CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

CONSOLIDATED INCOME STATEMENT

In € millions **Period from April 1 to March 31,**	***Notes***	**2010**	**2009**
Sales	***5***	**20 994**	**23 970**
Other revenues		5	5
Revenues		**20 999**	**23 975**
External expenses	***6***	(13 243)	(14 930)
Salaries and related costs	***7***	(7 388)	(7 317)
Taxes other than income taxes		(216)	(250)
Amortization and depreciation	***8***	(1 640)	(1 604)
Provisions	***8***	(35)	(115)
Other income and expenses	***9***	238	112
Income from current operations		**(1 285)**	**(129)**
Sales of aircraft equipment	***10***	(21)	5
Negative goodwill	***4***	-	17
Other non-current income and expenses	***10***	(326)	(86)
Income from operating activities		**(1 632)**	**(193)**
Cost of financial debt		(410)	(368)
Income from cash and cash equivalents		106	268
Net cost of financial debt	***11***	***(304)***	***(100)***
Other financial income and expenses	***11***	(193)	(911)
Income before tax		**(2 129)**	**(1 204)**
Income taxes	***12***	586	439
Net income of consolidated companies		**(1 543)**	**(765)**
Share of profits (losses) of associates	***20***	(17)	(42)
Net income from continuing operations		**(1 560)**	**(807)**
Net income for the period		**(1 560)**	**(807)**
- Group		**(1 559)**	**(814)**
- Minority interests		(1)	7
Earnings per share – Group (in euros)	***14.1***		
- basic		(5.30)	(2.76)
- diluted		(5.30)	(2.76)

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

In € millions	**March 31, 2010**	**March 31, 2009**
Net income for the period	**(1 560)**	**(807)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in equity	6	(13)
Change in fair value transferred to profit or loss	-	-
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in equity	1 159	(3 631)
Change in fair value transferred to profit or loss	532	(1 180)
Items of the recognized income and expenses of equity shares	**10**	**-**
Currency translation adjustment	**4**	**7**
Tax on items taken directly to or transferred from equity		
Income / (expense) recognized directly in equity	(518)	1 494
Total of other comprehensive income included in the recognized income and expenses	**1 193**	**(3 323)**
Recognized income and expenses	**(367)**	**(4 130)**
- Group	**(370)**	**(4 130)**
- Minority interest	**3**	**-**

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

CONSOLIDATED BALANCE SHEET

Assets *In € millions*	***Notes***	**March 31, 2010**	**March 31, 2009**
Goodwill	***15***	401	400
Intangible assets	***16***	612	559
Flight equipment	***18***	11 349	12 125
Other property, plant and equipment	***18***	2 252	2 313
Investments in equity associates	***20***	446	446
Pension assets	***21***	2 733	2 499
Other financial assets *(including € 630 million of deposits related to financial leases as of March 31, 2010 and € 740 million as of March 31, 2009)*	***22***	840	938
Deferred tax assets	***12.5***	942	811
Other non-current assets	***25***	180	629
Total non-current assets		**19 755**	**20 720**
Assets held for sale	***13***	93	93
Other short-term financial assets *(including € 482 million of deposits related to financial leases and investments between 3 months and 1 year as of March 31, 2010 and € 538 million as of March 31, 2009)*	***22***	517	580
Inventories	***23***	537	527
Trade accounts receivable	***24***	2 142	2 038
Income tax receivables		1	2
Other current assets	***25***	979	1 065
Cash and cash equivalents	***26***	3 751	3 748
Total current assets		**8 020**	**8 053**
Total assets		**27 775**	**28 773**

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

CONSOLIDATED BALANCE SHEET (continued)

Liabilities and equity *In € millions*	***Notes***	**March 31, 2010**	**March 31, 2009**
Issued capital	***27.1***	2 552	2 552
Additional paid-in capital	***27.2***	719	765
Treasury shares	***27.3***	(106)	(124)
Reserves and retained earnings	***27.4***	2 198	2 429
Equity attributable to equity holders of Air France-KLM		**5 363**	**5 622**
Minority interests		55	54
Total Equity		**5 418**	**5 676**
Provisions and retirement benefits	***29***	1 432	1 334
Long-term debt	***30***	9 222	7 864
Deferred tax	***12.5***	418	339
Other non-current liabilities	***31***	818	2 170
Total non-current liabilities		**11 890**	**11 707**
Liability related to assets held for sale	***13***	10	7
Provisions	***29***	696	480
Current portion of long-term debt	***30***	1 825	1 353
Trade accounts payable		2 032	1 887
Deferred revenue on ticket sales		2 340	2 131
Frequent flyer programs		840	917
Current tax liabilities		11	11
Other current liabilities	***31***	2 597	4 322
Bank overdrafts	***26***	116	282
Total current liabilities		**10 467**	**11 390**
Total liabilities		**22 357**	**23 097**
Total liabilities and equity		**27 775**	**28 773**

The accompanying notes are an integral part of these 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 interests	Total equity
March 31, 2008	**300 219 278**	**2 552**	**765**	**(119)**	**6 702**	**9 900**	**75**	**9 975**
Fair value adjustment on available for sale securities	-	-	-	-	(13)	**(13)**	-	**(13)**
Gain / (loss) on cash flow hedges	-	-	-	-	(3 309)	**(3 309)**	(8)	**(3 317)**
Currency translation adjustment	-	-	-	-	6	**6**	1	**7**
Net income for the year	-	-	-	-	(814)	**(814)**	7	**(807)**
Total of income and expenses recognized	-	-	-	-	**(4 130)**	**(4 130)**	**-**	**(4 130)**
Stock based compensation (ESA) and stock option	-	-	-	-	28	**28**	-	**28**
Dividends paid	-	-	-	-	(171)	**(171)**	(6)	**(177)**
Treasury shares (note 27.3)	-	-	-	(5)	-	**(5)**	-	**(5)**
Change in consolidation scope	-	-	-	-	-	-	(15)	**(15)**
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	-	-	-	-	1 179	**1 179**	4	**1 183**
Currency translation adjustment	-	-	-	-	4	**4**	-	**4**
Net income for the year	-	-	-	-	(1 559)	**(1 559)**	(1)	**(1 560)**
Total of income and expenses recognized	-	-	-	-	**(370)**	**(370)**	**3**	**(367)**
Stock based compensation (ESA) and stock option	-	-	-	-	24	**24**	-	**24**
Dividends paid	-	-	-	-	-	-	(1)	**(1)**
OCEANE	-	-	-	-	69	**69**	-	**69**
Treasury shares (note 27.3)	-	-	-	18	-	**18**	-	**18**
Change in consolidation scope	-	-	-	-	-	-	(1)	**(1)**
Other	-	-	(46)	-	46	-	-	-
March 31, 2010	**300 219 278**	**2 552**	**719**	**(106)**	**2 198**	**5 363**	**55**	**5 418**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

In € millions **Period from April 1 to March 31,**	***Notes***	**2010**	**2009**
Net income for the period – Group		(1 559)	(814)
Minority interests		(1)	7
Amortization, depreciation and operating provisions	***8***	1 675	1 719
Financial provisions	***11***	7	14
Gain on disposals of tangible and intangible assets		61	(22)
Loss / (gain) on disposals of subsidiaries and associates		-	(13)
Reversal of provision for cargo investigation		-	(225)
Derivatives – non monetary result	***11***	(8)	333
Unrealized foreign exchange gains and losses, net		13	6
Negative goodwill	***4***	-	(17)
Share of (profits) losses of associates	***20***	17	42
Deferred taxes	***12***	(591)	(340)
Other non-monetary items		143	(188)
Subtotal		**(243)**	**502**
(Increase) / decrease in inventories		(28)	8
(Increase) / decrease in trade receivables		(89)	676
Increase / (decrease) in trade payables		126	(401)
Change in other receivables and payables		(564)	13
Net cash flow from operating activities		**(798)**	**798**
Acquisitions of subsidiaries and investments in associates, net of cash acquired	***37***	(18)	(348)
Purchase of property, plant and equipment and intangible assets	***19***	(2 097)	(2 043)
Proceeds on disposal of subsidiaries and investments in associates	***37***	3	16
Proceeds on disposal of property, plant and equipment and intangible assets		1 053	141
Dividends received		5	6
Decrease (increase) in investments, net between 3 months and 1 year		87	(246)
Net cash used in investing activities		**(967)**	**(2 474)**
Increase in capital		-	1
Issuance of long-term debt		2 704	1 899
Repayments on long-term debt		(326)	(312)
Payment of debt resulting from finance lease liabilities		(522)	(573)
New loans		(73)	(58)
Repayments on loans		151	149
Dividends paid		(3)	(177)
Net cash flow from financing activities		**1 931**	**929**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		**3**	**4**
Change in cash and cash equivalents and bank overdrafts		**169**	**(743)**
Cash and cash equivalents and bank overdrafts at beginning of period	***26***	3 466	4 209
Cash and cash equivalents and bank overdrafts at end of period	***26***	3 635	3 466
Income tax (paid) / reimbursed (flow included in operating activities)		(3)	89
Interest paid (flow included in operating activities)		(357)	(372)
Interest received (flow included in operating activities)		79	224

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

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 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 presentation currency used in these financial statements is the euro, which is also the Group's functional currency.

2. SIGNIFICANT EVENTS

2.1. Arising during the account period

On June 26, 2009, Air France-KLM issued 56 016 949 bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) for a total of € 661 million.
On October 14, 2009, Air France-KLM launched a € 700 million bond issue.
The characteristics of these two bonds are described in note 30.

The Group has launched a voluntary redundancy plan for its subsidiary Air France. The period during which applications for the plan will be made opened at the beginning of the 2009-10 fourth quarter and will close on May 14, 2010. The Group estimates that the provision necessary to cover the net cost before tax of departures amounts to € 148 million.

2.2. Subsequent events

On April 29, 2010, the company WAM was the subject of an Initial Purchase Offer (IPO) in Spanish stock exchange. This operation has been done in two steps :

1. A capital increase reserved to the market. The Group did not subscribe to it.
2. The concomitant sold of a part of the shares held by the Group

After the operation the percentage of interest has decreased from 22% to 15%. At the same time, the governance of WAM has been changed. These two items have involved for the Group the loss of significant influence and also a change in the valuation method of the shares held.
As a consequence, according to IFRS, since April 29, 2010, date of the IPO, share held by the Group will valued at their market value (market price).
The global profit recorded in the income statement for an amount of € 1 031 million will be analysed as follows:

- gain on disposal of shares : € 282 million, including € 195 million of cash received
- valuation of shares held by the Group : € 749 million.

In April 2010, the airspace has been closed or strongly disturbed because of the ash cloud involved by the volcanic blast in Iceland.
The cost generated by this event will be recorded at the closing of the first quarter 2010-11.

3. ACCOUNTING POLICIES

3.1. Accounting principles

Accounting principles used for consolidated financial statements

Pursuant to the European Regulation 1606/2002, July 19, 2002, the consolidated financial statements as of March 31, 2010 are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Commission ("EU") and applicable on the date these consolidated financial statements were established.

IFRS as adopted by the EU differ in certain respects from IFRS as published by the International Accounting Standards Board ("IASB"). The Group has, however, determined that the financial information for the periods presented would not differ substantially had the Group applied IFRS as published by the IASB.

The consolidated financial statements were approved by the Board of Directors on May 19, 2010.

Change in accounting principles

The rules, interpretations and amendments which must be obligatorily applied to consolidated accounts from March 31, 2010 are as follows:

- The standard IFRS 8 "Operating Segments" was applied for the first time for the account period 2009-10. The application of this rule has no impact on the Group's consolidated financial statements, the segments previously presented according to IAS 14 being compliant with the definition of operating segments identified and grouped according to IFRS 8. The Group presents its segment information based on "passenger", "cargo", "maintenance" and "other" segments. Moreover it has been considered useful to maintain information by geographical area.

- The revised standard IAS 1 "Presentation of financial statements" was also applied for the first time for the account period 2009-10. The Group opted to present the performance in two statements: a consolidated income statement and a consolidated statement of recognized income and expenses. Information on the previous period presented has been restated in order to be compliant with the revised standard.

- The revised standard IAS 23 "Cost of Borrowings": as the Group has already opted for the capitalization of borrowing costs in fixed asset costs, this amendment has no impact on the Group consolidated accounts.

- The amendments to the standard IFRS 7 "Improvement of information supplied relating to financial instruments" have been applied for the 2009-10 financial year and, in particular, the presentation of fair value hierarchy for financial assets and liabilities (cf. note 3.10).

The interpretations IFRC 13 "Customer Loyalty Programs" and IFRIC 14 "IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", which must be applied from January 1, 2009, were early adopted for periods 2008-09 and 2007-08. Consequently, its mandatory introduction has had no impact on the Group consolidated accounts as of March 31, 2010.The other texts for which the application is now mandatory have had no impact on the Group consolidated accounts relating to the period ending March 31, 2010.

The other texts adopted by the European Union as of March 31, 2010 described below, and which came into force for accounting periods starting July 1, 2009, have not been early applied by the Group for the establishment of the consolidated financial statements when this arrangement was possible:

- The revised standard IFRS 3 "Business Combination", mandatory application from July 1, 2009;

- The revised standard IAS 27 “Individual and Consolidated Financial Statements”, mandatory application from July 1, 2009;

- Amendments to IAS 39 “Eligible Hedged Items”, mandatory application from July 1, 2009;

- Amendments to IAS 32 “Classification of subscription rights”, mandatory application from February 1, 2010;

- The standard IFRS 9 “Financial instruments”*, phase 1 “classification and measurement”, is applicable for annual periods beginning on or after January 1, 2013;

- The revised standard IAS 24 “Related party disclosures”, applicable for annual periods beginning on or after January 1, 2011. The Group does not expect any significant impact from the application of this revised standard;

- IFRIC 16 “Hedges of a net investment in a foreign operation”, mandatory application for annual periods beginning on or after July 1, 2009;

- IFRIC 17 “ Distribution of non cash assets to owners”, mandatory application for annual periods beginning on or after July 1, 2009. The Group does not distribute non-cash assets, so this interpretation is not applicable to the consolidated financial statements.

- IFRIC 18 “ Transfers of assets from customers”, mandatory application for annual periods beginning on or after July 1, 2009;

- IFRIC 19 “Extinguishing financial liabilities with equity instruments”*, early adoption applicable for annual periods beginning on or after July 1, 2010;

* Those texts have not been adopted by the European Union.

Other new standards, interpretations and amendments to existing standards are not applicable to the Group.

3.2. Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS 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 consolidated financial statements and the reported amounts of revenues and expenses. The main estimates are described in the following notes:

- Note 3.6 – Revenue recognition related to deferred revenue on ticket sales,
- Notes 3.13 and 3.12 – Tangible and intangible assets,
- Note 3.10 – Financial assets,
- Note 3.21 – Deferred tax assets
- Note 3.7 – Flying Blue frequent flyer program
- Notes 3.17, 3.18 and 3.19 – 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.

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

3.3. Consolidation principles

3.3.1 Subsidiaries

Companies in which the Group exercises control are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

Minority interests are presented within equity and on the income statement separately from Group stockholders' equity and the Group's net income, under the line "minority interest".

3.3.2. Interest in associates and joint ventures

Companies in which the Group has the ability to exercise significant influence on financial and operating policy decisions are accounted for using the equity method; the ability to exercise significant influence is presumed to exist when the Group holds more than 20% of the voting rights.

In addition, companies in which the Group exercises joint control by virtue of a contractual agreement are accounted for using the equity method.

The consolidated financial statements include the Group's share of the total recognized gains and losses of associates and joint ventures from the date the ability to exercise significant influence commences to the date it ceases, adjusted for any impairment loss. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognized in the investee's profit or loss. The investor's share of those changes is recognized directly in the Group's equity.

The Group's share of losses of an associate that exceed the value of the group's interest and net investment (long term receivables) in this entity are not accounted for, unless:
- the Group has incurred contractual obligations; or
- the Group has made payments on behalf of the associate.

Any surplus of the investment cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate company on the date of acquisition is accounted for as goodwill and included in the book value of the investment accounted for using the equity method.

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

3.3.3. Intra-group operations

All intra-group balances and transactions, including income, expenses and dividends are eliminated in full. Profits and losses resulting from intra-group transactions that are recognized in assets are eliminated in full.
Gains and losses realized on internal sales with associates and jointly controlled entities are eliminated, to the extent of the Group's interest in entity, providing there is no impairment.

3.3.4 Closing date

With the exception of a few non-significant subsidiaries and equity affiliates with a December 31 closing date, all Group companies are consolidated based on financial statements for the year ended March 31.

3.4. Translation of foreign companies' financial statements and transactions in foreign currencies

3.4.1. Translation of foreign companies' financial statements

The financial statements of foreign subsidiaries are translated into euros on the following basis:

- with the exception of the equity for which historical prices are applied, balance sheet items are converted on the basis of the foreign currency rates in effect at the closing date;

- the income statement and the statement of cash flows are converted on the basis of the average foreign currency exchange rates for the period;

- the resulting foreign exchange adjustment is recorded in the "Translation adjustments" item included within equity.

Goodwill is expressed in the functional currency of the entity acquired and is converted into euros using the foreign currency rate in effect at the closing date.

3.4.2. Translation of foreign currency transactions

Foreign currency transactions are translated using the exchange rate prevailing on the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at the rates in effect on the balance sheet date or at the rate of the related hedge for assets resulting from firm commitments documented in fair value hedge relationships.

The corresponding exchange rate differences are recorded in the Group's consolidated income statement. Changes in fair value of the hedging instruments are recorded using the accounting treatment described in note 3.10. "Financial instruments, valuation of financial assets and liabilities".

3.5. Business combinations

Business combinations are accounted for using the purchase method in accordance with IFRS 3. In accordance with this standard, all assets, liabilities assumed and contingent liabilities are measured at fair value at the acquisition date. The time period for adjustments to goodwill/negative goodwill is limited to 12 months from the date of acquisition.
Assets meeting the criteria of IFRS 5, as described in note 3.22, are recorded at the lower of their net book value and their fair value less costs to sell.

Goodwill arising from the difference between the acquisition cost, which includes the potential equity instruments issued by the Group to gain control on the acquired entity and other costs potentially dedicated to the business combination, and the Group's interest in the fair value of the identifiable assets and liabilities acquired is subject to annual impairment tests or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

Should the fair value of identifiable assets acquired and liabilities assumed exceed the cost of acquisition, the resulting negative goodwill is recognized immediately in the income statement.

3.6. Sales

Sales related to air transportation operations are recognized when the transportation service is provided, net of any discounts granted. Transportation service is also the trigger for the recognition of external expenses, such as the commissions paid to agents.

Upon issuance, both passenger and cargo tickets are recorded as “Deferred revenue on ticket sales”.

Sales relating to the value of tickets that have been issued, but which will never be used, are recognized as revenues. The amounts recognized are based on a statistical analysis, which is regularly updated.

Sales on third-party maintenance contracts are recorded based on the stage of completion.

3.7. Loyalty programs

The two sub-groups Air France and KLM have a common frequent flyer program "Flying Blue". This program allows members to acquire "miles" as they fly on Air France, KLM or with other partner companies. These miles entitle members to a variety of benefits such as free flights with the two companies.

In accordance with the IFRIC 13, these “miles” are considered distinct elements from a sale with multiple elements and one part of the price of the initial sale of the airfare is allocated to these “miles” and deferred until the groups commitments relating to these “miles” has been met.

The deferred amount due in relation to the acquisition of miles by members is estimated:

- According to the fair value of “miles”, defined as the amount at which the benefits can be sold separately.

- After taking into account the redemption rate, corresponding to the probability that the miles will be used by members, using statistical method.

With regards to the invoicing of other partners in the program, the margins realized on sales of “miles” by sub-groups Air France and KLM to other partners is recorded immediately in the income statement.

3.8. Distinction between income from current operations and income from operating activities

The Group considers it relevant to the understanding of its financial performance to present on the face of the income statement a subtotal within the income from operating activities. This subtotal, named “Income from current operations”, excludes those elements that have little predictive value due to their nature, frequency and/or materiality.

Such elements can be divided into three categories:

- Elements that are both very infrequent and significant, such as the recognition in the income statement of negative goodwill.

- Elements that have been incurred for both periods presented and may recur in future periods but for which amounts have varied from period to period, the Group believes that amounts to be incurred in future periods will continue to vary materially in amount and nature such as sales of aircraft equipment and disposals of other assets.

- Elements that are by nature unpredictable and non-recurring, if they are significant such as restructuring costs or gains/(losses) resulting from specific transactions. The Group considers that materiality must be assessed not only by comparing the amount concerned with the income (loss) from operating activities of the period, but also in terms of changes in the item from one period to the other.

