair wants to be competitive when making the journey by flying is deemed appropriate. In such instances, competitiveness also has an environmental component. From an environmental point of view, air transport is better than its reputation, and the introduction of new technologies has improved the environmental competitiveness of the business. For example, a full Airbus A321 aircraft can fly from Helsinki to Central Europe with a fuel consumption per passenger of less than three and a half litres per hundred kilometres!

We consider it to be a sustainable principle to improve the compatibility of different forms of transport and to plan the transport network so that transferring from one form of transport to another is as easy as possible. The building of a rail link to Helsinki-Vantaa Airport is one desired development objective.

The fragile northern nature is an important environmental issue for Finnair. The glycol solution used to de-ice aircraft wings is recovered and sent for treatment.

More efficient sorting and recycling

In its cabin service and catering operations Finnair has improved the sorting and recycling of waste. The carton in drinking cups can be recycled. Finnair Catering's ISO 14001 system provides the basis for effective guidance in environmental questions relating to cabin catering. The objective is to continually reduce the amount of unsorted waste.

Noise reduced through fleet renewals

Finnair's fleet renewal has been accelerated through the decommissioning of the old DC-9 aircraft. The backbone of the present fleet consists of Airbus A320 series aircraft, which are equipped with new, environmentally friendly technology.

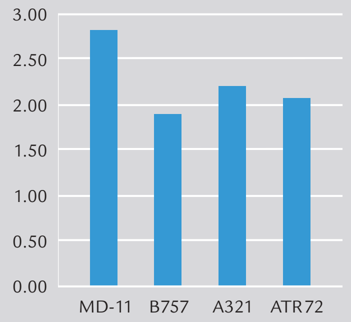
Finnair wants to be a good neighbour to residents living in the vicinity of Helsinki-Vantaa Airport. The CFM engines used in the Airbus aircraft reduce the noise disturbance in the immediate surroundings of airport. The CFM engine emissions also contain lower amounts of nitrogen oxides. Our fleet renewal will have a major effect on the ecological efficiency and noise levels of our operations. We can carry more passengers with less fuel consumption and fewer emissions.

Finnair Technical will renew its environmental permit during 2004. The key goals are the lowering of solvent and heavy metal emissions.

Recognition for responsible operations

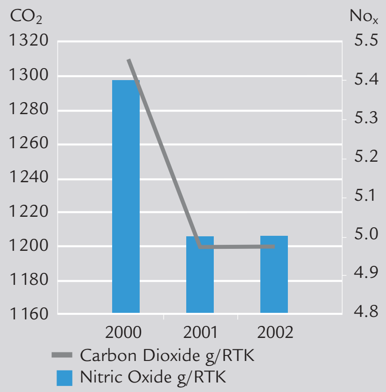
The leading Dutch asset management company Kempen & Co has declared Finnair to be an investment that fulfils the criteria of sustainable development and has approved Finnair for the Kempen/SNS Smaller Europe SRI Index. Companies approved for the index fulfil the criteria set in the areas of business ethics, personnel policy and environmental protection.

FUEL BURN (KG) PER PASSENGER PER 100 KM



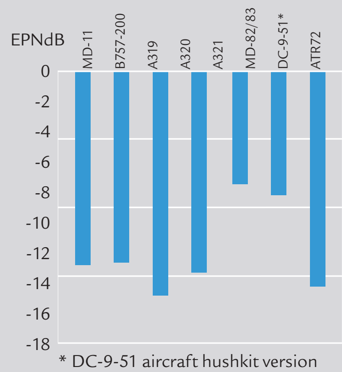
MD-11 Helsinki - Beijing
B757 Helsinki - Las Palmas
A321 Helsinki - Paris
ATR72 Helsinki - Kuusamo

NITRIC OXIDE AND CARBON DIOXIDE EMISSIONS



Nitric oxide (No_x) and carbon dioxide (CO_2) emissions in air traffic in relation to tonne kilometres (RTK).

NOISE LEVELS



* DC-9-51 aircraft hushkit version

Margin of Finnair aircraft types measured at three different points to ICAO chapter 3 noise certification limits.

HOLIDAYS CONSIST OF ENVIRONMENT AND CULTURE

The tourism business has many good, but also many bad, effects. Tourism brings to travel destinations income, employs vast numbers of people, helps preserve historical attractions, cultural sites and local fauna, and promotes interaction between different cultures.

Unconsidered and uncontrolled tourism can spoil a destination's environment, exhaust natural resources, disturb the natural wildlife and offend the local population. Our goal must be to ensure that our children and our grandchildren can also enjoy tourism - and that the local inhabitants of tourist destinations view tourists as welcome visitors.

Sustainable tourism is profitable

In 1999 Aurinkomatkat-Suntours initiated a sustainable tourism programme, whose main idea is to make holiday tourism sustainable in nature. For a tour operator this is sensible from a business perspective, because no-one wants to travel to a spoiled environment or to witness a myriad of social problems. Although in principle our playing field is the whole world, for Finns there are a limited number of holiday destinations at a suitable distance. The future of our tourism is dependent on the state of the environment, culture and society at these destinations. The raw materials of any vacation, after all, are precisely environment and culture.

Aurinkomatkat-Suntours promotes sustainable tourism is many ways. The company's entire staff are trained to take the challenges of sustainable tourism into account. Personnel who work abroad occupy a special position, and the training of new guides, for example, includes orientation in the principles of sustainable tourism. Contractual partners in destination countries are also offered training and information. Before their journey, all of our customers receive a destination booklet giving practical advice on how, as tourists, they can protect the natural and local culture of their holiday destination.

Aurinkomatkat-Suntours also employs a 35-point sustainable tourism check-list when making agreements with hotels and it uses the list to rate providers of accommodation. The check-list enquires, among other things, about ownership structure, environmental programmes, waste, wastewater and energy management, procurement policy and social relationships. A weighted points system rates accommodation providers as excellent, good, fair and bad. The objective is to reach a situation in which Aurinkomatkat-Suntours have no contractual partners with a single hotel rated as bad.

Sustainable tourism helps to preserve the sights. Our goal is to ensure that our children and grandchildren can also enjoy tourism–and that the local inhabitants of tourist destinations give tourists a warm welcome.

Cooperation among competitors

Aurinkomatkat-Suntours was involved in setting up the Tour Operator Initiative for Sustainable Tourism Development (TOI), a joint project of UNESCO, the UN's environment project UNEP, the WTO (World Tourism Organization) and tour operators. The project has historical significance, because it is the first time that competing tour operators have combined their energies with UN organizations to safeguard the future of their business.

Aurinkomatkat-Suntours has acted as the chairman of the TOI since the end of 2002. Within the framework of the project, sustainable development reporting indicators have been prepared for the tour operator sector in cooperation with the Global Reporting Initiative (GRI), pilot projects have been set up to develop sustainable tourism in Side, Turkey and in Punta Cana, Dominican Republic, and tools have been devised for the sustainable management of tour operators' production chain. The TOI has also produced for the accommodation sector, in collaboration with the Centre for Environmental Leadership in Business, a guide book on sustainable hotel management. The guide book has been distributed to 30,000 hotels worldwide.

Aurinkomatkat-Suntours also participates in the activities of the campaign entitled Protection of Children From Sexual Exploitation in Travel and Tourism. This work is coordinated by the World Tourism Organisation in Madrid and all members of the TOI have signed a commitment to fight against the sexual exploitation of children. Aurinkomatkat-Suntours has a clause in all of its hotel agreements stating that the agreement can be terminated if the hotel permits child sex trade in its area.

Aurinkomatkat´s Ethical Rules

In Aurinkomatkat-Suntours, operations are guided by a key ethical rule: "We don't inherit the world from our parents; we borrow it from our children" plus the following seven principles:

1. We strive to recognize the environmental, cultural and economic effects of our operations and to reduce their negative impact.

2. We strive to cooperate with contractual partners who take the environment and local culture into account in their activities. We avoid cooperating with parties whose activities result in unnecessary and wilful harm to the environment and local culture. All of Aurinkomatkat-Suntours' hotel agreements include a 35 point "sustainability check-list", according to which hotels are rated.

3. We strive in our operations to reduce unnecessary use of materials (e.g. paper), to re-use where possible used and undamaged materials (e.g. office accessories) and to recycle all waste suitable for recycling.

4. We train our employees to embrace the challenges of a sustainable future in their work and to strive to increase customers' awareness of environmental and cultural matters at travel destinations.

5. We support projects which improve the environment and the status of local culture at our travel destinations. We also strive to bring to our travel destinations an environmental philosophy with which we are already familiar. We are in contact with local authorities about the introduction of recycling and the enhancement of waste management where this is necessary. We also communicate our customers' wishes about, for example, the opening of nature paths.

6. We tell our customers about the travel destination's environment and local culture and how to enjoy them without causing harm to the environment and local culture.

7. We monitor customers' impressions of the travel destination's environment with the aid of feedback questionnaires.

FINANCIAL STATEMENTS JAN 1 - DEC 31, 2003

CONTENTS

REPORT BY THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR JANUARY 1 - DECEMBER 31, 2003

General Review

During a year that was difficult for the whole industry, Finnair expanded its operations by acquiring a Swedish no-frills airline, strengthened its balance sheet but made a loss.

A second quarter collapse in demand and load factors stabilized during the late summer and a gradual recovery, following the ending of the Iraq war and the SARS epidemic, continued during the latter part of the year. Strong demand for Finnair's Asian traffic and the price reform implemented in September contributed to the recovery towards the end of the year. Due to the first part of the year, the passenger load factor for all traffic weakened, however, by 2.3 percentage units to 69.6 per cent during the financial year.

At the beginning of September, Finnair implemented its major price reform. Pricing of domestic and European flights was changed to a flexible flight-based pricing scheme determined by supply and demand that corresponds with customers' expectations and needs.

Finnair has maintained its position among the top European airlines for service quality and punctuality.

Financial Result

The Group's result after financial items was -21.7 million euros. The corresponding figure for 2002 was 54.4 million euros. Operating profit before depreciation, aircraft leasing payments and capital gains (EBITDAR) weakened 26.3 per cent to 155.9 million euros (211.6 million). The EBITDAR margin was 10.0 per cent, compared with 12.8 per cent the previous year.

Turnover fell by 6.0 per cent to 1,557.6 million euros. Unit revenues for passenger traffic declined by 8.5 per cent. This was due to a fall in price levels, the decline in premium class volumes, weak dollar, the price reform implemented in September and growth in the relative share of long-haul traffic. In long-haul traffic the level of prices, but also the level of production costs, is lower than average. Unit revenues for cargo traffic fell by 7.3 per cent, which contributed to a fall in unit revenues overall of 9.1 per cent.

Operating costs fell during the financial year by 2.2 per cent and unit costs of flight operations by 7.2 per cent. The objective of the cost-cutting and operational efficiency programme, initiated in spring 2003, is to reduce unit costs by at least 15 per cent in the years 2003-2005. Overall, the programme has proceeded according to plan and during 2003, approximately one third of the targeted savings were achieved.

There were significant falls in the cost of fuel, maintenance, ground handling, catering and marketing as well as depreciation. The cost of outsourced operations contributed to a rise in other operating costs.

A weaker US dollar also contributed to the decline in operating costs. The Group has clearly more dollar-denominated costs than revenues. The most significant dollar-denominated items are fuels and aircraft leasing payments. Excluding foreign exchange hedging, a ten per cent weakening of the dollar makes an annual positive contribution to the result of around 20-25 million euros.

Personnel costs rose by 1.0 per cent. The proportion of the Group's total operating costs accounted for by personnel costs rose to 30.6 per cent, compared to 29.7 per cent in 2002. In the year under review, contributions to Finnair's pension fund totalled 84.5 million euros, nearly the same as in the previous year. The assets of Finnair's pension fund fully cover its pension liabilities.

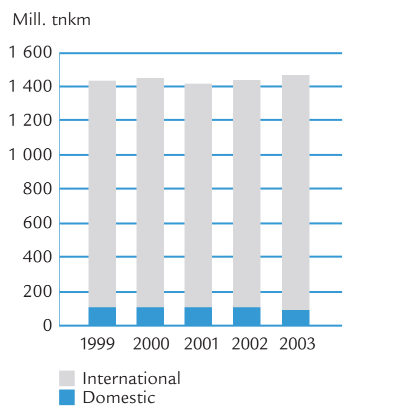
Capital gains amounted to 22.1 million euros. The most significant items were a 12.2 million euro capital gain arising from a sale and lease-back arrangement for one MD-11 aircraft and a 2.8 million euro gain from the sale of Finnair Catering Oy's wine wholesaling business. The previous year, capital gains came to 35.5 million euros.

Return on capital employed was 0.0 per cent (7.6%) and return on equity -2.5 per cent (5.9%). Earnings per share were -0.19 euros, whereas the year before the figure was 0.43 euros. Equity per share at the end of the financial year amounted to 7.24 euros, compared with 7.58 euros the year before.

