First half financial report

January-June 2015

Société anonyme with share capital of €300,219,278
Registered office: 2, rue Robert Esnault-Pelterie, 75007 Paris
Mailing address: Air France-KLM, AFKL.FI, 95737 Roissy Charles de Gaulle Cedex
Paris Trade and Company Register 552,043,002
Free translation into English for convenience only – French version prevails

CONTENTS

Corporate governance

The Board of Directors

During the 2015 first half, the composition of the Board of Directors saw the following changes:

- Renewal of Mr. Alexandre de Juniac's term of office as a Board director and his reappointment as Chairman and Chief Executive Officer,
- Renewal of Mr. Jaap de Hoop Scheffer's term of office as a Board director,
- Confirmation of Mr. Jean-Dominique Comolli in his Board director functions and the appointment of Mr. Patrick Vieu as a Board director as proposed by the French State (replacing Ms. Régine Bréhier whose term of office had expired),
- Appointment of Ms. Solenne Lepage as a representative of the French State.

At June 30, 2015, the Board of Directors was thus composed of 14 members:

- 13 directors appointed by the Shareholders' Meeting, including two whose appointment had been proposed by the French State and two representing the employee shareholders;
- One representative of the French State appointed by ministerial order.

Composition of the Board of Directors at June 30, 2015

Board director *(Age at June 30, 2015)*	**Functions within the Board of Directors**	**Date appointed to the Air France-KLM Board**	**Date of expiry of mandate**	**Principal current position**
Alexandre de Juniac *(52 years)*	Chairman and Chief Executive Officer of Air France-KLM	January 11, 2012	2019 AGM	Chairman and CEO of Air France-KLM
Peter Hartman *(66 years)*	Vice-Chairman of the Air France-KLM Board of Directors	July 8, 2010	2017 AGM	Vice-Chairman of the Air France-KLM Board of Directors
Maryse Aulagnon *(66 years)*	Independent director Chair of the Audit Committee	July 8, 2010	2017 AGM	Chair and CEO of Affine
Isabelle Bouillot *(66 years)*	Independent director Member of the Remuneration Committee	May 16, 2013	2017 AGM	President of China Equity Links
Jean-Dominique Comolli *(67 years)*	Director (proposed by the French State) Member of the Appointments and Remuneration Committees	December 14, 2010	2019 AGM	Honorary Civil Administrator
Jean-François Dehecq *(75 years)*	Independent director Chairman of the Appointments Committee and member of the Audit Committee	September 15, 2004	2016 AGM	Vice-Chairman of the National Industry Council
Jaap de Hoop Scheffer *(67 years)*	Independent director Member of the Remuneration Committee	July 7, 2011	2019 AGM	Professor, Leiden University (Netherlands)
Louis Jobard *(55 years)*	Director representing the employee shareholders Member of the Audit Committee	May 20, 2014	2018 AGM	Boeing 747-400 Flight Captain
Cornelis van Lede *(72 years)*	Independent director Member of the Audit and Appointments Committees	September 15, 2004	2016 AGM	Company director
Solène Lepage *(43 years)*	Director representing the French State Member of the Audit Committee	March 21, 2013	May 2019	Director of "Transport" Shareholdings, Agency for State Shareholdings

Christian Magne *(62 years)*	Director representing the employee shareholders Member of the Audit and Remuneration Committees	September 15, 2004	2018 AGM	Air France Executive
Isabelle Parize *(58 years)*	Independent Director Member of the Remuneration Committee	March 27, 2014	2018 AGM	Chief Executive Officer of Nocibé
Patrick Vieu *(50 years)*	Director (proposed by the French State)	May 21, 2015	2019 AGM	Advisor to the Vice-President of the General Council for the Environment and Sustainable Development
Leo van Wijk *(68 years)*	Director Chairman of the Remuneration Committee	September 15, 2004	2016 AGM	Chairman of the SkyTeam Governing Board

The Group Executive Committee

Composition of the Group Executive Committee at June 30, 2015.

Members	Age at June 30, 2015	Relevant professional experience – Sector	Experience
Alexandre de Juniac Air France-KLM Chairman and Chief Executive Officer	52 years	Public Service Industry Air Transport	9 years 14 years 3 years
Frédéric Gagey Air France Chairman and Chief Executive Officer	59 years	Air Transport	21 years
Pieter Elbers KLM President and Chief Executive Officer	45 years	Air Transport	23 years
Alain Bassil Air France Chief Operating Officer	60 years	Air Transport	35 years
René de Groot KLM Chief Operating Officer	46 years	Air Transport	25 years
Patrick Alexandre Executive Vice President Commercial – Sales & Alliances, Air France-KLM	60 years	Air Transport	33 years
Pieter Boostma Executive Vice President Commercial – Strategy, Air France-KLM	45 years	Air Transport	19 years
Adeline Challon-Kemoun Executive Vice President Marketing, Digital & Communication, Air France-KLM	48 years	Sales Media-Communication Air Transport	10 years 14 years 4 years
Bram Gräber Executive Vice President Transavia, Air France-KLM Executive Vice President Cargo, Air France-KLM	50 years	Consulting Air Transport	5 years 19 years
Wim Kooijman Executive Vice President Human Resources, Air France-KLM	65 years	Industry Air Transport	25 years 17 years
Jean-Christophe Lalanne Executive Vice President Information Technology, Air France-KLM	53 years	Industry, IT Services Air Transport	20 years 10 years
Jacques Le Pape Executive Vice President Corporate Secretary, Air France-KLM	48 years	Public Service Air Transport	23 years 2 years
Pierre-François Riolacci Chief Financial Officer, Air France-KLM	49 years	Industry Air Transport	23 years 2 years
Franck Terner Executive Vice President Engineering & Maintenance, Air France-KLM	55 years	Air Transport	26 years

Secretarial services to the Executive Committee are provided by the Chief of Staff for the Air France-KLM Chairman and Chief Executive Officer's office.

	Age at June 30, 2015	Relevant professional experience – Sector	Experience
Nathalie Stubler Secretary to Air France-KLM's Group Executive Committee and Chief of Staff	46 years	Air Transport	22 years

Stock market and shareholder structure

Air France-KLM is listed for trading on the Paris and Amsterdam stock markets (Euronext Paris and Amsterdam) under the ISIN code FR0000031122. The stock is a component of the CACmid60 index and is also included in the leading sustainable development and employee shareholder indices. For the tenth year running, Air France-KLM is included in the Dow Jones Sustainability Indexes (DJSI World and DJSI Europe) and is ranked Industry Leader of the "Airlines" sector by RobecoSAM. Furthermore, for the sixth year, the Group is ranked leader of the "Transport" sector.

Stock market performance

As a cyclical stock positioned in a volatile market, the Air France-KLM share price declined by 22% over the first half (January-June 2015) after a 5% increase in 2014. Over the 2015 first half, the CAC 40 gained 13%.

	January-June 2015	January-June 2014	January-June 2013
Share price high *(In €)*	8.500	11.945	8.950
Share price low *(In €)*	6.150	7.589	6.400
Number of shares in circulation	300,219,278	300,219,278	300,219,278
Market capitalization at the end of the period *(In € billion)*	1.9	2.8	2.1

Information relating to the share capital

At June 30, 2015, the Air France-KLM share capital comprised 300,219,278 shares with a nominal value of one euro.

Period ended	June 30, 2015	June 30, 2014	December 31, 2013
Number of shares in circulation	300,219,278	300,219,278	300,219,278
Share capital (in €)	300,219,278	300,219,278	300,219,278

The shares are fully paid up and shareholders can opt to hold them in either registered or bearer form. Each share confers one voting right. There are no specific rights attached to the shares, nor any securities not representing the share capital. As of April 3, 2016, pursuant to the "Florange" Act, double voting rights will automatically be conferred on fully paid-up shares having been held in registered form in the name of the same shareholder for a period of two years.

Securities conferring entitlement to shares

The bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) 4.97% 2015 were redeemed in full on April 1, 2015.

Bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) 2.75% 2020

In April 2005, Air France issued 21,951,219 bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) with a 15-year maturity, for a total of €450 million. These bonds have a nominal unit value of €20.50 and mature on April 1, 2020. The annual coupon is 2.75% paid annually in arrears on April 1. These bonds can be converted at any time until March 23, 2020 and the conversion/exchange ratio is 1.03 shares for each bond. A total of 600 bonds have been converted, of which 510 gave rise to the creation of 526 shares. On December 6, 2011, Air France signed a swap agreement with Natixis for a period of four years. To cover this agreement, Natixis acquired 18.7 million OCEANEs, or some 85.2% of the total issue, enabling Air France to defer, until April 2016 at the earliest, the €383.2 million repayment. At the end of this process, 3.3 million OCEANEs had not been tendered to the offer of which 1.5 million were the subject of a €31.6 million reimbursement on April 1, 2012. With no conversions having taken place during the 2015 first half, there were 20,449,146 convertible bonds still in circulation at June 30, 2015.

Bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) 2.03% 2023

In March 2013, Air France-KLM issued 53,398,058 bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANEs) for a total of €550 million. These bonds, which are convertible at any time, have a nominal unit value of €10.30, a conversion/exchange ratio of one share for one bond and mature on February 15, 2023. The annual coupon is 2.03% payable annually in arrears on February 15. At June 30, 2015, 10,457 bonds had been converted, of which 944 during the first half. The number of convertible bonds remaining in circulation at June 30, 2015 stood at 53,387,601.

Shareholder structure

Period ended	**June 30, 2015**	**June 30, 2014**	**June 30, 2013**
Number of shares in circulation	300,219,278	300,219,278	300,219,278
French State	17.6%	15.9%	15.9%
Employees (FCPE units)	6.6%	6.9%	7.4%
Treasury stock	1.4%	1.4%	1.4%
Free float	74.4%	75.8%	75.3%

At June 30, 2015, 73.7% of Air France-KLM share capital was owned by European interests – European Union Member States or States party to the European Economic Area Agreement - (73.3% at December 31, 2014).

Market and environment

There were no significant changes in the market and environment relative to the information given in pages 38 to 45 of the 2014 Registration Document.

- In the first half 2015, while experiencing a slight improvement, economic growth remained weak in Continental Europe, continuing to weigh on air transport demand.
- Air transport demand declined in several major markets: in Brazil, due to the deterioration in the country's economic situation, in Japan, which was negatively impacted by weak consumption and the cancellation of numerous trips to Europe following the terrorist attacks, and on the major oil industry-related routes.
- The competitive context remained tough, with high capacity growth for some players. For 2015, IATA thus forecasts a 6.5% increase in capacity for the European airlines (5.2% in 2014) *(Source: IATA, Airline industry economic performance, June 2015).*
- Having reached a low point in the 2015 first quarter, the fuel price saw a slight increase during the second quarter, the market price thus standing 40% below its level of the 2014 first half. For 2015, IATA expects a more-than-15% fall in the fuel bill for the industry to US$191 billion (US$226 billion in 2014) *(Source: IATA, Airline industry economic performance, June 2015).*
- In parallel, the euro weakened relative to a number of currencies that are important for the Group including notably the US dollar, the Chinese yuan, the Swiss franc and pound Sterling. In the short term, the depreciation in the euro relative to the dollar has a negative impact on the operating result.
- For Air France-KLM, all of these factors were reflected in relatively stable unit revenues including currency, but a significant fall in unit revenues excluding currency.

