

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

January 1, 2012 – March 31, 2012

Air France-KLM Group

CONSOLIDATED INCOME STATEMENT

<i>In € millions</i>	<i>Notes</i>	01.01.2012 03.31.2012 (3 months)	01.01.2011 03.31.2011 (3 months) Proforma
Sales	5	5 645	5 326
Other revenues		1	1
Revenues		5 646	5 327
External expenses	6	(3 884)	(3 566)
Salaries and related costs	7	(1 911)	(1 802)
Taxes other than income taxes		(46)	(42)
Amortization		(390)	(409)
Depreciation and provisions		(19)	8
Other income and expenses		7	81
Income from current operations		(597)	(403)
Sales of aircraft equipment		3	(3)
Other non-current income and expenses	8	92	(100)
Income from operating activities		(502)	(506)
Cost of financial debt		(101)	(112)
Income from cash and cash equivalents		19	21
Net cost of financial debt		(82)	(91)
Other financial income and expenses	9	276	67
Income before tax		(308)	(530)
Income taxes	10	(22)	170
Net income of consolidated companies		(330)	(360)
Share of profits (losses) of associates		(38)	(7)
Net income from continuing operations		(368)	(367)
Net income for the period		(368)	(367)
- Equity holders of Air France-KLM		(368)	(367)
- Non-controlling interests		-	-
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic		(1.25)	(1.24)
- diluted		(1.25)	(1.24)

Air France-KLM Group

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

<i>In € millions</i>	01.01.2012 03.31.2012 (3 months)	01.01.2011 03.31.2011 (3 months) Proforma
Net income for the period	(368)	(367)
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in equity	104	(158)
Change in fair value transferred to profit or loss	(98)	4
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in equity	106	627
Change in fair value transferred to profit or loss	(102)	(66)
Items of the recognized income and expenses of equity shares	2	6
Currency translation adjustment	-	(13)
Tax on items related to other comprehensive income	6	(166)
Total of other comprehensive income included in the recognized income and expenses	18	234
Recognized income and expenses	(350)	(133)
- Equity holders of Air France-KLM	(350)	(134)
- Non-controlling interests	-	1

Air France-KLM Group

CONSOLIDATED BALANCE SHEET

Assets <i>In € millions</i>	<i>Notes</i>	March 31, 2012	December 31, 2011
Goodwill		425	426
Intangible assets		789	774
Flight equipment		10 698	10 689
Other property, plant and equipment		2 019	2 055
Investments in equity associates		387	422
Pension assets		3 278	3 217
Other financial assets ^(*)	11	1 539	2 015
Deferred tax assets		1 094	1 143
Other non-current assets		231	168
Total non current assets		20 460	20 909
Assets held for sale		10	10
Other short term financial assets ^(*)		730	751
Inventories		540	585
Trade accounts receivables		2 138	1 774
Income tax receivables		11	10
Other current assets		1 049	995
Cash and cash equivalents		2 424	2 283
Total current assets		6 902	6 408
Total assets		27 362	27 317
^(*) Including:			
<i>In € millions</i>		March 31, 2012	December 31, 2011
Deposits related to financial leases		636	656
Marketable securities		873	987

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (continued)

Liabilities and equity <i>In € millions</i>	<i>Notes</i>	March 31, 2012	December 31, 2011
Issued capital		300	300
Additional paid-in capital		2 971	2 971
Treasury shares		(82)	(89)
Reserves and retained earnings		2 509	2 858
Equity attributable to equity holders of Air France-KLM		5 698	6 040
Non-controlling interests		54	54
Total Equity		5 752	6 094
Provisions and retirement benefits		2 109	2 061
Long-term debt		9 129	9 228
Deferred tax		428	466
Other non-current liabilities		316	321
Total non-current liabilities		11 982	12 076
Provisions		149	156
Current portion of long-term debt		1 152	1 174
Trade accounts payables		2 406	2 599
Deferred revenue on ticket sales		2 586	1 885
Frequent flyer programs		770	784
Current tax liabilities		2	6
Other current liabilities		2 400	2 386
Bank overdrafts		163	157
Total current liabilities		9 628	9 147
Total liabilities		21 610	21 223
Total liabilities and equity		27 362	27 317