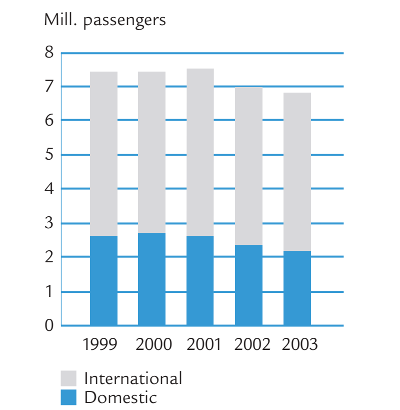
Investment and Financing

Capital investments excluding advance payments for the financial year totalled 82.3 million euros (102.4 million euros). Capital investments included the purchase of one new Airbus A320 aircraft in December 2003. Another five new Airbus A320 aircraft and one MD-11 wide-bodied aircraft delivered were acquired on long-term operational lease agreements.

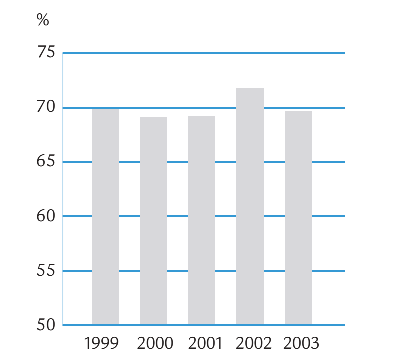
REVENUE TONNE KILOMETRES



NUMBER OF PASSENGERS



PASSENGER LOAD FACTOR



Operational cash flow, excluding capital gains, was 59.6 million euros, compared with 132.7 million euros a year earlier. The Group's liquid assets exceeded interest bearing liabilities at the end of the financial year by18 million euros, compared to net debt of 20 million euros at the beginning of the financial year. The gearing ratio has improved from 3.1 per cent at the beginning of the financial year to -2.9 per cent. The equity ratio, 44.4 per cent, has remained at the same level as it was at the end of the previous year. Both figures are clearly better than the set targets.

At the end of the financial year, the Group had liquid cash reserves of 294.3 million euros, in addition to which there was a total of 197.9 million euros in unused committed loan facilities.

Shares and Share Capital

During 2003 the highest price for the Finnair Plc share on the Helsinki Stock Exchange was 5.58 euros, while the lowest price was 3.20 euros and the average price 4.29 euros. The total market value of the company's shares on December 31, 2003 was 449.1 million euros. At the beginning of the financial year the market value was 317.8 million euros. During 2003 some 17.8 million (16.7 million) of the company's shares were traded on the Helsinki Stock Exchange. At the end of the period under review, the government of Finland owned 58.4 per cent of the company's shares, while 16.6 per cent were held by foreign investors or in the name of a nominee.

If all the convertible debentures and option certificates in circulation on December 31, 2003 were converted into Finnair Plc shares, the Finnish government's holding would amount to 55.2 per cent. On the basis of the unconverted debentures and option certificates in circulation on December 31, 2003, the company's share capital could rise by not more than 4,180,143.60 euros, corresponding to 4,917,816 shares.

On April 9, 2003 the Annual General Meeting authorized the Board of Directors to purchase and dispose of the company's own shares up to a maximum of 4,100,000 shares. The authorizations apply to shares amounting to less than 5 per cent of the total share capital of the company. To date, the authorizations have not been exercised.

Trading in Finnair Plc 2000 A stock options (2,000,000 units) commenced on the Main List of the Helsinki Stock Exchange on May 2, 2003. By December 31, 2003 a total of 2,500 new shares were subscribed for using the A stock options. In the financial statements the new shares are entered in share issues and in the share premium account. The company booked in full a provision for social security expenses arising from A stock options, namely a total of 155,000 euros.

Personnel

During the financial year, the average number of staff employed by the Finnair Group amounted to 9,981 people, which was 4.7 per cent fewer than a year before. The decline in staff numbers is a result of measures implemented under the cost-cutting programme as well as the transfer to partners of certain functions, such as ground handling and loading services at domestic airports.

The company has labour contracts valid until the early part of next year with all the labour unions.

The Finnair Group has a profit bonus scheme that allows the employees of the parent company and certain subsidiaries to participate in a profit bonus payable on the basis of the Group's result and return on capital employed. A profit bonus is paid into a personnel fund, which is obliged to invest part of the bonus in Finnair Plc's shares. The preconditions for the payment of a profit bonus were not fulfilled in 2003.

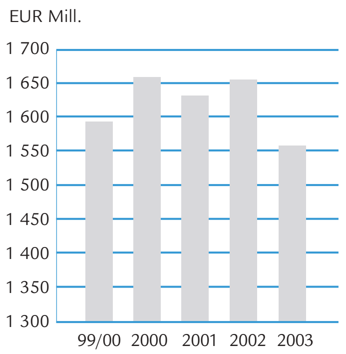
The Group also operates an incentive scheme based on a balanced scorecard, which is defined separately for each business unit. The total amount of bonuses in 2003 was 1.8 million euros.

Governance

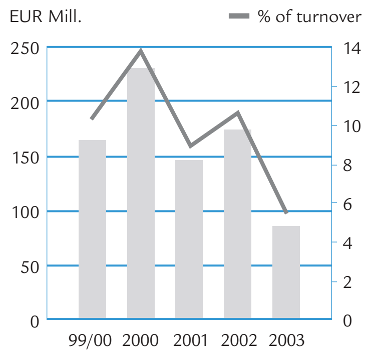
The Annual General Meeting, held on April 9, 2003, decided to abolish the Supervisory Board. The authority to appoint and dismiss the CEO was transferred to the Board of Directors and the authority to elect the Board of Directors was transferred to the Annual General Meeting.

The following were re-elected to the Board of Directors: Christoffer Taxell as Chairman, and as members Kari Jordan (Vice Chairman), Samuli Haapasalo, Antti Satuli, Helena Terho

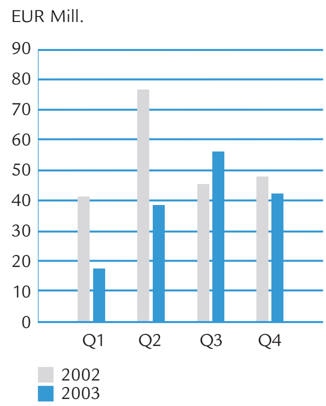
TURNOVER



EBITDA



EBITDAR, EXCLUDING CAPITAL GAINS



and Kaisa Vikkula. Markku Hyvärinen was elected as a new member.

Secretary of State Antti Satuli died of a sudden illness on April 17, 2003.

Performance of the Divisions

At the same time as Finnair is preparing to apply the IFRS accounting principles in 2005, a system of four divisional reports will be introduced in external reporting from the beginning of 2004. The reporting segments will be: Scheduled Passenger Traffic, Leisure Traffic, Aviation Services and Travel Services. In 2003 the Cargo and Support Services business areas were also reported on separately in addition to the above.

Scheduled Passenger Traffic

This division is responsible for sales, service concepts, flight operations and the procurement and financing of aircraft. Scheduled Passenger Traffic leases to the Leisure Traffic division the crews it requires for its operations. The division also leases cargo capacity for the Group's cargo operations. In 2003 the division's units included Finnair's Scheduled Passenger Traffic and Aero Airlines, which were joined as of December 2003 by Nordic Airlink, which operates in the Scandinavian market.

In financial year 2003, the turnover of the division fell by 9.6 per cent to 1074.5 million euros. The operating loss for the division, excluding capital gains, was 41.7 million euros, compared to a operating profit of 31.7 million euros in the corresponding period last year.

A rise in the relative share of lower price-level, long-haul traffic as well as a more competitive market climate and decline in premium class volumes contributed to a 10.7 per cent fall in unit revenues for scheduled passenger traffic in 2003. The price reform implemented in September had an impact on final quarter unit revenues, which fell 22.6 per cent in scheduled passenger traffic. At the beginning of September, Finnair discontinued the payment of commission fees to travel agencies in Finland, which will reduce distribution costs considerably in future.

Demand for Finnair's scheduled passenger traffic services fell in the first half of the year by 8.7 per cent, but rose in the second half by 13.1 per cent. Finnair's scheduled passenger traffic demand grew by 2.4 per cent over the year as a whole while capacity grew by 6.9 per cent, leading to a fall in passenger load factor by 2.8 percentage points to 62.2 per cent. The Iraq war and the SARS epidemic in particular adversely affected demand at the beginning of the year.

Finnair's market share in traffic between Asia and Europe has grown as a result of increased capacity and new destinations. As competitors strongly increased their capacity, Finnair's market share in domestic and European traffic fell slightly.

The number of business class passengers on Finnair's international scheduled flights fell by 16.7 per cent in January-September. As of September 2003, Finnair no longer reports business class passenger numbers separately. Owing to the price reform and the shift to a one-class service on certain European routes, earlier figures are no longer suitable for comparison purposes.

The punctuality on departure of scheduled passenger traffic improved to 91.0 per cent, compared with 89.3 per cent the previous year.

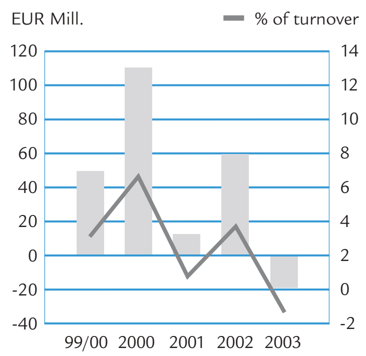
At the end of the year, Aero Airlines expanded its operations by receiving its second aircraft and starting flights on behalf of Finnair on certain domestic routes suited for turbo propeller aircraft.

As its operations expanded, Finnair founded in December 2003 a new domestic company, Finnair Aircraft Finance Ltd, to which the fleet financing, management and leasing activity practised by Finnair Plc was transferred. The founding of the new company is part of a restructuring in line with the Group's strategy, which aims to improve the productivity of capital committed to flight operations and to make more efficient use of the aircraft fleet.

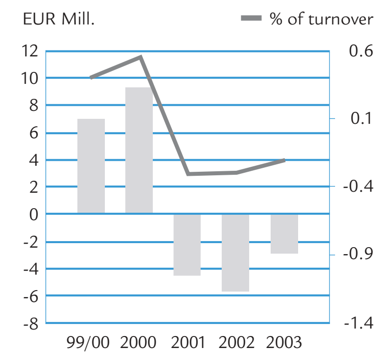
Leisure Traffic

This division consists of Finnair Leisure Flights' operations and the Aurinkomatkat-Suntours package tour company, which is the biggest in its field in Finland with a market share of more than 35 per cent. Finnair Leisure Flights continues to have a strong, 80 per cent share of leisure travel flights, even though additional players have entered the market.

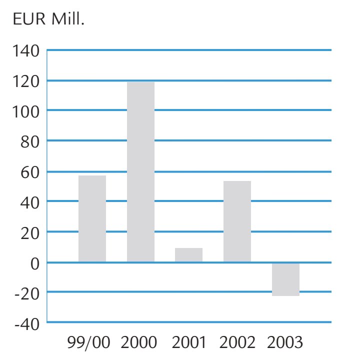
OPERATING PROFIT, EBIT



FINANCIAL INCOME AND EXPENSES



PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX



In financial year 2003, the turnover of the division fell by 0.8 per cent to 327.3 million euros. Reduced leisure flight capacity as well as increased competition in the leisure flight market contributed to the decline in turnover. Unit revenues for leisure traffic declined by 1.3 per cent. The division's operating profit improved to 16.6 million euros (6.6 million).

Demand for leisure traffic decreased by 1.1 per cent, while capacity was reduced by 1.5 per cent. Passenger load factor improved by 0.4 percentage points to 88.7 per cent.

Cargo

Finnair Cargo is responsible for the transport of air freight. In its operations it utilizes capacity on Finnair's scheduled passenger and leisure flights as well as Helsinki's gateway status. If necessary, capacity is also leased from freight operators outside the Group.

In financial year 2003, Cargo Traffic's unit revenues fell by 7.3 per cent and turnover by 0.6 per cent to 121.0 million euros. The operating loss was 1.6 million euros (operating profit 1.2 million).

The number of cargo kilos carried fell by 0.4 per cent. Growth continued to be strong in Asian traffic, where Finnair's MD-11 long-haul aircraft were utilized. Cargo capacity leased from outside the Group declined further, but leased capacity was gradually increased during the autumn.

Aviation Services

This division comprises aircraft maintenance services, ground handling and the Group's catering operations.

The turnover of the Aviation Services division fell by 9.2 per cent to 387.5 million euros. The decline in the division's turnover was a result of customers' lower level of activity and a fall in the price level of services as well as concept changes implemented both in catering operations and in ground handling. The cost-cutting programme and implemented adjustment measures led to an improvement in operating profit, excluding capital gains, to 6.8 million euros (3.8 million euros).

The operations of the Swedish subsidiary Finnhandling AB, founded earlier in the summer by the Group's business unit Finnair Ground Handling, have made a good start. In cooperation with partners, the company provides ground handling services flexibly and cost-effectively at Stockholm's Arlanda Airport.

