

FINANCIAL YEAR 2011

QUARTER JULY-SEPTEMBER 2011

- ▶ 2.1% rise in revenues to 6.79 billion euros
- ▶ Operating costs excluding fuel bill under control
- ▶ Operating result of 397 million euros

HALF YEAR APRIL-SEPTEMBER 2011

- ▶ 5.2% rise in revenues to 13.0 billion euros
- ▶ Operating result of 252 million euros

The Board of Directors of Air France-KLM, chaired by Jean-Cyril Spinetta, met on 9th November 2011 to examine the accounts for the half-year April-September 2011.

Jean-Cyril Spinetta made the following comment: *“Despite the many measures pursued over the last three years, our insufficient profitability in recent quarters, in an economic environment affected by the weak global demand and high oil prices, shows that we need to go further. This context requires the new management to focus on three priorities. The first is the re-establishment of the Group’s competitiveness, implying additional cost savings. The second is the restructuring of our short and medium-haul activity. The third is a rapid reduction in our debt. An action plan for these priorities will be presented during the first quarter of 2012. I am confident that both Air France and KLM will be able to deliver an effective response to these new challenges.”*

Key data

In euro millions, except per share data in euros	Quarter to 30 th September			Half year to 30 th September		
	2011	2010	Change	2011	2010	Change
Revenues	6,789	6,649	2.1%	13,009	12,370	5.2%
EBITDAR ¹	1,018	1,232	(17.4)%	1,522	1,716	(11.3)%
Operating income / (loss)	397	576	(31.1)%	252	444	(43.2)%
Adjusted operating income / (loss) ²	468	649	(27.9)%	395	585	(32.5)%
Net income / (loss), group share	14	290	(95.2)%	(183)	1,026	nm
Restated net income / (loss) ³	117	366	(68.0)%	(94)	104	nm
Earnings / (loss) per share	0.05	0.98	nm	(0.62)	3.48	nm
Diluted earnings / (loss) per share	0.05	0.81	nm	(0.62)	2.81	nm

Quarter July-September 2011

Activity: Robust traffic, but insufficient unit revenues to offset higher fuel bill

Traffic was dynamic in the passenger activity but began to erode in cargo. Moreover, the level of unit revenues was insufficient to offset the rise in the fuel bill.

¹ Before amortisation, provisions and operating leases

² Adjusted for the portion of operating leases in provisions (34%)

³ See definition on page 133 of the 2010-11 Registration Document. Reconciliation table available in the results presentation.

Passenger traffic rose 7.9% for capacity up by 6.3%. The load factor gained 1.3 points to 86.1%. Unit revenue per available seat kilometre, (RASK) declined by 3.2% (-0.6% ex-currency). Revenues rose 2.9% to 5.28 billion euros, limited by a 2.6% negative currency impact. The operating result of the passenger business amounted to 356 million euros (453 million euros at 30th September 2010). The negative impact of the crises is estimated at 45 million euros.

The cargo business recorded traffic down 2.1% for capacity up 1.5%, leading to a 2.3 point decline in load factor to 63.7%. Unit revenue per available ton kilometre (RATK) declined 2.8%, but rose by 2.4% ex-currency. Revenues stood at 773 million euros (-1.7%). The operating result stood at -37 million euros (7 million euros at 30th September 2010).

Total revenues for the group amounted to 6.79 billion euros versus 6.65 billion euros at 30th September 2010, up 2.1%, despite a negative currency impact of 2.8%.

Results: operating result of 397 million euros

Operating costs rose 5.3% and 2.3% ex-fuel. In equivalent available seat kilometres (EASK), unit costs were up 0.8% but down 1.9% on a constant currency and fuel price basis, for production measured in EASK up by 4.9%. The 'Challenge 12' cost saving plan generated 106 million euros in savings.

The main changes in operating costs related to fuel and currency hedging. The fuel bill increased by 14.2%, or 214 million euros, under the combined effect of 4% increase in volume, a favourable currency effect of 12% and a rise in the fuel price after hedging of 24%. Currency hedges, included in the item 'Other income and expenses' went from a profit of 52 million euros at 30th September 2010 to a loss of 5 million euros. Employee costs rose 2.0% to 1.86 billion euros.

