### 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 – June 30, 2007

## CONSOLIDATED INCOME STATEMENTS

| In € millions                           |       | 2007    | 2006      |
|---|-------|---------|-----------|
| Denie J. Granne Annull 1.4. Januar 20   | Notes |         |           |
| Period from April 1 to June 30,         |       |         |           |
| Sales                                   | 1     | 5 945   | 5 802     |
| Other revenues                          |       | -       | -         |
| Revenues                                |       | 5 945   | 5 802     |
| Kevenues                                |       | 5745    | 5 002     |
| External expenses                       | 2     | (3 371) | (3 2 4 2) |
| Salaries and related costs              | 3     | (1 729) | (1 661)   |
| Taxes other than income taxes           |       | (57)    | (64)      |
| Amortization and depreciation           |       | (387)   | (424)     |
| Provisions                              |       | (11)    | (6)       |
| Other income and expenses               |       | 25      | 6         |
| Income from current operations          |       | 415     | 411       |
| Sales of aircraft equipment             | 4     | -       | 6         |
| Negative goodwill                       | -     | -       | -         |
| Other non-current income and expenses   | 4     | 122     | (29)      |
| Income from operating activities        |       | 537     | 388       |
|   |       |         |           |
| Cost of financial debt                  |       | (96)    | (97)      |
| Income from cash and cash equivalents   |       | 65      | 51        |
| Net cost of financial debt              |       | (31)    | (46)      |
| Other financial income and expenses     | 5     | 97      | (32)      |
| Income before tax                       |       | 603     | 310       |
| Income taxes                            |       | (174)   | (87)      |
| income taxes                            |       | (174)   | (87)      |
| Net income of consolidated companies    |       | 429     | 223       |
| Share of profits (losses) of associates |       | (9)     | -         |
| Net income from continuing operations   |       | 420     | 223       |
| Net income from discontinued operations |       | -       | -         |
| Net income for the period               |       | 420     | 223       |
| - Group                                 |       | 415     | 244       |
| - Minority interest                     | 4     | 5       | (21)      |
| Earnings per share – Group (in euros)   |       |         |           |
| - basic                                 |       | 1,49    | 0,91      |
| - diluted                               |       | 1,34    | 0,86      |

## CONSOLIDATED BALANCE SHEETS

| Assets  | June 30,<br>2007 | March 31, 2007 |
|---|------------------|----------------|
| In € millions   |                  |                |
|   |                  |                |
| Goodwill  | 204              | 204            |
| Intangible assets   | 427              | 424            |
| Flight equipment  | 11 774           | 11 551         |
| Other property, plant and equipment   | 2 046            | 2 007          |
| Investments in equity associates  | 189              | 228            |
| Pension assets  | 2 124            | 2 097          |
| Other financial assets (which includes $\in$ 844 million of deposits related to financial leases as of June 30, 2007, $\in$ 835 million as of March 31, 2007)   | 1 085            | 1 095          |
| Deferred tax assets   | 26               | 26             |
| Other non-current assets  | 890              | 604            |
| Total non current assets  | 18 765           | 18 236         |
| Other short term financial assets (which includes $\in$ 464 million of deposits related to financial leases and investments between 3 months and 1 year as of June 30, 2007, $\notin$ 631 million as of March 31, 2007) | 525              | 689            |
| Inventories   | 441              | 360            |
| Trade accounts receivable   | 2 782            | 2 610          |
| Income tax receivables  | -                | 7              |
| Other current assets  | 1 192            | 1 271          |
| Cash and cash equivalents   | 4 102            | 3 497          |
| Total current assets  | 9 042            | 8 434          |
| Total assets  | 27 807           | 26 670         |

## CONSOLIDATED BALANCE SHEETS (continued)

| <b>Liabilities and equity</b><br><i>In</i> € <i>millions</i> | June 30,<br>2007 | March 31,<br>2007 |
|--|------------------|-------------------|
|  |                  |                   |
| Issued capital   | 2 375            | 2 375             |
| Additional paid-in capital                                   | 539              | 539               |
| Treasury shares  | (21)             | (30)              |
| Reserves and retained earnings                               | 5 987            | 5 415             |
| Equity attributable to equity holders of Air France-KLM      | 8 880            | 8 299             |
| Minority interest  | 117              | 113               |
| Total Equity   | 8 997            | 8 412             |
| Provisions and retirement benefits                           | 1 150            | 1 207             |
|  | 1 159            | 1 387<br>7 419    |
| Long-term debt<br>Deferred tax                               | 7 303            |                   |
| Other non-current liabilities                                | 1 097<br>471     | 891<br>401        |
| Other non-current nabilities                                 | 471              | 401               |
| Total non-current liabilities                                | 10 030           | 10 098            |
| Provisions   | 257              | 225               |
| Current portion of long-term debt                            | 1 086            | 1 098             |
| Trade accounts payable                                       | 2 192            | 2 131             |
| Deferred revenue on ticket sales                             | 2 582            | 2 217             |
| Current tax liabilities                                      | 51               | 21                |
| Other current liabilities                                    | 2 346            | 2 335             |
| Bank overdrafts  | 266              | 133               |
| Total current liabilities                                    | 8 780            | 8 160             |
| Total liabilities  | 18 810           | 18 258            |
| Total liabilities and equity                                 | 27 807           | 26 670            |

### CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

In €millions

|  | Number of shares | Issued capital | Additional paid-in<br>capital | Treasury shares | Reserves and retained earnings | Equity attributable<br>to holders of Air<br>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 | -                | -              | -                             | -               | (2)                            | (2)  | -                  | (2)          |
| Gain / (loss) on cash flow hedges                      | -                | -              | -                             | -               | 129                            | 129  | -                  | 129          |
| Currency translation adjustment                        | -                | -              | -                             | -               | (8)                            | (8)  | -                  | (8)          |
| Net income for the year                                | -                | -              | -                             | -               | 244                            | 244  | (21)               | 223          |
| Total of income and expenses recognized                | -                | -              | -                             | -               | 363                            | 363  | (21)               | 342          |
| Stock based compensation (ESA)                         | -                | -              | -                             | -               | 8                              | 8  | -                  | 8            |
| Dividends paid   | -                | -              | -                             | 1               | -                              | 1  | -                  | 1            |
| Other  | -                | -              | -                             | -               | -                              | -  | 7                  | 7            |
| June 30, 2006  | 269 383 518      | 2 290          | 430                           | (57)            | 5 443                          | 8 106  | 105                | 8 211        |
| 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 | -                | -              | -                             | -               | 4                              | 4  | -                  | 4            |
| Gain / (loss) on cash flow hedges                      | -                | -              | -                             | -               | 143                            | 143  | 2                  | 145          |
| Currency translation adjustment                        | -                | -              | -                             | -               | 2                              | 2  | -                  | 2            |
| Net income for the year                                | -                | -              | -                             | -               | 415                            | 415  | 5                  | 420          |
| Total of income and expenses recognized                | -                | -              | -                             | -               | 564                            | 564  | 7                  | 571          |
| Stock based compensation (ESA)                         | -                | -              | -                             | -               | 8                              | 8  | -                  | 8            |
| Treasury shares  | -                | -              | -                             | 9               | -                              | 9  | -                  | 9            |
| Other  | -                | -              | -                             | -               | -                              | -  | (3)                | (3)          |
| June 30, 2007  | 279 365 707      | 2 375          | 539                           | (21)            | 5 987                          | 8 880  | 117                | 8 997        |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| Minority interests   5   (7)     Amortization, depreciation and operating provisions   398   4     Financial provisions   5   (7)     Gain on disposals of tanglible and intangible assets   -   -     Loss / (gain) on disposals of subsidiaries and associates   (40)   -     Unrealized forcing exchange gains and losses, net   (9)   -     Stare of (profits) losses of associates   9   -     Derivatives – non monetary result   (94)   -     Unrealized forcing exchange gains and losses, net   (9)   -     State of (profits) losses of associates   9   -     Deferred taxes   144   1     Other non-monetary items   (16)   -     Subtotal   735   8     (Increase / decrease in inventories   (13)   (10)     (Increase / decrease in trade receivables   1182)   (22)     Increase / decrease in trade receivables   15   2     Charge in other receivables and payables   51   2     Additional contribution to persion fund   (198)   -     Net cash flow from operating activities   (720)   (62 <th>In € millions<br/>Period from April 1 to June 30,</th> <th>2007</th> <th>2006</th>  | In € millions<br>Period from April 1 to June 30,                                 | 2007  | 2006  |
|---|--|-------|-------|
| Amortization, depreciation and operating provisions   398   4     Financial provisions   5     Gain on disposals of tangible and intangible assets   -     Loss / (gain) on disposals of subsidiaries and associates   (40)     Gain on Amadeus GTD transaction   (82)     Derivatives – non monetary result   (9)     Share of (profits) losses of associates   9     Deference taxes   144   1     Other non-monetary items   (16)     Subtotal   735   8     (Increase) / decrease in inventories   (182)   (2     Increase / decrease in trade receivables   (182)   (2     Increase / decrease in trade payables   51   2     Change in other receivables and payables   51   2     Acquisitions of subsidiaries and investments in associates, net of cash acquired   (5)   (7     Purchase of subsidiaries and investments in associates   79   7   7     Proceeds on disposal o   | Net income for the period – Group  | 415   | 244   |
