UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 1, 2010 – September 30, 2010

CONSOLIDATED INCOME STATEMENT (unaudited)

In € millions **Period from April 1 to September 30,**	***Notes***	**2010**	**2009**
Sales	***4***	**12 370**	**10 775**
Other revenues		5	3
Revenues		**12 375**	**10 778**
External expenses	***5***	(7 431)	(6 770)
Salaries and related costs	***6***	(3 690)	(3 715)
Taxes other than income taxes		(90)	(124)
Amortization and depreciation	***7***	(812)	(833)
Provisions	***7***	(44)	(13)
Other income and expenses	***8***	136	134
Income from current operations		**444**	**(543)**
Sales of aircraft equipment		6	2
Other non-current income and expenses	***9***	877	(77)
Income from operating activities		**1 327**	**(618)**
Cost of financial debt	***10***	(231)	(186)
Income from cash and cash equivalents	***10***	42	60
Net cost of financial debt		***(189)***	***(126)***
Other financial income and expenses	***10***	(72)	(51)
Income before tax		**1 066**	**(795)**
Income taxes	***11***	(10)	241
Net income of consolidated companies		**1 056**	**(554)**
Share of profits (losses) of associates	***12***	(32)	(19)
Net income from continuing operations		**1 024**	**(573)**
Net income for the period		**1 024**	**(573)**
- Group		**1 026**	**(573)**
- Minority interest		(2)	-
Earnings per share – Group (in euros)			
- basic	***13***	3.48	(1.95)
- diluted	***13***	2.81	(1.95)

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)

In € millions	September 30, 2010	September 30, 2009
Net income for the period	**1 024**	**(573)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in equity	174	6
Change in fair value transferred to profit or loss	-	-
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in equity	(117)	726
Change in fair value transferred to profit or loss	149	452
Items of the recognized income and expenses of equity shares	**(8)**	**10**
Currency translation adjustment	**(4)**	**(3)**
Tax on items taken directly to or transferred from equity		
Income / (expense) recognized directly in equity	(16)	(360)
Total of other comprehensive income included in the recognized income and expenses	**178**	**831**
Recognized income and expenses	**1 202**	**258**
- Group	**1 204**	**255**
- Minority interest	**(2)**	**3**

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

CONSOLIDATED BALANCE SHEET (unaudited)

Assets *In € millions*	*Notes*	**September 30, 2010**	**March 31, 2010**
Goodwill		401	401
Intangible assets		644	612
Flight equipment	***14***	11 347	11 349
Other property, plant and equipment	***14***	2 174	2 252
Investments in equity associates		407	446
Pension assets		2 873	2 733
Other financial assets *(including € 573 million of deposits related to financial leases as of September 30, 2010 and € 630 million as of March 31, 2010)*	***9***	1 733	840
Deferred tax assets		947	942
Other non-current assets		136	180
Total non-current assets		**20 662**	**19 755**
Assets held for sale		37	93
Other short term financial assets *(including € **561** million of deposits related to financial leases and investments between 3 months and 1 year as of September 30, 2010 and € 482 million as of March 31, 2010)*		588	517
Inventories		566	537
Trade accounts receivable		2 344	2 142
Income tax receivables		1	1
Other current assets		840	979
Cash and cash equivalents		3 588	3 751
Total current assets		**7 964**	**8 020**
Total assets		**28 626**	**27 775**

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

CONSOLIDATED BALANCE SHEET (unaudited) (continued)

Liabilities and equity *In € millions*	***Notes***	**September 30, 2010**	**March 31, 2010**
Issued capital	***15.1***	300	2 552
Additional paid-in capital		2 971	719
Treasury shares		(98)	(106)
Reserves and retained earnings	***15.2***	3 414	2 198
Equity attributable to equity holders of Air France-KLM		**6 587**	**5 363**
Minority interest		51	55
Total Equity		**6 638**	**5 418**
Provisions and retirement benefits	***16***	1 516	1 432
Long-term debt	***17***	9 163	9 222
Deferred tax		436	418
Other non-current liabilities		552	818
Total non-current liabilities		**11 667**	**11 890**
Liability related to assets held for sale		5	10
Provisions	***16***	714	696
Current portion of long-term debt	***17***	1 601	1 825
Trade accounts payable		2 241	2 032
Deferred revenue on ticket sales		2 125	2 340
Frequent flyer programs		821	840
Current tax liabilities		9	11
Other current liabilities		2 651	2 597
Bank overdrafts		154	116
Total current liabilities		**10 321**	**10 467**
Total liabilities		**21 988**	**22 357**
Total liabilities and equity		**28 626**	**27 775**