3.9. Earnings per share

Earnings per share are calculated by dividing net income attributable to the equity holders of Air France-KLM by the average number of shares outstanding during the period. The average number of shares outstanding does not include treasury shares.

Diluted earnings per share are calculated by dividing the net income attributable to the equity holders of Air France-KLM adjusted for the effects of dilutive instrument exercise, by the average number of shares outstanding during the period, adjusted for the effect of all potentially-dilutive ordinary shares.

3.10. Financial instruments, valuation of financial assets and liabilities

3.10.1 Valuation of trade receivables and non-current financial assets

Trade receivables, loans and other non-current financial assets are considered to be assets issued by the Group and are recorded at fair value, then subsequently using the amortized cost method less impairment losses, if any. The purchases and sales of financial assets are accounted for as of the transaction date.

3.10.2 Investments in debt and equity securities

Investments in debt and equity securities qualifying as assets available for sale are stated at fair value in the Group's balance sheet. For publicly-traded securities, the fair value is considered to be the market price. For other securities, if the fair value cannot be reliably estimated, it equals the acquisition cost less impairment, if any.

Potential gains and losses, except for impairment charges, are recorded in a specific component of equity "Derivatives and available for sale securities reserves". If there is an indication of impairment of the financial asset, the amount of the loss is recorded in the income statement for the period.

3.10.3 Derivative financial instruments

The Group uses various derivative financial instruments to hedge its exposure to the risks of exchange rates, changes in interest rates or fuel prices.

Forward currency contracts and options are used to cover exposure to exchange rates. For firm commitments, the unrealized gains and losses on these financial instruments are included in the carrying value of the hedged asset or liability.

The Group also uses rate swaps to manage its exposure to interest rate risk. Most of the swaps traded convert floating-rate debt to fixed-rate debt.

Finally, exposure to the fuel risk is hedged by swaps or options on jet fuel, diesel or Brent.

Most of these derivatives are classified as hedging instruments if the derivative is eligible as a hedging instrument and if the hedging contracts are documented as required by IAS 39.

These derivative instruments are recorded on the Group's consolidated balance sheet at their fair value. The method of accounting for changes in fair value depends on the classification of the derivative instruments. There are three classifications:

- *Derivatives classified as fair value hedge*: changes in the derivative fair value are recorded through the income statement and offset within the limit of its effective portion against the changes in the fair value of the underlying item (assets, liability or firm commitment), which are also recognized as earnings.
- *Derivatives classified as cash flow hedge*: the changes in fair value are recorded in equity for the effective portion and are reclassified as income when the hedged element affects earnings. The ineffective portion is recorded as financial income or financial losses.
- *Derivatives classified as trading*: changes in the derivative fair value are recorded as financial income or

losses.

3.10.4 Convertible bonds

Convertible bonds are financial instruments comprised of two components: a bond component recorded as debt and a stock component recorded in equity. The bond component is equal to the discounted value of all coupons due for the bond at the rate of a simple bond that would have been issued at the same time as the convertible bond. The value of the stock component recorded in the Group's equity is calculated by the difference between such value and the bond's nominal value at issue. The difference between the financial expense recorded and the amounts effectively paid out is added, at each closing, to the amount of the debt component so that, at maturity, the amount to be repaid if there is no conversion equals the redemption price.

3.10.5 Financial assets, cash and cash equivalents

Financial assets at fair value through profit and loss
Financial assets are made up of financial assets at fair value through profit and loss (French mutual funds such as SICAV and FCP, treasury bills, certificates, etc.) that the Group intends to sell in the near term to realize a capital gain, or that are part of a portfolio of identified financial instruments managed collectively and for which there is evidence of a practice of short-term profit taking. They are classified in the balance sheet as current financial assets. Furthermore, the Group opted not to designate any asset at fair value through the income statement.

Cash and cash equivalents
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.10.6 Long-term debt

Long-term debt is recognized initially at fair value. Subsequent to the initial recognition, long-term debt is recorded at amortized cost calculated using the effective interest rate. Under this principle, any redemption and issue premiums are recorded as debt in the balance sheet and amortized as financial income or expense over the life of the loans.

In addition, long-term debt documented in the context of fair value hedging relationships is revalued at the fair value for the risk hedged, i.e. the risk related to the fluctuation in interest rates. Changes in fair value of the hedged debt are recorded symmetrically in the income statement for the period with the change in fair value of the hedging swaps.

3.10.7 Fair value hierarchy

The table that presents a breakdown of financial assets and liabilities categorized by value (see note 32.4) meets the amended requirements of IFRS 7. The fair values are classed using a scale which reflects the nature of the market data used to make the valuations. This scale has three levels of fair value:

Level 1: Fair value calculated from the exchange rate/price quoted on the active market for identical instruments

Level 2: Fair value calculated from valuation techniques based on observable data such as active prices or similar liabilities or scopes quoted on the active market.

Level 3: Fair value calculated from valuation techniques which rely completely or in part on non observable data such as prices on an inactive market or the valuation on a multiples basis for non quoted securities.

3.11. Goodwill

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities.

For acquisitions prior to April 1, 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under French GAAP. The classification and accounting treatment of business combinations that occurred prior to April 1, 2004 was not modified at the time international standards were adopted, on April 1, 2004, in accordance with IFRS 1.

Goodwill is valued in the functional currency of the entity acquired. It is recorded as an asset in the balance sheet.

It is not amortized and is tested for impairment annually and at any point during the year when an indicator of impairment exists. As discussed in note 3.14, once recorded the impairment may not subsequently be reversed.

When the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the acquisition cost, there is negative goodwill which is recognized and immediately reversed in the Group's income statement.

At the time of the sale of a subsidiary, an equity affiliate or a jointly controlled entity, the amount of the goodwill attributable to the entity sold is included in the calculation of the income from the sale.

3.12. Intangible assets

Intangible assets are recorded at initial cost less accumulated amortization and any accumulated impairment losses.
Software development costs are capitalized and amortized over their useful lives. The Group has the necessary tools to enable the tracking by project of all the stages of development, and particularly the internal and external costs directly related to each project during its development phase.
Identifiable intangible assets acquired with a finite useful life are amortized over their useful life from the date they are available for use.
Identifiable intangible assets acquired with an indefinite useful life are not amortized but tested annually for impairment or whenever there is an indication that the intangible asset may be impaired. If necessary, an impairment as described in note 3.14 is recorded.

Intangible assets with a finite useful life are amortized on a straight line basis over the following periods:

Software	1 to 5 years
Customer relationships	5 to 12 years

3.13. Property, plant and equipment

3.13.1 Principles applicable

Property, plant and equipment are recorded at the acquisition or manufacturing cost, less accumulated depreciation and any accumulated impairment losses.

The financial interest attributed to progress payments made on account of aircraft and other significant assets under construction is capitalized and added to the cost of the asset concerned. Insofar as investment installments are not financed by specific loans, the Group uses the average interest rate on the current unallocated loans of the period.

Maintenance costs are recorded as expenses during the period when incurred, with the exception of programs that extend the useful life of the asset or increase its value, which are then capitalized (e.g. maintenance on airframes and engines, excluding parts with limited useful lives).

3.13.2 Flight equipment

The purchase price of aircraft equipment is denominated in foreign currencies. It is translated at the exchange rate at the date of the transaction or, if applicable, at the hedging price assigned to it. Manufacturers' discounts, if any, are deducted from the value of the related asset.

Aircraft are depreciated using the straight-line method over their average estimated useful life of 20 years, assuming no residual value.

During the operating cycle, in developing fleet replacement plans, the Group reviews whether the amortizable base or the useful life should be adjusted and, if necessary, determines whether a residual value should be recognized.

Any major airframes and engines (excluding parts with limited useful lives) are treated as a separate asset component with the cost capitalized and depreciated over the period between the date of acquisition and the next major overhaul.

Aircraft components enable the use of the fleet to be ensured are recorded as fixed assets and are amortized on a straight-line basis over the estimated residual life time of the aircraft/engine type on the world market. The useful life is a maximum of 30 years.

3.13.3 Other property, plant and equipment

Other property, plant and equipment are depreciated using the straight line method over their useful life. Such useful lives are as follows:

Buildings	20 to 50 years
Fixtures and fittings	8 to 15 years
Flight simulators	10 to 20 years
Equipment and tooling	5 to 15 years

3.13.4. Leases

In accordance with IAS 17 "Leases", leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The assets held under a finance lease are recognized as assets at the lower of the following two values: the present value of the minimum lease payments under the lease arrangement or their fair value determined at inception of the lease. The corresponding obligation to the lessor is accounted for as long-term debt.

These assets are depreciated over the shorter of the useful life of the assets and the lease term when there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term.

In the context of sale and operating leaseback transactions, the related profit or losses are accounted for as follows:

- They are recognized immediately when it is clear that the transaction is established at fair value;
- If the sale price is below fair value, any profit or loss is recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used;
- If the sale price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

In the context of sale and finance leaseback transactions, any gain on the sale is deferred and recognized as financial income over the lease term. No loss is recognized unless the asset is impaired.

3.14. Impairment

In accordance with the standard IAS 36 “Impairment of Assets”, fixed assets, intangible fixed assets and goodwill are tested for depreciation if there is an indication of impairment, and those with an indefinite useful life are tested at east once a year on December 31.

For this test, the Group determines the recoverable value of the asset to be the higher of market value less cost of disposal and its value in use. The latter is determined according to the method of future value of present cash flows, estimated from budgets validated by management, from an actuarial rate which corresponds to the weighted average cost of group capital and from a growth rate which reflects the market hypothesis for the appropriate activity.

The depreciation tests are carried out individually for each asset, except for those assets to which it is not possible to attach independent cash flows. In this case, these assets are regrouped within the CGU to which they belong and it is this which is tested. The CGU relates to different activity sectors of the group: Passenger business, cargo, maintenance and others (see sector information).
When the recoverable value of an asset or CGU is inferior to its net book value, an impairment is realized. The impairment of a CGU is charged in the first instance to goodwill, the remainder being charged to the other assets which comprise the CGU, prorated to their net book value.

3.15. Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition and location. These costs include the direct and indirect production costs incurred under normal operating conditions.

Inventories are valued on a weighted average basis.

The net realizable value of the inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.16. Treasury shares

Air-France-KLM shares held by the Group are recorded as a deduction from the Group's consolidated equity at the acquisition cost. Subsequent sales are recorded directly in equity. No gains or losses are recognized in the Group's income statement.

3.17. Employee Benefits

The Group's obligations in respect of defined benefit pension plans and termination indemnities on retirement are calculated, in accordance with IAS 19, using the projected units of credit method, factoring in the specific economic conditions in the various countries concerned. The commitments are covered either by insurance or pension funds or by provisions recorded on the balance sheet as and when rights are acquired by employees.

Actuarial gains or losses are recognized in the Group's income statement only if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed the greater of 10% of the present value of the defined benefit obligation at that date and 10% of the fair value of any plan assets at that date. The fraction exceeding 10% is then recognized over the expected average remaining working lives of the employees participating in the plan.

Specific information related to the recognition of some pension plan assets

Pension plans in the Netherlands are generally subject to minimum funding requirements ("MFR") that can involve pension surplus recognition.
These pension surplus constituted by the KLM sub group are recognized in the balance sheet according to the IFRIC 14 interpretation "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

3.18. Provisions for restitution of aircraft under operating leases

For certain operating leases, the Group is contractually committed to restitute aircraft to a defined level of potential.

The Group accrues for restitution costs related to aircraft under operating leases as soon as the asset does not meet the return condition criteria.

When the condition of aircraft exceeds the return condition as set per the lease arrangement, the group capitalizes the related amount in excess in “Flight equipment” caption. Such amounts are subsequently amortized on a straight line basis over the period during which the potential exceeds the restitution condition. Any remaining capitalized excess potential upon termination of a lease is reimbursable by the lessor.

3.19. Other provisions

The Group recognizes a provision in the balance sheet when the Group has an existing legal or implicit obligation to a third party as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amounts recorded as provisions are discounted when the effect of the passage of time is material.
The effect of the time value of money is presented as a component of financial income.
Restructuring provisions are recognized once the Group has established a detailed and formal restructuring plan which has been announced to the parties concerned.

3.20. Equity and debt issuance costs

Debt issuance costs are amortized as financial expenses over the term of the loans using the actuarial method.

The cost of increase in capital is deducted from paid-in capital.

3.21. Deferred taxes

The Group records deferred taxes using the balance sheet liability method, providing for any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for exceptions described in IAS 12.

The tax rates used are those enacted or substantively enacted at the balance sheet date.

Net deferred tax balances are determined on the basis of each entity’s tax position.

Deferred tax assets related to temporary differences and carry forwards are recognized only to the extent it is probable that a future taxable profit will be available against which the asset can be utilized at the tax entity level.

A deferred tax liability is also recognized for the undistributed reserves of the equity affiliates.

Taxes payable and/or deferred are recognized in the income statement for the period, unless they are generated by a transaction or event recorded directly as equity. In such a case, they are recorded directly in equity.

3.22. Non-current assets held for sale and discontinued operations

Non-current assets or groups of assets intended for sale meet the criteria of such a classification if their carrying amount will be recovered principally through a sale rather than through their continuing use. This condition is considered to be met when the sale is highly probable and the asset (or the group of assets intended for sale) is available for immediate sale in its present condition. Management must be committed to a plan to sell, with the expectation that the sale will be realized within a period of twelve months from the date on which the asset or group of assets was classified as a non-current asset held for sale.

The Group determines on each closing date whether any assets or group of assets meet the above criteria and presents such assets, if any, as "non-current assets held for sale".
Any liabilities related to these assets are also presented on a separate line in liabilities on the balance sheet.

Non-current assets and groups of assets held for sale are valued at the lower of their book value or their fair value minus exit costs. As of the date of such a classification, the asset is no longer depreciated.

The results from discontinued operations are presented separately from the results from continuing operations in the income statement.

3.23. Share-based compensation

Pursuant to the transitional provisions of IFRS 2, only the share based plans awarded after November 7, 2002, for which the rights did not vest by April 1, 2004, were valued and recorded as salaries and related costs. The other plans are not valued and remain unrecognized. For the Group, the latter only affects the Shares-for-Salary Exchange realized in 1998.
Stock subscription or purchase option schemes are valued at the fair value on the date the plans are awarded.
The fair value of the stock option schemes is determined using the Black-Scholes model. This model takes into account the features of the plan (exercise price, exercise period) and the market data at the time they are granted (risk-free interest rate, market value of the share, volatility and expected dividends).
This fair value is the fair value of the services rendered by the employees in consideration for the options received. It is recognized as salary cost with a corresponding increase to equity over the period for which the rights vest. This compensation cost is adjusted, if applicable, to take into account the number of options effectively vested.

4. CHANGES IN THE SCOPE OF CONSOLIDATION

4.1. Acquisitions

Alitalia Compagnia Aero Italiana Spa

On January 12, 2009, Air France-KLM and Alitalia Compagnia Aero Italiana Spa ("Alitalia") concluded an agreement to reinforce their strategic partnership. This partnership was realized by Air France-KLM taking a minority holding in the Italian company. On March 25, 2009, Air France-KLM subscribed to a reserved capital increase for € 323 million. After this operation, Air France-KLM holds 25% of the Alitalia share capital. Alitalia shares have been consolidated by the equity method in the Group's consolidated financial statements since March 31, 2009.
Alitalia, consistent with IFRS 3, has been recorded according to the acquisition method.

- **Acquisition price**

Additional costs directly linked to the acquisition of Alitalia have been included in the acquisition price. They mainly correspond to fees paid for accounting, legal, banking and valuation missions.

The Alitalia acquisition price breaks down as follows:

	Compensation (in € millions)
Subscription to the reserved capital increase	323
Costs linked to the transaction	7
Total acquisition price	**330**

- **Calculation of the goodwill on the acquisition of Alitalia shares**

	In € millions
Alitalia equity adjusted to the Air France-KLM Group rules	719
Acquired percentage	25%
Acquired equity	**180**
Acquisition price	**330**
Goodwill	**150**

The goodwill is recorded in "Investments in equity associates".

Martinair

Martinair is a Dutch company specialized mainly in the cargo business.
On December 17, 2008, the Group bought a further 50% of Martinair, taking its shareholding to 100%. Consequently, until December 31, 2008, Martinair was consolidated by the equity method. Starting January 1, 2009, it has been fully consolidated in the Group's financial statements.
The acquisition price for the additional 50% amounted to € 10 million. This amount is almost equal to the acquired net asset.

Martinair's contribution to revenue and income over a three-month period (from January to March 2009) amounted, respectively, to € 170 million and € (20) million.

The consolidated income statement for the financial year ended March 31, 2009 included the consolidation by the equity method of 50% of Martinair Group until December 31, 2008.

Following to the acquisition of the additional 50% on December 31, 2008, the consolidated income statement for the financial year to March 31, 2010 includes 100% of Martinair Group.
For the purposes of comparison, a pro forma consolidated income statement for the financial year ended March 31, 2009 including Martinair Group for a 12 month period, is presented below:

In € millions **Period from April 1 to March 31,**	**2009 (pro forma)**
Revenues	**24 698**
External expenses	(15 540)
Salaries and related costs	(7 423)
Taxes other than income taxes	(250)
Amortization and depreciation	(1 667)
Provisions	(116)
Other income and expenses	112
Income from current operations	**(186)**
Sales of aircraft equipment	5
Negative goodwill	17
Other non-current income and expenses	(93)
Income from operating activities	**(257)**
Net cost of financial debt and other financial income and expenses	(1 020)
Income before tax	**(1 277)**
Income taxes	457
Net income of consolidated companies	**(820)**
Share of profits (losses) of associates	18
Net income from continuing operations	**(802)**
Net income for the period	**(802)**
- Group	**(811)**
- Minority interest	9

KLM

During the second quarter of the financial year ended March 2009, the Group acquired an additional 0.35% of the share capital of KLM. After this acquisition, Air France-KLM held 99.10% of the common shares representing 49% of KLM voting rights. This operation involved negative goodwill amounting to €16 million that was recognized directly as operating income in the line “negative goodwill”.

Based on the Air France-KLM ownership not only of voting shares but also of a financial interest and the functioning mode of the Group’s Executive Committee, Air France-KLM has the power to decide the Group’s financial and operational strategies and controls KLM. KLM is thus fully consolidated in Air France-KLM’s consolidated financial statements.

4.2. Disposals

No significant disposal of subsidiaries occurred during the years ended March 31, 2010 and 2009.

5. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments

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, assets and liabilities 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

- as far as the income statement is concerned, to the current operating income,
- as far as the balance sheet is concerned, to intangible assets, flight equipment and other property, plant and equipment, the share in equity affiliates, some account receivables, deferred revenue on ticket sales and a portion of provisions and retirement benefits.

Other elements of the income statement and of the balance sheet are presented in the "non allocated" column.

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

Geographical segments

The Group's 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.
The carrying amount of segment assets by geographical location and the costs incurred to acquire segment assets are not presented, since most of the Group's assets (flight equipment) cannot be allocated to a geographical area.

5.1. Information by business segment

- **Year ended March 31, 2010**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	17 137	2 455	2 947	1 938	-	24 477
Inter-segment sales	(870)	(16)	(1 991)	(606)	-	(3 483)
External sales	**16 267**	**2 439**	**956**	**1 332**	**-**	**20 994**
Income from current operations	(918)	(436)	81	(12)	-	(1 285)
Income from operating activities	(918)	(436)	81	(12)	(347)	(1 632)
Share of profits (losses) of associates	-	-	-	-	(17)	(17)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(497)	(497)
Income taxes	-	-	-	-	586	586
Net income from continuing operations	**(918)**	**(436)**	**81**	**(12)**	**(275)**	**(1 560)**
Depreciation and amortization for the period	(1 066)	(112)	(279)	(183)	-	(1 640)
Other non monetary items	(230)	(2)	(7)	(46)	(669)	(954)
Total assets	**13 426**	**1 380**	**2 543**	**4 719**	**5 707**	**27 775**
Segment liabilities	5 802	219	608	495	4 070	11 194
Financial debt, bank overdraft and equity	-	-	-	-	16 581	16 581
Total liabilities and equity	**5 802**	**219**	**608**	**495**	**20 651**	**27 775**
Purchase of property, plant and equipment and Intangible assets	**1 543**	**147**	**250**	**157**	**0**	**2 097**

External sales include the sales of Martinair Group amounting to € 589 million. This is breaks down into € 442 million in the cargo business, € 5 million in the maintenance business, and € 142 million in the other business.
Income from current operations includes the income from current operations of Martinair Group amounting to € (64) million. This breaks down into € (39) million in the cargo business and € (25) million in the other business.
Income from operating activities includes the income from operating activities of the Martinair Group amounting to € (126) million. This breaks down into € (39) million in the cargo business and € (25) million in the other business, an amount of € (62) million being "non allocated".