| Financial provisions   5     Gain on disposals of tangible and intangible assets   -     Loss / (gain) on disposals of subsidiaries and associates   (40)     Gain on Amadeus GTD transaction   (82)     Derivatives - non monetary result   (94)     Uhrealized foreign exchange gains and losses, net   (9)     Share of (profits) losses of associates   9     Deferred taxes   144   1     Other non-monetary items   (16)     Subtotal   735   8     (Increase) / decrease in trade receivables   (182)   (27)     Increase / decrease in trade receivables   (182)   (27)     Change in other receivables and payables   5   2     Change in other receivables and payables   476   5     Payment of the ESA 2003 soulte   (110)   4dditional contribution to pension fund   (198)     Net cash flow from operating activities   769   13   3     Acquisitions of subsidiaries and investments in associates   79   79     Proceeds on disposal of property, plant and equipment and intangible assets   (120)   65     Proceeds on disposal of property, plant and equipment and intangible assets   13 </td <td>Minority interests</td> <td>5</td> <td>(21)</td>  | Minority interests   | 5     | (21)  |
| Gain on disposals of tangible and intangible assets   -   -     Loss / (gain) on disposals of subsidiaries and associates   (40)     Gain on Amadeus GTD transaction   (82)     Derivatives - non monetary result   (94)     Unrealized foreign exchange gains and losses, net   (9)     Share of (profits) losses of associates   9     Deferred taxes   144     Other non-monetary items   (16)     Subtotal   735     (Increase) / decrease in inventories   (3)     (Increase) / decrease in trade receivables   (182)     Change in other receivables and payables   51     Payment of the ESA 2003 Soulte   (110)     Additional contribution to pension fund   (198)     Net cash flow from operating activities   769   13     Acquisitions of subsidiaries and investments in associates   79   70     Proceeds on disposal of property, plant and equipment and intangible assets   (720)   (66     Proceeds on disposal of property, plant and equipment and intangible assets   72   66     Proceeds on disposal of property, plant and equipment and intangible assets   13   60     Dividends received   2   2  | Amortization, depreciation and operating provisions                              | 398   | 430   |
| Loss / (gain) on disposals of subsidiaries and associates(40)Gain on Amadeus GTD transaction(82)Derivatives - non monetary result(94)Unrealized foreign exchange gains and losses, net(9)Share of (profits) losses of associates9Deferred taxes14411Other non-monetary items(16)Subtotal735Subtotal735Subtotal(182)(17) Carcease / decrease in inventories(182)(182) C22(182)Change in other receivables(110)Additional contribution to pension fund(110)Additional contribution to pension fund(198)Net cash flow from operating activities769Proceeds on disposal of subsidiaries and investments in associates79Proceeds on disposal of subsidiaries and investments in associates79Proceeds on disposal of subsidiaries and investments in associates13Dividends received22Decrease (increase) in investments, net between 3 months and 1 year73Staance of common stock193Issuance of common stock193Issuance of common stock17Payments on long-term debt(16)Net cash flow from finance lease liabilities(62)Net cash used in investing activities(62)Issuance of common stock193Issuance of common stock193Issuance of long-term debt(16)Net cash node in investing activities(62)Net cash node  | Financial provisions   | 5     | 7     |
| Gain on Amadeus GTD transaction(82)Derivatives – non monetary result(94)Unrealized foreign exchange gains and losses, net(9)Share of (profits) losses of associates9Deferred taxes144Other non-monetary items(16)Subtotal735Sato (Increase) / decrease in inventories(3)(Increase) / decrease in trade receivables(182)(Carcase) / decrease in trade receivables(182)(Carcase) / decrease in trade receivables(182)(Carcase) / decrease in trade receivables(110)Additional contribution to payables512Change in other receivables and payables4765Payment of the ESA 2003 soulte(110)Additional contribution to pension fund(198)Net cash flow from operating activities76913Acquisitions of subsidiaries and investments in associates79Proceeds on disposal of subsidiaries and investments in associates79Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received222Decrease (increase) in investments, net between 3 months and 1 year7373(22)(3)Repayments on long-term debt(169)(17)Payment of debt resulting from finance lease liabilities(62)(15)1  | Gain on disposals of tangible and intangible assets                              | -     | (6)   |
| Derivatives - non monetary result(94)Unrealized foreign exchange gains and losses, net(9)Share of (profits) losses of associates9Deferred taxes14411Other non-monetary items(16)Subtotal735(Increase) / decrease in inventories(3)(Increase) / decrease in trade receivables(182)(27)Increase / decrease in trade receivables(10)Additional contribution to peakingAdditional contribution to peaking and payables76913Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2)Proceeds on disposal of subsidiaries and investments in associates79Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28)Net cash now from onget detailing from finance lease liabilities(62)(15)(15)(2)Proceeds on disposal of subsiding from finance lease liabilities(62)(15)(2)(2)Repayments on long-term debt(16)Payment of debt resulting from finance lease liabilities(62)Net cash now from finance lease liabilities(170)Opticates in equityNet cash flow from finance lease liabilities(16)Payment of debt resulting from finance lease liabilities(162)Net cash flow from financing activities1 <tr< td=""><td>Loss / (gain) on disposals of subsidiaries and associates</td><td>(40)</td><td>(2)</td></tr<>                                | Loss / (gain) on disposals of subsidiaries and associates                        | (40)  | (2)   |
