

**FINANCIAL STATEMENTS**

**NINE MONTHS ENDED DECEMBER 31, 2004**

# AIR FRANCE – K.L.M Group

## CONSOLIDATED INCOME STATEMENTS

*In € millions*

Nine months ended December 31,		2004	2003	2003	Year ended March 31, 2004
	Notes	Pro forma			
<b>Operating revenues</b>	3	<b>14,453</b>	<b>13,395</b>	<b>9,325</b>	<b>12,337</b>
External expenses	4	(8,118)	(7,377)	(5,072)	(6,754)
Salaries & related costs	5	(4,378)	(4,229)	(3,048)	(4,079)
Taxes other than income tax		(172)	(159)	(141)	(186)
<b>Gross operating result</b>		<b>1,785</b>	<b>1,630</b>	<b>1,064</b>	<b>1,318</b>
Charge to depreciation/amortization, net	6	(1,207)	(1,187)	(887)	(1,184)
Charge to operating provisions, net	6	(58)	(42)	(39)	(46)
Gain on disposal of flight equipment, net		8	5	1	7
Other income and charges, net		(40)	(30)	10	44
<b>Operating income</b>		<b>488</b>	<b>376</b>	<b>149</b>	<b>139</b>
Restructuring costs		(9)	(17)	(17)	(22)
Net financial charges	7	(156)	(131)	(30)	(60)
Gains on disposals of subsidiaries and affiliates, net		64	13	1	5
<b>Pretax income (loss)</b>		<b>387</b>	<b>241</b>	<b>103</b>	<b>62</b>
Share in net income of equity affiliates		58	44	34	53
Amortization of goodwill		55	55	(11)	(15)
<b>Income (loss) before income taxes and minority interests</b>		<b>500</b>	<b>340</b>	<b>126</b>	<b>100</b>
Income tax	9	(136)	(80)	(43)	(2)
<b>Income (loss) before minority interests</b>		<b>364</b>	<b>260</b>	<b>83</b>	<b>98</b>
Minority interests		(7)	(10)	(3)	(5)
<b>NET INCOME (LOSS)</b>		<b>357</b>	<b>250</b>	<b>80</b>	<b>93</b>
Earnings (loss) per issued share		1.35		0.36	0.42
Earnings (loss) per share	10				
- basic		1.39		0.37	0.43
- diluted		1.39		0.37	0.43

2003 pro forma: consolidation of the Air France group, including KLM and its consolidated subsidiaries over 8 months, identical to the method used at December 31, 2004.

# AIR FRANCE – K.L.M Group

## CONSOLIDATED BALANCE SHEETS

*In € millions*

<b>ASSETS as of</b>		<b>12.31.2004</b>	<b>03.31.2004</b>	<b>03.31.2003</b>
	Notes			
Consolidation goodwill		87	95	112
Intangible fixed assets		160	149	171
Flight equipment	11	10,865	6,951	7,284
Other property and equipment	11	1,830	955	878
Investments in equity affiliates		546	336	316
Other investments		441	268	260
<b>Total fixed assets</b>		<b>13,929</b>	<b>8,754</b>	<b>9,021</b>
Inventory		367	151	220
Trade receivables		2,025	1,651	1,432
Income tax receivable		66	101	111
Other accounts receivable		1,645	494	592
Marketable securities		2,554	1,478	1,039
Cash		400	330	193
<b>Total current assets</b>		<b>7,057</b>	<b>4,205</b>	<b>3,587</b>
<b>Total assets</b>		<b>20,986</b>	<b>12,959</b>	<b>12,608</b>

