

**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, 2007 – December 31, 2007

Air France – KLM Group

CONSOLIDATED INCOME STATEMENTS

<i>In € millions</i>		2007	2006
	<i>Notes</i>		
Period from April 1 to December 31,			
Sales	4	18 410	17 684
Other revenues		3	4
Revenues		18 413	17 688
External expenses	5	(10 318)	(9 938)
Salaries and related costs	6	(5 210)	(4 977)
Taxes other than income taxes		(186)	(201)
Amortization and depreciation		(1 206)	(1 316)
Provisions		(43)	(24)
Other income and expenses		1	(1)
Income from current operations		1 451	1 231
Sales of aircraft equipment	7	6	10
Other non-current income and expenses	7	347	(25)
Income from operating activities		1 804	1 216
Cost of financial debt		(301)	(284)
Income from cash and cash equivalents		222	174
Net cost of financial debt		(79)	(110)
Other financial income and expenses		8	(60)
Income before tax		1 733	1 046
Income taxes		(409)	(228)
Net income of consolidated companies		1 324	818
Share of profits (losses) of associates	8	(16)	23
Net income from continuing operations		1 308	841
Net income from discontinued operations		-	-
Net income for the period		1 308	841
- Group		1 290	847
- Minority interest		18	(6)
Earnings per share – Group (in euros)			
- basic		4,58	3.19
- diluted		4,26	2.93

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

Air France – KLM Group

CONSOLIDATED BALANCE SHEETS

Assets <i>In € millions</i>	December 31, 2007	March 31, 2007
Goodwill	211	204
Intangible assets	458	424
Flight equipment	11 931	11 551
Other property, plant and equipment	2 184	2 007
Investments in equity associates	172	228
Pension assets	2 184	2 097
Other financial assets <i>(which includes € 794 million of deposits related to financial leases as of December 31, 2007 and € 835 million as of March 31, 2007)</i>	1 021	1 095
Deferred tax assets	30	26
Other non-current assets	1 723	604
Total non current assets	19 914	18 236
Other short term financial assets <i>(which includes € 392 million of deposits related to financial leases and investments between 3 months and 1 year as of December 31, 2007 and € 631 million as of March 31, 2007)</i>	443	689
Inventories	510	360
Trade accounts receivable	2 253	2 610
Income tax receivables	-	7
Other current assets	1 838	1 271
Cash and cash equivalents	4 863	3 497
Total current assets	9 907	8 434
Total assets	29 821	26 670

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CONSOLIDATED BALANCE SHEETS (continued)

Liabilities and equity <i>In € millions</i>	December 31, 2007	March 31, 2007
Issued capital	2 552	2 375
Additional paid-in capital	765	539
Treasury shares	(110)	(30)
Reserves and retained earnings	7 641	5 415
Equity attributable to equity holders of Air France-KLM	10 848	8 299
Minority interest	129	113
Total Equity	10 977	8 412
Provisions and retirement benefits	1 217	1 387
Long-term debt	7 245	7 419
Deferred tax	1 637	891
Other non-current liabilities	628	401
Total non-current liabilities	10 727	10 098
Provisions	264	225
Current portion of long-term debt	1 145	1 098
Trade accounts payable	2 233	2 131
Deferred revenue on ticket sales	1 849	2 217
Current tax liabilities	121	21
Other current liabilities	2 417	2 335
Bank overdrafts	88	133
Total current liabilities	8 117	8 160
Total liabilities	18 844	18 258
Total liabilities and equity	29 821	26 670

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Air France – KLM Group

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

<i>In € millions</i>	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Minority interests	Total equity
March 31, 2006	269 383 518	2 290	430	(58)	5 072	7 734	119	7 853
Fair value adjustment on available for sale securities	-	-	-	-	3	3	-	3
Gain / (loss) on cash flow hedges	-	-	-	-	(607)	(607)	(2)	(609)
Currency translation adjustment	-	-	-	-	(5)	(5)	(1)	(6)
Net income for the period	-	-	-	-	847	847	(6)	841
Total of income and expenses recognized	-	-	-	-	238	238	(9)	229
Stock based compensation (ESA)	-	-	-	-	24	24	-	24
Dividends paid	-	-	-	-	(81)	(81)	(1)	(82)
Treasury shares	-	-	-	22	-	22	-	22
Other	-	-	-	-	-	-	4	4
December 31, 2006	269 383 518	2 290	430	(36)	5 253	7 937	113	8 050
March 31, 2007	279 365 707	2 375	539	(30)	5 415	8 299	113	8 412
Fair value adjustment on available for sale securities	-	-	-	-	12	12	-	12
Gain / (loss) on cash flow hedges	-	-	-	-	1 026	1 026	12	1 038
Currency translation adjustment	-	-	-	-	9	9	(1)	8
Net income for the period	-	-	-	-	1 290	1 290	18	1 308
Total of income and expenses recognized	-	-	-	-	2 337	2 337	29	2 366
Stock based compensation (ESA)	-	-	-	-	23	23	-	23
Increase in capital	20 853 571	177	226	-	-	403	-	403
Dividends paid	-	-	-	-	(134)	(134)	(3)	(137)
Treasury shares	-	-	-	(80)	-	(80)	-	(80)
Other	-	-	-	-	-	-	(10)	(10)
December 31, 2007	300 219 278	2 552	765	(110)	7 641	10 848	129	10 977