Non-allocated assets amounting to € 5.7 billion are mainly financial assets held by the Group, comprising marketable securities of € 3.3 billion, deferred tax of € 0.9 billion, cash of € 0.5 billion and derivatives of € 0.5 billion.

Non-allocated liabilities amounting to € 4.1 billion, mainly comprise a portion of provisions and retirement benefits of € 1.1 billion, tax and employee-related liabilities of € 1.2 billion and derivatives of € 1.2 billion.

Financial debts, bank overdrafts and equity are not allocated.

- **Year ended March 31, 2009**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	19 762	2 874	2 896	1 950	-	27 482
Inter-segment sales	(930)	(17)	(1 922)	(643)	-	(3 512)
External sales	**18 832**	**2 857**	**974**	**1 307**	**-**	**23 970**
Income from current operations	(21)	(207)	95	4	-	(129)
Income from operating activities	(21)	(207)	95	4	(64)	(193)
Share of profits (losses) of associates	-	-	-	-	(42)	(42)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(1 011)	(1 011)
Income taxes	-	-	-	-	439	439
Net income from continuing operations	**(21)**	**(207)**	**95**	**4**	**(678)**	**(807)**
Depreciation and amortization for the period	(1 062)	(109)	(259)	(174)	-	(1 604)
Other non monetary items	(133)	6	-	(51)	(80)	(258)
Total assets	**13 742**	**1 313**	**2 546**	**5 160**	**6 012**	**28 773**
Segment liabilities	5 171	200	611	893	6 723	13 598
Financial debt, bank overdraft and equity	-	-	-	-	15 175	15 175
Total liabilities and equity	**5 171**	**200**	**611**	**893**	**21 898**	**28 773**
Purchase of property, plant and equipment and Intangible assets	**1 522**	**135**	**229**	**157**	**-**	**2 043**

Non-allocated assets amounting to € 6.0 billion are mainly financial assets held by the Group and mostly comprise marketable securities of € 3.4 billion, deferred tax of € 0.8 billion, cash of € 0.3 billion and derivatives of € 1.0 billion.

Non-allocated liabilities amounting to € 6.7 billion, mainly comprise a portion of provisions and retirement benefits of € 1.1 billion, tax and employee-related liabilities of € 1.4 billion and derivatives of € 3.7 billion.

Financial debts, bank overdrafts and equity are not allocated.

5.2. Information by geographical area

Sales by geographical area

- **Year ended March 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	5 242	5 241	328	1 046	2 393	1 239	15 489
Other passenger sales	312	270	10	56	53	77	778
Total passenger	**5 554**	**5 511**	**338**	**1 102**	**2 446**	**1 316**	**16 267**
Scheduled cargo	405	661	25	204	390	628	2 313
Other cargo sales	36	18	4	10	31	27	126
Total cargo	**441**	**679**	**29**	**214**	**421**	**655**	**2 439**
Maintenance	553	362	-	-	41	-	956
Others	350	933	24	25	-	-	1 332
Total	**6 898**	**7 485**	**391**	**1 341**	**2 908**	**1 971**	**20 994**

The breakdown of the Martinair Group's sales by geographical origin in the cargo business was € 185 million in the "Europe except France, North Africa" area, € 1 million in the "Caribbean, French Guiana, Indian Ocean" area, € 56 million in the "Africa, Middle East" area, € 117 million in the "Americas, Polynesia" area and € 83 million in the "Asia, New Caledonia" area.
The breakdown of the Martinair Group's sales by geographical area in the maintenance business was € 5 million in

the "Europe, North Africa" area.
The breakdown of the Martinair Group's sale by geographical area in the others business was € 142 million in the "Europe except France, North Africa" area.

- **Year ended March 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	5 924	6 348	371	1 147	2 708	1 439	17 937
Other passenger sales	380	312	29	39	52	83	895
Total passenger	**6 304**	**6 660**	**400**	**1 186**	**2 760**	**1 522**	**18 832**
Scheduled cargo	375	883	32	186	409	789	2 674
Other cargo sales	77	28	4	8	35	31	183
Total cargo	**452**	**911**	**36**	**194**	**444**	**820**	**2 857**
Maintenance	549	412	-	-	-	13	974
Others	345	918	23	21	-	-	1 307
Total	**7 650**	**8 901**	**459**	**1 401**	**3 204**	**2 355**	**23 970**

Traffic sales by geographical area of destination

- **Year ended March 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	1 985	3 936	1 173	2 372	3 630	2 393	15 489
Scheduled cargo	4	49	154	476	790	840	2 313
Total	**1 989**	**3 985**	**1 327**	**2 848**	**4 420**	**3 233**	**17 802**

The breakdown of the Martinair Group's traffic sales by geographical area of destination included under "scheduled cargo" € 6 million in the "Caribbean, French Guiana, Indian Ocean" area, € 133 million in the "Africa, Middle East" area, € 213 million in the "Americas, Polynesia" area and € 79 million in the "Asia, New Caledonia" area.

- **Year ended March 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	2 167	4 816	1 282	2 618	4 191	2 863	17 937
Scheduled cargo	6	111	183	415	843	1 116	2 674
Total	**2 173**	**4 927**	**1 465**	**3 033**	**5 034**	**3 979**	**20 611**

6. EXTERNAL EXPENSES

In € millions ***Year ended March 31,***	**2010**	**2009**
Aircraft fuel	4 725	5 703
Chartering costs	487	624
Aircraft operating lease costs	721	646
Landing fees and en route charges	1 707	1 793
Catering	472	483
Handling charges and other operating costs	1 281	1 353
Aircraft maintenance costs	1 065	1 123
Commercial and distribution costs	854	1 010
Other external expenses	1 931	2 195
Total	**13 243**	**14 930**
Excluding aircraft fuel	*8 518*	*9 227*

The external expenses of the Martinair Group for the year ended March 31, 2010 amounted to € 432 million including € 199 million of aircraft fuel cost.

7. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

In € millions ***Year ended March 31,***	**2010**	**2009**
Wages and salaries	5 406	5 421
Net periodic pension cost	308	143
Social contributions	1 768	1 743
Expenses related to share-based compensation	27	30
Other expenses	(121)	(20)
Total	**7 388**	**7 317**

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). This plan is accounted for as a defined contribution plan in “social contributions”.

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

The salaries and related costs of the Martinair Group for the year ended March 31, 2010 amounted to € 135 million.

Average number of employees

Year ended March 31,	**2010**	**2009**
Flight deck crew	8 855	8 720
Cabin crew	22 593	22 903
Ground staff	73 273	75 310
Total	**104 721**	**106 933**

The average number of employees of the Martinair Group for the year ended March 31, 2010 is 1 758 full time equivalents.

8. AMORTIZATION, DEPRECIATION AND PROVISIONS

In € millions ***Year ended March 31,***	**2010**	**2009**
Amortization and depreciation		
Intangible assets	55	47
Flight equipment	1 296	1 277
Other property, plant and equipment	289	280
	1 640	**1 604**
Provisions		
Inventories	3	2
Trade receivables	9	25
Risks and contingencies	23	88
	35	**115**
Total	**1 675**	**1 719**

A description of changes in amortization is included in notes 16 and 18.

The detail of changes in inventory and trade receivables impairment is included in notes 23, 24 and 25.

The movements in provisions for risks and charges are detailed in note 29.

The amortization, depreciation and provisions of the Martinair Group for the year ended March 31, 2010 amounted to € 60 million.

9. OTHER INCOME AND EXPENSES

In € millions ***Year ended March 31,***	**2010**	**2009**
Joint operation of routes	59	(31)
Operations-related currency hedges	156	103
Other	23	40
Total	**238**	**112**

10. OTHER NON-CURRENT INCOME AND EXPENSES

In € millions ***Year ended March 31,***	**2010**	**2009**
Sales of aircraft equipment	**(21)**	**5**
Disposal of subsidiaries and affiliates	1	13
Restructuring costs	(152)	(14)
Compensation on slot swaps	-	14
Loss on aircraft held for sale	(113)	(54)
Other	(62)	(45)
Other non-current income and expenses	**(326)**	**(86)**

Disposal of subsidiaries and affiliates

No significant disposal of subsidiaries or affiliates occurred during the years ended March 31, 2010 and 2009.

Restructuring costs

- **Year ended March 31, 2010**

The Group has launched a voluntary redundancy plan of 1 700 employees for its subsidiary Air France. The period during which applications for the plan will be made opened at the beginning of the 2009-10 fourth quarter and is closed on May 14, 2010. The Group estimates that the provision necessary to cover the net cost before tax of departures amounts to € 148 million. The departures will mainly take place in 2010.

- **Year ended March 31, 2009**

During the last quarter of the 2008-09 financial year, Martinair implemented a voluntary departure plan, within the context of a fleet reduction.
These redundancies took place during the 2009-10 financial year. The provision is recorded on the balance sheet under “other creditors – current”.

Loss on aircraft held for sale

As of March 31, 2010, this line includes the impact of the fair value adjustments of ten B747 amounting to € (62) million. Seven of this aircraft are held for sale, the three others, which in a first time were supposed to be sold, are actually kept in service. Moreover, this line includes the impact of the fair value adjustments of 15 Fokker 100s amounting to € (15) million and a € 35 million provision corresponding to the indemnities due on two cargo aircraft having been withdrawn from service.

As of March 31, 2009, this line comprises the impact of depreciation to fair value of aircraft held for sale amounting to € (54) million (see note 13).

Other

As of March 31, 2009, this line comprised the impact of the change in French law concerning pensions amounting to € (17) million.

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

In € millions		
Year ended March 31,	**2010**	**2009**
Income from marketable securities	21	106
Other financial income	85	162
Financial income	**106**	**268**
Loan interest	(271)	(236)
Lease interest	(122)	(143)
Capitalized interest	35	58
Other financial expenses	(52)	(47)
Cost of financial debt	**(410)**	**(368)**
Net cost of financial debt	**(304)**	**(100)**
Foreign exchange gains (losses), net	(26)	(179)
Change in fair value of financial assets and liabilities	(160)	(715)
Net (charge) release to provisions	(7)	(14)
Other	-	(3)
Other financial income and expenses	**(193)**	**(911)**
Total	**(497)**	**(1 011)**

The net cost of financial debt and other financial income and expenses of the Martinair Group for the year ended March 31, 2010 amounted to € (11) million.

The interest rate used in the calculation of capitalized interest is 3.81% for the year ended March 31, 2010 and 4.85% for the year ended March 31, 2009.

The financial income mainly comprises interest income and gains on sale of financial assets at fair value through profit and loss.

By a decision made on January 8, 2010, the Venezuela decided the depreciation of its currency, the Venezuelan Bolivar. The measure took place on January 11, 2010. Based on its monetary outstanding in Venezuela, the Group recorded a foreign exchange loss of € 17 million as of March 31, 2010.

The change in fair value of financial assets and liabilities recorded as of March 31, 2010 arose mainly from the variation in the ineffective portion of fuel and foreign currency exchange derivatives amounting to € (181) million, together with the change in value of derivative instruments no longer qualified as hedging amounting to € 23 million.

The change in fair value of financial assets and liabilities recorded as of March 31, 2009 arose mainly from the variation in the ineffective portion of fuel and foreign currency exchange derivatives amounting to € (333) million, together with from the change in value of derivative instruments no longer qualified as hedging amounting to € (382) million.

As of March 31, 2009, the net charge to provisions includes an impairment on the shares in the former Alitalia amounting to €12 million, the latter having filed for bankruptcy protection. This additional provision took the total write-down to 100% of the shares owned.

12. INCOME TAXES

12.1. Income tax charge

Current and deferred income taxes are detailed as follows:

In € millions ***Year ended March 31,***	**2010**	**2009**
Current tax (expense) / income	**(5)**	**99**
(Charge) / income for the year	(5)	99
Deferred tax income / (expense) from continuing operations	**591**	**340**
Change in temporary differences	(264)	13
Change in tax rates		-
CAVE impact	31	-
(Use) / recognition of tax loss carryforwards	824	327
Income tax (expense) / income from continuing operations	**586**	**439**

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

During the years ended March 31, 2010 and 2009, the Group recognized a deferred tax asset amounting to €824 million and €327 million respectively given the gains previously realized and the prospects of recoverability.

Impact of the reform of the business tax

The 2010 Finance Law voted on December 30, 2009, has removed the business tax liability for French fiscal entities from January 1, 2010 and replaced it with, the new TEC (Territorial Economic Contribution / Contribution Economique Territoriale – CET) which is formed by two contributions: the LDE (land tax of enterprises / Cotisation Foncière des Entreprises - CFE) and the CAVE (Contribution on Added Value of Enterprises / Côtisation sur la Valeur Ajoutée des Entreprises – CVAE). This one is calculated by the application of a rate to the added value generated by the company during the year. As the added value is a net amount of income and expenses, the CAVE meets the definition of a tax on profits as set out in IAS 12.2. Consequently the expense relating to the CAVE will be presented under the line "tax".
With the period ending March 31, 2010 and conforming to the measures set out in IAS 12, the qualification of the CAVE as a tax on profits has lead the Group to account for the CAVE expense of € 37 million, which corresponds to:

- a CAVE deferred charge relating to the temporary differences in existence at December 31, 2009. This deferred tax liability will be recovered as the temporary difference are reduced
- a CAVE current charge which will be paid in 2010 based on the added value generated during the period ended March 31, 2010.

12.2. Deferred tax recorded directly in equity

In € millions ***Year ended March 31,***	**2010**	**2009**
Cash flow hedge	(518)	1 494
OCEANE	(36)	-
Total	**(554)**	**1 494**

12.3. Effective tax rate

The difference between the standard tax rate in France and the effective tax rate is detailed as follows:

In € millions ***Year ended March 31,***	**2010**		**2009**	
Income before tax		(2 129)		(1 204)
Theoretical tax calculated with the standard tax rate in France	34.43%	(733)	34.43%	(414)
Differences in French / foreign tax rates		86		26
Negative goodwill		-		(4)
Non deductible expenses		11		14
Non-taxable income		-		(2)
Impact of tax loss carryforwards		19		(58)
CAVE impact		37		-
Other		(6)		(1)
Income tax expenses	27.54%	**(586)**	36.46%	**(439)**

The tax rates applicable in France and in the Netherlands were set at respectively 34.43% and 25.5%, unchanged relative to the previous financial year.

12.4. Unrecognized deferred tax assets (basis)

In € millions ***Year ended March 31,***	**2010**	**2009**
Temporary differences	95	85
Tax losses	401	294
Total	**496**	**379**

As of March 31, 2010, unrecognized deferred tax assets mainly correspond to a portion of the tax loss carry forwards of Air France Group subsidiaries, as well as tax loss carry forwards in certain subsidiaries in the United Kingdom.

In France, tax losses can be carried forward for an unlimited period. In the Netherlands, tax losses can be carried forward until their ninth birthday.

12.5. Deferred tax recorded on the balance sheet

In € millions	April 1, 2009	Amounts recorded in income	Amounts recorded in equity	Currency translation adjustment	Reclassification	March 31, 2010
Intangible assets	117	12	-	-		129
Flight equipment	812	174	1	(1)	53	1 039
Other property, plant and equipment	178	2	-	-	(24)	156
Investments in equity associates	-	-	-	-	-	-
Other non-current financial assets	(63)	13	-	1	-	(50)
Pension assets	623	59	-	-	-	683
Other non-current assets	228	(142)	(42)	-	-	44
Other short term financial assets	(3)	(2)	-	-	-	(5)
Other current assets	(66)	126	(20)	-	(1)	39
Provisions and retirement benefits – non-current	54	(18)	-	-	(27)	9
Long-term debt	(407)	(45)	36	-	-	(416)
Other non-current liabilities	(730)	250	300	-	(21)	(201)
Provisions – current	(4)	(71)	-	-	-	(75)
Deferred revenue on ticket sales	(209)	3	-	-	-	(206)
Short term portion of long-term debt	(35)	(2)	-	-	-	(37)
Other current liabilities	(181)	(274)	279	2	(12)	(186)
Others	(187)	150	-	-	42	5
Deferred tax corresponding to fiscal losses	(599)	(826)	-	(1)	(26)	(1 452)
Deferred tax (Asset) / Liability	**(472)**	**(591)**	**554**	**1**	**(16)**	**(524)**

In € millions	April 1, 2008 (adjusted)	Amounts recorded in income	Amounts recorded in equity	Business combination	Currency translation adjustment	Reclassification	March 31, 2009
Intangible assets	102	13	-	2	-	-	117
Flight equipment	873	56	(119)	(9)	-	11	812
Other property, plant and equipment	169	12	-	(1)	(2)	-	178
Investments in equity associates	-	-	-	-	-	-	-
Other non-current financial assets	98	(161)	-	-	-	-	(63)
Pension assets	562	61	-	-	-	-	623
Other non-current assets	416	71	(204)	-	-	(55)	228
Other short term financial assets	(5)	2	-	-	-	-	(3)
Other current assets	542	(76)	(557)	-	-	25	(66)
Provisions and retirement benefits – non-current	88	(32)	-	(2)	-	-	54
Long-term debt	(414)	1	(16)	-	-	22	(407)
Other non-current liabilities	(325)	73	(500)	-	-	22	(730)
Provisions – current	(15)	11	-	-	-	-	(4)
Deferred revenue on ticket sales	(225)	16	-	-	-	-	(209)
Short term portion of long-term debt	(52)	17	-	-	-	-	(35)
Other current liabilities	(92)	48	(117)	-	-	(20)	(181)
Others	(78)	(125)	19	-	2	(5)	(187)
Deferred tax corresponding to fiscal losses	(257)	(327)	-	(18)	3	-	(599)
Deferred tax (Asset) / Liability	**1 387**	**(340)**	**(1 494)**	**(28)**	**3**	**-**	**(472)**

13. ASSETS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS HELD FOR SALE

- **Year ended March 31, 2010**

During the 2009-10 financial year, three of the seven aircraft classified as "assets held for sale" last year, have been sold, dismantled or restituted for one of them which was under operational lease. Four additional aircraft have been classified as "assets held for sale".
The fair value of these 8 aircraft classified in this line as of March 31, 2010 amounts to € 93 million.

As of March 31, 2010, the line "liabilities related to assets held for sale" includes pre-payment received for the sale of 4 aircraft classified as "assets held for sale".

The line "other non-current income and expense" (note 10) includes a charge of € 48million. It corresponds to the impact of the fair value adjustment of aircraft.

- **Year ended March 31, 2009**

During the 2008-09 financial year, within the context of the global financial crisis and the sharp decline in traffic, the Group decided to ground seven aircraft, of which six held for sale and one operated under an operating lease.
The fair values of these six aircraft amounted to € 93 million and were reclassified on the balance sheet as "assets held for sale".
The provision for future lease payments on the aircraft under operating lease amounting to € 7 million was reclassified as "liabilities related to assets held for sale".
The impact on the income statement recorded in "other non-current income and expense" (note 10) amounted to € (54) million and mainly comprised an additional € (47) million write-down, and the provision for lease payments of € (7) million.

14. EARNINGS PER SHARE

14.1. Income for the period – Group share per share

Reconciliation of income used to calculate earnings per share

In € millions *Year ended March 31,*	**2010**	**2009**
Income for the period – Group share	(1 559)	(814)
Dividends to be paid to priority shares	-	-
Income for the period – Group share (used to calculate basic earnings per share)	**(1 559)**	**(814)**
Impact of potential ordinary shares : - interest paid on convertible bonds (net of tax)	-	-
Income for the period – Group share (used to calculate diluted earnings per share)	**(1 559)**	**(814)**

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

Year ended March 31,	2010	2009
Weighted average number of:		
- Ordinary shares issued	300 219 278	300 219 278
- Treasury stock held regarding stock option plan	(1 679 287)	(1 727 705)
- Treasury stock held in stock buyback plan	(1 199 292)	(812 635)
- Other treasury stock	(2 965 348)	(2 968 679)
Number of shares used to calculate basic earnings per share	**294 375 351**	**294 710 259**
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	**294 375 351**	**294 710 259**

14.2. Non dilutive instruments

- **As of March 31, 2010**

Given the trend in the average Air France-KLM stock price during the 2008-09 financial year, non-dilutive instruments related to all the stock option plans described in note 28 and also to the two OCEANE described in note 30.

- **As of March 31, 2009**

Given the trend in the average Air France-KLM stock price during the 2008-09 financial year, non-dilutive instruments related to all the stock option plans described in note 28 and also to the OCEANE described in note 30.

14.3. Instruments issued after the closing date

No instruments were issued after the closing date.