| Unrealized foreign exchange gains and losses, net(9)Share of (profits) losses of associates9Deferred taxes144Other non-monetary items(16)Subtotal735Subtotal735(Increase) / decrease in inventories(3)((Increase) / decrease in trade payables(182)(27)(Carease) in trade payablesChange in other receivables and payables476Suptotal(198)Net cash flow from operating activities769Net cash flow from operating activities769Proceeds on disposal of property, plant and equipment and intangible assets(720)Proceeds on disposal of property, plant and equipment and intangible assets13Proceeds on disposal of property, plant and equipment and intangible assets2Decrease (increase) in investments, net between 3 months and 1 year73C28(22)(2Repayments on long-term debt(169)Payment of debt resulting from finance lease liabilities(62)Net cash used in investing activities(169)Susance of common stock193Issuance of long-term debt(169)Payments on longs17Dividends paid-Dividends paid-C20(2C31-Dividends paid-C32(22)C43(23)C54(24)C55(25)C56(26)C57(27)C58(27) <trr>C59&lt;</trr>  | Gain on Amadeus GTD transaction  | (82)  | -     |
| Share of (profits) losses of associates9Deferred taxes1441Other non-monetary items(16)Subtotal7358(Increase) / decrease in inventories(3)(1(Increase) / decrease in trade receivables(182)(27)Increase / (decrease) in trade payables512Change in other receivables and payables512Change in other receivables and payables765Payment of the ESA 2003 soulte(110)4dditional contribution to pension fund(198)Net cash flow from operating activities7691.3Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2Proceeds on disposal of subsidiaries and investments in associates79Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2222Decrease (increase) in investments, net between 3 months and 1 year73(22Repayments on long-term debt(21)22Repayments on long-term debt(169)(17)Payment of obers on longs1717Dividends paid17Dividends paid17Dividends paid-171Dividends paid-1-Effect of exchange rate on cash and cash equivalents11   | Derivatives – non monetary result  | (94)  | 11    |
| Deferred taxes1441Other non-monetary items(16)Subtotal7358(Increase) / decrease in inventories(3)(1(Increase) / decrease in itrade receivables(182)(27)Increase / (decrease) in trade payables512Change in other receivables and payables512Payment of the ESA 2003 soulte(110)(198)Net cash flow from operating activities7691.3Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2Proceeds on disposal of subsidiaries and investments in associates7979Proceeds on disposal of property, plant and equipment and intangible assets(120)(25)Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28)Ret cash used in investing activities(62)(15)Issuance of common stock193151515161617New loans(22)(22)(23)(24)(25)(24)16New loans1717171717171717Dividends paid18Issuance of long-term debt178(13)1717New loans17178131717New loans1781781317Dividends paid   | Unrealized foreign exchange gains and losses, net                                | (9)   | 2     |
| Other non-monetary items(16)Subtotal7358(Increase) / decrease in inventories(3)(1(Increase) / decrease in trade receivables(182)(27Increase / (decrease) in trade payables512Change in other receivables and payables47655Payment of the ESA 2003 soulte(110)Additional contribution to pension fund(198)Net cash flow from operating activities76913Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(7Purchase of property, plant and equipment and intangible assets(720)(65Proceeds on disposal of subsidiaries and investments in associates79Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2222Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(169)(172Issuance of common stock193122Repayments on long-term debt(169)(1721Payments on lonas17171717Dividends paid1Effect of exchange rate on cash and cash equivalents11  | Share of (profits) losses of associates  | 9     | -     |
| Subtotal7358(Increase) / decrease in inventories(3)(1)(Increase) / decrease in trade receivables(182)(27)Increase / (decrease) in trade payables512Change in other receivables and payables47655Payment of the ESA 2003 soulte(110)Additional contribution to pension fund(198)Net cash flow from operating activities76913Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2)Purchase of property, plant and equipment and intangible assets79Proceeds on disposal of subsidiaries and investments in associates79Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28)Net cash used in investing activities(476)(92)Issuance of common stock193193Issuance of long-term debt(169)(17)Payments on long-term debt(22)(2)Repayments on lonans1710Dividends paidDecrease in equityNet cash flow from finance lease liabilities12Effect of exchange rate on cash and cash equivalents1Effect of exchange rate on cash and cash equivalents1   | Deferred taxes   | 144   | 108   |
| (Increase) / decrease in inventories(3)(1)(Increase) / decrease in trade receivables(182)(27)Increase / (decrease) in trade payables512Change in other receivables and payables4765Payment of the ESA 2003 soulte(110)Additional contribution to pension fund(198)Net cash flow from operating activities7691.3Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(7Purchase of property, plant and equipment and intangible assets(720)(65Proceeds on disposal of subsidiaries and investments in associates7979Proceeds on disposal of property, plant and equipment and intangible assets13Dividends receivedDividends received222Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(169)(17)Issuance of common stock1931Issuance of long-term debt(22)(21)New loans(22)(22)Repayments on loans171Dividends paidDecrease in equityEffect of exchange rate on cash and cash equivalents1   | Other non-monetary items   | (16)  | 37    |
