Air France-KLM Group

UNAUDITED 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

January 1, 2016 – June 30, 2016

Air France-KLM Group

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CONSOLIDATED INCOME STATEMENT (unaudited)

In € millions **Period from January 1 to June 30**	***Notes***	**2016**	**2015 Restated(*)**
Sales	***6***	**11,820**	**12,140**
Other revenues		**-**	**2**
Revenues		**11,820**	**12,142**
External expenses	***7***	(7,019)	(7,875)
Salaries and related costs	***8***	(3,706)	(3,744)
Taxes other than income taxes		(88)	(82)
Other income and expenses	***10***	515	595
EBITDAR		**1,522**	**1,036**
Aircraft operating lease costs		(528)	(505)
EBITDA		**994**	**531**
Amortization, depreciation and provisions		(776)	(769)
Income from current operations		**218**	**(238)**
Sales of aircraft equipment		8	(5)
Other non-current income and expenses	***11***	(107)	89
Income from operating activities		**119**	**(154)**
Cost of financial debt	***12***	(162)	(198)
Income from cash and cash equivalents	***12***	28	30
Net cost of financial debt		***(134)***	***(168)***
Other financial income and expenses	***12***	(44)	(386)
Income before tax		**(59)**	**(708)**
Income taxes	***13***	(53)	85
Net income of consolidated companies		**(112)**	**(623)**
Share of profits (losses) of associates	***14***	1	(18)
Net income from continuing operations		**(111)**	**(641)**
Net income from discontinued operations	***15***	2	4
Net income for the period		**(109)**	**(637)**
Non controlling interests		*5*	*1*
Net income - Group part		*(114)*	*(638)*
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic and diluted	***16***	(0.43)	(2.16)
Net income from continuing operations - Equity holders of Air France-KLM (in euros)			
- basic and diluted	***16***	(0.43)	(2.17)
Net income from discontinued operations - Equity holders of Air France-KLM (in euros)			
- basic and diluted	***16***	0.01	0.01

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

(*)See note 2 in notes to the interim condensed consolidated financial statements.

Air France-KLM Group

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)

In € millions **Period from January 1 to June 30**	**2016**	**2015**
Net income for the period	**(109)**	**(637)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in other comprehensive income	(15)	23
Change in fair value transferred to profit or loss	-	(222)
Fair value hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	11	(10)
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	221	76
Change in fair value transferred to profit or loss	510	550
Currency translation adjustment	**5**	**6**
Deferred tax on items of comprehensive income that will be reclassified to profit or loss	**(225)**	**(168)**
Total of other comprehensive income that will be reclassified to profit or loss	***507***	***255***
Remeasurements of defined benefit pension plans	**(1,829)**	**361**
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss	**429**	**(95)**
Total of other comprehensive income that will not be reclassified to profit or loss	***(1,400)***	***266***
Total of other comprehensive income, after tax	**(893)**	**521**
Recognized income and expenses	**(1,002)**	**(116)**
- Equity holders of Air France-KLM	**(1,001)**	**(119)**
- Non-controlling interests	(1)	3

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (unaudited)

Assets *In € millions*	***Notes***	**June 30, 2016**	**December 31, 2015**
Goodwill		217	247
Intangible assets		1,021	1,018
Flight equipment	***17***	9,192	8,743
Other property, plant and equipment	***17***	1,494	1,670
Investments in equity associates		73	118
Pension assets	***18***	737	1,773
Other financial assets		1,198	1,224
Deferred tax assets		821	702
Other non-current assets		359	295
Total non current assets		**15,112**	**15,790**
Assets held for sale	***15 & 19***	380	4
Other short-term financial assets		175	967
Inventories		574	532
Trade receivables		1,980	1,800
Other current assets		1,022	1,138
Cash and cash equivalents	***23***	3,833	3,104
Total current assets		**7,964**	**7,545**
Total assets		**23,076**	**23,335**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (unaudited) (continued)

Liabilities and equity *In € millions*	*Notes*	**June 30, 2016**	**December 31, 2015**
Issued capital	***20.1***	300	300
Additional paid-in capital		2,971	2,971
Treasury shares		(84)	(85)
Perpetual		600	600
Reserves and retained earnings	***20.2***	(4,562)	(3,561)
Equity attributable to equity holders of Air France-KLM		**(775)**	**225**
Non-controlling interests		42	48
Total equity		**(733)**	**273**
Pension provisions	***18***	2,716	1,995
Other provisions	***21***	1,467	1,513
Long-term debt	***22 & 23***	7,185	7,060
Deferred tax liabilities		9	11
Other non-current liabilities		314	484
Total non-current liabilities		**11,691**	**11,063**
Liabilities relating to assets held for sale	***15***	253	-
Other provisions	***21***	775	742
Current portion of long-term debt	***22 & 23***	1,527	2,017
Trade payables		2,333	2,395
Deferred revenue on ticket sales		3,602	2,515
Frequent flyer programs		787	760
Other current liabilities		2,827	3,567
Bank overdrafts	***23***	14	3
Total current liabilities		**12,118**	**11,999**
Total liabilities		**23,809**	**23,062**
Total equity and liabilities		**23,076**	**23,335**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

In € millions	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Perpetual	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Non-controlling interests	Total equity
December 31, 2014 - Restated (*)	**300,219,278**	**300**	**2,971**	**(86)**	**-**	**(3,877)**	**(692)**	**39**	**(653)**
Fair value adjustment on available for sale securities	-	-	-	-	-	(185)	**(185)**	-	**(185)**
Gain / (loss) on cash flow hedges	-	-	-	-	-	439	**439**	1	**440**
Gain /(loss) on fair value hedges	-	-	-	-	-	(6)	**(6)**	-	**(6)**
Remeasurements of defined benefit pension plans	-	-	-	-	-	265	**265**	1	**266**
Currency translation adjustment	-	-	-	-	-	6	**6**	-	**6**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	***519***	***519***	***2***	***521***
Net result for the period	-	-	-	-	-	(638)	**(638)**	1	**(637)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**-**	**(119)**	**(119)**	**3**	**(116)**
Treasury shares	-	-	-	2	-	-	**2**	-	**2**
Change in scope	-	-	-	-	-	(3)	**(3)**	3	**-**
Perpetual	-	-	-	-	600	-	**600**	-	**600**
June 30, 2015	**300,219,278**	**300**	**2,971**	**(84)**	**600**	**(3,999)**	**(212)**	**45**	**(167)**
December 31, 2015	**300,219,278**	**300**	**2,971**	**(85)**	**600**	**(3,561)**	**225**	**48**	**273**
Fair value adjustment on available for sale securities	-	-	-	-	-	(15)	**(15)**	-	**(15)**
Gain / (loss) on cash flow hedges	-	-	-	-	-	508	**508**	2	**510**
Gain / (loss) on fair value hedges	-	-	-	-	-	7	**7**	-	**7**
Remeasurements of defined benefit pension plans	-	-	-	-	-	(1,392)	**(1,392)**	(8)	**(1,400)**
Currency translation adjustment	-	-	-	-	-	5	**5**	-	**5**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	***(887)***	***(887)***	***(6)***	***(893)***
Net result for the period	-	-	-	-	-	(114)	**(114)**	**5**	**(109)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**-**	**(1,001)**	**(1,001)**	**(1)**	**(1,002)**
Dividends paid and coupons on perpetual	-	-	-	-	-	-	**-**	(5)	**(5)**
Treasury shares	-	-	-	1	-	-	**1**	-	**1**
June 30, 2016	**300,219,278**	**300**	**2,971**	**(84)**	**600**	**(4,562)**	**(775)**	**42**	**(733)**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

