

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS**

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

**January 1, 2015 – June 30, 2015**

# Air France-KLM Group

## Table of contents

CONSOLIDATED INCOME STATEMENT (unaudited)	- 3 -
CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)	- 4 -
CONSOLIDATED BALANCE SHEET (unaudited)	- 5 -
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)	- 7 -
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)	- 8 -
1. BUSINESS DESCRIPTION	- 10 -
2. RESTATEMENT OF ACCOUNTS 2014	- 10 -
Modification in the presentation of the income statement	- 10 -
Modification in the conversion method of provisions in foreign currencies	- 10 -
3. SIGNIFICANT EVENTS	- 11 -
3.1. Arising during the period	- 11 -
3.2. Subsequent events	- 12 -
4. ACCOUNTING POLICIES	- 13 -
4.1. Accounting principles	- 13 -
4.2. Preparation of unaudited interim consolidated financial statements	- 14 -
4.3. Use of estimates	- 14 -
5. EVOLUTION OF THE SCOPE OF CONSOLIDATION	- 14 -
6. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA	- 16 -
6.1. Information by business segment	- 17 -
6.2. Information by geographical area	- 18 -
7. EXTERNAL EXPENSES	- 19 -
8. SALARIES AND NUMBER OF EMPLOYEES	- 20 -
9. AMORTIZATION, DEPRECIATION AND PROVISIONS	- 20 -
10. OTHER INCOME AND EXPENSES	- 21 -
11. OTHER NON-CURRENT INCOME AND EXPENSES	- 21 -
12. NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES	- 23 -
13. INCOME TAXES	- 24 -
13.1 Income tax charge	- 24 -
13.2 Deferred tax recorded directly in equity (equity holders of Air France-KLM)	- 25 -
14. SHARE OF PROFITS (LOSSES) OF ASSOCIATES	- 26 -
15. NET INCOME FROM DISCONTINUED OPERATIONS	- 26 -
16. EARNINGS PER SHARE	- 26 -
17. TANGIBLE ASSETS	- 27 -
18. PENSION ASSETS AND PROVISIONS	- 27 -
19. ASSETS HELD FOR SALE AND LIABILITIES RELATING TO ASSETS HELD FOR SALE	- 28 -
20. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA	- 28 -
20.1 Breakdown of stock and voting rights	- 28 -
20.2 Reserves and retained earnings	- 28 -
21. PROVISIONS	- 29 -
21.1. Provisions	- 29 -
21.2 Contingent liabilities	- 30 -
22. FINANCIAL DEBT	- 31 -
23. LEASE COMMITMENTS	- 31 -
23.1 Financial leases	- 31 -
23.2 Operating leases	- 32 -
24. FLIGHT EQUIPMENT ORDERS	- 32 -
25. RELATED PARTIES	- 33 -

# Air France-KLM Group

## CONSOLIDATED INCOME STATEMENT (unaudited)

<i>In € millions</i>			
<b>Period from January 1 to June 30</b>	<i>Notes</i>	<b>2015</b>	<b>2014</b> <b>Restated<sup>(*)</sup></b>
<b>Sales</b>	<b>6</b>	<b>12,298</b>	<b>12,005</b>
Other revenues		2	9
<b>Revenues</b>		<b>12,300</b>	<b>12,014</b>
External expenses	<b>7</b>	(8,420)	(7,824)
Salaries and related costs	<b>8</b>	(3,841)	(3,752)
Taxes other than income taxes		(89)	(93)
Amortization, depreciation and provisions	<b>9</b>	(780)	(798)
Other income and expenses	<b>10</b>	598	246
<b>Income from current operations</b>		<b>(232)</b>	<b>(207)</b>
Sales of aircraft equipment		(5)	(5)
Other non-current income and expenses	<b>11</b>	89	(117)
<b>Income from operating activities</b>		<b>(148)</b>	<b>(329)</b>
Cost of financial debt	<b>12</b>	(198)	(223)
Income from cash and cash equivalents	<b>12</b>	31	39
<b>Net cost of financial debt</b>		<b>(167)</b>	<b>(184)</b>
Other financial income and expenses	<b>12</b>	(388)	(127)
<b>Income before tax</b>		<b>(703)</b>	<b>(640)</b>
Income taxes	<b>13</b>	82	36
<b>Net income of consolidated companies</b>		<b>(621)</b>	<b>(604)</b>
Share of profits (losses) of associates	<b>14</b>	(16)	(11)
<b>Net income from continuing operations</b>		<b>(637)</b>	<b>(615)</b>
Net income from discontinued operations	<b>15</b>	-	(4)
<b>Net income for the period</b>		<b>(637)</b>	<b>(619)</b>
- Equity holders of Air France-KLM		<b>(638)</b>	<b>(619)</b>
- Non controlling interests		1	-
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic and diluted	<b>16</b>	(2.16)	(2.09)
Net income from continuing operations - Equity holders of Air France-KLM (in euros)			
- basic and diluted	<b>16</b>	(2.16)	(2.08)
Net income from discontinued operations - Equity holders of Air France-KLM (in euros)			
- basic and diluted	<b>16</b>	-	(0.01)

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

<sup>(\*)</sup>See note 2 in notes to the condensed consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)

<i>In € millions</i>			
<b>Period from January 1 to June 30</b>	<i>Notes</i>	<b>2015</b>	<b>2014</b> <b>Restated<sup>(*)</sup></b>
<b>Net income for the period</b>		<b>(637)</b>	<b>(619)</b>
<b>Fair value adjustment on available-for-sale securities</b>			
Change in fair value recognized directly in other comprehensive income		23	(34)
Change in fair value transferred to profit or loss		(222)	9
<b>Fair value hedges</b>			
Effective portion of changes in fair value hedge recognized directly in other comprehensive income		(10)	12
Change in fair value transferred to profit or loss		-	-
<b>Cash flow hedges</b>			
Effective portion of changes in fair value hedge recognized directly in other comprehensive income		76	116
Change in fair value transferred to profit or loss		550	(55)
<b>Currency translation adjustment</b>		<b>6</b>	<b>(1)</b>
<b>Deferred tax on items of comprehensive income that will be reclassified to profit or loss</b>	<i>13.2</i>	<b>(168)</b>	<b>(42)</b>
<b><i>Total of other comprehensive income that will be reclassified to profit or loss</i></b>		<b>255</b>	<b>5</b>
<b>Remeasurements of defined benefit pension plans</b>		<b>361</b>	<b>(829)</b>
<b>Deferred tax on items of comprehensive income that will not be reclassified to profit or loss</b>	<i>13.2</i>	<b>(95)</b>	<b>215</b>
<b><i>Total of other comprehensive income that will not be reclassified to profit or loss</i></b>		<b>266</b>	<b>(614)</b>
<b>Total of other comprehensive income, after tax</b>		<b>521</b>	<b>(609)</b>
<b>Recognized income and expenses</b>		<b>(116)</b>	<b>(1,228)</b>
- Equity holders of Air France-KLM		<b>(119)</b>	<b>(1,224)</b>
- Non-controlling interests		3	(4)

