

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Commission for use in the European Union

April 1, 2006 – December 31, 2006

Groupe Air France – KLM

CONSOLIDATED INCOME STATEMENTS

<i>In € millions</i>	<i>Notes</i>	2006	2005
Period from April 1 to December 31,			
Sales	4	17 684	16 251
Other revenues		4	4
Revenues		17 688	16 255
External expenses	5	(9 938)	(9 039)
Salaries and related costs	6	(4 977)	(4 732)
Taxes other than income taxes		(201)	(168)
Amortization and depreciation		(1 316)	(1 232)
Provisions		(24)	(82)
Other income and expenses		(1)	(62)
Income from current operations		1 231	940
Sales of aircraft equipment	7	10	1
Negative goodwill		-	5
Other non-current income and expenses	7	(25)	522
Income from operating activities		1 216	1 468
Cost of financial debt		(284)	(289)
Income from cash and cash equivalents		174	118
Net cost of financial debt		(110)	(171)
Other financial income and expenses		(60)	(26)
Income before tax		1 046	1 271
Income taxes		(228)	(328)
Net income of consolidated companies		818	943
Share of profits (losses) of associates		23	(23)
Net income from continuing operations		841	920
Net income from discontinued operations		-	-
Income for the period		841	920
- Group		847	906
- Minority interest		(6)	14
Earnings per share – Group			
- basic		3,19	3,45
- diluted		2,93	3,22

Groupe Air France – KLM

CONSOLIDATED BALANCE SHEETS

Assets <i>In € millions</i>	<i>Notes</i>	December 31, 2006	March 31, 2006
Goodwill		204	208
Intangible assets		424	428
Flight equipment		11 415	11 017
Other property, plant and equipment		1 977	1 955
Investments in equity associates		244	204
Pension assets		2 074	1 903
Other financial assets		1 083	1 182
<i>Including deposits linked to financial leases</i>		798	875
Deferred tax assets		2	7
Other non current assets		685	1 082
Total non current assets		18 108	17 986
Other short term financial assets		800	932
<i>Including investments between 3 months and 1 year and deposits linked to financial leases</i>		739	932
Inventories		343	340
Account receivables		2 344	2 518
Income tax receivables		-	1
Other current assets		989	1 756
Cash and cash equivalents		3 987	2 946
Total current assets		8 463	8 493
Total assets		26 571	26 479

Groupe Air France – KLM

Liabilities and equity <i>In € millions</i>	<i>Notes</i>	December 31, 2006	March 31, 2006
Issued capital		2 290	2 290
Additional paid-in capital		430	430
Treasury shares		(36)	(58)
Reserves and retained earnings		5 253	5 072
Equity attributable to equity holders of Air France-KLM SA		7 937	7 734
Minority interests		113	119
Total Equity		8 050	7 853
Provisions and retirement benefits		1 403	1 453
Long-term debt		7 930	7 826
Deferred tax		811	839
Other non-current liabilities		503	417
Total non-current liabilities		10 647	10 535
Provisions		223	192
Short term portion of long-term debt		1 143	1 260
Trade payables		1 990	2 039
Deferred revenue on ticket sales		1 840	2 062
Current tax liabilities		5	167
Other current liabilities		2 516	2 269
Bank overdrafts		157	102
Total current liabilities		7 874	8 091
Total liabilities		18 521	18 626
Total liabilities and equity		26 571	26 479

