

AIR FRANCE-KLM

Public limited company (*société anonyme*) with share capital of 300,219,278 euros

Registered office: 2 Rue Robert Esnault Pelterie - 75007 Paris

Registered with the Paris Trade and Company Register no. 552 043 002

STATUTORY FINANCIAL STATEMENTS

Year ending December 31, 2016

CONFIDENTIAL

AIR FRANCE – KLM

INCOME STATEMENT

Year ending December 31,	Notes	2016	2015
<i>In € millions</i>			
Operating income	3	31	50
External expenses	4	(39)	(47)
Salaries and related costs		(2)	(2)
Other expenses		(1)	(1)
Total operating expenses		(42)	(50)
Income from current operations		(11)	-
Financial income		33	41
Financial expenses		(195)	(176)
Net financial income	6	(162)	(135)
Earnings before tax and non-recurring items		(173)	(135)
Non-recurring income		74	-
Non-recurring expenses		(73)	(1)
Non-recurring income/- (loss)		1	(1)
Income tax	7	11	11
Net income/(loss)		(161)	(125)

AIR FRANCE – KLM

BALANCE SHEET

Assets	Notes	December 31, 2016	December 31, 2015
<i>In € millions</i>			
Long-term investments	8	4,655	4,671
Loans & receivables related to long -term investment	8-12	489	692
Fixed assets		5,144	5,363
Trade receivables	12	26	28
Other receivables	12	26	45
Marketable securities	9	1,304	942
Cash		160	81
Prepaid expenses		6	8
Current assets		1,522	1,104
Amortisation of capital expenses		17	16
Bond redemption premium		2	2
Total Assets		6,685	6,485

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Liabilities & equity	Notes	December 31, 2015	December 31, 2014
<i>In € millions</i>			
Capital	<i>10.1</i>	300	300
Additional paid-in capital	<i>10.2</i>	2,971	2,971
Legal reserve		70	70
Reserves		177	302
Income for the year	<i>10.2</i>	(161)	(125)
Shareholders' equity	<i>10.2</i>	3,357	3,518
Other equity	<i>11</i>	600	600
Provision for risks & liabilities	<i>11-16</i>	2	-
Financial debt	<i>11</i>	2,252	2,321
Trade payable:	<i>12</i>	11	12
including trade payables and related accounts		10	11
including tax security and social debts		1	1
Other liabilities		463	34
Liabilities	<i>12</i>	2,726	2,367
Total Liabilities & equity		6,685	6,485

AIR FRANCE – KLM

NOTES

The following information constitutes the notes to the financial statements for the year ended December 31, 2016.

It is an integral part of the financial statements.

Air France KLM SA, a Public Limited Company (*société anonyme*) with registered office at 2 Rue Robert Esnault Pelterie 75007 Paris, is the parent company of the Air France-KLM Group. It is listed for trading in Paris (Euronext) and Amsterdam (Euronext).

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1. ACCOUNTING POLICIES AND PROCEDURES

Generally accepted accounting policies have been applied, consistent with the prudence principle and in accordance with the legal and regulatory provisions applicable in France and to the base assumptions whose aim is to provide a true and faithful representation of the company:

- going concern;
- consistent accounting methods from year to year;
- independence of financial periods;

and in accordance with the general rules for establishing and presenting annual financial statements.

The basic method used to value items recorded in the financial statements is the historical cost method.

THE MAIN METHODS USED ARE THE FOLLOWING:

Long-term investments

Investments in equity securities are presented on the balance sheet at their acquisition cost net of impairment, if any. A provision for impairment is recorded as soon as the fair value falls below that of the acquisition value. The fair value of securities is determined by taking into account the share of shareholders' equity, the outlook for profitability and the stock market values that can be used as a reference.

Transfer taxes, fees or commissions and legal fees related to the acquisition of securities are expensed, according to the option offered by the regulations.

Treasury shares not allocated to employees or to a capital decrease are booked in long-term investments. They are shown at the lower of their acquisition cost or fair value. The fair value is determined based on the average market price for the last month of the financial year.

Trade receivable

Trade receivables are valued at their nominal value. They are valued on a case-by-case basis and a provision is set up as required based on the assessed risks.

Marketable securities

Marketable securities are shown on the balance sheet at the lower of their acquisition cost and their market value. In the case of listed shares, this market value is determined based on the market price at the end of the financial year.