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

(\*) See note 2 in notes to the condensed consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED BALANCE SHEET (unaudited)

<b>Assets</b>		<b>June 30, 2015</b>	<b>December 31, 2014</b>
<i>In € millions</i>	<i>Notes</i>		<b>Restated <sup>(*)</sup></b>
Goodwill		246	243
Intangible assets		1,024	1,009
Flight equipment	<i>17</i>	8,843	8,728
Other property, plant and equipment	<i>17</i>	1,720	1,750
Investments in equity associates		131	139
Pension assets	<i>18</i>	1,755	1,409
Other financial assets		1,133	1,502
Deferred tax assets		884	1,042
Other non-current assets		319	243
<b>Total non current assets</b>		<b>16,055</b>	<b>16,065</b>
Assets held for sale	<i>19</i>	3	3
Other short term financial assets		985	787
Inventories		602	538
Trade receivables		2,117	1,728
Other current assets		1,209	961
Cash and cash equivalents		3,344	3,159
<b>Total current assets</b>		<b>8,260</b>	<b>7,176</b>
<b>Total assets</b>		<b>24,315</b>	<b>23,241</b>

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

(\*)See note 2 in notes to the condensed consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED BALANCE SHEET (unaudited) (continued)

<b>Liabilities and equity</b>		<b>June 30,</b>	<b>December 31,</b>
<i>In € millions</i>	<i>Notes</i>	<b>2015</b>	<b>2014</b>
			<b>Restated (*)</b>
Issued capital	<i>20.1</i>	300	300
Additional paid-in capital		2,971	2,971
Treasury shares		(84)	(86)
Reserves and retained earnings	<i>20.2</i>	(3,399)	(3,877)
<b>Equity attributable to equity holders of Air France-KLM</b>		<b>(212)</b>	<b>(692)</b>
Non-controlling interests		45	39
<b>Total Equity</b>		<b>(167)</b>	<b>(653)</b>
Pension provisions	<i>18</i>	2,098	2,119
Other provisions	<i>21</i>	1,457	1,404
Long-term debt	<i>22</i>	8,274	7,994
Deferred tax liabilities		13	14
Other non-current liabilities		434	536
<b>Total non-current liabilities</b>		<b>12,276</b>	<b>12,067</b>
Provisions	<i>21</i>	813	731
Current portion of long-term debt	<i>22</i>	1,141	1,885
Trade payables		2,444	2,444
Deferred revenue on ticket sales		3,709	2,429
Frequent flyer programs		760	759
Other current liabilities		3,231	3,330
Bank overdrafts		108	249
<b>Total current liabilities</b>		<b>12,206</b>	<b>11,827</b>
<b>Total liabilities</b>		<b>24,482</b>	<b>23,894</b>
<b>Total equity and liabilities</b>		<b>24,315</b>	<b>23,241</b>

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

(\*) See note 2 in notes to the condensed consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

<i>In € millions</i>	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Non-controlling interests	Total equity
<b>December 31, 2013</b>	<b>300,219,278</b>	<b>300</b>	<b>2,971</b>	<b>(85)</b>	<b>(941)</b>	<b>2,245</b>	<b>48</b>	<b>2,293</b>
Fair value adjustment on available for sale securities	-	-	-	-	(24)	(24)	-	(24)
Gain / (loss) on cash flow hedges	-	-	-	-	22	22	-	22
Gain / (loss) on fair value hedges	-	-	-	-	8	8	-	8
Remeasurements of defined benefit pension plans	-	-	-	-	(610)	(610)	(4)	(614)
Currency translation adjustment	-	-	-	-	(1)	(1)	-	(1)
<b>Other comprehensive income</b>	-	-	-	-	<b>(605)</b>	<b>(605)</b>	<b>(4)</b>	<b>(609)</b>
Net result for the period	-	-	-	-	(619)	(619)	-	(619)
<b>Total of income and expenses recognized</b>	-	-	-	-	<b>(1,224)</b>	<b>(1,224)</b>	<b>(4)</b>	<b>(1,228)</b>
Treasury shares	-	-	-	(2)	-	(2)	-	(2)
Other	-	-	-	-	6	6	-	6
<b>June 30, 2014 - Restated <sup>(*)</sup></b>	<b>300,219,278</b>	<b>300</b>	<b>2,971</b>	<b>(87)</b>	<b>(2,159)</b>	<b>1,025</b>	<b>44</b>	<b>1,069</b>
<b>December 31, 2014 - Restated <sup>(*)</sup></b>	<b>300,219,278</b>	<b>300</b>	<b>2,971</b>	<b>(86)</b>	<b>(3,877)</b>	<b>(692)</b>	<b>39</b>	<b>(653)</b>
Fair value adjustment on available for sale securities	-	-	-	-	(185)	(185)	-	(185)
Gain / (loss) on cash flow hedges	-	-	-	-	439	439	1	440
Gain / (loss) on fair value hedges	-	-	-	-	(6)	(6)	-	(6)
Remeasurements of defined benefit pension plans	-	-	-	-	265	265	1	266
Currency translation adjustment	-	-	-	-	6	6	-	6
<b>Other comprehensive income</b>	-	-	-	-	<b>519</b>	<b>519</b>	<b>2</b>	<b>521</b>
Net result for the period	-	-	-	-	(638)	(638)	1	(637)
<b>Total of income and expenses recognized</b>	-	-	-	-	<b>(119)</b>	<b>(119)</b>	<b>3</b>	<b>(116)</b>
Change in scope	-	-	-	-	(3)	(3)	3	-
Perpetual	-	-	-	-	600	600	-	600
Treasury shares	-	-	-	2	-	2	-	2
<b>June 30, 2015</b>	<b>300,219,278</b>	<b>300</b>	<b>2,971</b>	<b>(84)</b>	<b>(3,399)</b>	<b>(212)</b>	<b>45</b>	<b>(167)</b>

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

(\*) See note 2 in notes to the condensed consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

