

**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 – September 30, 2015

Air France-KLM Group

Table of contents

CONSOLIDATED INCOME STATEMENT.....	- 3 -
CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES.....	- 4 -
CONSOLIDATED BALANCE SHEET.....	- 5 -
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY.....	- 7 -
CONSOLIDATED STATEMENTS OF CASH FLOWS.....	- 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.....	- 12 -
4.1. Accounting principles.....	- 12 -
4.2. Preparation of unaudited interim consolidated financial statements.....	- 13 -
4.3. Use of estimates.....	- 13 -
5. EVOLUTION OF THE SCOPE OF CONSOLIDATION.....	- 14 -
6. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA.....	- 15 -
6.1. Information by business segment.....	- 16 -
6.2. Information by geographical area.....	- 17 -
7. EXTERNAL EXPENSES.....	- 18 -
8. SALARIES AND NUMBER OF EMPLOYEES.....	- 19 -
9. OTHER INCOME AND EXPENSES.....	- 19 -
10. OTHER NON-CURRENT INCOME AND EXPENSES.....	- 20 -
11. OTHER FINANCIAL INCOME AND EXPENSES.....	- 21 -
12. INCOME TAXES.....	- 22 -
13. SHARE OF PROFITS (LOSSES) OF ASSOCIATES.....	- 22 -
14. NET INCOME FROM DISCONTINUED OPERATIONS.....	- 22 -
15. PENSION ASSETS AND PROVISIONS.....	- 23 -

Air France-KLM Group

CONSOLIDATED INCOME STATEMENT

<i>In € millions</i>			
Period from January 1 to September 30	<i>Notes</i>	2015	2014 Restated^(*)
Sales	6	19,713	18,700
Other revenues		1	17
Revenues		19,714	18,717
External expenses	7	(12,775)	(12,070)
Salaries and related costs	8	(5,729)	(5,602)
Taxes other than income taxes		(130)	(130)
Amortization, depreciation and provisions		(1,230)	(1,233)
Other income and expenses	9	816	358
Income from current operations		666	40
Sales of aircraft equipment		(4)	(5)
Other non-current income and expenses	10	88	75
Income from operating activities		750	110
Cost of financial debt		(291)	(337)
Income from cash and cash equivalents		47	57
Net cost of financial debt		(244)	(280)
Other financial income and expenses	11	(611)	(362)
Income before tax		(105)	(532)
Income taxes	12	(14)	21
Net income of consolidated companies		(119)	(511)
Share of profits (losses) of associates	13	(34)	(15)
Net income from continuing operations		(153)	(526)
Net income from discontinued operations	14	-	(4)
Net income for the period		(153)	(530)
- Equity holders of Air France-KLM		(158)	(533)
- Non controlling interests		5	3
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic and diluted		(0.53)	(1.80)
Net income from continuing operations - Equity holders of Air France-KLM (in euros)			
- basic and diluted		(0.53)	(1.79)
Net income from discontinued operations - Equity holders of Air France-KLM (in euros)			
- basic and diluted		-	(0.01)

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

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

Air France-KLM Group

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

<i>In € millions</i>		
Period from January 1 to September 30	2015	2014 Restated^(*)
Net income for the period	(153)	(530)
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in other comprehensive income	47	(67)
Change in fair value transferred to profit or loss	(222)	(250)
Fair value hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	(34)	27
Change in fair value transferred to profit or loss	-	74
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	(417)	35
Change in fair value transferred to profit or loss	907	(62)
Currency translation adjustment	7	10
Deferred tax on items of comprehensive income that will be reclassified to profit or loss	(121)	(26)
<i>Total of other comprehensive income that will be reclassified to profit or loss</i>	<i>167</i>	<i>(259)</i>
Remeasurements of defined benefit pension plans	103	(2,381)
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss	(37)	609
<i>Total of other comprehensive income that will not be reclassified to profit or loss</i>	<i>66</i>	<i>(1,772)</i>
Total of other comprehensive income, after tax	233	(2,031)
Recognized income and expenses	80	(2,561)
- Equity holders of Air France-KLM	77	(2,550)
- Non-controlling interests	3	(11)