Treasury shares invested as part of a liquidity agreement are valued at the lower of their acquisition price and fair value. The fair value is determined based on the last month average market price at the end of the financial year.

Negotiable debt securities (certificates of deposits, and bills issued by financial companies) are booked at their acquisition cost. Interest is booked as financial income, on a-prorata temporis basis.

Foreign currency transactions

Operating expense and income transactions in foreign currencies are recognized at the average exchange rate for each relevant month.

Trade payable and receivable in foreign currencies are valued at the exchange rate in effect at December 31, 2016.

Unrealized losses and gains are recognized as assets and liabilities on the balance sheet. Provisions are established for unrealized losses, except for the following cases:

- transactions where the currency and the term contribute to an overall positive currency position and;
- currency hedging contracts concerning the payment of future investment deliveries.

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Debts

Debts are valued at their nominal amount. When fully hedged, debt in foreign currency is valued at hedged rate.

Financial instruments

Financial derivative instruments are used to reduce exposure to interest rates risk and to foreign exchange. They are over the counter instruments with first class counterpart. Group management policy bans subscription of trading instruments.

Dividends received

Dividends are recognized - when they are approved by the competent bodies in the companies (i.e.: the Board of Directors or the General Shareholders' Meeting depending on the local regulations) – or according to the terms of the bylaws.

2. SIGNIFICANT EVENTS OF THE PERIOD

On October 12, 2016, Air France –KLM has issued of a €400 million bond.

On December 15, 2016 Air France – KLM has issued senior notes by way of unlisted private placement for an amount of \$145 million.

These two issuances are detailed in note 11.

3. OTHER INCOME

This primarily involves royalties of €17 million paid by Air France and KLM at December 31, 2016 to use the “Air France-KLM” brand (€18 million as of December 31, 2015). It also encloses the provision of services paid by Air France and KLM for €13 million as of December 31, 2016 (including an adjustment of €(6) million on previous financial year), €31 million as of December 31, 2015.

4. EXTERNAL EXPENSES

In € millions

Period	2016	2015
Fees and surveys	12	12
Insurance	1	2
Sub-contracting and rents re-invoiced by Air France and KLM	21	28
Financial communication	2	2
Other	3	3
Total	39	47

During the financial year 2016, the teams assigned to Air France-KLM holding company were reduced. They represent 62 full time equivalent seconded from Air France and 21 full-time equivalent seconded from KLM. As a result the amount of sub-contracting re-invoiced by Air France and KLM decreased.

5. NON RECURRING INCOME

It is related to the sale to the foundation of KLM pilots, at stock price, of treasury shares and it includes the reversal of the respective provisions.

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6. NET FINANCIAL INCOME

This section regroups interest paid or received, currency losses and gains, and allocations and write-backs of financial provisions. The break-down is as follows.

Period	2016	2015
Interest on loans and other financial expenses	(163)	(170)
<i>Of which related companies commission on the guarantees granted by Air France and KLM</i>	(13)	(18)
<i>Of which interest on OCEANE</i>	(11)	(19)
<i>Of which interest on bonds</i>	(89)	(84)
<i>Of which perpetual subordinated loan</i>	(37)	(28)
<i>Of which a tax group for the CICE</i>	(1)	(1)
Interest on loans	23	26
<i>Of which related companies</i>	23	26
Other financial income	10	14
<i>Of which related companies</i>	2	6
<i>Of which investment in mutual funds and certificates of deposit</i>	8	8
Allocation to provisions	(32)	(6)
<i>Of which provision for risks & liabilities</i>	(2)	-
<i>Of which Air France KLM Finance shares</i>	(25)	-
<i>Of which treasury shares</i>	(5)	(4)
Total	(162)	(135)

7. INCOME TAX

Air France-KLM has benefited from the tax consolidation scheme since April 1, 2002.

The consolidation scope, for which Air France-KLM is the parent company, primarily includes Air France-KLM, Air France, HOP! Company and its subsidiaries.

The tax consolidation agreement is based on the so-called neutrality method and puts each member company of the tax group in the situation in which it would have been in without consolidation.

The tax consolidation group benefits from tax losses that can be carried forward for an unlimited period.