*In € millions*

<b>Period from January 1 to June 30</b>	<i>Notes</i>	<b>2015</b>	<b>2014</b> <b>Restated<sup>(*)</sup></b>
Net income from continuing operations		(637)	(615)
Net income from discontinued operations	<i>15</i>	-	(4)
Amortization, depreciation and operating provisions		781	805
Financial provisions		43	34
Results on disposals of tangible and intangible assets		5	(3)
Results on disposals of subsidiaries and associates	<i>11</i>	(224)	3
Derivatives – non monetary result		51	(25)
Unrealized foreign exchange gains and losses, net		237	124
Share of (profits) losses of associates		16	11
Deferred taxes	<i>13</i>	(105)	(54)
Impairment		-	106
Other non-monetary items		63	(168)
<b>Subtotal</b>		<b>230</b>	<b>214</b>
<i>Of which discontinued operations</i>		-	(6)
(Increase) / decrease in inventories		(62)	(40)
(Increase) / decrease in trade receivables		(381)	(473)
Increase / (decrease) in trade payables		(20)	47
Change in other receivables and payables		1,325	1,116
Change in working capital from discontinued operations		-	20
<b>Net cash flow from operating activities</b>		<b>1,092</b>	<b>884</b>
Acquisition of subsidiaries, of shares in non-controlled entities		(9)	(37)
Purchase of property plants, equipments and intangible assets		(870)	(835)
Loss of subsidiaries, of disposal of shares in non-controlled entities		342	5
Proceeds on disposal of property, plant and equipment and intangible assets		52	60
Dividends received		1	10
Decrease (increase) in net investments, more than 3 months		(204)	218
Net cash flow used in investing activities of discontinued operations		-	(20)
<b>Net cash flow used in investing activities</b>		<b>(688)</b>	<b>(599)</b>
Capital increase		600	-
Issuance of debt		808	1,145
Repayment on debt		(1,134)	(1,386)
Payment of debt resulting from finance lease liabilities		(382)	(299)
New loans		(42)	(18)
Repayment on loans		96	47
Dividends paid		(1)	-
<b>Net cash flow from financing activities</b>		<b>(55)</b>	<b>(511)</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts		(22)	(77)
<b>Change in cash and cash equivalents and bank overdrafts</b>		<b>327</b>	<b>(303)</b>
Cash and cash equivalents and bank overdrafts at beginning of period		2,910	3,518
Cash and cash equivalents and bank overdrafts at end of period		3,237	3,221
Change in cash of discontinued operations		-	(6)
Income tax (paid) / reimbursed (flow included in operating activities)		(56)	(46)
Interest paid (flow included in operating activities)		(225)	(258)
Interest received (flow included in operating activities)		20	23

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

(\*) See note 2 in notes to the condensed consolidated financial statements.



**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (unaudited)**

**January 1, 2015 – June 30, 2015**

# Air France-KLM Group

## 1. BUSINESS DESCRIPTION

As used herein, the term "Air France-KLM" refers to Air France-KLM SA, a limited liability company organized under French law.

The term "Group" is represented by the economic definition of Air France-KLM and its subsidiaries. The Group is headquartered in France and is one of the largest airlines in the world. The Group's core business is passenger transportation. The Group's activities also include cargo, aeronautics maintenance and other air-transport-related activities including, principally, catering.

The limited company Air France-KLM, 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) and Amsterdam (Euronext).

The presentation currency used in the Group's financial statements is the euro, which is also Air France-KLM's functional currency.

## 2. RESTATEMENT OF ACCOUNTS 2014

### Modification in the presentation of the income statement

To facilitate performance analysis, the Group decided, as from January 1, 2015, to isolate the items relating to the capitalized production on a single line of the income statement ("Other income and expenses") whereas they had previously been allocated by type of expenditure. The consolidated financial statements as of December 31, 2014 have been restated for reasons of comparison. The impact of this reclassification on the income statement as of June 30, 2014 are the following:

<i>In € millions</i>	<b>June 30, 2014</b>	<b>December 31, 2014</b>
External expenses	(208)	(445)
Salaries and related costs	(65)	(128)
Other income and expenses	273	573
<b>Income from current operations</b>	-	-

### Modification in the conversion method of provisions in foreign currencies

The Group records provisions for restitution of aircraft under operating leases. A significant portion of these provisions is made to cover the purchase of spare parts that will be paid for in US dollars whatever the functional currency of the entity. To facilitate analysis of the impacts linked to the dollar variation, the Group has decided, since January 1, 2015, to isolate the foreign currency effect on provisions in foreign currency in "Other financial income and expenses" while it had hitherto been recorded in "Amortization, depreciation and provisions".

Moreover, the closing rate will be used to convert provisions at the closing date. Previously, the Group had used the average rate of the US dollar to convert maintenance provisions. The consolidated financial statements as of December 31, 2014 have been restated for reasons of comparison.

The impacts of this restatement on the income statement are the following:

<i>In € millions</i>	<b>June 30, 2014</b>	<b>December 31, 2014</b>
Other financial income and expenses	(7)	(41)
<b>Income before tax</b>	<b>(7)</b>	<b>(41)</b>
Income taxes	2	14
<b>Net income for the period</b>	<b>(5)</b>	<b>(27)</b>

The impacts of this restatement on the balance sheet are the following:

# Air France-KLM Group

<i>In € millions</i>	<b>January 1, 2014</b>	<b>December 31, 2014</b>
Deferred tax assets	(3)	11
<b>Total assets</b>	<b>(3)</b>	<b>11</b>
Reserves and retained earnings	6	(21)
Other provisions	(9)	32
<b>Total equity and liabilities</b>	<b>(3)</b>	<b>11</b>

## 3. SIGNIFICANT EVENTS

### 3.1. Arising during the period

#### *Shares in Amadeus*

On January 15, 2015 the Group sold a block of 9,857,202 shares in the Spanish company Amadeus IT Holding S.A. ("Amadeus"), representing approximately 2.2% of the capital of the company.

The net result from the sale amounted to €218 million, for cash proceeds of €327 million (see note 11).

After this operation, the Group still holds 9.9 million Amadeus shares. The value of these shares is completely covered by a hedging transaction concluded on November 25, 2014.

#### *Voluntary departure plans*

During the meeting of the Corporate Works Council of February 13, 2015, the management of Air France presented voluntary departure plans for ground staff and cabin crew, aiming at the departure of approximately 800 full time equivalents. The Group made its best estimate of the costs involved in this new voluntary departure plan and consequently charged an amount of €56 million to the income statement as of June 30, 2015, as mentioned in note 11.

After earlier voluntary departure measures implemented in 2014, Martinair, in consultation with the pilot union, initiated another voluntary departure arrangement on May 8, 2015 in order to reduce the Martinair Cargo cockpit crews further to the phasing out of full freighters, corresponding to around 110 full time equivalents. The Group made its best estimate of the costs involved in this new voluntary departure plan and consequently charged an amount of €40 million to the income statement as of June 30, 2015, as mentioned in note 11.

In June 2015, KLM presented a voluntary departure plan to reduce the number of employees in the cargo and maintenance businesses by around 330 full time equivalents. The Group made its best estimate of the costs involved in this new voluntary departure plan and consequently charged an amount of €31 million to the income statement as of June 30, 2015, as mentioned in note 11.

#### *Perpetual subordinated bond*

In order to consolidate its financial structure during the Perform 2020 implementation period, in early April 2015, the Group issued a perpetual subordinated bond for a total amount of €600 million. These securities, which have no maturity date and bear an annual coupon of 6.25%, have a first repayment option in October 2020, at the issuer's discretion. They are classified as equity, in accordance with the IFRS rules.

#### *Credit line*

On April 29, 2015, the Group signed a credit facility for €1.1 billion, finalizing the early refinancing of the Air France's credit facility maturing in April 2016. This new credit facility, implemented through a syndicate of 13 leading banks, comprises two €550 million tranches with respective three and five-year maturities.

# **Air France-KLM Group**

## **3.2. Subsequent events**

On July 2, 2015, KLM signed a €575 million revolving credit facility with 10 international banks, finalizing the early refinancing of its credit facility which was due to mature in July 2016. The facility has a duration of 5 years.