(*) See note 2 in notes to the condensed consolidated financial statements.

Air France-KLM Group

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Period from January 1 to June 30 *In € millions*	***Notes***	**2016**	**2015** **Restated[(*)]**
Net income from continuing operations		(111)	(641)
Net income from discontinued operations	***15***	2	4
Amortization, depreciation and operating provisions		781	781
Financial provisions		(21)	43
Loss (gain) on disposals of tangible and intangible assets		(59)	5
Loss (gain)on disposals of subsidiaries and associates	***11***	(7)	(224)
Derivatives – non monetary result		(129)	51
Unrealized foreign exchange gains and losses, net		122	237
Share of (profits) losses of associates		(1)	16
Deferred taxes	***13***	33	(105)
Impairment		2	-
Other non-monetary items		33	63
Financial capacity		**645**	**230**
Including discontinued operations		***9***	***9***
(Increase) / decrease in inventories		(76)	(62)
(Increase) / decrease in trade receivables		(238)	(381)
Increase / (decrease) in trade payables		33	(29)
Change in other receivables and payables		1,074	1,325
Change in working capital requirement		**793**	**853**
Change in working capital from discontinued operations		2	9
Net cash flow from operating activities		**1,440**	**1,092**
Acquisition of subsidiaries, of shares in non-controlled entities		(4)	(6)
Purchase of property plant and equipment and intangible assets		(1,152)	(860)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities		4	342
Proceeds on disposal of property plant and equipment and intangible assets		96	51
Dividends received		3	1
Decrease (increase) in net investments, more than 3 months		681	(204)
Net cash flow used in investing activities of discontinued operations		(5)	(12)
Net cash flow used in investing activities		**(377)**	**(688)**
Perpetual		-	599
Issuance of debt		686	803
Repayment on debt		(720)	(1,133)
Payment of debt resulting from finance lease liabilities		(241)	(380)
New loans		(32)	(41)
Repayment on loans		20	96
Dividends and coupons on perpetual paid		(1)	(4)
Net cash flow used in financing activities of discontinued operations		(6)	5
Net cash flow from financing activities		**(294)**	**(55)**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		(23)	(18)
Effect of exchange rate on cash and cash equivalent and bank overdrafts of discontinued operations		(1)	(4)
Change in cash and cash equivalents and bank overdrafts		**745**	**327**
Cash and cash equivalents and bank overdrafts at beginning of period		3,073	2,902
Cash and cash equivalents and bank overdrafts at end of period		3,819	3,222
Change in cash of discontinued operations		(1)	7
Income tax (paid) / reimbursed (flow included in operating activities)		(50)	(47)
Interest paid (flow included in operating activities)		(165)	(225)
Interest received (flow included in operating activities)		19	20

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

[(*)] See note 2 in notes to the condensed consolidated financial statements.

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Period from January 1 to June 30 *in € millions*	***Notes***	**2016**	**2015** **Restated(*)**
Net cash flow from operating activities		1,440	1,092
Purchase of property plant and equipment and intangible assets		(1,152)	(860)
Proceeds on disposal of property plant and equipment and intangible		96	51
- Net cash flow from operating activities from discontinued operations		(11)	(18)
Operating free cash flow excluding discontinued activities	***23***	**373**	**265**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

(*) See note 2 in notes to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Air France-KLM Group

1. BUSINESS DESCRIPTION

As used herein, the term "Air France–KLM" refers to Air France-KLM SA, a limited liability company organized under French law. The term “Group” is represented by the economic definition of Air France-KLM and its subsidiaries. The Group is headquartered in France and is one of the largest airlines in the world. The Group’s core business is passenger transportation on scheduled flights (“passenger network”). The Group’s activities also include cargo, aeronautics maintenance, “low cost” passenger transportation (Transavia) and other air-transport-related activities including, principally, catering.
The limited company Air France-KLM, domiciled at 2, rue Robert Esnault-Pelterie 75007 Paris, France, is the parent company of the Air France-KLM Group. Air France-KLM is listed for trading in Paris (Euronext) and Amsterdam (Euronext).
The presentation currency used in the Group’s financial statements is the euro, which is also Air France-KLM’s functional currency.

2. RESTATEMENT OF ACCOUNTS 2015

Presentation of Servair Group as discontinued operation

Within the framework of a substantial consolidation in the catering business providing services to airlines, the Group studied various scenarios to ensure the development of its subsidiary Servair. After some months of study, the Group opted for the participation of another company in the share capital of Servair.

In March 2016, both Servair and Air France informed the representative bodies of their employees about this process of searching a partner to participate in the share capital of Servair.

On May 30, 2016, the Group has announced to be entered into exclusive negotiations with HNA for the disposal of 49.99% of Servair and the transfer of its operational control. Subject to HNA’s acquisition of gategroup, Air France and HNA intend to create, with gategroup, the leading platform in the inflight catering business. On July 7, HNA has published the interim result on the public tender offer for the shares of gategroup and has declared the offer successful. The settlement of this offer is expected to occur towards the end of the 3rd quarter / beginning of the 4th quarter 2016.

This should lead to a loss of control of Servair by Air France-KLM Group, as defined in IFRS 10 standard. Servair currently constitutes the main cash-generating unit of the segment "Other".

The above elements have triggered the accounting treatment of the Servair Group in "discontinued operations" as of March 31, 2016, as defined in IFRS 5 standard.
The consolidated figures as at June 30, 2015 have consequently been restated for the purpose of comparison, except for the balance sheet.

