08/02/2011

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Commission for use in the European Union

April 1, 2010 – December 31, 2010

CONSOLIDATED INCOME STATEMENT

In € millions **Period from April 1 to December 31,**	***Notes***	**2010**	**2009**
Sales	***4***	**18 289**	**15 973**
Other revenues		6	4
Revenues		**18 295**	**15 977**
External expenses	***5***	(10 989)	(9 880)
Salaries and related costs	***6***	(5 531)	(5 580)
Taxes other than income taxes		(137)	(178)
Amortization and depreciation		(1 215)	(1 241)
Provisions		(60)	(42)
Other income and expenses		162	156
Income from current operations		**525**	**(788)**
Sales of aircraft equipment		11	-
Other non-current income and expenses	***7***	856	(86)
Income from operating activities		**1 392**	**(874)**
Cost of financial debt		(343)	(298)
Income from cash and cash equivalents		63	85
Net cost of financial debt		***(280)***	***(213)***
Other financial income and expenses	***8***	(145)	(99)
Income before tax		**967**	**(1 186)**
Income taxes		26	337
Net income of consolidated companies		**993**	**(849)**
Share of profits (losses) of associates	***9***	(14)	(18)
Net income from continuing operations		**979**	**(867)**
Net income for the period		**979**	**(867)**
- Group		**980**	**(868)**
- Minority interest		(1)	1
Earnings per share – Group (in euros)			
- basic		3.32	(2.95)
- diluted		2.71	(2.95)

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

In € millions	December 31, 2010	December 31, 2009
Net income for the period	**979**	**(867)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in equity	323	3
Change in fair value transferred to profit or loss	-	-
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in equity	325	1 127
Change in fair value transferred to profit or loss	134	391
Items of the recognized income and expenses of equity shares	**(13)**	**-**
Currency translation adjustment	**(12)**	**(2)**
Tax on items taken directly to or transferred from equity		
Income / (expense) recognized directly in equity	(150)	(464)
Total of other comprehensive income included in the recognized income and expenses	**607**	**1 055**
Recognized income and expenses	**1 586**	**188**
- Group	**1 586**	**183**
- Minority interest	**-**	**5**

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

CONSOLIDATED BALANCE SHEET

Assets *In € millions*	**December 31, 2010**	**March 31, 2010**
Goodwill	401	401
Intangible assets	662	612
Flight equipment	11 163	11 349
Other property, plant and equipment	2 131	2 252
Investments in equity associates	431	446
Pension assets	2 944	2 733
Other financial assets *(including € 527 million of deposits related to financial leases as of December 31, 2010 and € 630 million as of March 31, 2010)*	1 836	840
Deferred tax assets	886	942
Other non-current assets	127	180
Total non-current assets	**20 581**	**19 755**
Assets held for sale	2	93
Other short term financial assets *(including € **596** million of deposits related to financial leases and investments between 3 months and 1 year as of December 31, 2010 and € 482 million as of March 31, 2010)*	628	517
Inventories	579	537
Trade accounts receivable	1 779	2 142
Income tax receivables	1	1
Other current assets	1 113	979
Cash and cash equivalents	3 496	3 751
Total current assets	**7 598**	**8 020**
Total assets	**28 179**	**27 775**

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

CONSOLIDATED BALANCE SHEET (continued)

Liabilities and equity *In € millions*	***Notes***	**December 31, 2010**	**March 31, 2010**
Issued capital		300	2 552
Additional paid-in capital		2 971	719
Treasury shares		(93)	(106)
Reserves and retained earnings		3 802	2 198
Equity attributable to equity holders of Air France-KLM		**6 980**	**5 363**
Minority interest		52	55
Total Equity		**7 032**	**5 418**
Provisions and retirement benefits		1 566	1 432
Long-term debt		8 836	9 222
Deferred tax		468	418
Other non-current liabilities		430	818
Total non-current liabilities		**11 300**	**11 890**
Liability related to assets held for sale		-	10
Provisions		679	696
Current portion of long-term debt		1 811	1 825
Trade accounts payable		1 928	2 032
Deferred revenue on ticket sales		1 857	2 340
Frequent flyer programs		820	840
Current tax liabilities		12	11
Other current liabilities		2 595	2 597
Bank overdrafts		145	116
Total current liabilities		**9 847**	**10 467**
Total liabilities		**21 147**	**22 357**
Total liabilities and equity		**28 179**	**27 775**