# AIR FRANCE – K.L.M Group

## CONSOLIDATED BALANCE SHEETS (CONTINUED)

*In € millions*

LIABILITIES AND STOCKHOLDERS' EQUITY as of				
		12.31.2004	03.31.2004	03.31.2003
	<b>Notes</b>			
Common stock	12	2,290	1,868	1,868
Additional paid-in capital	12	1,518	261	261
Retained earnings (accumulated deficit)	12	1,358	1,942	1,862
Cumulative translation adjustment		(8)	(9)	3
<b>Stockholders' equity</b>		<b>5,158</b>	<b>4,062</b>	<b>3,994</b>
Minority interests		68	23	33
<b>Stockholders' equity and minority interests</b>		<b>5,226</b>	<b>4,085</b>	<b>4,027</b>
Provisions for liabilities and charges	13	2,190	1,039	1,095
Short and long-term debt and capital leases	14	8,419	4,380	4,147
Trade payables		1,761	1,226	1,375
Income tax liability		159	21	5
Advance ticket sales		1,423	1,008	901
Other payables		1,808	1,200	1,058
<b>Total liabilities</b>		<b>15,760</b>	<b>8,874</b>	<b>8,581</b>
<b>Total liabilities and stockholders' equity</b>		<b>20,986</b>	<b>12,959</b>	<b>12,608</b>

# AIR FRANCE – K.L.M Group

## STATEMENTS OF MOVEMENTS IN STOCKHOLDERS' EQUITY

	<i>In € millions</i>								
	Number		Addl						Stockholders'
<b>Before allocation of income</b>	of shares	Common	paid-in	Réserves	Treasury	Translation	Stockholders'	Minority	equity and
	comprising	stock	capital		Stock	differences	equity	interests	minority
	common stock								interests
<b>March 31, 2002</b>	<b>219,780,887</b>	<b>1,868</b>	<b>261</b>	<b>1,813</b>	<b>-</b>	<b>19</b>	<b>3,961</b>	<b>29</b>	<b>3,990</b>
Dividends paid				(28)			(28)	(2)	(30)
Change in treasury stock					(25)		(25)		(25)
Impact of changes in accounting policies				(18)			(18)		(18)
Translation differences						(16)	(16)	(1)	(17)
Current year net income (loss)				120			120	4	124
Changes in scope of consolidation							-	3	3
<b>March 31, 2003</b>	<b>219,780,887</b>	<b>1,868</b>	<b>261</b>	<b>1,887</b>	<b>(25)</b>	<b>3</b>	<b>3,994</b>	<b>33</b>	<b>4,027</b>
Dividends paid				(17)			(17)	(3)	(20)
Change in treasury stock				1	7		8		8
Impact of changes in accounting policies				(4)			(4)		(4)
Translation differences						(12)	(12)	(3)	(15)
Current year net income (loss)				93			93	5	98
Changes in scope of consolidation							-	(9)	(9)
<b>March 31, 2004</b>	<b>219,780,887</b>	<b>1,868</b>	<b>261</b>	<b>1,960</b>	<b>(18)</b>	<b>(9)</b>	<b>4,062</b>	<b>23</b>	<b>4,085</b>
Issuance of common stock	49,602,631	422	346				768		768
Contribution of assets			922	(922)			-		-
Exchange offer costs			(11)				(11)		(11)
Dividends paid				(17)			(17)	(1)	(18)
Change in treasury stock					(2)		(2)		(2)
Translation differences						1	1		1
Net income for the period				357			357	7	364
Changes in scope of consolidation							-	39	39
<b>December 31, 2004</b>	<b>269,383,518</b>	<b>2,290</b>	<b>1,518</b>	<b>1,378</b>	<b>(20)</b>	<b>(8)</b>	<b>5,158</b>	<b>68</b>	<b>5,226</b>

