

CONSOLIDATED FINANCIAL STATEMENTS

Established in accordance with accounting principles and valuation methods of IFRS
standards adopted by the European Union

FIRST QUARTER ENDED 30 JUNE 2005

Air France – KLM Group

Consolidated income statement

		<i>In EUR million</i>	
First quarter ended June 30,		2005	2004
	Notes		Pro forma *
Operating revenues	4	5 186	4 917
Other operating revenues		-	1
External expenses	5	(2 899)	(2 730)
Salaries and related costs	6	(1 575)	(1 518)
Taxes other than income tax		(58)	(59)
Charge to operating amortization		(391)	(394)
Charge to operating depreciation		(39)	(31)
Other current income and charges, net		(1)	(11)
Current operating result		223	175
Gains on disposals of flight equipment		-	3
Restructuring costs		-	-
Gains on disposals of subsidiaries and affiliates, net		-	-
Amortization of badwill		2	449
Other operating income and charges, net		3	23
Operating result		228	650
Net financial charges		(79)	(90)
Pre-tax income (loss) of fully integrated companies		149	560
Income tax (loss)		(52)	(39)
Income (loss) of fully integrated companies		97	521
Share in net income of equity affiliates		17	17
Net Income (loss) from continuing operations		114	538
Net income(loss) in discontinued operations		-	2
Income (loss) before minority interests		114	540
Minority interests		(2)	(4)
NET INCOME (loss)		112	536
Earnings (loss) per issued share as of June, 30		0,42	1,08
Earnings (loss) per share			
- basic		0,43	1,13
- diluted		0,43	1,13

* Consolidated income statement established in accordance with accounting principles and valuation methods of IFRS standards adopted by the European Union

Air France – KLM Group

Consolidated balance sheet

	<i>In EUR million</i>	
Assets	6/30/2005	3/31/2005
		Pro forma *
Consolidation goodwill	105	99
Intangible fixed assets	543	549
Flight equipment	10 463	10 150
Other property and equipment	1 844	1 818
Investments in equity affiliates	584	559
Other non current financial assets	946	529
Income tax receivable	-	181
Other non current accounts receivable	2 783	1 537
Long term Assets	17 268	15 422
Other current financial assets	53	318
Inventory	392	382
Trade receivables	2 859	2 272
Other current accounts receivables	2 413	1 123
Marketable securities	2 380	2 231
Cash	231	398
Current assets	8 328	6 724
Total	25 596	22 146

* Consolidated balance sheet established in accordance with accounting principles and valuation methods of IFRS standards adopted by the European Union

Air France – KLM Group

Consolidated balance sheet (continued)

	<i>In EUR million</i>	
Liabilities and stockholders' equity at	6/30/2005	3/31/2005
	Pro forma *	
Common stock	2 290	2 290
Additional paid-in capital	422	384
Retained earnings (accumulated deficit)	3 305	2 321
Cumulative translation adjustment	(9)	(9)
Stockholders' equity	6 008	4 986
Minority interests	107	104
Stockholders' equity and minority interests	6 115	5 090
Long term provisions for liabilities and charges	1 858	1 855
Long term Financial debt	7 682	7 459
Income tax liability	559	159
Other long term payables	1 465	851
Long term liabilities	11 564	10 324
Current Provisions for liabilities and charges	210	218
Current Financial debt	1 125	1 337
Trade payables	2 113	1 901
Advance ticket sales and loyalty program	1 993	1 656
Other payables	2 476	1 620
Current liabilities	7 917	6 732
Total	25 596	22 146

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Consolidated Statements of Changes in Stockholders' Equity