Air France-KLM Group

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

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	Non-controlling interests	Total equity
December 31, 2010	300 219 278	300	2 971	(93)	3 802	6 980	52	7 032
Fair value adjustment on available for sale securities	-	-	-	-	(152)	(152)	-	(152)
Gain / (loss) on cash flow hedges	-	-	-	-	397	397	2	399
Currency translation adjustment	-	-	-	-	(12)	(12)	(1)	(13)
Net result for the period	-	-	-	-	(367)	(367)	-	(367)
Total of income and expenses recognized	-	-	-	-	(134)	(134)	1	(133)
Stock based compensation (ESA) and stock options	-	-	-	-	7	7	-	7
Treasury shares	-	-	-	(1)	-	(1)	-	(1)
Other	-	-	-	-	-	-	1	1
March 31, 2011	300 219 278	300	2 971	(94)	3 675	6 852	54	6 906
December 31, 2011	300 219 278	300	2 971	(89)	2 858	6 040	54	6 094
Fair value adjustment on available for sale securities	-	-	-	-	12	12	-	12
Gain / (loss) on cash flow hedges	-	-	-	-	6	6	-	6
Currency translation adjustment	-	-	-	-	-	-	-	-
Net result for the period	-	-	-	-	(368)	(368)	-	(368)
Total of income and expenses recognized	-	-	-	-	(350)	(350)	-	(350)
Stock based compensation (ESA) and stock options	-	-	-	-	1	1	-	1
Dividends paid	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	7	-	7	-	7
Other	-	-	-	-	-	-	-	-
March 31, 2012	300 219 278	300	2 971	(82)	2 509	5 698	54	5 752

Air France-KLM Group

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In € millions</i>	<i>Note</i>	01.01.2012 03.31.2012 (3 months)	01.01.2011 03.31.2011 (3 months) Proforma
Net income for the period – Equity holders for Air France-KLM		(368)	(367)
Non-controlling interests		-	-
Amortization, depreciation and operating provisions		409	401
Financial provisions		(2)	1
Gain on disposals of tangible and intangible assets		(3)	1
Loss / (gain) on disposals of subsidiaries and associates	8	(98)	(2)
Derivatives – non monetary result		(229)	(20)
Unrealized foreign exchange gains and losses, net		(61)	(74)
Share of (profits) losses of associates		38	7
Deferred taxes		16	(166)
Other non-monetary items		(6)	(73)
Subtotal		(304)	(292)
(Increase) / decrease in inventories		33	28
(Increase) / decrease in trade receivables		(388)	(191)
Increase / (decrease) in trade payables		(131)	347
Change in other receivables and payables		732	484
Net cash flow from operating activities		(58)	376
Acquisitions of subsidiaries and investments in associates, net of cash acquired		-	(23)
Purchase of property, plant and equipment and intangible assets		(416)	(561)
Proceeds on disposal of property, plant and equipment and intangible assets		25	306
Dividends received		13	-
Decrease (increase) in investments, net over 3 months		115	(150)
Net cash used in investing activities		(263)	(428)
Increase in capital		-	6
Purchase of non-controlling interests, of shares in non-controlled entities		-	(15)
Disposal of subsidiaries without control loss, of shares in non-controlled entities	8	474	-
Issuance of long-term debt		325	546
Repayments on long-term debt		(228)	(116)
Payment of debt resulting from finance lease liabilities		(129)	(149)
New loans		(8)	(43)
Repayments on loans		28	80
Dividends paid		-	(1)
Net cash flow from financing activities		462	308
Effect of exchange rate on cash and cash equivalents and bank overdrafts		(6)	(19)
Change in cash and cash equivalents and bank overdrafts		135	237
Cash and cash equivalents and bank overdrafts at beginning of period		2 126	3 351
Cash and cash equivalents and bank overdrafts at end of period		2 261	3 588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 term "Group" is represented by the economic definition of Air France-KLM and its 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. PROFORMA FIGURES

It is reminded that the Extraordinary Shareholders' Meeting of July 7, 2011 approved the change of closing date for Air France-KLM Group financial statements from March 31 to December 31, with effect from the year ended December 31, 2011.

Therefore, the accounts ended March 31, 2012, a 3-month period, are not comparable to the accounts published on March 31, 2011, reflecting a 12-month period.