# AIR FRANCE – K.L.M Group

## CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>In € millions</i>		
Nine months ended December 31,	2004	2003	Year ended
			03.31.2004
<b>Cash flows from operating activities</b>	<b>1,564</b>	<b>836</b>	<b>1,201</b>
Gross operating result	1,785	1,064	1,318
Other income (expenses) received (paid)	(67)	(37)	(23)
Foreign exchange gains (losses)	(2)	(2)	3
<b>Operating cash flows</b>	<b>1,716</b>	<b>1,025</b>	<b>1,298</b>
Changes in working capital	81	(83)	54
Restructuring expenditure	(34)	(16)	(18)
Interest paid	(218)	(110)	(163)
Interest received	41	27	36
Income tax paid (received)	(22)	(7)	(6)
<b>Cash flows from investing activities</b>	<b>(751)</b>	<b>(647)</b>	<b>(849)</b>
Acquisitions of subsidiaries	586	(5)	(10)
Purchase of tangible and intangible fixed assets	(1,623)	(892)	(1,269)
Disposals of subsidiaries	114	9	24
Proceeds on disposal of tangible and intangible assets	146	226	391
Dividends received	26	15	15
<b>Cash flows from financing activities</b>	<b>287</b>	<b>222</b>	<b>386</b>
New debts	724	657	901
Repayment of debts	(189)	(340)	(345)
Repayment of capital lease obligations	(264)	(127)	(152)
Net decrease (increase) in loans	19	(25)	(29)
Net decrease (increase) in short-term investments	22	82	35
Dividends paid	(25)	(25)	(24)
<b>Translation differences</b>	<b>-</b>	<b>(1)</b>	<b>(5)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,100</b>	<b>410</b>	<b>733</b>
Opening cash and cash equivalents	1,405	672	672
Closing cash and cash equivalents	2,505	1,082	1,405

**NOTES TO THE FINANCIAL STATEMENTS**

# AIR FRANCE – K.L.M Group

## 1. ACCOUNTING POLICIES

The consolidated financial statements ended December 31, 2004 have been prepared in accordance with the accounting principles and valuation methods used for the annual financial statements, in agreement with:

- Regulation 99-02 of the French accounts committee, the *Comité de Réglementation Comptable* (CRC), concerning consolidated financial statements of commercial companies and public organizations;
- Recommendation 99.R.01 of the *Conseil National de la Comptabilité* (CNC), concerning interim financial statements.

## 2. CHANGES IN THE SCOPE OF CONSOLIDATION

### 2.1 - Scope of consolidation

As of December 31, 2004, the Group included 158 companies, 135 of which are fully consolidated, 3 are proportionately consolidated and 20 are consolidated using the equity method. The change in the scope of consolidation is mainly due to the consolidation of the KLM group.

As the Exchange Offer closed in May 2004, the group's results include KLM's results over a period of eight months (May to December 2004). At this date, the group holds 97.2% of the common shares of KLM stock.

In addition, the Servair group was consolidated with one quarter difference until March 31, 2004. To make up for this difference, the Servair group was consolidated over 12 months (January-December 2004) in the period ended December 31, 2004. In addition, Air France increased its stake in the Servair group by 3.1 points, from 94.5% to 97.6%. This additional stock purchase had no significant impact on the consolidated accounts closed at December 31, 2004.

Moreover, Air France transferred on 30 December 2004 all its stake in Amadeus France to Amadeus GTD. The net income of Amadeus France and its subsidiary have been consolidated within the Group until 30 December 2004.

Proteus Developpement and Proteus Finance merged with Air France Finance.

### 2.2 - Comparability

For the purposes of comparison, a pro forma consolidated statement of income at December 31, 2003 has been prepared using methods and consolidation scope identical to those used at December 31, 2004. The unaudited pro forma income statement does not necessarily give an indication of the earnings that would have been achieved by Air France – KLM if the merger with KLM had actually taken place on the date adopted for preparing the pro forma income statement.

On the basis of these (still provisional) estimates of the assets and liabilities as valued on the date of acquisition, the first consolidation of the KLM group shows “badwill” of 967 million euros. This has been determined on the basis of an acquisition price of 797 million euros and a share of the shareholders’ equity acquired of 1,764 million euros. Shareholders’ equity specifically includes the adjustment to market value of the KLM group’s fleet for a total of (883) million euros the recognition in the item “Other debtors” of the surplus value of the funds earmarked to cover employee retirement commitments for a total of 959 million euros.

As some valuations are still in process, this badwill may be adjusted during the appropriation period available to the group, which runs to the end of the fiscal year following the year of acquisition.

This is the case for the value of the funds allocated to cover pension commitments. An in-depth review of this accounting standard is currently being carried out in order to determine whether this item may be recorded on the balance sheet.