# Air France-KLM Group

## 4. ACCOUNTING POLICIES

### 4.1. Accounting principles

#### Accounting principles used for the interim condensed consolidated financial statements

Pursuant to the European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2014 were established in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Commission on the date these consolidated financial statements were established.

The interim condensed consolidated financial statements as of June 30, 2015 are prepared in accordance with IFRS, as adopted by the European Union on the date these condensed consolidated financial statements were established, and are presented according to IAS 34 “Interim financial reporting” and must be read in connection with the annual consolidated financial statements for the year ended on December 31, 2014.

The interim condensed consolidated financial statements as of June 30, 2015 have been established in accordance with the accounting principles used by the Group for consolidated financial statements for the year 2014, except for standards and interpretations adopted by the European Union applicable from January 1, 2015.

The condensed consolidated financial statements were approved by the Board of Directors on July 23, 2015.

#### Change in accounting principles

- IFRS standards and IFRIC interpretations which are applicable on a mandatory basis to the 2015 financial statements

The amendment to the standard IAS 19 “Employee Benefits” relating to employees’ contributions is effective as from February 1, 2015. This amendment has no significant impact on the financial statements of the Group as of June 30, 2015.

- Other texts potentially applicable to the Group, published by the IASB but not yet adopted by the European Union, are described below

- Amendment to IFRS 11 “Joint Arrangements”, effective for the period beginning January 1, 2016;
- Amendment to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”, effective for the period beginning January 1, 2016;
- Amendment to IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements”, effective for the period beginning January 1, 2016;
- Amendment to IAS 1 “Presentation of Financial Statements”, effective for the period beginning January 1, 2016;
- Standard IFRS 15 “Revenue Recognition from Contracts with Customers”, effective for the period beginning January 1, 2018 and replacing the standards IAS 18 “Revenues”, IAS 11 “Construction Contracts” and IFRIC 13 “Customer Loyalty Programmes”;
- Standard IFRS 9 “Financial Instruments”, effective for the period beginning January 1, 2018.

The Group does not expect the application of the amendments mentioned above to have a significant impact. The application of the standards IFRS 15 and IFRS 9 is under review.

# Air France-KLM Group

## 4.2. Preparation of unaudited interim consolidated financial statements

### Seasonality of the activity

Revenues and income from current operations are characterized by their seasonal nature related to a high level of activity from April 1 to September 30. This phenomenon varies in magnitude depending on the year. In accordance with IFRS, revenues and the related expenses are recognized over the period in which they are realized and incurred respectively.

### Income taxes

For the interim financial statements, the tax charge (current and deferred) is calculated by applying to the income before tax of the period the estimated annual average tax rate for the current year for each entity or fiscal group.

### Retirement benefits

The net obligations concerning the defined-benefits schemes are revalued based on the discount rates and the fair-value of assets at interim closing dates. The net impact of these revaluations is recorded in other comprehensive income.

## 4.3. Use of estimates

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimates described in the note 4 of the December 31, 2014 consolidated financial statements, concerned:

- Revenue recognition related to deferred revenue on ticket sales,
- Flying Blue frequent flyer program,
- Financial assets,
- Tangible and intangible assets,
- Pension assets and provisions,
- Other provisions,
- Deferred tax assets.

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 period have thus been established taking into account the economic and financial crisis unfolding 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 assumptions are based on a limited level of growth.

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

## 5. EVOLUTION OF THE SCOPE OF CONSOLIDATION

### • First semester ended June 30, 2015

No significant acquisitions or disposals took place during the first semester ended June 30, 2015.

### • First semester ended June 30, 2014

### Scope in

## **Air France-KLM Group**

On June 30, 2014, Air France Industries US and Sabena technics signed an agreement in which the Group acquired 100% of the capital of Barfield, the US specialist of equipment support in the maintenance activity. According to the requirements of IFRS 3 and IFRS 10, Barfield has been accounted according to the acquisition method and full integrated in the Group accounts starting from its acquisition date. The acquisition did not generate any goodwill.

### **Scope out**

On April 30, 2014, the Group sold to Intro Aviation GmbH its subsidiaries CityJet and VLM, Irish and Belgium regional airlines which had previously been 100% held.

Since these two entities had been valued at their disposal value within the framework of their classification as discontinued operations in 2013, the result on their disposal had no significant impact on the Group consolidated accounts as of June 30, 2014.

# Air France-KLM Group

## 6. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

### Business segments

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

The Group is organized around the following segments:

**Passenger network:** Passenger network operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code (except Transavia), 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.

**Transavia:** The revenues from this segment come from the "low cost" activity realized by Transavia. Until December 31, 2014, these revenues had been included in the "Others" segment. The revenues relating to this activity are henceforth disclosed on a separate business for both the actual and the 2014 comparative figures.

**Other:** The revenues from this segment come primarily from catering supplied by the Group to third-party airlines.

The results of the business segments are those that are either directly attributable or that can be allocated on a reasonable basis to these business segments. Amounts allocated to business segments mainly correspond to the current operating income and to the income from operating activities. Other elements of the income statement are presented in the "non-allocated" column.

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

### Geographical segments

#### • Activity by origin sales area

Group activities by origin of sale are broken down into eight geographical areas:

- Metropolitan France
- Benelux
- Europe (excluding France and Benelux) and North Africa
- Africa (excluding North Africa)
- Middle East, Gulf, India (MEGI)
- Asia-Pacific
- North America
- Caribbean, West Indies, French Guyana, Indian Ocean, South America (CILA)

Only segment revenue is allocated by geographical sales area.



# Air France-KLM Group

- Activity by destination

Group activities by destination are broken down into six geographic areas:

- Metropolitan France
- Europe (excluding France) and North Africa
- Caribbean, West Indies, French Guyana and Indian Ocean
- Africa (excluding North Africa), Middle East
- Americas and Polynesia
- Asia and New Caledonia

## 6.1. Information by business segment

- First semester ended June 30, 2015

<i>In € millions</i>	Passenger Network	Cargo	Maintenance	Transavia	Other	Non allocated	Total
Total sales	10,374	1,240	1,972	452	480	-	14,518
Intersegment sales	(711)	(10)	(1,196)	(3)	(300)	-	(2,220)
<b>External sales</b>	<b>9,663</b>	<b>1,230</b>	<b>776</b>	<b>449</b>	<b>180</b>	-	<b>12,298</b>
Income from current operations	(112)	(141)	86	(75)	10	-	(232)
Income from operating activities	53	(190)	60	(75)	4	-	(148)
Share of profits (losses) of associates	(20)	-	1	-	3	-	(16)
Net cost of financial debt and other financial income and expenses	-	-	-	-	-	(555)	(555)
Income taxes	-	-	-	-	-	82	82
<b>Net income from continuing operations</b>	<b>33</b>	<b>(190)</b>	<b>61</b>	<b>(75)</b>	<b>7</b>	<b>(473)</b>	<b>(637)</b>