	<i>In EUR million</i>									
	Number of shares comprising common stock	Common stock	Add'l paid-in capital	Retained earnings	Other comprehensive income	Treasury stock	Cumulative Translation adjustment	Total Stockholders' equity	Minority interests	Total stockholders' equity and minority interests
Before allocation of income										
March 31, 2004	219 780 887	1 868	261	1 309		(18)	(9)	3 411	88	3 499
Issuance of common stock	49 602 631	422	346					768		768
Dividends paid								-	(1)	(1)
Treasury stock								-		-
Translation differences							5	5	1	6
Current year net income				536	-			536	4	540
Changes in scope of consolidation								-	69	69
June 30, 2004 Pro forma	269 383 518	2 290	607	1 845		(18)	(4)	4 720	161	4 881
March 31, 2005	269 383 518	2 290	384	2 363		(42)	(9)	4 986	104	5 090
Exchange offer costs				(104)				(104)		(104)
Convertible bonds "OCEANes"			38					38		38
Derivatives				697				697		697
Other Comprehensive income					330			330		330
Treasury stock						(51)		(51)		(51)
Translation differences								-		-
Current year net income				112				-	1	1
Changes in scope of consolidation								112	2	114
June 30, 2005	269 383 518	2 290	422	3 068	330	(93)	(9)	6 008	107	6 115

Air France – KLM Group

Consolidated statement of cash flows

	<i>In EUR million</i>		
First quarter ended June 30,	2005	2004	March 31, 2005
		Pro forma *	Pro forma *
Net income (loss)	114	540	734
Charges to operating amortization and depreciation, net	430	425	1 679
Charges to depreciation of financial assets, net	-	4	9
Gains on disposals of flight equipment	-	(26)	(19)
Gains on disposals of subsidiaries and affiliates, net	-	-	(67)
Derivatives income (loss)	(4)	(2)	-
Unrealized exchange gains or losses	20	9	(7)
Negative goodwill	(2)	(449)	(449)
Other	2	(52)	(166)
Share in net income of equity affiliates	(17)	(17)	(69)
Deferred tax	52	42	147
Changes in working capital	239	168	163
Cash flows from operating activities	834	642	1 955
Acquisitions of subsidiaries and affiliates	(28)	620	506
Purchase of tangible and intangible fixed assets	(730)	(624)	(2 142)
Disposals of subsidiaries and affiliates	-	-	109
Proceeds on disposal of tangible and intangible assets	13	25	156
Dividends received	4	20	27
Cash flows from investing activities	(741)	41	(1 344)
Issuance of common stock	-	-	-
New debts	443	264	860
Repayments of debts	(109)	(106)	(300)
Repayments of capital lease obligations	(69)	(54)	(376)
Net decrease (increase) in loans	(56)	(1)	(66)
Net decrease (increase) in short-term investments	(30)	(110)	86
Dividends paid	(1)	(1)	(24)
Reduction of minority interests	-	-	(11)
Cash flows from financing activities	178	(8)	169
Translation differences	-	1	(5)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	271	676	775
Opening cash and cash equivalents	2 192	1 417	1 417
Closing cash and cash equivalents	2 463	2 093	2 192

* Consolidated statement of cash flows established in accordance with accounting principles and valuation methods of IFRS standards adopted by the European Union

NOTES TO THE FINANCIAL STATEMENTS

Air France – KLM Group

4. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

4.1 - Information by sector of activity

<i>In EUR million</i>					
First quarter ended June 30, 2005					
	Passenger	Cargo	Maintenance	Other	Total
Operating Revenues	4 253	667	665	334	5 919
Internal Operating revenues	(169)	(7)	(452)	(105)	(733)
Operating revenues, net	4 084	660	213	229	5 186
Current Operating result	176	11	14	22	223
Operating income	176	11	14	27	228

<i>In EUR million</i>					
First quarter ended June 30, 2004 Pro forma					
	Passenger	Cargo	Maintenance	Other	Total
Operating Revenues	3 984	624	644	356	5 608
Internal Operating revenues	(149)	(6)	(443)	(93)	(691)
Operating revenues, net	3 835	618	201	263	4 917
Current operating result	130	18	6	21	175
Operating income	130	18	6	496	650

The various sources of the Company's operating revenues are described below :

Passenger : Passenger operating revenues consist of scheduled passenger and other passenger revenues. Scheduled passenger operating revenues are derived from passengers transported on flights which have the Company's code, including flights that are operated by other airlines pursuant to code sharing agreements. Other passenger operating revenues are derived from commissions from Sky Team alliance partnership arrangements, revenues from block-seat sales, information systems revenues and excess baggage receipts and handling revenues provided by the Group to other companies.