# AIR FRANCE – K.L.M Group

Pending the definitive position that will be used for closing the annual accounts, the considers that according to accounting standards, this surplus may be recognized. However the Group has, as a precautionary measure, chosen not to amortize the portion of negative goodwill relative to the excess fund value in the second and the third quarter.

The estimated amount of this portion came to 610 million euros at December 31, 2004. The impact of this amount on income, had it been amortized in the second and the third quarter, would have generated an increase of approximately 63 million in net income.

The amortization period retained is 5 years, reflecting the length of time that the group considers reasonable for implementing the anticipated synergies, and the costs incurred in achieving them. The allocation for the period totaled 66 million euros at December 31, 2004.

Badwill is recognized in the item “Provisions for liabilities and charges” on the liabilities side of the balance sheet.

## 3. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AERA

### 3.1 - Information by sector of activity

Nine months ended December 31,	2004		2003		2003	
	Operating revenues	Operating income	Operating revenues	Operating income	Operating revenues	Operating income
			Pro forma			
Passenger	11,368	310	10,585	261	7,759	106
Cargo	1,865	76	1,694	37	1,071	9
Maintenance	566	37	544	32	380	35
Others	654	65	572	46	115	(1)
<b>Total</b>	<b>14,453</b>	<b>488</b>	<b>13,395</b>	<b>376</b>	<b>9,325</b>	<b>149</b>

Consolidated sales revenues, for the period ended December 31, 2004, totaled 14.5 billion euros, an increase of 7.9% over revenues for the previous pro forma period. This increase was generated by all activity sectors, particularly passengers and cargo.

Operating income rose from 112 to 488 million euros against 376 million euros at December 31, 2003. All activities made a positive contribution to this result; passenger and cargo activities grew substantially.