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

Air France-KLM Group

CONSOLIDATED STATEMENTS OF CASH FLOWS

In € millions

Period from April 1 to December 31,	<i>Notes</i>	2007	2006
Net income for the period – Group		1 290	847
Minority interests		18	(6)
Amortization, depreciation and operating provisions		1 249	1 340
Financial provisions		8	16
Gain on disposals of tangible and intangible assets		(32)	(16)
Loss / (gain) on disposals of subsidiaries and associates		(45)	(1)
Gain on WAM (Amadeus GTD) transaction	7	(284)	-
Derivatives – non monetary result		(36)	45
Unrealized foreign exchange gains and losses, net		1	(14)
Share of (profits) losses of associates – non monetary part		16	(23)
Deferred taxes		283	243
Other non-monetary items		(120)	(103)
Subtotal		2 348	2 328
(Increase) / decrease in inventories		(83)	(11)
(Increase) / decrease in trade receivables		413	84
Increase / (decrease) in trade payables		25	92
Change in other receivables and payables		(275)	(178)
Payment of the ESA 2003 soulte		(110)	-
Additional contribution to pension fund		(198)	-
Net cash flow from operating activities		2 120	2 315
Acquisitions of subsidiaries and investments in associates, net of cash acquired		(74)	(23)
Purchase of property, plant and equipment and intangible assets		(1 718)	(1 709)
Proceeds on disposal of subsidiaries and investments in associates		84	35
Proceeds on WAM (Amadeus GTD) transaction	7	284	-
Proceeds on disposal of property, plant and equipment and intangible assets		214	84
Dividends received		4	6
Decrease (increase) in investments, net between 3 months and 1 year		202	215
Net cash used in investing activities		(1 004)	(1 392)
Increase in capital		597	-
Decrease in capital		(10)	-
Issuance of long-term debt		707	1 085
Repayments on long-term debt		(329)	(449)
Payment of debt resulting from finance lease liabilities		(543)	(498)
New loans		(62)	(40)
Repayments on loans		68	50
Dividends paid		(137)	(82)
Net cash flow from financing activities		291	66
Effect of exchange rate on cash and cash equivalents and bank overdrafts		4	(3)
Change in cash and cash equivalents and bank overdrafts		1 411	986
Cash and cash equivalents and bank overdrafts at beginning of period		3 364	2 844
Cash and cash equivalents and bank overdrafts at end of period		4 775	3 830
Income tax paid (flow included in operating activities)		(24)	(306)
Interest paid (flow included in operating activities)		(256)	(287)
Interest received (flow included in operating activities)		217	179

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

April 1, 2007 – December 31, 2007

Air France-KLM Group

1. BUSINESS DESCRIPTION

As used herein, the term "Air France-KLM" refers to Air France-KLM S.A., a limited liability company organized under French law without its consolidated subsidiaries. The term "Group" refers to Air France-KLM together with its consolidated 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. The Group's activities also include cargo, aeronautics maintenance and other air-transport related activities, including principally catering and charter services.

The limited company Air France-KLM SA, domiciled 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), Amsterdam (Euronext) and New-York (NYSE).

The Group's functional currency is the euro.

2. SIGNIFICANT EVENTS OF THE YEAR

The income for the period ended December 31, 2007 includes a gain of €284 million before tax relating to the WAM (Amdeus GTD) transaction described in note 7.

3. ACCOUNTING POLICIES

3.1. Accounting principles

Accounting principles used for the interim condensed consolidated financial statements as of December 31, 2007 are the same as those used as of March 31, 2007 and described in the consolidated financial statements of the year ended March 31, 2007.