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

In € millions	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Minority interest	Total equity
March 31, 2009	**300 219 278**	**2 552**	**765**	**(124)**	**2 429**	**5 622**	**54**	**5 676**
Fair value adjustment on available for sale securities	-	-	-	-	6	**6**	-	**6**
Gain / (loss) on cash flow hedges	-	-	-	-	825	**825**	3	**828**
Currency translation adjustment	-	-	-	-	(3)	**(3)**	-	**(3)**
Net income for the period	-	-	-	-	(573)	**(573)**	-	**(573)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**255**	**255**	**3**	**258**
Stock based compensation (ESA) and stock options	-	-	-	-	14	**14**	-	**14**
Dividends paid				-	-	**-**	(1)	**(1)**
OCEANE	-	-	-	-	69	**69**	-	**69**
Treasury shares	-	-	-	14	-	**14**	-	**14**
September 30, 2009	**300 219 278**	**2 552**	**765**	**(110)**	**2 767**	**5 974**	**56**	**6 030**
March 31, 2010	**300 219 278**	**2 552**	**719**	**(106)**	**2 198**	**5 363**	**55**	**5 418**
Fair value adjustment on available for sale securities	-	-	-	-	171	**171**	-	**171**
Gain / (loss) on cash flow hedges	-	-	-	-	11	**11**	-	**11**
Currency translation adjustment	-	-	-	-	(4)	**(4)**	-	**(4)**
Net income for the period	-	-	-	-	1 026	**1 026**	(2)	**1 024**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**1 204**	**1 204**	**(2)**	**1 202**
Stock based compensation (ESA) and stock options	-	-	-	-	12	**12**	-	**12**
Dividends paid	-	-	-	-	-	-	(2)	**(2)**
Capital decrease	-	(2 252)	2 252	-	-	-	-	-
Treasury shares	-	-	-	8	-	**8**	-	**8**
September 30, 2010	**300 219 278**	**300**	**2 971**	**(98)**	**3 414**	**6 587**	**51**	**6 638**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

In € millions **Period from April 1 to September 30,**	***Notes***	**2010**	**2009**
Net income for the period – Group		1 026	(573)
Minority interest		(2)	-
Amortization, depreciation and operating provisions		856	846
Financial provisions		(8)	7
Gain on disposals of tangible and intangible assets		(8)	-
Loss / (gain) on disposals of subsidiaries and associates		-	(1)
Gain on WAM (ex Amadeus) operation	***9***	(1 030)	-
Derivatives – non monetary results		(14)	(14)
Unrealized foreign exchange gains and losses, net		61	(48)
Share of (profits) losses of associates		32	19
Deferred taxes		(4)	(239)
Other non-monetary items		(67)	(24)
Subtotal		**842**	**(27)**
(Increase) / decrease in inventories		(23)	(62)
(Increase) / decrease in trade receivables		(229)	(106)
Increase / (decrease) in trade payables		253	63
Change in other receivables and payables		(135)	(613)
Net cash flow from operating activities		**708**	**(745)**
Acquisitions of subsidiaries and investments in associates, net of cash acquired		(9)	(15)
Purchase of property, plant and equipment and intangible assets		(1 128)	(1 095)
Proceeds on WAM (ex Amadeus) transaction	***9***	193	-
Proceeds on disposal of subsidiaries and investments in associates		10	-
Proceeds on disposal of property, plant and equipment and intangible assets		432	523
Dividends received		6	3
Decrease (increase) in investments, net between 3 months and 1 year		(76)	241
Net cash used in investing activities		**(572)**	**(343)**
Issuance of long-term debt		297	1 449
Repayments on long-term debt		(435)	(110)
Payment of debt resulting from finance lease liabilities		(258)	(234)
New loans		(43)	(31)
Repayments on loans		107	54
Dividends paid		(2)	(1)
Net cash flow from financing activities		**(334)**	**1 127**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		**(3)**	**(4)**
Change in cash and cash equivalents and bank overdrafts		**(201)**	**35**
Cash and cash equivalents and bank overdrafts at beginning of period		3 635	3 466
Cash and cash equivalents and bank overdrafts at end of period		3 434	3 501
Income tax paid (flow included in operating activities)		(16)	5
Interest paid (flow included in operating activities)		(194)	(167)
Interest received (flow included in operating activities)		20	49

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 1, 2010 – September 30, 2010

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 excluding 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 at 2 rue Robert Esnault-Pelterie 75007 Paris – France, is the parent company of the Air France-KLM group. Air France-KLM is listed for trading in Paris (Euronext), Amsterdam (Euronext).
The Group's functional currency is the euro.

2. SIGNIFICANT EVENTS OF THE YEAR

On April 29, 2010, the company WAM was the subject of an Initial Purchase Offer (IPO) on the Spanish stock exchange. This operation was executed in two stages:

1. A capital increase reserved to the market, which the group did not subscribe to
2. The concomitant sale of a part of the shares held by the Group

After the operation, the group's holding has decreased from 22% to 15%. At the same time, the governance of WAM has been changed. These two items involved the loss of significant influence for the Group as well as a change in the valuation method of the shares held. The impact of this transaction on the Group financial accounts is described in note 9.

In April 2010, the European air space was closed or strongly disturbed because of a volcanic eruption in Iceland.

3. ACCOUNTING POLICIES

3.1. Accounting principles

<u>Accounting principles used for the interim condensed consolidated financial statements</u>

Pursuant to the European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group have been established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Commission at the date of these consolidated financial statements drawing up.