# AIR FRANCE – K.L.M Group

## 3.2 - Analysis of operating revenues by geographical area of sale

In € millions

	Europe	Caribbean	Africa	Americas	Asia	
	North Africa	French Guiana	Middle East	Polynesia	New Caledonia	Total
		Indian Ocean				
<b>Nine months ended December 31, 2004</b>						
Scheduled passenger	7,203 (67.6%)	277 (2.6%)	740 (6.9%)	1,561 (14.7%)	871 (8.2%)	<b>10,652</b>
Other passenger revenues	521 (72.8%)	30 (4.2%)	34 (4.7%)	64 (8.9%)	67 (9.4%)	<b>716</b>
<b>Total Passenger</b>	<b>7,724 (67.9%)</b>	<b>307 (2.7%)</b>	<b>774 (6.8%)</b>	<b>1,625 (14.3%)</b>	<b>938 (8.3%)</b>	<b>11,368</b>
Cargo	824 (47.6%)	33 (1.9%)	114 (6.6%)	195 (11.3%)	564 (32.6%)	<b>1,730</b>
Other cargo revenues	95 (70.3%)	4 (3.0%)	5 (3.7%)	14 (10.4%)	17 (12.6%)	<b>135</b>
<b>Total Cargo</b>	<b>919 (49.2%)</b>	<b>37 (2.0%)</b>	<b>119 (6.4%)</b>	<b>209 (11.2%)</b>	<b>581 (31.2%)</b>	<b>1,865</b>
Maintenance	561 (99.1%)	-	-	-	5 (0.9%)	<b>566</b>
Others	629 (96.2%)	16 (2.4%)	9 (1.4%)	-	-	<b>654</b>
<b>Total</b>	<b>9,833 (68.1%)</b>	<b>360 (2.5%)</b>	<b>902 (6.2%)</b>	<b>1,834 (12.7%)</b>	<b>1,524 (10.5%)</b>	<b>14,453</b>
<b>Nine months ended December 31, 2003 (pro forma)</b>						
Scheduled passenger	6,733 (67.8%)	315 (3.2%)	698 (7.0%)	1,403 (14.1%)	782 (7.9%)	<b>9,931</b>
Other passenger revenues	529 (81.0%)	19 (2.9%)	29 (4.4%)	46 (7.0%)	31 (4.7%)	<b>654</b>
<b>Total Passenger</b>	<b>7,262 (68.5%)</b>	<b>334 (3.2%)</b>	<b>727 (6.9%)</b>	<b>1,449 (13.7%)</b>	<b>813 (7.7%)</b>	<b>10,585</b>
Cargo	772 (49.8%)	32 (2.1%)	111 (7.1%)	177 (11.4%)	461 (29.7%)	<b>1,553</b>
Other cargo revenues	77 (54.6%)	8 (5.7%)	8 (5.7%)	26 (18.4%)	22 (15.6%)	<b>141</b>
<b>Total Cargo</b>	<b>849 (50.1%)</b>	<b>40 (2.4%)</b>	<b>119 (7.0%)</b>	<b>203 (12.0%)</b>	<b>483 (28.5%)</b>	<b>1,694</b>
Maintenance	539 (99.1%)	-	-	-	5 (0.9%)	<b>544</b>
Others	561 (98.2%)	10 (1.7%)	1 (0.2%)	-	-	<b>572</b>
<b>Total</b>	<b>9,211 (68.8%)</b>	<b>384 (2.9%)</b>	<b>847 (6.3%)</b>	<b>1,652 (12.3%)</b>	<b>1,301 (9.7%)</b>	<b>13,395</b>
<b>Nine months ended December 31, 2003</b>						
Scheduled passenger	5,025 (70.1%)	281 (3.9%)	446 (6.2%)	931 (13.0%)	490 (6.8%)	<b>7,173</b>
Other passenger revenues	473 (80.8%)	19 (3.2%)	26 (4.4%)	41 (7.0%)	27 (4.6%)	<b>586</b>
<b>Total Passenger</b>	<b>5,498 (70.8%)</b>	<b>300 (3.9%)</b>	<b>472 (6.1%)</b>	<b>972 (12.5%)</b>	<b>517 (6.7%)</b>	<b>7,759</b>
Cargo	507 (53.1%)	30 (3.1%)	69 (7.2%)	102 (10.7%)	248 (25.9%)	<b>956</b>
Other cargo revenues	65 (56.5%)	8 (7.0%)	6 (5.2%)	23 (20.0%)	13 (11.3%)	<b>115</b>
<b>Total Cargo</b>	<b>572 (53.4%)</b>	<b>38 (3.5%)</b>	<b>75 (7.0%)</b>	<b>125 (11.7%)</b>	<b>261 (24.4%)</b>	<b>1,071</b>
Maintenance	375 (98.7%)	-	-	-	5 (1.3%)	<b>380</b>
Others	104 (90.4%)	10 (8.7%)	1 (0.9%)	-	-	<b>115</b>
<b>Total</b>	<b>6,549 (70.2%)</b>	<b>348 (3.7%)</b>	<b>548 (5.9%)</b>	<b>1,097 (11.8%)</b>	<b>783 (8.4%)</b>	<b>9,325</b>

Changes in sales revenues varied by geographic region; thus, the change on a pro forma basis included a 0.8 point increase from Asia and 0.4 point from the Americas, while the Africa-Middle East region remained stable, and Europe and the West Indies-Caribbean-Indian Ocean markets fell by 0.7 and 0.4 point respectively.