15. GOODWILL

Detail of consolidated goodwill

In € millions **Year ended March 31,**	**2010**			**2009**		
	Gross value	**Impairment**	**Net value**	**Gross value**	**Impairment**	**Net value**
UTA	112	-	112	112	-	112
Régional	60	-	60	60	-	60
Britair	18	-	18	18	-	18
CityJet	11	-	11	11	-	11
VLM	168	-	168	168	-	168
Aeromaintenance Group	21	-	21	21	-	21
Others	11	-	11	10	-	10
Total	**401**	-	**401**	**400**	**-**	**400**

The goodwill concerns mainly the ”Passenger“ business.

Movement in net book value of goodwill

In € millions *Year ended March 31*	**2010**	**2009**
Opening balance	**400**	**377**
Acquisitions	1	15
Reclassification	-	8
Closing balance	**401**	**400**

During the year ended March 31, 2009, the Group acquired additional shares in Aeromaintenance Group, from the percentage held increasing from 39.47% to 81.79% as of March 31, 2009. Aeromaintenance Group was consolidated by the equity method in the Group's consolidated financial statements until March 31, 2009 and from this date integrated globally. The historical goodwill, amounting to € 8 million, was thus transferred from "Investments in equity associates" to "goodwill" and € 13 million of goodwill on the acquisition of the additional shareholding was recorded for € 13 million.

16. INTANGIBLE ASSETS

In € millions	**Trademarks and slots**	**Customer relationships**	**Other intangible assets**	**Total**
Gross value				
Amount as of March 31, 2008	**309**	**107**	**343**	**759**
Additions	-	-	115	**115**
Change in scope	7	-	13	**20**
Disposals	-	-	(2)	**(2)**
Transfer	-	-	1	**1**
Amount as of March 31, 2009	**316**	**107**	**470**	**893**
Additions	-	-	113	**113**
Change in scope	-	-	-	**-**
Disposals	(1)	-	(10)	**(11)**
Transfer	-	-	1	**1**
Amount as of March 31, 2010	**315**	**107**	**574**	**996**
Depreciation				
Amount as of March 31, 2008	**-**	**(64)**	**(220)**	**(284)**
Charge to depreciation	-	(17)	(30)	**(47)**
Releases on disposal	-	-	-	**-**
Transfer	-	-	(3)	**(3)**
Amount as of March 31, 2009	**-**	**(81)**	**(253)**	**(334)**
Charge to depreciation	-	(12)	(43)	**(55)**
Releases on disposal	-	-	7	**7**
Transfer	-	-	(2)	**(2)**
Amount as of March 31, 2010	**-**	**(93)**	**(291)**	**(384)**
Net value				
As of March 31, 2009	316	26	217	**559**
As of March 31, 2010	315	14	283	**612**

The amounts recorded under “change in scope” during the 2008-09 financial year correspond to the inclusion of Martinair (see note 4). The Martinair brand was acquired by the Group as part of the Martinair acquisition.

Intangible assets are mainly composed of the KLM and Transavia brands and slots (takeoff and landing) acquired by the Group as part of the acquisition of KLM. The intangible assets have an indefinite useful life as the nature of the assets means they have no time limit.

17. IMPAIRMENT

With regards to the methodology followed to test impairment, the group has allocated each goodwill and intangible fixed asset with an indefinite useful life to Cash Generating Units (CGU), which corresponds to their trade Group. (see “Rules and Accounting Methods”)

As of March 31, 2010, goodwill and intangible fixed assets with an indefinite useful life are attached principally to the CGU “Passenger” for € 369 million and € 350 million respectively.

The recoverable value of the assets of CGUs has been determined by reference to the value used at December 31, 2009 (no change with regards to December 31, 2008). The tests have been realized for all the CGUS on the basis of a three year group plan, passed by the management, and which integrates the effects of the slowdown in the economy as well as a recovery hypothesis allowing medium term forecasts made by the Group before the crisis occurred, to be achieved.

An annual growth rate of 5% has been applied to the 4th and 10th year of the test then a rate of 2% has been applied to the 11th year (rate retained to determine the terminal value). This rate remains the same as those retained for the tests realized at March 31, 2009.

The current rate of 7% at March 31, 2010 and 2009 corresponds to the weighted average equity cost of the Group.
A discount rate superior to 10.5% would involve an impairment booking.

18. TANGIBLE ASSETS

In € millions	**Flight equipment**					**Other tangible assets**					**Total**
	Owned aircraft	Leased aircraft	Assets in progress	Other	Total	Land and buildings	Equipment and machinery	Assets in progress	Other	Total	
Gross value											
Amounts as of March 31, 2008	**8 946**	**4 287**	**1 814**	**1 637**	**16 684**	**2 274**	**1 034**	**221**	**878**	**4 407**	**21 091**
Additions	253	6	1 127	224	1 610	142	64	114	69	389	**1 999**
Disposals	(278)	(12)	(5)	(184)	(479)	(17)	(28)	-	(38)	(83)	**(562)**
Changes in consolidation scope	235	-	-	-	235	19	3	14	1	37	**272**
Fair value hedge	-	-	(473)	-	(473)	-	1	-	-	1	**(472)**
Transfer	1 691	(161)	(1 108)	177	599	38	43	(114)	37	4	**603**
Assets held for sale	(139)	-	-	-	(139)	-	-	-	-	-	**(139)**
Currency translation adjustment	(18)	(5)	-	-	(23)	-	-	2	(3)	(1)	**(24)**
Amounts as of March 31, 2009	**10 690**	**4 115**	**1 355**	**1 854**	**18 014**	**2 456**	**1 117**	**237**	**944**	**4 754**	**22 768**
Additions	502	1	1 161	110	1 774	71	62	56	28	217	**1 991**
Disposals	(1 306)	(15)	(116)	(177)	(1 614)	(47)	(35)	(1)	(77)	(160)	**(1 774)**
Changes in consolidation scope	-	-	-	-	-	-	-	-	(4)	(4)	**(4)**
Fair value hedge	-	-	(6)	-	(6)	-	-	1	-	1	**(5)**
Transfer	456	552	(1 481)	149	(324)	96	62	(171)	23	10	**(314)**
Assets held for sale	-	-	-	-	-	-	-	-	-	-	**-**
Currency translation adjustment	6	-	-	-	6	-	-	-	1	1	**7**
Amounts as of March 31, 2010	**10 348**	**4 653**	**913**	**1 936**	**17 850**	**2 576**	**1 206**	**122**	**915**	**4 819**	**22 669**
Depreciation											
Amounts as of March 31, 2008	**(2 548)**	**(1 151)**	**-**	**(705)**	**(4 404)**	**(993)**	**(624)**	**-**	**(597)**	**(2 214)**	**(6 618)**
Charge to depreciation	(872)	(250)	-	(205)	(1 327)	(123)	(83)	-	(74)	(280)	**(1 607)**
Releases on disposal	177	16	-	184	377	16	27	-	36	79	**456**
Changes in consolidation scope	-		-	-	-	-	7	-	-	7	**7**
Transfer	(922)	359	-	(41)	(604)	(13)	(12)	-	(9)	(34)	**(638)**
Assets held for sale	49	-	-	-	49	-	-	-	-	-	**49**
Currency translation adjustment	16	4	-	-	20	-	-	-	1	1	**21**
Amounts as of March 31, 2009	**(4 100)**	**(1 022)**	**-**	**(767)**	**(5 889)**	**(1 113)**	**(685)**	**-**	**(643)**	**(2 441)**	**(8 330)**
Charge to depreciation	(855)	(298)	-	(210)	(1 363)	(133)	(88)	-	(68)	(289)	**(1 652)**
Releases on disposal	293	12	-	196	501	40	32	-	76	148	**649**
Changes in consolidation scope	-	-	-	-	-	-	-	-	3	3	**3**
Transfer	157	132	-	(34)	255	5	11	-	(3)	13	**268**
Assets held for sale	-	-	-	-	-	-	-	-	-	-	**-**
Currency translation adjustment	(5)	-	-	-	(5)	-	-	-	(1)	(1)	**(6)**
Amounts as of March 31, 2010	**(4 510)**	**(1 176)**	**-**	**(815)**	**(6 501)**	**(1 201)**	**(730)**	**-**	**(636)**	**(2 567)**	**(9 068)**
Net value											
As of March 31, 2009	6 590	3 093	1 355	1 087	**12 125**	1 343	432	237	301	**2 313**	**14 438**
As of March 31, 2010	5 838	3 477	913	1 121	**11 349**	1 375	476	122	279	**2 252**	**13 601**

Note 35 details the amount of pledged tangible assets.

Commitments to property purchases are detailed in notes 34 and 35.

The net book value of tangible assets financed under capital lease amounted to € 3 820 million as of March 31, 2010 against € 3 399 million as of March 31, 2009.

As of March 31, 2010, the Group has recorded an additional write-down amounting to € (67) million in “Other non-current income and expenses” (see note 10).

As of March 31, 2009, the Group has recorded an additional write-down amounting to € (47) million in “Other non-current income and expenses” (see note 13).

19. CAPITAL EXPENDITURE

The detail of capital expenditures for tangible and intangible assets presented in the consolidated cash flow statements is as follows:

In € millions		
Year ended March 31,	**2010**	**2009**
Acquisition of tangible assets	1 991	1 999
Acquisition of intangible assets	113	114
Accounts payable on acquisitions and capitalized interest	(7)	(70)
	2 097	**2 043**

20. EQUITY AFFILIATES

Movements over the period

The table below presents the movement in equity affiliates:

In € millions	**WAM Acquisition (Amadeus GTD)**	**Martinair**	**Kenya Airways**	**Alitalia**	**Other**	**Total**
Value of share in investment as of March 31, 2008	**-**	**60**	**62**	**-**	**55**	**177**
Share in net income of equity affiliates	-	(48)	5		1	(42)
Distributions	-	-	-	-	(2)	(2)
Change in consolidation scope	-	(12)	-	330	(3)	315
Other variations	-	-	-	-	5	5
Currency translation adjustment	-	-	(7)	-	-	(7)
Carrying value of share in investment as of March 31, 2009	**-**	**-**	**60**	**330**	**56**	**446**
Share in net income of equity affiliates	-		(5)	(13)	1	(17)
Distributions	-		(1)	-	-	(1)
Change in consolidation scope (note 4)	-		-	-	4	4
Fair value adjustment			(10)	21	-	11
Other variations	-		-	-	-	-
Currency translation adjustment	-		3	-	-	3
Carrying value of share in investment as of March 31, 2010	**-**		**47**	**338**	**61**	**446**
Market value for listed companies			**68**			

As of March 31, 2010, the ownership structure of WAM Acquisition was as follows: 22.11% Air France, 11.06% Iberia, 11.06% Lufthansa, 50.42% Amadelux Investments and 5.35% management.
KLM holds 26% of the capital of Kenya Airways.
Air France-KLM holds 25% of the capital of Alitalia.

The “share of profits (losses) of associates” for the year ended March 31, 2010 includes mainly the share of Alitalia Group losses amounting to € (13) million. The latter corresponds to the activity from April 1 to December 31, 2009, the company being including in the consolidation scope since March 31, 2009 and its annual closing date being December 31.

As of March 31, 2009, the ownership structure of WAM Acquisition was as follows: 22.09% Air France, 11.05% Iberia, 11.05% Lufthansa, 50.39% Amadelux Investments and 5.42% management.
On December 17, 2008, KLM bought a further 50% of the company Martinair, increasing its holding to 100% of the share capital. Thus, until December 31, 2008, Martinair was consolidated by the equity method and starting January 1, 2009, it has been fully consolidated in the Group financial accounts.
KLM holds 26% of the capital of Kenya Airways.
On March 25, 2009, Air France-KLM subscribed to a reserved capital increase of the company Alitalia. Following

this operation, Air France-KLM holds 25% of the Alitalia share capital. The Alitalia shares have been consolidated by the equity method in the Group's consolidated financial statements as of March 31, 2009. Alitalia's other shareholders are 16 Italian entrepreneurs.

The share of profits (losses) of associates includes, notably, the negative contribution from Martinair amounting to € 48 million. This corresponds mainly to the loss on fuel derivatives recorded before the acquisition of 100% of the shares by the Group. It also comprises a new provision for risk concerning the European Commission inquiry into an alleged conspiracy to fix the price of air shipping services.

Simplified financial statements of the main equity affiliates

The equity affiliates as of March 31, 2010 mainly concern the following companies, in which the Group has a significant influence:

- **WAM Acquisition**
  WAM Acquisition is the holding company of the Amadeus group. The Amadeus group develops booking tools and technology solutions dedicated to business and leisure travel. This expertise makes it the global partner of choice for travel agents, rail and airline operators, hotel chains and car rental companies. Furthermore, the Amadeus group also partners businesses involved in the reservation and management of business travel.

- **Kenya Airways**
  Kenya Airways is a Kenyan airline based in Nairobi.

- **Alitalia**
  Alitalia Compagnia Aero Italiana Spa comprises the passenger business of the former Alitalia and the assets acquired with the acquisition of Air One. This company started trading on January 12, 2009 and will serve 74 destinations.

The financial information for the principal equity affiliates for the years ended March 31, 2010 and 2009 (excluding consolidation adjustments) is presented below.

In € millions	**WAM Acquisition (Amadeus GTD)**	**Kenya Airways**	**Alitalia**
	31/12/2008	**31/03/2008**	**31/12/2008**
% holding as of March 31, 2009	22%	26%	25%
Operating revenues	2 505	553	N/A
Operating income	557	61	N/A
Net income / loss	184	35	N/A
Stockholders' equity	(539)	235	728
Total assets	5 505	760	2 149
Total liabilities and stockholders' equity	5 505	760	2 149
	31/12/2009	**31/03/2009**	**31/12/2009**
% holding as of March 31, 2010	22%	26%	25%
Operating revenues	2 461	657	2 951
Operating income	550	37	(274)
Net income / loss	272	(37)	(327)
Stockholders' equity	(278)	157	723
Total assets	5 562	707	2 980
Total liabilities and stockholders' equity	5 562	707	2 980

Other information

The share of WAM Acquisition's income not recorded in the Group's consolidated financial statements amounts to € 60 million for the year ended March 31, 2010 (€ 41 million for the year ended March 31, 2009). Given the negative net equity after neutralization of the sum reinvested by the Air France-KLM Group, its contribution to the consolidated financial statements is nil.

21. Pension assets

In € millions ***Year ended March 31,***	**2010**	**2009**
Opening balance	**2 499**	**2 245**
Net periodic pension (cost) / income for the period	(123)	(10)
Contributions paid to the funds	356	255
Reclassification	1	4
Currency translation adjustment	-	5
Closing balance	**2 733**	**2 499**

The detail of these pension assets is presented in note 29.1.

22. Other financial assets

In € millions *Year ended March 31,*	2010		2009	
	Current	**Non current**	**Current**	**Non current**
Financial assets available for sale				
Shares	-	54	-	46
Assets at fair value through profit and loss				
Marketable securities	343	-	430	-
Loans and receivables				
Financial lease deposit (triple A)	101	197	92	260
Financial lease deposit (others)	38	433	16	480
Loans and receivables	21	212	13	207
Miscellaneous financial assets	14	-	29	-
Gross value	**517**	**896**	**580**	**993**
Impairment at opening	**-**	**(55)**	**-**	**(56)**
New impairment charge	-	(1)	-	-
Use of provision	-	-	-	1
Impairment at closing	**-**	**(56)**	**-**	**(55)**
Total	**517**	**840**	**580**	**938**

Financial assets available for sale are as follows:

In € millions	**Fair Value**	**% interest**	**Stockholder's equity**	**Net income**	**Stock price (in €)**	**Closing date**
As of March 31, 2010						
Club Med (*)	9	2.00%	492	(53)	13.615	Octobre 2009
Voyages Fram	9	8.71%	ND	ND	NA	Décembre 2009
Others	36	-	-	-	-	-
Total	**54**					
As of March 31, 2009						
Club Med (*)	4	2.00%	494	2	9.05	October 2008
Voyages Fram	9	8.71%	125	7	NA	December 2008
Others	33	-	-	-	-	-
Total	**46**					

(*) Listed company

Assets at fair value through profit and loss mainly comprises shares in mutual funds that do not meet the "cash equivalents" definition.

Loans and receivables mainly include deposits on flight equipment made within the framework of operating and capital leases.

23. INVENTORY AND WORK IN PROGRESS

In € millions **Year ended March 31**	**2010**	**2009**
Aeronautical spare parts	556	552
Other supplies	137	135
Production work in progress	7	6
Gross value	**700**	**693**
Opening valuation allowance	**(166)**	**(172)**
Charge to allowance	(12)	(10)
Use of allowance	9	12
Releases of allowance no longer required	-	-
Reclassification	6	4
Closing valuation allowance	**(163)**	**(166)**
Net value of inventory	**537**	**527**

24. TRADE ACCOUNTS RECEIVABLE

In € millions **Year ended March 31,**	**2010**	**2009**
Airlines	489	473
Other clients:		
* Passenger	1 004	1 005
* Cargo	324	269
* Maintenance	276	296
* Other	138	81
Gross value	**2 231**	**2 124**
Opening valuation allowance	**(86)**	**(81)**
Charge to allowance	(22)	(31)
Use of allowance	13	18
Reclassification	6	8
Closing valuation allowance	**(89)**	**(86)**
Net value	**2 142**	**2 038**

25. OTHER ASSETS

In € millions ***Year ended March 31,***	**2010**		**2009**	
	Current	**Non current**	**Current**	**Non current**
Suppliers with debit balances	74	-	51	-
French State receivable	89	-	113	-
Derivative instruments	339	170	398	626
Prepayments	242	9	233	2
Other debtors	239	1	276	1
Gross value	**983**	**180**	**1 071**	**629**
Opening valuation allowance	**(6)**	**-**	**(4)**	**-**
Charge to allowance	(1)	-	(2)	-
Use of allowance	1	-	-	-
Reclassification	2	-	-	-
Closing valuation allowance	**(4)**	**-**	**(6)**	**-**
Net realizable value of other assets	**979**	**180**	**1 065**	**629**

The derivative instruments do not comprise any currency hedges on financial debt as of March 31, 2010. As of March 31, 2009, they comprised currency hedges on financial debt amounting to € 3 million including a current portion of € 2 million).

26. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

In € millions **Year ended March 31,**	**2010**	**2009**
Negotiable debt securities (assets at fair value through profit and loss)	-	48
Mutual funds (SICAV) (assets at fair value through profit and loss)	3 171	2 635
Bank deposits (assets at fair value through profit and loss)	123	735
Cash in hand	457	330
Total cash and cash equivalents	**3 751**	**3 748**
Bank overdrafts	(116)	(282)
Cash, cash equivalents and bank overdrafts	**3 635**	**3 466**

27. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA

27.1. Issued capital

As of March 31, 2010, the issued capital of Air France-KLM comprised 300,219,278 fully paid-up shares. Each share is entitled to one vote. The nominal value of each share amounts to € 8.50.

The change in the number of issued shares is as follows:

In number of shares **As of March 31,**		**2010**	**2009**
At the beginning of the period		**300 219 278**	**300 219 278**
Issuance of shares for BASA exercise		-	-
Issuance of shares for OCEANE conversion		-	-
At the end of the period		**300 219 278**	**300 219 278**
Of which:	- number of shares issued and paid	300 219 278	300 219 278
	- number of shares issued and not paid	**-**	**-**

The shares comprising the issued capital of Air France-KLM are not subject to any restrictions nor priority concerning dividend distribution or reimbursement of the issued capital.

Authorized stock

The Extraordinary Shareholders' Meeting of July 9, 2009, authorized the Board of Directors, for a period of 26 months from the date of the Meeting, to issue shares and/or other securities giving immediate or future rights to Air France-KLM capital limited to a total maximum nominal amount of €500 million.

Breakdown of share capital and voting rights

The breakdown of share capital and voting rights is as follows:

Year ended March 31,	**% of capital**		**% of voting rights**	
	2010	**2009**	**2010**	**2009**
French State	16%	16%	16%	16%
Employees and former employees	12%	12%	12%	12%
Treasury shares	2%	2%	-	-
Other	70%	70%	72%	72%
	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.

Other securities giving access to common stock

<u>OCEANE</u>

Please refer to note 30.2.

27.2. Additional paid-in capital

Additional paid-in capital represents the difference between the nominal value of equity securities issued and the value of contributions in cash or in kind received by Air France-KLM.

In € millions **Year ended March 31,**	**2010**	**2009**
Equity part of hybrid instruments	-	46
Other paid-in capital	719	719
Total	**719**	**765**

27.3. Treasury shares

	Treasury shares Number	In € millions
March 31, 2008	**5 332 441**	**(119)**
Change in the period	557 020	(5)
March 31, 2009	**5 889 461**	**(124)**
Change in the period	(158 987)	18
March 31, 2010	**5 730 474**	**(106)**

As of March 31, 2010, Air France-KLM held 4 335 382 shares of its own stocks (including 1 260 000 within the framework of the liquidity agreement), acquired according to the annual authorizations given by the Sahreholders' Meeting. As of March 31, 2010, the Group also held 1 395 092 shares of its own stocks for KLM stock option programs. All these treasury shares are classified as a reduction of equity.