- First semester ended June 30, 2014 restated

<i>In € millions</i>	Passenger Network	Cargo	Maintenance	Transavia	Other	Non allocated	Total
Total sales	10,168	1,354	1,615	435	473	-	14,045
Intersegment sales	(691)	(10)	(1,039)	-	(300)	-	(2,040)
<b>External sales</b>	<b>9,477</b>	<b>1,344</b>	<b>576</b>	<b>435</b>	<b>173</b>	-	<b>12,005</b>
Income from current operations	(123)	(79)	52	(65)	8	-	(207)
Income from operating activities	(120)	(198)	49	(65)	5	-	(329)
Share of profits (losses) of associates	(15)	-	1	-	3	-	(11)
Net cost of financial debt and other financial income and expenses	-	-	-	-	-	(311)	(311)
Income taxes	-	-	-	-	-	36	36
<b>Net income from continuing operations</b>	<b>(135)</b>	<b>(198)</b>	<b>50</b>	<b>(65)</b>	<b>8</b>	<b>(275)</b>	<b>(615)</b>

# Air France-KLM Group

## 6.2. Information by geographical area

### Sales by geographical area

- First semester ended June 30, 2015

<i>In € millions</i>	Metropo- litan France	Benelux	Europe (except France and Benelux) North Africa	Africa (except North Africa)	Middle- Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Scheduled passenger	2,878	849	2,136	415	222	854	1,339	555	9,248
Other passenger sales	176	70	70	27	3	47	11	11	415
<b>Total passenger network</b>	<b>3,054</b>	<b>919</b>	<b>2,206</b>	<b>442</b>	<b>225</b>	<b>901</b>	<b>1,350</b>	<b>566</b>	<b>9,663</b>
Scheduled cargo	175	123	332	77	22	212	137	73	1,151
Other cargo sales	14	4	19	7	1	11	17	6	79
<b>Total cargo</b>	<b>189</b>	<b>127</b>	<b>351</b>	<b>84</b>	<b>23</b>	<b>223</b>	<b>154</b>	<b>79</b>	<b>1,230</b>
Maintenance	462	253	12	-	-	-	49	-	776
Transavia	144	305	-	-	-	-	-	-	449
Others	104	15	2	39	-	-	-	20	180
<b>Total</b>	<b>3,953</b>	<b>1,619</b>	<b>2,571</b>	<b>565</b>	<b>248</b>	<b>1,124</b>	<b>1,553</b>	<b>665</b>	<b>12,298</b>

- First semester ended June 30, 2014

<i>In € millions</i>	Metropo- litan France	Benelux	Europe (except France and Benelux) North Africa	Africa (except North Africa)	Middle- Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Scheduled passenger	2,872	853	2,196	408	198	813	1,159	554	9,053
Other passenger sales	169	81	85	22	3	45	8	11	424
<b>Total passenger network</b>	<b>3,041</b>	<b>934</b>	<b>2,281</b>	<b>430</b>	<b>201</b>	<b>858</b>	<b>1,167</b>	<b>565</b>	<b>9,477</b>
Scheduled cargo	188	123	377	71	26	244	150	75	1,254
Other cargo sales	24	9	18	5	1	11	17	5	90
<b>Total cargo</b>	<b>212</b>	<b>132</b>	<b>395</b>	<b>76</b>	<b>27</b>	<b>255</b>	<b>167</b>	<b>80</b>	<b>1,344</b>
Maintenance	360	185	13	-	-	-	18	-	576
Transavia	125	310	-	-	-	-	-	-	435
Others	105	16	3	32	-	-	-	17	173
<b>Total</b>	<b>3,843</b>	<b>1,577</b>	<b>2,692</b>	<b>538</b>	<b>228</b>	<b>1,113</b>	<b>1,352</b>	<b>662</b>	<b>12,005</b>

# Air France-KLM Group

## Traffic sales by geographical area of destination

- First semester ended June 30, 2015

<i>In € millions</i>	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	949	2,152	727	1,189	2,669	1,562	9,248
Scheduled cargo	2	21	67	234	481	346	1,151
<b>Total</b>	<b>951</b>	<b>2,173</b>	<b>794</b>	<b>1,423</b>	<b>3,150</b>	<b>1,908</b>	<b>10,399</b>

- First semester ended June 30, 2014

<i>In € millions</i>	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	947	2,145	700	1,218	2,498	1,545	9,053
Scheduled cargo	2	23	71	241	506	411	1,254
<b>Total</b>	<b>949</b>	<b>2,168</b>	<b>771</b>	<b>1,459</b>	<b>3,004</b>	<b>1,956</b>	<b>10,307</b>

## 7. EXTERNAL EXPENSES

<i>In € millions</i>	2015	2014 Restated
<b>Period from January 1 to June 30</b>		
Aircraft fuel	3,141	3,189
Chartering costs	217	209
Aircraft operating lease costs	505	430
Landing fees and air route charges	941	891
Catering	309	283
Handling charges and other operating costs	741	682
Aircraft maintenance costs	1,160	817
Commercial and distribution costs	465	437
External Staff	93	92
Other external expenses	848	794
<b>Total</b>	<b>8,420</b>	<b>7,824</b>
<i>Excluding aircraft fuel</i>	5,278	4,635

# Air France-KLM Group

## 8. SALARIES AND NUMBER OF EMPLOYEES

### Salaries and related costs

<i>In € millions</i>	<b>2015</b>	<b>2014</b>
<b>Period from January 1 to June 30</b>		<b>Restated</b>
Wages and salaries	2,780	2,649
Costs linked to defined contribution plans	279	284
Net periodic pension cost	137	196
Social contributions	584	573
Expenses related to share-based compensation	-	1
Other expenses	61	49
<b>Total</b>	<b>3,841</b>	<b>3,752</b>

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). This multi-employer plan being assimilated with a French State plan, it is accounted for as a defined contribution plan in “costs linked to defined contribution plans” in social contributions.

The “other expenses” among other include the CICE tax credit.

### Average number of employees

<b>Period from January 1 to June 30</b>	<b>2015</b>	<b>2014</b>
Flight deck crew	7,912	8,089
Cabin crew	21,288	21,470
Ground staff	64,317	65,126
<b>Total</b>	<b>93,517</b>	<b>94,685</b>

## 9. AMORTIZATION, DEPRECIATION AND PROVISIONS

<i>In € millions</i>	<b>2015</b>	<b>2014</b>
<b>Period from January 1 to June 30</b>		
<b>Amortization</b>		
Intangible assets	52	42
Flight equipment	618	604
Other property, plant and equipment	116	118
	<b>786</b>	<b>764</b>
<b>Depreciation and provisions</b>		
Inventories	(7)	(2)
Trade receivables	(1)	-
Risks and contingencies	2	36
	<b>(6)</b>	<b>34</b>
<b>Total</b>	<b>780</b>	<b>798</b>

# Air France-KLM Group

## 10. OTHER INCOME AND EXPENSES

<i>In € millions</i>	<b>2015</b>	<b>2014</b>
<b>Period from January 1 to June 30</b>		<b>Restated</b>
Capitalized production	447	273
Joint operation of routes	(21)	(28)
Operations-related currency hedges	162	12
Other	10	(11)
<b>Other income and expenses</b>	<b>598</b>	<b>246</b>

From January 1, 2015, the Group decided to isolate the items relating to the capitalized production on a single line of the income statement (“Other income and expenses”) whereas they had previously been allocated by type of expenditure. The consolidated financial statements for 2014 have been restated for reasons of comparison, as mentioned in note 2.