| Increase / decrease in trade receivables(182)(27)Increase / (decrease) in trade payables512Change in other receivables and payables47655Payment of the ESA 2003 soulte(110)Additional contribution to pension fund(198)Net cash flow from operating activities76913Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2)Purchase of property, plant and equipment and intangible assets7979Proceeds on disposal of subsidiaries and investments in associates7979Proceeds on disposal of property, plant and equipment and intangible assets1313Dividends received222Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)(95Issuance of long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(3)Repayments on loans1717Dividends paidNet cash flow from financing activities18Image: Instancing activities178Image: Image: I | Subtotal   | 735   | 810   |
| Increase / (decrease) in trade payables512Change in other receivables and payables47655Payment of the ESA 2003 soulte(110)Additional contribution to pension fund(198)Net cash flow from operating activities7691.3Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2)Purchase of property, plant and equipment and intangible assets(720)(65Proceeds on disposal of subsidiaries and investments in associates7979Proceeds on disposal of property, plant and equipment and intangible assets1313Dividends received222Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)(95Issuance of common stock19313Issuance of long-term debt(21)2Repayments on long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15Net cash not on loans1717Dividends paidNet cash flow from financing activities1813Effect of exchange rate on cash and cash equivalents1178Effect of exchange rate on cash and cash equivalents1   | (Increase) / decrease in inventories   | (3)   | (17)  |
| Change in other receivables and payables4765Payment of the ESA 2003 soulte(110)Additional contribution to pension fund(198)Net cash flow from operating activities7691.3Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2Purchase of property, plant and equipment and intangible assets(720)(65Proceeds on disposal of subsidiaries and investments in associates79Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received22Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)(95(15)Issuance of common stock19311Issuance of long-term debt(21)22Repayments on long-term debt(22)(25)(25)New loans(22)(25)(25)New loans1711Dividends paidNet cash Inform financing activities11Effect of exchange rate on cash and cash equivalents11   | (Increase) / decrease in trade receivables                                       | (182) | (275) |
| Payment of the ESA 2003 soult(110)Additional contribution to pension fund(198)Net cash flow from operating activities7691.3Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2)Purchase of property, plant and equipment and intangible assets(720)(65Proceeds on disposal of subsidiaries and investments in associates799Proceeds on Amadeus GTD transaction829Proceeds on disposal of property, plant and equipment and intangible assets1313Dividends received222Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)(95Issuance of common stock19313Issuance of long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(2Repayments on loans171Dividends paidNet cash flow from financing activities178(13Effect of exchange rate on cash and cash equivalents11  | Increase / (decrease) in trade payables  | 51    | 243   |
| Additional contribution to pension fund(198)Net cash flow from operating activities7691.3Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2)Purchase of property, plant and equipment and intangible assets(720)(65)Proceeds on disposal of subsidiaries and investments in associates799Proceeds on Amadeus GTD transaction829Proceeds on disposal of property, plant and equipment and intangible assets1313Dividends received222Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)(95Issuance of common stock193193Issuance of long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(2Decrease in equityIstication of the financing activities170Dividends paidDecrease in equityEffect of exchange rate on cash and cash equivalents1-  | Change in other receivables and payables   | 476   | 595   |
| Net cash flow from operating activities7691.3Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2)Purchase of property, plant and equipment and intangible assets(720)(65Proceeds on disposal of subsidiaries and investments in associates7979Proceeds on Amadeus GTD transaction8279Proceeds on disposal of property, plant and equipment and intangible assets1313Dividends received222Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)(95Issuance of common stock19313Issuance of long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(2(2Repayments on loans1717Dividends paid1Effect of exchange rate on cash and cash equivalents11   | Payment of the ESA 2003 soulte   | (110) | -     |
| Acquisitions of subsidiaries and investments in associates, net of cash acquired(5)(2)Purchase of property, plant and equipment and intangible assets(720)(65Proceeds on disposal of subsidiaries and investments in associates79Proceeds on Amadeus GTD transaction82Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28(476)Net cash used in investing activities(169)Issuance of common stock193Issuance of long-term debt(169)Payment of debt resulting from finance lease liabilities(62)New loans(22)Crease in equity-Net cash flow from financing activities17Dividends paid-Decrease in equity-  | Additional contribution to pension fund  | (198) | -     |
| Purchase of property, plant and equipment and intangible assets(720)(65Proceeds on disposal of subsidiaries and investments in associates79Proceeds on Amadeus GTD transaction82Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73C28(476)Net cash used in investing activities(476)Issuance of common stock193Issuance of long-term debt21Payment of debt resulting from finance lease liabilities(62)New loans(22)Occrease in equity-Net cash flow from financing activities17Dividends paid-Decrease in equity-   | Net cash flow from operating activities  | 769   | 1 356 |