The interim condensed consolidated financial statements as of September 30, 2010 are prepared in accordance with the IFRS, as adopted by the European Union at the date of the preparation of these condensed consolidated financial statements, and are presented according to IAS 34 "Interim financial reporting". They must be read in connection with the annual consolidated financial statements for the year ended March 31, 2010.

The interim condensed consolidated financial statements as of September 30, 2010 are prepared in accordance with the accounting principles used by the Group for consolidated financial statements for the year 2009-10 but with the exception of the standards and interpretations adopted by the European Union applicable for the Group started April 1, 2010.

The condensed consolidated financial statements were approved by the Board of Directors on November 17, 2010.

<u>Change in accounting principles</u>

The revised standards IFRS 3 "Business Combination" and IAS 27 "Individual and Consolidated Financial Statements" are applied since April 1, 2010.

This change in the accounting rules involves the modification of the section 3.3.2. “Interest in associates and joint ventures “of the consolidated financial statements for the year ended March 31, 2010 as follows:

The investments in which the Group has ceased to exercise significant influence or joint control are no longer consolidated and are valued at their fair value on the date of withdrawal from the consolidation scope.

The use of this new accounting rule about the loss of significant influence occurring during the period and also the impact associated to are detailed in the note 9.

3.2. Preparation of unaudited interim consolidated financial statements

Seasonality of the activity

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

Income taxes

For the interim financial statements, the tax charge (current and deferred) is calculated by applying to the income before tax 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 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 note 3 of the March 31, 2010 consolidated financial statements concerned:

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

Then, consolidated accounts of the six-month period have been closed taking into account the economical and financial crisis and the high volatilities of markets. Concerning the long-term assets valuation, i.e. the long-term assets, assumption has in particular been taken that the crisis would have a limited duration.

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

4. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Information by business segments

The Group is organized with the following 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.

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.

Information by geographical segments

Group activities are broken down into six geographical regions:

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

Only segment revenues are allocated by geographical sales area.

4.1. Information by business segment

- **Six month period ended September 30, 2010**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	10 027	1 568	1 553	1 087	-	14 235
Intersegment sales	(534)	(8)	(1 021)	(302)	-	(1 865)
External sales	**9 493**	**1 560**	**532**	**785**	**-**	**12 370**
Income from current operations	311	18	81	34	-	444
Income from operating activities	311	18	81	34	883	1 327
Share of profits (losses) of associates	-	-	-	-	(32)	(32)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(261)	(261)
Income taxes	-	-	-	-	(10)	(10)
Net income from continuing operations	**311**	**18**	**81**	**34**	**580**	**1 024**

- **Six month period ended September 30, 2009**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	8 795	1 122	1 488	1 135	-	12 540
Intersegment sales	(438)	(7)	(1 002)	(318)	-	(1 765)
External sales	**8 357**	**1 115**	**486**	**817**	**-**	**10 775**
Income from current operations	**(353)**	**(344)**	**68**	**86**	**-**	**(543)**
Income from operating activities	(353)	(344)	68	86	(75)	(618)
Share of profits (losses) of associates	-	-	-	-	(19)	(19)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(177)	(177)
Income taxes	-	-	-	-	241	241
Net income from continuing operations	**(353)**	**(344)**	**68**	**86**	**(30)**	**(573)**

4.2. Information by geographical area

Sales by geographical area

- **Six month period ended September 30, 2010**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2 750	2 868	196	664	1 694	889	9 061
Other passenger sales	173	146	6	33	35	39	432
Total passenger	**2 923**	**3 014**	**202**	**697**	**1 729**	**928**	**9 493**
Scheduled cargo	152	494	13	123	252	441	1 475
Other cargo sales	27	16	2	4	19	17	85
Total cargo	**179**	**510**	**15**	**127**	**271**	**458**	**1 560**
Maintenance	304	207	-	-	21	-	532
Others	214	548	11	12	-	-	785
Total	**3 620**	**4 279**	**228**	**836**	**2 021**	**1 386**	**12 370**

- **Six month period ended September 30, 2009**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2 644	2 560	192	577	1 320	659	7 952
Other passenger sales	154	144	5	31	27	44	405
Total passenger	**2 798**	**2 704**	**197**	**608**	**1 347**	**703**	**8 357**
Scheduled cargo	137	337	14	98	181	284	1 051
Other cargo sales	20	9	2	5	15	13	64
Total cargo	**157**	**346**	**16**	**103**	**196**	**297**	**1 115**
Maintenance	293	172	-	-	21	-	486
Others	202	590	12	13	-	-	817
Total	**3 450**	**3 812**	**225**	**724**	**1 564**	**1 000**	**10 775**

Traffic sales by geographical area of destination

- **Six month period ended September 30, 2010**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	973	2 217	575	1 333	2 405	1 558	9 061
Scheduled cargo	3	23	72	295	535	547	1 475
Total	**976**	**2 240**	**647**	**1 628**	**2 940**	**2 105**	**10 536**