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

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	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	-	-	-	-	3	**3**	-	**3**
Gain / (loss) on cash flow hedges	-	-	-	-	1 050	**1 050**	4	**1 054**
Currency translation adjustment	-	-	-	-	(2)	**(2)**	-	**(2)**
Net income for the period	-	-	-	-	(868)	**(868)**	1	**(867)**
Total of income and expenses recognized	**-**	**-**	**-**	-	**183**	**183**	**5**	**188**
Stock based compensation (ESA) and stock options	-	-	-	-	19	**19**	-	**19**
Dividends paid				-	-	-	(2)	**(2)**
OCEANE	-	-	-	-	69	**69**	-	**69**
Treasury shares	-	-	-	18	-	**18**	-	**18**
December 31, 2009	**300 219 278**	**2 552**	**765**	**(106)**	**2 700**	**5 911**	**57**	**5 968**
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	-	-	-	-	318	**318**	-	**318**
Gain / (loss) on cash flow hedges	-	-	-	-	300	**300**	1	**301**
Currency translation adjustment	-	-	-	-	(12)	**(12)**	-	**(12)**
Net income for the period	-	-	-	-	980	**980**	(1)	**979**
Total of income and expenses recognized	-	-	-	-	**1 586**	**1 586**	**-**	**1 586**
Stock based compensation (ESA) and stock options	-	-	-	-	18	**18**	-	**18**
Dividends paid	-	-	-	-	-	**-**	(3)	**(3)**
Capital decrease	-	(2 252)	2 252	-	-	-	-	**-**
Treasury shares	-	-	-	13	-	**13**	-	**13**
December 31, 2010	**300 219 278**	**300**	**2 971**	**(93)**	**3 802**	**6 980**	**52**	**7 032**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

In € millions **Period from April 1 to December 31,**	***Notes***	**2010**	**2009**
Net income for the period – Group		980	(868)
Minority interest		(1)	1
Amortization, depreciation and operating provisions		1 275	1 283
Financial provisions		(4)	8
Gain on disposals of tangible and intangible assets		(12)	3
Loss / (gain) on disposals of subsidiaries and associates		(11)	(1)
Gain on WAM (ex Amadeus) operation	*7*	(1 030)	-
Derivatives – non monetary results		(5)	11
Unrealized foreign exchange gains and losses, net		107	(39)
Share of (profits) losses of associates	*9*	14	18
Deferred taxes		(49)	(335)
Other non-monetary items		(136)	(39)
Subtotal		**1 128**	**42**
(Increase) / decrease in inventories		(38)	(91)
(Increase) / decrease in trade receivables		362	152
Increase / (decrease) in trade payables		(102)	65
Change in other receivables and payables		(376)	(1 035)
Net cash flow from operating activities		**974**	**(867)**
Acquisitions of subsidiaries and investments in associates, net of cash acquired		(13)	(17)
Purchase of property, plant and equipment and intangible assets		(1 561)	(1 621)
Proceeds on WAM (ex Amadeus) transaction		193	-
Proceeds on disposal of subsidiaries and investments in associates		19	2
Proceeds on disposal of property, plant and equipment and intangible assets		671	670
Dividends received		8	5
Decrease (increase) in investments, net between 3 months and 1 year		(79)	52
Net cash used in investing activities		**(762)**	**(909)**
Issuance of long-term debt		354	2 526
Repayments on long-term debt		(530)	(216)
Payment of debt resulting from finance lease liabilities		(401)	(305)
New loans		(67)	(62)
Repayments on loans		151	78
Dividends paid		(2)	(2)
Net cash flow from financing activities		**(495)**	**2 019**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		**(1)**	**(3)**
Change in cash and cash equivalents and bank overdrafts		**(284)**	**240**
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		3 351	3 706

Income tax paid (flow included in operating activities)	(22)	5
Interest paid (flow included in operating activities)	(302)	(232)
Interest received (flow included in operating activities)	34	65

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 1, 2010 – December 31, 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 7.

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

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 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 December 31, 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" and 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 December 31, 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 February 9, 2011.

Change in accounting principles

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 7.

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 book income 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, 2009 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 nine-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

- **Nine month period ended December 31, 2010**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	14 820	2 402	2 331	1 529	-	21 082
Intersegment sales	(789)	(12)	(1 535)	(457)	-	(2 793)
External sales	**14 031**	**2 390**	**796**	**1 072**	**-**	**18 289**
Income from current operations	323	78	117	7	-	525
Income from operating activities	323	78	117	7	867	1 392
Share of profits (losses) of associates	-	-	-	-	(14)	(14)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(425)	(425)
Income taxes	-	-	-	-	26	26
Net income from continuing operations	**323**	**78**	**117**	**7**	**454**	**979**

- **Nine month period ended December 31, 2009**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	13 029	1 777	2 202	1 560	-	18 568
Intersegment sales	(641)	(12)	(1 479)	(463)	-	(2 595)
External sales	**12 388**	**1 765**	**723**	**1 097**	**-**	**15 973**
Income from current operations	**(537)**	**(373)**	**80**	**42**	**-**	**(788)**
Income from operating activities	(537)	(373)	80	42	(86)	(874)
Share of profits (losses) of associates	-	-	-	-	(18)	(18)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(312)	(312)
Income taxes	-	-	-	-	337	337
Net income from continuing operations	**(537)**	**(373)**	**80**	**42**	**(79)**	**(867)**