Detailed information of net income from discontinued operations is presented in Note 15.

3. SIGNIFICANT EVENTS

3.1. Events that occurred in the period

Except the ongoing negotiations relating to the participation of another company in the share capital of Servair mentioned in note 2, the following significant event occurred on the period:

Voluntary departure plan

During the meeting of the Corporate Works Council on February 26, 2016, the Air France management presented the voluntary departure plan for ground staff and cabin crew, aimed at the departure of approximately respectively 1,400 and 200 full time equivalents. The Group accordingly made a provision of €149 million to the income statement as of June 30, 2016 (see note 11). This provision is the best estimate of the costs involved in this voluntary departure plan.

3.2. Subsequent events

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

4. ACCOUNTING POLICIES

4.1. Accounting principles

Accounting principles used for the consolidated financial statements

Pursuant to the European Regulation n° 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2015 were established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Commission on the date these consolidated financial statements were established.

The interim condensed consolidated financial statements as of June 30, 2016 are prepared in accordance with IFRS, as adopted by the European Union on the date these condensed consolidated financial statements were established, and are presented according to IAS 34 "Interim financial reporting" and must be read in connection with the annual consolidated financial statements for the year ended on December 31, 2015.

The interim condensed consolidated financial statements as of June 30, 2016 have been established in accordance with the accounting principles used by the Group for the consolidated financial statements 2015, except for standards and interpretations adopted by the European Union applicable as from January 1, 2016.

The condensed consolidated financial statements were approved by the Board of Directors on July 26, 2016.

Change in accounting principles

- IFRS standards, amendments to the IFRS standards and IFRIC interpretations which are applicable on a mandatory basis to the 2016 financial statements

    - Amendment to IFRS 11 "Joint Arrangements", effective for the period beginning January 1, 2016;
    - Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets", effective for the period beginning January 1, 2016;
    - Amendment to IAS 1 "Presentation of Financial Statements", effective for the period beginning January 1, 2016;
    - Amendment to IAS 19 "Employee benefit", effective for the period beginning January 1, 2016.

  These amendments did not generated significant impacts on Group's financial statements as of June 30, 2016.

- Texts potentially applicable to the Group, published by the IASB but not yet adopted by the European Union

    - Standard IFRS 9 "Financial Instruments", effective for the period beginning January 1, 2018;
    - Standard IFRS 15 "Revenue Recognition from Contracts with Customers", effective for the period beginning January 1, 2018 and replacing the standards IAS 18 "Revenues", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programmes";
    - Standard IFRS 16 "Leases", effective for the period beginning January 1, 2019;

- Amendment to IAS 7 “Cash Flow Statement”, effective for the period beginning January 1, 2017;
- Amendment to IAS 12 “Income tax”, effective for the period beginning January 1, 2017.

The Group will early adopt the amendment to IAS 7 as from December 31, 2016.
The Group does not expect any significant impact of the amendment to IAS 12.
The implementation of IFRS 9, IFRS 15 and IFRS 16 is followed as a project. For each standard, the Group has set up dedicated working groups with the individual business segment and department concerned. The initial aim is to identify the changes relative to the current standards, so as to be in a second step, in the position to evaluate the financial impacts.

4.2. Preparation of unaudited interim consolidated financial statements

Seasonality of the activity

Revenues and income from current operations are characterized by their seasonal nature related to a high level of activity from April 1 to September 30. 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.

Income taxes

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

Retirement benefits

The net obligations concerning the defined-benefits schemes are revalued based on the discount rates and the fair-value of assets at interim closing dates. The net impact of these revaluations is recorded in other comprehensive income. Low discount rates can lead the Group to review other actuarial assumptions in order to keep a global consistency of the assumptions set.

4.3. Use of estimates

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimates described in the note 4 of the December 31, 2015 consolidated financial statements, concerned:

- Revenue recognition related to deferred revenue on ticket sales;
- Flying Blue frequent flyer program;
- Financial assets;
- Tangible and intangible assets;
- Pension assets and provisions;
- Other provisions;
- Deferred tax assets.

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.

The consolidated financial statements for the period have thus been established on the basis of financial parameters available at the closing date. Concerning the non-current assets, the assumptions are based on a limited level of growth.
Actual results could differ from these estimates depending on changes in the assumptions used or different conditions.

5. CHANGE IN THE CONSOLIDATION SCOPE

• First semester period ended June 30, 2016

No significant acquisition or disposal took place during the first semester ended June 30, 2016.

• First semester period ended June 30, 2015

No significant acquisition or disposal took place during the first semester ended June 30, 2015.

6. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments

The segment information is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around the following segments:

Passenger network: Passenger network operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code (except Transavia), including flights operated by other airlines under code-sharing agreements. They also include commissions paid by SkyTeam alliance partners, code-sharing revenues, 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 worldwide.

Transavia: The revenues from this segment come from the "low cost" activity realized by Transavia.

Other: The revenues from this segment come from several services provided by the Group and not covered by the four other segment mentioned above.

The results of the business segments 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 to the EBITDAR, EBITDA, current operating income and to the income from operating activities. Other elements of the income statement are presented in the "non-allocated" column.

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

Geographical segments

• Activity by origin of sales area

Group activities by origin of sale are broken down into eight geographical areas:

- Metropolitan France
- Benelux
- Europe (excluding France and Benelux)

- Africa
- Middle East, Gulf, India (MEGI)
- Asia-Pacific
- North America
- Caribbean, West Indies, French Guyana, Indian Ocean, South America (CILA)

Only segment revenue is allocated by geographical sales area.

• Activity by destination

Group activities by destination are broken down into seven geographic areas:

- Metropolitan France
- Europe (excluding France) and North Africa
- Caribbean, West Indies, French Guyana and Indian Ocean
- Africa (excluding North Africa), Middle East
- North America, Mexico
- South America (excluding Mexico)
- Asia and New Caledonia

6.1. Information by business segment

• First semester ended June 30, 2016

In € millions	**Passenger network**	**Cargo**	**Mainte-nance**	**Transavia**	**Other**	**Non allocated**	**Total**
Total sales	10,034	1,044	2,006	483	324	-	13,891
Intersegment sales	(621)	(8)	(1,140)	-	(302)	-	(2,071)
External sales	**9,413**	**1,036**	**866**	**483**	**22**	**-**	**11,820**
EBITDAR	1,407	(100)	193	20	2	-	1,522
EBITDA	952	(103)	193	(50)	2	-	994
Income from current operations	319	(116)	95	(75)	(5)	-	218
Income from operating activities	235	(124)	91	(75)	(8)	-	119
Share of profits (losses) of associates	(3)	-	2	-	2	-	1
Net cost of financial debt and other financial income and expenses	-	-	-	-	-	(178)	(178)
Income taxes	-	-	-	-	-	(53)	(53)
Net income from continuing operations	**232**	**(124)**	**93**	**(75)**	**(6)**	**(231)**	**(111)**