- **Six month period ended September 30, 2009**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	978	2 128	566	1 202	1 901	1 177	7 952
Scheduled cargo	3	26	77	216	352	377	1 051
Total	**981**	**2 154**	**643**	**1 418**	**2 253**	**1 554**	**9 003**

5. EXTERNAL EXPENSES

In € millions ***Six month period ended September 30,***	**2010**	**2009**
Aircraft fuel	2 944	2 432
Chartering costs	245	252
Aircraft operating lease costs	416	364
Landing fees and en route charges	901	904
Catering	285	296
Handling charges and other operating costs	665	658
Maintenance costs	595	536
Commercial and distribution costs	496	437
Other external expenses	884	891
Total	**7 431**	**6 770**
Excluding aircraft fuel	*4 487*	*4 338*

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

6. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

In € millions ***Six month period ended September 30,***	**2010**	**2009**
Wages and salaries	2 721	2 712
Social contributions	886	877
Net periodic pension cost	99	157
Expenses related to share-based compensation	12	14
Other expenses	(28)	(45)
Total	**3 690**	**3 715**

The “other expenses” comprise the capitalization of salaries costs on the aircraft and engine overhaul.

Average number of employees

Six month period ended September 30,	**2010**	**2009**
Flight deck crew	8 716	8 924
Cabin crew	22 648	22 917
Ground staff	71 097	74 281
Total	**102 461**	**106 122**

7. AMORTIZATION, DEPRECIATION AND PROVISIONS

In € millions ***Six month period ended September 30,***	**2010**	**2009**
Amortization and depreciation		
Intangible assets	27	27
Flight equipment	643	662
Other property, plant and equipment	142	144
	812	**833**
Provisions		
Inventories	9	5
Trade receivables	1	4
Risks and contingencies	34	4
	44	**13**
Total	**856**	**846**

8. OTHER INCOME AND EXPENSES

In € millions ***Six month period ended September 30,***	**2010**	**2009**
Joint operation of routes	2	37
Operations-related currency hedges	113	100
Other	21	(3)
Total	**136**	**134**

9. OTHER NON-CURRENT INCOME AND EXPENSES

Six month period ended September 30, *In € millions*	**2010**	**2009**
WAM (ex Amadeus) operation	1 030	-
Other	(153)	(77)
Other non-current income and expenses	**877**	**(77)**

- **Six month period ended September 30, 2010**

On April 29, 2010, the company WAM was the subject of an Initial Purchase Offer (IPO) on the Spanish stock exchange. This operation was executed in two stages:

1. A capital increase reserved to the market, which the group did not subscribe to.
2. The concomitant sale of a part of the shares held by the Group

After the operation, the group's holding has decreased from 22% to 15%. At the same time, the governance of WAM has been changed. These two items involved the loss of significant influence for the Group as well as a

change in the valuation method of the shares held.
As a consequence, according to IFRS, since April 29, 2010, date of the IPO, shares held by the Group are valued at their market value (market price).
The global profit recorded in the income statement for an amount of € 1 030 million is analyzed as follows:

- gain on disposal of shares : € 280 million, including € 193 million of cash received
- valuation of shares held by the Group : € 750 million.

After this operation, shares of WAM held by the Group have been reclassified in “assets available for sales” (in “other financial assets non current”). The value of shares is updated at each closing period according to the stock exchange rate. The counterpart of this revaluation is recorded in the other comprehensive income.

The line "Others" mainly comprises the complementary allowance of €127 million related to the fines imposed by the European Commission to the Air France, KLM and Martinair entities with respect to anti competitive agreements in the air freight industry (cf. note 16) as well as a complementary provision of €15 million related to the Air France voluntary redundancy plan which was extended.

- **Six month period ended September 30, 2009**

The “other” line includes the impact of the fair value adjustments of 15 Fokker 100 for an amount of € (15) million and a provision of € 49 million corresponding to the indemnities to be paid for two cargo aircraft that will not be used anymore.

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

In € millions		
Six month period ended September 30,	**2010**	**2009**
Income from marketable securities	6	8
Other financial income	36	52
Income from cash and cash equivalents	**42**	**60**
Loan interests	(148)	(123)
Lease interests	(48)	(61)
Capitalized interests and other non monetary items	(35)	(2)
Cost of financial debt	**(231)**	**(186)**
Net cost of financial debt	**(189)**	**(126)**
Foreign exchange gains (losses), net	(54)	56
Change in fair value of financial assets and liabilities	(26)	(99)
Net (charge) release to provisions	8	(7)
Other	-	(1)
Other financial income and expenses	**(72)**	**(51)**

The interest rate used in the calculation of capitalized interest is 3.71% for the six month period ended September 30, 2010 (4.19% for the six month period ended September 30, 2009).

The change in fair value of financial assets and liabilities recorded as of September 30, 2009 comes mainly from the variation of the ineffectiveness of fuel derivatives.