Highlights

For Air France-KLM, the main events unfolding during the period from January to June 2015 were as follows:

- On January 15, 2015 the Group sold a block of 9.9 million Amadeus shares representing around 2.2% of the company's share capital. The net proceeds on the sale stood at €327 million. The Group retains 9.9 million Amadeus shares which are hedged within the framework of the transaction announced on November 25, 2014.

- During the meeting of the Air France Corporate Works Council on January 22, 2015, the Air France management gave a presentation on a number of short-term adaptation measures: downwards revision in fleet and capacity growth, new initiatives to drive revenues, reinforcement of "purchasing" initiatives, maintained wage moderation and productivity efforts, and further adaptation of headcount to requirements. This action plan led the Air France management to present, at the Corporate Works Council meeting on February 13, two proposed Voluntary Departure Plans, one aimed at the departure of 500 ground staff and the second covering 300 cabin crew: these plans are in the implementation process.

- At the end of January 2015, Transavia unveiled its new online visual brand identity, reaffirming its positioning: "It's a pleasure". This positioning, together with the launch of the new website in February 2015, supports the Group's ambitious low-cost development plan as defined in the Perform 2020 plan.

- At the end of March 2015, the Group realized a perpetual subordinated bond issue, whose size was increased in mid-April. These bonds, raising €600 million, have a first repayment option in October 2020 at the issuer's discretion. The actual yield for the total issue stood at 6.08%. These securities being booked as equity, the Group reduced its net debt target for end 2015 from some €5 billion to around €4.4 billion.

- On April 2, 2015, Air France presented HOP! Air France, its short-haul activity bringing together the entire route network on departure from Paris-Orly, including *La Navette*, and routes on departure from the French regions, whether operated in single-aisle (Airbus A320-type aircraft) or regional aircraft (Embraer, Bombardier, ATR). This organization must enable the generation of additional synergies and contribute to the reduction in unit costs.

- On April 29, 2015, Air France-KLM put in place a new €1.1 billion revolving credit facility with 13 international banks. This revolving credit facility finalized the early refinancing of the Air France credit facility which was due to mature in April 2016. In early July, KLM refinanced its own credit facility with 10 international banks. In total, the group has undrawn credit facilities amounting to €1.845 billion.

- On May 21 2015, the Group's Annual General Shareholders' Meeting renewed Alexandre de Juniac's term of office with 94.2% of the votes, and the Board reappointed him as Chairman and Chief Executive Officer. The Meeting also adopted the principle of the assignment of double voting rights to shares having been held in registered form for two years.

- In its May 2015 traffic press release, the Group stated that it had seen increased pressure on unit revenues, with a unit revenue down by around 6% ex-currency in April-May 2015 in the "passenger network" business, and by around 14% ex-currency in the cargo business over the same period. This context led Air France to accelerate the deployment of Perform 2020 by introducing, notably, immediate cost-saving measures amounting to €80 million. The company also announced the closure of several loss-making routes, a commercial action plan, a reduction in external expenses and a reorganization of some activities. Lastly, Air France announced plans to accelerate negotiations within the framework of the workplace dialogue: following inter-category consultation meetings by activity, the negotiation meetings will continue throughout the summer with the cabin crews and pilots aimed at reaching agreement by the end of September 2015.

- During the first half, KLM concluded productivity agreements with its ground staff and cabin crew unions. The application of these agreements was subject to the signature of an agreement with the pilots' union which was obtained in early July. The latter is outlined in the "Subsequent events" section of this report. These agreements are fully in line with the unit cost savings targets set within the framework of Perform 2020.

- As an illustration of the Group's commitment to upgrading its products, in June 2015 Air France won two Skytrax awards, the first for the most-improved global airline and the second, for the second year running, for the Best First Class Lounge Food Selection.

Strategy

In September 2014, the Group unveiled Perform 2020, its strategic plan for the 2015-20 period. Perform 2020 is the successor to Transform 2015, the three-year transformation plan (2012-14) launched in early 2012, and continues to leverage the Group's fundamental strengths as outlined below.

Fundamental strengths

A strong presence in all the major markets

The Air France-KLM Group currently operates the largest network between Europe and the rest of the world. Including the flights operated by Delta within the framework of the trans-Atlantic joint-venture, the Group served 120 long-haul destinations world-wide in Summer 2014, of which 35 in Africa, 25 in North America, 23 in the Asia-Pacific region, 11 in the Caribbean, three in the Indian Ocean, 12 in Latin America and 11 in the Middle East *(For the key figures by network, see also page 15 of this report and section 2.3.6 of the Registration Document)*.

Given its presence in all the major markets, the Group's network is balanced, with no single market representing more than a third of "passenger" revenues. These markets also behave differently, enabling the Group to mitigate the negative impact of any developments or crises affecting some markets.

Two coordinated hubs at developing airports

The Group's network is coordinated around the two intercontinental hubs of Paris-Charles de Gaulle and Amsterdam-Schiphol, which are two of the four largest connecting platforms in Europe. These hubs, which are organized in waves known as "banks", combine connecting with point-to-point traffic. This large-scale pooling of limited flows gives small markets world-wide access. Furthermore, it enables the use of larger aircraft, thereby reducing noise and carbon emissions. The second bank at the Paris-Charles de Gaulle hub, organized around the arrival of some 60 medium-haul flights and the departure of around 30 long-haul flights, thus enables the offer of more than 1,500 different connections in under two hours with only 90 aircraft.

The efficiency of the hubs largely depends on the quality of airport infrastructures: number of runways usable in parallel, fluidity of circulation and ease of connections between terminals. In this regard, the dual Roissy-Charles de Gaulle and Amsterdam-Schiphol platforms benefit from unsaturated runway capacity. Furthermore, the organization of the Group's activities at Roissy-Charles de Gaulle has been significantly improved since the delivery of new infrastructure enabling the regrouping of the operations at terminals 2E, 2F and 2G and smoother flight connections.

A portfolio of strong brands aligned with customer expectations

With "Air France" and "KLM", the Group has a portfolio of powerful brands which benefit from exceptional reputations and images in its two large national markets and internationally. More recently, the Group has invested in two more local brands: the low-cost "Transavia" brand, which is already very well known in the Netherlands and has been the subject of major advertising campaigns in France to accompany the rapid growth of the network on departure from France, and the HOP! brand, launched in 2013 to embody the Group's regional activity, whose scope was extended at the end of 2014 to all the Air France point-to-point operations under the name "HOP! Air France".

Thanks to its two "historic" brands (Air France has just celebrated its 80th anniversary and KLM its 95th) directly associated with two major European countries, the Group benefits from a strong affinity with multiple customer bases favoring a value for money approach.

A balanced customer base

The Air France-KLM Group's choice of satisfying all types of customers in terms of networks, products and fares has enabled it to build a balanced customer base.

In the traditional passenger network business (Air France and KLM brands), around 40% of passengers travel for professional reasons and 60% for personal reasons. The Group also benefits from a balanced breakdown between transfer and point-to-point passengers. At Air France, connecting passengers represent around 45% of total passengers while, at KLM, this figure is 60%. Furthermore, some 50% of revenue is realized with loyalty scheme customers (Flying Blue members and those whose companies have a corporate contract with the Group).

The recent development of Transavia, which carried nearly 10 million passengers in 2014 compared with 6.3 million in 2011, enables the Group to complete its product portfolio by meeting the needs of point-to-point leisure customers in both the Netherlands and France.

SkyTeam, the number two global alliance

Serving 1,052 airports world-wide, SkyTeam is the number two global alliance. At December 31, 2014, it brought together 20 European, American and Asian airlines: Aeroflot, AeroMexico, Air Europa (Spain), Air France and KLM, Alitalia, China Airlines, China Eastern, China Southern, Czech Airlines, Delta, Garuda Indonesia, Kenya Airways, Korean Air, Tarom and Vietnam Airlines, Aerolineas Argentinas, MEA (Lebanon), Saudi Arabian Airlines and Xiamen Airlines (the fifth Chinese carrier).

The alliance is stepping up initiatives to secure customer loyalty and facilitate their connections. It enables the Group to not only offer passengers an extended network offering access to the numerous destinations of its partners but also to multiply services ensuring customer loyalty. In 2012, SkyTeam thus rolled out SkyPriority, a range of services clearly signposted in airports, systematically offered to frequent flyers ("Elite" status) and to customers in La Première and Business class.

Strategic partnerships

The Group has signed a number of strategic partnerships in key markets.

On the North Atlantic, since 2009, the Group has implemented a joint-venture with its partners Delta and Alitalia. The scope of this agreement is very wide, covering all the flights between North America, Mexico and Europe through integrated cooperation and flights between North America and Mexico to and from the Mediterranean basin, Africa, the Gulf States and India together with flights from Europe to and from Central America, Colombia, Venezuela, Peru and Ecuador through close coordination. This contract is based on the principle of sharing revenues and costs.

In January 2009, during the relaunch of Alitalia by private investors, Air France-KLM acquired a 25% stake in the share capital of the Italian company (since reduced to less than 1% following transactions involving its share capital and a financial restructuring) and signed a strategic partnership agreement. This agreement generates substantial synergies for the two groups.

In 1995, KLM acquired a stake in Kenya Airways and signed a strategic partnership with the latter. A joint-venture agreement was established in 1997 before being significantly expanded in November 2013. This agreement generates notably commercial synergies on six routes between Europe and East Africa.

More recently, Air France-KLM signed a code share agreement with Etihad on flights between Paris, Amsterdam and Abu Dhabi, together with destinations in Australia, Asia and Europe.

Lastly, in February 2014, the Group signed an exclusive strategic partnership agreement with the Brazilian airline GOL. This agreement supports Air France-KLM's leading position in Brazil and Latin America.

A modern fleet

The Group currently operates one of the most rationalized and modern fleets in the sector, enabling it to offer an enhanced level of passenger comfort, achieve substantial fuel savings and respect its sustainability commitments by reducing noise disturbance for local communities and greenhouse gas emissions.

The measures to limit investment implemented within the framework of the "Transform 2015" plan did not prevent the fleet's on-going modernization, with the withdrawal of the last MD11 "passenger" aircraft in October 2014. Furthermore, deliveries of the Group's first Boeing 787s will start as of the end of 2015 and its first Airbus A350s in early 2019 *(See also page 19 of this report and Section 2.7 of the Registration Document)*.

A commitment to sustainable development

The Group plans to pursue its sustainable development commitment aimed at consolidating the reputation of the brands with, amongst other objectives, a very high level of operational safety: establishing a permanent dialogue with stakeholders like customers, suppliers and local communities; reducing its environmental footprint; factoring innovation and sustainability into the entire service chain; contributing to the development of territories where it has operations and, lastly, applying the best corporate governance principles.

The Air France-KLM Group's sustainable development approach is recognized by the leading extra-financial ratings agencies. Amongst other awards, in 2014 the Group was named "Airline" sector leader and included in the Dow Jones Sustainability Index (DJSI), the main international index evaluating companies on their sustainability performance, for the tenth consecutive year. For the sixth year running, Air France-KLM was also ranked leader of the broader "Transport" sector, covering air, rail, sea and road transport as well as airport activities.