The subsidiaries that are beneficiaries of the tax consolidation scope paid a tax consolidation gain of €12 million to Air France KLM for this financial year (€11 million on the previous financial year).

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8. LONG-TERM INVESTMENTS

8.1. NET BOOK VALUE

In € millions

	Beginning of year	Acquisitions Capital increases	Transfer	Provision Variation	End of year
Equity investments	5,006	29 ⁽¹⁾	-	-	5,035
Loans & receivables related to long term investment	692	-	(177) ⁽²⁾	(26)	489
Other long- term investments	74	-	-	(73)	1
Gross amount	5,772	29	(177)	(99)	5,525
Depreciation	(409)	28	-	-	(381)
Net amount	5,363	57	(177)	(99)	5,144

⁽¹⁾ During financial year, purchase of KLM shares from a minority holder, increasing share of capital held to 99.7% (see note 12) and increase of Air France-KLM Finance shares capital compensated by loans and receivables related to long term investments for an amount of €26 million.

⁽²⁾ Net increases of loans & receivables related to long term investment granted to KLM, Air France KLM Finance, and Transavia Company.

8.2. EQUITY INVESTMENTS

In € millions

COMPANIES	Gross value at beginning of year	Transfers or Acquisitions	Allocation	Gross value at end of year
Air France	3,821	-	-	3,821
KLM	821	3	-	824
Compagnia Aerea Italiana SpA	355	-	-	355
Air France KLM Finance	5	26	-	31
Transavia Company	4	-	-	4
Total	5,006	29	-	5,035

In € millions

COMPANIES	Provisions at beginning of year	Transfers or Acquisitions	Allocation	Provisions at end of year
Compagnia Aerea Italiana SpA ⁽¹⁾	(355)	-	-	(355)
Air France KLM Finance	-	-	(25)	(25)
Impairment	(355)	-	-	(380)
Net Value	4,651	29	(25)	4,655

⁽¹⁾ Compagnia Aerea italiana SpA shares are fully impaired.

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8.3. OTHER FINANCIAL INVESTMENTS

In € millions

	Gross value at beginning of year	Acquisitions	Reversal	Gross value at Sales end of year
Treasury shares	74	-	-	(73)
	Provision at beginning of year	Allocation	Reversal	Provision at Sales end of year
Impairment on treasury shares	(54)	(5)	58	-
Net Value	20	(5)	58	(73)

9. MARKETABLE SECURITIES

<i>In € millions</i>	December 31, 2016	December 31, 2015
	Net carrying amount	Net carrying amount
Mutual funds, certificates of deposit & marketable term notes	1,304	942
Total	1,304	942

The net carrying amount for the mutual funds and certificates of deposit is the market value.

10. SHAREHOLDERS' EQUITY

10.1. DISTRIBUTION OF SHARE CAPITAL AND VOTING RIGHTS

The issued capital comprises 300,219,278 fully paid-up shares with a nominal value of one euro. Each share is entitled to one voting right. However since April 3, 2016, any shareholder who has been owning registered shares for more than two years is entitled to double voting rights, raising the number of voting rights to 371 373 828 as at December 31, 2016.

Distribution is as follows:

	% of capital		% of voting rights	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 31, 2015
French State	18%	18%	27%	18%
Employees and former employees ⁽¹⁾	6%	7%	10%	7%
Treasury stock	-	1%	-	-
Public	76%	74%	63%	75%
Total	100%	100%	100%	100%

⁽¹⁾Employees and former employees identified in funds or by a Sicovam code.

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In April 2005, Air France issued €450 million of bonds with an option of conversion and /or exchange for new or existing Air France KLM shares » (OCEANE) maturing in fifteen years. At December 31, 2014 only 595 OCEANE had been converted, of which 510 into 525 new shares during 2007-08 financial year. Between January 1, 2016 and April 1, 2016, no bonds were converted.

Furthermore on December 6, 2011, Air France signed a Swap contract with Natixis postponing until April 2016 the probability of the repayment option initially foreseen for April 1, 2012. In April 2016, Air France reimbursed this OCEANE

See note 11 for comments on other OCEANE.