To facilitate comparison, proforma financial information have been established based on the Group's quarterly published financial information. As such, some assumptions and options have been identified including:

- For the income and cash flow statements, the March 31, 2011 proforma (3 months) has been calculated by difference between the financial information published as of March 31, 2011 (12 months) and the financial information published as of December 31, 2010 (9 months), i.e the fourth quarter of the year ended March 31, 2011,
- Pension costs are consistent with previous publications. They have not been recalculated on the basis of the calendar year,
- The current and deferred taxes recognized in profit proforma have not been recalculated on the basis of the calendar year.

3. SIGNIFICANT EVENTS

3.1. Arising during the accounting period

On March 1, 2012, Air France, a subsidiary of Air France-KLM, launched a private placement of 33.6 million Amadeus IT Holding SA shares, corresponding to 7.5% of the capital. After this operation, the Group's holding decreased from 15.2% to 7.7%. The net proceeds from the transaction amounted to €467 million which generated in the income statement, a gain on disposal of €98 million, as mentioned on note 8.

Air France, together with Iberia and Lufthansa which hold respectively 7.5% and 7.6% of the share capital of Amadeus IT Holding SA, agreed to a lock-up period of 90 days.

3.2. Subsequent events

There has been no significant event during the period.

4. ACCOUNTING POLICIES

4.1. Accounting principles

Accounting principles used for the interim condensed consolidated financial statements

Pursuant to the European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2011 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 March 31, 2012 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” and must be read in connection with the annual consolidated financial statements for the year ended on December 31, 2011.

The interim condensed consolidated financial statements as of March 31, 2012 are prepared in accordance with the accounting principles used by the Group for consolidated financial statements for the year 2011.

The condensed consolidated financial statements were approved by the Board of Directors on May 3, 2012.

Change in accounting principles

As of March 31, 2012, no new IFRS standard has been applied to the interim condensed consolidated financial statements.

4.2. 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 book income of the period the estimated annual average tax rate for the current year for each entity or tax group.

4.3. Use of estimates

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities, 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 estimates described in the note 3 of the December 31, 2011 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.

The consolidated financial statements for the financial year have thus been established taking into account the current economic and financial crisis which has developed since 2008 and on the basis of financial parameters available at the closing date. The immediate effects of the crisis have been taken into account, in particular the valuation of current assets and liabilities. Concerning the longer-term assets, i.e. the non-current assets, the assumption was that the crisis would be of limited duration.

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

5. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments

The segment information is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around 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.

The results of the business segments 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 to the part of profits (losses) of associates. Other elements of the income statement are presented in the "non-allocated" column.

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

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 revenue is allocated by geographical sales area.

5.1. Information by business segment

- Three-month period ended March 31, 2012

<i>In € millions</i>	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	4 792	750	772	357	-	6 671
Intersegment sales	(362)	(6)	(514)	(144)	-	(1 026)
External sales	4 430	744	258	213	-	5 645
Income from current operations	(504)	(68)	16	(41)	-	(597)
Income from operating activities	(504)	(68)	16	(41)	95	(502)
Share of profits (losses) of associates	-	-	-	-	(38)	(38)
Net cost of financial debt and other financial income and expenses	-	-	-	-	194	194
Income taxes	-	-	-	-	(22)	(22)
Net income from continuing operations	(504)	(68)	16	(41)	229	(368)

The income from operating activities not allocated mainly corresponds to non-current income and expenses detailed in note 8.

- Three-month period ended March 31, 2011 (proforma)

<i>In € millions</i>	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	4 334	774	752	399	-	6 259
Intersegment sales	(262)	(5)	(519)	(147)	-	(933)
External sales	4 072	769	233	252	-	5 326
Income from current operations	(367)	(9)	26	(53)	-	(403)
Income from operating activities	(367)	(9)	26	(53)	(103)	(506)
Share of profits (losses) of associates	-	-	-	-	(7)	(7)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(24)	(24)
Income taxes	-	-	-	-	170	170
Net income from continuing operations	(367)	(9)	26	(53)	36	(367)

The income from operating activities not allocated mainly corresponds to non-current income and expenses detailed in note 8.