## 11. OTHER NON-CURRENT INCOME AND EXPENSES

<i>In € millions</i>	<b>2015</b>	<b>2014</b>
<b>Period from January 1 to June 30</b>		
Depreciation of CGU Cargo	-	(106)
Depreciation of assets available for sale		(4)
Restructuring costs	(133)	(7)
Disposal of shares available for sale	224	-
Disposals of subsidiaries and affiliates	-	(3)
Other	(2)	3
<b>Other non-current income and expenses</b>	<b>89</b>	<b>(117)</b>

- **Semester ended June 30, 2015**

### *Restructuring costs*

As of June 30, 2015, this line mainly includes:

- a provision of €56 million relating to the new voluntary departure plans announced by Air France in February 2015, as presented in note 3.1;
- a provision of €40 million relating to the voluntary departure plan for Martinair pilots, as presented in note 3.1;
- a provision of €31 million relating to the new voluntary departure plan announced by KLM in June 2015, as presented in note 3.1.

### *Disposal of shares available for sale*

On January 15, 2015 the Group sold a block of 9,857,202 shares in the Spanish company Amadeus IT Holding S.A. ("Amadeus"), representing approximately 2.2% of the capital of the company.

As mentioned in note 3.1, this transaction generated:

- a positive result on the disposal of the shares amounting to €218 million in the “Other non-current income and expenses” part of the income statement;
- cash proceeds of €327 million.

## Air France-KLM Group

After this operation, the Group still holds 9.9 million of Amadeus shares. The value of these shares is completely covered by a hedging transaction concluded on November 25, 2014.

- **Semester ended June 30, 2014**

During the first semester 2014, the Group had continued the strategic review of its full-freighter business, different scenarios having been reviewed. After a huge reduction in its activity at Paris CDG during the last few years, the Group had decided to decrease its full-freighter fleet at Schiphol (The Netherlands). This decision represented a trigger event that impairment could occur and an impairment test on the cargo cash generating unit (CGU) had then been undertaken as of June 30, 2014. At the end of the test, an impairment had been recorded to decrease the carrying value of the aeronautical assets in the cargo CGU to the level of their fair market value based on the appraisers' valuations. The impairment amounted to € 106 million.

# Air France-KLM Group

## 12. NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

<i>In € millions</i>	2015	2014
<b>Period from January 1 to June 30</b>		<b>Restated</b>
Income from marketable securities	7	13
Other financial income	24	26
<b>Income from cash and cash equivalents</b>	<b>31</b>	<b>39</b>
Loan interests	(123)	(134)
Lease interests	(33)	(36)
Capitalized interests and other non-monetary items	6	4
Other financial expenses	(48)	(57)
<b>Gross cost of financial debt</b>	<b>(198)</b>	<b>(223)</b>
<b>Net cost of financial debt</b>	<b>(167)</b>	<b>(184)</b>
Foreign exchange gains (losses), net	(246)	(118)
Financial instruments	(96)	26
Net (charge) release to provisions	(13)	(34)
Other	(33)	(1)
<b>Other financial income and expenses</b>	<b>(388)</b>	<b>(127)</b>

### *Cost of financial debt*

As of June 30, 2015, the gross cost of financial debt includes an amount of €20 million corresponding to the difference between the nominal interest rate and the effective interest rate (after split accounting) of the OCEANE bonds issued (€25 million as of June 30, 2014).

The interest rate used in the calculation of capitalized interest is 3.25 % for the six-month period ended June 30, 2015 (3.26% for the six-month period ended June 30, 2014).

### *Foreign exchange gain (losses)*

As of June 30, 2015, the foreign exchange losses mainly include:

- a currency loss on the net debt amounting to €145 million mainly linked to the appreciation in the US dollar, Swiss franc and Japanese yen relative to the euro and also to an additional adjustment in the value of the cash held by the Group in Venezuelan bank accounts to take into account the currency conversion risk
- a currency loss of €84 million on provision, mainly linked to the revaluation of the US dollar portion of the maintenance provisions.

As of June 30, 2014, the foreign exchange losses among other included an adjustment in the value of the cash held by the Group in a bank account in Venezuela, to take into account the currency conversion risk.

### *Change in fair value of financial instruments*

As of June 30, 2015, the change in fair value of financial instruments recorded is related to fuel derivatives for €(57) million, foreign exchange derivatives for € (23) million, the total return swap on OCEANE for (9) million, and the Amadeus collar for €(8) million.

As of June 30, 2014, the change in fair value of financial instruments related to the variation in the ineffective portion of fuel derivatives for €(19) million, foreign exchange derivatives for €22 million and the total return swap on the OCEANE 2005 for €23 million.

# Air France-KLM Group

## *Net (charge) / release to provisions*

As of June 30, 2015, the net addition to provisions comprises mainly the constitution of a provision on GOL shares.

As of June 30, 2014, the line “Net (charge) release to provisions” includes a loss of €21 million relating to the Alitalia shares – resulting from the conversion of the bonds subscribed in December 2013 within the framework of the financial restructuring of Alitalia – to reduce this shareholding to its fair value.

## *Other financial income and expenses*

As of June 30, 2015, the line “other” comprises mainly the effect of accretion on long-term provisions.

## 13. INCOME TAXES

### 13. 1 Income tax charge

<i>In € millions</i>	<b>2015</b>	<b>2014</b>
<b>Period from January 1 to June 30</b>		<b>Restated</b>
<b>Current tax (expense) / income</b>	<b>(23)</b>	<b>(18)</b>
Change in temporary differences	(12)	1
CAVE impact	2	2
(Use / de-recognition) / recognition of tax loss carry forwards	115	51
<b>Deferred tax income / (expense) from continuing operations</b>	<b>105</b>	<b>54</b>
<b>Total</b>	<b>82</b>	<b>36</b>

The current income tax charge relates to the amounts paid or payable in the short term to the tax authorities for the period, in accordance with the regulations prevailing in various countries and any applicable treaties.

- **French fiscal group**

In France, tax losses can be carried forward for an unlimited period. However, the 2011 and 2012 Finance Acts introduced a limitation on the amount of fiscal loss recoverable each year to 50 per cent of the profit for the period beyond the first million euros. The period for recovering these losses against future profits having also been extended within the context of prevailing economic crisis and a highly competitive global market. The Group therefore limits its recoverability horizon on the deferred tax losses of the French fiscal group to a period of seven years, consistent with its operating visibility.

As of June 30 2015, following to the calculation of the estimated annual average tax rate for the current year, the French fiscal Group has not recognized any deferred tax asset on the 1<sup>st</sup> semester 2015 losses. The income tax cost amounting to €13 million for the French fiscal Group mainly corresponds to the CVAE.

- **Dutch fiscal group**

As of June 30 2015, the Group recognized deferred tax assets on fiscal losses amounting to €112 million, relating to the Dutch fiscal Group.