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- **First semester ended June 30, 2015 (restated)**

In € millions	**Passenger network**	**Cargo**	**Mainte-nance**	**Transavia**	**Other**	**Non allocated**	**Total**
Total sales	10,374	1,240	1,972	452	322	-	14,360
Intersegment sales	(711)	(10)	(1,196)	(3)	(300)	-	(2,220)
External sales	**9,663**	**1,230**	**776**	**449**	**22**	**-**	**12,140**
EBITDAR	952	(117)	197	(6)	10	-	1,036
EBITDA	510	(128)	197	(59)	11	-	531
Income from current operations	(112)	(141)	86	(75)	4	-	(238)
Income from operating activities	53	(190)	60	(75)	(2)	-	(154)
Share of profits (losses) of associates	(20)	-	1	-	1	-	(18)
Net cost of financial debt and other financial income and expenses	-	-	-	-	-	(554)	(554)
Income taxes	-	-	-	-	-	85	85
Net income from continuing operations	**33**	**(190)**	**61**	**(75)**	**(1)**	**(469)**	**(641)**

Air France-KLM Group

6.2. Information by geographical area

External sales by geographical area

- **First semester ended June 30, 2016**

In € millions	Metropo-litan France	Benelux	Europe (except France and Benelux)	Africa	Middle-Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Scheduled passenger	2,720	863	2,075	461	226	742	1,419	501	9,007
Other passenger sales	174	60	64	22	3	51	20	12	406
Total passenger	**2,894**	**923**	**2,139**	**483**	**229**	**793**	**1,439**	**513**	**9,413**
Scheduled cargo	176	113	283	56	13	145	102	67	955
Other cargo sales	18	10	15	8	1	9	14	6	81
Total cargo	**194**	**123**	**298**	**64**	**14**	**154**	**116**	**73**	**1,036**
Scheduled Transavia	172	263	33	3	-	1	2	1	475
Transavia - other sales	4	-	-	-	-	-	4	-	8
Total Transavia	**176**	**263**	**33**	**3**	**-**	**1**	**6**	**1**	**483**
Maintenance	506	291	15	-	-	-	54	-	866
Others	6	14	2	-	-	-	-	-	22
Total	**3,776**	**1,614**	**2,487**	**550**	**243**	**948**	**1,615**	**587**	**11,820**

- **First semester ended June 30, 2015 (restated)**

In € millions	Metropo-litan France	Benelux	Europe (except France and Benelux)	Africa	Middle-Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Scheduled passenger	2,878	849	2,089	462	222	854	1,339	555	9,248
Other passenger sales	176	70	69	28	3	47	11	11	415
Total passenger	**3,054**	**919**	**2,158**	**490**	**225**	**901**	**1,350**	**566**	**9,663**
Scheduled cargo	175	123	332	77	22	212	137	73	1,151
Other cargo sales	14	4	19	7	1	11	17	6	79
Total cargo	**189**	**127**	**351**	**84**	**23**	**223**	**154**	**79**	**1,230**
Transavia	144	281	24	-	-	-	-	-	449
Maintenance	462	253	12	-	-	-	49	-	776
Others	7	15	-	-	-	-	-	-	22
Total	**3,856**	**1,595**	**2,545**	**574**	**248**	**1,124**	**1,553**	**645**	**12,140**

Traffic sales by geographical area of destination

- **First semester ended June 30, 2016**

In € millions	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	North America, Mexico	South America, except Mexico	Asia, New Caledonia	Total
Scheduled passenger	930	2,098	744	1,211	1,832	765	1,427	9,007
Scheduled cargo	1	16	70	215	223	175	255	955
Scheduled Transavia	9	456	-	10	-	-	-	475
Total	**940**	**2,570**	**814**	**1,436**	**2,055**	**940**	**1,682**	**10,437**

- **First semester ended June 30, 2015**

In € millions	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	North America, Mexico	South America, except Mexico	Asia, New Caledonia	Total
Scheduled passenger	949	2,152	727	1,189	1,840	829	1,562	9,248
Scheduled cargo	2	21	67	234	276	205	346	1,151
Transavia	15	419	-	15	-	-	-	449
Total	**966**	**2,592**	**794**	**1,438**	**2,116**	**1,034**	**1,908**	**10,848**

7. EXTERNAL EXPENSES

In € millions	**2016**	**2015**
Period from January 1 to June 30		**Restated**
Aircraft fuel	2,263	3,141
Chartering costs	215	217
Landing fees and air route charges	914	941
Catering	215	223
Handling charges and other operating costs	750	741
Aircraft maintenance costs	1,246	1,160
Commercial and distribution costs	463	465
Other external expenses	953	987
Total	**7,019**	**7,875**
Excluding aircraft fuel	*4,756*	*4,734*

8. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

In € millions	**2016**	**2015**
Period from January 1 to June 30		**Restated**
Wages and salaries	2,589	2,658
Pension costs linked to defined contribution plans	278	271
Net periodic pension cost of defined benefit plans	136	135
Social contributions	528	538
Cost of temporary employees	72	81
Other expenses	103	61
Total	**3,706**	**3,744**

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). This multi-employer plan being assimilated with a French State plan, it is accounted for as a defined contribution plan in “pension costs linked to defined contribution plans”.

The line « Other » includes, as at June 30, 2016, an amount of €54 million of profit sharing expenses (against €7 million as at June 30, 2015).