Perform 2020 plan

Launched in September 2014, the Perform 2020 plan is the successor to Transform 2015 and covers the 2015-20 period.

Clear, renewed strategic framework: growth and competitiveness

In terms of efforts on competitiveness, Perform 2020 is the successor to Transform 2015 with a vocation to prepare the way for a return to growth in certain activities. While conserving the imperatives of competitiveness and consolidation of the Group's financial position, this growth plan thus focuses on the following three strategic areas:

- Selective development to increase exposure to growth markets: long haul, intra-European low cost, aeronautics maintenance;
- A product and services upgrade, targeting the highest international level;
- An on-going improvement in competitiveness and efficiency within the framework of strict financial discipline.

The clearly stated ambition is to build, by 2020, an air transport Group focused on a leading long-haul network at the heart of global alliances, with a portfolio of unique brands, restructured short and medium-haul operations with a reinforced presence in the low-cost segment in Europe, leadership positions in cargo, maintenance and catering, and a significantly-improved risk profile both operationally and financially.

Acceleration in operational initiatives

In an environment which remains challenging but with profitable growth opportunities across all the Group's markets, Air France-KLM plans to reinforce its key strengths, namely its network, products and brands, while adjusting its portfolio of activities.

"Passenger network" hub business: a move up-market and strict capacity discipline

The development of the "passenger network" hub business will be supported by an upgraded product offer already largely initiated within the framework of Transform 2015, an increased customer focus and a reinforcement of the brand portfolio. By 2017, two-thirds of the long-haul aircraft in the Group's fleet (at both Air France and KLM) should be equipped with new products which are receiving a warm welcome from customers.

Benefiting from the most extensive long-haul network on departure from Europe, the Group will be able to continue to capture growth opportunities, notably via the reinforcement of strategic partnerships.

The Group is also maintaining strict capacity discipline and is ready to adapt its capacity to the market context. Growth in "passenger network" capacity is thus expected to be around 1% to 1.5% for the 2015-17 period. In 2015, the capacity growth plan has been scaled back with "passenger network" capacity now expected to increase by +0.6% compared with the +1.1% initially foreseen (i.e. on a reported basis - including the negative impact on capacity of the pilots' strike in September 2014 - growth of 2.2% versus the 2.7% initially foreseen). In the Winter 2015-16 Season, capacity will be adjusted, in particular, on the routes which have been the most affected by weak unit revenues: Japan (reduction of 14%), Brazil (reduction of 5%), East Africa (reduction of 6%).

By 2017, the operating result of the Group's hubs, which stood at around €400 million in 2013 (€800 million on long haul offset by €400 million of losses on the hub support networks) should thus continue to increase.

Further restructuring of the point-to-point operations

The Group will pursue the restructuring of its point-to-point operations initiated within the framework of Transform 2015, aimed at a return to operating breakeven by 2017 compared with operating losses of €120 million in 2014 (adjusted for the strike). In addition to the full impact of the adaptation measures launched in 2013, this objective will be reached thanks to new initiatives to restructure the network and reduce costs, together with the creation of a single business unit combining HOP! and the Air France point-to-point operations: Hop! Air France. A single fare offering was thus launched in the 2015 first half and was favorably received by the markets, enabling the winning back of customers.

Accelerated development of Transavia in France

Air France-KLM's development in the low-cost market has been accelerated based on the two existing companies, Transavia France and Transavia Netherlands, which benefit from levels of unit costs that are sufficiently low to enable profitable growth in this segment.

The approval in December 2014 by the main Air France pilots' union of the agreement relating to the secondment of pilots to Transavia means that the totality of Transavia's accelerated development plan in France is now ensured over the next five years:

- Continued strong growth in Summer 2015: 21 aircraft in operation versus 16 in Summer 2014, making Transavia the number one low-cost carrier at Paris-Orly as of Summer 2015;
- 37 Boeing 737s in operation by 2019, on departure from several French airports with the exception of the Paris-CDG hub, notably on destinations already served by Air France.

This agreement also confirms that Transavia will maintain its own operating and remuneration conditions, which are key to achieving its unit cost and operating flexibility objectives.

Transavia's positioning corresponds to the expectations of the most dynamic customer segment, seeking simple point-to-point offers which are transparent and at low fares.

Over the 2015-17 period, Transavia's growth plan in the Netherlands will be based on an in-depth adaptation of the business faced with the rapid decline in the charter segment (which should represent no more than 30% of activity in this country in 2017 relative to nearly 50% in 2014) and on the stepping up of cost-saving initiatives.

In France, Transavia's very rapid growth (+26% in 2013 followed by +19% in 2014 and +30% in the first half of 2015) will be based on its attractive brand positioning, access to the Group's slot portfolio at Orly, closer ties with Flying Blue and the Group's other strengths.

For Transavia, the Group has set itself an objective of reaching break-even at the operating level by 2017 and profitability in 2018.

Finalization of the cargo repositioning

The full-freighter fleet will be reduced from 14 aircraft in operation during 2013 to five aircraft at the end of 2016, which should enable this business to return to operating breakeven in 2017 (versus a loss of €95 million in 2014 adjusted for the strike).

To preserve its ability to achieve a revenue premium on bellies, the Group will maintain a small full-freighter fleet which is useful for serving some market segments as a complement to the belly network. By this horizon, the Group plans to remain a significant player in the European cargo sector thanks to its extensive belly network, but with only very limited remaining exposure (less than 15% of capacity) to a significant level of full-freighter volatility.

Continued targeted development in maintenance

The recent development of the maintenance business has proven successful, with increased profitability and rapid growth in the order book which stood at US$8.5 billion at June 30, 2015, up by US$1 billion during the 2015 first half. The Group will pursue its growth in this segment, particularly in engines and components, including via targeted acquisitions. This business should generate an additional €50 million to €80 million of EBITDAR in 2017, depending on acquisitions.

Continued productivity efforts and the Group's financial discipline maintained

The Group will leverage the structured approach implemented within the framework of Transform 2015 to maintain the pace of unit cost reduction. In addition to traditional efforts directed at reducing unit costs (reduction in external expenses, procurement policy and renewal of the long-haul fleet), this target reflects the on-going restructuring of uncompetitive activities, a systematic review of processes using benchmarking based on profit centers and negotiating with staff on the achievement of productivity gains paving the way to growth.

The Group has set itself a target of reducing the unit cost (on a constant currency, fuel price and pension expense basis) by 1.5% per year on average over the 2015-17 period, or the equivalent of around €1 billion. In view of the deterioration in the unit revenue environment, in July 2015 the Group decided to expedite the deployment of the plan, by accelerating and amplifying all the initiatives and implementing immediate cost-saving measures.

A progressive increase in fleet capex will be undertaken within the framework of strict capex discipline. In early 2015, the 2015-16 investment plan was thus scaled back by €600 million to take into account the weaker unit revenue context and the impact of the September 2014 pilots' strike on the company's financial situation.

Medium-term financial targets (2017)

As a result of all these initiatives, Air France-KLM has set the following two financial targets:

- An adjusted net debt/EBITDAR ratio of around 2.5 in 2017;
- Base businesses to consistently generate annual positive free cash flow.

Activities

Passenger network business

The Group's passenger business is divided into two segments: the passenger network segment which mainly corresponds to the carriage of passengers on scheduled flights operated by the network airlines Air France, KLM and HOP!, and the low-cost business, operated under the Transavia brand, which corresponds to the ''Transavia'' business segment (see page17).

Passenger network	**First half 2015**	**First half 2014**	**Reported change**	**Change like-for-like***
Passengers carried *(thousands)*	37,853	37,868	-0.0%	
Capacity *(ASK million)*	134,054	133,710	+0.3%	
Traffic *(RPK million)*	112,370	112,086	+0.3%	
Load factor	83.8%	83.8%	-0.0 pt	
Total passenger revenues *(€m)*	9,663	9,477	+2.0%	-3.3%
Scheduled passenger revenues *(in €m)***	9,248	9,074	+1.9%	-3.4%
Unit revenue per ASK *(€ cents)*	6.90	6.79	+1.7%	-3.7%
Unit revenue per RPK *(€ cents)*	8.23	8.10	+1.7%	-3.6%
Unit cost per ASK *(€ cents)*	6.98	6.88	+1.5%	-4.7%
Income/(loss) from current operations *(€m)*	(112)	(123)	+11	+129

** Like-for-like: on a constant currency basis;*

*** H1 2014 restated for change in revenue allocation (€21 million transferred from "other passenger" to "scheduled passenger" revenues)*

In the first half 2015, passenger network revenues amounted to €9,663 million, up 2.0% but down by 3.3% like-for-like. The operating result of the passenger network business stood at a loss of €112 million versus a loss of €123 million in the first half of 2014, an improvement of €11 million on a reported basis and €129 million like-for-like.

The Group maintained its strict capacity discipline, with capacity up by only 0.3%. Total traffic rose by 0.3%, implying an unchanged load factor. Unit revenue per Available Seat Kilometer (RASK) increased by 1.7% but fell by 3.7% like-for-like. The unit cost per Available Seat Kilometer (CASK) increased by 1.5%, the fall in the fuel price being broadly offset by the appreciation in the US dollar relative to the euro.

In the **first quarter 2015**, total traffic and capacity were stable (respectively -0.2% and +0.1%), the load factor declining by 0.3 of a point to 82.5%. The unit revenue per Available Seat-Kilometer (RASK) remained volatile, down by 2.3% on a like-for-like basis. On the long-haul network, the unit revenue reflected the expected capacity-demand balances: a good performance in North America and the Caribbean-Indian Ocean region and a weaker performance from the Latin American network given a more difficult economic environment in several key markets and capacity-demand imbalances in the East African and Asian networks. As planned, short and medium-haul point-to-point capacity (excluding the Paris and Amsterdam hubs) was further reduced (-11.8%), with a material positive impact on the unit revenue (+9.6% like-for-like). At the hubs, the short and medium-haul RASK was down by 1.4% like-for-like.

In the **second quarter 2015**, total traffic was modestly higher (+0.7%) for capacity still virtually stable (+0.4%), the load factor gaining 0.2 of a point to 85.0%. Unit revenue per Available Seat-Kilometer (RASK) saw a more marked 4.8% decline like-for-like. On the long-haul network, in addition to capacity-demand imbalances in some regions, the unit revenue was affected by a collapse in demand out of Brazil and Japan, which together represent around 10% of total capacity. In addition, several routes were affected by travel budget restrictions introduced by oil and gas-related customers. Short and medium-haul point-to-point capacity (excluding the Paris and Amsterdam hubs) was further reduced (-14.1%), with a material impact on the unit revenue (+8.1% like-for-like). For hub-related short and medium-haul traffic, the RASK was down by 3.3% like-for-like.