10.2. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € millions

	Capital	Additional paid-in capital	Reserves	Earnings for the year	Shareholders' equity
At December 31, 2014	300	2,971	483	(111)	3,643
Allocation of earnings	-	-	(111)	111	-
Earnings for the period	-	-	-	(125)	(125)
At December 31, 2015	300	2,971	372	(125)	3,518
Allocation of earnings	-	-	(125)	125	-
Earnings for the period	-	-	-	(161)	(161)
At December 31, 2016	300	2,971	247	(161)	3,357

11. FINANCIAL DEBT AND OTHER EQUITY

In € millions

	December 31, 2016	December 31, 2015
Other equity		
Perpetual subordinated loan	600	600
Total Other equity	600	600
Non-current financial debt		
OCEANE (convertible bonds)	550	550
Bonds	1,637	1,100
Total non-current debt	2,187	1,650
Current Financial Debt		
Bonds	-	603
Accrued interest	65	68
Total current debt	65	671
Total financial debt	2,252	2,321

On October 27, 2009, Air France-KLM issued bonds for a total amount of €700 million, maturing on October 27, 2016 and with an annual coupon of 6.75%. On June 18, 2014, a nominal amount of €93.8 million of these bonds was bought and then cancelled by Air France-KLM, as part of a bid intermediate and the issuance of new bonds (see below). On October 1, 2015, Air France KLM bought and then cancelled bonds for a nominal amount of € 3.5 million. After these operations, the par value of the bond issued in 2009 is €603 million. On January 28, 2016, Air France KLM bought and then cancelled €3.2 million. Then at maturity i.e October 27, 2016, Air France KLM reimbursed the balance of this bond.

On December 14, 2012, Air France KLM issued € 500 million of bonds maturing on January 18, 2018 with an annual coupon of 6.25%.

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On March 28, 2013, Air France-KLM issued 53,398,058 bonds with an option of conversion and/or exchange for new or existing Air France-KLM shares (OCEANE) maturing on February 15, 2023 for a total amount of €550 million. The bonds have a nominal value of €10.30 and the annual coupon is 2.03%. During the financial year, 392 OCEANE were converted. The conversion ratio is one Air France-KLM share for one bond.

On June 18, 2014, Air France KLM issued € 600 million of bonds maturing on June 18, 2021 with an annual coupon of 3.875%. In August 2015, an amount of €200 million has been hedged and converted to a floating rate through a swap and is connected to a floor. On December 31, 2016, the fair value of the floor is €(2) million leading to a provision for risks and liabilities of the same amount (see note 16).

Between April 1 and April 17, 2015, Air France KLM issued a €600 million perpetual subordinated loan, presented as other equity. These securities, which have no maturity date, have a first repayment option in 2020 at Air France KLM discretion. The first annual coupon of 6,25% has been paid on October 1, 2015 for €19 million. The second coupon amounting to €37.5 million has been paid on October 3, 2016.

On October 12, 2016, Air France KLM issued €400 million of bonds with a 6 years maturity. The annual coupon arises 3.75%.

On December 15, 2016, Air France KLM issued -fully hedged- USD 145 million senior notes by way of unlisted private placement to Asian institutional investors. Maturity is December 15, 2026 and annual coupon arises 4,35%.

Some of the proceeds were used to issue loans to Air France, KLM, Air France KLM Finance and Transavia Company. As of December 31, 2016 these loans amount to €123 million with Air France, €288 million with KLM, €77 million with Air France KLM Finance and €1 million with Transavia Company, (See note 8.1).

12. MATURITY OF RECEIVABLES AND DEBT

As of December 31, 2016

In € millions

Receivables	Gross amount	Up to one year	More than one year	Related companies
Non-current assets				
Loans and receivables related to long-term investment	489	25	464	489
Current assets				
Trade receivables and related accounts	26	26	-	26
Other receivables (including tax receivables) ⁽¹⁾⁽²⁾	26	26	-	4
Total	52	52	-	29

⁽¹⁾Of which €1 million as accrued income with related companies on December 31, 2016.

⁽²⁾The €53 million CICE 2016 tax receivable of the tax group was sold to a bank, thus this receivable has been withdrawn from assets.

In € millions

Debt	Gross amount	Up to one year	More than one year	Related companies
Financial debt ⁽¹⁾	2,252	201	2,050	-
Trade payables and related accounts	11	11	-	4
Other payables ⁽²⁾	463	463	-	463
Total	2,726	676	2,050	467

⁽¹⁾ See note 11.