Finnair Catering Oy and the leading Finnish alcoholic beverage company Altia Oyj founded a joint-venture company, SkyCellar Oy, to which Finnair Catering transferred its wine wholesaling business in May. Finnair Catering Oy owns 19.9 per cent of the company. Through the arrangement, Finnair improved the cost-effectiveness of its wine delivery logistics, while maintaining high quality and reliability.

Travel Services

The division consists of the Group's domestic and foreign travel agency operations as well as the operations of the reservations systems supplier Amadeus Finland Oy.

The turnover of the Travel Services division fell by 10.9 per cent to 87.4 million euros. The decline in turnover was due to the general weakness in demand, the lower price level of flight tickets and to the fact that Finnair followed the example of many other airlines and discontinued the payment of commission fees. As a result of adaptation measures, the division's operating result remained positive at 3.5 million euros (3.5 million).

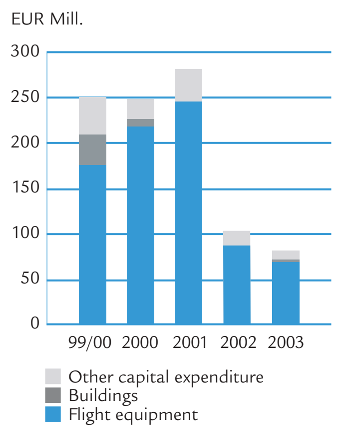
During the latter part of the year, after commission fees were discontinued, the charging of service and transaction fees from customers became established in line with general international practice. At the same time the travel agencies have developed new additional services and have invested in centralized service centre operations.

Support Services

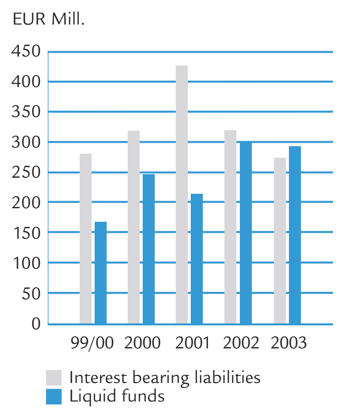
Those functions which support Group business operations, such as various financial and personnel management services, come under the Support Services division. In addition, the Group's property holdings and the management and maintenance of properties relating to the Group's operational activities, as well as office services, are functions of this division.

The turnover of the Support Services division fell by 25.7 per cent to 53.9 million euros. Turnover is made up almost entirely

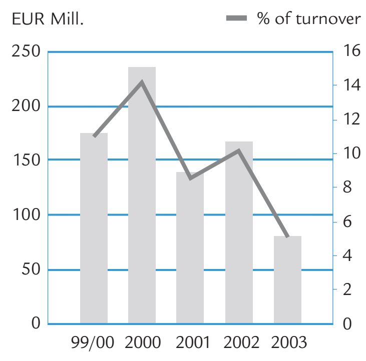
CAPITAL EXPENDITURE (GROSS)



INTEREST BEARING LIABILITIES AND LIQUID FUNDS



OPERATIONAL CASH FLOW



of sales to other units of the Group. The operating loss, excluding capital gains, was 24.6 million euros (22.3 million).

Services and Products

Finnair's service in European scheduled passenger traffic is based on the morning-evening concept favoured by business passengers. In a comparison of service quality among European airlines, Finnair has maintained its position among the top performers, even though services on flights have been altered in order to cut costs. Owing to low business class demand, a one-class service concept was introduced on flights to Eastern European destinations in September.

At the beginning of September, Finnair implemented its biggest ever price reform. Pricing of domestic, Scandinavian and European flights was changed from prices based on rules and restrictions to flight-based pricing determined by supply and demand.

Towards the end of the year, passenger volumes on Finnair's scheduled passenger flights clearly grew more strongly than on other European airlines' flights, which shows that the price reform has fulfilled customers' expectations and needs. It has also brought additional clarity, flexibility and choice both to business and to leisure travel.

In September, in order to improve transparency in flight pricing and comparability of service, Finnair introduced in connection with ticket sales a service fee consisting of the costs relating to booking, pricing and ticket writing. The size of the fee varies, depending on the mode of transaction and the distance travelled. At the same time, a fee also began to be charged for telephone service.

Demand in Asian traffic, which declined due to the SARS epidemic, returned to a growth trend during late summer-early autumn. Capacity removed from the Helsinki-Beijing route in the early summer was gradually restored. From the beginning of April 2004, Finnair will operate a daily flight service to Beijing.

The Asian route network was supplemented by three flights a week to Osaka from June and to Shanghai from September. From June 2004 the addition of a sixth MD-11 wide-bodied aircraft to Finnair's fleet will enable flight frequency on the Shanghai route to be increased to five flights a week.

After this increase to capacity, Finnair will provide 31 connections per week to Asian destinations. In the summer months of 2003, the service to Tokyo Narita was supplemented by one extra flight per week. In connection with last spring's capacity arrangements, a decision was made to fly to Miami twice a week during the winter season. Due to the popularity of the route, it has been decided to fly to Miami again in winter 2004/2005.

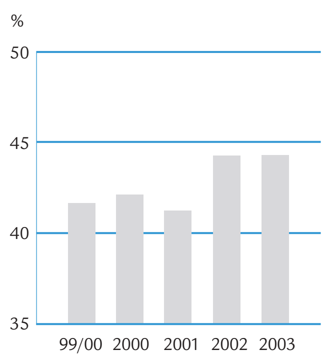
In Europe Finnair's network was expanded through new codeshare destinations agreed with SWISS, British Airways, SN Brussels Airlines and Air France. It is now possible to fly with Finnair route codes via Zurich, Manchester, Paris and Brussels to, for example, destinations in the UK, the South of France and Spain. Finnair, for its part, offers its partners good connections to its Asian routes.

Towards the end of 2003, Finnair acquired an 85 per cent shareholding in the Swedish airline Nordic Airlink, which began operating budget flights from Stockholm Arlanda to Oslo, Copenhagen, Gothenburg and Luleå. During 2004 the number of routes will be increased. Operating from main airports, Nordic Airlink will offer good connections between cities to business and leisure passengers alike. Nordic Airlink is the largest budget airline operating between the Scandinavian countries.

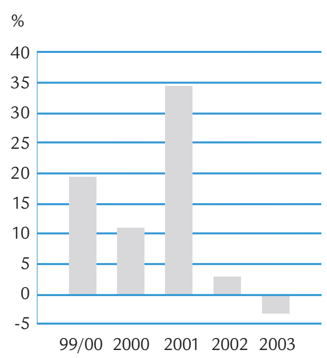
As a result of **one**world cooperation, two new sales products have been developed for member companies. The eventflyer product is intended for the conference travel market. The businessflyer product consists of a series ticket aimed at small and medium-sized enterprises. In addition, Finnair aims to develop the electronic ticket concept during 2004 so that a passenger can travel seamlessly on alliance airline flights using an e-ticket.

SWISS announced that it will accept an invitation to become a member of the **one**world alliance, which has important implications for Finnair. SWISS will be a significant partner, offering Finnair good connections to its Central and Southern European network.

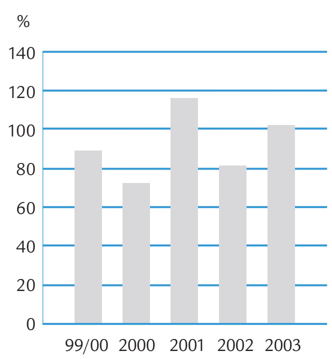
EQUITY RATIO



GEARING



ADJUSTED GEARING



Finnair has improved its own electronic customer service by developing the functionality of its automated check-in machines. At Helsinki-Vantaa and Stockholm Arlanda, passengers can perform check-in themselves also for connecting flights. The service works with both electronic and traditional tickets. Passengers travelling to London and Stockholm can buy a ticket for an airport train in connection with their air ticket purchase.

Introduction of IFRS rules

Finnair began preparing at the end of 2002 for the introduction of the IFRS financial statement. During 2003 the effects of forthcoming changes in accounting practice were clarified and the Group's accounting and reporting procedures renewed. Training within the organization has begun and further development of accounting preparedness will take place to enable comparative data for 2005 Group reporting to be produced quarterly from 2004.

Finnair will produce its first full IFRS financial statement from 2005. In the light of data currently available, the key changes to accounting principles relate to pension arrangements, maintenance capitalization of the Group's own fleet, maintenance provisions for leased aircraft, goodwill and impairment testing of assets and accounting of financial instruments. Finnair will not apply hedge accounting for the comparison year 2004. Operational leasing liabilities for aircraft on the transition date of January 1, 2004 shall be treated as off-balance sheet liabilities.

In terms of the opening IFRS balance sheet to be prepared for the transition date of January 1, 2004, Finnair shall provide information about the most important effects on financial indicators of the changes in accounting principles in the first quarter interim report of 2004.

Short Term Outlook

There is a strong growth in demand for Finnair services during the first quarter. The capacity of the Finnair Group's airlines is expected to grow in the first half of 2004 by more than 15 per cent. A significant increase in long-haul traffic capacity, particularly in Asia, as well as Nordic Airlink's capacity in Scandinavia contribute to growth in capacity.

In 2004 Finnair will purchase two and lease two new Airbus A320 series aircraft, bringing the total number of Airbus aircraft in the fleet to 29. Capital expenditure for the year is expected to total around 120 million euros.

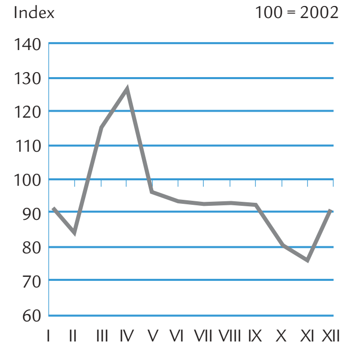
The market situation continues to be tight and as a result the average price level is expected to fall clearly. Over-capacity and weak dollar will contribute to the decline in price level.

The company's operational efficiency programme will proceed in accordance with a strategy of focusing on core operations. The number of Group employees is expected to decline further to approximately 9,400 at the end of the year, which compares with a figure of 9,850 at the end of 2003.

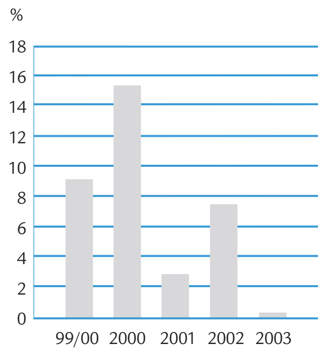
The result for the full year 2004 is expected to improve clearly from the previous year and to be a profit. Possible materialization of an external factor, that would have an adverse impact on the results, is not included in the estimate. These include pandemics, political conflicts or other comparable events.

FINNAIR PLC
Board of Directors

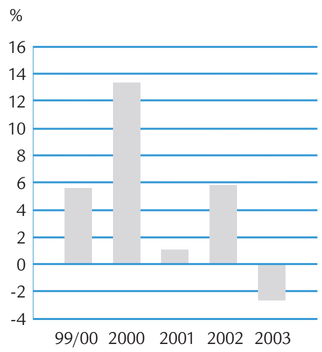
DEVELOPMENT INDEX OF FUEL PRICE 2003



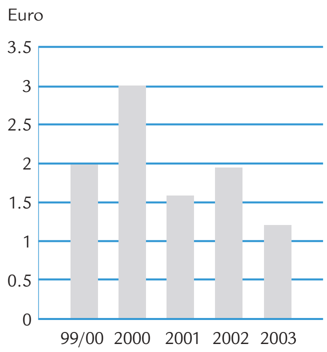
RETURN ON CAPITAL EMPLOYED



RETURN ON EQUITY



CASH FLOW/SHARE



ACCOUNTING PRINCIPLES

The financial statements of Finnair Plc and Finnair Group have been prepared in accordance with the new Finnish Accounting regulations, which came into force on December 31, 1997. The official financial statements have been prepared in euro amounts.

Consolidated financial statements

Apart from the parent company, Finnair Plc, the consolidated financial statements include all those companies in which the parent company holds more than 50% of of the votes either directly or indirectly or where the company has a de facto effective control. Subsidiaries acquired during the financial period have been consolidated from the date of their acquisition. Companies in which controlling interest has been given up during the financial year are included in the consolidated financial statements up to the time of relinquishing control.

Inter-company transactions, receivables and debts and the internal distribution of profit were eliminated. Mutual share ownership was eliminated with the acquisition cost method. The elimination difference between the acquisition price of affiliate shares and the equity of the affiliate at acquisition arising in conjunction with elimination was allocated primarily to those asset items which caused the elimination difference and was removed in accordance with the depreciation plan for fixed assets. The unallocated elimination difference, i.e. the consolidated goodwill, was eliminated at the moment of acquisition before year 2003 and after that the goodwill is amortized on a straight-line basis over its expected useful life. To the extent possible, the financial statements of the foreign subsidiaries were harmonized with the principles used by the Group before consolidation. Translation to euros took place at the official rate of exchange on the day the books were closed. The translation differences caused by elimination of equity were treated as adjustment items for consolidated unrestricted equity. Portions of the earnings of companies in which the Group owns from 20-50% of the shares and votes were combined in the consolidated financial statements using the equity method. The portion of the profit for the financial year corresponding to the Group's holding is presented in the share of profits less losses of participating interests. The participating goodwill for the participating interest was entered as a non-recurring expense.