Passenger network activity by network

First half to June 30	Capacity in ASK (In million)		Traffic in RPK (In million)		Load factor (In %)		Number of passengers (In million)		Scheduled passenger revenues (In € million)	
	2015	Ch.	2015	Ch.	2015	Ch.	2015	Ch.	2015	Ch.*
Long-haul	**107,145**	**+1.0%**	**91,384**	**+0.6%**	**85.3%**	**-0.3 pt**	**12.17**	**+0.8%**	**6,147**	**+2.9%**
North America	28,103	+2.0%	24,602	+1.9%	87.5%	-0.1 pt	3.46	+1.6%	1,838	+9.9%
Latin America	16,327	+3.2%	14,047	+2.4%	86.0%	-0.7 pt	1.46	+2.4%	830	-0.1%
Asia/Pacific	30,636	+1.0%	26,114	+0.3%	85.2%	-0.6 pt	3.00	+1.9%	1,562	+0.8%
Africa/Middle-East	17,856	-1.2%	14,046	-2.9%	78.7%	-1.4 pt	2.52	-2.2%	1,189	-2.6%
Caribbean/Indian Ocean	14,224	-0.7%	12,576	+0.9%	88.4%	+1.4 pt	1.75	+0.6%	727	+3.7%
Short and Medium-haul	**26,908**	**-2.5%**	**20,985**	**-1.4%**	**78.0%**	**+0.9 pt**	**25.68**	**-0.4%**	**3,101**	**+0.1%**
Total	**134,054**	**+0.3%**	**112,370**	**+0.3%**	**83.8%**	**-0.0 pt**	**37.85**	**-0.0%**	**9,248**	**+1.9%**

**Figures restated for change in revenue allocation: €21 million transferred from "other passenger" to "scheduled passenger" revenues*

In the first half 2015, the **long-haul network** represented 66% of total scheduled passenger revenues, 80% of capacity and 32% of the passengers carried. Traffic on this network increased by 0.6%, for capacity up by 1.0%, leading to a modest 0.3 point decline in load factor. The only network to see any real growth was the Latin American network where capacity increased by 3.2%. Traffic on this network increased by 2.4%, implying a 0.7% decline in load factor. Aside from the Caribbean/Indian Ocean network, revenues from the long-haul networks benefited from significant currency effects, explaining the strong revenue growth on North America and the stable revenues in Latin America and Asia despite the collapse in demand on departure from Brazil and Japan.

The **short and medium-haul network** covers Europe (including France) and North Africa. The 2.5% reduction in capacity was the result of 0.6% growth in capacity on departure from the hubs and the reduction of point-to-point activity in France operated under the HOP! Air France brand (-13%). In the first half, traffic was down by only 1.4%, implying a 0.9% improvement in load factor. The unit revenue increased by 2.6%, on the back of an on-going improvement in unit revenue on the point-to-point network.

Cargo business

	First half 2015	First half 2014	Reported change	Change ex-currency
Tonnage transported *(thousands)*	596	656	-9.1%	
Capacity *(ATK million)*	7,418	7,710	-3.8%	
Traffic *(RTK million)*	4,454	4,933	-9.7%	
Load factor	60.0%	64.0%	-3.9 pts	
Total cargo revenues *(€m)*	1,229	1,344	-8.6%	-16.1%
Scheduled cargo revenues *(€m)*	1,150	1,254	-8.3%	-15.9%
Unit revenue per ATK *(€ cents)*	15.50	16.26	-4.7%	-12.5%
Unit revenue per RTK *(€ cents)*	25.82	25.42	+1.6%	-6.8%
Unit cost per ATK *(€ cents)*	17.40	17.29	+0.7%	-8.4%
Income/(loss) from current operations *(€m)*	(141)	(79)	(62)	(44)

In the first half 2015, cargo revenues amounted to €1,229 million, down by 16.1% like-for-like. At a loss of €141 million, the operating result decreased by €44 million like-for-like.

The scaling back of the full-freighter fleet was reflected in a marked reduction in full-freighter capacity during the second quarter (-26%) after a 9.6% reduction in the first quarter. Despite this significant adaptation in capacity, the load factor declined by 3.9 points and the unit revenue fell by 12.5% like-for-like.

Within the framework of Perform 2020, three Boeing 747s were retired from the fleet in the Winter 2014-15 season, while all MD11s will be retired by June 2016. The Group plans to operate only five full-freighters by the end of 2016. This reduction should enable the full-freighter business to return to break-even in 2017 (versus a strike-adjusted loss of €95 million in 2014). In its June 30, 2015 financial statements, the Group recorded provisions to cover the corresponding voluntary departure plans.

Cargo activity by network

First half to June 30	Capacity in ATK (In million)		Traffic in RTK (In million)		Load factor (In %)		No. of tons (In thousands)		Cargo transportation revenues (In €m)	
	2015	Ch.	2015	Ch.	2015	Ch.	2015	Ch.	2015	Ch.
Long-haul	**7,152**	**-3.9%**	**4,423**	**-9.8%**	**61.8%**	**-4.0 pts**	**574**	**-9.3%**	**1,127**	**-8.3%**
Americas	3,181	-0.9%	1,899	-8.0%	59.8%	-4.7 pts	240	-6.3%	480	-5.1%
Asia/Pacific	2,126	-10.5%	1,585	-14.1%	74.6%	-3.1 pts	183	-16.0%	346	-15.8%
Africa/Middle-East	1,307	-0.9%	736	-5.1%	56.3%	-2.5 pts	125	-4.4%	234	-2.9%
Caribbean/Indian Ocean	539	-0.6%	202	-6.5%	37.5%	-2.4 pts	26	-7.9%	67	-5.6%
Short and Medium-haul	**266**	**+0.7%**	**31**	**-3.5%**	**11.7%**	**-0.5 pt**	**22**	**-4.7%**	**23**	**-8.0%**
Total	**7,418**	**-3.8%**	**4,454**	**-9.7%**	**60.0%**	**-4.0 pts**	**596**	**-9.1%**	**1,150**	**-8.3%**

The cargo business is concentrated on the long-haul networks which represent 96% of capacity and 98% of revenues.

The Americas network is currently the Group's first network with 43% of capacity and 42% of revenues.

The Asia/Pacific network is the Group's second network, representing 29% of capacity and 30% of revenues. The reduction in the full-freighter fleet had a particularly significant impact on this network with capacity down by 10.5% over the first half.

The Africa/Middle East network is the third network for the cargo business, far behind the two first networks with 18% of capacity and 20% of cargo revenues.

Maintenance business

	First half 2015	First half 2014	Reported change	Change ex-currency
Total revenues *(€m)*	1,972	1,615	+22.1%	
Third-party revenues *(€m)*	776	576	+34.7%	+13.4%
Income from current operations *(€m)*	86	52	+34	+15
Operating margin *(%)*	4.4%	3.2%	+1.1 pt	+0.1 pt

In the first half 2015, third-party maintenance revenues increased by 34.7%, and by 13.4% like-for-like. At €86 million, the operating result improved by €34 million. Revenues benefited not only from the strengthening in the US dollar relative to the euro and contract wins in previous years, but also from last year's favorable basis of comparison.

During the period, the Group recorded a further 14% increase in its order book to a record US$8.5 billion including, notably, several B787 component support contracts. The Group continued to develop its maintenance service portfolio by investing in a US engine parts trading company.

Transavia

Transavia	First half 2015	First half 2014	Reported change
Number of passengers *(thousands)*	4,748	4,320	+9.9%
Capacity *(ASK million)*	9,877	9,283	+6.4%
Traffic *(RPK million)*	8,836	8,277	+6.8%
Load factor	89.5%	89.2%	+0.3 pt
Total passenger revenues *(€m)*	450	435	+3.5%
Scheduled passenger revenues *(€m)*	443	428	+3.5%
Unit revenue per ASK *(€ cents)*	4.49	4.61	-2.7%
Unit revenue per RPK *(€ cents)*	5.01	5.17	-3.0%
Unit cost per ASK *(€ cents)*	5.24	5.30	-1.0%
Income/(loss) from current operations *(in €m)*	(75)	(64)	(11)

** H1 2014 restated for change in revenue allocation (€18 million transferred from "other passenger" to "scheduled passenger" revenues)*

In the **first half 2015,** Transavia capacity increased by 6.4%, reflecting the accelerated ramp-up of Transavia France (+30.3%). Traffic rose by 6.8% and the load factor remained high (89.5%) despite the growth in capacity. The unit revenue was down by 2.7%. Transavia's total revenue stood at €450 million, up by 3.5%. The operating result amounted to a loss of €75 million, a decrease of €11 million owing to the rise in unit costs seen in the first quarter due, notably, to seasonal capacity adjustments in the Netherlands.

Transavia's rapid growth will be pursued during the 2015 second half. Revenues and profitability could, however, be affected by the difficult tourism environment in Tunisia and Morocco, which represent 14% of the frequencies operated in Summer 2015.

At June 30, 2015, Transavia had a fleet of 52 aircraft (45 aircraft at December 31, 2014) (see Fleet section, page 18).

Other businesses

The catering business, regrouped around Servair, a subsidiary of Air France and KLM subsidiary KLM Catering Services, represents virtually all the activity of the "other businesses" segment.

Catering	First half 2015	First half 2014	Change
Total revenues *(€m)*	437	427	+2.3%
Third-party revenues *(€m)*	160	150	+6.7%
Income from current operations *(€m)*	5	1	+4

In the **first half 2015,** third-party catering revenues amounted to €160 million, growth of 6.7%. The operating result increased by €4 million.

The Air France-KLM fleet

At June 30, 2015, the Air France-KLM Group fleet totalled 569 aircraft, of which 549 in operation versus a respective 571 and 545 aircraft at December 31, 2014. The growth in the operational fleet was mainly due to the development of Transavia whose fleet increased by seven aircraft (five in France and two in the Netherlands), whereas Air France's medium-haul fleet was reduced by six aircraft. The long-haul fleet in operation grew by three aircraft (one at Air France, two at KLM). Firm orders stand at 93 aircraft (*see Note 24 to the financial statements*).

The Air France Group fleet

The Air France Group fleet totalled 364 aircraft at June 30, 2015, of which 252 aircraft in the main fleet and 112 in the subsidiaries. The average age of the aircraft in the operational fleet is 11.0 years (10.7 years at December 31, 2014).