11. INCOME TAXES

11.1 Income tax charge

In € millions ***Six month period ended September 30,***	**2010**	**2009**
Current tax (expense) / benefit	**(14)**	**2**
Charge for the period	(14)	1
Adjustment of previous current tax charges	-	1
Deferred tax income / (expense) from continuing operations	**4**	**239**
Change in temporary differences	(138)	(171)
CVAE impact	3	
(Use) / recognition of tax loss carryforwards	139	410
Income tax (expense) / income from continuing operations	**(10)**	**241**

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

11.2 Deferred tax recorded directly in equity

Deferred tax directly recorded in equity amounts to a loss of € 16 million as of September 30, 2010 against a loss of € 396 million for the period ended September 30, 2009.

For the six month period ended September 30, 2010, these deferred taxes related to the accounting of cash flow hedges.
For the six month period ended September 30, 2009, these deferred taxes relate to the accounting of cash flow hedges for € 360 million and to the accounting of the optional part of the OCEANE issued in June 2009 for € 36 million.

12 SHARE OF PROFITS (LOSSES) OF ASSOCIATES

- **Six month period ended September 30, 2010**

The “share of profits (losses) of associates” includes mainly the part of the loss amounting to € 35 million of Alitalia Group. It corresponds to the activity from January 1 to June 30, 2010, its annual closing date being December 31.

- **Six month period ended September 30, 2009**

The “share of profits (losses) of associates” included mainly the part of the loss amounting to € 16 million of Alitalia Group. It corresponded to the activity from April 1 to June 30, 2009, the company being including in the scope since March 31, 2009 and its annual closing date being December 31.

13 EARNINGS PER SHARE

Reconciliation of income used to calculate earnings per share

In € millions ***Six month period ended September 30,***	**2010**	**2009**
Income for the period – Group share	1 026	(573)
Dividends to be paid to priority shares	-	-
Income for the period – Group share (used to calculate basic earnings per share)	**1 026**	**(573)**
Impact of potential ordinary shares :		
- interest paid on convertible bonds (net of tax)	22	-
Income for the period – Group share (used to calculate diluted earnings per share)	**1 048**	**(573)**

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

Six month period ended September 30,	**2010**	**2009**
Weighted average number of:		
- Ordinary shares issued	300 219 278	300 219 278
- Treasury stock held regarding stock option plan	(1 438 337)	(1 780 782)
- Treasury stock held for the share buyback plan	(1 172 666)	(1 179 249)
- Other treasury stock	(2 961 608)	(2 968 203)
Number of shares used to calculate basic earnings per share	**294 646 667**	**294 291 044**
Weighted average number of ordinary shares:		
- Conversion of convertible bonds	78 618 766	-
- Exercise of stock options	-	-
Number of potential ordinary shares	**78 618 766**	**-**
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	**373 265 433**	**294 291 044**

14 TANGIBLE ASSETS

In € millions	As of September 30, 2010			As of March 31, 2010		
	Gross value	**Depreciation**	**Net Value**	**Gross value**	**Depreciation**	**Net Value**
Owned aircraft	10 584	4 803	5 781	10 348	4 510	5 838
Leased aircraft	4 730	1 296	3 434	4 653	1 176	3 477
Assets in progress	964	-	964	913	-	913
Other	2 020	852	1 168	1 936	815	1 121
Flight equipment	**18 298**	**6 951**	**11 347**	**17 850**	**6 501**	**11 349**
Land and buildings	2 619	1 266	1 353	2 576	1 201	1 375
Equipment and machinery	1 265	770	495	1 206	730	476
Assets in progress	50	-	50	122	-	122
Other	915	639	276	915	636	279
Other tangible assets	**4 849**	**2 675**	**2 174**	**4 819**	**2 567**	**2 252**
Total	**23 147**	**9 626**	**13 521**	**22 669**	**9 068**	**13 601**

The net value of tangible assets financed under capital lease amounts to € 3 802 million as of September 30, 2010 and € 3 820 million as of March 31, 2010.

15 EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA

15.1 Breakdown of stock and voting rights

As of September 30, 2010, the issued capital of Air France-KLM comprised 300 219 278 fully paid-up shares whose nominal value amounts to € 1. Each share is entitled to one vote.

The breakdown of stock and voting rights is as follows:

	As of September 30, 2010		**As of March 31, 2010**	
	Capital	Voting rights	Capital	Voting rights
French State	16%	16%	16%	16%
Employees and former employees	11%	11%	12%	12%
Treasury shares	2%	-	2%	-
Other	71%	73%	70%	72%
Total	**100%**	**100%**	**100%**	**100%**

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

15.2 Reserves and retained earnings

In € millions	**As of September 30, 2010**	**As of March 31, 2010**
Legal reserve	70	70
Distributable reserve	1 032	1 064
Derivatives and available for sale securities reserves	(136)	(318)
Other reserves	1 422	2 941
Net income (loss) – Group share	1 026	(1 559)
Total	**3 414**	**2 198**

16 PROVISIONS AND RETIREMENT BENEFITS

In € millions	As of September 30, 2010			As of March 31, 2010		
	Non current	**Current**	**Total**	**Non current**	**Current**	**Total**
Retirement benefits	955	-	955	919	-	919
Restitution of aircraft	392	145	537	345	171	516
Restructuring	1	182	183	1	194	195
Litigation	36	376	412	38	321	359
Other	132	11	143	129	10	139
Total	**1 516**	**714**	**2 230**	**1 432**	**696**	**2 128**

Provision for litigation with third parties

An assessment of litigation risks with third parties was carried out with the group's attorneys and provisions have been recorded whenever circumstances rendered it necessary.
Provisions for litigation with third parties also include provisions for tax risks. Such provisions are set up when the group considers that the tax authorities could challenge a tax position adopted by the Group or one of its subsidiaries.