Average number of employees

Period from January 1 to June 30	**2016**	**2015**
		Restated
Flight deck crew	7,702	7,912
Cabin crew	20,748	21,288
Ground staff	53,807	55,352
Temporary employees	2,228	2,441
Total	**84,485**	**86,993**

9. AMORTIZATION, DEPRECIATION AND PROVISIONS

In € millions	**2016**	**2015**
Period from January 1 to June 30		**Restated**
Amortization		
Intangible assets	62	51
Flight equipment	605	618
Other property, plant and equipment	103	107
	770	**776**
Depreciation and provisions		
Inventories	-	(7)
Trade receivables	(10)	(2)
Risks and contingencies	16	2
	6	**(7)**
Total	**776**	**769**

10. OTHER INCOME AND EXPENSES

In € millions	**2016**	**2015**
Period from January 1 to June 30		**Restated**
Capitalized production	442	447
Joint operation of routes	(26)	(21)
Operations-related currency hedges	95	162
Other	4	7
Other income and expenses	**515**	**595**

11. OTHER NON-CURRENT INCOME AND EXPENSES

In € millions	**2016**	**2015**
Period from January 1 to June 30		
Restructuring costs	(163)	(133)
Disposal of slots	49	-
Disposal of shares available for sale	-	224
Disposals of subsidiaries and affiliates	7	-
Other	-	(2)
Other non-current income and expenses	**(107)**	**89**

- **Six month period ended June 30, 2016**

Restructuring costs

As of June 30, 2016, this includes:
- €149 million relating to the voluntary departure plans announced by Air France in February 2016 (see note 3.1);
- €5 million relating to several voluntary departure plans initiated in the other Air France establishments located abroad.
- €9 million relating to an additional provision for KLM's restructuring plans.

Sale of slots

During the first semester 2016, the Group transferred to two airlines two pairs of slots at London Heathrow airport. Concerning this operation, an amount of €49 million has been recorded as of June 30, 2016.

Disposal of subsidiaries and affiliates

As of June 30, 2016, this includes the impact of the reclassification in "shares available for sales" of an affiliate previously recorded as equity investment.

- **Six month period ended June 30, 2015**

Restructuring costs

As of June 30, 2015, this line included:
- a provision of €56 million relating to the voluntary departure plans announced by Air France in February 2015;
- a provision of €40 million relating to the voluntary departure plan for Martinair pilots;
- a provision of €31 million relating to the new voluntary departure plan announced by KLM in June 2015.

Disposal of shares available for sale

On January 15, 2015, the Group sold a block of 9,857,202 shares in the Spanish company Amadeus IT Holding S.A. ("Amadeus"), representing approximately 2.2 per cent of the company's share capital. This transaction generated:

- A positive result on the disposal of the shares amounting to €218 million in the "Other non-current income and expenses" part of the income statement;
- Cash proceeds of €327 million.

After this operation, the Group still holds 9.9 million of Amadeus shares. The value of these shares was fully hedged in a transaction concluded on November 25, 2014.

12. NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

In € millions **Period from January 1 to June 30**	**2016**	**2015** **Restated**
Income from marketable securities	5	7
Other financial income	23	23
Income from cash and cash equivalents	**28**	**30**
Loan interests	(98)	(123)
Lease interests	(28)	(33)
Capitalized interests and other non-monetary items	5	6
Other financial expenses	(41)	(48)
Gross cost of financial debt	**(162)**	**(198)**
Net cost of financial debt	**(134)**	**(168)**
Foreign exchange gains (losses), net	(119)	(245)
Financial instruments	58	(96)
Net (charge) release to provisions	47	(15)
Other	(30)	(30)
Other financial income and expenses	**(44)**	**(386)**

Cost of financial debt

As of June 30, 2016, the gross cost of financial debt includes an amount of €13 million corresponding to the difference between the nominal interest rate and the effective interest rate (after split accounting) of the OCEANE bonds issued (€20 million as of June 30, 2015).

The interest rate used in the calculation of capitalized interest is 2.8% % for the six-month period ended June 30, 2016 (3.25% for the six-month period ended June 30, 2015).

Foreign exchange gain (losses)

As of June 30, 2016, the foreign exchange losses mainly include €116 million non-realized losses on Japanese Yen debt.

As of June 30, 2015, the foreign exchange losses mainly included:

- a currency loss on the net debt amounting to €145 million mainly linked to the appreciation in the US dollar, Swiss franc and Japanese yen relative to the euro and also to an additional adjustment in the value of the cash held by the Group in Venezuelan bank accounts to take into account the currency conversion risk ;
- a currency loss of €84 million on provision, mainly linked to the revaluation of the US dollar portion of the maintenance provisions.

Change in fair value of financial instruments

As of June 30, 2016, it mainly includes the change in fair value of financial instruments recorded related to fuel derivatives for €72 million and premium paid for fuel call options amounting to € (13) million.

As of June 30, 2015, the change in fair value of financial instruments recorded is related to fuel derivatives for €(57) million, foreign exchange derivatives for € (23) million, the total return swap on OCEANE for (9) million, and the Amadeus collar for €(8) million.

Net (charge) / release to provisions

As of June 30, 2016, the Group released to the consolidated income statement the €41 million provision covering the accrued interest of the fine imposed concerning the litigation relating to anti-trust legislation in the air freight industry, as the European commission did not appeal before February 29, 2016 the decision taken by European Court.

As of June 30, 2015, the net addition to provisions comprised mainly the constitution of a provision on GOL shares.

Other financial income and expenses

As of June 30, 2016 and 2015, the line “other” comprises mainly the effect of accretion on long-term provisions.

13. INCOME TAXES

13.1. Income tax charge

Current income tax expenses and deferred income tax are detailed as follows:

In € millions **Period from January 1 to June 30**	**2016**	**2015** **Restated**
Current tax (expense) / income	**(16)**	**(14)**
Change in temporary differences	(3)	(18)
CAVE impact	2	2
(Use / de-recognition) / recognition of tax loss carry forwards	(36)	115
Deferred tax income / (expense) from continuing operations	**(37)**	**99**
Total	**(53)**	**85**

The current income tax charge relates to the amounts paid or payable in the short term to the tax authorities for the period, in accordance with the regulations prevailing in various countries and any applicable treaties.

- **French fiscal group**

In France, tax losses can be carried forward for an unlimited period. However, there is a limitation on the amount of fiscal loss recoverable each year to 50 per cent of the profit for the period beyond the first million euros. The recoverability of the deferred tax losses corresponds to a period of seven years, consistent with the Group’s operating visibility.

- **Dutch fiscal group**

In The Netherlands, tax losses can be carried forward over a period of nine years without limitation in the amount of recovery due each year.

As of June 30, 2015, the Group had experienced a deferred tax income of €112 million for deferred losses of Dutch tax consolidation perimeter.

13.2. Deferred tax recorded in equity (equity holders of Air France-KLM)

In € millions	**2016**	**2015**
Period from January 1 to June 30		
Other comprehensive income that will be reclassified to profit and loss	**(225)**	**(168)**
Assets available for sale	-	13
Derivatives	(225)	(181)
Other comprehensive income that will not be reclassified to profit and loss	**429**	**(95)**
Pensions	429	(95)
Total	**204**	**(263)**

14. SHARE OF PROFITS (LOSSES) OF ASSOCIATES

As of June 30, 2015, the share of losses of associates held by the Group was mainly linked to Kenya Airways, a Kenyan airline based in Nairobi over which the Group exercises a significant influence. Since December 31, 2015, the equity value of Kenya Airways is nil.