5.2. Information by geographical area

Sales by geographical area

- Three-month period ended March 31, 2012

<i>In € millions</i>	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	1 386	1 506	69	246	615	383	4 205
Other passenger sales	90	78	3	13	14	27	225
Total passenger	1 476	1 584	72	259	629	410	4 430
Scheduled cargo	89	267	7	52	133	150	698
Other cargo sales	16	10	1	2	10	7	46
Total cargo	105	277	8	54	143	157	744
Maintenance	173	76	-	-	9	-	258
Others	73	119	6	15	-	-	213
Total	1 827	2 056	86	328	781	567	5 645

- Three-month period ended March 31, 2011 (proforma)

<i>In € millions</i>	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	1 319	1 378	64	223	566	346	3 896
Other passenger sales	79	56	2	11	5	23	176
Total passenger	1 398	1 434	66	234	571	369	4 072
Scheduled cargo	91	279	11	50	128	172	731
Other cargo sales	11	3	1	5	10	8	38
Total cargo	102	282	12	55	138	180	769
Maintenance	149	77	-	-	7	-	233
Others	75	151	4	22	-	-	252
Total	1 724	1 944	82	311	716	549	5 326

Traffic sales by geographical area of destination

- Three-month period ended March 31, 2012

<i>In € millions</i>	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	460	982	380	593	1 049	741	4 205
Scheduled cargo	2	12	36	147	280	221	698
Total	462	994	416	740	1 329	962	4 903

- Three-month period ended March 31, 2011 (proforma)

<i>In € millions</i>	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	455	917	346	563	916	699	3 896
Scheduled cargo	1	12	32	146	302	238	731
Total	456	929	378	709	1 218	937	4627

6. EXTERNAL EXPENSES

<i>In € millions</i>	01.01.2012 03.31.2012 (3 months)	01.01.2011 03.31.2011 (3 months) Proforma
Aircraft fuel	1 681	1 426
Chartering costs	138	130
Aircraft operating lease costs	225	207
Landing fees and air route charges	434	419
Catering	138	131
Handling charges and other operating costs	321	314
Aircraft maintenance costs	276	265
Commercial and distribution costs	221	177
Other external expenses	450	497
Total	3 884	3 566

7. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

<i>In € millions</i>	01.01.2012	01.01.2011
	03.31.2012	03.31.2011
	(3 months)	(3 months)
		Proforma
Wages and salaries	1 382	1 361
Social contributions	440	425
Net periodic pension cost	77	36
Expenses related to share-based compensation	1	7
Other expenses	11	(27)
Total	1 911	1 802

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

Average number of employees

	01.01.2012	01.01.2011
	03.31.2012	03.31.2011
	(3 months)	(3 months)
		Proforma
Flight deck crew	8 480	8 589
Cabin crew	22 169	22 389
Ground staff	70 573	70 238
Total	101 222	101 216

8. OTHER NON-CURRENT INCOME AND EXPENSES

<i>In € millions</i>	01.01.2012	01.01.2011
	03.31.2012	03.31.2011
	(3 months)	(3 months)
		Proforma
Restructuring costs	(4)	(3)
Disposals of subsidiaries and affiliates	98	1
Other	(2)	(98)
Other non-current income and expenses	92	(100)

- **Three-month period ended March 31, 2012**

The “disposals of subsidiaries and affiliates” line includes an amount of €98 million corresponding to the gain on disposal realised by the Group on March 1st, 2012 concerning a private placement Amadeus IT Holding SA, whose sale proceeds amounts to 467 million, as described on note 3.1.

- **Three-month period ended March 31, 2011 (proforma)**

The “other” line included the impact of the closing of a pension plan in the United States, amounting to €(26) million.

9. OTHER FINANCIAL INCOME AND EXPENSES

<i>In € millions</i>	01.01.2012	01.01.2011
	03.31.2012	03.31.2011
	(3 months)	(3 months)
		Proforma
Foreign exchange gains (losses), net	54	70
Change in fair value of financial assets and liabilities	220	(2)
Net (charge) release to provisions	2	(1)
Other	-	-
Other financial income and expenses	276	67

10. INCOME TAXES

The tax charge is mainly due to the fact that the Group has stopped to recognize, since October 1st, 2011, the deferred tax assets on tax losses of the Air France-KLM French tax Group.

11. OTHER FINANCIAL ASSETS (NON CURRENT)

The change in other financial assets (non current) is mainly due to the sale of Amadeus shares for €467 million.