27.4. Reserves and retained earnings

In € millions **Year ended March 31,**	**2010**	**2009**
Legal reserve	70	67
Distributable reserve	1 064	1 005
Derivatives and available for sale securities reserves	(318)	(1 503)
Other reserves	2 941	3 674
Net income (loss) – Group share	(1 559)	(814)
Total	**2 198**	**2 429**

As of March 31, 2010, the legal reserve of € 70 million represented 3% of Air France-KLM's issued capital. French company law requires that a limited company (*société anonyme*) allocates 5% of its unconsolidated statutory net income each year to this legal reserve until it reaches 10% of the Group's issued capital. The amount allocated to this legal reserve is deducted from the distributable income for the current year. This restriction on the payment of dividends also applies to each of the French subsidiaries on an individual statutory basis. The legal reserve of any company subject to this requirement may only be distributed to shareholders upon liquidation of the company.

28. SHARE BASED COMPENSATION

28.1. Outstanding share-based compensation plans and other plans as of March 31, 2010

Plans	Grant date	Number of shares granted	Start date for option exercise	Date of expiry	Exercise price (euros)	Number of options exercised as of 31/03/2010
Stock-option plans						
KLM	25/06/2004	463,884	30/06/2004	25/06/2009	13.19	149,858
KLM	26/07/2005	390,609	31/07/2005	16/07/2010	13.11	3,500
KLM	26/07/2006	411,105	31/07/2006	26/07/2011	17.83	-
KLM	27/07/2007	428,850	31/07/2007	25/07/2012	34.21	-

Other plans

Plans	Grant date	Number of shares granted	Date of expiry	Exercise price (euros)	Number of shares exercised as of 31/03/2010
Air France - ESA (*) 1998 pilots	01/05/1999	15,023,251	31/05/1999	14.00	15,023,251
Air France - KLM – ESA(*) 2003	01/02/2005	12,612,671	21/02/2005	14.00	12,612,671

(*) ESA: Shares-for-salary exchange

28.2. Changes in options

	Average exercise price (€)	Number of options
Options outstanding as of March 31, 2008	**19.96**	**1,548,558**
Of which : options exercisable at March 31, 2008	***19.96***	***1,548,558***
Options forfeited during the period	19.60	(36 812)
Options exercised during the period	9.59	(46 060)
Options granted during the period	-	-
Options outstanding as of March 31, 2009	**20.30**	**1 465 686**
Of which : options exercisable at March 31, 2009	***20.30***	***1 465 686***
Options forfeited during the period	14.25	(322 504)
Options exercised during the period	-	-
Options granted during the period	-	-
Options outstanding as of March 31, 2010	**22.00**	**1 143 182**
Of which : options exercisable at March 31, 2010	***22.00***	***1 143 182***

28.3. Price range of available options as of March 31, 2010

Range of exercise prices per share	Number of options	Weighted average remaining life (years)	Weighted average exercise price per share (in euros)
From 10 to 15 euros per share	363 966	0.29	13.11
From 15 to 20 euros per share	383 199	1.32	17.83
From 20 to 35 euros per share	396 017	2.34	34.21
Total	**1 143 182**	**1.35**	**22.00**

28.4. Plans description

KLM stock-option plans

Prior to the combination with Air France, members of the Management Board and the key executives of KLM had been granted KLM stock options. Within the combination agreement between KLM and Air France, stock-options and SAR (Share Appreciation Rights) that were not exercised during the operation were modified on May 4, 2004, so that their holders could purchase Air France-KLM shares and SARs attached to Air France-KLM shares. The shares held by KLM within this plan were converted into Air France-KLM shares and transferred to a foundation whose sole purpose is their retention until the stock options are exercised or forfeited.

Stock-option plans granted by KLM between 2003 and 2004 had a vesting period of three years. The vesting conditions of the options granted by KLM on July 2007, 2006 and 2005 are such that one third of the options vest at grant date with a further one third after one and two years, respectively. Vesting is conditional on KLM achieving predetermined non-market-dependent performance criteria.

Air France 1998 Shares-for-Salary Exchange for pilots

On October 28, 1998, Air France signed an agreement granting Air France shares to pilots in return for a reduction in salary (these shares being granted by the French State, the major shareholder at the time). The offer was launched on May 1, 1999 and closed on May 31, 1999. By the end of the offer, 15 023 251 shares were allocated to pilots. Payment for these shares, priced at €14, was to be made through a reduction in salary spread over (i) a 7-year period for 10 263 001 shares and (ii) the remaining career of pilots for the remaining 4 760 250 shares.

In accordance with the transitional provisions of IFRS 2, only plans granted after November 7, 2002 and not yet vested as of April 1, 2004 have been valued and recorded as salary expense. IFRS 2 is therefore not applicable to this plan.

Air France 2003 Shares-for-salary exchange

On February 1, 2005, the Group launched a Shares-for-Salary Exchange scheme, in which all Air France employees residing in France were offered the opportunity to purchase Air France-KLM shares at a price of €14 per share in exchange for wage concessions over a 6-year period. The offer was limited to a maximum of 13,186,853 ordinary shares. At the date the offer was closed, i.e. February 21, 2005, Air France employees had acquired 12,612,671 Air France-KLM shares.

These shares were granted by the French State, the largest Air France-KLM shareholder, subject to a €110 million payment made by the Group in April 2007.

The wage concessions cover the period from May 2005 to May 2011.

In the event an employee leaves the Group prior to the end of the 6-year period, the unvested and irredeemable shares are returned to Air France which, in turn, returns them to the French State. The fair value of the services provided under the Shares-for-Salary Exchange scheme was calculated on the basis of the market price of the Air France-KLM share on the date the offer was closed, namely €14.30 and amounts to €180 million. The corresponding salary expense covers the acquisition period of voting rights from May 2005 to May 2011. Each installment, corresponding to the annual decrease of salary, is treated as a separate award. The Shares-for Salary Exchange 2003 plan share-based payment is therefore recognized on a straight-line basis over the requisite service period for each separately vested portion.

KLM SARs plan

During the periods ending March 31, 2010 and 2009, Share Appreciation Rights (SARs) were granted by KLM, corresponding to shares-based plans and paid in cash.

Plans	Grant date	Number of SARs granted	Start date for SARs exercise	Date of expiry	Number of SARs exercised as of 31/03/2010
KLM	01/07/2008	153 080	01/07/2008	01/07/2013	-
KLM	01/07/2009	136 569	01/07/2009	01/07/2014	-

The changes in SARs were as follows:

	Number of SARs
SARs outstanding as of March 31, 2008	**-**
Of which :SARs exercisable at March 31, 2008	*-*
SARs forfeited during the period	(1 200)
SARs exercised during the period	-
SARs granted during the period	153 080
SARs outstanding as of March 31, 2009	**151 880**
Of which :SARs exercisable at March 31, 2009	***49 826***
SARs forfeited during the period	(45 389)
SARs exercised during the period	-
SARs granted during the period	136 569
SARs outstanding as of March 31, 2010	**243 060**
Of which :SARs exercisable at March 31, 2010	***104 638***

The vesting conditions of the SARs granted by KLM on July 1, 2009 and 2008 are such that one third of the options vest at grant date, with a further one third after one and two years, respectively. Vesting is conditional on KLM achieving predetermined non-market-dependent performance criteria.

The fair value of the services provided under the SARs plan has been determined according to the market value of the Air France-KLM share at the closing date concerned:

- For the July 2008 plan: a market value of €11.70, and a fair market value of € 1.5 million
- For the July 2009 plan: a market value of €11.70, and a fair market value of € 1.4 million

28.5. Salary expenses related to share-based compensation

In € millions **Year ended March 31,**	**Note**	**2010**	**2009**
Shares-for-Salary Exchange 2003		25	26
Stock option plan		2	4
Salary expense	**7**	**27**	**30**

29. PROVISIONS AND RETIREMENT BENEFITS

In € millions		**Retirement benefits note 29.1**	**Restitution of aircraft**	**Restruc-turing**	**Litigation**	**Others**	**Total**
Amount as of March 31, 2008		**740**	**402**	**8**	**608**	**122**	**1 880**
Of which:	*non-current*	*740*	*273*	*-*	*310*	*116*	***1 439***
	current	*-*	*129*	*8*	*298*	*6*	***441***
New provision		150	215	5	21	25	**416**
Use of provision		(110)	(120)	(3)	(248)	(38)	**(519)**
Reversal of unnecessary provisions		-	-	-	(1)	-	**(1)**
Currency translation adjustment		15	5	-	-	2	**22**
Change in scope		-	48	-	52	4	**104**
Discount impact		-	-	-	-	-	**-**
Reclassification		4	(9)	-	(73)	(10)	**(88)**
Amount as of March 31, 2009		**799**	**541**	**10**	**359**	**105**	**1 814**
Of which:	*non-current*	*799*	*368*	*-*	*67*	*100*	***1 334***
	current	*-*	*173*	*10*	*292*	*5*	***480***
New provision		149	201	191	30	80	**651**
Use of provision		(44)	(180)	(3)	(20)	(46)	**(293)**
Reversal of unnecessary provisions		-	(14)	(3)	(3)	-	**(20)**
Currency translation adjustment		1	-	-	-	-	**1**
Change in scope		-	-	-	-	-	**-**
Discount impact		-	-	-	-	-	**-**
Reclassification		14	(32)	-	(7)	-	**(25)**
Amount as of March 31, 2010		**919**	**516**	**195**	**359**	**139**	**2 128**
Of which :	*non-current*	*919*	*345*	*1*	*38*	*129*	***1 432***
	current	*-*	*171*	*194*	*321*	*10*	***696***

Movements in provisions for retirement benefits which have an impact on the income statement are recorded in “salaries and related costs”.
As of March 31, 2010, the impact of the voluntary redundancy plan of Air France on “retirement benefits” has been recorded in “Other non-current income and expenses” (see note 10).
As of March 31, 2009, the impact of change in French pension legislation has been recorded in “Other non-current income and expenses” (see note 10).
Movements in provisions for restructuring which have an impact on the income statement are recorded in “other non-current income and expenses” when the plans concerned have a material impact.
Movements in provisions for restitution of aircraft which have an impact on the income statement are recorded in “provisions” except for the discount impact which is recorded in “other financial income and expenses”.
Movements in provisions for litigation and in provisions for other risks and charges which have an impact on the income statement are recorded, depending on their nature, in the different lines of the income statement.

29.1. RETIREMENT BENEFITS

The Group has a large number of retirement and other long-term benefits plans for its employees. The specific characteristics (benefit formulas, funding policies and types of assets held) of the plans vary according to the regulations and laws in the particular country in which the employees are located. Several of the plans are defined benefit plans.

Pension fund surplus

For a certain number of pension obligations, the Group funds pension funds.
The obligations of KLM Group are, for the most part, funded in accordance with Dutch regulation and the Group's collective agreement. With regard to the level of coverage of the commitments, particularly for the pilots' program as well as that for the ground staff, significant "safeguard" constraints force the Group to be always in a position of "over-funding".

Actuarial assumptions used

Actuarial valuations of the Group's benefit obligation were computed as of March 31, 2010 and 2009. These calculations include:

- Assumptions on staff turnover, life expectancy and salary inflation.
- A retirement age of 55 to 65 depending on localization and the applicable laws.
- Discount rates used to determine the actuarial present value of the projected benefit obligations. The discount rates for each geographical area are determined according to the duration of each plan and applying the average of the main indices published. The main part of the Group obligation is in the Euro zone.

Year ended March 31,	**2010**	**2009**
Euro zone	Between 3.0% and 5.0%	Between 4.5% and 5.5%

The sensitivity of the annual cost and the obligation to variations in the discount rate is as follows:

In € millions	**Sensitivity of the assumptions for the year ended March 31, 2010**	**Sensitivity of the assumptions for the year ended March 31, 2009**
0.25% increase in the discount rate		
Impact on the cost	(19)	(32)
Impact on the obligation	(473)	(386)
0.25% decrease in the discount rate		
Impact on the cost	30	38
Impact on the obligation	473	386

- The expected long-term rates of return for plan assets are as follows:

Year ended March 31,	**2010**	**2009**
Euro zone	Between 3.2% and 6.8%	Between 4.0% and 7.0%

The expected average long-term rates of return for plan assets have been determined based on the expected long-term rates of return of the different asset classes: equities, bonds, real estate or other, weighted according to the asset allocation strategy in these schemes.

- Assumption on increase in healthcare costs:

Year ended March 31,	**2010**	**2009**
USA-Canada	Between 9.5% and 10.0%	Between 9.5% and 10.0%

The sensitivity of the annual cost and the obligation to variations in the healthcare costs of the schemes is as follows:

In € millions	**Sensitivity of the assumptions for the year ended March 31, 2010**	**Sensitivity of the assumptions for the year ended March 31, 2009**
1% increase in healthcare costs		
Impact on the cost	-	-
Impact on the obligation	4	4
1% decrease in healthcare costs		
Impact on the cost	-	-
Impact on the obligation	(4)	(4)

On average, the main assumptions used in the actuarial valuations of obligations are summarized below:

Year ended March 31,	**Pension benefits**		**Other benefits**	
	2010	**2009**	**2010**	**2009**
Discount rate	4.79%	5.54%	5.91%	6.97%
Salary inflation rate	2.60%	2.65%	-	-
Expected long-term rate of return on plan assets	6.19%	6.20%	-	-

Changes in benefit obligations

The following table details the reconciliation between the benefits obligation and plan assets of the Group and the amounts recorded in the financial statements for the years ended March 31, 2010 and 2009.

(In € millions)	Pension benefits		Other benefits	
	2009-10	**2008-09**	**2009-10**	**2008-09**
Benefit obligation at beginning of year	**11 060**	**10 873**	**35**	**36**
Service cost	299	307	-	-
Interest cost	617	606	2	2
Employees' contribution	52	38	-	-
Plan amendments	(18)	15	-	-
Change of scope	(1)	-	1	-
Settlements / curtailments	(51)	(9)	-	-
Benefits paid	(543)	(487)	(3)	(2)
Actuarial loss / (gain)	1 643	(253)	4	(5)
Currency translation adjustment	24	(30)	1	4
Benefit obligation at end of year	**13 082**	**11 060**	**40**	**35**
Including benefit obligation resulting from schemes totally or partly financed	*12 918*	*10 891*	-	-
Including not-financed benefit obligation	*164*	*169*	*40*	*35*
Fair value of plan assets at beginning of year	**11 031**	**13 176**	-	-
Actual return on plan assets	2 536	(2 027)	-	-
Employers' contributions	377	350	-	-
Employees' contributions	52	38	-	-
Change of scope	-	-	-	-
Settlements / curtailments	(4)	-	-	-
Benefits paid	(525)	(474)	-	-
Currency translation adjustment	20	(32)	-	-
Fair value of plan assets at end of year	**13 487**	**11 031**	-	-
Funded status	405	(29)	(40)	(35)
Unrecognized prior service cost	182	242	-	-
Unrecognized actuarial (gains) / losses	1 264	1 524	3	(2)
Prepaid (accrued) pension cost	**1 851**	**1 737**	**(37)**	**(37)**
Amounts recorded in the balance sheet(*) :				
Pension asset (note 21)	2 733	2 499	-	-
Provision for retirement benefits	(882)	(762)	(37)	(37)
Net amount recognized	**1 851**	**1 737**	**(37)**	**(37)**
Net periodic cost :				
Service cost	299	307	-	-
Interest cost	617	606	2	2
Expected return on plan assets	(682)	(762)	-	-
Settlement / curtailment	(36)	(10)	-	-
Amortization of prior service cost	21	36	-	-
Amortization of unrecognized actuarial (gain) loss	40	(19)	-	-
Other	8	-	-	-
Net periodic cost	**267**	**158**	**2**	**2**

(*) Except for those pension plans for which the balance is a net asset fully recorded as a non-current asset, all the obligations are recorded as non-current liabilities.

The benefit obligation, fair value of plan assets and experience adjustments are as follows:

In € millions	**Benefit obligation**	**Fair value of plan assets**	**Funded status**	**Experience adjustments on**	
				Benefit obligation	**Plan asset**
As of March 31, 2007	11 636	13 404	1 768	230	207
As of March 31, 2008	10 909	13 176	2 267	(95)	(989)
As of March 31, 2009	11 095	11 031	(64)	(133)	(2 788)
As of March 31, 2010	13 122	13 487	365	95	1 854

Asset allocation

The weighted average allocation of the funds invested in Group pension plans as of March 31, 2010 and 2009 is as follows:

Year ended March 31,	**Funds invested**	
	2010	**2009**
Equities	38%	34%
Bonds	52%	55%
Real estate	8%	9%
Insurer assets	1%	1%
Short-term investments	1%	1%
Other	-	-
Total	**100%**	**100%**

Expected cash outflows

The table below shows the expected cash outflows on pensions and other post-employment benefits, as of March 31, 2010, over the next ten years:

In € millions	**Pensions and similar benefits**
Estimated contribution to be paid in 2010-11	390
Estimated benefit payments as of March 31:	
2011	489
2012	493
2013	502
2014	522
2015	547
2016-2020	3 188

29.2. OTHER PROVISIONS

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 subsidiairies) are involved in litigations some of which may be significant.

Provision for restructuring

The provision for restructuring as of March 31, 2010 mainly includes the provision for the Air France voluntary redundancy plan (see note10).

Litigations concerning anti-trust laws

a) In the air-freight industry

a.1) Investigation by 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 with the appropriate agencies, and the payment of fines putting an end to those proceedings:

- The Group (exclusive of Martinair) accordingly paid a total fine of US dollars 350 million (€ 221 million) in the United-States, Australian dollars 6 million (€ 3.6 million) in Australia, and Canadian dollars 9 million (€ 5.7 million) in Canada.
- Martinair also entered into Plea Agreements, first in the United-States in an amount of US dollars 42 million (€ 28.4 million), partially paid to the extent of US dollars 14 million, then in Australia for Australian dollars 5 million (€ 2.5 million), and last in Canada for Canadian dollars 1 million (€ 0.7 million).

The three group affiliates are still exposed to investigations proceedings in Europe, in South Korea, in Switzerland, in Brazil and in South Africa:

- As the Group's parent, Air France-KLM is considered by the European Commission as being jointly and severally liable for any unlawful practices of which the companies Air France, KLM and Martinair may be found guilty. The European Commission decision is expected in autumn 2010.
- In South Korea, Air France and KLM received in late 2009, with twenty-six other airlines, notices of charges from the Korean anti-trust authority (KFTC) for allegations of anti-competitive agreements on the fuel surcharge. The two companies have disputed these allegations, pointing out that the practices concerned were consistent with their obligations under the bilateral air-traffic agreements between France and South Korea, and between the Netherlands and South Korea, and under the South Korean civil-aviation code
- The proceedings in Switzerland, Brazil and South Africa are still pending as of March 31, 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.

The plaintiffs allege the existence of an unlawful agreement among air-freight carriers since February 1, 2000 in the setting of freight charges, including various surcharges collected by such carriers. They accordingly claim from those carriers, in addition to the reimbursement of attorneys' fees, damages in an amount not specified to date, and indemnities of three times those damages.

In the United-States, the proceedings have been centralized before the Eastern District Court of New York.

In August 2009, the District Judge dismissed the plaintiffs' claims based on breach of EU competition law. He also dismissed the claims from the "indirect purchasers" (i.e., the freight shippers having acquired air-carriage services from the forwarding agents and not directly from the airlines).

However, he held the direct purchasers' claims based on breach of US federal anti-trust law to be admissible.

The judge also permitted the initiation of discovery proceedings, requiring the parties to collect and exchange data to be used in evidence.

The provision recorded in the books as of March 31, 2010 represents the best estimation of the risk supported by the Group as of this date.

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 2008, two class actions were brought in the United-States against several air carriers including Air France and KLM for damage caused by an alleged anti-competitive agreement with respect to surcharges and fares on routes between Europe and Japan and on transatlantic routes.

The two class actions were dismissed respectively in October 2009 by the judge of the Eastern District Court of Pennsylvania and on April 5, 2010 by the judge of the Eastern District Court of New York.
During 2009, Air France and KLM were subpoenaed in a class action involving all the airlines working transpacific routes between the United-Sates and Asia/Oceania, on the basis of allegations of price fixing on such routes.
As in the earlier cases, Air France and KLM strongly deny these allegations. Both airlines accordingly filed motions to dismiss in February 2010.