| Proceeds on disposal of subsidiaries and investments in associates79Proceeds on Amadeus GTD transaction82Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)Issuance of common stock193Issuance of long-term debt221Repayments on long-term debt(169)New loans(22)(22)(23Repayments on loans17Dividends paid-Decrease in equity-Issuance of exchange rate on cash and cash equivalents1  | Acquisitions of subsidiaries and investments in associates, net of cash acquired | (5)   | (24)  |
| Proceeds on Amadeus GTD transaction82Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)Issuance of common stock193Issuance of long-term debt221Repayments on long-term debt(169)New loans(62)Ise in equity17Dividends paid-Decrease in equity-Ise in equity<  | Purchase of property, plant and equipment and intangible assets                  | (720) | (655) |
| Proceeds on disposal of property, plant and equipment and intangible assets13Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)Issuance of common stock193Issuance of long-term debt221Repayments on long-term debt(169)New loans(62)Repayments on loans17Dividends paid-Decrease in equity-Net cash flow from financing activities178Effect of exchange rate on cash and cash equivalents1  | Proceeds on disposal of subsidiaries and investments in associates               |       | 2     |
| Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)(95Issuance of common stock193193Issuance of long-term debt2212Repayments on long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(3Dividends paidDecrease in equityNet cash flow from financing activities178(13Effect of exchange rate on cash and cash equivalents1-   | Proceeds on Amadeus GTD transaction  | 82    | -     |
| Dividends received2Decrease (increase) in investments, net between 3 months and 1 year73(28Net cash used in investing activities(476)(95Issuance of common stock193193Issuance of long-term debt2212Repayments on long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(3Dividends paidDecrease in equityNet cash flow from financing activities178(13Effect of exchange rate on cash and cash equivalents1-   | Proceeds on disposal of property, plant and equipment and intangible assets      | 13    | 11    |
| Net cash used in investing activities(476)(95Issuance of common stock193Issuance of long-term debt2212Repayments on long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(3Repayments on loans17Dividends paidDecrease in equity-Net cash flow from financing activities178Effect of exchange rate on cash and cash equivalents1   |  | 2     | 1     |
| Issuance of common stock   193     Issuance of long-term debt   221   2     Repayments on long-term debt   (169)   (17)     Payment of debt resulting from finance lease liabilities   (62)   (15)     New loans   (22)   (3)     Decrease in equity   -   -     Net cash flow from financing activities   178   (13)     Effect of exchange rate on cash and cash equivalents   1   -  | Decrease (increase) in investments, net between 3 months and 1 year              | 73    | (289) |
| Issuance of long-term debt2212Repayments on long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(3Repayments on loans17Dividends paidDecrease in equity-Net cash flow from financing activities178Effect of exchange rate on cash and cash equivalents1   | Net cash used in investing activities  | (476) | (954) |
| Issuance of long-term debt2212Repayments on long-term debt(169)(17Payment of debt resulting from finance lease liabilities(62)(15New loans(22)(3Repayments on loans171Dividends paidDecrease in equityNet cash flow from financing activities178(13Effect of exchange rate on cash and cash equivalents1  | Issuance of common stock   | 193   | _     |
| Repayments on long-term debt   (169)   (17)     Payment of debt resulting from finance lease liabilities   (62)   (15)     New loans   (22)   (22)     Repayments on loans   17   1     Dividends paid   -   -     Decrease in equity   -   -     Net cash flow from financing activities   178   (13)     Effect of exchange rate on cash and cash equivalents   1   -   | Issuance of long-term debt   |       | 207   |
| Payment of debt resulting from finance lease liabilities(62)(15)New loans(22)(2)Repayments on loans17Dividends paidDecrease in equity-Net cash flow from financing activities178Effect of exchange rate on cash and cash equivalents  | с.<br>С  |       | (175) |
| New loans   (22)   (3)     Repayments on loans   17   17     Dividends paid   -   0     Decrease in equity   -   1     Effect of exchange rate on cash and cash equivalents     1   -   -   |  |       | (151) |
| Repayments on loans   17     Dividends paid   -     Decrease in equity   -     Net cash flow from financing activities   178     Effect of exchange rate on cash and cash equivalents   1   |  |       | (35)  |
| Dividends paid   -     Decrease in equity   -     Net cash flow from financing activities   178     Effect of exchange rate on cash and cash equivalents   1  | Repayments on loans  |       | 24    |
| Decrease in equity -   Net cash flow from financing activities 178   Effect of exchange rate on cash and cash equivalents 1   |  | -     | (2)   |
| Net cash flow from financing activities   178   (13)     Effect of exchange rate on cash and cash equivalents   1   | -  | -     | (-)   |
|   |  | 178   | (132) |
| Change in each and each envirolante and hack envirolante.   | Effect of exchange rate on cash and cash equivalents                             | 1     | 1     |
| Change in cash and cash equivalents and bank overdraits 472 2   | Change in cash and cash equivalents and bank overdrafts                          | 472   | 271   |
| Cash and cash equivalents and bank overdrafts at beginning of period 3 364 2 8  | Cash and cash equivalents and bank overdrafts at beginning of period             | 3 364 | 2 844 |
|   |  | 3 836 | 3 115 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **1. 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 to the current operating income and the share of results in 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 segment revenue is 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 from 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