Items denominated in foreign exchange

Receivables, debts and liabilities were translated into euros at the official middle rate on the day the books were closed. Parent company´s advance payments made and received were entered in the balance sheet at the rate on the date of payment. Exchange rate differences on trade receivables and payables were treated as adjustments of sales and purchases. Other exchange rate differences on other receivables and payables were entered as exchange rate differences under financial income and expenses. Accumulated exchange rate differences were entered in their entirety in the profit and loss statement.

Derivative agreements

Interest related to derivative agreements made to hedge against foreign exchange and interest rate risks was entered on an accrual basis as either interest income or expense. Exchange rate differences related to hedging of business operations are included in the operating profit. However, exchange rate differences on separate derivative financial instruments that provided hedging for specific off-balance sheet items and operational business operations were deferred until recognition of the underlying item

The fuel price risk hedging

The results of using the various hedging instruments were entered on an accrual basis together with the fuel costs.

Fixed assets and depreciation

The balance sheet values for fixed assets are based on original acquisition costs less planned depreciation.

Planned depreciation is based on the economic service life of the asset and on the book acquisition cost.

Depreciation is calculated with the following principles, depending on the type of asset:

- Goodwill on a straight-line bases in five years
- Buildings between 3-5 per cent of the undepreciated residual value.
- Aircraft and aircraft engines on a straight-line bases as follows:
  - New Airbus A320 family aircraft in 20 years to a residual value of 10 per cent
  - other jet aircraft acquired before as new in 15 years to a residual value of 10 per cent
  - used jet aircraft more than six years old in 10 years to a residual value of 10 per cent turboprop aircraft in 12 years to a residual value of 10 per cent
  - turboprop aircraft acquired as used in 10 years to a residual value of 10 per cent
  - aircraft withdrawn from use on a straight-line basis entirely in the operating time outlined in the fleet renewal plan
- Straight-line depreciation is 10 years for aircraft simulators and five years for computers worth more than 170,000 euros
- Depreciation of other tangible fixed assets is 23 per cent of the undepreciated residual value
- Capitalized long-term expenditures are depreciated in 3-10 years, depending on their nature.

Inventories

Inventories comprise the spare parts and materials needed for aircraft repair and maintenance and stocks for customer services. Inventories were evaluated at the average acquisition cost. The value of work in progress includes average salary costs, excluding salary-related costs, used stocks of materials and supplies and subcontracting work

Current assets
Securities entered under current assets are evaluated at the lower of original acquisition cost or market value.

Leasing
Lease payments for Group aircraft are significant. Annual lease payments are treated as rent expenses. Lease payments due in future years under aircraft lease contracts are presented as off-balance sheet items.

Extraordinary items
Items included in extraordinary items are typically substantial and one-off by nature. They also deviate from the ordinary course of business operations. Changes in accounting principles and procedures are implemented by using extraordinary items to show the impact on earnings.

Expenditure on research and development
Research and development on aircraft, systems and operations is conducted primarily by manufacturers. Research and product development expenditure for marketing and customer service is entered as an annual expense for the year in which it is incurred.

Appropriations
The difference between total and planned depreciation is shown in the balance sheets as appropriations and the change during the financial year in the income statement. In the consolidated balance sheet the appropriations is divided into unrestricted equity and deferred tax liability and in the consolidated income statement into result and deferred tax liability.

Taxes and the change in deferred tax liability
Estimated taxes on profits for the financial year, adjustments in taxes for previous financial years and the change in deferred taxes were entered in the profit and loss statement as taxes. The deferred tax liability is computed according to the tax rate in effect during the financial year. The balance sheet includes a deferred tax liability due to book gains in connection with sale of flight equipment. This is based on new accounting regulations on deferred tax liabilities caused by timing differences. In the parent company the deferred tax liability is eliminated and the amount is entered to equity, in preparation for the IFRS reporting.

Pension schemes
In the Group's domestic companies mandatory and other pension coverage for personnel has primarily been arranged through the Finnair pension fund and other mandatory pension coverage has been arranged through domestic insurance companies. The Finnair pension fund is a joint fund including the parent company and six affiliates at the end of the financial year. Both mandatory employment pension coverage and additional pension security are arranged by the fund for the parent company and five affiliates. Since 1992, the pension fund has no longer accepted employees other than pilots for additional pension coverage.
The Finnair pension fund's pension liability is fully paid up with respect to basic and additional coverage.

Pension fund liabilities are presented in the Notes to the Financial Statements.

The foreign affiliates pension coverage has been arranged according to local legislation and practice.

The retirement age of the CEO, the Group Board of Management members and managing directors of the affiliates vary between 60-65, based on agreements.

Comparability of the financial years
The previous year turnover has been changed as the sales bonuses are now shown as marketing expenses and not as deduction of sales.

CONSOLIDATED INCOME STATEMENT

	Jan 1, 2003– Dec 31, 2003 EUR Mill.	Jan 1, 2002– Dec 31, 2002 EUR Mill.	Note
Turnover	1 557.6	1 656.4	1
Work used for own purposes and capitalized	3.5	2.9	
Other operating income	40.0	58.9	2
Share of profits less losses of participating interests	0.8	-0.4	
OPERATING INCOME	1 601.9	1 717.8	
OPERATING EXPENSES			
Materials and services	493.9	515.5	3
Staff costs	496.8	491.8	4
Depreciation	104.2	114.5	5
Other operating expenses	525.9	536.0	6
	-1 620.8	-1 657.8	
OPERATING PROFIT/LOSS	-18.8	60.0	
FINANCIAL INCOME AND EXPENSES	-2.8	-5.6	7
PROFIT BEFORE TAXES	-21.7	54.4	
DIRECT TAXES			
Income taxes from operations	-0.9	-0.7	
Change in deferred tax liability	6.6	-16.5	
	5.7	-17.2	10
MINORITY SHARE	-0.3	-0.3	
PROFIT/LOSS FOR THE FINANCIAL YEAR	-16.2	36.8	

CONSOLIDATED BALANCE SHEET

	Dec 31, 2003 EUR Mill.		Dec 31, 2002 EUR Mill.		Note
ASSETS					
FIXED ASSETS					11
Intangible assets	28.3		19.6		
Tangible assets	860.2		920.5		
Financial assets					
Share in participating interests	4.5		4.2		
Other investments	10.8	903.8	13.4	957.7	
CURRENT ASSETS					
Inventories	49.2		56.5		12
Long-term receivables	20.9		15.3		13
Short-term receivables	146.9		148.6		14
Investments	276.1		284.8		15
Cash and bank equivalents	18.2	511.3	16.9	522.1	16
		1 415.1		1 479.8	
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					17
Stock capital	72.0		72.0		
Share issue	-		-		
Share premium account	5.7		5.6		
General reserve	147.7		147.7		
Retained earnings	404.6		380.5		
Profit/loss for the financial year	-16.2	613.8	36.8	642.7	
Capital loan		5.7		5.7	21
Total equity		619.5		648.4	
MINORITY INTERESTS		1.2		0.9	
LIABILITIES					
Deferred tax liability	109.8		116.4		19
Long-term liabilities	232.5		279.3		20, 23
Short-term liabilities	452.1	794.4	434.8	830.5	22
		1 415.1		1 479.8	

CONSOLIDATED CASH FLOW STATEMENT

	Jan 1, 2003– Dec 31, 2003 EUR Mill.	Jan 1, 2002– Dec 31, 2002 EUR Mill.
Business operations		
Operating profit	-19	60
Deprecations	104	115
Change in working capital (net)		
Inventories, increase (-), decrease (+)	7	-1
Short-term receivables, increase (-), decrease (+)	2	-17
Non interest bearing short-term liabilities, increase (+), decrease (-)	4	33
Financial income and expenses (net)	-3	-6
Taxes	6	-17
Cash flow from operations	101	167
Investments		
Investments in flight equipment	-70	-86
Investments in buildings	-1	0
Other investments	-12	-16
Change in advance payments	3	46
Capital expenditure, total	-80	-56
Sales of fixed assets	37	76
Cash flow from investments	-43	20
Financing		
Decrease of long-term debts	-53	-1
Long-term receivables, increase (-), decrease (+)	-2	-2
Short-term debts, increase (+), decrease (-)	2	-92
Increase in shareholders´ equity	0	0
Dividends	-13	-6
Cash flow of financing	-66	-100
Change in liquid funds increase (+), decrease (-) in statement	-8	87
Liquid funds at beginning	302	215
Liquid funds, decrease (-), increase (+) in balance sheet	-8	87
Liquid funds at end	294	302

FINNAIR PLC INCOME STATEMENT

	Jan 1, 2003– Dec 31, 2003 EUR Mill.	Jan 1, 2002– Dec 31, 2002 EUR Mill.	Note
Turnover	1 284.4	1 378.0	1
Work used for own purposes and capitalized	3.5	2.9	
Other operating income	36.9	56.2	2
OPERATING INCOME	1 324.8	1 437.1	
OPERATING EXPENSES			
Materials and services	410.6	430.5	3
Staff costs	402.2	393.7	4
Depreciation	91.3	105.3	5
Other operating expenses	468.3	475.0	6
	-1 372.4	-1 404.5	
OPERATING PROFIT/LOSS	-47.5	32.6	
FINANCIAL INCOME AND EXPENSES	-3.7	-2.8	7
PROFIT/LOSS AFTER APPROPRIATIONS AND TAXES	-51.3	29.8	
Extraordinary items	0.0	20.2	
Income taxes from extraordinary items	0.0	-5.9	
	0.0	14.3	8
PROFIT/LOSS AFTER EXTRAORDINARY ITEMS	-51.3	44.2	
Appropriations	84.9	27.3	9
Direct Taxes	-10.2	-17.6	10
PROFIT FOR THE FINANCIAL YEAR	23.4	53.9	

FINNAIR PLC BALANCE SHEET

	Dec 31, 2003 EUR Mill.		Dec 31, 2002 EUR Mill.		Note
ASSETS					
FIXED ASSETS					11
Intangible assets	9.9		10.8		
Tangible assets	84.1		820.3		
Finacial assets					
Share in group undertakings	403.6		73.7		
Other investments	9.1	506.7	13.9	918.7	
CURRENT ASSETS					
Inventories	44.4		45.0		12
Long-term receivables	236.1		57.8		13
Short-term receivables	192.5		148.8		14
Investments	275.4		284.8		15
Cash and bank equivalents	11.8	760.2	11.7	548.1	16
		1 266.9		1 466.9	
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					17
Share capital	72.0		72.0		
Share issue	0.0		0.0		
Share premium account	5.7		5.6		
General reserve	147.7		147.7		
Retained earnings	294.9		253.8		
Profit for the finacial year	23.4	543.7	53.9	533.1	
Capital loan		5.7		5.7	21
Total equity		549.4		538.8	
ACCUMULATED APPROPRIATIONS		0.0		123.6	18
LIABILITIES					
Deferred tax liability	-		79.2		19
Long-term liabilities	231.2		277.6		20, 23
Short-term liabilities	486.3	717.5	447.6	804.5	22
		1 266.9		1 466.9	

FINNAIR PLC CASH FLOW STATEMENT

	Jan 1, 2003– Dec 31, 2003 EUR Mill.	Jan 1, 2002– Dec 31, 2002 EUR Mill.
Business operations		
Operating profit/loss	-48	33
Depreciation	91	105
Change in working capital (net)		
Inventories, increase (-), decrease (+)	1	-2
Short-term receivables, increase (-), decrease (+)	-27	-1
Non interest bearing short-term liabilities, increase (+), decrease (-)	24	21
Finacial income and expenses (net)	-4	-3
Extraordinary items	0	14
Taxes	0	-18
Other adjustments	4	0
Cash flow from operations	41	150
Investments		
Investments in flight equipment	-30	-86
Other investments	-16	-14
Change in advance payements	-9	46
Capital expenditure, total	-55	-54
Sales of fixed assets	36	67
Cash flow from investments	-19	13
Financing		
Increase of long-term debts	-46	-9
Long-term receivables,increase (-), decrease (+)	7	4
Short-term debts, increase (+), decrease (-)	20	-66
Increase in shareholders´ equity	0	0
Dividends	-13	-6
Cash flow from financing	-32	-76
Change in liquid funds		
Increase (+), decrease (-) in statement	-10	87
Liquid funds at beginning	297	210
Liquid funds, decrease (-), increase (+) in balance sheet	-10	87
Liquid funds at end	287	297