This amount includes €65 million of accrued interests (€68 million at December 31, 2015).

⁽²⁾ Other liabilities include, mainly, a financial current account with Air France including cash pooling.

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13. LIST OF SUBSIDIARIES AND EQUITY INVESTMENTS

In € millions

Companies or Groups of companies	Capital	Shareholders' equity other than capital after earnings	Share of capital held	Carrying amount of shares held		Loans & advances granted and not reimbursed	Amount of security and guarantees given	Revenues (excl. tax) for financial year	Net profit or loss for financial year	Dividends booked during financial year
				Gross	Net					
<i>Detailed information about individual investment whose gross value exceeds € 15 million</i>										
1. Subsidiaries (held at more than 50%)										
Société Air France (France) ⁽¹⁾	127	(59)	100%	3,820	3,820	123	21	14,358	416	-
KLM (Netherlands) ⁽¹⁾	94	894	99.7%	824	824	288	-	9,800	519	1
Air France KLM Finance ⁽¹⁾	15	-	100%	31	7	77	-	-	(9)	-
2. Equity investments (held at less than 50%)										
Compagnia Aerea Italiana SpA	359	(584) ⁽²⁾	1,00%	356 ⁽²⁾	-	-	-	-	(287) ⁽²⁾	-

⁽¹⁾ Statutory financial statements at December 31, 2016.

⁽²⁾ Italian financial standards as of December 31, 2015.

14. ESTIMATED VALUE OF THE PORTFOLIO

<i>In € millions</i>	Amount at beginning of year		Amount at end of year	
	gross carrying amount	net carrying amount	gross carrying amount	net carrying amount
Portfolio fractions valued				
Air France	3,820	3,820	3,820	3,820
KLM	821	821	824	824
Air France KLM Finance	5	5	31	7
Compagnia Aerea Italiana SpA	356	-	356	-

Estimated value is based on consolidated equity or on equity calculated on Italian Gaap or on medium term profitability outlook. This estimated value supports net book value at year end.

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15. ITEMS CONCERNING RELATED COMPANIES

<i>In € millions</i>		Amount
Trade receivables & related accounts		
of which	Air France	11
	KLM	14
Other receivables		
of which	Air France Finance	1
	Transavia Company	2
Trade payables and related accounts		
of which	Air France	2
	KLM	1
Other payables		
of which	Air France	420
	Servair	16
	HOP!	11
	ACNA	6
	CPA	5
	OAT	3
	SIA	1
	Bluelink S.A	1

16. COMMITMENTS

▪ KLM shares

During the business combination of the Air France and KLM groups, the Dutch government undertook to reduce its stake in KLM proportionally to any reduction by the French government of its stake in Air France-KLM's capital. To this end, the Dutch government had to sell its cumulative preferred shares to Air France-KLM or to a Dutch foundation in the name of and on behalf of Air France-KLM, if the transfer had occurred during the first three years following the business combination.

In the latter case, the foundation would have issued, to the benefit of Air France-KLM, share certificates corresponding to the cumulative A preferred shares transferred to the foundation. These share certificates would have conferred to Air France-KLM all of the economic rights attached to the said shares, the voting rights attached to the said shares being exercised by the foundation until Air France exchanges the share certificates against the said shares.

At the end of the initial three-year period, Air France-KLM had the option to exchange the share certificates against the cumulative A preferred shares, which it could hold directly. As Air France-KLM decided in 2007 to maintain SAK I and SAK II foundations, Air France-KLM did not carry out this exchange.

Moreover, the Dutch government has the right to sell to Air France-KLM at any time as many cumulative A preferred shares as it wants.

After the sale of 5,103,885 shares to Air France-KLM in April 2005 for €11.6 million, the acquisition price of the 3,708,615 cumulative A preferred shares still held by the Dutch government amounts to €8.4 million (i.e. a unit price of €2.27 per cumulative A preferred share, which has to be paid pro rata during any sale or transfer under the conditions above).

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▪ Hedges

The €600 million bond dated June 18, 2014, is hedged for a nominal value of €200 million converting fix rate to a floating rate through a swap connected to a floor-isolated open position. On December 31, 2016, the fair value of the swap is €9 million and the fair value of the floor amounts to € (2) million. (See note 11).