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

Litigations concerning anti-trust laws

a) In the air-freight industry

a) Investigation of the anti-trust authorities

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

The proceedings initiated in the United-States, Australia and Canada resulted, during financial year 2008-09, in Plea Agreements made by Air France, KLM and Martinair with the appropriate agencies, and the payment of fines putting an end to those proceedings.

In Europe, the European Commission has announced on November 9, 2010 its decision to impose fines on 14 airlines including Air France, KLM and Martinair related to anti-competition practices - mainly concerning fuel surcharges. The commission imposed an overall fine of 340 million euros on the group companies of Air France-KLM.

This fine exceeds by € 127 millions the provisions already made by the group in its accounts. Consequently, an additional "non current expense" has been recorded in the first semester 2010-11.

As the group's parent, Air France-KLM has been considered by the European Commission as being jointly and severally liable for unlawful practices of which the group companies were found guilty.
Upon receipt of the full decision, the group companies will take appropriate action including a possible appeal before the General Court of the European Union.

In South Korea, the Korean antitrust authority (KFTC) announced on May 27, 2010 that it had decided to impose fines on twenty airlines in connection with anti-competitive practices concerning fuel surcharges. The KFTC imposed a total fine of 11.2 million euros on Air France-KLM (for anti-competitive practices prior to September 2004), Air France (for anti-competitive practices following September 2004) and KLM.
Upon receipt of the decision, the Group companies will analyze the merits of the decision and possibly file an appeal before the competent Court.
These fines will have no financial impact, given the amount of provisions made by the group.

Procedures in Switzerland, Brazil and South Africa are also still under way as of September 30, 2010. They have not been provided against, as the group is unable, in the current state of the proceedings, to evaluate its exposure. Having regard to the revenues involved, these risks are not individually significant.

a.2) Civil suits

Pursuant to the initiation in February 2006 of the various competition authorities' investigations, class actions were brought by forwarding agents and air-freight shippers in the United States and Canada against Air France, KLM and Martinair, and the other freight carriers.

In the USA, the group concluded a settlement agreement with the representatives of the class action in July 2010. The Settlement Agreement, under which the group has accepted to pay 87 million USD, brings to a close all claims, lawsuits and legal proceedings in the past, present or future by plaintiffs seeking to obtain financial compensation from the Air France-KLM Group for unlawful practices in freight transportation to, from or within the US. The terms of the Settlement Agreement have been preliminarily approved by the Eastern District Court of New York.
The Settlement has no impact on the group's results, given the provisions already made to cover this risk.

As of this date, the Group remains exposed in class actions brought in Canada.

In the Netherlands, KLM, Martinair have been summoned to appear before the District Court of Amsterdam in a civil suit brought by a company named Equilib which states that it has purchased claims from seventy purchasers of airfreight services who have allegedly suffered losses as a result of an antitrust infringement in the European market between 2000 and 2006.

Equilib seeks to obtain a declaratory judgment confirming that the group companies have been guilty of unlawful conduct and are jointly and severally liable, along with other carriers, for the losses suffered by the airfreight purchasers. Equilib currently estimates its claims at 400 million euros but does not substantiate that figure. Air France has been named in the writ of summons, but has not received service of the writ as of the date of November 17, 2010. The Group companies will firmly resist this claim which raises several legal issues.

No provisions with respect to this civil suit have been made by the group given the early stage of the proceedings.

b) In the air transport industry (passengers)

b.1) Investigation of the European Commission of the air transport industry (passengers) between Europe and Japan

Air France and KLM, like other air carriers, were subjected on March 11, 2008 to searches and seizures in connection with an investigation by the European Commission of possible anti-competitive agreements or concerted practices in the area of air transport services (passengers) between the States parties to the agreement on the European Economic Area and Japan.

On February 13, 2009, Air France and KLM replied to a questionnaire from the Commission pointing out the background of air traffic relations between France and the Netherlands, on the one hand, and Japan on the other hand. These relations are governed by bilateral agreements requiring the approval of fares by the civil aviation authorities in the States concerned after agreement among the air carriers designated pursuant to such agreements.