Cargo : Cargo operating revenues are subdivided into freight transportation and other cargo operating revenues. Operating revenues from freight transportation consist of the transportation of cargo on flights which have the Company's code, including flights that are operated by other airlines pursuant to code sharing agreements. Operating revenues from other cargo transportation are derived principally from sales of cargo capacity to third parties.

Maintenance : Maintenance operating revenues generated by the Company correspond to aircraft maintenance operations provided to third parties.

Other : Other operating revenues currently consist of catering to the on request air transport mainly made by Transavia.

Consolidated sales revenues, for the period ended June 30, 2005, totalled 5.2 billion euros, increasing by 5.5% compared to the previous pro forma period. This increase was generated by all activity sectors, particularly passengers and cargo.

Current operating result increased by 49 million euros to 223 million euros from 174 million euros at June, 2004. Operating income decreased by 421 million euros, to 228 million euros from 649 million euros at June 30, 2004 with pro forma data. The operating income of the period ended June 30, 2004 included an amortization of the negative goodwill recognized on KLM amounting to 449 million euros against 3 million euros as of June 30, 2005. All activities made a positive contribution to this result.

Air France – KLM Group

4.2 - Analysis of operating revenues by geographical area of sale

In EUR million

	Europe		Caribbean		Africa		Americas		Asia		Total
	North Africa		French Guiana		Middle East		Polynesia		New Caledonia		
			Indian Ocean								
First quarter ended June 30, 2005											
Scheduled passenger	2 633	(68,3%)	86	(2,2%)	245	(6,3%)	611	(15,8%)	284	(7,4%)	3 859
Other passenger revenues	164	(72,8%)	15	(6,7%)	8	(3,6%)	13	(5,8%)	25	(11,1%)	225
Total passenger	2 797	(68,4%)	101	(2,5%)	253	(6,2%)	624	(15,3%)	309	(7,6%)	4 084
Scheduled cargo	281	(46,0%)	9	(1,5%)	39	(6,4%)	75	(12,3%)	206	(33,8%)	610
Other cargo revenues	35	(70,0%)	1	(2,0%)	2	(4,0%)	5	(10,0%)	7	(14,0%)	50
Total cargo	316	(47,9%)	10	(1,5%)	41	(6,2%)	80	(12,1%)	213	(32,3%)	660
Maintenance	211	(99,1%)	-	-	-	-	-	-	2	(0,9%)	213
Others	224	(97,8%)	3	(1,3%)	2	(0,9%)	-	-	-	-	229
Total	3 548	(68,4%)	114	(2,2%)	296	(5,7%)	704	(13,6%)	524	(10,1%)	5 186
First quarter ended June 30, 2004 Pro forma											
Scheduled passenger	2 469	(68,2%)	84	(2,3%)	238	(6,6%)	539	(14,9%)	291	(8,0%)	3 621
Other passenger revenues	147	(68,6%)	10	(4,7%)	13	(6,1%)	22	(10,3%)	22	(10,3%)	214
Total passenger	2 616	(68,2%)	94	(2,5%)	251	(6,5%)	561	(14,6%)	313	(8,2%)	3 835
Scheduled cargo	266	(46,7%)	12	(2,1%)	40	(7,0%)	66	(11,6%)	186	(32,6%)	570
Other cargo revenues	32	(66,6%)	1	(2,1%)	2	(4,2%)	6	(12,5%)	7	(14,6%)	48
Total cargo	298	(48,2%)	13	(2,1%)	42	(6,8%)	72	(11,7%)	193	(31,2%)	618
Maintenance	199	(99,0%)	-	-	-	-	-	-	2	(1,0%)	201
Others	249	(94,7%)	9	(3,4%)	5	(1,9%)	-	-	-	-	263
Total	3 362	(68,3%)	116	(2,4%)	298	(6,1%)	633	(12,9%)	508	(10,3%)	4 917