Air France – KLM Group

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

In €millions

	Number of shares	Issued capital	Additional paid-in capital	Treasury shares							Equity attributable to holders of Air France- KLM SA	Minority interests	Total equity
					Retained earnings	Derivatives reserve	Available for sale securities reserve	Currency translation adjustment	Other reserves	Total			
March 31, 2005	269 383 518	2 290	384	(19)	3 260	-	-	(6)	-	3 254	5 909	111	6 020
Gain / (loss) on revaluation of fixed assets reclassified as available for sale assets	-	-	-	-	-	-	(3)	-	-	(3)	(3)	-	(3)
Gain / (loss) on cash flow hedges	-	-	-	-	-	882	-	-	-	882	882	3	885
Currency translation adjustment	-	-	-	-	-	-	-	8	-	8	8	4	12
Income for the period	-	-	-	-	906	-	-	-	-	906	906	14	920
Total of gains / (losses) recorded	-	-	-	-	906	882	(3)	8	-	1 793	1 793	21	1 814
Stock based compensation (ESA)	-	-	-	-	(88)	-	-	-	-	(88)	(88)	-	(88)
Stock component of convertible bonds (OCEANE)	-	-	46	-	-	-	-	-	-	-	46	-	46
Dividends paid	-	-	-	-	(39)	-	-	-	-	(39)	(39)	-	(39)
Treasury shares	-	-	-	(53)	-	-	-	-	-	-	(53)	-	(53)
Change in consolidation	-	-	-	-	-	-	-	-	-	-	-	(6)	(6)
December 31, 2005	269 383 518	2 290	430	(72)	4 039	882	(3)	2	-	4 920	7 568	126	7 694
March 31, 2006	269 383 518	2 290	430	(58)	4 023	1 055	(4)	(2)	-	5 072	7 734	119	7 853
Gain / (loss) on revaluation of fixed assets reclassified as available for sale assets	-	-	-	-	-	-	3	-	-	3	3	-	3
Gain / (loss) on cash flow hedges	-	-	-	-	-	(607)	-	-	-	(607)	(607)	(2)	(609)
Currency translation adjustment	-	-	-	-	-	-	-	(5)	-	(5)	(5)	(1)	(6)
Income for the period	-	-	-	-	847	-	-	-	-	847	847	(6)	841
Total of gains / (losses) recorded	-	-	-	-	847	(607)	3	(5)	-	238	238	(9)	229
Stock based compensation (ESA)	-	-	-	-	24	-	-	-	-	24	24	-	24
Dividends paid	-	-	-	-	(81)	-	-	-	-	(81)	(81)	(1)	(82)
Treasury shares	-	-	-	22	-	-	-	-	-	-	22	-	22
Other	-	-	-	-	19	(21)	9	(7)	-	-	-	4	4
December 31, 2006	269 383 518	2 290	430	(36)	4 832	427	8	(14)	-	5 253	7 937	113	8 050

Groupe Air France – KLM

CONSOLIDATED STATEMENT OF TOTAL OF GAINS / (LOSSES) RECORDED

<u>In € millions</u>	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Impact of the first application of IAS 32 and IAS 39 :		
Derivatives	-	1 148
Investments available-for-sale	-	(3)
Deferred tax	-	(391)
Impact for the period :		
Derivatives	(917)	189
Investments available-for-sale	3	-
Deferred tax	310	(64)
Currency translation adjustment	(5)	8
Gains / (losses) directly recorded in equity	(609)	887
Income for the period	847	906
Total of gains / (losses) recorded for the period	238	1 793

Air France-KLM Group

STATEMENTS OF CONSOLIDATED CASH FLOWS

In € millions

Period from April 1 to December 31,	<i>Notes</i>	2006	2005
Income for the period – Group		847	906
Minority interests		(6)	14
Amortization, depreciation and operating provisions		1 340	1 314
Financial provisions		16	(1)
Gain on disposals of tangible and intangible assets		(16)	(46)
Loss / (gain) on disposals of subsidiaries and associates		(1)	(1)
Gain on Amadeus GTD transaction	7	-	(504)
Derivatives		45	(5)
Unrealized foreign exchange gains and losses, net		(14)	21
Negative goodwill		-	(5)
Share of (profits) losses of associates		(23)	23
Deferred taxes		243	169
Other non-monetary items		(103)	50
Subtotal		2 328	1 935
(Increase) / decrease in inventories		(11)	(56)
(Increase) / decrease in trade receivables		84	(232)
Increase / (decrease) in trade payables		92	215
Change in other receivables and payables		(178)	169
Net cash flow from operating activities		2 315	2 031
Acquisitions of subsidiaries and investments in associates, net of cash acquired		(23)	(48)
Purchase of property, plant and equipment and intangible assets		(1 709)	(1 935)
Proceeds on disposal of subsidiaries and investments in associates		35	35
Proceeds on Amadeus GTD transaction		-	817
Proceeds on disposal of property, plant and equipment and intangible assets		84	187
Dividends received		6	7
Decrease (increase) in investments, net between 3 months and 1 year		215	55
Net cash used in investing activities		(1 392)	(882)
Issuance of long-term debt		1 085	1 258
Repayments on long-term debt		(449)	(455)
Payment of debt resulting from finance lease liabilities		(498)	(353)
New loans		(40)	(108)
Repayments on loans		50	56
Dividends paid		(82)	(41)
Net cash flow from financing activities		66	357
Effect of exchange rate on cash and cash equivalents		(3)	1
Change in cash and cash equivalents		986	1 507
Cash and cash equivalents at beginning of period		2 844	2 238
Cash and cash equivalents at end of period		3 830	3 745
Income tax paid (flow included in operating activities)		(306)	(1)
Interest paid (flow included in operating activities)		(287)	(239)
Interest received (flow included in operating activities)		179	101

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
April 1, 2006 – December 31, 2006**

Air France-KLM Group

1. BUSINESS DESCRIPTION

As used herein, the term "Air France-KLM" refers to Air France – KLM, a limited liability company organized under French law, without its consolidated subsidiaries. The terms the "Group" refer to Air France – KLM together with its consolidated subsidiaries.