Other provisions

Other provisions are mainly provisions for power-by-hour contracts (maintenance activity of the Group).

29.3. CONTINGENT LIABILITIES

The Group is involved in a number of governmental, legal and arbitrage procedures for which provisions have not necessarily been recorded in the 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

The group Verening van Effectenbezitters (VEB) and a minority shareholder of KLM have brought action against Air France-KLM (in its capacity as a holder of shares of preferred stock) and KLM for a court ruling acknowledging the minority shareholders' entitlement to payment of a higher dividend. Those minority shareholders consider that the dividend paid is unfair and inequitable, and that their rights have not been observed. These minority shareholders have accordingly brought action before the Amsterdam Court. Plea hearings are scheduled for June 2010. To date, the consequences cannot be evaluated.

c) Rio-Paris AF447 flight

Pursuant to the crash of the Rio-Paris AF 447 flight in the South Atlantic, various legal actions have been brought in the USA and Brazil by the victims' heirs.
In the USA, individual claims in tort have been brought against Air France, Airbus, Honeywell, Rockwell, Intel and Thalès.
In Brazil, similar claims have been brought against Air France.
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.

To the best of the knowledge of Air France-KLM, there is no other dispute, arbitration or non-recurring event that could have or has had in the recent past a significant impact on the group's financial position, earnings or assets and liabilities.

Except for the matters specified under the paragraphs 29.2 and 29.3, the company is not aware of any governmental, judicial or arbitration proceedings (including any proceedings of which the issuer is aware, or that are pending or threatened against it) that could have or have recently had a significant impact on the issuer's and/or Group's financial position or profitability, during a period including the past twelve months at least.

30. FINANCIAL DEBT

In € millions **Year ended March 31,**	**2010**	**2009**
Non current financial debt		
Perpetual subordinated loan stock in Yen	232	228
Perpetual subordinated loan stock in Swiss francs	296	277
OCEANE (convertible bonds)	964	393
Bonds	1 450	750
Capital lease obligations (non current portion)	3 421	3 381
Other debt (non current portion)	2 859	2 835
Total	**9 222**	**7 864**
Current financial debt		
Capital lease obligations (current portion)	579	512
Other debt (current portion)	1 131	761
Accrued interest	115	80
Total	**1 825**	**1 353**

30.1. Perpetual subordinated loan stock

30.1.1 Perpetual subordinated loan stock in Yen

The perpetual subordinated loan stock in Yen was issued by KLM in 1999 for a total amount of JPY 30 billion, i.e. € 232 million as of March 31, 2010.
The perpetual subordinated loan stock in Yen is subject to the payment of a coupon considered to be fixed-rate (5.065% on a JPY 10 billion portion, and 4.53% on a JPY 20 billion portion) after swaps.
The debt is perpetual and reimbursable at nominal value at the Group's discretion; the reimbursement date is expected to be August 28, 2019. The reimbursement does not involve a premium. A premium would be due if the debt were to be reimbursed in a currency other than the yen. The borrower would also have to reimburse the issuer for all reasonable legal fees.

This debt is subordinated to all other existing and future KLM debts.

30.1.2 Perpetual subordinated loan stock in Swiss francs

The perpetual subordinated loan stock in Swiss francs was issued by KLM in two installments in 1985 and 1986 for a total original amount of CHF 500 million. Following the reimbursements made by KLM, the outstanding subordinated loan amounts to CHF 420 million, i.e. € 296 million as of March 31, 2010.
The loan is reimbursable at any time by the Group at nominal value.

This loan is subject to the payment of a coupon considered to be fixed-rate (5¾ % on a CHF 270 million portion and 2 7/8 % on a CHF 150 million portion) for the years ended March 31, 2010 and 2009.

This debt is subordinated to all other existing and future KLM debts.

30.2. OCEANE (Convertible bonds)

30.2.1. OCEANE issued in 2005

On April 22, 2005, the company Air France, a subsidiary of the Air France-KLM Group, issued convertible bonds maturing in 15 years. The conversion option allows for conversion and/or exchange at any time into new or existing Air France-KLM shares (OCEANE). 21,951,219 bonds were issued for a total amount of €450 million. Each bond has a nominal value of €20.50. As of March 31, 2010, the conversion ratio is 1.03 Air France-KLM shares for one bond.

The maturity date for this convertible bond is April 1, 2020. Bonds holders may ask for reimbursement as of April 1, 2012 and April 1, 2016. Air France holds a call option triggering early cash reimbursement which can be exercised starting April 1, 2010 under certain conditions prompting OCEANE holders to convert into Air France-KLM shares. The annual coupon is 2.75% payable in arrears at the end of each period ended April 1.
The conversion period of these bonds runs from June 1, 2005 to March 23, 2020, except early reimbursement.

Upon issue of this convertible debt, Air France-KLM recorded a debt of €379 million, corresponding to the present value of future payments of interest and nominal discounted at the rate of a similar bond without a conversion option. As of March 31, 2010, the debt value amounts to € 397 million.

The option value was evaluated by deducting this debt value from the total nominal amount (i.e. €450 million) and was recorded in equity.

30.2.2. OCEANE issued in 2009

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%.
The conversion period of these bonds runs from August 6, 2009 to the seventh working day before the normal of early reimbursement.

Air France-KLM can force the cash reimbursement of these bonds by a call exercise starting April 1, 2013 and under certain conditions moving OCEANE owners to convert their bonds into Air France-KLM shares.

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. As of March 31, 2010, the debt value amounts to € 567 million.

The option value was evaluated by deducting this debt value from the total nominal amount (i.e. € 661 million) and was recorded in equity.

30.3. Bonds

3.3.1. Bonds issued in 2006 and 2007

On September 11, 2006 and April 23, 2007, the company Air France, a subsidiary of the Air France-KLM Group, issued bonds for a total amount of €750 million, maturing on January 22, 2014 and bearing annual interest rate of 4.75%.

3.3.2. Bonds issued in 2009

As of October 27, 2009, Air France-KLM issued bonds for a total amount of €700 million, maturing on October 27, 2016 and bearing annual interest of 6.75%.

30.4. Capital lease commitments

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

As of March 31, *In € millions*		**2010**	**2009**
Aircraft			
Future minimum lease payments – due dates			
Y+1		677	609
Y+2		772	587
Y+3		410	597
Y+4		476	366
Y+5		457	425
Over 5 years		1 503	1 644
Total		**4 295**	**4 228**
Including:	Principal	3 665	3 534
	Interests	630	694
Buildings			
Future minimum lease payments – due dates			
Y+1		35	33
Y+2		34	33
Y+3		31	33
Y+4		31	32
Y+5		31	30
Over 5 years		107	132
Total		**269**	**293**
Including:	Principal	202	217
	Interests	67	76
Other property, plant and equipment			
Future minimum lease payments – due dates			
Y+1		30	27
Y+2		12	14
Y+3		12	14
Y+4		12	14
Y+5		12	14
Over 5 years		150	191
Total		**228**	**274**
Including:	Principal	133	142
	Interests	95	132

The lease expenses over the period do not include contingent leases. Deposits made on purchase options are presented in note 22.

30.5. Other debt

Other debt breaks down as follows:

In € millions *Year ended March 31,*	**2010**	**2009**
Reservation of ownership clause and mortgage debt	1 366	1 170
Other debt	2 624	2 426
Total	**3 990**	**3 596**

Other debt corresponds mainly to bank borrowings.

Mortgage debt is a debt secured by a mortgage on an aircraft. The mortgage is filed at the national civil aviation authority (the DGAC in France) in order to be publicly available to third parties. A mortgage grants to the mortgagee a right to enforce the security (by order of a judge), the sale of the asset and a priority claim on the sale proceeds in line with the amount of the loan, the balance reverting to the other creditors.

30.6. Maturity analysis

The maturities of financial debts break down as follows:

In € millions **Year ended March 31,**		**2010**	**2009**
Maturities in			
Y+1		2 188	1 657
Y+2		1 357	1 326
Y+3		1 575	1 050
Y+4		1 786	1 381
Y+5		1 394	1 778
Over 5 years		4 724	3 781
Total		**13 022**	**10 973**
Including:	- Principal	11 047	9 217
	- Interest	1 975	1 756

As of March 31, 2010, expected financial costs amount to € 363 million for 2010-11, € 1 192 million for the periods from 2011-12 until 2014-15, and € 420 million thereafter.

As of March 31, 2010, it has been considered that the perpetual subordinated loan stocks, the OCEANEs and the bonds would be reimbursed according to their most probable maturity:

- Date of probable call on unlimited loan stock
- First date of the period of the put on investment being April 1, 2012 for the OCEANE first issued in 2005
- Maturity date for OCEANE contract issued in 2009 and the repayable bond issued in 2006, 2007 and 2009

30.7. Currency analysis

The breakdown of financial debt by currency after impact of derivative instruments is as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Euro	9 535	7 953
US dollar	985	851
Swiss franc	296	278
Yen	292	152
Other	(61)	(17)
Total	**11 047**	**9 217**

The "Other" line mainly comprises the fair value of a "cross currency swap" hedging perpetual loans in Yen and Swiss francs.

30.8. Credit lines

The Group had credit lines amounting to € 2 180 million as of March 31, 2010. The three main credit lines amounted respectively, to € 1 200 million, € 540 million and € 250 million.

On October 17, 2008, Air France drew € 500 million, with a 6-month maturity, of the € 1.2 billion credit facility. The maturity of this credit line has been extended until April 17, 2010. The company Air France-KLM drew down € 250 million on March 24, 2009 with a maturity as of June 24, 2010.

Air France's credit facility, which amounts to € 1 200 million (which fall to € 1 115 million as of April 7, 2010, € 1 105 million as of April 7, 2011 and zero as of April 7, 2012), is subject to the respect of the following financial covenants calculated based on the Air France consolidated financial statements:

- Net interest charges added to one third of operating lease payments must not represent more than one third of the adjusted EBITDAR
- Non-current assets in the balance sheet, not pledged as collateral, must be at least equal to unsecured net debts.

These ratios are calculated every six months and were respected at March 31, 2010.

KLM's credit facility, which amounts to € 540 million with a maturity in 2012, is subject to the respect of the following financial covenants calculated based on the KLM consolidated financial statements:

- EBITDAR must not be lower than two and a half times the sum of the net interest charges and one third of operating lease payments
- Non-current assets in the balance sheet, not pledged as collateral, must be at least equal to 1.25 times the unsecured net debts.

These ratios are calculated every six months and were respected at March 31, 2010.

Air France-KLM's credit facility, which amounts to € 250 million, with a maturity as of October 4, 2017 and reduced by € 50 million by year starting 2013, is subject to respect of the following financial covenants calculated based on the Air France-KLM consolidated financial statements:

- The EBITDAR added to operating lease payments must be at least equal to one time and an half net interest charges added to one third of operating lease payments;
- Non-current assets in the balance sheet, not pledges as collateral, must be at least equal to unsecured debts.

These ratios are calculated every six months and were respected at March 31, 2010.

31. OTHER LIABILITIES

In € millions **Year ended March 31,**	**2010**		**2009**	
	Current	**Non current**	**Current**	**Non current**
Tax liabilities	388	-	497	-
Employee-related liabilities	834	-	925	-
Non current assets' payables	26	-	54	-
Derivative instruments	524	651	1 673	2 001
Deferred income	74	87	47	87
Other	751	80	1 126	82
Total	**2 597**	**818**	**4 322**	**2 170**

Derivative instruments comprised € 39 million of currency hedges on financial debts as of March 31, 2010, including a current portion of € 13 million (€ 48 million as of March 31, 2009 including a current portion of € 3 million).

The "other" debts as of March 31, 2009 include an amount of € 167 million corresponding to early unwiding of loss-making fuel hedges. Consistent with IAS 39, the effective portion is recycled in the income statement when the hedged item (future fuel purchase) will affect the income statement.

32. FINANCIAL INSTRUMENTS

32.1. Risk management

- **Market risk management**

Market risk coordination and management is the responsibility of the Risk Management Committee (RMC) which comprises the Chief Executive Officer and the Chief Financial Officer of Air France, the Chief Executive Officer and the Chief Financial Officer of KLM. The RMC meets each quarter to review Group reporting of the risks relating to the fuel price, the principal currency exchange rates and interest rates, and to decide on the hedging to be implemented: targets for hedging ratios, the time periods for the respect of these targets and, potentially, the preferred types of hedging instrument. The aim is to reduce the exposure of Air France-KLM and, thus, to preserve budgeted margins. The RMC also defines the counterparty-risk policy.
The decisions made by the RMC are implemented by the treasury and fuel purchasing departments within each company, in compliance with the procedures governing the delegation of powers. In-house procedures governing risk management prohibit speculation.
Regular meetings are held between the fuel purchasing and treasury departments of both companies in order to exchange information concerning matters such as hedging instruments used, strategies planned and counterparties.
The cash management departments of each company circulate information on the level of cash and cash equivalents to their respective executive managements on a daily basis. Every month, a detailed report including, amongst other information, interest rate and currency positions, the portfolio of hedging instruments, a summary of investments and financing by currency and the monitoring of risk by counterparty is transmitted to the executive managements. The instruments used are swaps and options.
The policy on fuel hedging is the responsibility of the fuel purchasing departments, which are also in charge of purchasing fuel for physical delivery. A weekly report, enabling the evaluation of the net-hedged fuel cost of the current fiscal year and the two following ones, is supplied to the executive managements. This mainly covers the transactions carried out during the week, the valuation of all positions, the hedge percentages as well as the breakdown of instruments and the underlyings used, average hedge levels and the resulting net prices, as well as market commentary. Furthermore, a weekly Air France-KLM group report (known as the GEC Report) consolidates

the figures from the two companies relating to fuel hedging and to physical cost. The instruments used are swaps and options.

- **Currency risk**

Most of the group's revenues are generated in euros. However, because of its international activities, the group incurs a foreign exchange risk. The principal exposure is to the US dollar, and then, to a lesser extent, to pound sterling and the Japanese yen. Thus, any changes in the exchange rates for these currencies relative to the euro may have an impact on the Group's financial results.
With regard to the US dollar, since expenditures such as fuel, operating leases or component costs exceed the level of revenue, the Group is a net buyer. This means that any significant appreciation in the dollar against the euro could result in a negative impact on the group's activity and financial results.
Conversely, Air France-KLM is a net seller of the yen and of sterling, the level of revenues in these currencies exceeding expenditure. As a result, any significant decline in these currencies relative to the euro could have a negative effect on the group's activity and financial results
In order to reduce its currency exposure, the Group has adopted hedging strategies.
Both companies hedge progressively their net exposure over a rolling 24 month period.
Aircraft are purchased in US dollars, meaning that the group is highly exposed to a rise in the dollar against the euro for its aeronautics investments. The hedging policy plans the progressive and systematic implementation of hedging between the date of the aircraft order and their delivery date.
The exchange rate risk on the group's financial debt is limited. At March 31, 2010, 87% of the Group's gross debt, after taking into account derivative instruments, was issued in or converted into euros, thereby sharply reducing the risk of currency fluctuations on the debt.
Despite this active hedging policy, not all exchange rate risks are covered. The Group and its subsidiaries might then encounter difficulties in managing currency risks, which could have a negative impact on the Group's business and financial results.

- **Interest rate risk**

At both Air France and KLM, most financial debt is contracted in floating-rate instruments in line with market practice. However, given the historically low level of interest rates, Air France and KLM have used swap strategies to convert a significant proportion of their floating-rate debt into fixed rates. After swaps, the Air France-KLM group's gross debt contracted at fixed rates represents 63% of the overall total.
Given this policy, the group has a neutral net exposure to interest rates.

- **Fuel price risk**

Risks linked to the jet fuel price are hedged within the framework of a hedging strategy for the whole of the Air France-KLM group. This strategy was suspended in November 2008: no new positions, unwinding of some of the hedges already in place in order to significantly reduce the risk of downside and to benefit from the current market levels.
Following the completion of this portfolio restructuring, in September 2009 a new hedge strategy was defined and presented to the Audit Committee and the Board of the Air France-KLM Group. The main changes were to reduce the time span of the hedges from four to two years and the overall hedged volume from two years to one year of consumption.

Main characteristics of the hedge strategy

Hedge horizon: 2 years

Minimum hedge percentage:

- quarter underway: 60% of the volumes consumed,
- quarter 1 to quarter 3: 60% of the volumes consumed,
- quarter 4: 50% of the volumes consumed,
- quarter 5: 40% of the volumes consumed,
- quarter 6: 30% of the volumes consumed,
- quarter 7: 20% of the volumes consumed,
- quarter 8: 10% of the volumes consumed.

Underlyings: Brent, Gasoil and Jet CIF
At least 25% of volumes consumed during the two first quarters of the program (excluding the quarter underway) must be hedged in average distillates (Jet Fuel and Gasoil).

Instruments: Swap, call, call spread, four ways and collar

IAS 39 rule:
The instruments and underlyings used within the framework of the strategy must be compliant with IAS 39.

- **Investment risks**

The cash resources of Air France, KLM and Air France-KLM are currently invested in short term, primarily money market mutual funds and certificates rated A1 or P1. However a small portion of the surplus has been invested in two-years EMTNs from high-grade issuers in order to increase the overall returns on of the cash.
Lastly, a portion of KLM's liquid assets is invested in foreign-currency AAA-rated bonds, in order to reduce the currency risk on the debt.

- **Counterparty risk management**

Transactions which can lead to counterparty risk for the Group are as follows:
- financial investments;
- derivative instruments;
- trade receivables.

  - Counterparty risk linked to financial investments and derivative instruments is managed by the Risk Management Committee which establishes limits by counterparty, for all instruments except placements in the monetary OPCVM for which the risk of counterparty is deemed non significant. The Group's counterparty-risk reporting is circulated each month to the executive managements, the risk being measured at the fair market value of each instrument. The exceeding of any limit immediately results in the implementation of corrective measures.
  - Counterparty risk relating to trade receivables is limited due to the large number and geographical diversity of customers comprising the trade receivables portfolio.

. The group has identified the following exposure to counterparty risk:

LT Rating (Standards & Poors)	**Total exposure in € millions**	
	As of March 31, 2010	**As of March 31, 2009**
AAA	286	352
AA	109	25
AA-	126	6
A+	592	644
A	119	246
BBB+	25	-
Total	**1 257**	**1 273**

32.2. Derivative instruments

- **Year ended March 31, 2010**

Book value *in € millions*	**Assets**		**Liabilities**	
	Non-current	**Current**	**Non-current**	**Current**
Currency exchange risk (operating and financial operations)				
Fair value hedge	49	32	25	31
Cash flow hedge	41	90	19	28
Fair value through profit and loss	-	2	-	1
Interest rate risk (financial operations)				
Cash flow hedge	-	-	92	2
Fair value hedge	11	4	22	13
Fair value through profit and loss	-	-	12	-
Commodities risk				
Fair value hedge	-	-	-	-
Cash flow hedge	69	211	481	445
Fair value through profit and loss	-	-	-	4
Total	**170**	**339**	**651**	**524**

The expected maturity of the fair market value of derivative instruments is as follows:

In € millions		**Total**	**Y+1**	**Y+2**	**Y+3**	**Y+4**	**Y+5**	**> Y+5**
Commodities derivative instruments	Asset	280	211	68	1	-	-	-
	Liability	(930)	(449)	(333)	(148)	-	-	-
Interest rate derivative instruments	Asset	15	4	7	3	-	1	-
	Liability	(141)	(15)	(8)	(6)	(9)	(40)	(63)
Currency exchange derivative instruments	Asset	214	124	58	25	3	2	2
	Liability	(104)	(60)	(21)	(22)	-	-	(1)
Total	**Asset**	**509**	**339**	**133**	**29**	**3**	**3**	**2**
	Liability	**(1 175)**	**(524)**	**(362)**	**(176)**	**(9)**	**(40)**	**(64)**

- **Year ended March 31, 2009**

Book value *in € millions*	**Assets** Non-current	**Assets** Current	**Liabilities** Non-current	**Liabilities** Current
Currency exchange risk (operating and financial operations)				
Fair value hedge	62	24	13	33
Cash flow hedge	36	70	34	62
Fair value through profit and loss	-	8	1	2
Interest rate risk (financial operations)				
Cash flow hedge	-	-	57	2
Fair value hedge	13	-	34	2
Fair value through profit and loss	-	-	13	-
Commodities risk				
Fair value hedge	-	-	-	-
Cash flow hedge	515	296	1 837	1 350
Fair value through profit and loss	-	-	12	222
Total	**626**	**398**	**2 001**	**1 673**

Exposure to interest rate risk

In order to manage interest rate risk, on short-term and long-term borrowings, the Group uses instruments with the following nominal values as of the balance sheet date:

- **Year ended March 31, 2010**

In € millions	Nominal	Maturity below 1 year	Maturity between 1 and 5 years: 1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	Fair value
Operations qualified as cash flow hedging								
Interest rate swaps	2 418	260	343	322	326	380	787	(87)
Other	250	-	-	-	113	137	-	(7)
Operations qualified as fair value hedging								
Interest rate swaps	495	182	126	61	34	36	56	(20)
Operations qualified as fair value through profit and loss	385	100	150	22	-	-	113	(12)
TOTAL	**3 548**	**542**	**619**	**405**	**473**	**553**	**956**	**(126)**

- **Year ended March 31, 2009**

In € millions	Nominal	Maturity below 1 year	Maturity between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Operations qualified as cash flow hedging								
Interest rate swaps	2 672	358	274	348	291	257	1 144	(59)
Operations qualified as fair value hedging								
Interest rate swaps	528	123	176	119	54	27	29	(23)
Operations qualified as fair value through profit and loss	160	29	-	-	29	-	102	(13)
TOTAL	**3 360**	**510**	**450**	**467**	**374**	**284**	**1 275**	**(95)**

These instruments have different purposes:

- Hedging fair value risk relating to fixed-rate financial debt:
  In contracting a fixed-rate debt, the Group is exposed to an opportunity risk if the rate decreases. Given the current level of market rates compared with the fixed contractual rates on part of its debt, the Group entered into a number of fixed to floating-rate swaps.