15. NET INCOME FROM DISCONTINUED OPERATIONS

As of June 30, 2016 and 2015, the line « net income from discontinued operations » includes the result of Servair Group (see note 2), whose allocation after intercompanies elimination is the following:

In € millions	**2016**	**2015**
Période from January 1 to June 30		**Restated**
Revenues	195	158
EBITDAR	15	17
EBITDA	15	17
Income from current operations	*10*	*6*
Non current item	(3)	-
Income from operating activities	*7*	*6*
Financial Income	1	(1)
Income before tax	*8*	*5*
Income taxes	(4)	(3)
Share of profits (losses) of associates	(2)	2
Net income from discontinued operations	**2**	**4**

In the context of this operation, the assets and liabilities of the Servair Group have been reclassified on the lines « assets held for sale » and « liabilities relating to assets held for sale », as described in note 19.

16. EARNINGS PER SHARE

16.1 Income for the period – Equity holders of Air France-KLM per share

Reconciliation of income used to calculate earnings per share

The results used to calculate earnings per share are as follows:

- **Results used for the calculation of basic earnings per share:**

In € millions **As of June 30**	**2016**	**2015** **Restated**
Net income for the period – Equity holders of Air France-KLM	(114)	(638)
Net income from continuing operations – Equity holders of Air France – KLM	(116)	(642)
Net income from discontinued operations – Equity holders of Air France – KLM	2	4
Coupons on perpetual	(12)	-
Basic net income for the period – Equity holders of Air France-KLM	(126)	(638)
Basic net income from continuing operations – Equity holders of Air France – KLM	(128)	(642)
Basic net income from discontinued operations – Equity holders of Air France – KLM	2	4

Since perpetual subordinated loan is considered as preferred shares, coupons are included in the basic earning per share.

Reconciliation of the number of shares used to calculate earnings per share

As of June 30	**2016**	**2015**
Weighted average number of:		
- Ordinary shares issued	300,219,278	300,219,278
- Treasury stock held regarding stock option plan	(1,116,420)	(1,116,420)
- Other treasury stock	(3,033,162)	(3,063,384)
Number of shares used to calculate basic earnings per share	**296,069,696**	**296,039,474**
OCEANE conversion	-	15,946
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	**296,069,696**	**296,055,420**

16.2 Non-dilutive instruments

The Air France-KLM Group held no non-dilutive instrument as of June 30, 2016.

16.3 Instruments issued after the closing date

No instruments were issued subsequent to the closing date.

17. TANGIBLE ASSETS

In € millions	As of June 30, 2016			As of December 31, 2015		
	Gross value	Depreciation	Net Value	Gross value	Depreciation	Net Value
Owned aircraft	9,047	(5,879)	3,168	8,869	(5,864)	3,005
Leased aircraft	6,673	(2,583)	4,090	6,739	(2,847)	3,892
Assets in progress	516	-	516	513	-	513
Other	2,409	(991)	1,418	2,357	(1,024)	1,333
Flight equipment	**18,645**	**(9,453)**	**9,192**	**18,478**	**(9,735)**	**8,743**
Land and buildings	2,740	(1,755)	985	2,889	(1,826)	1,063
Equipment and machinery	1,166	(910)	256	1,310	(972)	338
Assets in progress	90	-	90	83	-	83
Other	940	(777)	163	1,056	(870)	186
Other tangible assets	**4,936**	**(3,442)**	**1,494**	**5,338**	**(3,668)**	**1,670**
Total	**23,581**	**(12,895)**	**10,686**	**23,816**	**(13,403)**	**10,413**

The net value of the tangible assets financed under capital lease amounts to €4,440 million as of June 30, 2016 (€4,373 million as of December 31, 2015).

18. PENSION ASSETS AND PROVISIONS

As of June 30, 2016, the discount rates used by companies to calculate the defined benefit obligations are the following:

	June 30, 2016	December 31, 2015
Euro zone – duration 10 to 15 years	1.05%	1.80%
Euro zone – duration 15 years and more	1.55%	2.35%

Within the context of the decrease of discount rates, long term inflation rates of the euro zone have been reviewed as of June 30, 2016 using the methodology described in note 31.2 of the annual financial statements as of December 31, 2015:

	June 30, 2016	December 31, 2015
Euro zone – duration 10 to 15 years	1.15%	1.50%
Euro zone – duration 15 years and more	1.30%	1.65%

The impact in variations of discount and inflation rates on the defined benefit obligation has been calculated using sensitivity analysis of the pension defined benefit obligation. The sensitivity analysis is mentioned in note 31.2 of the annual financial statements as of December 31, 2015.
Over the same period, the fair value of the plan assets of the pension funds increased.

All these items have a cumulative impact resulting in:
- A decrease of €1,569 million of the "pension assets" and
- An increase of €260 million of the "pension provisions".

The new Dutch Financial Assessment Framework applicable as per January 1, 2015 resulted in higher required solvency levels. Pension funds have more time to recover from immediate and material shortages through a rolling 10 year recovery plan. The existing recovery plan for the KLM Cabin Crew and KLM Ground Staff plan was updated per April 1, 2016. For the KLM Flight Deck Crew plan, a recovery plan was prepared and issued to the Dutch Central Bank for the first time at April 1, 2016. It is not expected that the current low interest rate environment will have an impact on future contributions for the KLM Cabin Crew and KLM Ground Staff schemes.

The current funding agreement of the KLM Flight Deck Crew pension plan provides that pilots will be guaranteed for pensions indexation. With the further decrease of interest rates and the new Financial Assessment Framework applicable as per January 1, 2015, the Group could need, if there is no change in market conditions, to make an additional contribution by the end of the year in order to reach the required coverage ratio for the Plan to grant indexation. As this contribution could be significant, the Group is currently in discussion with the KLM Flight Deck Crew Union to renegotiate the funding agreement. Should these discussions not be conclusive in the short term, the Group may decide to terminate the funding agreement promptly and to start negotiations on a new agreement. In that case, the Group could have to derecognize the net pension assets associated to the KLM Flight Deck Crew plan with an estimated on the income statement (based on June 30, 2016 figures) of € (553) million after tax.