# AIR FRANCE – K.L.M Group

## 3.3 - Analysis of operating revenues by geographical area of destination

*In € millions*

	Europe	Caribbean	Africa	Americas	Asia	
	North Africa	French Guiana	Middle East	Polynesia	New Caledonia	Total
	Indian Ocean					
<b>Nine months ended December 31, 2004</b>						
Scheduled passenger	4,585 (43.1%)	814 (7.6%)	1,434 (13.5%)	2,270 (21.3%)	1,549 (14.5%)	10,652
Cargo	146 (8.4%)	135 (7.8%)	210 (12.1%)	487 (28.2%)	752 (43.5%)	1,730
<b>Total</b>	<b>4,731 (38.1%)</b>	<b>949 (7.7%)</b>	<b>1,644 (13.3%)</b>	<b>2,757 (22.3%)</b>	<b>2,301 (18.6%)</b>	<b>12,382</b>
<b>Nine months ended December 31, 2003 (pro forma)</b>						
Scheduled passenger	4,387 (47.6%)	911 (10.8%)	1,301 (11.1%)	2,093 (20.1%)	1,239 (10.4%)	9,931
Other passenger revenues	153 (14.2%)	128 (12.1%)	189 (12.0%)	431 (27.1%)	652 (34.6%)	1,553
<b>Total</b>	<b>4,540 (39.6%)</b>	<b>1,039 (9.0%)</b>	<b>1,490 (13.0%)</b>	<b>2,524 (22.0%)</b>	<b>1,891 (16.5%)</b>	<b>11,484</b>
<b>Nine months ended December 31, 2003</b>						
Scheduled passenger	3,420 (47.6%)	772 (10.8%)	794 (11.1%)	1,443 (20.1%)	744 (10.4%)	7,173
Other passenger revenues	135 (14.2%)	116 (12.1%)	115 (12.0%)	259 (27.1%)	331 (34.6%)	956
<b>Total</b>	<b>3,555 (43.8%)</b>	<b>888 (10.9%)</b>	<b>909 (11.2%)</b>	<b>1,702 (20.9%)</b>	<b>1,075 (13.2%)</b>	<b>8,129</b>

Changes in revenues by network also showed variations. Asia's share of revenues rose 2.1 points, Africa-Middle East and America gained 0.3, while the share of the markets in the West Indies-Caribbean-Indian Ocean, Europe fell by 1.3 and 1.5 point respectively.

## 4. EXTERNAL EXPENSES

*In € millions*

Nine months ended December 31,	2004	2003	2003	Variation
	<b>Pro forma</b>			
Aircraft fuel	2,034	1,483	974	37.2%
Chartering costs	410	368	301	11.4%
Aircraft operating lease costs	477	468	350	1.9%
Landing fees and en route charges	1,107	1,033	687	7.2%
Catering	304	288	229	5.6%
Handling charges and other operating costs	808	809	571	-0.1%
Aircraft maintenance costs	473	470	280	0.6%
Commercial and distribution costs	1,082	1,092	798	-0.9%
Other external expenses	1,423	1,366	882	4.2%
<b>Total</b>	<b>8,118</b>	<b>7,377</b>	<b>5,072</b>	<b>10.0%</b>
Excluding aircraft fuel	6,084	5,894	4,098	3.2%

External charges were up 10 % at December 31, 2004, increasing from 7.38 billion euros to 8.12 billion euros. This change, higher than the growth in the group's available seats (+ 8.3 % in EASK), is due primarily to fuel costs which rose significantly because of the surge in oil prices. Excluding fuel, the growth in external charges was limited to 3.2%.

Aircraft charters rose 11.4 % to 410 million euros at December 31, 2004, up from 368 million euros in the previous half, due to greater use of code shares with some of our partners (such as Korean Air, Japan Airlines, and Vietnam Airlines) and as a result of the implementation of Air France's new "Dedicate" product.

## 5. SALARIES AND NUMBER OF EMPLOYEES

### 5.1 - Salaries and related costs

<i>In € millions</i>				
Nine months ended December 31,	2004	2003	2003	Variation
	<b>Pro forma</b>			
<i>By cost category</i>				
Wages and salaries	3,331	3,255	2,264	2.3%
Pension contributions	322	297	191	8.4%
Social security contributions	807	770	649	4.8%
Amount capitalized	(82)	(93)	(56)	-11.8%
<b>Total</b>	<b>4,378</b>	<b>4,229</b>	<b>3,048</b>	<b>3.5%</b>

Personnel costs totaled 4.38 billion euros versus 4.23 billion euros at December 31, 2003, an increase of 3.5% in personnel on a constant consolidation basis, and down 1.1% to 102 252 employees. This increase is primarily the result of a reduction in the allowances for social costs that had been granted, in France, for the change to the 35-hour working week.