As of June 30 2014, the deferred tax assets recognized on fiscal losses amounted to €77 million. Moreover, the Group had decided, within the framework of its review of the full-freighter activity at Schiphol, to fully de-recognize the deferred tax asset on Martinair’s pre-acquisition fiscal losses. This had a negative impact on the deferred tax charge amounting to €26 million.



# Air France-KLM Group

## 13.2 Deferred tax recorded directly in equity (equity holders of Air France-KLM)

<i>In € millions</i>	<b>2015</b>	<b>2014</b>
<b>Period from January 1 to June 30</b>		
Treasury shares	-	(2)
OCEANE	-	-
<b>Other comprehensive income that will be reclassified to profit and loss</b>	<b>(168)</b>	<b>(42)</b>
Assets available for sale	13	1
Derivatives	(181)	(43)
<b>Other comprehensive income that will not be reclassified to profit and loss</b>	<b>(95)</b>	<b>212</b>
Pensions	(95)	212
<b>Total</b>	<b>(263)</b>	<b>168</b>

# Air France-KLM Group

## 14. SHARE OF PROFITS (LOSSES) OF ASSOCIATES

The share of losses of associates held by the Group is mainly linked to Kenya Airways, a Kenyan airline based in Nairobi over which the Group exercises a significant influence.

## 15. NET INCOME FROM DISCONTINUED OPERATIONS

As of June 30, 2014, the line "Net income from discontinued operations" corresponded to the contribution from the CityJet and VLM entity for €(4) million.

## 16. EARNINGS PER SHARE

### *Reconciliation of income used to calculate earnings per share*

The results used to calculate earnings per share are as follows:

<i>In € millions</i>	<b>2015</b>	<b>2014</b>
<b>Period from January 1 to June 30</b>		<b>Restated</b>
Net income for the period – Equity holders of Air France-KLM	(638)	(619)
Net income from continuing operations – Equity holders of Air France – KLM	(638)	(615)
Net income from discontinued operations – Equity holders of Air France – KLM	-	(4)

Since the Group does not pay dividends to preferred stockholders, there is no difference with the results appearing in the financial statements. The net income for the periods presented and used to calculate diluted earnings per share is the same as the results used to calculate earnings per share.

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

<b>Period from January 1 to June 30</b>	<b>2015</b>	<b>2014</b>
<b>Weighted average number of:</b>		
- Ordinary shares issued	300,219,278	300,219,278
- Treasury stock held regarding stock option plan	(1,116,420)	(1,116,420)
- Other treasury stock	(3,063,384)	(3,063,384)
<b>Number of shares used to calculate basic earnings per share</b>	<b>296,039,474</b>	<b>296,039,474</b>
OCEANE conversion	15,946	-
<b>Number of ordinary and potential ordinary shares used to calculate diluted earnings per share</b>	<b>296,055,420</b>	<b>296,039,474</b>

# Air France-KLM Group

## 17. TANGIBLE ASSETS

<i>In € millions</i>	As of June 30, 2015			As of December 31, 2014		
	Gross value	Depreciation	Net Value	Gross value	Depreciation	Net Value
Owned aircraft	8,802	(5,736)	3,066	8,350	(5,371)	2,979
Leased aircraft	6,757	(2,744)	4,013	6,883	(2,936)	3,947
Assets in progress	420	-	420	543	-	543
Other	2,403	(1,059)	1,344	2,296	(1,037)	1,259
<b>Flight equipment</b>	<b>18,382</b>	<b>(9,539)</b>	<b>8,843</b>	<b>18,072</b>	<b>(9,344)</b>	<b>8,728</b>
Land and buildings	2,827	(1,761)	1,066	2,805	(1,723)	1,082
Equipment and machinery	1,411	(1,041)	370	1,368	(1,003)	365
Assets in progress	125	-	125	135	-	135
Other	935	(776)	159	907	(739)	168
<b>Other tangible assets</b>	<b>5,298</b>	<b>(3,578)</b>	<b>1,720</b>	<b>5,215</b>	<b>(3,465)</b>	<b>1,750</b>
<b>Total</b>	<b>23,680</b>	<b>(13,117)</b>	<b>10,563</b>	<b>23,287</b>	<b>(12,809)</b>	<b>10,478</b>

The net value of the tangible assets financed under capital lease amounts to €4,477 million as of June 30, 2015 (€4,438 million as of December 31, 2014).

## 18. PENSION ASSETS AND PROVISIONS

As of June 30, 2015, the discount rates used by companies to calculate the defined benefit obligations are the following:

	June 30, 2015	December 31, 2014
Euro zone – duration 10 to 15 years	1.85%	1.65%
Euro zone – duration 15 years and more	2.30%	2.35%

The impact in variations of discount rates on the defined benefit obligation has been calculated using sensitivity analysis of the pension defined benefit obligation. The sensitivity analysis is mentioned in note 31.1.2 of the annual financial statements as of December 31, 2014.

Over the same period, the fair value of the plan assets of the pension funds has increased.

All these items have a cumulative impact resulting in:

- An increase of €316 million of the “pension assets” and
- A decrease of €51 million of the “pension provisions”.

# Air France-KLM Group

## 19. ASSETS HELD FOR SALE AND LIABILITIES RELATING TO ASSETS HELD FOR SALE

- **Six-month period ended June 30, 2015**

The line “assets held for sale” includes the fair value of 4 aircraft held for sale for a total amount of €3 million.

- **Year ended December 31, 2014**

As of December 31, 2014, the lines "Assets held for sale" includes the fair value of 4 aircraft held for sale for a total amount of €3 million.

## 20. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA

### 20.1 Breakdown of stock and voting rights

As of June 30, 2015, the issued capital of Air France-KLM comprised 300,219,278 fully paid-up shares with a nominal value of €1. Each share is entitled to one vote.

The breakdown of stock and voting rights is as follows:

<i>In percentage(%)</i>	<b>June 30, 2015</b>		<b>December 31, 2014</b>	
	Capital	Voting rights	Capital	Voting rights
French State	18	18	16	16
Employees and former employees	7	7	7	7
Treasury shares	1	-	1	-
Other	74	75	76	77
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The item “Employees and former employees” includes shares held by employees and former employees identified in funds or by a Sicovam code.

In accordance with the “Florange Law”, as of April 3, 2016, a double voting right will automatically be assigned to all fully paid-up shares held in registered form in the name of the same shareholders for two years.

### 20.2 Reserves and retained earnings

<i>In € millions</i>	<i>Notes</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
			<b>Restated</b>
Legal reserve		70	70
Distributable reserves		301	412
Perpetual bonds	<i>3.1</i>	600	-
Defined benefit pensions reserves		(2,591)	(2,846)
Derivatives reserves		(446)	(881)
Available for sale securities reserves		243	428
Other reserves		(937)	(835)
Net income (loss) – Equity holders of Air France-KLM		(639)	(225)
<b>Total</b>		<b>(3,399)</b>	<b>(3,877)</b>

# Air France-KLM Group

## 21. PROVISIONS

<i>In € millions</i>	June 30, 2015			December 31, 2014		
	Non current	Current	Total	Non current	Current	Total
Restitution of aircraft	824	378	1,202	774	316	1,090
Restructuring	-	380	380	-	323	323
Litigation	467	14	481	447	32	479
Other	166	41	207	183	60	243
<b>Total</b>	<b>1,457</b>	<b>813</b>	<b>2,270</b>	<b>1,404</b>	<b>731</b>	<b>2,135</b>

### 21.1. Provisions

#### 21.1.1 Litigation

An assessment of litigation risks with third parties has been carried out with the Group's attorneys and provisions have been recorded whenever circumstances require.