19. ASSETS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS TO BE DISPOSED OF

- **Six month period ended June 30, 2016**

As of June 30, 2016, the line "assets held for sale" and "liabilities related to assets to be disposed of" are related to:

- Reclassification on discontinued operations of Servair Group as describe in note 2. with the main impact :

In euros millions Assets		Liabilities	
Non-current Assets	239	Non-current Liabilities	68
Current Assets	141	Current Liabilities	185
Total Assets	**380**	**Total Liabilities**	**253**

The line "current Assets" included an amount of €28 million of cash and cash equivalent.
Liabilities included an amount of financial debts of €19 million.

- The fair value of 3 aircraft held for sale for an amount of €1 million.

- **Six month period ended December 31, 2015**

As of December 31, 2015, the line "Assets held for sale" includes the fair value of eight aircraft held for sale for a total amount of €4 million.

20. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA

20.1 Breakdown of stock and voting rights

As of June 30, 2016, the issued capital of Air France-KLM comprised 300,219,278 fully paid-up shares with a nominal value of €1. Each share is entitled to one vote.

The breakdown of stock and voting rights is as follows:

In percentage(%)	**June 30, 2016**		**December 31, 2015**	
	Capital	Voting rights	Capital	Voting rights
French State	18	27	18	18
Employees and former employees	7	10	7	7
Treasury shares	1	-	1	-
Other	74	63	74	75
Total	**100**	**100**	**100**	**100**

The item “Employees and former employees” includes shares held by employees and former employees identified in funds or by a Sicovam code.

In accordance with the “Florange Law”, as of April 3, 2016, a double voting right is automatically be assigned to all fully paid-up shares held in registered form in the name of the same shareholders for two years.

20.2 Reserves and retained earnings

In € millions	***Notes***	**June 30, 2016**	**December 31, 2015**
Legal reserve		70	70
Distributable reserves		365	301
Defined benefit pensions reserves		(4,052)	(2,660)
Derivatives reserves		(221)	(736)
Available for sale securities reserves		275	289
Other reserves		(885)	(943)
Net income (loss) – Equity holders of Air France-KLM		(114)	118
Total		**(4,562)**	**(3,561)**

21. PROVISIONS

In € millions	June 30, 2016			December 31, 2015		
	Non current	Current	Total	Non current	Current	Total
Restitution of aircraft	906	395	1,301	895	375	1,270
Restructuring	-	340	340	-	310	310
Litigation	419	3	422	464	10	474
Other	142	37	179	154	47	201
Total	**1,467**	**775**	**2,242**	**1,513**	**742**	**2,255**

21.1. Provisions

21.1.1. Restructuring provisions

As of June 30, 2016, the restructuring provisions mainly concern the voluntary departure plans of Air France and its regional subsidiaries, KLM and Martinair.

21.1.2. Litigation

An assessment of litigation risks with third parties has been carried out with the Group's attorneys and provisions have been recorded whenever circumstances require.
Provisions for litigation with third parties also include provisions for tax risks. Such provisions are set up when the Group considers that the tax authorities, in case of a tax audit, could reasonably challenge a tax position adopted by the Group or one of its subsidiaries.

In the normal course of its activities, the Air France-KLM Group, its subsidiaries Air France and KLM and their subsidiaries are involved in litigation cases, some of which may be significant.

21.1.3. Litigation concerning anti-trust laws in the air-freight industry

Air France, KLM and Martinair, a wholly-owned subsidiary of KLM since January 1, 2009, have been involved, since February 2006, with up to twenty-five other airlines in investigations initiated by the anti-trust authorities in several countries, with respect to allegations of anti-competitive agreements or concerted actions in the air-freight industry.

As of December 31, 2015, most of these investigations have been terminated following the entry into plea agreements between Air France, KLM and Martinair and the appropriate competition authorities providing for the payment of settlement amounts or fines, with the exception of the proceedings initiated by the European Commission, and by the Swiss anti-trust authority, which are still pending.

In Europe, the decision of the European Commission of 2010 against a dozen airline companies, including the companies of the Group Air France, KLM and Martinair, was annulled by the General Court of the European Union on December 16, 2015.

As the European commission has indicated its intention, following such annulment, to adopt a new decision against Air France-KLM, Air France, KLM and Martinair, the €340 million provision in respect of the fine has been maintained in the accounts of the Group as of June 30, 2016.

During the 1st semester 2016, the Group released to the consolidated income statement the €41 million provision covering the accrued interest (see note 12).

In Switzerland, Air France and KLM are challenging a decision imposing a €3 million fine before the relevant court.

As of June 30, 2016, the total amount of provisions in connection with the anti-trust cases amounts to €343 million.

21.1.4. Other provisions

Other provisions relate principally to power-by-the-hour contracts (maintenance activity of the Group), provisions for onerous leases, provisions for the portion of CO2 emissions not covered by the free allocation of quotas and provisions for the dismantling of buildings.

21.2 Contingent liabilities

The Group is involved in several governmental, judicial and arbitration procedures for which provisions have not been recorded in the financial statements in accordance with applicable accounting rules.

21.2.1. Litigations concerning anti-trust laws in the air-freight industry

Following the initiation of various investigations by the competition authorities in 2006 and the E.U. Commission decision in 2010, several collective and individual actions were brought by forwarders and air-freight shippers in civil courts against Air France, KLM and Martinair, and the other airlines in several jurisdictions.

Under these civil lawsuits, shippers and freight forwarders are claiming for damages to compensate alleged higher prices due to the cartel.

Air France, KLM and/or Martinair remain defendants, either as main defendants (in particular in The Netherlands, Norway, South Korea and the United States of America) or as third party interveners brought in these cases by other main defendants under “contribution proceedings” (in the UK for example). Where Air France, KLM and/or Martinair are the main defendants, they have also initiated contribution proceedings against other airlines.

No provision has been recognized at present in connection with these disputes as the Group is not in a position at this stage of the judicial proceedings to give a reliable estimate of the potential loss that would be incurred if the outcome of these proceedings were negative. In particular, although significant amounts have been reported by the media, plaintiffs are mostly claiming for unspecified and/or insufficiently substantiated damages against defendants taken as a whole (and not individually) and the EU decision to which the plaintiffs generally refer to is still not definitive.

The Group companies and the other airlines involved in these lawsuits continue to vigorously oppose all such civil claims.

21.2.2. Litigations concerning anti-trust laws in the passenger sector

Canada

A civil class action was reinitiated in 2013 by claimants in Ontario against seven airlines including Air France and KLM. The plaintiffs allege that the defendants participated in a conspiracy in the passenger air transport service from/to Canada on the cross-Atlantic routes, for which they are claiming damages. Air France and KLM strongly deny any participation in such a conspiracy.