NOTES TO THE FINANCIAL STATEMENTS

		Group		Parent Company	
		Jan - Dec 2003	Jan - Dec 2002	**Jan - Dec 2003**	Jan - Dec 2002
		EUR Mill.		EUR Mill.	
1.	**Turnover and Operating Profit By Division**				
	Turnover by division				
	Scheduled Passenger Traffic	1 074.5	1 188.1	1 066.2	1 183.0
	Leisure Traffic	327.3	329.8	214.4	218.9
	Cargo	121.0	121.7	-	-
	Aviation Services	387.5	426.9	280.0	298.4
	Travel Services	87.4	98.1	-	-
	Support Services	53.9	72.5	5.7	25.8
	- Less internal adjustments	-494.1	-580.8	-281.9	-348.0
	Total	**1 557.6**	1 656.4	**1284.4**	1 378.1
	Distribution of turnover by market areas, as % of turnover				
	Finland	50%	55%	46%	45%
	Europe	34%	30%	39%	42%
	Other countries	16%	15%	15%	13%
	Total	**100%**	100%	**100%**	100%
	Operating profit by division				
	Scheduled Passenger Traffic	-29.3	45.6	-31.6	44.8
	Leisure Traffic	16.6	6.6	12.9	3.1
	Cargo	-1.6	2.0	-	-
	Aviation Services	9.6	4.5	-1.1	-3.1
	Travel Services	3.5	3.5	-	-
	Support Services	-17.8	-2.3	-27.7	-12.1
	Total	**-18.9**	60.0	**-47.6**	32.6
2.	**Other Revenue From Business Operations**				
	Capital gain on flight equipment	12.5	13.9	12.5	13.1
	Capital gain on shares	0.6	21.5	0.6	19.9
	Other items	26.9	23.5	23.8	23.2
	Total	**40.0**	58.9	**36.9**	56.2
3.	**Materials and Services**				
	Materials and supplies for aircraft maintenance and overhaul	26.8	39.7	26.8	39.7
	Ground handling and catering charges	97.3	108.4	95.4	114.3
	Fuel purchases for flight operations	158.0	166.3	157.1	166.1
	Expenses for tour operations	85.1	85.6	-	-
	Aircraft maintenance and overhaul	37.4	40.7	36.3	40.7
	Expenses for data administration	65.3	46.7	65.3	43.8
	Other items	23.9	28.1	29.8	25.9
	Materials and services total	**493.9**	515.5	**410.6**	430.5
4.	**Staff Costs**				
	Wages and salaries	356.4	361.7	281.6	286.3
	Pension costs	87.7	90.5	73.7	74.6
	Other indirect employee costs	52.7	39.6	47.0	32.8
	Total	**496.8**	491.8	**402.2**	393.7
	Salaries of Board of Directors and Managing Directors				
	Administration and managing directors	1.4	1.0	0.7	0.5
	Personnel on average				
	Scheduled Passenger Traffic	3 486	3 597	3 438	3 629
	Leisure Traffic	329	330	28	35
	Cargo	420	413	-	-
	Aviation Services	4 137	4 342	3 142	3 428
	Travel Services	1 270	1 342	-	-
	Support Services	339	452	258	351
	Total	**9 981**	10 476	**6 866**	7 443

		Group		Parent Company	
		Jan - Dec 2003	Jan - Dec 2002	**Jan - Dec 2003**	Jan - Dec 2002
		EUR Mill.		EUR Mill.	
5.	**Depreciation**				
	Planned depreciation in the income statement				
	On goodwill	0.1	-	-	-
	On other long-term expenditure	6.3	7.3	4.6	5.2
	On flight equipment	3.6	3.7	-	-
	On buildings	85.0	88.5	80.2	88.5
	On other equipment	9.2	15.0	6.5	11.6
	Total	**104.2**	114.5	**91.2**	105.3
6.	**Other Operating Expenses**				
	Lease payments for aircraft	92.7	72.5	99.9	72.5
	Rents for cargo capacity	9.5	14.2	-	-
	Short-term leases and codeshare expenses	16.0	14.7	16.0	14.7
	Office and other rents	39.0	45.1	43.9	44.5
	Traffic charges	121.5	127.2	117.8	126.2
	Sales and marketing expenses	107.0	115.4	95.3	108.7
	Other items	140.2	146.8	95.4	108.5
	Total	**525.9**	535.9	**468.3**	475.0
7.	**Financial Income and Expenses**				
	Dividends				
	Dividends from group undertakings	-	-	0.0	3.4
	Dividends from participating interests	-	-	0.6	1.0
	From others	0.3	1.2	0.2	0.1
	Dividends total	**0.3**	1.2	**0.8**	4.5
	Interest income from long-term investments				
	From group undertakings	-	-	2.2	2.1
	From others	0.0	0.0	0.0	0.0
	Total	**0.0**	0.0	**2.2**	2.1
	Income from long-term investments total	**0.4**	1.3	**3.1**	6.6
	Other interest and financial income				
	Interest income from group undertakings	-	-	0.0	0.1
	Interest income from others	9.2	9.3	8.6	8.6
	Financial income from others	9.2	5.9	6.4	5.8
	Total	**18.4**	15.3	**15.0**	14.5
	Interest income from long-term investments and other interest and financial income, total	**18.7**	16.5	**18.1**	21.1
	Value adjustments of investments				
	Value adjustments of marketable securities	0.0	0.1	0.0	0.1
	Total	**0.0**	0.1	**0.0**	0.1
	Interest and other financial expenses				
	Interest expense to group undertakings	-	-	-2.0	-2.3
	Interest expense to others	-11.4	-14.6	-11.4	-14.6
	Other financial expenses to others	-10.1	-7.6	-8.5	-7.1
	Total	**-21.5**	-22.3	**-21.8**	-24.0
	Financial income and expense total	**-2.8**	-5.6	**-3.8**	-2.8
	Exchange rate gains included in the item interest and financial income	**9.0**	5.8	**6.4**	5.8
	Exchange rate losses included in the item interest and financial expenses	**-9.1**	-6.6	**-8.0**	-6.6
8.	**Extraordinary Items**				
	Received group contribution	-	-	0.0	20.2
	Given group contribution	-	-	0.0	-
	Income taxes on extraordinary items	-	-	0.0	-5.9
	Total	**-**	-	**0.0**	14.3

	Group		Parent Company	
	Jan - Dec 2003	Jan - Dec 2002	**Jan - Dec 2003**	Jan - Dec 2002
	EUR Mill.		EUR Mill.	
9. Appropriations				
Difference between planned depreciation and depreciation in taxation				
Buildings	-	-	-	-
Equipment	-	-	84.9	27.3
Increase (-)/decrease (+) in untaxed reserves	-	-	-	-
Total	**-**	-	**84.9**	27.3
10. Direct Taxes				
Income taxes on regular business operations	0.9	0.7	0.0	-6.0
Change in deferred tax liabilities	-6.6	16.5	10.2	23.6
Total	**-5.7**	17.2	**10.2**	17.6
11. Fixed assets				
Intangible rights				
Acquisition cost at beginning	1.7	1.7	-	-
Increases	0.0	0.0	-	-
Book value at end	1.8	1.7	-	-
Other long-term expenditure				
Acquisition cost at beginning	62.3	58.6	37.6	34.3
Increases	4.2	5.3	3.6	4.3
Decreases	-11.9	-1.6	-7.2	-1.0
Acquisition cost at end	54.6	62.3	34.0	37.6
Accumulated planned depreciation from decreases	11.5	2.1	7.2	1.9
Accumulated planned depreciation	-50.9	-46.6	-31.3	-28.6
Book value at end	15.3	17.9	9.9	10.8
Goodwill				
Acquisition at beginning	0.0	-	-	-
Increases	11.4	-	-	-
Accumulated plan depreciation	-0.1	-	-	-
Book value at end	11.3	-	-	-
Land				
Acquisition at beginning	0.8	0.8	-	-
Increases	0.0	0.0	-	-
Decreases	0.0	0.0	-	-
Book value at end	0.8	0.8	-	-
Buildings				
Acquisition at beginning	177.9	179.0	-	-
Increases	0.7	0.6	-	-
Decreases	0.0	-1.7	-	-
Acquisition at end	178.5	177.9	-	-
Accumulated planned depreciation from decreases	-	-	-	-
Accumulated planned depreciation	-92.5	-88.9	-	-
Book value at end	86.1	89.0	-	-
Flight equipment				
Acquisition at beginning	1 464.8	1 421.8	1 464.8	1 415.7
Increases	69.5	88.3	30.1	86.5
Decreases	-190.0	-45.2	-1 225.7	-37.4
Acquisition at end	1 344.4	1 464.8	269.2	1 464.8
Accumulated planned depreciation from decreases	155.5	47.0	565.9	47.0
Accumulated planned depreciation	-781.7	-743.7	-776.9	-743.7
Book value at end	718.2	768.2	58.3	768.2

	Group		Parent Company	
	Jan - Dec 2003	Jan - Dec 2002	**Jan - Dec 2003**	Jan - Dec 2002
	EUR Mill.		EUR Mill.	
Accumulated difference between total and planned depreciation	-	-	123.5	150.8
Change in depreciation difference	-	-	-84.9	-27.3
Transfer as capital contribution	-	-	-38.6	-
Accumulated difference between total and planned depreciation at end	-	-	0.0	123.5
Other equipment				
Acquisition at beginning	268.7	290.4	229.7	251.2
Increases	6.4	8.5	4.8	7.0
Decreases	-58.9	-30.2	-57.3	-28.5
Acquisition at end	216.1	268.7	177.3	229.7
Accumulated planned depreciation from decreases	56.9	24.6	55.9	24.5
Accumulated planned depreciation	-238.6	-254.0	-207.4	-225.4
Book value at end	34.5	39.3	25.8	28.9
Accumulated difference between total and planned depreciation	-	-	0.0	0.1
Change in depreciation difference	-	-	0.0	0.0
Accumulated difference between total and planned depreciation at end	-	-	0.0	0.0
In fixed assets the share of machines and equipment in book value	721.7	799.8	62.4	792.2
Advance payments				
Acquisition at beginning	23.3	69.6	23.3	69.6
Change	-2.6	-46.3	-23.3	-46.3
Book value at end	20.6	23.3	0.0	23.3
Financial assets				
Participating interests				
Acquisition at beginning	4.2	2.1	3.2	0.7
Increases	0.3	2.1	0.0	2.5
Book value at end	4.5	4.2	3.2	3.2
Group companies				
Acquisition at beginning	-	-	73.7	73.6
Increases	-	-	330.0	0.0
Decreases	-	-	0.0	-
Book value at end	-	-	403.6	73.7
Other interests and shares				
Acquisition at beginning	8.1	8.4	5.5	5.7
Increases	1.9	-	0.3	-
Decreases	-0.4	-0.3	-0.2	-0.2
Book value at end	9.6	8.1	5.6	5.5
Loan receivables				
Acquisition at beginning	5.3	6.3	5.3	6.3
Increases	0.9	0.1	-	0.1
Decreases	-4.9	-1.1	-4.9	-1.1
Book value at end	1.3	5.3	0.3	5.3

Insurance values of fixed assets		
Balance sheet values of aircraft and spare parts	653.3	768.2
Insurance value EUR Mill.	1 879.6	2 240.3
Insurance value USD Mill.	2 373.9	2 349.4

Insurance values of Group assets are based on repurchase values. Insurance values for flight equipment are USD-based. Repurchase values for other fixed assets are not specified in detail.

Financial assets

Participating interests	Group ownership %	Parent Company ownership %
Gourmet Nova Finland Oy, Helsinki	40.00	40.00
Suomen Jakelutiet Oy, Helsinki	47.50	-
Amadeus Estonia, Estonia	33.25	-
Toivelomat Oy, Helsinki	48.53	-
Finnish Aviation Academy, Pori	49.50	49.50
Aerosystems Oy, Helsinki	40.00	40.00

Affiliates		
Kiinteistö Oy Aerolan A-talot, Vantaa	100.00	-
Kiinteistö Oy Aerolan B-talot, Vantaa	100.00	-
Finnair Cargo Oy, Helsinki	100.00	100.00
Amadeus Finland Oy, Helsinki	95.00	95.00
Matkatoimisto Oy Area, Helsinki	100.00	100.00
Area Baltica Reisiburoo AS, Estonia	100.00	100.00
A/S Estravel Ltd, Estonia	72.02	-
Oy Aurinkomatkat - Suntours Ltd Ab, Helsinki	99.13	81.30
Finnair Travel Services Oy, Helsinki	100.00	100.00
Finnair Catering Oy, Helsinki	100.00	100.00
Finnair Facilities Management Oy, Helsinki	100.00	100.00
Finnair Aircraft Finance Oy, Helsinki	100.00	100.00
A/S Aero Airlines, Estonia	49.00	49.00
Finncatering Oy, Vantaa	100.00	-
Norvista Travel Ltd, Canada	100.00	100.00
Finnhandling Ab, Sweden	100.00	100.00
Nordic Airlink Holding AB, Sweden	100.00	100.00
Nordic East Airlink AB, Sweden	85.00	-
Mikkelin Matkatoimisto Oy, Mikkeli	51.00	-
Norvista S.R.L, Italy	100.00	100.00
Norvista B.V., Netherlands	100.00	100.00
Suomen Matkatoimisto Oy, Helsinki	100.00	100.00

	Group		Parent Company	
	Jan - Dec 2003	Jan - Dec 2002	**Jan - Dec 2003**	Jan - Dec 2002
	EUR Mill.		EUR Mill.	
Other shares				
Market value of publicly quoted shares	3.1	2.4	2.2	1.9
book value	0.4	0.5	0.1	0.2
difference	2.7	1.8	2.1	1.6
Other financial assets, loan receivables				
From other companies	1.3	5.3	0.3	5.3
12. Inventories				
Materials and supplies	47.6	55.1	43.0	43.6
Work in progress	1.5	1.4	1.5	1.4
Total	**49.2**	56.5	**44.5**	45.0
13. Long-Term Receivables				
Long-term receivables from group undertakings				
Loan receivables	-	-	236.1	42.6
Long-term receivables from others				
Other receivables	20.9	15.3	0.0	15.3
Long-term receivables total	**20.9**	15.3	**236.1**	57.8

	Group Jan - Dec 2003	Group Jan - Dec 2002	Parent Company Jan - Dec 2003	Parent Company Jan - Dec 2002
	EUR Mill.		EUR Mill.	
14. Short-Term Receivables				
Short-term receivables from group undertakings				
Trade receivables	-	-	27.5	18.1
Prepaid expenses	-	-	7.0	21.7
Other receivables	-	-	33.6	7.5
Total	-	-	68.1	47.3
Short-term receivables from participating interests				
Trade receivables	-	-	0.0	0.0
Prepaid expenses	-	-	0.0	-
Total	-	-	0.0	0.0
Short-term receivables from others				
Trade receivables	103.6	99.1	75.6	67.7
Prepaid expenses	22.1	31.8	12.4	23.4
Other receivables	21.2	17.8	36.4	10.4
Total	146.9	148.6	124.4	101.5
Short-term receivables total	**146.9**	148.6	**192.5**	148.8
15. Investments				
Marketable securities	**276.1**	284.8	**275.4**	284.8

The difference between market value and activated acquisition cost is not material.