- Hedging of cash-flow risk relating to floating-rate financial debt:
  The Group has sought to fix the rate of certain floating-rate loans and has thus entered into a number of floating to fixed-rate swaps. Within the framework of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization date of hedged items.

Based on the hedging arrangements, the Group's exposure to interest rate risks breaks down as follows:

In € millions *Year ended March 31,*	**2010**				**2009**			
	Before hedging		**After hedging**		**Before hedging**		**After hedging**	
	Base	**Average interest rate**	**Base**	**Average interest rate**	**Base**	**Average interest rate**	**Base**	**Average interest rate**
Fixed-rate financial assets and liabilities								
Fixed-rate financial assets	**1 688**	**3,0%**	**1 688**	**3,0%**	**2 800**	**3.9%**	**2 800**	**3.9%**
Perpetual subordinated loans	528	4,6%	536	4,6%	505	4.9%	507	4.8%
OCEANE (convertible bond)	964	4,0%	964	4,6%	393	2.8%	393	4.2%
Bonds	2 178	5,3%	1 150	5,2%	750	4.8%	750	4.8%
Other financial debts	2 226	5,2%	4 565	4,3%	2 126	5.5%	4 292	4.4%
Fixed-rate financial liabilities	**5 120**	**4,9%**	**7 215**	**4,5%**	**3 774**	**5.0%**	**5 942**	**4.4%**
Floating-rate financial assets and liabilities								
Floating-rate financial assets	**3 420**	**3,1%**	**3 420**	**3,1%**	**2 466**	**4.3**	**2 466**	**4.3%**
Bonds	-	-	300	6,4%	-	-	-	-
Other financial debts	5 927	2,4%	3 532	2,6%	5 443	4.4%	3 275	4.4%
Bank overdraft	116	0,1%	116	0,3%	282	-	282	-
Floating-rate financial liabilities	**6 043**	**2,4%**	**3 948**	**2,8%**	**5 725**	**4.4%**	**3 557**	**4.4%**

Exposure to exchange rate risk

Current operations:
Although the Group's reporting currency is the euro, some of its revenues and costs are denominated in other currencies, such as the US dollar, the yen, the pound sterling and the Swiss franc. The Group's policy is to reduce the exchange risks by hedging. Hedging is achieved through forward sales or purchase contracts and/or option-based strategies.

Acquisition of flight equipment:
Capital expenditure on flight equipment is denominated in US dollars. The Group hedges this exchange risk via forward purchases and/or option-based strategies.

Long-term debt and capital leases:
A small portion of the debt is denominated in foreign currencies so as to diversify the sources of funding and take into account cash surpluses generated in various currencies. In order to hedge against the risk of exchange rate fluctuations on debt and capital leases, currency rate swaps are used. This is a micro-hedging mechanism matched specifically to the borrowing to which it relates.

Nominal amounts of forward currency hedges and swaps are shown below, based on the nature of the hedging transaction.

-
- **Year ended March 31, 2010**

In € millions		Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
				1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Exchange risk (cash flow hedging of operating flows)		**3 297**	**2 380**	**818**	**50**	**28**	**15**	**6**	**83**
Exchange rate options									
US Dollar		1 523	1 033	490	-	-	-	-	62
Yen		155	100	55	-	-	-	-	(5)
Other currencies		126	100	26	-	-	-	-	-
Forward purchases									
US Dollar		858	642	132	35	28	15	6	34
Forward sales									
US Dollar		33	33	-	-	-	-	-	-
Yen		165	102	57	6	-	-	-	(2)
Pound sterling		156	121	35	-	-	-	-	1
Norwegian Krone		107	107	-	-	-	-	-	(2)
Swiss franc		36	36	-	-	-	-	-	(1)
Other currencies		102	102	-	-	-	-	-	(3)
Others									
US Dollar		36	4	23	9	-	-	-	(1)
Exchange risk (Fair value hedging of flight equipment acquisition)		**2 129**	**850**	**573**	**405**	**45**	**53**	**203**	**26**
Forward purchases	US Dollar	2 077	825	546	405	45	53	203	23
Exchange rate options	US Dollar	52	25	27	-	-	-	-	3
Exchange risk (trading)		**163**	**84**	**7**	**-**	**-**	**-**	**72**	**1**
Forward purchases	US Dollar	49	42	7	-	-	-	-	-
Exchange rate options	US Dollar	42	42	-	-	-	-	-	1
Other	US Dollar	72	-	-	-	-	-	72	-
Total		**5 589**	**3 314**	**1 398**	**455**	**73**	**68**	**281**	**110**

- **Year ended March 31, 2009**

In € millions		Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
				1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Exchange risk (cash flow hedging of operating flows)		**1 643**	**1 159**	**288**	**153**	**20**	**11**	**12**	**10**
Exchange rate options									
US Dollar		74	47	27	-	-	-	-	2
Yen		220	122	64	34	-	-	-	(20)
Other currencies		102	90	12	-	-	-	-	5
Forward purchases									
US Dollar		323	179	68	41	12	11	12	5
Forward sales									
US Dollar		143	109	34	-	-	-	-	(16)
Yen		207	74	79	54	-	-	-	(4)
Pound sterling		225	225	-	-	-	-	-	21
Norwegian Krone		111	111	-	-	-	-	-	5
Swiss franc		49	49	-	-	-	-	-	-
Other currencies		110	110	-	-	-	-	-	7
Others									
US Dollar		40	4	4	24	8	-	-	7
Yen		39	39	-	-	-	-	-	(2)
Exchange risk (Fair value hedging of flight equipment acquisition)		**2 070**	**960**	**658**	**178**	**51**	**8**	**215**	**40**
Forward purchases									
US Dollar		1 972	922	626	150	51	8	215	33
Exchange rate options of US Dollar		98	38	32	28	-	-	-	7
Exchange risk (trading)		**204**	**204**	**-**	**-**	**-**	**-**	**-**	**5**
Forward purchases	US Dollar	130	130	-	-	-	-	-	3
Exchange rate options	US Dollar	51	51	-	-	-	-	-	3
Other	US Dollar	23	23	-	-	-	-	-	(1)
Total		**3 917**	**2 323**	**946**	**331**	**71**	**19**	**227**	**55**

Within the framework of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization dates of the hedged items.

Commodity risk linked to fuel prices

In the normal course of its business, the Group conducts transactions on petroleum product markets in order to effectively manage the risks related to the purchases of fuel.

The nominal amounts of the Group's commitments on the crude and refined oil markets are shown below:

- **Year ended March 31, 2010**

In € millions	Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Commodity risk (cash flow hedging operating flows)	**5 214**	**3 252**	**1 242**	**720**	**-**	**-**	**-**	**(646)**
Swap	92	92	-	-	-	-	-	3
Options	5 122	3 160	1 242	720	-	-	-	(649)
Commodity risk (trading)	**32**	**32**	**-**	**-**	**-**	**-**	**-**	**(4)**
Swap	-	-	-	-	-	-	-	-
Options	32	32	-	-	-	-	-	(4)
Total	**5 246**	**3 284**	**1 242**	**720**	**-**	**-**	**-**	**(650)**

- **Year ended March 31, 2009**

In € millions	Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Commodity risk (cash flow hedging operating flows)	**6 214**	**2 548**	**1 329**	**1 480**	**857**	**-**	**-**	**(2 376)**
Swap	106	103	3	-	-	-	-	(33)
Options	6 108	2 445	1 326	1 480	857	-	-	(2 343)
Commodity risk (trading)	**232**	**203**	**29**	**-**	**-**	**-**	**-**	**(234)**
Swap	105	105	-	-	-	-	-	(76)
Options	127	98	29	-	-	-	-	(158)
Total	**6 446**	**2 751**	**1 358**	**1 480**	**857**	**-**	**-**	**(2 610)**

Within the framework of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization dates of hedged items.

32.3. Market value of financial instruments

Market values are estimated for most of the Group's financial instruments using a variety of valuation methods, such as discounted future cash flows. However, the methods and assumptions used to provide the information set out below are theoretical in nature. They bear the following inherent limitations:

- Estimated market values cannot take into consideration the effect of subsequent fluctuations in interest or exchange rates,
- Estimated amounts as of March 31, 2010 and 2009 are not indicative of gains and/or losses arising upon maturity or in the event of cancellation of a financial instrument.

The application of alternative methods and assumptions may, therefore, have a significant impact on the estimated market values.

The methods used are as follows:

- *Cash, trade receivables, other receivables, short-term bank facilities, trade payables and other payables :*
  The Group believes that, due to their short-term nature, net book value can be deemed a reasonable approximation of market value.

- *Marketable securities, investments and other securities:*
  The market value of securities is determined based mainly on the market price or the prices available on other similar securities. Where no comparable exists, the Group uses their book value, which is deemed a reasonable approximation of market value in this instance.

- *Borrowings, other financial debts and loans:*
  The market value of fixed and floating-rate loans and financial debts is determined based on discounted future cash flows at market interest rates for instruments with similar features.

- *Off balance-sheet instruments:*
  The market value of off-balance-sheet instruments corresponds to the amounts payable or receivable were the positions to be closed out as of March 31, 2010 and 2009 calculated using the year-end market rate.

Market values calculated in this way are shown in the table below:

In € millions	March 31, 2010		March 31, 2009	
	Net book value	**Estimated market value**	**Net book value**	**Estimated market value**
Financial assets				
Financial assets available for sale				
Shares	54	54	46	46
Assets at fair value through profit and loss				
Marketable securities	343	343	432	432
Loans and receivables				
Loans				
Fixed-rate	299	323	353	392
Floating-rate	115	113	99	98
Interest rate derivative instruments				
Interest rate swaps	15	15	13	13
Exchange rate derivative instruments				
Exchange rate options	88	88	52	52
Forward currency contracts	126	126	142	142
Currency swaps	-	-	6	6
Commodity derivative instruments				
Petroleum swaps and options	280	280	811	811
Trade accounts receivables	2 142	2 142	2 038	2 038
Other assets (except derivatives instruments)	650	650	676	676
Cash and cash equivalents				
Cash equivalents	3 294	3 294	3 418	3 418
Cash in hand	457	457	330	330
Financial liabilities				
Debt measured at amortized cost				
Bonds (*)				
Fixed-rate	2 414	2 859	1 143	1 037
Perpetual subordinated loans	528	536	505	507
Other borrowings and financial debt				
Fixed-rate	2 178	2 123	2 090	2 034
Variable-rate	5 927	5 818	5 479	5 377
Derivatives				
Interest rate derivative instruments				
Interest rate swaps	141	141	108	108
Exchange derivative instruments				
Exchange rate options	27	27	55	55
Forward currency contracts	76	76	87	87
Currency swaps	1	1	3	3
Commodity derivative instruments				
Petroleum swaps and options	930	930	3 421	3 421
Other debt				
Trade accounts payable	2 032	2032	1 887	1 887
Deferred revenue on ticket sales	2 340	2 340	2 131	2 131
Frequent flyer programs	840	840	917	917
Other liabilities (except derivatives instruments)	2 240	2 240	2 818	2 818

(*) the fixed rate bonds comprise the OCEANE (convertible bonds) issued in April 2005 and in June 2009, as well as € 750 million of bonds issued in September 2006 and April 2007 by Air France and of € 700 million of bonds issued in October 2009 by Air France-KLM.

<u>OCEANE issued in April 2005:</u> The market value of € 467 million, was determined based on the bond's market price as of March 31, 2010. This market value includes the fair value of the debt component (amount of € 397 million in the financial statements as of March 31, 2010) as well as the fair value of the conversion option recorded in equity for € 53 million.

<u>OCEANE issued in June 2009:</u> The market value of € 886 million, was determined based on the bond's market price as of March 31, 2010. This market value includes the fair value of the debt component (amount of € 567 million in the financial statements as of March 31, 2010) as well as the fair value of the conversion option recorded in equity for € 94 million.

<u>Bond issued in September 2006 and April 2007</u>: the characteristics of this bond are described in note 30.3. The

market value is € 760 million.
Bond issued in October 2009: the characteristics of this bond are described in note 30.3. The market value is € 746 million.

32.4. Valuation methods for financial assets and liabilities at their fair value

As of March 31, 2010, the breakdown of the Group's financial assets and liabilities is as follows based on the three classification level (see note 3.10.7):

In € millions	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets available for sale				
Shares	15	39	-	**54**
Assets at fair value through profit and loss				
Marketable securities	-	343	-	**343**
Cash equivalents	3 294	-	-	**3 294**
Derivatives instruments asset)				
Interest rate derivatives	-	15	-	**15**
Currency exchange derivatives	-	214	-	**214**
Commodity derivatives	-	280	-	**280**

Financial liabilities at fair value comprise negative values of derivative instruments of interest rates, foreign exchange and commodities as well as the debt revalued in accordance with fair value hedge,, valuations classified of level 2.

32.5. Sensitivity

The sensitivity is calculated solely on the valuation of derivatives at the closing date of each period presented.
The shock range has been judged reasonable and realistic by the Group management. The shock hypotheses used are coherent with those applied in the prior period.

The impact on equity corresponds to the sensitivity of effective fair value variations for instruments documented in the hedged cash flow (options intrinsic value, fair value of closed instruments). The impact on the income statement corresponds to the sensitivity of ineffective fair value variations of hedged instruments (principally time value of options) and fair value variations of transactions instruments.

For fuel and currency, the downward and upward sensitivities are not symmetrical when taking into account the utilization, in respect of the policy of optional hedged instruments in which the risk profile is not linear.

Fuel hedge sensitivity

The impact on "income before tax " and on the "gains/(losses) taken to equity" of a +/- USD 10 variation in the price of a barrel of Brent is presented below:

In € millions	**March 31, 2010**		**March 31, 2009**	
	Increase of USD 10 per barrel of Brent	**Decrease of USD 10 per barrel of Brent**	**Increase of USD 10 per barrel of Brent**	**Decrease of USD 10 per barrel of Brent**
Income before tax	(121)	122	(147)	25
Gains / (losses) taken to equity	586	(582)	746	(626)

Currency hedge sensitivity

The value in euros of all monetary assets and liabilities is presented below:

In € millions	**Monetary assets**		**Monetary liabilities**	
	March 31, 2010	**March 31, 2009**	**March 31, 2010**	**March 31, 2009**
US dollar	464	537	1 307	1 248
Pound sterling	33	17	-	5
Yen	10	2	298	239
Swiss franc	7	2	293	279
Canadian dollar	11	7	1	2

The amounts of monetary assets and liabilities disclosed above do not include the effect of the revaluation of assets and liabilities documented in fair value hedged.

The impact on " income before tax " and on "gains/(losses) taken to equity" of a 10% strengthening of the foreign currencies relative to the euro is presented below:

In € millions	**US dollar**		**Pound sterling**		**Yen**	
At March 31	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Income before tax	(54)	(31)	2	3	(35)	(22)
Gains / (losses) taken to equity	327	18	(18)	(21)	(24)	(28)

The impact of the change in fair value of currency derivatives on " income before tax " and on "gains/(losses) taken to equity" of a 10% weakening of the foreign currencies relative to the euro is presented below:

In € millions	**US dollar**		**Pound sterling**		**Yen**	
At March 31	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Income before tax	4	33	(2)	(3)	30	19
Gains / (losses) taken to equity	(209)	(3)	16	20	21	26

Interest rate sensitivity

The group is exposed to the risk of interest rate variation. A 100 basis point variation in interest rates would have an impact of € 3 million on the financial charges for the year ending March 31, 2010 versus € 7 million for the year ending March 31, 2009.

33. LEASE COMMITMENTS

33.1. Capital leases

The debt related to capital leases is detailed in note 30.

34.2. Operating leases

The minimum future payments on operating leases are as follows:

In € millions **Year ended March 31,**	**Minimum lease payments**	
	2010	**2009**
Flight equipment		
Due dates		
Y+1	848	775
Y+2	735	686
Y+3	635	517
Y+4	512	447
Y+5	441	369
Over 5 years	1 441	1 152
Total	**4 612**	**3 946**
Buildings		
Due dates		
Y+1	203	217
Y+2	191	218
Y+3	185	216
Y+4	179	218
Y+5	159	220
Over 5 years	1 036	349
Total	**1 953**	**1 438**

The expense relating to operating leases for flight equipment amounted to € 721 million for the year ended March 31, 2010 and to €646 million for the year ended March 31, 2009.
The Group may sub-lease flight equipment and buildings. The revenue generated by this activity is not significant for the Group.

34. FLIGHT EQUIPMENT ORDERS

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

In € millions **Year ended March 31,**	**2010**	**2009**
Y+1	1 065	1 391
Y+2	1 279	1 426
Y+3	640	1 128
Y+4	401	456
Y+5	101	-
Total	**3 486**	**4 401**

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 March 31, 2010 decreased by 27 units compared with March 31, 2009 to 76 units. The number of options is stable in comparison with March 31, 2009 to 58 units. These movements can be explained by:

- the delivery of 26 aircraft over the period;
- one new order.

Long-haul fleet

Passenger

The Group took delivery of 6 Boeing B777s. Concerning this same aircraft type, the Group did not place any firm order.
The Group has also placed a new firm order for A330. Lastly, the Group took delivery of 2 A380s.

Cargo

The Group took delivery of 2 Boeing B777F.

Medium-haul fleet

The Group took delivery of 3 Boeing B737s and 1 Airbus A321. It converted 4 firm orders for A321s into A320s.

Regional fleet

The Group took delivery of 4 Embraer 170 and 8 Embraer 190. It also converted one firm orders for Embraer 190 into Embraer 170.