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 reasonably challenge a tax position adopted by the Group or one of its subsidiaries.

In the normal course of its activities, the Air France-KLM Group, its subsidiaries Air France and KLM and their subsidiaries are involved in litigation cases, some of which may be significant as described below.

#### 21.1.2 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 June 30, 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, Air France-KLM, Air France, KLM and Martinair have filed an appeal before the EU General Court against the 2010 European Commission decision. The €340 million fine (excluding interests for late payment) imposed by the Commission has been recognized as a provision.

In Switzerland, Air France and KLM have filed an appeal before the relevant court regarding a decision imposing a €3 million fine.

In South Korea, the proceeding is now over: in December 2014, the Supreme Court confirmed the fines against Air France and KLM for a total of approximately €7 million but dismissed the action against Air France-KLM and accordingly decided the annulment of the fine against Air France-KLM.

As of June 30, 2015, the total amount of provisions in connection with the anti-trust cases amounts to €382 million.

#### 21.1.3 Other provisions

## **Air France-KLM Group**

Other provisions relate principally to power-by-the-hour contracts (maintenance activity of the Group), provisions for onerous leases, provisions for the portion of CO2 emissions not covered by the free allocation of quotas and provisions for the dismantling of buildings.

### **21.2 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.

#### **21.2.1 Litigations concerning anti-trust laws in the air-freight industry**

Following the initiation of various investigations by 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 parties 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 main defendants, they have also initiated contribution proceedings against other airlines.

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.

#### **21.2.2 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.

#### **21.2.3 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.

Except for the matters specified under the paragraphs 21.1 and 21.2, 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.

# Air France-KLM Group

## 22. FINANCIAL DEBT

<i>In € millions</i>	June 30, 2015			December 31, 2014		
	Non current	Current	Total	Non current	Current	Total
Perpetual subordinated loan stock	637	-	637	564	-	564
OCEANE (convertible bonds)	888	-	888	873	655	1,528
Bonds	1,706	-	1,706	1,706	-	1,706
Capital lease obligations	3,758	619	4,377	3,469	654	4,123
Other long-term debt	1,285	452	1,737	1,382	453	1,835
Accrued interest	-	70	70	-	123	123
<b>Total</b>	<b>8,274</b>	<b>1,141</b>	<b>9,415</b>	<b>7,994</b>	<b>1,885</b>	<b>9,879</b>

### Issuance of Bond 2021

On June 4, 2014, Air France-KLM issued a bond in euros amounting to €600 million with a maturity date set for June 2021 (bond 2021) and an annual coupon of 3.875%.

On June 18, 2014, at the end of an offer to buy back bonds issued in 2009, launched by a bank, a portion of the bond (€94 million in nominal) was exchanged against 1,094 shares of the bond 2021.

The exchange value of this operation, accrued interests included, amounted to €109 million. It has no impact on the income statement because there was no substantial modification to the exchanged part of the bond 2009.

This exchange operation enabled the Group to extend the debt maturity without any significant impact on the financial result.

### Market value

The financial liabilities with fair values significantly different from their book values are the following:

<i>In € millions</i>	June 30, 2015		December 31, 2014	
	Net book value	Estimated market value	Net book value	Estimated market value
Perpetual subordinated loan stock	637	296	564	264
OCEANE	888	982	1,528	1,750
Bonds	1,706	1,769	1,706	1,801
<b>Total</b>	<b>3,231</b>	<b>3,047</b>	<b>3,798</b>	<b>3,815</b>

## 23. LEASE COMMITMENTS

### 23.1 Financial leases

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

<i>In € millions</i>	June 30, 2015	December 31, 2014
Flight equipment	4,315	3,963
Buildings	514	521
Other	115	122
<b>Total</b>	<b>4,944</b>	<b>4,606</b>

# Air France-KLM Group

## 23.2 Operating leases

The undiscounted amount of the future operating lease payments for aircraft under operating lease totaled €6,249 million as of June 30, 2015 (€6,259 million as of December 31, 2014).

## 24. FLIGHT EQUIPMENT ORDERS

Due dates for commitments to firm orders with a view to the purchase of flight equipment are as follows:

<i>In € millions</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
2 <sup>nd</sup> semester year Y (6 months)	255	-
Year Y+1	930	566
Year Y+2	1,053	797
Year Y+3	1,195	811
Year Y+4	1,234	1,064
> Year Y+4	3,926	4,793
<b>Total</b>	<b>8,593</b>	<b>8,031</b>

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 under firm order as of June 30, 2015 increased by 13 units compared with December 31, 2014 and stood at 93 aircraft. These changes are explained by the order for 17 aircraft and the delivery of 4 aircraft over the period.

### **Long-haul fleet (passenger)**

The Group took delivery of 3 Boeing B777s.

### **Medium-haul fleet**

The Group did not take any deliveries.

### **Regional fleet**

The group signed a firm order for 17 Embraers of which 15 Embraer 175s and 2 Embraer 190s.

The Group took delivery of 1 Bombardier CRJ1000.

The Group's commitments concern the following aircraft:



## Air France-KLM Group

Aircraft type	To be delivered in	2 <sup>nd</sup> semester Y (6 months)	Y+1	Y+2	Y+3	Y+4	Beyond Y+4	Total
<b><u>Long-haul fleet – passenger</u></b>								
A380	As of June 30, 2015	-	-	-	2	-	-	2
	As of December 31, 2014	-	-	-	-	2	-	2
A350	As of June 30, 2015	-	-	-	-	6	19	25
	As of December 31, 2014	-	-	-	-	2	23	25
B787	As of June 30, 2015	-	1	4	4	3	13	25
	As of December 31, 2014	-	-	1	4	4	16	25
B777	As of June 30, 2015	-	3	1	-	-	-	4
	As of December 31, 2014	-	3	3	1	-	-	7
<b><u>Medium-haul fleet</u></b>								
A320	As of June 30, 2015	-	-	2	1	-	-	3
	As of December 31, 2014	-	-	3	-	-	-	3
B737	As of June 30, 2015	-	4	8	5	-	-	17
	As of December 31, 2014	-	5	7	5	-	-	17
<b><u>Regional fleet</u></b>								
EMB 170	As of June 30, 2015	-	4	7	4	-	-	15
	As of December 31, 2014	-	-	-	-	-	-	-
EMB 190	As of June 30, 2015	2	-	-	-	-	-	2
	As of December 31, 2014	-	-	-	-	-	-	-
CRJ 1000	As of June 30, 2015	-	-	-	-	-	-	-
	As of December 31, 2014	-	1	-	-	-	-	1

## 25. RELATED PARTIES

The Group's relationships with its related parties did not change significantly in terms of amounts and/or scope.