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4.3 - Analysis of traffic revenues by geographical area of destination

In EUR million

	Europe		Caribbean		Africa		Americas		Asia		Total
	North Africa		French Guiana	Indian Ocean	Middle East		Polynesia		New Caledonia		
First quarter ended June 30, 2005											
Scheduled passenger	1 731	(44,8%)	238	(6,2%)	490	(12,7%)	836	(21,7%)	564	(14,6%)	3 859
Scheduled cargo	19	(3,1%)	44	(7,2%)	73	(12,0%)	193	(31,6%)	281	(46,1%)	610
Total	1 750	(39,2%)	282	(6,4%)	563	(12,6%)	1 029	(23,0%)	845	(18,9%)	4 469
First quarter ended June 30, 2004 Pro forma											
Scheduled passenger	1 641	(45,3%)	243	(6,7%)	449	(12,4%)	779	(21,5%)	509	(14,1%)	3 621
Scheduled cargo	29	(5,1%)	47	(8,2%)	75	(13,2%)	160	(28,1%)	259	(45,4%)	570
Total	1 670	(39,9%)	290	(6,9%)	524	(12,5%)	939	(22,4%)	768	(18,3%)	4 191
Variation											
Scheduled passenger	90	(5,5%)	(5)	-(2,1%)	41	(9,1%)	57	(7,3%)	55	(10,8%)	238
Scheduled cargo	(10)	-(34,5%)	(3)	-(6,4%)	(2)	-(2,7%)	33	(20,6%)	22	(8,5%)	40
Total	80	(28,8%)	(8)	-(2,9%)	39	(14,0%)	90	(32,4%)	77	(27,7%)	278

5. EXTERNAL EXPENSES

In EUR million

First quarter ended June 30,	2005	2004	Variation
	Pro forma		
Aircraft fuel	809	612	32,2%
Chartering costs	138	139	-0,7%
Aircraft operating lease costs	155	149	4,0%
Landing fees and en route charges	403	384	4,9%
Catering	101	105	-3,8%
Handling charges and other operating costs	292	283	3,2%
Aircraft maintenance costs	182	184	-1,1%
Commercial and distribution costs	315	386	-18,4%
Other external expenses	504	488	3,3%
Total	2 899	2 730	6,2%
Excluding Aircraft fuel	2 090	2 118	-1,3%

External expenses were up 6.2 % as of June 30, 2005, increasing from 2.7 billion euros to 2.9 billion euros. This change is due primarily to fuel costs which rose significantly due to the surge in oil prices. Excluding fuel, external expenses decreased by 1.3 %.

“Other external expenses” primarily relate to leasing and insurance expenses.

6. SALARIES AND NUMBER OF EMPLOYEES

6.1 - Salaries and related costs

<i>In EUR million</i>			
First quarter ended June 30,	2005	2004	Variation
Pro forma			
<i>By cost category</i>			
Wages and salaries	1 156	1 149	0,6%
Pension contributions	123	94	30,9%
Other social contributions	296	275	7,6%
Total	1 575	1 518	3,8%

Personnel costs increased to 1.6 billion euros compared with 1.5 billion euros at June 30, 2004 based on pro forma data, representing an increase of 3.8%, with personnel on a constant structural basis down by 0.1% at 102,006 employees (pro forma data). 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.

6.2 - Average number of employees

First quarter ended June 30,	2005	2004	Variation
Pro forma			
Total	101 886	102 006	-0,1%
Flighth deck crew	7 804	7 771	0,4%
Cabin crew	20 137	19 794	1,7%
Groundstaff	73 945	74 441	-0,7%
Management	12 996	12 736	2,0%
Supervisors	29 390	29 080	1,1%
Other staff	31 560	32 625	-3,3%
Pilots and cabin crew	26 298	25 918	1,5%
Instructors	964	991	-2,7%
Management	678	656	3,4%

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

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