## 1.1. Information by business segment

#### • Three month period ended June 30, 2007

| In € millions   | Passenger | Cargo | Maintenance | Other | Non allocated | Total |
|---|-----------|-------|-------------|-------|---------------|-------|
| Total sales   | 4 965     | 693   | 716         | 404   | -             | 6 778 |
| Intersegment sales                                    | (203)     | (4)   | (473)       | (153) | -             | (833) |
| External sales  | 4 762     | 689   | 243         | 251   | -             | 5 945 |
| Income from current operations                        | 396       | (17)  | 13          | 23    | -             | 415   |
| Income from operating activities                      | 396       | (17)  | 13          | 23    | 122           | 537   |
| Share of profits (losses) of associates               | -         | -     | -           | (9)   | -             | (9)   |
| Net cost of financial debt and other financial income |           |       |             |       |               |       |
| and expenses  | -         | -     | -           | -     | 66            | 66    |
| Income taxes  | -         | -     | -           | -     | (174)         | (174) |
| Net income from continuing operations                 | 396       | (17)  | 13          | 14    | 14            | 420   |

#### • Three month period ended June 30, 2006

| In € millions   | Passenger | Cargo | Maintenance | Other | Non allocated | Total |
|---|-----------|-------|-------------|-------|---------------|-------|
| Total sales   | 4 800     | 735   | 690         | 373   | -             | 6 598 |
| Intersegment sales                                    | (187)     | (6)   | (459)       | (144) | -             | (796) |
| External sales  | 4 613     | 729   | 231         | 229   | -             | 5 802 |
| Income from current operations                        | 363       | 28    | 3           | 17    | -             | 411   |
| Income from operating activities                      | 363       | 28    | 3           | 17    | (23)          | 388   |
| Share of profits (losses) of associates               | -         | -     | -           | -     | -             | -     |
| Net cost of financial debt and other financial income |           |       |             |       |               |       |
| and expenses  | -         | -     | -           | -     | (78)          | (78)  |
| Income taxes  | -         | -     | -           | -     | (87)          | (87)  |
| Net income from continuing operations                 | 363       | 28    | 3           | 17    | (188)         | 223   |

## 1.2. Information by geographical area

#### Sales by geographical area

• Three month period ended June 30, 2007

|                       | Europe,<br>North Africa | Caribbean,<br>French<br>Guiana, | Africa,<br>Middle East | Americas,<br>Polynesia | Asia,<br>New<br>Caledonia | Total |
|-----------------------|-------------------------|---------------------------------|------------------------|------------------------|---------------------------|-------|
| In € millions         |                         | Indian Ocean                    |                        |                        |                           |       |
| Scheduled passenger   | 3 063                   | 83                              | 270                    | 752                    | 352                       | 4 520 |
| Other passenger sales | 184                     | 11                              | 8                      | 14                     | 25                        | 242   |
| Total passenger       | 3 247                   | 94                              | 278                    | 766                    | 377                       | 4 762 |
| Scheduled cargo       | 290                     | 9                               | 47                     | 84                     | 212                       | 642   |
| Other cargo sales     | 30                      | 1                               | 2                      | 7                      | 7                         | 47    |
| Total cargo           | 320                     | 10                              | 49                     | 91                     | 219                       | 689   |
| Maintenance           | 241                     | -                               | -                      | -                      | 2                         | 243   |
| Others                | 243                     | 5                               | 3                      | -                      | -                         | 251   |
| Total                 | 4 051                   | 109                             | 330                    | 857                    | 598                       | 5 945 |

#### • Three month period ended June 30, 2006

|                       | Europe,<br>North Africa | Caribbean,<br>French<br>Guiana, | Africa,<br>Middle East | Americas,<br>Polynesia | Asia,<br>New<br>Caledonia | Total |
|-----------------------|-------------------------|---------------------------------|------------------------|------------------------|---------------------------|-------|
| In € millions         |                         | Indian Ocean                    |                        |                        |                           |       |
| Scheduled passenger   | 2 848                   | 86                              | 275                    | 787                    | 349                       | 4 345 |
| Other passenger sales | 190                     | 14                              | 12                     | 22                     | 30                        | 268   |
| Total passenger       | 3 038                   | 100                             | 287                    | 809                    | 379                       | 4 613 |
| Scheduled cargo       | 290                     | 9                               | 47                     | 86                     | 242                       | 674   |
| Other cargo sales     | 38                      | 1                               | 2                      | 5                      | 9                         | 55    |
| Total cargo           | 328                     | 10                              | 49                     | 91                     | 251                       | 729   |
| Maintenance           | 228                     | -                               | -                      | -                      | 3                         | 231   |
| Others                | 223                     | 2                               | 2                      | 1                      | 1                         | 229   |
| Total                 | 3 817                   | 112                             | 338                    | 901                    | 634                       | 5 802 |