A second questionnaire was sent to the group by the European Commission on October 1, 2009. To date, the Group is unable to state an opinion regarding the action that will be taken in connection with such enquiries by the European Commission.

b.2) Civil actions

During 2009, Air Fance and KLM were subpoenaed in a class action involving all the airlines working transpacific routes between the United States and Asia/Oceania, on the basis of allegations of price-fixing on such routes.
Air France which has only one transpacific route between the USA and Tahiti and KLM which is not involved on these routes strongly deny these allegations. Both airlines accordingly filed motions to dismiss in February 2010.

CONTINGENT LIABILITIES

The group is involved into several governmental and legal procedures for which provisions have not been necessarily recorded in financial statements.

a) Pretory

Société Air France, as a legal entity, was placed under investigation on July 20, 2006 on charges of concealed employment and as an accessory to misuse of corporate assets in connection with a judicial investigation initiated against the officers of Pretory, a company with which Air France, pursuant to the 9/11 attacks, had entered into an agreement for the provision of safety officers on certain flights.

The airline immediately filed a motion with the Paris Court of Appeal for annulment of the implication in the investigation notified to it. Though that motion was denied, Société Air France intends to challenge its implication in this case.

b) KLM minority shareholders

On 22 January 2008, the association VEB and Ernary BV served KLM and Air France-KLM before the Amsterdam Civil Court claiming that KLM and Air France-KLM be ordered to pay out a higher dividend than the 0.58 euro per ordinary share paid for fiscal year 2007-2008.
On September 1, 2010 the Court dismissed the case on the grounds that the dividend resolution met the test of reasonableness and fairness and therefore not up for annulment.

c) Rio-Paris AF447 flight

Pursuant to the crash of the Rio-Paris AF447 flight in the South Atlantic, various legal actions have been brought in the USA and Brazil by the victims' heirs.
All these proceedings are aimed at collecting damages as reparation for the losses suffered by the heirs of the passengers deceased in the crash. The civil consequences of the crash are covered by Air France's third-party liability insurance policy.
In the US, all the proceedings have been consolidated in California before the Northern district Court.
On October 4, 2010 the District judge has granted the defendants motion for dismissal on grounds of "forum non convenience".

To Air France-KLM's knowledge, there is no other litigation, arbitration or exceptional fact that could have or have had in the recent past a material impact on the financial position, the profitability or patrimony of the group.

Other than the points indicated in this note, to the Group's knowledge, there is no other litigation, arbitration or other threatened or pending disputes that could have or has had, for a period covering at least the last twelve months, a material impact on the financial position or the profitability of the issuer and/or the Group.

17 FINANCIAL DEBT

In € millions	As of September 30, 2010			As of March 31, 2010		
	Non current	**Current**	**Total**	**Non current**	**Current**	**Total**
Perpetual subordinated loan stock	562	-	562	528	-	528
OCEANE (convertible bonds)	974	1	975	964	-	964
Bonds	1 450	-	1 450	1 450	-	1 450
Capital lease obligations	3 338	578	3 916	3 421	579	4 000
Other long-term debt	2 839	879	3 718	2 859	1 131	3 990
Accrued interest	-	143	143	-	115	115
Total	**9 163**	**1 601**	**10 764**	**9 222**	**1 825**	**11 047**

As of June 26, 2009, Air France-KLM issued a bond with an option of conversion and/or exchange for new or existing Air France-KLM shares (OCEANE) with a maturity date fixed at April 1, 2015. 56 016 949 bonds were issued for a total amount of € 661 million. Each bond has a nominal value of € 11.80. The annual coupon amounts to 4.97%.

Upon issue of this convertible debt, Air France-KLM recorded a debt of € 556 million, corresponding to the present value of future payments for interest discounted at the rate of a similar bond without a conversion option. The option value was evaluated by deducting this debt value from the total nominal amount (i.e. € 661 million) and was recorded in equity.

18 LEASE COMMITMENTS

18.1 Capital leases

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

In € millions **As of**	**September 30, 2010**	**March 31, 2010**
Flight equipment	4 183	4 295
Buildings	250	269
Other	236	228
Total	**4 669**	**4 792**

18.2 Operating leases

The undiscounted amount of the future minimum operating lease payments for aircraft under operating lease totaled € 3 971 million as of September 30, 2010 (€ 4 612 million at March 31, 2010).

19 FLIGHT EQUIPMENT ORDERS

Due dates for commitments in respect of flight equipment orders are as follows:

In € millions	**As of September 30, 2010**	**As of March 31, 2010**
IATA N (6 months)	542	N/A
IATA N + 1	1 079	1 065
IATA N + 2	743	1 279
IATA N + 3	468	640
IATA N + 4	159	401
IATA N + 5	28	101
> IATA N+5	-	-
Total	**3 019**	**3 486**

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

The number of aircraft on firm order as of September 30, 2010 decreased by 13 units compared with March 31, 2010 to 63 units. The number of options has also decreased during the period by 5 aircraft to 53 units. Evolution of the backlog can be analysed as follows:

- the delivery of 14 aircraft over the period;
- the conversion of one option into firm order
- and the cancellation of 4 options

Long-haul fleet

Passenger

The Group took delivery of 2 Airbus A380. The Group has converted one option into firm orders for one Airbus A330.