The Company is headquartered in France and is one of the largest airlines in the world. The Company's core business is passenger transportation. The Company's activities also include cargo, industrial maintenance and other air-transport related activities, including principally catering and charter services.

The company Air France – KLM domiciled 2 rue Robert Esnault-Pelterie 75007 Paris – France, is the parent company of the Air France – KLM group.

The Group's functional currency is the euro.

2. SIGNIFICANT EVENTS OF THE PERIOD

On September 11, 2006, the company Air France, subsidiary of the Group Air France-KLM issued €550 million bonds maturing on January 22, 2014.

3. ACCOUNTING POLICIES

3.1. Accounting principles

Accounting principles used for the interim condensed consolidated financial statements as of December 31, 2006 are the same as those used as of March 31, 2006 and described in the consolidated financial statements of the year ended March 31, 2006.

Concerning employee benefits, although the IFRIC has yet to deliver its final conclusions, the Group defined its accounting position based on various publications, and particularly the "IFRIC Update" dated September 2005 and the "IFRIC D19" whose comment period ended on October 30, 2006.

According to these, the KLM pension fund surplus must be fully recognized in the balance sheet.

The interim condensed consolidated financial statements as of December 31, 2006 are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Commission for use in the European Union ; and must be read in connection with the annual consolidated financial statements as of March 31, 2006. They have been prepared in accordance with those IFRS as of February 13, 2007, date on which the accounts have been approved by the Board of Directors.

3.2. Preparation of interim condensed consolidated financial statements

Revenues and income from current operations are characterized by their seasonal nature related to a high level of activity during the first half of the fiscal year. This phenomenon varies in magnitude depending on the year. In accordance with IFRS, revenues and the related expenses are recognized over the period in which they are realized and incurred respectively.

For the interim statements, the tax charge (current and deferred) is calculated by applying to the book income for the period the estimated annual average tax rate for the current year for each entity or tax group

Air France-KLM Group

3.3. Use of estimates

The preparation of the interim condensed consolidated financial statements in conformity with current accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. The main items are:

- Revenue recognition related to deferred revenue on ticket sales,
- Tangible and intangible assets,
- Financial assets,
- Deferred tax assets
- Provisions

The Group's management makes these estimates and assessments continuously on the basis of its past experience and various other factors considered to be reasonable.

Actual results could differ from these estimates depending on changes in the assumptions used or different conditions.

4. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

The Air France-KLM group's primary reporting format is business segmentation.

Business segments' results are those that are either directly attributable or that can be allocated on a reasonable basis to these business segments. Amounts allocated to business segments mainly correspond as far as the income statement is concerned, to the current operating income and the share of results of associates. Other elements of the income statement are presented in the "not allocated" column.

Inter-segment transactions are evaluated based on normal market conditions.

The Air France-KLM Group's secondary reporting format is geographical segmentation, based on origin of sales.

Only passenger and cargo traffic revenues are allocated by geographical area of destination.

Business segments

Passenger: Passenger operating revenues primarily come from passenger transport services on scheduled flights with one of the Companies' airline code, including flights operated by other airlines under code-sharing agreements. They also include commissions paid by SkyTeam alliance partners, revenues from excess baggage and airport services supplied by the Group to third party airlines and services linked to IT systems.

Cargo: Cargo operating revenues come from freight transport on flights under the Companies' codes, including flights operated by other partner airlines under code-sharing agreements. Other cargo revenues are derived principally from sales of cargo capacity to third parties.

Maintenance: Maintenance operating revenues are generated through maintenance services provided to other airlines and customers globally.

Other: The revenues from this segment come primarily from catering supplied by the group to third-party airlines and to charter flights operated primarily by Transavia.

Geographical segments

Group activities are broken down into five geographical regions :

- Europe and North Africa
- Caribbean, French Guiana and Indian Ocean
- Africa, Middle East
- Americas, Polynesia
- Asia and New Caledonia

Air France-KLM Group

4.1 Information by business segment

- Nine month period ended December 31, 2006

<i>In €millions</i>	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	14 597	2 260	2 114	1 143	-	20 114
Intersegment sales	(586)	(18)	(1 374)	(452)	-	(2 430)
External sales	14 011	2 242	740	691	-	17 684
Income from current operations	1 036	84	41	70	-	1 231
Income from operating activities	1 036	84	41	70	(15)	1 216
Share of profits (losses) of associates	-	-	1	22	-	23
Net cost of financial debt and other financial income and expenses	-	-	-	-	(170)	(170)
Income taxes	-	-	-	-	(228)	(228)
Net income from continuing operations	1 036	84	42	92	(413)	841