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

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

Air France-KLM Group

CONSOLIDATED BALANCE SHEET

Assets		September 30,	December 31,
<i>In € millions</i>	<i>Notes</i>	2015	2014
			Restated ^(*)
Goodwill		244	243
Intangible assets		1,029	1,009
Flight equipment		8,773	8,728
Other property, plant and equipment		1,702	1,750
Investments in equity associates		115	139
Pension assets	<i>15</i>	1,475	1,409
Other financial assets		1,163	1,502
Deferred tax assets		913	1,042
Other non-current assets		270	243
Total non current assets		15,684	16,065
Assets held for sale		3	3
Other short term financial assets		975	787
Inventories		588	538
Trade receivables		1,962	1,728
Other current assets		1,175	961
Cash and cash equivalents		3,199	3,159
Total current assets		7,902	7,176
Total assets		23,586	23,241

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

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

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (continued)

Liabilities and equity		September 30,	December 31,
<i>In € millions</i>	<i>Notes</i>	2015	2014
			Restated (*)
Issued capital		300	300
Additional paid-in capital		2,971	2,971
Treasury shares		(84)	(86)
Perpetual		587	-
Reserves and retained earnings		(3,802)	(3,877)
Equity attributable to equity holders of Air France-KLM		(28)	(692)
Non-controlling interests		48	39
Total Equity		20	(653)
Pension provisions	<i>15</i>	2,084	2,119
Other provisions		1,493	1,404
Long-term debt		8,102	7,994
Deferred tax liabilities		12	14
Other non-current liabilities		479	536
Total non-current liabilities		12,170	12,067
Provisions		791	731
Current portion of long-term debt		1,065	1,885
Trade payables		2,474	2,444
Deferred revenue on ticket sales		2,907	2,429
Frequent flyer programs		767	759
Other current liabilities		3,388	3,330
Bank overdrafts		4	249
Total current liabilities		11,396	11,827
Total liabilities		23,566	23,894
Total equity and liabilities		23,586	23,241

The accompanying notes are an integral part of these condensed 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

<i>In € millions</i>	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Perpetual	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Non-controlling interests	Total equity
December 31, 2013	300,219,278	300	2,971	(85)	-	(941)	2,245	48	2,293
Fair value adjustment on available for sale securities	-	-	-	-	-	(297)	(297)	-	(297)
Gain / (loss) on cash flow hedges	-	-	-	-	-	(39)	(39)	-	(39)
Gain / (loss) on fair value hedges	-	-	-	-	-	67	67	-	67
Remeasurements of defined benefit pension plans	-	-	-	-	-	(1,757)	(1,757)	(15)	(1,772)
Currency translation adjustment	-	-	-	-	-	9	9	1	10
Other comprehensive income	-	-	-	-	-	(2,017)	(2,017)	(14)	(2,031)
Net result for the period	-	-	-	-	-	(533)	(533)	3	(530)
Total of income and expenses recognized	-	-	-	-	-	(2,550)	(2,550)	(11)	(2,561)
Dividends paid	-	-	-	-	-	-	-	(2)	(2)
Other	-	-	-	-	-	6	6	-	6
September 30, 2014 - Restated (*)	300,219,278	300	2,971	(85)	-	(3,485)	(299)	35	(264)
December 31, 2014 - Restated (*)	300,219,278	300	2,971	(86)	-	(3,877)	(692)	39	(653)
Fair value adjustment on available for sale securities	-	-	-	-	-	(162)	(162)	-	(162)
Gain / (loss) on cash flow hedges	-	-	-	-	-	346	346	(2)	344
Gain / (loss) on fair value hedges	-	-	-	-	-	(22)	(22)	-	(22)
Remeasurements of defined benefit pension plans	-	-	-	-	-	66	66	-	66
Currency translation adjustment	-	-	-	-	-	7	7	-	7
Other comprehensive income	-	-	-	-	-	235	235	(2)	233
Net result for the period	-	-	-	-	-	(158)	(158)	5	(153)
Total of income and expenses recognized	-	-	-	-	-	77	77	3	80
Perpetual	-	-	-	-	599	-	599	-	599
Coupons on perpetual	-	-	-	-	(12)	-	(12)	-	(12)
Change in scope	-	-	-	-	-	(2)	(2)	6	4
Treasury shares	-	-	-	2	-	-	2	-	2
September 30, 2015	300,219,278	300	2,971	(84)	587	(3,802)	(28)	48	20