Cargo

The Group has not taken any delivery.

Medium-haul fleet

The Group took delivery of 4 Boeing B737s and cancelled 4 options for this aircraft type. It has also taken delivery of 1 Airbus A320.

Regional fleet

The Group took delivery of 3 Embraer 170 and 4 Embraer 190.

The Group’s commitments concern the following aircraft:

Aircraft type		To be delivered in IATA	Y (6 months)	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond Y+5	Total
Long-haul fleet – passenger										
A380	As of September 30, 2010	Firm orders	-	2	2	3	1	-	-	**8**
		Options	-	-	-	-	*1*	*1*	-	*2*
	As of March 31, 2010	Firm orders	N/A	2	2	2	3	1	-	**10**
		Options	*N/A*	-	-	-	*1*	*1*	-	*2*
A330	As of September 30, 2010	Firm orders	1	-	1	-	-	-	-	**2**
		Options	-	-	*1*	-	-	-	-	*1*
	As of March 31, 2010	Firm orders	N/A	1	-	-	-	-	-	**1**
		Options	*N/A*	-	*1*	*1*	-	-	-	*2*
B777	As of September 30, 2010	Firm orders	3	3	5	2	1	1	-	**15**
		Options	-	-	*3*	*4*	*4*	*1*	-	*12*
	As of March 31, 2010	Firm orders	N/A	3	3	7	*2*	-	-	**15**
		Options	*N/A*	-	*1*	*4*	*4*	*3*	-	***12***
Long-haul fleet – cargo										
B777 F	As of September 30, 2010	Firm orders	-	1	-	-	-	-	-	**1**
		Options	-	-	*1*	*2*	-	-	-	*3*
	As of March 31, 2010	Firm orders	N/A	-	1	-	-	-	-	**1**
		Options	*N/A*	-	-	*1*	*2*	-	-	*3*
Medium-haul fleet										
A320	As of September 30, 2010	Firm orders	2	6	5	-	-	-	-	**13**
		Options	-	-	-	*4*	*6*	-	-	*10*
	As of March 31, 2010	Firm orders	N/A	1	12	1	-	-	-	**14**
		Options	*N/A*	-	-	*2*	*5*	*3*	-	***10***
A321	As of September 30, 2010	Firm orders	-	1	-	-	-	-	-	**1**
		Options	-	-	-	-	-	-	-	-
	As of March 31, 2010	Firm orders	N/A	-	1	-	-	-	-	**1**
		Options	*N/A*	-	-	-	-	-	-	-
B737	As of September 30, 2010	Firm orders	2	5	2	-	-	-	-	**9**
		Options	-	-	-	*5*	*2*	-	-	*7*
	As of March 31, 2010	Firm orders	N/A	6	5	2	-	-	-	**13**
		Options	*N/A*	-	*1*	*3*	*5*	*2*	-	*11*
Regional fleet										
Emb170	As of September 30, 2010	Firm orders	-	-	-	-	-	-	-	-
		Options	*1*	*2*	*3*	*4*	-	-	-	*10*
	As of March 31, 2010	Firm orders	N/A	3	-	-	-	-	-	**3**
		Options	*N/A*	-	*3*	*3*	*4*	-	-	*10*
Emb 190	As of September 30, 2010	Firm orders	-	-	-	-	-	-	-	-
		Options	*4*	-	-	*2*	-	-	-	*6*
	As of March 31, 2010	Firm orders	N/A	4	-	-	-	-	-	**4**
		Options	*N/A*	-	*2*	*2*	*2*	-	-	*6*
CRJ 1000	As of September 30, 2010	Firm orders	8	5	1	-	-	-	-	**14**
		Options	-	-	-	*1*	*1*	-	-	*2*
	As of March 31, 2010	Firm orders	N/A	6	4	4	-	-	-	**14**
		Options	*N/A*	-	-	-	*1*	*1*	-	*2*

20 RELATED PARTIES

- **Six month period ended September 30, 2010**

Relationships of the Group with its related parties have not changed significantly in terms of amounts and or scope.

- **Six month period ended September 30, 2009**

Relationships of the Group with its related parties have not changed significantly in terms of amounts and or scope with the exception of these with Alitalia Group, related party since March 25, 2009.
The Group made sales of € 53 million and incurred costs of € 4 million with Alitalia Group.

21 SUBSEQUENT EVENTS

In the investigations initiated by anti-trust authorities of several countries, the European Commission has made public as of November 9, 2010 the amount of the fine it intends to impose to airlines, including Air France, KLM and Martinair with respect to anti competitive agreements in the air freight industry prior to February 2006.

The total amount of fines addressed to entities of the Air France-KLM Group is € 340 million. It exceeds the provisions already drawn during previous periods amounting to € 127 million.
As the Commission's decision occurred before the half year financial statements were submitted to by the Board of Directors dated November 17, 2010, a complementary allowance of € 127 million was booked as of September 30, 2010 (cf. notes 9 and 16).