- Nine month period ended December 31, 2005

<i>In €millions</i>	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	13 348	2 190	1 986	1 075	-	18 599
Intersegment sales	(523)	(19)	(1 338)	(468)	-	(2 348)
External sales	12 825	2 171	648	607	-	16 251
Income from current operations	700	143	64	33	-	940
Income from operating activities	700	143	64	33	528	1 468
Share of profits (losses) of associates	-	-	-	(23)	-	(23)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(197)	(197)
Income taxes	-	-	-	-	(328)	(328)
Net income from continuing operations	700	143	64	10	3	920

4.2 Information by geographical area

Sales by geographical area

- Nine month period ended December 31, 2006

	Europe North Africa	Caribbean, French Guiana Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia New Caledonia	Total
<i>In € millions</i>						
Scheduled passenger	8 772	291	869	2 230	1 072	13 234
Other passenger sales	552	45	31	62	87	777
Total passenger	9 324	336	900	2 292	1 159	14 011
Scheduled cargo	908	28	139	267	736	2 078
Other cargo sales	113	3	6	17	25	164
Total cargo	1 021	31	145	284	761	2 242
Maintenance	733	-	-	-	7	740
Others	671	14	6	-	-	691
Total	11 749	381	1 051	2 576	1 927	17 684

- Nine month period ended December 31, 2005

	Europe North Africa	Caribbean, French Guiana Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia New Caledonia	Total
<i>In € millions</i>						
Scheduled passenger	8 055	294	836	1 907	964	12 056
Other passenger sales	581	43	26	41	78	769
Total passenger	8 636	337	862	1 948	1 042	12 825
Scheduled cargo	888	27	123	249	728	2 015
Other cargo sales	103	3	6	19	25	156
Total cargo	991	30	129	268	753	2 171
Maintenance	642	-	-	-	6	648
Others	591	11	5	-	-	607
Total	10 860	378	996	2 216	1 801	16 251

Air France-KLM Group

Traffic sales by geographical area of destination

- Nine month period ended December 31, 2006

<i>In € millions</i>	Europe North Africa	Caribbean, French Guiana Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia New Caledonia	Total
Scheduled passenger	5 427	861	1 783	3 130	2 033	13 234
Scheduled cargo	53	149	267	642	967	2 078
Total	5 480	1 010	2 050	3 772	3 000	15 312

- Nine month period ended December 31, 2005

<i>In € millions</i>	Europe North Africa	Caribbean, French Guiana Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia New Caledonia	Total
Scheduled passenger	5 092	843	1 659	2 670	1 792	12 056
Scheduled cargo	56	139	239	625	956	2 015
Total	5 148	982	1 898	3 295	2 748	14 071

5. EXTERNAL EXPENSES

<i>In € millions</i>	2006	2005
<i>Nine month period ended December 31,</i>		
Aircraft fuel	3 264	2 717
Chartering costs	491	449
Aircraft operating lease costs	453	476
Landing fees and en route charges	1 306	1 221
Catering	319	307
Handling charges and other operating costs	952	904
Aircraft maintenance costs	661	532
Commercial and distribution costs	913	927
Other external expenses	1 579	1 506
Total	9 938	9 039

The "Other external expenses" correspond mainly to rent expenses and insurance costs.

6. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

<i>In € millions</i>	2006	2005
Nine month period ended December 31,		
Wages and salaries	3 658	3 489
Social contributions and	1 174	1 044
Net periodic pension cost	103	154
Expenses related to share-based compensation	23	22
Other expenses	19	23
Total	4 977	4 732

Average number of employees

<i>Nine month period ended December 31,</i>	2006	2005
Flight deck crew	8 006	7 851
Cabin crew	20 678	20 268
Ground staff	74 443	74 172
	103 127	102 291

7. SALES OF AIRCRAFT EQUIPMENT AND OTHER NON-CURRENT INCOME AND EXPENSES

During the period ended December 31, 2006, a net gain on sales of aircraft equipment that amounts to €10 million, corresponds primarily to the sale of 4 aircrafts.

AFPL has recorded a loss for an amount of €20 million in relation to an aircraft due to the future disposal of this aircraft.

During the year ended March 31, 2005, Air France and the other air carrier shareholders in Amadeus GTD initiated discussions with private equity investment funds to launch, through a company, WAM Acquisition SA, in which they are become shareholders, a tender offer for Amadeus GTD at a price of €7.35 per share. This Leveraged Buy Out (LBO) allowed Air France to recognize a gain, while remaining an Amadeus GTD shareholder through the new company. The offer closed early in July 2005 and the pre-tax gain on this transaction totaled €504 millions.

8. SUBSEQUENT EVENTS

There has been no significant event since the close of the period.