16. Cash and Bank Equivalents

Cash and bank equivalents comprise funds in Group bank accounts.

	Group Jan - Dec 2003	Group Jan - Dec 2002	Parent Company Jan - Dec 2003	Parent Company Jan - Dec 2002
17. Equity				
Equity	**72.0**	72.0	**72.0**	72.0
Share capital	0.0	0.0	0.0	0.0
Share premium account at beginnig	5.6	5.6	5.6	5.6
Change	0.0	0.0	0.0	0.0
Share premium account at end	**5.7**	5.6	**5.7**	5.6
Bonus issue	**147.7**	147.7	**147.7**	147.7
Retained earnings at beginning	417.3	386.4	307.7	259.7
Dividend payment	-12.7	-5.9	-12.7	-5.9
Translation difference	0.0	0.0	-	-
Retained earnings at end	**404.6**	380.5	**295.0**	253.8
Profit for the financial year	-16.2	36.8	23.4	53.9
Capital loan	**5.7**	5.7	**5.7**	5.7
Total equity	**619.5**	648.4	**549.5**	538.8
Distributable equity				
Retained earnings at beginning	417.3	386.4	307.7	259.7
Dividend payment	-12.7	-5.9	-12.7	-5.9
Translation difference	0.0	0.0	-	-
Profit for the financial year	-16.2	36.8	23.4	53.9
	388.3	417.3	**318.3**	307.7
Voluntary reserves in equity	-54.4	-94.8	-	-
	333.9	322.5	**318.3**	307.7
Voluntary reserves				
Accumulated depriciation difference	76.4	133.3		
Recidental block reserve	0.2	0.3		
	76.6	133.6		
Deferred tax liability of voluntary reserves	-22.2	-38.7		
Total	**54.4**	94.8		
18. Accumulated Appropriations				
Accumulated depreciation difference	-	-	0.0	123.6

	Group		Parent Company	
	Jan - Dec 2003	Jan - Dec 2002	**Jan - Dec 2003**	Jan - Dec 2002
	EUR Mill.		EUR Mill.	
19. Deferred Tax Liability				
From appropriations	22.2	38.7	0.0	-
Deferred tax receivables caused by timing differences	-0.6	-1.5	-0.6	-0.9
Deferred tax liability caused by timing differences	88.2	79.2	0.0	79.2
Total	**109.8**	116.4	**-0.6**	78.3

The deferred tax receivable of Finnair Plc has been entered in other receivables.

20. Long-Term Liabilities				
Loans from financial institutions	199.6	221.0	199.6	221.0
Pension loans	28.0	53.3	28.0	53.1
Other long-term liabilities	4.9	5.1	3.6	3.6
Total	**232.5**	279.3	**231.2**	277.6
Repayment of loans				
Financial year 2004	25.8		25.8	
Financial year 2005	25.8		25.8	
Financial year 2006	25.9		25.9	
Financial year 2007	26.0		26.0	
Financial year 2008	26.1		26.1	
Financial year 2009-	123.7		123.7	
Total	253.4		253.4	

21. Convertible Subordinated Bonds (Capital Loan)

Convertible subordinated bonds of EUR 38 683 223.09 were issued on February 28, 1994, with an annual interest rate of 7 percent until the year 2004. Thereafter the interest rate will be five percentage points above the 12-mont Euribor. The bonds are undated. The bond issue in question is by nature a capital loan and has the following features in common with this type of credit:

1) Receivables based on the loan are in a less preferential position than other company commitments;
2) The loan can be repaid only in the event that the company's restricted equity, computed in accordance with the parent company balance sheet and consolidated balance sheet approved for the previous financial year, is fully covered;
3) Annual interest cannot be paid in excess of non-restricted equity on an interest payment date as reported in the accounts of the company confirmed by the previous Annual General Meeting of Shareholders, or distributable non-restricted equity as reported in consolidated Group accounts for the same period; the payment of interest is in preference to the payment of dividends;
4) The loan is unsecured;
5) The holder of the bond is not entitled to give notice or demand early repayment unless the company is in liquidation.

According to the terms of the bonds, Finnair Plc is entitled, provided that the repayment terms are met, to pay back the principal in part or in full as of September 2, 2004, and also from the beginning of the loan period whenever the price of a Finnair Plc share on the Helsinki Stock Exchange exceeds the computed conversion price by 40 per cent for the period specified in the terms.

One debenture with nominal value of EUR 1 681.88 can be converted to 271 Finnair Plc shares at a nominal price of 0.85 euros each. The computed conversion price of a share is therefore 6.21 euros. The annual conversion period is January 1 to January 31 and April 1 to December 31.

By December 31, 2003 bonds worth EUR 32 971 561.12 had been converted to 5,312,684 shares, after which the amount of the convertible bond is EUR 5 711 661.97. Should all the unconverted bonds on December 31, 2003 be exchanged for shares, the company's share capital would increase by 782,268.60 euros which is the equivalent of 920,316 shares.

	Group		Parent Company	
	Jan - Dec 2003	Jan - Dec 2002	**Jan - Dec 2003**	Jan - Dec 2002
	EUR Mill.		EUR Mill.	
22. Short-Term Liabilities				
Liabilities to group undertakings				
Trade payables	-	-	26.1	11.7
Accruals and deferred income	-	-	6.5	1.0
Other liabilities	-	-	0.0	0.0
Total	-	-	**32.5**	12.7
Liabilities to participating interests				
Trade payables	0.0	0.2	0.0	0.2
Total	**0.0**	0.2	**0.0**	0.2
Liabilities to others				
Loans from financial institutions	25.8	25.7	25.8	25.7
Pension loans	0.1	-	0.0	-
Advanced received	29.1	28.8	-	-
Trade payables	79.4	77.6	40.0	43.4
Accruals and deferred income	276.9	265.1	249.0	243.4
Other liabilities	40.9	37.6	139.0	122.3
Total	**452.1**	434.6	**453.7**	434.7
Short-term liabilities total	**452.1**	434.8	**486.3**	447.6
Accruals and deferred income				
Unearned air transport revenues and liability for frequent flyer bonus system *)	98.3	99.0	98.3	99.0
Holiday pay reserve	77.7	60.2	66.2	48.3
Other items	101.0	105.9	91.0	97.1
Total	**276.9**	265.1	**255.5**	244.4

*) The item includes a liability of 20.5 million euros for the Finnair Plus Frequent Flyer Bonus System. Other items include undue interest and other deferred income for the financial year.

	Group 2003	Group 2002	Parent 2003	Parent 2002
23. Pension Liabilities				
Total liability of pension fund	746.7	700.3	689.9	648.3
Mandatory portion covered	-417.2	-392.4	-370.8	-349.9
Non-mandatory benefit covered	-329.4	-307.9	-319.1	-298.4
Uncovered liability of pension fund	**0.0**	0.0	**0.0**	0.0
Liability for pensions paid directly by the companies	0.0	0.0	0.0	0.0
Total	**0.0**	0.0	**0.0**	0.0
24. Guarantees and Contingent Liabilities				
Pledges on own behalf	255.6	309.4	10.2	309.3
Pledges on group undertakings	0.6	0.6	0.6	0.6
Guarantees on group undertakings	42.4	35.3	42.4	35.3
Guarantees on others	-	-	-	-
Total	**298.6**	345.3	**53.2**	345.2
25. Aircraft Lease Obligations				
Amounts due to be paid				
Financial year 2004	77.7		75.8	
Financial year 2005	75.0		73.7	
Financial year 2006	60.1		59.7	
Financial year 2007	46.6		46.6	
Financial year 2008	40.7		40.7	
Financial year 2009-	128.8		128.8	
Total	**429.0**		**425.3**	

Aircraft lease payments

The above lease payments comprise unpaid rentals under outstanding operating leases.

Under operating leases the lessee is only obliged to pay rent for the relevant lease term with no liability on termination, the economic risk of ownership remaining with the lessor.

All the obligations are from operating leases.

	Group		Parent Company	
	Jan - Dec 2003	Jan - Dec 2002	**Jan - Dec 2003**	Jan - Dec 2002
	EUR Mill.		EUR Mill.	
26. Other Lease Obligations				
Other lease obligations	**43.5**	33.2	**42.2**	29.0

27. Disputes and litigation

During the financial year 2003, no new significant legal proceedings were instituted.

A claim against Finnair and Finnair Cargo Oy for lost cargo is still pending in the District Court of Helsinki. The amount claimed is approximately 0.9 million euros.

A DVT (deep-vein thrombosis) claim is still pending in Australia and is waiting for a precedent by the Supreme Court. Finnair has not been informed of the amount of the claim.

In the previously pending share redemption case involving Karair, one of the parties appealed the arbitrator's and the District Court's decision on legal costs. The appeal is still pending in the Helsinki Court of Appeal.

28. Derivative contracts December 31, 2003 million euros

		Nominal value 2003	Fair value	Nominal value 2002
Currency derivatives				
Forward contracts		121.0	-8.4	174.4
Currency options				
Bought		27.7	0.1	73.5
Sold		32.5	-2.3	141.3
Currency swaps		121.6	-34.8	168.2
Interest rate derivatives				
Interest rate options				
Bought		23.8	0.0	28.6
Sold		47.5	-1.6	57.2
Derivative contracts, total		374.0	-47.0	643.2
Other derivative contracts				
Fuel price agreements	tonne	161 300	4.4	102 000
Fuel options				
Bought	tonne	0	0.0	84 150
Sold	tonne	18 000	-0.1	108 150

29. Personnel Fund

The criteria for payment of profit bonus to the personel fund were not met.

30. Share Option Scheme For Key Personnel

Finnair Plc year 2000 option scheme

The Annual General Meeting on August 24, 2000 approved the proposal by the Board of Directors to issue share option rights for key personnel of the Finnair Group. The share option rights are intended to form part of the incentive program for the personnel of Finnair Group.

The number of the option rights to be issued is 4,000,000. Of the option rights 2,000,000 will be marked with the letter A and 2,000,000 with the letter B. The option rights entitle to subscribe for a maximum of 4,000,000 shares in Finnair Oyj. The share subscription price shall be in case of option rights A the trade volume weighted average quotation of the Finnair Oyj share in the Helsinki Exchanges between July 1 and August 31, 2000, with an addition of twenty (20) per cent, this is 5.19 euros and in case of option B the trade volume weighted average quotation of the Finnair Oyj share in the Helsinki Exchanges between July 1 and August 31, 2001, with an addition of fifteen (15) per cent, this is 5.48 euros.

From the share subscription price shall, as per each date when the relevant dividend is available for payment, be deducted the amount of dividend distributed after the beginning of the period for determination of the subscription price but before the date of the share subscription. The share subsciption price December 31, 2003 for option rights A is 4.32 euros and option rights B 5.26 euros.

The subscription period shall begin gradually on May 1, 2003 and May 1, 2004 and it shall end for all warrants on August 31, 2006. The maximum increase in Finnair Plc share capital is 3,400,000 euros. The social security provisions for the share option scheme have been made.

SHARES AND SHARE CAPITAL

On December 31, 2003, the company's paid up share capital, entered in the Trade Register, was 72,031,688.55 euros and comprised 84,743,163 shares. Each share has one vote at the Annual General Meeting and its nominal value is 0.85 euros.