	Fleet at December 31, 2014	**Aircraft entering the fleet over the period***	**Aircraft withdrawn over the period**	**Fleet at June 30, 2015**
Long-haul fleet	107	2	2	107
Medium-haul fleet (including Transavia France)	144	6	7	143
Cargo	4	-	2	2
Regional fleet	113	2	3	112
Total	**368**	**10**	**14**	**364**

* *Purchases, operating lease and financial lease*

Air France fleet

	Owned		**Finance lease**		**Operating lease**		**Total**		**In operation**	
Aircraft type	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**
B747-400	1	(2)	1	-	3	-	5	(2)	5	(1)
B777-300	9	-	13	+2	17	-	39	+2	39	+2
B777-200	15	+1	6	+3	4	(4)	25	-	25	-
A380-800	1	-	4	-	5	-	10	-	10	-
A340-300	5	+1	5	(1)	3	-	13	-	13	-
A330-200	4	-	1	-	10	-	15	-	15	-
Long-haul	***35***	***-***	***30***	***+4***	***42***	***(4)***	***107***	***-***	***107***	***+1***
B747-400	-	-	-	-	-	(2)	-	(2)	-	(2)
B777-F Cargo	2	-	-	-	-	-	2	-	2	-
Cargo	***2***	***-***	***-***	***-***	***-***	***(2)***	***2***	***(2)***	***2***	***(2)***
A321	5	(1)	6	-	10	(3)	21	(4)	21	(3)
A320	8	(1)	3	+1	35	-	46	-	45	-
A319	15	-	10	-	13	(3)	38	(3)	38	(3)
A318	11	-	7	-	-	-	18	-	18	-
Medium-haul	***39***	***(2)***	***26***	***+1***	***58***	***(6)***	***123***	***(7)***	***122***	***(6)***
Total	**76**	**(2)**	**56**	**+5**	**100**	**(12)**	**232**	**(9)**	**231**	**(7)**

HOP! fleet

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft type	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**
Airlinair										
ATR72-500	1	-	3	-	5	(2)	9	(2)	9	(2)
ATR72-600	-	-	-	-	1	+1	1	+1	1	+1
ATR42-500	4	-	4	-	5	-	13	-	13	-
Total	**5**	**-**	**7**	**-**	**11**	**(1)**	**23**	**(1)**	**23**	**(1)**
Brit Air										
Canadair Jet 1000	14	+1	-	-	-	-	14	+1	14	+1
Canadair Jet 700	15	+2	-	(2)	-	-	15	-	13	-
Canadair Jet 100	10	(1)	-	-	-	-	10	(1)	3	-1
Total	**39**	**+2**	**-**	**(2)**	**-**	**-**	**39**	**-**	**30**	**0**
Régional										
EMB190	4	-	-	-	6	-	10	-	10	-
EMB170	8	-	2	-	6	-	16	-	16	-
EMB145-EP/MP	13	(4)	6	+4	-	-	19	-	17	+1
EMB135-ER	5	+1	-	(1)	-	-	5	-	1	-
Total	**30**	**(3)**	**8**	**+3**	**12**	**-**	**50**	**-**	**44**	**+1**
Total HOP! fleet	**74**	**(1)**	**15**	**+1**	**23**	**(1)**	**112**	**(1)**	**97**	**0**

Other fleet (Transavia)

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft type	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**
Transavia France										
B737-800	-	-	-	-	20	+6	20	+6	19	+5
Total	**-**	**-**	**-**	**-**	**20**	**+6**	**20**	**+6**	**19**	**+5**
Total Air France Group	**150**	**(3)**	**71**	**+6**	**143**	**(7)**	**364**	**(4)**	**347**	**-2**

The KLM Group fleet

At June 30, 2015, the KLM Group fleet had a total of 205 aircraft (203 aircraft at December 31, 2014) of which 157 in the main fleet and 48 in the regional fleet. The average age of the aircraft in the operational fleet is 10.9 years (10.6 years at December 31, 2014).

KLM Group fleet	**Fleet at December 31, 2014**	**Aircraft entering the fleet over the period***	**Aircraft withdrawn over the period**	**Fleet at June 30, 2015**
Long-haul fleet	63	2	1	64
Medium-haul fleet (including Transavia Netherlands)	79	2	-	81
Cargo (including Martinair)	13	-	1	12
Regional fleet	48	-	-	48
Total	**203**	**4**	**2**	**205**

* *Purchases, operating lease and financing lease.*

KLM fleet

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft type	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**
B747-400	17	+2	-	(2)	5	-	22	-	22	-
B777-300	-	-	9	+1	1	+1	10	+2	10	+2
B777-200	-	-	6	-	9	-	15	-	15	-
MD11	-	(1)	-	-	-	-	-	(1)	-	-
A330-300	-	-	-	-	5	-	5	-	5	-
A330-200	-	-	6	-	6	-	12	-	12	-
Long-haul	***17***	***+1***	***21***	***(1)***	***26***	***+1***	***64***	***+1***	***64***	***+2***
B737-900	1	-	1	-	3	-	5	-	5	-
B737-800	5	-	5	-	15	-	25	-	25	-
B737-700	-	-	8	-	10	-	18	-	18	-
Medium-haul	***6***	***-***	***14***	***-***	***28***	***-***	***48***	***-***	***48***	***-***
Total	**23**	**+1**	**35**	**(1)**	**54**	**+1**	**112**	**+1**	**112**	**+2**

Regional fleet

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft type	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**
KLM Cityhopper										
F70	20	-	-	-	-	-	20	-	19	-
EMB 190	-	-	13	-	15	-	28	-	28	-
Total	**20**	**-**	**13**	**-**	**15**	**-**	**48**	**-**	**47**	**-**

Other fleet (Transavia and Martinair)

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft type	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**
Transavia Netherlands										
B737-800	3	+1	4	(1)	17	+2	24	+2	24	+2
B737-700	2	-	1	-	6	-	9	-	9	-
Total	**5**	**+1**	**5**	**(2)**	**23**	**+2**	**33**	**+2**	**33**	**+2**
Martinair										
B747-400ERF	2	+2	1	(2)	-	(1)	3	(1)	3	-
B747-400 BCF	-	-	-	-	3	-	3	-	1	-
MD-11-CF	3	-	-	-	-	-	3	-	3	-
MD-11-F	-	-	2	-	1	-	3	-	3	-
Total	**5**	**+2**	**3**	**(2)**	**4**	**(1)**	**12**	**(1)**	**10**	**-**
Total other fleet	**10**	**+3**	**8**	**(3)**	**27**	**+1**	**45**	**+1**	**43**	**+2**
Total KLM Group	**53**	**+4**	**56**	**(4)**	**96**	**+2**	**205**	**+2**	**202**	**+4**

Total Air France-KLM Group fleet

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft type	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**	**30/06/2015**	**YoY ch.**
Total	**203**	**+1**	**127**	**+2**	**239**	**(5)**	**569**	**(2)**	**549**	**+2**

Outlook and subsequent events

Outlook

All the operational initiatives planned within the framework of the new strategic plan Perform 2020 are being negotiated and deployed.

Negotiations with KLM unions on labor productivity have been finalized. The agreement with the pilots' union will now be submitted for approval by its members.

Negotiations continue at Air France in line with a tight schedule aimed at reaching agreements by the end of September 2015.

However, as experienced in the First Half, in 2015, almost all of the expected savings on the fuel bill could be offset by unit revenue pressure and negative currency impacts. Considering the more challenging revenue environment, the Group has decided to accelerate the implementation of Perform 2020:

- launch of immediate cost-saving measures
- acceleration of all cost reduction initiatives

In addition, the Group has revised down its capacity plans for the Winter 2015-16 season.

For Full Year 2015, the Group maintains its key targets:

- unit cost improvement in the 1% to 1.3% range (unit cost per EASK on a constant currency, fuel price and pension-related expenses basis, see definition page 32)
- net debt of around 4.4 billion euros at the end of 2015 (see definition page 29)

Subsequent events

In early July, KLM signed a productivity agreement with the VNV pilots union covering the 2015-17 period. This agreement notably includes a freeze on general salary increases, measures securing productivity increases and a progressive extension in the retirement age. An Air France-KLM profit-sharing agreement and a mechanism to give the pilots financial exposure to the shares will also be implemented. This agreement will now be submitted for approval by VNV union members.

Thanks to the signature of this agreement, the other productivity agreements already negotiated with the ground staff and cabin crew unions will become applicable. The latter agreements are shorter in duration (15 and 18 months) and notably include a freeze on general salary increases, measures securing productivity increases and the implementation of voluntary departure plans.

These agreements produce savings fully in line with the targets fixed within the framework of Perform 2020.

Risk factors

There were no significant changes to the risks and uncertainties incurred by the Air France-KLM Group during this half year relative to those outlined in the 2014 Registration Document filed on April 8, 2015.

Related parties

The information concerning related parties can be found in Note 25 to the consolidated financial statements.

Comments on the financial statements

Consolidated results for the first half ended June 30, 2015

To improve the clarity of the financial statements, the Group decided, as from January 1, 2015, to isolate the items relating to capitalized production in a single line of the income statement ("Other income and expenses") whereas they had previously been allocated by type of expenditure.

To facilitate analysis of the impacts linked to the dollar variation, the Group decided, as from January 1, 2015, to isolate the foreign currency effects on provisions in foreign currencies in "Other income and expenses" whereas these effects had previously been recorded in "Amortization, depreciation and provisions". The closing rate is used to convert provisions at the closing date. Previously, the Group used the average rate of the US dollar to convert maintenance provisions.

The consolidated financial statements as of June 30, 2014 have been restated to facilitate comparison.

Compared with December 31, 2014, the Air France-KLM Group's consolidation scope at June 30, 2015 is not significantly changed. The movements are outlined in Note 5 in the notes to the financial statements.

In € million	**June 30, 2015**	**June 30, 2014 Restated**	**Change** *(In %)*
Revenues	12,298	12,005	2.4
Income/(loss) from current operations	(232)	(207)	-12.1
Income/(loss) from operating activities	(148)	(329)	55.0
Net income/(loss) from continuing operations	(637)	(615)	-3.6
Net income/(loss) from discontinuing operations	-	(4)	NA
Net income/(loss) - Equity holders of Air France-KLM	(638)	(619)	-3.1
Basic earnings/(loss) per share *(In €)*	(2.16)	(2.09)	

Revenues

In the first half 2015, total revenues stood at €12.3 billion versus €12.0 billion in 2014, up by 2.4%, but down by 3.6% on a like-for-like basis. Currency variations had a positive impact of €746 million on first-half revenues.

Operating expenses

Operating expenses increased by 2.6% to €12.53 billion. For capacity measured in EASK (equivalent available seat-kilometers) up by 0.1%, the unit cost per EASK was down by 0.3% on a constant currency, fuel price and pension-related expense basis (see page 33 for the detailed unit cost calculation).

At €8.42 billion, **external expenses** increased by 7.6% (€7.8 billion one year earlier).

The breakdown in operating expenses was as follows:

(In € million)	**June 30, 2015**	**June 30, 2014 Restated**	**Change (in %)**
Aircraft fuel	3,141	3,189	-1.5
Chartering costs	217	209	3.8
Aircraft operating lease costs	505	430	17.4
Landing fees and air route charges	941	891	5.6
Catering	309	283	9.2
Handling charges and other operating costs	741	682	8.7
Aircraft maintenance costs	1,160	817	42.0
Commercial and distribution costs	465	437	6.4
Other external expenses	941	886	6.2
Total	**8,420**	**7,824**	**7.6**

The main changes were as follows:

- Aircraft fuel: first half fuel expenses amounted to €3.14 billion versus €3.19 billion at June 30, 2014. The fuel bill declined by 1.5% under the impact of a 0.2% decrease in consumption, a negative currency impact of 20% and a 22% fall in the fuel price after hedging.
- Chartering costs incurred by leasing aircraft capacity from other airlines increased by 3.8% to €217 million versus the first half of 2014 but decreased by 3.3% on a constant currency basis.
- Aircraft operating lease costs increased by 17.4% to €505 million. On a constant currency basis, aircraft operating lease costs remained stable.
- Landing fees and air route charges for the use of airspace and airports increased to €941 million (€891 million at June 30, 2014); they increased by 0.9% on a constant currency basis.
- Catering costs relating to services supplied on board aircraft amounted to €309 million versus €283 million at June 30, 2014, up by 9.2% (+4.7% on a constant currency basis). These expenses comprised the expenses incurred for services provided on board the Air France-KLM Group's own aircraft and those incurred by its catering subsidiary for third-party customers; costs on third-party activity increased by 5.9%.
- Handling charges and other operating costs principally cover aircraft handling on the ground and the cost of passenger care for the Group and, to a lesser extent, third-party customers. They increased by 8.7% to €741 million and by 4.1% on a constant currency basis. This rise is mainly explained by the increase in customer compensation and by the growth in Transavia's activity.
- Aircraft maintenance costs include the maintenance of the Group's aircraft and procurement for the third-party activity. They amounted to €1,160 million (+42%), the increase mainly being explained by the retrofitting of Air France and KLM cabins within the framework of their upgrading, the increase in sales to third parties (+16% on a constant currency basis) and a material currency effect (€144 million).
- Commercial and distribution costs were higher (6.4%) at €465 million, mainly following a negative currency impact; on a constant currency basis, they saw a slight 1.1% increase.
- Other external expenses principally comprise rental costs, telecommunication costs, insurance and fees. They amounted to €941 million, up by 6.2% relative to June 30, 2014. This increase is mainly explained by a currency effect (+1.7%), an increase in the costs of rents and maintenance charges paid to ADP (+1.1%) and an increase in IT costs (+0.9%).