The Group's commitments concern the following aircraft:

Aircraft type		To be delivered in	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond Y+5	Total
Long-haul fleet – passenger									
A380	As of March 31, 2010	Firm orders	2	2	2	3	1	-	**10**
		Options	-	-	-	*1*	*1*	-	*2*
	As of March 31, 2009	Firm orders	3	4	3	2	-	-	**12**
		Options	-	-	*1*	*1*	-	-	***2***
A330	As of March 31, 2010	Firm orders	1	-	-	-	-	-	**1**
		Options	-	*1*	*1*	-	-	-	***2***
	As of March 31, 2009	Firm orders	-	-	-	-	-	-	**-**
		Options	-	-	*1*	*1*	-	-	***2***
B777	As of March 31, 2010	Firm orders	3	3	7	2	-	-	**15**
		Options	-	*1*	*4*	*4*	*3*	-	*12*
	As of March 31, 2009	Firm orders	6	5	6	4	-	-	**21**
		Options	-	-	*4*	*6*	*2*	-	***12***
Long-haul fleet – cargo									
B777 F	As of March 31, 2010	Firm orders	-	1	-	-	-	-	**1**
		Options	-	-	*1*	2	-	-	*3*
	As of March 31, 2009	Firm orders	2	1	-	-	-	-	**3**
		Options	-	-	-	*1*	*2*	-	***3***
Medium-haul fleet									
A320	As of March 31, 2010	Firm orders	1	12	1	-	-	-	**14**
		Options	-	-	*2*	*5*	*3*	-	*10*
	As of March 31, 2009	Firm orders	-	1	9	-	-	-	**10**
		Options	-	-	-	*8*	*2*	-	***10***
A321	As of March 31, 2010	Firm orders	-	1	-	-	-	-	**1**
		Options	-	-	-	-	-	-	**-**
	As of March 31, 2009	Firm orders	1	2	3	-	-	-	**6**
		Options	-	-	-	-	-	-	**-**
B737	As of March 31, 2010	Firm orders	6	5	2	-	-	-	**13**
		Options	-	*1*	*3*	*5*	*2*	-	*11*
	As of March 31, 2009	Firm orders	3	7	4	2	-	-	**16**
		Options	-	-	*1*	*3*	*4*	*3*	***11***
Regional fleet									
Emb 170	As of March 31, 2010	Firm orders	3	-	-	-	-	-	**3**
		Options	-	3	*3*	4	-	-	*10*
	As of March 31, 2009	Firm orders	4	2	-	-	-	-	**6**
		Options	-	*2*	*7*	*1*	-	-	***10***
Emb 190	As of March 31, 2010	Firm orders	4	-	-	-	-	-	**4**
		Options	-	2	2	2	-	-	*6*
	As of March 31, 2009	Firm orders	8	5	-	-	-	-	**13**
		Options	-	*1*	*3*	*2*	-	-	***6***
CRJ 1000	As of March 31, 2010	Firm orders	6	4	4	-	-	-	**14**
		Options	-	-	-	*1*	*1*	-	*2*
	As of March 31, 2009	Firm orders	2	4	4	4	-	-	**14**
		Options	-	*2*	-	-	-	-	***2***

35. OTHER COMMITMENTS

35.1. Commitments made

In € millions **Year ended March 31,**	**2010**	**2009**
Call on investment securities	1	1
Put on investment securities	(2)	(2)
Warranties, sureties and guarantees	79	92
Mortgaged or secured assets	6 076	5 546
Other purchase commitments	148	229

The restrictions and pledges as of March 31, 2010 were as follows:

In € millions	**Starting date of pledge**	**End of pledge**	**Amount pledged**	**NBV of balance sheet entry concerned**	**Corresponding %**
Intangible assets	-	-	-	612	-
Tangible assets	December 1999	December 2021	7 289	13 601	53.59 %
Other financial assets	September 1986	April 2020	768	1 357	56.60 %
Total			**8 057**	**15 570**	**51.75 %**

35.2. Commitments received

In € millions **Year ended March 31,**	**2010**	**2009**
Warranties, sureties and guarantees	215	219

Warranties, sureties and guarantees are principally comprised of letters of credit from financial institutions.

36. Related parties

36.1. Transactions with the principal executives

Directors and their relatives hold less than 0.05% of the voting rights.

Advantages granted to the two principal executives are detailed as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Short term benefits	1.2	2.4
Post employment benefits	0.9	7.9
Total	**2.1**	**10.3**

Directors' fees paid during the year ended March 31, 2010 in respect of attendance at Board meetings during the year ended March 31, 2009, amounted to € 0.6 million.

36.2. Transactions with other related parties

The total amounts of transactions with related parties for the financial years ended March 31, 2010 and 2009 are as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Assets		
Net trade accounts receivable	176	111
Other current assets	10	2
Other non-current assets	5	17
Total	**191**	**130**
Liabilities		
Trade accounts payable	171	119
Other current liabilities	51	44
Other long-term liabilities	48	53
Total	**270**	**216**

In € millions **Year ended March 31,**	**2010**	**2009**
Net sales	258	144
Landing fees and other rents	(473)	(609)
Other selling expenses	(111)	(125)
Passenger service	(62)	(131)
Other	(46)	(46)
Total	**(434)**	**(767)**

As a part of its normal business, the Group enters into transactions with related parties including transactions with State-owned and governmental entities such as the Defense Ministry, the Paris Airport Authority ("Aéroports de Paris", or "ADP") and the French civil aviation regulator ("DGAC"). Air France-KLM considers that such transactions are concluded on terms equivalent to those of transactions with third parties. The most significant transactions are described below:

Aéroport De Paris (ADP)

- Land and property rental agreements
- Airport and passenger related fee arrangements.

In addition, ADP collects airport landing fees on behalf of the French State.

Total expenses incurred by the Group in connection with the above mentioned arrangements amounted to € 456 million and €648 million for the periods ended March 31, 2010 and 2009.

Defense Ministry

Air France-KLM has entered into contracts with the French Defense Ministry to maintain certain aircraft of the French Air Force. The net revenue derived from such arrangements amounted to € 55 million for the year ended March 31, 2010 and €63 million for the year ended March 31, 2009.

DGAC

The civil aviation regulator is the French State service organization, which manages security and safety in French air space. As a result, the DGAC charges fees to Air France-KLM for the use of installations and services amounting to € 108 million for the year ended March 31, 2010 and €123 million for the year ended March 31, 2009.

Transactions with equity affiliates

During the financial year, Air France-KLM executed transactions with equity affiliates. The principal transaction concerned WAM Acquisition (ex Amadeus GTD). For the year ended March 31, 2010, total transactions with WAM Acquisition amounted to a revenue of € 100 million (compared with €101 million for the year ended March 31, 2009) and a cost of € 184 million (compared with €199 million for the year ended March 31, 2009).
The Group also conducted business with Martinair until December 31, 2008. The revenues resulting from this activity with Martinair amounted to € 12 million for the year ended March 31, 2009. Moreover, the Group contracted Martinair's services whose total cost until December 31, 2008 amounted to € 13 million for the year ended March 31, 2009.
The amount of transactions made with Alitalia represents for the Group a revenue of € 106 million and a cost of € 10 million for the year ended March 31, 2010.

37. CASH FLOW STATEMENT

37.1. Acquisition of subsidiaries and investments

Net cash disbursements related to the acquisition of subsidiaries and investments in associates were as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Cash disbursement for acquisitions	(16)	(376)
Cash from acquired subsidiaries	(2)	28
Net cash disbursement	**(18)**	**(348)**

- **Year ended March 31, 2010**

During the year ended March 31, 2010, there is no significant acquisition of subsidiaries and investments.

- **Year ended March 31, 2009**

The cash disbursement relating to acquisitions corresponds mainly to the purchase of 25% of the Alitalia share capital for € 330 million and 50% of the Martinair shares for €10 million.

37.2. Disposal of subsidiaries

Net proceeds from the disposal of subsidiaries can be analyzed as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Proceeds from disposals	3	17
Cash of disposed subsidiaries	-	(1)
Net proceeds from disposals	**3**	**16**

- **Year ended March 31, 2010**

During the year ended March 31, 2010, there is no significant disposal of subsidiaries.

- **Year ended March 31, 2009**

Net proceeds from disposals mainly correspond to the sale of Reenton shares in return for € 4 million and Opodo shares for € 5 million.

37.3. Non cash transactions

During the years ended March 31, 2010 and 2009, there were no significant non-cash transactions.

38. FEES OF STATUTORY AUDITORS

In € millions	KPMG			
As of March 31,	**2010**		**2009**	
	Amount	**%**	**Amount**	**%**
Audit				
Statutory audit, certification, review of stand-alone and consolidated accounts	3.8	97%	4.3	98%
- Air France-KLM SA	*0.8*		*0.8*	
- Consolidated subsidiaries	*3.0*		*3.5*	
Other accessory services and other audit services	-	-	-	-
- Air France-KLM SA	-	-	-	-
- Consolidated subsidiaries	-	-	-	-
Sub-total	**3.8**	**97%**	**4.3**	**98%**
Other services				
Legal, tax and corporate	0.1	3%	0.1	2%
Information technology	-	-	-	-
Internal audit	-	-	-	-
Others	-	-	-	-
Total Air France-KLM	**3.9**	**100%**	**4.4**	**100%**

In € millions	Deloitte & Associés			
As of March 31,	**2010**		**2009**	
	Amount	**%**	**Amount**	**%**
Audit				
Statutory audit, certification, review of stand-alone and consolidated accounts	4,0	100%	4.0	98%
- Air France-KLM SA	*1.1*		*0.7*	
- Consolidated subsidiaries	*2.9*		*3.3*	
Other accessory services and other audit services	-	-	-	-
- Air France-KLM SA	-	-	-	-
- Consolidated subsidiaries	-	-	-	-
Sub-total	**4.0**	**100%**	**4.0**	**98%**
Other services				
Legal, tax and corporate	-	-	0.1	2%
Information technology	-	-	-	-
Internal audit	-	-	-	-
Others	-	-	-	-
Total Air France-KLM	**4.0**	**100%**	**4.1**	**100%**

39. CONSOLIDATION SCOPE AS OF MARCH 31, 2010

The scope includes 153 fully consolidated entities and 25 equity affiliates

39.1. Consolidated entities

Entity	Country	Segment	% interest	% control
AIR FRANCE SA	France	Multisegment	100	100
KLM N.V.	Netherlands	Multisegment	99	49
MARTINAIR	Netherlands	Multisegment	99	49
AIR FRANCE SERVICES LTD	United Kingdom	Passenger	100	100
AIR France GROUND HANDLING INDIA PVT LTD	India	Passenger	51	51
BLUE LINK (EX FREQUENCE PLUS SERVICES)	France	Passenger	100	100
BLUELINK INTERNATIONAL AUSTRALIA	Australia	Passenger	100	100
BRIT AIR	France	Passenger	100	100
CITY JET	Ireland	Passenger	100	100
CYGNIFIC (UK) LIMITED	United Kingdom	Passenger	99	49
CYGNIFIC B.V.	Netherlands	Passenger	99	49
IAS ASIA INCORPORATED	Philippines	Passenger	99	49
IASA INCORPORATED	Philippines	Passenger	99	49
ICARE	France	Passenger	100	100
INTERNATIONAL AIRLINE SERVICES EUROPE LIMITED	United Kingdom	Passenger	99	49
INTERNATIONAL AIRLINE SERVICES LIMITED	United Kingdom	Passenger	99	49
INTERNATIONAL AIRLINE SERVICES OFFSHORE LIMITED	United Kingdom	Passenger	99	49
INTERNATIONAL MARINE AIRLINE SERVICES LIMITED	United Kingdom	Passenger	99	49
INTERNATIONAL MARINE AIRLINE SERVICES LIMITED LIABILITY COMPANY	United-States	Passenger	99	49
KLM CITYHOPPER B.V.	Netherlands	Passenger	99	49
KLM CITYHOPPER UK LTD	United Kingdom	Passenger	99	49
COBALT (ex KLM GROUND SERVICES LIMITED)	United Kingdom	Passenger	99	49
KLM LUCHTVAARTSCHOOL B.V.	Netherlands	Passenger	99	49
LYON MAINTENANCE	France	Passenger	100	100
REGIONAL COMPAGNIE AERIENNE EUROPEENNE	France	Passenger	100	100
SOCIETE D'EXPLOITATION AERONAUTIQUE	France	Passenger	100	100
STICHTING STUDENTENHUISVESTING VLIEGVELD EELDE	Netherlands	Passenger	99	49
TEAMTRACKERS SA	France	Passenger	100	100
TEAMTRACKERS SRO	Czech Rep.	Passenger	100	100
VLM AIRLINES NV	Belgium	Passenger	100	100
BLUE CROWN B.V.	Netherlands	Cargo	99	49
MEXICO CARGO HANDLING	Mexico	Cargo	100	100
SODEXI	France	Cargo	75	75
AIR FRANCE INDUSTRIE US	United-States	Maintenance	100	100
CRMA	France	Maintenance	100	100
EUROPEAN PNEUMATIC COMPONENT OVERHAUL AND REPAIR (EPCOR) B.V.	Netherlands	Maintenance	99	49
KLM UK ENGINEERING LIMITED	United Kingdom	Maintenance	99	49
AEROMAINTENANCE GROUP	United-States	Maintenance	82	82
TURBINE SUPPORT INTERNATIONAL LLC	United-States	Maintenance	60	60

Entity	Country	Segment	% interest	% control
ACNA	France	Other	98	100
ACSAIR	France	Other	50	51
AEROFORM	France	Other	98	100
AFRIQUE CATERING	France	Other	50	51
AIDA	Mauritius	Other	77	77
AIR CHEF	Italy	Other	49	50
AIR FRANCE FINANCE	France	Other	100	100
AIR FRANCE FINANCE IRELAND	Ireland	Other	100	100
AIR FRANCE PARTNAIRS LEASING N.V.	Dutch Antilles	Other	45	45
AIR UK LEASING LIMITED	United Kingdom	Other	99	49
AIRPORT MEDICAL SERVICES B.V.	Netherlands	Other	79	39
AIRPORT MEDICAL SERVICES C.V.	Netherlands	Other	79	39
ALL AFRICA AIRWAYS	Mauritius	Other	80	80
AMSTERDAM SCHIPOL PIJPLEIDING BEHEER B.V.	Netherlands	Other	59	29
AMSTERDAM SCHIPOL PIJPLEIDING C.V.	Netherlands	Other	72	49
BASE HANDLING	France	Other	98	100
BLUE YONDER IX B.V.	Netherlands	Other	99	49
BLUE YONDER X B.V.	Netherlands	Other	99	49
BLUE YONDER XII B.V.	Netherlands	Other	99	49
BLUE YONDER XIII B.V.	Netherlands	Other	99	49
BLUE YONDER XIV B.V.	Netherlands	Other	99	49
BLUE YONDER XV	Netherlands	Other	99	49
BRUNEAU PEGORIER	France	Other	98	100
CARI	France	Other	98	100
CATERING FDF	France	Other	98	100
CATERING PTP	France	Other	98	100
CELL K16 INSURANCE COMPANY	United Kingdom	Other	99	0
CENTRE DE PRODUCTION ALIMENTAIRE	France	Other	98	100
CULIN'AIR PARIS	France	Other	98	100
DAKAR CATERING	Senegal	Other	64	65
ETS EQUIPMENT TECHNO SERVICES	Netherlands	Other	99	49
EUROPEAN CATERING SERVICES	United-States	Other	98	100
GIE JEAN BART	France	Other	10	10
GIE SERVCENTER	France	Other	98	100
GIE SURCOUF	France	Other	100	100
HANDICAIR	France	Other	98	100
HEESWIJK HOLDING B.V.	Netherlands	Other	99	49
JET CHEF	France	Other	98	100
KES AIRPORT EQUIPMENT FUELLING B.V.	Netherlands	Other	99	49
KES AIRPORT EQUIPMENT LEASING B.V.	Netherlands	Other	99	49
KLM AIRLINE CHARTER B.V.	Netherlands	Other	99	49
KLM CATERING SERVICES SCHIPOL B.V.	Netherlands	Other	99	49
KLM EQUIPMENT SERVICES B.V.	Netherlands	Other	99	49
KLM FINANCIAL SERVICES B.V.	Netherlands	Other	99	49
KLM FLIGHT CREW SERVICES GMBH	Germany	Other	99	49
KLM HEALTH SERVICES B.V.	Netherlands	Other	99	49
KLM INTERNATIONAL CHARTER B.V.	Netherlands	Other	99	49
KLM INTERNATIONAL FINANCE COMPANY B.V.	Netherlands	Other	99	49
KLM OLIEMAATSCHAPPIJ B.V.	Netherlands	Other	99	49

Entity	Country	Segment	% interest	% control
KLM UK HOLDINGS LIMITED	United Kingdom	Other	99	49
KLM UK LIMITED	United Kingdom	Other	99	49
KROONDUIF B.V.	Netherlands	Other	99	49
LYON AIR TRAITEUR	France	Other	98	100
MALI CATERING	Mali	Other	70	99
INTERNATIONALE FINANCIERING EN MANAGEMENT MAATSCHAPPIJ B.V.	Netherlands	Other	99	49
MARTINIQUE CATERING	France	Other	91	93
MAURITANIE CATERING	Mauritania	Other	25	51
O'FIONNAGAIN HOLDING COMPANY LIMITED	Ireland	Other	100	100
ORION-STAETE B.V.	Netherlands	Other	99	49
ORLY AIR TRAITEUR	France	Other	98	100
OUAGADOUGOU CATERING SERVICES	Burkina	Other	98	100
PASSERELLE	France	Other	98	100
PASSERELLE CDG	France	Other	64	66
PELICAN	Luxembourg	Other	100	100
PMAIR	France	Other	50	51
PRESTAIR	France	Other	98	100
PYRHELIO-STAETE B.V.	Netherlands	Other	99	49
QUASAR-STAETE B.V.	Netherlands	Other	99	49
RIGEL-STAETE B.V.	Netherlands	Other	99	49
ROSC LIMITED	United Kingdom	Other	99	49
SAVEUR DU CIEL	France	Other	98	100
SENCA	Senegal	Other	32	51
SEREP	Senegal	Other	57	59
SERVAIR (Cie d'exploitation des services auxiliaires aériens)	France	Other	98	98
SERVAIR ABIDJAN	Ivory Coast	Other	74	76
SERVAIR SATS	Singapore	Other	50	51
SERVANTAGE	France	Other	98	100
SERVASCO	Macao	Other	59	60
SERVCLEANING	France	Other	98	100
SERVLING	France	Other	98	100
SESAL	Gabon	Other	54	55
SKYCHEF	Seychelles	Other	54	55
SKYLOGISTIC	France	Other	98	100
SOCIETE D'INVESTISSEMENT AEROPORTUAIRE	France	Other	98	100
SOGRI	France	Other	95	97
SORI	France	Other	49	50
SPECIAL MEALS CATERING	France	Other	98	100
SPICA-STAETE B.V.	Netherlands	Other	99	49
STICHTING GARANTIEFONDS KLM LUCHTVAARTSCHOOL	Netherlands	Other	99	49
SYSTAIR	France	Other	98	100
TAKEOFF 1 LIMITED	Ireland	Other	100	100
TAKEOFF 2 LIMITED	Ireland	Other	100	100
TAKEOFF 3 LIMITED	Ireland	Other	100	100
TAKEOFF 4 LIMITED	Ireland	Other	100	100
TAKEOFF 5 LIMITED	Ireland	Other	100	100
TAKEOFF 6 LIMITED	Ireland	Other	100	100
TAKEOFF 7 LIMITED	Ireland	Other	100	100
TAKEOFF 8 LIMITED	Ireland	Other	100	100

Entity	Country	Segment	% interest	% control
TAKEOFF 9 LIMITED	Ireland	Other	100	100
TAKEOFF 10 LIMITED	Ireland	Other	100	100
TAKEOFF 11 LIMITED	Ireland	Other	100	100
TAKEOFF 12 LIMITED	Ireland	Other	100	100
TAKEOFF 13 LIMITED	Ireland	Other	100	100
TAKEOFF 14 LIMITED	Ireland	Other	100	100
TAKEOFF 15 LIMITED	Ireland	Other	100	100
TAKEOFF 16 LIMITED	Ireland	Other	100	100
TOULOUSE AIR TRAITEUR	France	Other	98	100
TRANSAVIA AIRLINES B.V.	Netherlands	Other	99	49
TRANSAVIA AIRLINES C.V.	Netherlands	Other	99	49
TRANSAVIA DENMARK APS	Denmark	Other	99	49
TRANSAVIA FRANCE	France	Other	99	100
TRAVEL INDUSTRY SYSTEMS B.V.	Netherlands	Other	99	49
UILEAG HOLDING COMPANY LIMITED	Ireland	Other	100	100
WEBLOK B.V.	Netherlands	Other	99	49

39.2. Equity affiliates

Entity	Country	Segment	% interest	% control
AEROLIS	France	Passenger	50	50
ALITALIA	Italy	Passenger	25	25
FINANCIERE LMP	France	Passenger	20	20
HEATHROW CARGO HANDLING	United Kingdom	Cargo	50	50
CSC INDIA	India	Cargo	49	24
SPAIRLINERS	Germany	Maintenance	50	50
DOUAL'AIR	Cameroon	Other	25	25
FLYING FOOD CATERING	United-States	Other	48	49
FLYING FOOD MIAMI	United-States	Other	48	49
FLYING FOOD SAN FRANCISCO	United-States	Other	43	44
FLYING FOOD SERVICES	United-States	Other	48	49
GUANGHOU NANLAND CATERING COMPANY	China	Other	24	25
INTERNATIONAL AEROSPACE MANAGEMENT COMPANY S.C.R.L.	Italy	Other	20	10
KENYA AIRWAYS LIMITED	Kenya	Other	26	13
LOGAIR	France	Other	49	50
LOME CATERING SA	Togo	Other	17	35
MACAU CATERING SERVICES	Macao	Other	17	34
MAINPORT INNOVATION FUND N.V.	Netherlands	Other	25	12
NEWREST SERVAIR UK LTD	United Kingdom	Other	39	40
PAVILLON D'OC TRAITEUR	France	Other	98	100
PRIORIS	France	Other	33	34
SCHIPOL LOGISTICS PARK C.V.	Netherlands	Other	52	26
SERVAIR EUREST	Spain	Other	34	35
TERMINAL ONE GROUPE ASSOCIATION	United-States	Other	25	25

Entity	Country	Segment	% interest	% control
WAM	Spain	Other	22	22