4.2. Information by geographical area

Sales by geographical area

- **Nine month period ended December 31, 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	4 173	4 342	273	940	2 375	1 291	13 394
Other passenger sales	254	216	8	47	49	63	637
Total passenger	**4 427**	**4 558**	**281**	**987**	**2 424**	**1 354**	**14 031**
Scheduled cargo	247	769	23	186	388	652	2 265
Other cargo sales	38	24	3	7	28	25	125
Total cargo	**285**	**793**	**26**	**193**	**416**	**677**	**2 390**
Maintenance	461	304	-	-	31	-	796
Others	299	740	15	18	-	-	1 072
Total	**5 472**	**6 395**	**322**	**1 198**	**2 871**	**2 031**	**18 289**

- **Nine month period ended December 31, 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	3 942	3 928	264	826	1 877	956	11 793
Other passenger sales	223	215	7	47	41	62	595
Total passenger	**4 165**	**4 143**	**271**	**873**	**1 918**	**1 018**	**12 388**
Scheduled cargo	270	505	19	146	276	458	1 674
Other cargo sales	27	12	2	7	22	21	91
Total cargo	**297**	**517**	**21**	**153**	**298**	**479**	**1 765**
Maintenance	430	261	-	-	32	-	723
Others	280	781	17	19	-	-	1 097
Total	**5 172**	**5 702**	**309**	**1 045**	**2 248**	**1 497**	**15 973**

Traffic sales by geographical area of destination

- **Nine month period ended December 31, 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	1 430	3 243	888	1 978	3 484	2 371	13 394
Scheduled cargo	5	36	126	454	831	813	2 265
Total	**1 435**	**3 279**	**1 014**	**2 432**	**4 315**	**3 184**	**15 659**

- **Nine month period ended December 31, 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	1 459	3 112	850	1 802	2 780	1 790	11 793
Scheduled cargo	4	36	109	342	566	617	1 674
Total	**1 463**	**3 148**	**959**	**2 144**	**3 346**	**2 407**	**13 467**

5. EXTERNAL EXPENSES

In € millions ***Nine month period ended December 31,***	**2010**	**2009**
Aircraft fuel	4 294	3 485
Chartering costs	383	371
Aircraft operating lease costs	624	539
Landing fees and en route charges	1 328	1 313
Catering	423	435
Handling charges and other operating costs	989	970
Maintenance costs	874	791
Commercial and distribution costs	719	651
Other external expenses	1 355	1 325
Total	**10 989**	**9 880**
Excluding aircraft fuel	*6 695*	*6 395*

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

6. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

In € millions ***Nine month period ended December 31,***	**2010**	**2009**
Wages and salaries	4 069	4 061
Social contributions	1 336	1 324
Net periodic pension cost	149	240
Expenses related to share-based compensation	19	21
Other expenses	(42)	(66)
Total	**5 531**	**5 580**

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

Average number of employees

Nine month period ended December 31,	**2010**	**2009**
Flight deck crew	8 687	8 885
Cabin crew	22 534	22 720
Ground staff	70 725	73 718
Total	**101 946**	**105 323**

7. OTHER NON-CURRENT INCOME AND EXPENSES

Six month period ended September 30, *In € millions*	**2010**	**2009**
WAM (ex Amadeus) operation	1 030	-
Other	(174)	(86)
Other non-current income and expenses	**856**	**(86)**

- **Nine month period ended December 31, 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.

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 as of December 31, 2010.

The line "Others" also comprises a complementary provision of €15 million related to the Air France voluntary redundancy plan which was extended.

- **Nine month period ended December 31, 2009**

The “other non-current income and expenses” include 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.

8. OTHER FINANCIAL INCOME AND EXPENSES

In € million ***Nine month period ended December 31,***	**2010**	**2009**
Foreign exchange gains (losses), net	(103)	62
Change in fair value of financial assets and liabilities	(46)	(153)
Net (charge) release to provisions	4	(7)
Other	-	(1)
Other financial income and expenses	**(145)**	**(99)**

The change in fair value of financial assets and liabilities recorded as of December 31, 2009 comes mainly from the variation of the ineffectiveness of fuel derivatives.

9. SHARE OF PROFITS (LOSSES) OF ASSOCIATES

- **Nine month period ended December 31, 2010**

The “share of profits (losses) of associates” includes mainly the part of the loss amounting to € 23 million of Alitalia Group. It corresponds to the activity from January 1 to September 30, 2010, its annual closing date being December 31.

- **Nine month period ended December 31, 2009**

The “share of profits (losses) of associates” for the nine-month period ended December 31, 2009 includes mainly the part of the loss amounting to € 15 million of Alitalia Group. It corresponds to the activity from April 1 to September 30, 2009, the company being including in the scope since March 31, 2009 and its annual closing date being December 31.

10. SUBSEQUENT EVENTS

There has been no significant event since the close of the period.