Salaries and related costs stood at €3.84 billion versus €3.75 billion at June 30, 2014 restated, i.e. up by 2.4%. Total employee costs including temporary staff were up by 2.3% to €3.93 billion, and by 1.8% on a constant currency basis. At constant pension expense and scope, they were stable.

Taxes other than income taxes amounted to €89 million versus €93 million at June 30, 2014.

Amortization. depreciation and provisions stood at €780 million versus €798 million at June 30, 2014.

Other income and expenses (+€598 million at June 30, 2015 versus +€246 million at June 30, 2014 restated) included:

- Capitalized maintenance and IT costs amounting to €447 million at June 30, 2015 against €273 million as of June 30, 2014 restated. The sharp rise in this item is linked to the growth in the maintenance business and the investment in cabin refurbishment combined with a material currency effect.
- Currency hedges for +€162 million at June 30, 2015 versus +€12 million at June 30, 2014.
- A €6 million expense was also booked concerning CO_2 emissions (€7 million one year earlier).

Income/(loss) from current operations

The result from current operations amounted to a €232 million loss versus a loss of €207 million at June 30, 2014 restated.

Starting from January 1, 2015, the Transavia activity has been presented as a separate business segment. As a result, the comparable figures for 2014 have been updated. The contributions to revenues and income/(loss) from current operations by business segment were as follows:

	June 30, 2015		**June 30, 2014 Restated**	
(In € million)	**Revenues**	**Income/(loss) from current operations**	**Revenues**	**Income/(loss) from current operations**
Passenger network	9,663	(112)	9,477	(123)
Cargo	1,229	(141)	1,344	(79)
Maintenance	776	86	576	52
Transavia	450	(75)	435	(64)
Others	180	10	173	7
Total	**12,298**	**(232)**	**12,005**	**(207)**

Income/(loss) from operating activities

The result from operating activities stood at a loss of €148 million versus a €329 million loss at June 30, 2014 restated. Non-current items amounted to a positive €89 million at June 30, 2015 and mainly included (see Note 11):

- Restructuring provisions of €(133) million.
- The gain on the disposal of a block of 9,857,202 shares in the Spanish company Amadeus IT Holding S.A. ("Amadeus") amounting to €218 million.

Net cost of financial debt

The net cost of financial debt amounted to €167 million versus €184 million at June 30, 2014. The fall in the net cost of financial debt is directly linked to the reduction in gross financial debt.

Other financial income and expenses

Other net financial expenses amounted to €388 million versus €127 million at June 30, 2014 restated, with the breakdown as follows:

- A €246 million foreign exchange loss (loss of €118 million at June 30, 2014) including mainly:
  - A currency loss on net debt amounting to €145 million mainly linked to the appreciation in the US dollar, the Swiss franc and the 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.
  - A currency loss of €84 million linked to the revaluation of the US dollar portion of maintenance provisions.

  As of June 30, 2014, the foreign exchange loss had notably included an adjustment in the value of the cash held by the Group in Venezuelan bank accounts to take into account the currency conversion risk.

- A net financial loss of €96 million relating to the fair value of derivative instruments, mainly explained for €56 million by fuel derivatives and for €23 million by currency derivatives (+ €26 million at June 30, 2014);
- Impact of accretion on long-term provisions amounting to €30 million;
- Net allocations to provisions of €13 million including, notably, an impairment on GOL shares.

Net income/(loss) - Equity holders of Air France-KLM

Income tax amounted to a €82 million gain versus a €36 million gain at June 30, 2014 restated, deriving an effective tax rate of 11.7% versus 5.6% at June 30, 2014. The low effective tax rate at June 30, 2015 was mostly explained by the ending, since the 2011 financial year, of the recognition of deferred tax assets in the French affiliates in view of the recovery period.

The **share of profits/(losses) of associates** amounted to a €16 million negative at June 30, 2015 (versus a negative €11 million at June 30, 2014).

The **result from discontinued operations** was nil at June 30, 2015 against a loss of €4 million at June 30, 2014. It comprised the result realized by the companies CityJet and VLM, and the proceeds on their disposal as of April 30, 2014 (see Note 15).

Net income/(loss) - Equity holders of Air France-KLM stood at a loss of €638 million at June 30, 2015 (versus a loss of €619 million at June 30, 2014 restated).

The contributions to the net result by quarter were, respectively, €(560) million for the first quarter 2015 and €(77) million for the second quarter of 2015.

Basic earnings/(loss) per share and diluted earnings/(loss) per share stood at €(2.16) at June 30, 2015 versus €(2.09) at June 30, 2014 restated.

Investments and financing of the Group

The Air France-KLM Group's net capital expenditure on tangible and intangible assets amounted to €818 million during the first half versus €775 million at June 30, 2014 restated. Net investment in the fleet amounted to €226 million, ground investment to €62 million, spare parts and aeronautical modifications to €257 million, capitalized maintenance costs to €181 million and investment in intangible assets to €92 million.

Net cash flow from operating activities stood at €1,092 million versus €884 million at June 30, 2014 restated (€870 million excluding discontinued operations), reflecting:

- A deterioration in cash flow from continuing operations before voluntary departure plans, which stood at €327 million at June 30, 2015 versus €364 million at June 30, 2014, in line with the slight decline in EBITDA
- A reduction in cash-outs linked to the voluntary departure plans, which stood at €97 million at June 30, 2015 versus €144 million at June 30, 2014.
- The change in working capital which moved from €670 million at June 30, 2014 restated (€650 million excluding discontinued operations) to €862 million at June 30, 2015.

At June 30, 2015, net debt stood at €4.55 billion versus €5.41 billion at December 31, 2014. Currencies had a €145 million negative impact on net debt which was also affected by the requalification of some operating leases as financial leases for an amount of €128 million.

The Group maintains a good level of liquidity, with net cash of €3.9 billion at June 30, 2015 and undrawn credit facilities totalling €1.845 billion. During the first half, the Group renewed its main credit lines with a wide pool of international banks.

At June 30, 2015, stockholders' equity, Group share, amounted to a negative €212 million, up by €480 million over the first half on the back of the strong seasonality of results (net loss of €638 million), a decrease of €265 million in the after-tax net pension liability, a €433 million improvement in the fair value of the fuel hedging portfolio and the accounting of the €600 million hybrid issue realized in April. The fair value of the fuel hedging portfolio remains, however, very negative, at around €820 million as of June 30, 2015.

Air France-KLM parent company statutory results

As a holding company, Air France-KLM has no operating activity. Its revenues comprise royalties paid by the two operating subsidiaries for use of the Air France-KLM logo and its expenses essentially comprise financial communication costs, Statutory Auditors' fees and the expenses linked to the compensation of corporate officers and the staff made available by Air France and KLM. In total, the operating result amounted to a €2.4 million positive.

The net result amounted to a €60 million loss, essentially due to financial expenses on the bonds. No dividend was paid in respect of the 2014 financial year.

Key financial indicators

EBITDA and EBITDAR

(In € million)	June 30, 2015	June 30, 2014 Restated*
Income/(loss) from current operations	(232)	(207)
Amortization, depreciation and provisions	780	798
EBITDA	**548**	**591**
Aircraft operating lease costs	(505)	(430)
EBITDAR	**1,053**	**1,021**

** Restated, see Note 2 to the financial statements, page 39*

Adjusted operating result and adjusted operating margin

In accordance with generally accepted practice for analysing the air transport sector, operating leases are capitalized at seven times for the capital employed and adjusted net debt calculations. Consequently, the result from current operations is adjusted by the portion of operating leases assimilated with financial charges, i.e. 34% of operating leases, the percentage resulting from the capitalization rate of the operating leases. The outcome is an adjusted operating margin which, by stripping out the accounting impact of different methods of aircraft financing, makes it easier to compare the profitability of different airlines.

(In € million)	June 30, 2015	June 30, 2014 Restated*
Income/(loss) from current operations	(232)	(207)
Portion of operating leases corresponding to financial charges	172	146
Adjusted income/(loss) from current operations	**(60)**	**(61)**
Revenues	12,298	12,005
Adjusted operating margin	**-0.5%**	**-0.5%**

** Restated, see Note 2 to the financial statements, page 39*

Restated net result

The restated net result corresponds to the net result adjusted for exceptional or non-recurring items.

(In € million)	June 30, 2015	June 30, 2014 Restated*
Net income/(loss), Group share	(638)	(619)
Net income/(loss) from discontinued operations	-	4
Change in fair value of financial assets and liabilities (derivatives)	51	(26)
Unrealized foreign exchange gains and losses, net	237	124
Non-current income and expenses	(84)	122
Impairment on shares available-for-sale	7	29
De-recognition of deferred tax assets	-	26
Restated net income/(loss) Group share	**(427)**	**(340)**
Restated net income/(loss) Group share, per share *(in €)*	**(1.44)**	**(1.15)**

** Restated, see Note 2 to the financial statements, page 39*

Net debt

For the calculation of net debt, the Group carries out two types of adjustment. Firstly, the deposits constituted during the implementation of aircraft finance lease transactions and charged to the balance of the debt when the option is exercised are deducted from debt. Similarly, the cash pledges within the framework of the four-year swap contract with Natixis relating to the OCEANE 2.75% 2020 are deducted from the corresponding debt. The fall in this amount is explained by the substitution of other financial assets for this cash.

Secondly, marketable securities over three months and the cash pledges, principally constituted within the framework of the appeal against the amount of the cargo fine filed with the European Union Court of Justice, are added to cash.

An adjustment to the cash held in Venezuelan bank accounts has been recorded to take into account the currency conversion risk.

(In € million)	**June 30, 2015**	**December 31, 2014**
Current and non-current financial debt	9,415	9,879
Deposits on aircraft under financial lease	(456)	(584)
Financial assets pledged (OCEANE swap)	(393)	(196)
Currency hedge on financial debt	(36)	(21)
Accrued interest	(70)	(123)
Gross financial debt (A)	**8,460**	**8,955**
Cash and cash equivalents	3,344	3,159
Marketable securities > 3 months	74	73
Cash pledges	405	399
Deposits (bonds)	195	166
Bank overdrafts	(108)	(249)
Net cash (B)	**3,910**	**3,548**
Net debt (A) – (B)	**4,550**	**5,407**

Within the framework of the Perform 2020 plan, the Group has set itself a target of reducing net debt to around €4.4 billion by the end of 2015. For the medium term, the Group has prioritized a target based on the adjusted net debt/EBITDAR ratio (see below).