### 5.2 - Average number of employees

Nine months ended December 31,	2004	2003	2003	Variation
	<b>Proforma</b>			
<b>Total</b>	<b>102,252</b>	<b>103,367</b>	<b>71,900</b>	<b>-1.1%</b>
Fligh deck crew	7,797	7,796	5,017	0.0%
Cabin crew	19,872	19,907	13,235	-0.2%
Groundstaff	74,583	75,664	53,648	-1.4%
Management	12,969	12,704	9,149	2.1%
Supervisors	29,240	29,053	20,720	0.6%
Other staff	32,374	33,907	23,779	-4.5%
Pilots and cabin crew	26,011	25,942	17,290	0.3%
Instructors	978	1,073	650	-8.9%
Management	680	688	312	-1.2%

The above number of employees is calculated on a weighted average basis based on actual paid presence.

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## 6. DEPRECIATION AND AMORTIZATION

<i>In € millions</i>				
Nine months ended December 31,	2004	2003	2003	Variation
	<b>Pro forma</b>			
<b>Net charge to depreciation/amortization</b>	<b>1,207</b>	<b>1,187</b>	<b>887</b>	<b>1.7%</b>
- Intangible fixed assets	36	37	27	-2.7%
- Flight equipment	991	983	751	0.8%
- Other property, plant and equipment	180	167	109	7.8%
<b>Net charge to operating provisions</b>	<b>58</b>	<b>42</b>	<b>39</b>	<b>-</b>
- Fixed assets	-	-	-	-
- Inventories	2	2	2	-
- Trade receivable	3	8	8	-
- Liabilities and charges	53	32	29	-
<b>Total</b>	<b>1,265</b>	<b>1,229</b>	<b>926</b>	<b>2.9%</b>

## 7. NET FINANCIAL CHARGES

<i>In € millions</i>			
Nine months ended December 31,	2004	2003 <sup>(1)</sup>	Variation
<b>Financial expenses</b>	<b>(227)</b>	<b>(105)</b>	<b>116.2%</b>
- Loan interest	(79)	(77)	2.6%
- Lease interest	(40)	(40)	0.0%
- Capitalized interest	22	15	46.7%
- Other financial expenses	(130)	(3)	4233.3%
<b>Financial income</b>	<b>81</b>	<b>29</b>	<b>179.3%</b>
- Interest on securities	3	2	50.0%
- Net gains on securities	25	18	38.9%
- Other financial income	53	9	488.9%
<b>Net charges</b>	<b>(146)</b>	<b>(76)</b>	<b>92.1%</b>
<i>Foreign exchange losses, net</i>	6	32	-
<i>Net (charge) release to provisions</i>	(16)	14	-
<b>Total</b>	<b>(156)</b>	<b>(30)</b>	<b>-</b>

<sup>(1)</sup> with a constant group structure

The interest rate used in the calculation of capitalized interest for the half year ended December 31, 2004 was 4.56 % .

Foreign exchange gains for the period include an unrealized net gain of EUR 8 million (against a net gain of EUR 34 million for the period ended December 31, 2003).

The item “Other financial income” includes a financial gain of 27.6 million euros arising from the financing contract for one of the Air France aircraft. The realization of this gain and the determination of its amount were subject to the outcome of a financial agreement between Air France and the financial organization at a date close to the debt’s maturity. This final agreement was reached on July 21, 2004.

“Other financial income” includes also dividends received from non consolidated companies in the amount of EUR 7 million for the period ended December 31, 2004 (compared with EUR 3 million for the period ended December 31, 2003).

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## 8. DISPOSALS OF SUBSIDIARIES AND AFFILIATES

The gains of disposals of subsidiaries and affiliates are mainly due to the transfer of Amadeus France and its subsidiary Amadeus France Service to Amadeus GTD.

## 9. INCOME TAX

Nine months ended December 31,	<i>In € millions</i>	
	2004	2003 <sup>(1)</sup>
Current tax charge	(10)	(5)
Deferred tax credit (charge)	(126)	(38)
<b>Total tax credit (charge)</b>	<b>(136)</b>	<b>(43)</b>

<sup>(1)</sup> with a constant group structure

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

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