The \$145 million bond is fully hedged by a cross currency swap. As of December 31, the fair value of this derivative instrument is € (7) million. (See note 11).

▪ Other

Since January 2009, Air France-KLM has acted as a guarantor for Société Air France within the framework of its commitments to Aéroport de Paris in respect of civil leases. This guarantee has been renewed in July 2014. The guarantee is now expressly limited to €21 million.

17. LITIGATION

Litigation concerning anti-trust laws in the air-freight industry

Air France, KLM and Martinair, a wholly-owned subsidiary of KLM since January 1, 2009, have been involved, since February 2006, with up to 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 actions in the air-freight industry.

As of December 31, 2015, most of these investigations have been terminated following the entry into plea agreements between Air France, KLM and Martinair and the appropriate competition authorities providing for the payment of settlement amounts or fines, with the exception of the proceedings initiated by the European Commission, and by the Swiss anti-trust authority, which are still pending.

In Europe, the decision of the European Commission of 2010 against a dozen airline companies, including the companies of the Group Air France, KLM and Martinair, was annulled by the General Court of the European Union on December 16, 2015.

As the European commission has indicated its intention, following such annulment, to adopt a new decision against Air France-KLM, Air France, KLM and Martinair, the €340 million provision in respect of the fine has been maintained in the accounts of the Group as of December 31, 2016.

In Switzerland, Air France and KLM are challenging a decision imposing a €3 million fine before the relevant court.

18. CONTINGENT LIABILITIES

The Group is involved in several governmental, judicial and arbitration procedures for which provisions have not been recorded in the financial statements in accordance with applicable accounting rules.

Litigations concerning anti-trust laws in the air-freight industry

Following the initiation of various investigations by the competition authorities in 2006 and the E.U. Commission decision in 2010, several collective and individual actions were brought by forwarders and air-freight shippers in civil courts against Air France, KLM and Martinair, and the other airlines in several jurisdictions.

Under these civil lawsuits, shippers and freight forwarders are claiming for damages to compensate alleged higher prices due to the cartel.

Air France, KLM and/or Martinair remain defendants, either as main defendants (in particular in The Netherlands, Norway, South Korea and the United States of America) or as third party interveners brought in these cases by other main defendants under “contribution proceedings” (in the UK for example). Where Air France, KLM and/or Martinair are the main defendants, they have also initiated contribution proceedings against other airlines.

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No provision has been recognized at present in connection with these disputes as the Group is not in a position at this stage of the judicial proceedings to give a reliable estimate of the potential loss that would be incurred if the outcome of these proceedings were negative. In particular, although significant amounts have been reported by the media, plaintiffs are mostly claiming for unspecified and/or insufficiently substantiated damages against defendants taken as a whole (and not individually) and the EU decision to which the plaintiffs generally refer to is still not definitive.

The Group companies and the other airlines involved in these lawsuits continue to vigorously oppose all such civil claims.

Litigations concerning anti-trust laws in the passenger sector

Canada

A civil class action was reinitiated in 2013 by claimants in Ontario against seven airlines including Air France and KLM. The plaintiffs allege that the defendants participated in a conspiracy in the passenger air transport service from/to Canada on the cross-Atlantic routes, for which they are claiming damages. Air France and KLM strongly deny any participation in such a conspiracy.

Other litigations

Rio-Paris AF447 flight

Following to the crash in the South Atlantic Ocean of the Rio-Paris AF447 flight, a number of legal actions for damages have been brought by heirs of the victims in the United States and Brazil and more recently in France. Damages to heirs of the victims are covered by third-party liability insurance subscribed by Air France.

In 2011, Air France and Airbus were indicted as legal entities for unintentional manslaughter and therefore are exposed to applicable fines under the French criminal code. Air France is challenging its implication in this criminal case.

US Department of Justice investigation related to United States Postal Service

In March 2016, the US Department of Justice (DOJ) informed Air France and KLM of a civil inquiry regarding contracts with the United States Postal Service for the international transportation of mail by air. In September 2016, a Civil Information Demand from the DOJ has been received seeking certain information relating to these contracts. The DOJ has indicated it is investigating potential violations of the False Claims Act. Air France and KLM are cooperating with the DOJ investigation.

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

19. SUBSEQUENT EVENTS

Nil.