The interim condensed consolidated financial statements as of December 31, 2007 must be read in connection with the annual consolidated financial statements for the year ended March 31, 2007. They have been prepared in accordance with those IFRS as of February 13, 2008, 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.

3.3. 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 and the disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimations described in the note 3 of the March 31, 2007 consolidated financial statements, concerned:

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

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- Deferred tax assets
- Flying Blue frequent flyer program
- 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.

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4. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

The 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 correspond to the income from current operations. Other elements of the income statement are presented in the "non allocated" column.

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

The Group's secondary reporting format is geographical segmentation based on origin of sales. Only segment revenues are allocated by geographical sales area.

Business segments

Passenger: Passenger operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code, 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 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

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4.1. Information by business segment

- Nine month period ended December 31, 2007

<i>In € millions</i>	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	15 248	2 220	2 135	1 328	-	20 931
Intersegment sales	(623)	(12)	(1 409)	(477)	-	(2 521)
External sales	14 625	2 208	726	851	-	18 410
Income from current operations	1 292	40	65	54	-	1 451
Income from operating activities	1 292	40	65	54	353	1 804
Share of profits (losses) of associates	-	-	-	-	(16)	(16)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(71)	(71)
Income taxes	-	-	-	-	(409)	(409)
Net income from continuing operations	1 292	40	65	54	(143)	1 308

- 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	-	-	-	-	23	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	41	70	(390)	841

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4.2. Information by geographical area

Sales by geographical area

- Nine month period ended December 31, 2007

<i>In € millions</i>	Europe, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	9 384	292	887	2 238	1 101	13 902
Other passenger sales	543	38	25	42	75	723
Total passenger	9 927	330	912	2 280	1 176	14 625
Scheduled cargo	938	27	136	266	695	2 062
Other cargo sales	94	3	6	20	23	146
Total cargo	1 032	30	142	286	718	2 208
Maintenance	718	-	-	-	8	726
Others	828	15	8	-	-	851
Total	12 505	375	1 062	2 566	1 902	18 410

- 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	8 770	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

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Traffic sales by geographical area of destination

- Nine month period ended December 31, 2007

<i>In € millions</i>	Europe, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	5 532	892	1 905	3 320	2 253	13 902
Scheduled cargo	50	144	284	633	951	2 062
Total	5 582	1 036	2 189	3 953	3 204	15 964

- 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

5. EXTERNAL EXPENSES

<i>In € millions</i>	2007	2006
<i>Nine month period ended December 31,</i>		
Aircraft fuel	3 384	3 264
Chartering costs	488	491
Aircraft operating lease costs	457	453
Landing fees and en route charges	1 341	1 306
Catering	356	319
Handling charges and other operating costs	1 001	952
Aircraft maintenance costs	740	661
Commercial and distribution costs	914	913
Other external expenses	1 637	1 579
Total	10 318	9 938

“Other external expenses” correspond mainly to rent and insurance costs.

The increase of “aircraft maintenance costs” is mainly due to the reclassification of spare parts from flight equipment to inventories.

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6. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

<i>In € millions</i>	2007	2006
<i>Nine month period ended December 31,</i>		
Wages and salaries	3 829	3 658
Social contributions	1 238	1 174
Net periodic pension cost	72	103
Expenses related to share-based compensation	21	23
Other expenses	50	19
Total	5 210	4 977

Average number of employees

<i>Nine month period ended December 31,</i>	2007	2006
Flight deck crew	8 258	8 006
Cabin crew	21 308	20 678
Ground staff	74 916	74 443
Total	104 482	103 127

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

- **Nine month period ended December 31, 2007**

During the nine month period ended December 31, 2007, the Group sold its shares in Alpha recording a gain on disposal of €40 million. The company Alpha, previously held at 26%, was accounted for under the equity method in the Group's condensed consolidated financial statements.

The gain on WAM (Amadeus GTD) transaction that amounts to €284 million, corresponds to the reimbursement of the shareholder capital for €202 million, of the shareholders' loan for an amount of €76 million and to a payment of interests for €6 million. The shares and the loan had been recognized at a value of nil in the operation of reinvestment of Air France-KLM within the LBO operation initiated in July 2005.

- **Nine month period ended December 31, 2006**

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.

8. SHARE OF PROFITS (LOSSES) OF ASSOCIATES

The share of profits (losses) of associates includes a negative contribution from Martinair which comprises in particular, according to the statues of discussions, a new provision for risk concerning the inquiry of the US Department Of Justice (DOJ) about an alleged conspiracy to fix the price of air shipping services. The part of the Group is a cost amounting to €11 million.