### Traffic sales by geographical area of destination

#### • Three month period ended June 30, 2007

| In € millions       | Europe,<br>North Africa | Caribbean,<br>French<br>Guiana,<br>Indian Ocean | Africa,<br>Middle East | Americas,<br>Polynesia | Asia,<br>New<br>Caledonia | Total |
|---------------------|-------------------------|---|------------------------|------------------------|---------------------------|-------|
| Scheduled passenger | 1 912                   | 258   | 568                    | 1 079                  | 703                       | 4 520 |
| Scheduled cargo     | 17                      | 46  | 92                     | 197                    | 290                       | 642   |
| Total               | 1 929                   | 304   | 660                    | 1 276                  | 993                       | 5 162 |

#### • Three month period ended June 30, 2006

| In € millions       | Europe,<br>North Africa | Caribbean,<br>French<br>Guiana,<br>Indian Ocean | Africa,<br>Middle East | Americas,<br>Polynesia | Asia,<br>New<br>Caledonia | Total |
|---------------------|-------------------------|---|------------------------|------------------------|---------------------------|-------|
|                     |                         |   |                        |                        |                           |       |
| Scheduled passenger | 1 868                   | 248   | 553                    | 1 028                  | 648                       | 4 345 |
| Scheduled cargo     | 17                      | 48  | 89                     | 207                    | 313                       | 674   |
| Total               | 1 885                   | 296   | 642                    | 1 235                  | 961                       | 5 019 |

### 2. EXTERNAL EXPENSES

| <i>In</i> € <i>millions</i>                | 2007  | 2006  |
|--|-------|-------|
| Three month period ended June 30,          |       |       |
| Aircraft fuel                              | 1 093 | 1 010 |
| Chartering costs                           | 160   | 166   |
| Aircraft operating lease costs             | 151   | 156   |
| Landing fees and en route charges          | 443   | 433   |
| Catering                                   | 110   | 103   |
| Handling charges and other operating costs | 322   | 319   |
| Aircraft maintenance costs                 | 264   | 201   |
| Commercial and distribution costs          | 306   | 321   |
| Other external expenses                    | 522   | 533   |
| Total                                      | 3 371 | 3 242 |

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

### 3. SALARIES AND NUMBER OF EMPLOYEES

#### Salaries and related costs

| <i>In</i> € <i>millions</i>                  | 2007  | 2006  |
|--|-------|-------|
| Three months period ended June 30,           |       |       |
| Wages and salaries                           | 1 263 | 1 209 |
| Net periodic pension cost                    | 14    | 37    |
| Social contributions                         | 408   | 378   |
| Expenses related to share-based compensation | 8     | 8     |
| Other expenses                               | 36    | 29    |
| Total  | 1 729 | 1 661 |

#### Average number of employees

| Three month period ended June 30, | 2007    | 2006    |
|-----------------------------------|---------|---------|
| Flight deck crew                  | 8 164   | 7 945   |
| Cabin crew                        | 21 452  | 20 603  |
| Ground staff                      | 74 362  | 74 552  |
| Total                             | 103 978 | 103 100 |

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

| Three month period ended June 30,<br>In $\in$ million | 2007 | 2006 |
|---|------|------|
| Sales of aircraft equipment                           | -    | 6    |
| Impairment  | -    | (20) |
| Disposal of subsidiaries and affiliates               | 40   | -    |
| Gain on Amadeus GTD transaction                       | 82   | -    |
| Other   | -    | (9)  |
| Other non-current income and expenses                 | 122  | (29) |

#### • Three month period ended June 30, 2007

During the three month period ended June 30, 2007, the Group sold its shares in Alpha recording a gain on disposal of  $\notin$  40 million. The company Alpha, previously held at 26%, was accounted according to the equity method in the Group's accounts.

The gain on Amadeus GTD transaction that amounts to  $\notin 82$  million, corresponds to the reimbursement of the shareholders' loan for an amount of  $\notin 76$  million and to a dividend payment for  $\notin 6$  million. The loan had been neutralized in the operation of reinvestment of Air France-KLM within the LBO operation initiated in July 2005.

#### • Three month period ended June 30, 2006

The result on disposal of aircraft equipment that amounts to  $\notin 6$  million, corresponds to the sale of an aircraft owned by AFPL, entity held by the Group at 45% and fully consolidated.

Moreover, AFPL has recorded an impairment during the period from April 1<sup>st</sup> to June 30, 2006. This impairment corresponds to accounting of an aircraft at fair value. The disposal of this aircraft will happen during the 4<sup>th</sup> quarter of the year 2006-07.

Lastly, minority interests on the income for the period as of June 30, 2006 that amounts to  $\in$  (21) million integrates the share of the AFPL loss.

### **5. OTHER FINANCIAL INCOME AND EXPENSES**

Other financial income and expenses comprises, for the three month period ended June 30, 2007, the change in fair value of financial assets and liabilities for €94 million.