The minimum and maximum values of Finnair Plc share capital are 60 million euros and 240 million euros, within the limits of which the share capital can be raised or lowered without amending the Articles of Association. The company's shares were converted to the book entry securities system in June 1993.

Share Quotations

Finnair Plc shares are quoted on the Helsinki Exchanges. Since January 1995, they have also been traded in the SEAQ (Stock Exchange Automatic Quotation) system on the London Stock Exchange.

Dividend Policy and Payment of Dividend

The Board of Directors of Finnair Plc proposes to the Annual General Meeting that a dividend of 0.10 euros per share or -52.2 per cent of the earnings per share will be paid for the financial year 2003.

It is the aim of Finnair's dividend policy to pay on average at least one third of the earnings per share as dividend during an economic cycle. The company aims to take into account the company's earnings trend and outlook, financial situation and capital needs for any given period.

Share Option Scheme for Key Personnel

The Annual General Meeting on August 24, 2000 approved the proposal by the Board of Directors to issue share option rights for key personnel of the Finnair Group. The share option rights are intended to form part of an incentive and commitment programme for key Finnair Group personnel.

The number of the option rights is 4,000,000. Each option grants an entitlement to subscribe for one Finnair Plc share. The subscription period for option right A (2,000,000 shares) began May 1, 2003 and for option right B (2,000,000 shares) it will begin May 1, 2004. The subscription period for all option rights will end on August 31, 2006. The option rights account for 4.72 per cent of the shares and votes. During the financial year 2003, a total of 2,500 shares were marked under option right A.

Convertible Bonds

In February 1994, the Finnair Plc issued a perpetual convertible subordinated bond for 38,683,223.09 euros (FIM 230 million) on the basis of an authorization received from the Annual General Meeting of Shareholders in August 1993 and from an Extraordinary Meeting of Shareholders in November 1993. The bond in question is by nature a capital loan and has features comparable to equity items.

Bonds can be converted to the company's shares as follows: a bond with a nominal value of 1,681.88 euros (FIM 10,000) entitles the holder to 271 shares in Finnair Plc with a nominal value of 0.85 euros each. The bonds can be converted annually between January 1 and 31 and between April 1 and December 31. By December 31, 2003, a total of 32,971,561.12 euros in bonds had been converted to 5,312,684 shares. Should all the bonds still unexchanged on December 31, 2003 be converted to shares, the company's share capital would rise by 782,268.60 euros, which corresponds to 920,316 shares.

Board of Directors' Authorizations

The Board of Directors of Finnair Plc, on the basis of the Annual General Meeting's decision on April 9, 2003, has the authorizations to decide on the acquisition and transfer of 4,100,000 of its own shares, which is under 5 per cent of the company's share capital. The Board of Directors has no other auhtorizations for share issues, granting share options or issuing convertible bonds.

Government Ownership

At the end of the financial year on December 31, 2003, the Finnish Government owned 58.4 per cent of the company's shares and votes. On June 20, 1994, Parliament decided to maintain the Government's majority holding and gave its consent to reduce that holding to less than two-thirds. Should all the convertible bonds in circulation and option rights be exchanged for Finnair Plc shares, the Government's holding would be 55.2 per cent.

Share Ownership by Management

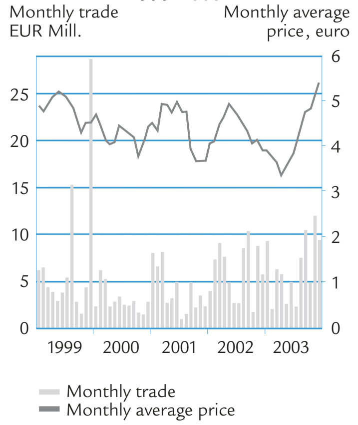
On December 31, 2003, members of the company's Board of Directors and the President & CEO owned 11,000 shares, which represents 0.01 per cent of all the shares and votes.

Share Prices and Trading

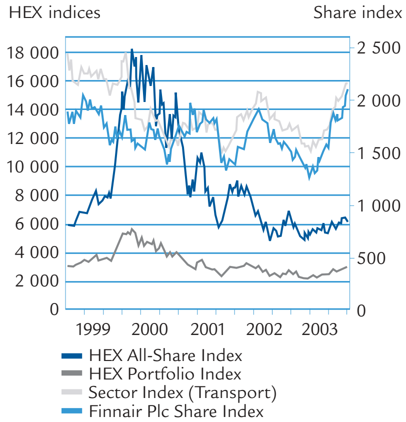
Finnair Plc share was quoted at 5,30 euros on the Helsinki Exchanges on the last day of the financial year. The market value of the company's shares was 449.1 million euros (317.8). The highest trading price during the financial year was 5.58 euros (5.10) and the lowest 3.20 euros (3.70).

A total of 17.8 million shares (16.7) were traded on the Helsinki Exchanges for a value of 76.4 million euros (72.3) during the financial year under review.

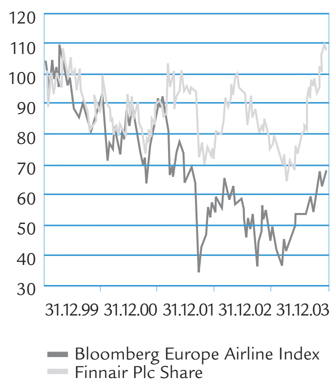
FINNAIR SHARE TRADE DEVELOPMENT AND TRADE
1999-2003



HEX INDICES AND FINNAIR PLC SHARE INDEX
1999-2003



SHARE PRICE DEVELOPMENT COMPARED WITH OTHER EUROPEAN AIRLINES



Share-Related Key Figures

		2003	2002	2001	Proforma 2000	1999/00
Earnings/share	EUR	-0.19	0.43	0.08	0.95	0.37
Equity/share	EUR	7.24	7.58	7.22	7.54	6.74
Dividend/share	EUR	0.10	0.15	0.07	0.40	0.25
Dividend-to-earnings ratio	%	-52.2	34.5	83.1	42.2	68.4
P/E ratio		-27.66	8.63	44.52	4.71	10.71
P/CEPS		4.4	1.9	2.4	1.5	2.0
Effective dividend yield	%	1.9	4.0	1.9	9.0	6.4
Number of shares and share prices						
Average number of shares adjusted for share issue		84 743 371	84 740 792	84 739 098	84 739 098	84 739 098
Average number of shares adjusted for share issue at the end of financial year		86 048 385	85 663 479	85 663 479	85 663 479	85 663 479
The number of shares adjusted for share issue at the end of financial year		84 745 663	84 743 163	84 739 098	84 739 098	84 739 098
The number of shares adjusted for share issue at the end of financial year (with diluted effect)		86 048 385	85 665 173	85 663 479	85 663 479	85 663 479
Number of shares, end of financial year		84 743 163	84 743 163	84 739 098	84 739 098	84 739 098
Prices adjusted for share issue, highest	EUR	5.58	5.10	5.20	4.99	5.49
Prices adjusted for share issue, lowest	EUR	3.20	3.70	3.48	3.65	3.95
Market value of share capital Mar. 31/ Dec. 31	EUR Mill.	449	318	318	379	335
No. of shares traded		17 817 180	16 683 820	10 894 673	8 123 712	17 449 998
No. of shares traded as % of average no. of shares	%	21.02	19.7	12.9	9.6	20.6

Shareholders by type as at December 31, 2003

	Number of shares	%	Number of shareholders	%
Public bodies (state, local governments)	55 407 719	65	35	
Registered in the name of a nominee	9 918 369	12	10	
Financial Institutions	5 954 776	7	58	1
Households	5 248 246	6	8 208	93
Outside Finland	4 190 716	5	44	1
Private companies	3 016 138	4	392	4
Associations	980 477	1	79	1
Not converted into book entry system	26 722			
Total	**84 743 163**	**100**	**8 826**	**100**

Breakdown of shareholdings as at December 31, 2003

Shares held	Shareholders	Number of Shares
1-100	3 389	165 085
101-1 000	4 142	1 737 526
1 001-10 000	1 104	3 119 494
10 001-100 000	149	4 638 744
100 001-1 000 000	27	7 495 075
1 000 001-	5	57 642 148
Registered in the name of a nominee	10	9 918 369
Not converted to the book entry securities system		26 722
Total	**8 826**	**84 743 163**

The brokerage firms analyzing Finnair

ABN AMRO/Alfred Berg, Steven M. Brooker

Carnegie Investment Bank AB, Finland Branch, Raoul Konnos

Conventum, Bengt Dahlström

Deutsche Bank, Helsinki, Kari Paajanen

FIM Securities Ltd, Linda Blom

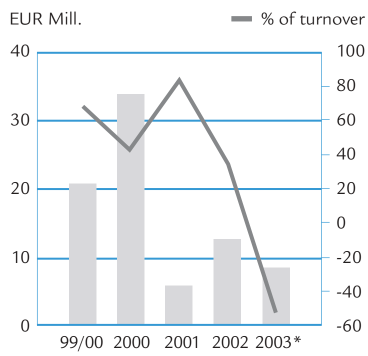
Mandatum Securities Ltd, Mikael Ilmari

Nordea Securities Oy, Juha Iso-Herttua

Opstock Banking, Jari Räisänen

SEB Securities

DIVIDEND PER YEAR



The proposal of the Board of Directors to the AGM

Largest shareholders as at December 31, 2003

		Number of shares	% of shares outstanding
1. State of Finland		49 510 682	58.42
Odin Norden	3 500 166		
Odin Finland	538 400		
2. Odin Förvaltning AS		4 038 566	4.77
Tapiola Mutual Pension Insurance Company	2 325 000		
Tapiola General Mutual Insurance Company	256 300		
Tapiola Mutal Life Assurance Company	171 200		
Tapiola Corporate Life Insurance Company	110 000		
3. Tapiola Group		2 862 500	3.38
4. The Local Government Pension Institution		1 206 300	1.42
Pohjola Finland Value Fund	1 100 000		
Pohjola Forte Fund	60 000		
5. Pohjola Funds		1 160 000	1.37
OP-Delta Fund	633 400		
OP-Revenue Fund	183 100		
OP-Finland Fund	114 600		
OP-Pirkka Fund	90 000		
Opstock Private	41 000		
6. OP Funds		1 062 100	1.25
Suomi Mutual Life Assurance Company	650 000		
Suomi Insurance Company	246 400		
7. Suomi Group		896 400	1.06
Alfred Berg Finland Fund	231 200		
Alfred Berg Small Cap Fund	168 400		
Alfred Berg Portfolio Fund	153 600		
Alfred Berg Optimal Fund	129 500		
8. Alfred Berg Funds		690 500	0.81
9. Fortum Pension Insurance Company		618 620	0.73
10. Sonstock Oy		505 000	0.60
11. Etera Mutual Pension Insurance Company		461 850	0.54
Fennia Mutual Pension Fund	239 258		
Fennia Life Assurance	195 840		
12. Fennia Group		435 098	0.51
13. Rausanne Oy		411 300	0.49
Gyllenberg Momentum Fund	171 300		
Gyllenberg Small Firm Fund	85 000		
Gyllenberg Forum Fund	30 000		
14. Gyllenberg Funds		286 300	0.34
15. Kaleva Mutual Insurance Company		250 200	0.30
16. Sampo Life Insurance Company		238 807	0.28
17. Finnair Plc Personnel Fund		222 200	0.26
18. Nordea Plc Pension Fund		196 200	0.23
19. Carnegie Share Fund		174 400	0.21
Aktia Capital Fund	90 000		
Aktia Secura Fund	80 000		
20. Aktia Funds		170 000	0.20
21. Ilmarinen Mutual Pension Fund		122 000	0.14
22. Sitra (Finnish Nat.Fund for Research and Development)		102 200	0.12
23. Ingman Finance Oy Ab		100 000	0.12
24. EQ Small Titans Fund		100 000	0.12
25. Norvestia Oy Ab	127 200	100 000	0.12
Registered in the name of a nomineee		9 918 369	11.70
Others		8 903 771	10.51
Total		**84 743 163**	**100.00**

PROPOSAL OF THE BOARD OF DIRECTORS

The Group's distributable equity according to the financial statements on December 31, 2003 amounts to 333,937,746.37 euros, while the distributable equity of the parent company comes to 318,343,542.68 euros.

The Board of Directors proposes to the Annual General Meeting that a dividend of 0.10 euros per share be distributed, a total of 8,474,566.30 euros, and that the remainder of the distributable equity be carried over as retained earnings.

Helsinki, February 23, 2004
The Board of Directors of Finnair Plc

Christoffer Taxell	Kari Jordan	Samuli Haapasalo
Markku Hyvärinen	Helena Terho	Kaisa Vikkula

President & CEO, Finnair Plc
Keijo Suila

AUDITORS´ REPORT

To the shareholders of Finnair Plc

We have examined the accounts, the financial statements and the administration of Finnair Plc for the financial year January 1, 2003 to December 31, 2003. The financial statements prepared by the Board of Directors and the President and CEO include the review of operations and the statements of profit and loss, the balance sheets and the notes to the financial statements for the Group and the parent company. On the basis of our audit, we issue the statement below on the financial statements and the administration.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the President and CEO of the parent company have legally complied with the rules of the Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the Group and the parent company's result of operations and the financial position. The financial statements, including those of the Group, can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors concerning disposal of the profit for the financial year complies with the Companies Act.The financial statements have been prepared in accordance with generally accepted accounting principles in Finland. The report concerning the audit carried out has been presented today.