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

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

Air France-KLM Group

CONSOLIDATED STATEMENTS OF CASH FLOWS

In € millions

Period from January 1 to September 30	<i>Notes</i>	2015	2014 Restated^(*)
Net income from continuing operations		(153)	(526)
Net income from discontinued operations	14	-	(4)
Amortization, depreciation and operating provisions		1,230	1,240
Financial provisions		65	37
Results on disposals of tangible and intangible assets		4	(13)
Results on disposals of subsidiaries and associates	10	(224)	(184)
Derivatives – non monetary result		158	134
Unrealized foreign exchange gains and losses, net		268	177
Share of (profits) losses of associates	13	34	15
Deferred taxes	12	(19)	(50)
Impairment	10	-	110
Other non-monetary items		29	(204)
Subtotal		1,392	732
<i>Of which discontinued operations</i>		-	(6)
(Increase) / decrease in inventories		(29)	(29)
(Increase) / decrease in trade receivables		(240)	(187)
Increase / (decrease) in trade payables		5	(82)
Change in other receivables and payables		513	570
Change in working capital from discontinued operations		-	20
Net cash flow from operating activities		1,641	1,024
Acquisition of subsidiaries, of shares in non-controlled entities		(2)	(41)
Purchase of property plants, equipments and intangible assets		(1,181)	(1,155)
Loss of subsidiaries, of disposal of shares in non-controlled entities	10	342	354
Proceeds on disposal of property, plant and equipment and intangible assets		73	82
Dividends received		3	20
Decrease (increase) in net investments, more than 3 months		(205)	260
Net cash flow used in investing activities of discontinued operations		-	(20)
Net cash flow used in investing activities		(970)	(500)
Capital increase		600	-
Issuance of debt		921	1,300
Repayment on debt		(1,379)	(1,753)
Payment of debt resulting from finance lease liabilities		(543)	(454)
New loans		(53)	(24)
Repayment on loans		122	55
Dividends paid		(3)	(2)
Net cash flow from financing activities		(335)	(878)
Effect of exchange rate on cash and cash equivalents and bank overdrafts		(52)	(77)
Change in cash and cash equivalents and bank overdrafts		284	(431)
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		3,194	3,093
Change in cash of discontinued operations		-	(6)

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS**

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, since 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 September 30, 2014 are the following:

<i>In € millions</i>	September 30, 2014	December 31, 2014
External expenses	(322)	(445)
Salaries and related costs	(96)	(128)
Other income and expenses	418	573
Income from current operations	-	-

Modification in the conversion method of provisions in foreign currencies

The Group records provisions for the 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 the analysis of the impacts linked to the dollar variation, the Group decided, since January 1, 2015, to isolate the 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 used the average rate of the US dollar to convert the 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>	September 30, 2014	December 31, 2014
Other financial income and expenses	(29)	(41)
Income before tax	(29)	(41)
Income taxes	10	14
Net income for the period	(19)	(27)

Air France-KLM Group

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

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

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 10).

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 September 30, 2015, as mentioned in note 10.

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 September 30, 2015, as mentioned in note 10.

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 September 30, 2015, as mentioned in note 10.

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.

On October 1, 2015, Air France-KLM paid €19 million for the first coupon relating to this instrument.

Air France-KLM Group

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.

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.

3.2. Subsequent events

In October 2015, the Group transferred to Delta Air Lines six pairs of slots at London Heathrow for a total amount of USD 276 million.

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 September 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 September 30, 2015 have been established in accordance with the accounting principles used by the Group for the consolidated financial statements 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 October 28, 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 September 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;

Air France-KLM Group

- 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.

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.

Air France-KLM Group

5. EVOLUTION OF THE SCOPE OF CONSOLIDATION

• Nine-month period ended September 30, 2015

No significant acquisition or disposal took place during the nine-month period ended September 30, 2015.