Financial cover ratios

► **Net debt/EBITDA ratio**

	June 30, 2015 Trailing 12 months	**December 31, 2014**
Net debt *(in €m)*	4,550	5,407
EBITDA *(in €m)*	1,547	1,589
Net debt/EBITDA	**2.9x**	**3.4x**

► **EBITDA/net cost of financial debt ratio**

	June 30, 2015 Trailing 12 months	**December 31, 2014**
EBITDA *(in €m)*	1,547	1,589
Net cost of financial debt *(in €m)*	353	370
EBITDA/net cost of financial debt	**4.4x**	**4.3x**

► **Adjusted net debt/EBITDAR ratio**

Adjusted net debt amounts to net debt added to the annual amount of operating leases capitalized at seven times. Within the framework of the new Perform 2020 plan, the Group has set itself an adjusted net debt/EBITDAR ratio target of around 2.5x at the end of 2017.

	June 30, 2015	**December 31, 2014***
Net debt *(in €m)*	4,550	5,407
Operating leases x 7, trailing 12 months *(in €m)*	6,636	6,111
Adjusted net debt *(in €m)*	11,186	11,518
EBITDAR, trailing 12 months *(in €m)*	2,495	2,462
Adjusted net debt/EBITDAR ratio	**4.5x**	**4.7x**
EBITDAR excluding strike, trailing 12 months *(in €m)*	2,920	2,887
Adjusted net debt/ EBITDAR ratio excluding strike	**3.8x**	**4.0x**

** Restated, see Note 2 to the financial statements, page 39*

► **EBITDAR/adjusted net cost of financial debt ratio**

The adjusted net cost of financial debt includes the portion of operating leases corresponding to interest charges (34%).

	June 30, 2015 Trailing 12 months	**December 31, 2014**
EBITDAR *(in €m)*	**2,495**	**2,462**
Net cost of financial debt *(in €m)*	353	370
Portion of operating leases corresponding to interest charges (34%) *(in €m)*	322	297
Adjusted net cost of financial debt *(in €m)*	**675**	**667**
EBITDAR/adjusted net cost of financial debt	**3.7x**	**3.7x**

Operating free cash flow

Operating free cash flow represents the cash generated solely from operating activities, excluding discontinued operations, which is available after investment in property, plant, equipment and intangible assets. It does not include the other cash flows linked to investment operations, particularly financial. In this financial indicator, the Group includes the amount of the acquisition contracts for property, plant, equipment and intangible assets which, on an exceptional basis, have not been recorded under investments in the consolidated statements of cash flows table.

(In € million)	**First half 2015**	**First half 2014**
Net cash flow from operating activities (continuing operations)	1,092	870
Investment in property, plant and equipment and intangible assets	(870)	(835)
Proceeds on disposals of property, plant and equipment and intangible assets	52	60
Operating free cash flow	**274**	**95**

Return on Capital Employed (ROCE)

Return on capital employed measures the return on invested capital by expressing a result after tax as a percentage of capital employed. The calculation methodology, in line with market practices, is the following:

- The calculation of capital employed is currently based on an additive method by identifying the balance sheet items corresponding to capital employed. The capital employed for the year is obtained by taking the average of the capital employed on the opening and closing balance sheets, to which is added the capital employed corresponding to aircraft under operating leases (seven times the amount of operating leases for the year);
- The adjusted result after tax corresponds to the sum of the operating result adjusted for the portion corresponding to financial charges in operating leases (34%), dividends received, and the share of profits/(losses) of associates. To be able to compare figures on a comparable scope, the Alitalia shares have been excluded from the calculation.

(In € million)	**June 30, 2015**	**June 30, 2014**	**June 30, 2014**	**June 30, 2013**
Goodwill and intangible assets	1,270	1,232	1,232	1,107
Flight equipment	8,843	9,235	9,235	9,757
Other property, plant and equipment	1,720	1,765	1,765	1,877
Investments in equity associates, excluding Alitalia	131	159	159	165
Other financial assets excluding shares available for sale, marketable securities and financial deposits	202	121	121	153
Provisions excluding pensions, cargo litigation and restructuring	(1,509)	(1,144)	(1,144)	(1,019)
WCR, excluding market value of derivatives	(5,922)	(5,591)	(5,591)	(5,468)
Capital employed on balance sheet	**4,735**	**5,777**	**5,777**	**6,572**
Average capital employed on balance sheet	**5,256**		**6,175**	
Capital employed related to flight equipment under operating leases (operating leases x7)	6,636		6,153	
Average capital employed (A)	**11,892**		**12,328**	
Operating result, adjusted for operating leases	168		670	
Dividends received	(10)		(16)	
Share of profits/(losses) of associates, excluding Alitalia	(44)		(8)	
Tax recognized in the adjusted net result	119		(29)	
Adjusted result after tax, excluding Alitalia (B)	**233**		**617**	
ROCE (B/A)	**2.0%**		**5.0%**	
Adjusted result after tax, excluding Alitalia and the strike (C)	**658**		**617**	
ROCE excluding strike (C/A)	**5.5%**		**5.0%**	

Net cost per EASK

To analyze the cost performance of an individual transportation activity, the Group divides the net cost of this activity by the capacity produced, expressed in ASK for the "passenger network" and Transavia activity, and in ATK for the cargo activity.

To analyze the company's overall cost performance, the Group uses the net cost per EASK. This net cost is obtained by dividing the total net cost by the capacity produced expressed in equivalent available seat-kilometers (EASK). The net cost is calculated by subtracting the revenues other than those generated by the three transportation activities (passenger, Cargo, Transavia) from total operating expenses. The capacity produced by the three transportation activities is combined by adding the capacity of the passenger business (in ASK) to that of Transavia (in ASK) and the cargo business (in ATK) converted into EASK based on a separate fixed factor for Air France and for KLM.

IAS 19 Revised makes the defined benefit pension expense more volatile. This expense varies independently of the corresponding cash outflows. The calculation of the change in the net cost per EASK on a constant defined benefit pension expense basis enables this effect to be stripped out.

	First half 2015	**First half 2014***
Revenues *(in €m)*	12,298	12,005
Income/(loss) from current operations *(in €m)*	(232)	(207)
Total operating expense *(in €m)*	(12,530)	(12,212)
Passenger network business – other revenues *(in €m)*	415	403
Cargo business – other revenues *(in €m)*	79	90
Third-party revenues in the maintenance business *(in €m)*	776	576
Transavia – other revenues *(in €m)*	7	7
Third-party revenues of other businesses *(in €m)*	180	173
Net cost *(in €m)*	**11,073**	**10,963**
Capacity produced, reported in EASK	163,180	162,971
Net cost per EASK (in € cents per EASK)	**6.79**	**6.73**
Gross change		***+0.9%***
Currency effect on net costs *(in €m)*		750
Change at constant currency		***-5.6%***
Fuel price effect *(in €m)*		(683)
Change on a constant currency and fuel price basis		***+0.3%***
Variation in pension-related expenses***(in €m)*		+61
Net cost per EASK *on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)*	**6.79**	**6.81**
Change on a constant currency, fuel price and pension-related expenses basis		**-0.3%**

* *Restated, see Note 2 to the financial statements, page 39*

** *This change includes a €59 million reduction in the net periodic pension cost and a €120 million increase in wages and salaries*

Unaudited interim condensed consolidated financial statements

January 1, 2015 - June 30, 2015

Consolidated income statement (unaudited)

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

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

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

Consolidated statement of recognized income and expenses (unaudited)

In € million **Period from January 1 to June 30** ***Notes***	**2015**	**2014 Restated(*)**
Net income for the period	**(637)**	**(619)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in other comprehensive income	23	(34)
Change in fair value transferred to profit and loss	(222)	9
Fair value hedges		
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	-	-
Cash flow hedges		
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)
Currency translation adjustment	**6**	**(1)**
Deferred tax on items of comprehensive income that will be reclassified to profit or loss ***13.2***	**(168)**	**(42)**
Total of other comprehensive income that will be reclassified to profit or loss	***255***	***5***
Remeasurements of defined benefit pension plans	**361**	**(829)**
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss ***13.2***	**(95)**	**215**
Total of other comprehensive income that will not be reclassified to profit or loss	***266***	***(614)***
Total of other comprehensive income. after tax	**521**	**(609)**
Recognized income and expenses	**(116)**	**(1,228)**
• **Equity holders of Air France-KLM**	**(119)**	**(1,224)**
• 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

Consolidated balance sheet (unaudited)

Assets *In € million*	***Notes***	**June 30, 2015**	**December 31, 2014 Restated (*)**
Goodwill		246	243
Intangible assets		1,024	1,009
Flight equipment	***17***	8,843	8,728
Other property. plant and equipment	***17***	1,720	1,750
Investments in equity associates		131	139
Pension assets	***18***	1,755	1,409
Other financial assets		1,133	1,502
Deferred tax assets		884	1,042
Other non-current assets		319	243
Total non-current assets		**16,055**	**16,065**
Assets held for sale	***19***	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
Total current assets		**8,260**	**7,176**
Total assets		**24,315**	**23,241**

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

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

Consolidated balance sheet (unaudited) (continued)

Liabilities and equity *In € million*	***Notes***	**June 30, 2015**	**December 31, 2014** **Restated(*)**
Issued capital	***20.1***	300	300
Additional paid-in capital		2,971	2,971
Treasury shares		(84)	(86)
Reserves and retained earnings	***20.2***	(3,399)	(3,877)
Equity attributable to equity holders of Air France-KLM		**(212)**	**(692)**
Non-controlling interests		45	39
Total equity		**(167)**	**(653)**
Pension provisions	***18***	2,098	2,119
Other provisions	***21***	1,457	1,404
Long-term debt	***22***	8,274	7,994
Deferred tax liabilities		13	14
Other non-current liabilities		434	536
Total non-current liabilities		**12,276**	**12,067**
Provisions	***21***	813	731
Current portion of long-term debt	***22***	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
Total current liabilities		**12,206**	**11,827**
Total liabilities		**24,432**	**23,894**
Total liabilities and equity		**24,315**	**23,241**

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

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

Consolidated statement of changes in stockholders' equity (unaudited)

In € million	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
December 31, 2013	**300,219,278**	**300**	**2,971**	**(85)**	**(941)**	**2,245**	**48**	**2,293**
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)**
Other comprehensive income	***-***	***-***	***-***	***-***	***(605)***	***(605)***	***(4)***	***(609)***
Net result for the period	-	-	-	-	(619)	**(619)**	-	**(619)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**(1,224)**	**(1,224)**	**(4)**	**(1,228)**
Treasury shares	-	-	-	(2)	-	**(2)**	-	**(2)**
Other	-	-	-	-	6	**6**	-	**6**
June 30, 2014 - Restated(*)	**300,219,278**	**300**	**2,971**	**(87)**	**(2,159)**	**1,025**	**44**	**1,069**
December 31, 2013 - Restated(*)	**300,219,278**	**300**	**2,971**	**(86)**	**(3,877)**	**(692)**	**39**	**(653)**
Fair value adjustment on available-for-sale securities	-	-	-	-	(185)	**(185)**	-	**(185)**
Gain/(loss) on cash flow hedges	-	-	-	-	439	**439**	-	**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**
Other comprehensive income	***-***	***-***	***-***	***-***	***519***	***519***	***2***	***521***
Net result for the period	-	-	-	-	(638)	**(638)**	1	**(637)**
Total of income and expenses recognized	-	-	-	-	**(119)**	**(119)**	**3**	**(116)**
Change in scope	-	-	-	-	**(3)**	**(3)**	3	**-**
Perpetual	-	-	-	-	**600**	**600**	-	**600**
Treasury shares	-	-	-	2	-	**2**	-	**2**
June 30, 2015	**300,219,278**	**300**	**2,971**	**(84)**	**(3,399)**	**(212)**	**45**	**(167)**

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

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

Consolidated statements of cash flows (unaudited)

In € million **Period from January 1 to June 30**	***Notes***	**2015**	**2014 Restated (*)**
Net income from continuing operations		(637)	(615)
Net income from discontinued operations	***15***	-	(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	***11***	(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	***13***	(105)	(54)
Impairment		-	106
Other non-monetary items		63	(168)
Subtotal		**230**	**214**
Of which discontinued operations		***-***	***(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
Net cash flow from operating activities		**1,092**	**884**
Acquisition of subsidiaries, of shares in non-controlled entities		(9)	(37)
Purchase of property, plant and equipment 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)
Net cash flow used in investing activities		**(688)**	**(599)**
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)	-
Net cash flow from financing activities		**(55)**	**(511)**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		(22)	(77)
Change in cash and cash equivalents and bank overdrafts		**327**	**(303)**
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)

Period from January 1, 2015 to June 30, 2015

Note 1 Business description

As used herein, the term “Air France-KLM” refers to Air France-KLM S.A., a limited liability company organized under French law.