Helsinki, March 3, 2004

PricewaterhouseCoopers Oy
Authorized Public Accountants

Eero Suomela	Erkki Mäki-Ranta
APA	AA

FINANCIAL INDICATORS 1999/2000-2003

		1-12/2003	1-12/2002	1-12/2001	Proforma 2000	4-12/2000	1999/2000
Consolidated income statement							
Turnover	EUR Mill.	**1 558**	1 656	1 631	1 658	1 259	1 593
- change	%	**-6.0**	1.6	29.5	-	-20.9	6.6
EBITDA	EUR Mill.	**85**	175	145	232	205	165
- in relation to turnover	%	**5.5**	10.5	8.9	14.0	16.3	10.3
Operating profit	EUR Mill.	**-19**	60	13	111	122	50
- in relation to turnover	%	**-1.2**	3.6	0.8	6.7	9.7	3.1
Profit before extraordinary items	EUR Mill.	**-22**	54	9	120	125	57
- in relation to turnover	%	**-1.4**	3.3	0.5	7.2	9.9	3.5
Profit before taxes	EUR Mill.	**-22**	54	9	149	125	85
- in relation to turnover	%	**-1.4**	3.3	0.5	9.0	9.9	5.3
Consolidated balance sheet							
Fixed assets	EUR Mill.	**904**	958	1 094	1 009	1 009	922
Current assets	EUR Mill.	**511**	522	414	530	530	474
Total assets	EUR Mill.	**1 415**	1 480	1 508	1 539	1 539	1 396
Shareholders equity and minority interests	EUR Mill.	**621**	649	618	645	645	577
Liabilities	EUR Mill.	**794**	831	890	894	894	819
Total liabilities	EUR Mill.	**1 415**	1 480	1 508	1 539	1 539	1 396
Gross capital expenditure	EUR Mill.	**82**	102	281	247	185	252
Gross capital expenditure in relation to turnover	%	**5.3**	6.2	17.2	14.9	14.7	15.8
Return on equity (ROE)	%	**-2.5**	5.9	1.2	13.3	14.7	5.7
Return on capital employed (ROCE)	%	**0.0**	7.6	2.9	15.3	15.2	9.1
Average capital employed	EUR Mill.	**934**	1 008	1 003	893	909	797
Increase in share capital	EUR Mill.	**0**	0	0	1	1	0
Dividend for the financial year [1]	EUR Mill.	**8**	13	6	34	34	21
Earnings/share	EUR	**-0.19**	0.43	0.08	0.95	1.05	0.37
Equity/share	EUR	**7.24**	7.58	7.22	7.54	7.54	6.74
Dividend/share	EUR	**0.10**	0.15	0.07	0.40	0.40	0.25
Dividend/earnings	%	**-52.2**	34.5	83.1	42.2	38.2	68.4
Effective dividend yield	%	**1.89**	4.0	1.9	9.0	9.0	6.4
P/CEPS		**4.4**	1.9	2.4	1.5	1.7	2.0
Cash flow/share	EUR	**1.2**	2.0	1.6	2.9	2.6	2.0
P/E ratio		**-27.66**	8.63	44.52	4.71	4.27	10.71
Equity ratio	%	**44.4**	44.3	41.3	42.2	42.2	41.7
Net debt-to-equity (Gearing)	%	**-2.9**	3.1	34.6	11.1	11.1	19.6
Adjusted Gearing	%	**102.7**	82.0	116.6	72.7	72.7	89.2
Interest bearing debt	EUR Mill.	**277**	322	427	316	316	281
Liquid funds	EUR Mill.	**294**	302	215	245	245	169
Net interest bearing debt	EUR Mill.	**-18**	20	212	71	71	112
- in relation to turnover	%	**-1.1**	1.2	13.0	4.3	5.6	7.1
Net financing income (+) / expenses (-)	EUR Mill.	**-3**	-6	-4	9	3	7
- in relation to turnover	%	**-0.2**	-0.3	-0.3	0.6	0.2	0.4
Net interest expenses	EUR Mill.	**-2**	-5	-4	-2	-1	-1
- in relation to turnover	%	**-0.1**	-0.3	-0.3	-0.1	-0.1	-0.1
Operational cash flow	EUR Mill.	**82**	168	138	243	180	179
Operational cash flow in relation to turnover	%	**5.2**	10.2	8.5	14.6	14.3	11.2
Average number of shares adjusted for share issues		**84 743 171**	84 740 792	84 739 098	84 739 098	84 739 098	84 739 098
and the number of share at the end of the financial year (with diluted effect) [2]		**86 048 385**	85 663 479	85 663 479	85 663 479	85 663 479	85 663 479
Average number of shares adjusted for share issues		**84 745 663**	84 743 163	84 739 098	84 739 098	84 739 098	84 739 098
and the number of shares at the end of the financial year (with diluted effect) [2]		**86 048 385**	85 663 479	85 663 479	85 663 479	85 663 479	85 663 479
Personnel on average		**9 981**	10 476	10 847	11 051	11 019	11 462

The number of personnel are averages and adjusted for part-time employees.

[1] The dividend for 2003 is a proposal of the Board of Directors to the Annual General Meeting
[2] In calculating the diluted figures, the impact of convertible bonds and the year 2000 share option scheme have been included. The diluted effect has been calculated by the rate of the closing day.

Turnover by sector, EUR Mill.

	2003 Q4	Q3	Q2	Q1	2002 Q4	Q3	Q2	Q1
Scheduled Passenger Traffic	273.8	270.7	261.1	268.9	307.0	287.2	313.4	280.5
Leisure Traffic	89.2	75.7	68.7	93.7	90.1	81.0	78.8	79.9
Cargo	34.8	29.1	28.6	28.5	33.2	30.3	30.1	28.1
Aviation Services	99.5	95.2	92.2	100.6	107.3	105.4	103.7	110.5
Travel Services	22.5	21.1	22.1	21.7	24.3	22.8	27.6	23.4
Support Services	14.6	11.8	12.4	15.1	11.1	15.3	23.3	22.9
Less internal adjustments	-128.4	-118.4	-119.0	-128.2	-139.3	-137.3	-150.0	-154.2
Finnair Group Total	**406.0**	**385.2**	**366.1**	**400.3**	**433.7**	**404.7**	**426.9**	**391.1**
Previous year	433.7	404.7	426.9	391.1	379.9	390.8	440.2	420.1
Change %	**-6.4**	**-4.8**	**-14.2**	**2.4**	**14.2**	**3.6**	**-3.0**	**-6.9**

Operating profit excluding capital gains by sector, EUR Mill.

	2003 Q4	Q3	Q2	Q1	2002 Q4	Q3	Q2	Q1
Scheduled Passenger Traffic	-14.4	-3.8	-5.7	-17.7	8.3	0.1	26.6	-3.3
Leisure Traffic	7.2	6.5	1.2	1.7	2.0	2.1	5.8	-3.3
Cargo	0.4	1.2	-1.6	-1.6	0.9	0.3	0.2	-0.2
Aviation Services	3.0	5.4	0.7	-2.4	-0.7	1.5	-0.8	3.8
Travel Services	1.9	0.7	1.1	-0.2	0.4	-0.1	2.6	0.6
Support Services	-7.4	-4.7	-5.6	-6.9	-10.9	-5.8	-5.0	-0.6
Finnair Group Total	**-9.3**	**5.3**	**-9.9**	**-27.1**	**0.0**	**-1.9**	**29.4**	**-3.0**
Previous year	0.0	-1.9	29.4	-3.0	-22.4	-13.3	23.1	4.4

CALCULATION OF KEY INDICATORS

EBITDAR = Operating profit + depreciation + aircraft lease rentals

EBITDA = Operating profit + depreciation

Return on equity % (ROE) = $\frac{\text{Result before extraordinary items – taxes}}{\text{Equity + minority interests (average at the beginning and end of the financial year)}}$ x 100

Capital employed = Balance sheet total – non interest bearing liabilities

Return on capital employed % (ROCE) = $\frac{\text{Result before extraordinary items + interest and other financial expenses}}{\text{Capital employed (average at the beginning and end of the financial year)}}$ x 100

Earnings/share (EUR) = $\frac{\text{Result before extraordinary items +/- minority share – taxes}}{\text{Adjusted average number of shares during the financial year}}$

Equity/share (EUR) = $\frac{\text{Equity}}{\text{Number of shares at the end of the financial year, adjusted for the share issue}}$

Dividend/earnings % = $\frac{\text{Dividend per share}}{\text{Earnings/share}}$ x 100

Effective dividend yield % = $\frac{\text{Dividend per share}}{\text{Adjusted share price at the end of the financial year}}$ x 100

P/CEPS = $\frac{\text{Share price at the end of the financial year}}{\text{Cash flow from operations per share}}$

Cash flow/share (EUR) = $\frac{\text{Cash flow from operations}}{\text{Adjusted average number of shares during the financial year}}$

P/E ratio = $\frac{\text{Share price at the end of the financial year}}{\text{Earnings/share}}$

Equity ratio in per cent % = $\frac{\text{Equity + minority interests}}{\text{Balance sheet total – advances received}}$ x 100

Gearing % = $\frac{\text{Interest bearing debt – liquid funds}}{\text{Equity + minority interests}}$ x 100

Adjusted gearing % = $\frac{\text{Interest bearing debt + 7 x annual aircraft leasing payments - liquid funds}}{\text{Equity + minority interests}}$ x 100

Operational cash flow = Operating profit + depreciation + financial items + extraordinary items – taxes

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The Annual General Meeting of Finnair will take place on April 7, 2004 at 3 p.m. at the Helsinki Fair Center, Messuaukio 1, congress wing entrance, Hall C1.

Notice of attendance at the Annual General Meeting must be made by 1 p.m. GMT April 5, 2004 at the latest. Notice of attendance can either be posted to the address Finnair Plc, Share Register HEL-AAC/155, 01053 FINNAIR, by fax to +358 (0)9 818 7603, by telephone to +358 (0)9 818 7637 Monday to Friday between 6 a.m.-1 p.m. GMT or by e-mail to agm@finnair.com. The letters, facsimiles or e-mails of attendance must have arrived before the last time of notice.

Shareholders who are registered with the Finnish Central Securities Depository Ltd (APK) by March 26, 2004 at the latest, or who are holders of shares entered in the administrative register and who on the aforementioned date are temporarily entered in the register of shareholders in the manner specified in Chapter 3a Section 11 a of the Companies Act, are entitled to attend the AGM. Shareholders whose shares have not been transferred to the book-entry securities system may also attend the AGM on condition that such shareholders were registered in the Company's register of shareholders before June 11, 1993. In this case, the shareholders must present their share certificates at the AGM, or provide an explanation of why their shareholding rights have not yet been transferred to the book-entry system.

Dividend proposal

The Group's distributable equity totals 333.9 million euros and the parent company's distributable equity 318.3 million euros. The Board of Directors proposes to the Annual General Meeting that a dividend of 0.10 euros per share be distributed, a total of 8.5 million euros, and that the remainder of the distributable equity be carried over as retained earnings.

Financial information

The Company will publish the following financial reports in 2004:

Q1 January - March Interim Report, May 14, 2004
Q2 January - June Interim Report, Aug. 17, 2004
Q3 January - September Interim Report, Nov. 16, 2004

Electronic Annual Report

The Annual Report is published on the Internet in Finnish, Swedish and English at the address www.finnair.com/2003.

To order the Annual Report and other publications

The Annual Report 2003 will be published in Finnish and English in Week 12, 2004.
To order: fax: +358 (0)9 818 4090, e-mail: post@finnair.com

Change of address

Shareholders are kindly requested to report any changes of address to the Finnish Central Securities Depository Ltd., where shareholders' book-entry accounts are kept.

Contact Information

Head Office
Helsinki-Vantaa Airport
Tietotie 11 A
FIN-01053 FINNAIR

Tel. +358 (0)9 81 881
Internet: www.finnair.com

Senior Vice President, Corporate Communications
Christer Haglund
Tel. +358 (0)9 818 4007, fax +358 (0)9 818 4092
christer.haglund@finnair.com

Senior Vice President and CFO
Petri Pentti
Tel. +358 (0)9 818 4950, fax +358 (0)9 818 4092
petri.pentti@finnair.com

Financial Communications Officer
Taneli Hassinen
Tel. +358 (0)9 818 4976, fax +358 (0)9 818 4092
taneli.hassinen@finnair.com

Investor Relations
Tel. +358 (0)9 818 4951, fax +358 (0)9 818 4092
investor.relations@finnair.com

Concept and design Miltton Oy, Printing house Edita Prima Oy

Finnair Plc
Tietotie 11
Helsinki-Vantaa Airport
P.O. BOX 15
FI-01053 Finnair
Telephone +358 (0)9 81 881
www.finnair.com