• Nine-month period ended September 30, 2014

Scope in

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 September 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

- Nine-month period ended September 30, 2015

<i>In € millions</i>	Passenger Network	Cargo	Maintenance	Transavia	Other	Non allocated	Total
Total sales	16,654	1,828	2,932	893	776	-	23,083
Intersegment sales	(1,096)	(15)	(1,784)	(1)	(474)	-	(3,370)
External sales	15,558	1,813	1,148	892	302	-	19,713
Income from current operations	686	(222)	167	2	33	-	666
Income from operating activities	850	(270)	139	2	29	-	750
Share of profits (losses) of associates	(38)	-	1	-	3	-	(34)
Net cost of financial debt and other financial income and expenses	-	-	-	-	-	(855)	(855)
Income taxes	-	-	-	-	-	(14)	(14)
Net income from continuing operations	812	(270)	140	2	32	(869)	(153)

- Nine-month period ended September 30, 2014 restated

<i>In € millions</i>	Passenger Network	Cargo	Maintenance	Transavia	Other	Non allocated	Total
Total sales	15,783	1,983	2,473	862	725	-	21,826
Intersegment sales	(1,074)	(16)	(1,578)	(1)	(457)	-	(3,126)
External sales	14,709	1,967	895	861	268	-	18,700
Income from current operations	88	(181)	113	(2)	22	-	40
Income from operating activities	286	(304)	111	(2)	19	-	110
Share of profits (losses) of associates	(20)	-	1	-	4	-	(15)
Net cost of financial debt and other financial income and expenses	-	-	-	-	-	(642)	(642)
Income taxes	-	-	-	-	-	21	21
Net income from continuing operations	266	(304)	112	(2)	23	(621)	(526)

Air France-KLM Group

6.2. Information by geographical area

External sales by geographical area

- Nine-month period ended September 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	4,339	1,334	3,333	711	387	1,541	2,297	978	14,920
Other passenger sales	266	108	111	44	4	70	18	17	638
Total passenger network	4,605	1,442	3,444	755	391	1,611	2,315	995	15,558
Scheduled cargo	214	187	508	120	29	322	207	109	1,696
Other cargo sales	21	5	31	8	2	24	19	7	117
Total cargo	235	192	539	128	31	346	226	116	1,813
Maintenance	694	362	18	-	-	-	74	-	1,148
Transavia	304	588	-	-	-	-	-	-	892
Others	176	25	4	59	-	5	-	33	302
Total	6,014	2,609	4,005	942	422	1,962	2,615	1,144	19,713

- Nine-month period ended September 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	4,214	1,328	3,313	677	329	1,395	1,902	905	14,063
Other passenger sales	261	119	123	36	4	73	13	17	646
Total passenger network	4,475	1,447	3,436	713	333	1,468	1,915	922	14,709
Scheduled cargo	267	187	555	102	37	365	212	108	1,833
Other cargo sales	30	15	28	8	2	17	26	8	134
Total cargo	297	202	583	110	39	382	238	116	1,967
Maintenance	560	276	18	-	-	-	41	-	895
Transavia	260	601	-	-	-	-	-	-	861
Others	165	25	2	50	-	-	-	26	268
Total	5,757	2,551	4,039	873	372	1,850	2,194	1,064	18,700

Air France-KLM Group

Traffic sales by geographical area of destination

- Nine-month period ended September 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	1,423	3,455	1,121	1,920	4,436	2,565	14,920
Scheduled cargo	2	32	101	348	704	509	1,696
Total	1,425	3,487	1,222	2,268	5,140	3,074	16,616

- Nine-month period ended September 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	1,366	3,314	1,061	1,874	4,011	2,437	14,063
Scheduled cargo	3	33	101	354	739	603	1,833
Total	1,369	3,347	1,162	2,228	4,750	3,040	15,896

7. EXTERNAL EXPENSES

<i>In € millions</i>	2015	2014 Restated
Period from January 1 to September 30		
Aircraft fuel	4,820	4,926
Chartering costs	325	329
Aircraft operating lease costs	762	646
Landing fees and air route charges	1,478	1,385
Catering	494	444
Handling charges and other operating costs	1,147	1,099
Aircraft maintenance costs	1,657	1,249
Commercial and distribution costs	703	665
External Staff	143	143
Other external expenses	1,246	1,184
Total	12,775	12,070
<i>Excluding aircraft fuel</i>	<i>7,955</i>	<i>7,144</i>

Air France-KLM Group

8. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

<i>In € millions</i>	2015	2014
Period from January 1 to September 30		Restated
Wages and salaries	4,179	3,993
Costs linked to defined contribution plans	415	424
Net periodic pension cost	204	295
Social contributions	896	880
Expenses related to share-based compensation	-	1
Other expenses	35	9
Total	5,729	5,602

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

Period from January 1 to September 30	2015	2014
Flight deck crew	7,853	8,030
Cabin crew	21,437	21,659
Ground staff	64,361	65,187
Total	93,651	94,876

9. OTHER INCOME AND EXPENSES

<i>In € millions</i>	2015	2014
Period from January 1 to September 30		Restated
Capitalized production	603	418
Joint operation of routes	(41)	(51)
Operations-related currency hedges	242	13
Other	12	(22)
Other income and expenses	816	358

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 2014 have been restated for reasons of comparison, as mentioned in note 2.