21.2.3. Other litigations

Rio-Paris AF447 flight

Following to the crash in the South Atlantic Ocean of the Rio-Paris AF447 flight, a number of legal actions for damages have been brought by heirs of the victims in the United States and Brazil and more recently in France. Damages to heirs of the victims are covered by third-party liability insurance subscribed by Air France.

In 2011, Air France and Airbus were indicted as legal entities for unintentional manslaughter and therefore are exposed to applicable fines under the French criminal code. Air France is challenging its implication in this criminal case.

Except for the matters specified under the paragraphs 21.1 and 21.2, the Group is not aware of any governmental, judicial and arbitration dispute or proceedings (including any proceedings of which the issuer is aware, or that are pending or threatened against it) that could have a significant impact on the Group's financial position, earnings, assets, liabilities or profitability, for a period including at least the past twelve months.

22. FINANCIAL DEBT

In € millions	June 30, 2016			December 31, 2015		
	Non current	**Current**	**Total**	**Non current**	**Current**	**Total**
Perpetual subordinated loan stock	617	-	617	584	-	584
OCEANE (convertible bonds)	497	-	497	489	415	904
Bonds	1,107	601	1,708	1,104	603	1,707
Capital lease obligations	3,855	524	4,379	3,647	577	4,224
Other long-term debt	1,109	334	1,443	1,236	327	1,563
Accrued interest	-	68	68	-	95	95
Total	**7,185**	**1,527**	**8,712**	**7,060**	**2,017**	**9,077**

The Group reimbursed on April 1st 2016 the OCEANE issued in 2005. The relating swap expired at this same date.

Market value

The financial liabilities with fair values significantly different from their book values are the following:

In € millions	June 30, 2016		December 31, 2015	
	Net book value	**Estimated market value**	**Net book value**	**Estimated market value**
Perpetual subordinated loan stock	617	526	584	484
OCEANE	497	566	904	1,010
Bonds	1,708	1,756	1,707	1,761
Total	**2,822**	**2,848**	**3,195**	**3,255**

23. NET DEBT

In € millions	June 30, 2016	December 31, 2015
Current and non-current financial debt (1)	8,712	9,077
Financial lease deposits (others)	(331)	(453)
Cash secured on OCEANE swap (*)	-	(393)
Currency hedge on financial debt	(37)	(40)
Accrued interest	(68)	(95)
Gross financial debt (I)	**8,276**	**8,096**
Cash and cash equivalents (2)	3,833	3,104
Marketable securities	177	466
Cash secured (on other than OCEANE swap) (*)	18	18
Financial lease deposit (bonds)	227	204
Others	(7)	-
Bank overdrafts (3)	(14)	(3)
Net cash (II)	**4,234**	**3,789**
Net debt (I-II)	**4,042**	**4,307**
(*) Cash secured	18	411

(1) Liabilities : long term debt

(2) Assets : cash and cash equivalents

(3) Liabilities : bank overdrafts

In € millions	***Note***	June 30, 2016	December 31, 2015
Opening net debt		**4,307**	**5,407**
Operating free cash, cash flow excluding discontinued activities (1)		(373)	(606)
Change in perpetual		-	(588)
Disposal of subsidiaries, of shares in non-controlled entities	***11***	(4)	(342)
Acquisition of subsidiaries, of shares in non-controlled entities (2)		4	7
Non monetary variation of the debt		(64)	156
Currency translation adjustment		142	185
Amortization of OCEANE optional part		13	36
Reclassification		11	(4)
Change in scope		-	(8)
Other		6	64
Closing net debt		**4,042**	**4,307**

(1) Cash flows statement : operating free cash flow

(2) Cash flows statement : acquisition of subsidiaries, of shares in non-controlled entities

24. LEASE COMMITMENTS

24.1 Financial leases

The breakdown of total future minimum lease payments related to capital leases is as follows:

In € millions	**June 30, 2016**	**December 31, 2015**
Flight equipment	4,270	4,049
Buildings	447	489
Other	7	110
Total	**4,724**	**4,648**

24.2 Operating leases

The undiscounted amount of the future operating lease payments for aircraft under operating lease totaled €5,666 million as of June 30, 2016 (€5,986 million as of December 31, 2015).

25. FLIGHT EQUIPMENT ORDERS

Due dates for commitments to firm orders with a view to the purchase of flight equipment are as follows:

In € millions	**June 30, 2016**	**December 31, 2015**
2^{nd} semester year Y (6 months)	224	-
Year Y+1	1,001	811
Year Y+2	1,094	972
Year Y+3	1,087	984
Year Y+4	1,516	1,462
> Year Y+4	3,135	4,514
Total	**8,057**	**8,743**

These commitments relate to amounts in US dollars, converted into euros at the closing date exchange rate. Furthermore these amounts are hedged.

The number of aircraft under firm order (excluding operational lease) as of June 30, 2016 decreased by 10 units compared with December 31, 2015 and stood at 84 aircraft. These changes are explained by the delivery of 10 aircraft over the period.

Long-haul fleet (passenger)

The Group took delivery of 3 Boeing B777s and 1 Boeing B787.

Medium-haul fleet

The Group took delivery of 4 Boeing B737s.

Regional fleet

The Group took delivery of 2 Embraer E175s.

Air France-KLM Group

The Group's commitments concern the following aircraft:

Aircraft type	To be delivered in	2nd semester Y (6 months)	Y+1	Y+2	Y+3	Y+4	Beyond Y+4	Total
Long-haul fleet – passenger								
A350	As of June 30, 2016	-	-	-	3	7	18	**28**
	As of December 31, 2015	-	-	-	-	6	22	**28**
B787	As of June 30, 2016	-	2	5	4	4	9	**24**
	As of December 31, 2015	-	1	2	3	4	15	**25**
B777	As of June 30, 2016	-	1	-	-	-	-	**1**
	As of December 31, 2015	-	3	1	-	-	-	**4**
Medium-haul fleet								
A320	As of June 30, 2016	-	2	1	-	-	-	**3**
	As of December 31, 2015	-	-	2	1	-	-	**3**
B737	As of June 30, 2016	-	8	5	-	-	-	**13**
	As of December 31, 2015	-	4	8	5	-	-	**17**
Regional fleet								
EMB 175	As of June 30, 2016	2	8	5	-	-	-	**15**
	As of December 31, 2015	-	4	8	5	-	-	**17**
Total	**As of June 30, 2016**	**2**	**21**	**16**	**7**	**11**	**27**	**84**
	As of December 31, 2015	**-**	**12**	**21**	**14**	**10**	**37**	**94**

26. RELATED PARTIES

The Group's relationships with its related parties did not change significantly in terms of amounts and/or scope.