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.

Note 2 Restatements 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 impacts of this reclassification on the income statement as of June 30, 2014 are the following:

In € million	**June 30, 2014**	**December 31, 2014**
External expenses	(208)	(445)
Salaries and related costs	(65)	(128)
Other income and expenses	273	573
Income from current operations	**-**	**-**

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 as of June 30, 2014 are the following:

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

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

In € million	**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**

Note 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.

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 five years.

Note 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.

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 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.

Note 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

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 fully 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 Belgian 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.

Note 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 as 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.

• Activity by destination

Group activities by destination are divided into six geographical 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

In € million	**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)
External sales	**9,663**	**1,230**	**776**	**449**	**180**	**-**	**12,298**
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
Net income from continuing operations	**33**	**(190)**	**61**	**(75)**	**7**	**(473)**	**(637)**

• First semester ended June 30, 2014 restated

In € million	**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)
External sales	**9,477**	**1,344**	**576**	**435**	**173**	**-**	**12,005**
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
Net income from continuing operations	**(135)**	**(198)**	**50**	**(65)**	**8**	**(275)**	**(615)**

6.2 Information by geographical area

Sales by geographical area

• First semester ended June 30, 2015

In € million	Metropolitan France	Benelux	Europe (excl. France and Benelux), North Africa	Africa (excl. North Africa)	Middle East, 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
Total passenger network	**3,054**	**919**	**2,206**	**442**	**225**	**901**	**1,350**	**566**	**9,663**
Scheduled cargo	175	123	332	77	22	212	137	73	1,151
Other cargo sales	14	4	19	7	1	11	17	6	79
Total cargo	**189**	**127**	**351**	**84**	**23**	**223**	**154**	**79**	**1,230**
Maintenance	462	253	12	-	-	-	49	-	776
Transavia	144	305	-	-	-	-	-	-	449
Others	104	15	2	39	-	-	-	20	180
Total	**3,953**	**1,619**	**2,571**	**565**	**248**	**1,124**	**1,553**	**665**	**12,298**

• First semester ended June 30, 2014

In € million	Metropolitan France	Benelux	Europe (excl. France and Benelux), North Africa	Africa (excl. North Africa)	Middle East, 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
Total passenger network	**3,041**	**934**	**2,281**	**430**	**201**	**858**	**1,167**	**565**	**9,477**
Scheduled cargo	188	123	377	71	26	244	150	75	1,254
Other cargo sales	24	9	18	5	1	11	17	5	90
Total cargo	**212**	**132**	**395**	**76**	**27**	**255**	**167**	**80**	**1,344**
Maintenance	360	185	13	-	-	-	18	-	576
Transavia	125	310	-	-	-	-	-	-	435
Others	105	16	3	32	-	-	-	17	173
Total	**3,843**	**1,577**	**2,692**	**538**	**228**	**1,113**	**1,352**	**662**	**12,005**

Traffic sales by geographical area of destination

• First semester ended June 30, 2015

In € million	**Metropolitan France**	**Europe (excl. France), North Africa**	**Caribbean, French Guyana, Indian Ocean**	**Africa (excl. 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
Total	**951**	**2,173**	**794**	**1,423**	**3,150**	**1,908**	**10,399**

• First semester ended June 30, 2014

In € million	**Metropolitan France**	**Europe (excl. France), North Africa**	**Caribbean, French Guyana, Indian Ocean**	**Africa (excl. 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
Total	**949**	**2,168**	**771**	**1,459**	**3,004**	**1,956**	**10,307**

Note 7 External expenses

In € million **Period from January 1 to June 30**	**2015**	**2014 Restated**
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
Total	**8,420**	**7,824**
Excluding aircraft fuel	*5,278*	*4,635*

Note 8 Salaries and number of employees

8.1 Salaries and related costs

In € million **Period from January 1 to June 30**	**2015**	**2014 Restated**
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
Total	**3,841**	**3,752**

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" amongst others include the CICE tax credit.

8.2 Average number of employees

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

Note 9 Amortization, depreciation and provisions

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

Note 10 Other income and expenses

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

From January 1, 2015, the Group decided to isolate the items relating to 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.

Note 11 Other non-current income and expenses

In € million **Period from January 1 to June 30**	**2015**	**2014**
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
Other non-current income and expenses	**89**	**(117)**

- **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 plan 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.

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.

- **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.

Note 12 Net cost of financial debt and other financial income and expenses

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

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, mainly linked to the revaluation of the US dollar portion of the maintenance provisions.

As of June 30, 2014, the foreign exchange losses amongst others 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.

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.

Note 13 Income taxes

13.1 Income tax charge

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

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 was also 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 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 first semester 2015 losses. The income tax charge 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.

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

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

Note 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.

Note 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.

Note 16 Earnings per share

Reconciliation of income used to calculate earnings per share

The results used to calculate earnings per share are as follows

In € million **Period from January 1 to June 30**	**2015**	**2014 Restated**
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

In € million **Period from January 1 to June 30**	**2015**	**2014**
Weighted average number of:		
- 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)
Number of shares used to calculate basic earnings per share	**296,039,474**	**296,039,474**
OCEANE conversion	15,946	-
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	**296,055,420**	**296,039,474**

Note 17 Tangible assets

	As of June 30, 2015			As of December 31, 2014		
In € million	**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
Flight equipment	**18,382**	**(9,539)**	**8,843**	**18,072**	**(9,344)**	**8,728**
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
Other tangible assets	**5,298**	**(3,578)**	**1,720**	**5,215**	**(3,465)**	**1,750**
Total	**23,680**	**(13,117)**	**10,563**	**23,287**	**(12,809)**	**10,478**

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).

Note 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 of variations in 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 €51million of the “pension provisions”.

Note 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 four aircraft held for sale for a total amount of €3 million.

- **Year ended December 31, 2014**

As of December 31, 2014, the line "Assets held for sale" included the fair value of four aircraft held for sale for a total amount of €3 million.

Note 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:

	June 30, 2015		December 31, 2014	
In percentage (%)	**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
Total	**100**	**100**	**100**	**100**

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

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 shareholder for two years.

20.2 Reserves and retained earnings

In € million	*Notes*	June 30, 2015	December 31, 2014 Restated
Legal reserve		70	70
Distributable reserves		301	412
Perpetual bonds	***3.1***	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)
Total		**(3,399)**	**(3,877)**

Note 21 Provisions

	June 30, 2015			December 31, 2014 Restated		
In € million	**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
Total	**1,457**	**813**	**2,270**	**1,404**	**731**	**2,135**

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 filled 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

Other provisions relate principally to power-by-the-hour contracts (maintenance activity of the Group), provisions for onerous leases, provisions for the portion of CO_2 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.

Note 22 Financial debt

	June 30, 2015			December 31, 2014		
In € million	**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
Total	**8,274**	**1,141**	**9,415**	**7,994**	**1,885**	**9,879**

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:

In € million	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
Total	**3,231**	**3,047**	**3,798**	**3,815**

Note 23 Lease commitments

23.1 Financial leases

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

In € million	**June 30, 2015**	**December 31, 2014**
Flight equipment	4,315	3,963
Buildings	514	521
Other	115	122
Total	**4,944**	**4,606**

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).

Note 24 Flight equipment orders

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

In € million	**June 30, 2015**	**December 31, 2014**
2nd semester Y (6 months)	255	-
Y+1	930	566
Y+2	1,053	797
Y+3	1,195	811
Y+4	1,234	1,064
> Y+4	3,926	4,793
Total	**8,593**	**8,031**

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 four aircraft over the period.

Long-haul fleet (passenger)

The Group took delivery of three 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 two Embraer 190s.

The Group took delivery of one Bombardier CRJ1000.

The Group's commitments concern the following aircraft:

Aircraft type	To be delivered in	Y (6 months)	Y+1	Y+2	Y+3	Y+4	Beyond Y+4	Total
Long-haul fleet – passenger								
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**
Medium-haul fleet								
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**
Regional fleet								
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	-	-	-	-	-	-	**-**
CRJ1000	As of June 30, 2015	-	-	-	-	-	-	**-**
	As of December 31, 2014	-	1	-	-	-	-	**1**

Note 25 Related parties

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

Information and control

Attestation by the person responsible for the first half financial report to June 30, 2015

I hereby declare that, to the best of my knowledge, the condensed financial statements for the first half of the 2015 financial year have been established in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the companies within the consolidation scope, and that the first half activity report presents a true picture of the significant events arising during the first six months of the financial year and of their impact on the first half financial statements, the main related party agreements together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Alexandre de Juniac
Chairman and Chief Executive Officer

Statutory Auditors' review report on the half-year financial information

For the six-month period ended June 30, 2015

To the Shareholders,

Following our appointment as Statutory Auditors by your Annual General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying half-year condensed consolidated financial statements of Air France-KLM S.A. for the six-month period ended June 30, 2014,
- the verification of information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I- Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union applicable to interim financial statements.

Without qualifying our opinion, we draw your attention to the matter set out in Note 2 to the consolidated financial statements regarding the changes in accounting policies related to the presentation of capitalized production in the income statement as well as the conversion method of provisions in foreign currencies.

II- Specific verification

We have also verified the information given in the half-year management report on the half-year condensed consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-year condensed consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, July 24, 2015

The Statutory Auditors

KPMG Audit *A division of KPMG S.A.*		Deloitte & Associés	
Jean-Paul Vellutini *Partner*	Eric Jacquet *Partner*	Pascal Pincemin *Partner*	Guillaume Troussicot *Partner*

This is a free translation into English of the statutory auditors' review report issued in French language and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information presented in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Document produced by Air France-KLM's Investor Relations Department