Air France-KLM Group

10. OTHER NON-CURRENT INCOME AND EXPENSES

<i>In € millions</i>		
Period from January 1 to September 30	2015	2014
Depreciation of CGU Cargo	-	(111)
Depreciation of assets available for sale	-	(4)
Restructuring costs	(134)	(7)
Disposal of shares available for sale	224	187
Disposals of subsidiaries and affiliates	-	(3)
Other	(2)	13
Other non-current income and expenses	88	75

- **Nine-month period ended September 30, 2015**

Restructuring costs

As of September 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;
- A provision of €40 million relating to the voluntary departure plan for Martinair pilots;
- A provision of €31 million relating to the new voluntary departure plan announced by KLM in June 2015.

These voluntary departure plans are 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.

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.

- **Nine-month period ended September 30, 2014**

Depreciation of CGU Cargo

During the period, the Group continued the strategic review of its full-freighter business, different scenarios were reviewed. After a huge reduction in its activity at Paris CDG during the last few years, the Group 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. At the end of the test, an impairment was 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 € 111 million as of September 30, 2014.

Air France-KLM Group

Disposal of shares available for sale

On September 9, 2014, as part of its active balance sheet management policy, the Group sold 4,475,819 shares in the Spanish company Amadeus IT Holding S.A. (“Amadeus”) by a private placement, representing 1.0 per cent of the company’s share capital. The Group simultaneously sold in addition 10,345,200 shares, representing 2.31 per cent of the company’s share capital, in the framework of the settlement of the hedging transaction implemented in 2012 and covering 12,000,000 shares in Amadeus.

These transactions generated:

- A positive result on the disposal of the shares amounting to €187 million in the “Other non-current income and expenses” part of the income statement;
- A change of fair value of financial assets and liabilities for €(4) million in the part “Other financial income and expenses” of the income statement;
- Cash proceeds of €339 million.

After these transactions, the Group owns circa 4.4 per cent of Amadeus IT Holding S.A.’s share capital.

11. OTHER FINANCIAL INCOME AND EXPENSES

<i>In € millions</i>	2015	2014
Period from January 1 to September 30		Restated
Foreign exchange gains (losses), net	(320)	(178)
Financial instruments	(225)	(146)
Net (charge) release to provisions	(21)	(36)
Other	(45)	(2)
Other financial income and expenses	(611)	(362)

Foreign exchange gain (losses)

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

- A currency loss on the net debt amounting to €167 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 €80 million mainly linked to the revaluation of the US dollar portion of the maintenance provisions.

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

Change in fair value of financial instruments

As of September 30, 2015, the change in the fair value of financial instruments recorded is related to:

- Fuel derivatives for €(189) million,
- Foreign exchange derivatives for €(22) million,
- Interest rates derivatives for €(3) million,
- The total return swap on OCEANE for €(10) million,
- The Amadeus collar for €(1) million.

As of September 30, 2014, the change in fair value of financial instruments mainly related to the variation in the ineffective portion of fuel derivatives.

Air France-KLM Group

Net (charge) / release to provisions

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

As of September 30, 2014, the line "Net (charge) release to provisions" included 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 September 30, 2015, the line "other" comprises mainly the effect of the accretion on long-term provisions.

12. INCOME TAXES

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 September 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 losses in the nine-month period ended September 30, 2015.

- **Dutch fiscal group**

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

As of September 30, 2014, the deferred tax assets recognized on fiscal losses amounted to €49 million. Moreover, the Group 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.

13. 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. As of September 30, 2015, the value of the equity shares Kenya Airways is nil.

14. NET INCOME FROM DISCONTINUED OPERATIONS

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

15. PENSION ASSETS AND PROVISIONS

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

	September 30, 2015	December 31, 2014
Euro zone – duration 10 to 15 years	2.00%	1.65%
Euro zone – duration 15 years and more	2.45%	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 decreased.

All these items have a cumulative impact resulting in:

- An increase of €26 million of the “pension assets” and
- A decrease of €83million of the “pension provisions”.