The operating result stood at 397 million euros (576 million euros a year ago). The adjusted operating result stood at 468 million euros, implying a margin of 6.9%.

Net interest costs were stable at 95 million euros (93 million euros at 30th September 2010). Other financial income and costs stood at -268 million euros (41 million euros at 30th September 2010) including a currency result of -125 million euros and a decline in the fair value of hedging instruments of 145 million euros. As a result, the net result stood at 14 million euros (290 million euros at 30th September 2010). The net result restated for non-recurring and non-cash derivative items stood at 117 million euros (366 million euros at 30th September 2010).

Per share, both the net and diluted net result stood at 0.05 euros against 0.98 and 0.81 respectively at 30th September 2010.

Six Months April-September 2011

The result at 30th September 2011 was impacted by the crises affecting several important networks for the group. The operating loss relating to these events is estimated at 130 million euros.

The passenger business saw traffic and capacity up by 8.6% and 8.1% respectively. The load factor gained 0.4 points to 83.7%. Unit revenue per available seat kilometre (RASK) fell by 1.8% but was stable on a constant currency basis; the decline was also due to the deployment of more densified aircraft, leading to an automatic dilution of unit revenues, offset by the improvement in unit costs.

In cargo, traffic was stable (-0.1%) for capacity up 3.8%, leading to a 2.5 point decline in load factor to 65.2%. Unit revenue per available tonne kilometre, (RATK) dropped 2.7% (+1.6% ex-currency).

Total revenues stood at 13.01 billion euros, up 5.2% despite a negative currency impact of 2.0%. Operating costs rose 7.0% and 4.3% ex-fuel. The 'Challenge 12' cost saving plan generated 235 million euros in savings. Aside from the increase in the fuel bill (+15.1%), currency hedges, accounted under the item 'Other income and expenses' went from a profit of 113 million euros at 30th September 2010 to a loss of 17 million euros at 30th September 2011.

The operating result stood at 252 million euros (444 million euros at 30th September 2010) and the adjusted operating result at 395 million euros, implying a margin of 3.0%.

Net result, group share, stood at -183 million euros (1.03 billion euros at 30th September 2010 after 1.03 billion euros in capital gains on Amadeus). The net result restated¹ for non-recurring and non-cash derivative items amounted to -94 million euros (+104 million euros at 30th September 2010).

Per share, both the net and diluted net result stood at -0.62 euros against 3.48 euros and 2.81 euros respectively at 30th September 2010.

A high level of liquidity

Investments net of disposals came to 743 million euros at 30th September 2011 (696 million euros at 30th September 2010). Operating cash flow stood at 263 million euros. Shareholders' funds stood at 6.23 billion euros. Net debt amounted to 6.50 billion euros (5.89 billion euros at 31st March 2011). The gearing ratio² stood at 1.04, and was also 1.04 excluding derivative instruments (0.85 and 0.90 respectively at 31st March 2011).

At September 30th, 2011, the Group benefited from a high level of liquidity with cash of 3.4 billion euros and available credit facilities of 1.85 billion euros.

Outlook for 2011

The current economic climate continues to impact international trade as well as business confidence, leading to volatility in both traffic and revenues. As early as July the group took the decision to reduce planned Winter 2011 long-haul capacity growth from 5% to 3%. However, this difficult environment is being exacerbated by volatile currency movements and a high fuel price. In these conditions, the group anticipates a negative operating result for the quarter October-December 2011 and, consequently, for the calendar year 2011³ (as a reminder, the current financial year comprises the nine month period from April to December 2011 and will generate a positive operating result).

¹ See definition on P 133 of the 2010-11 Registration Document. Reconciliation table available in the results presentation.

² See definition in the 2010-11 Registration Document page 134. Reconciliation table available in the results presentation

³ The operating result for the first nine months of calendar year 2011 was -151 million euros. An unaudited income statement is available in the results presentation.

Information by business

Passenger

	Quarter to 30 th September			Half year to 30 th September		
	2011	2010	Change	2011	2010	Change
Traffic (RPK millions)	60,917	56,457	7.9%	114,845	105,739	8.6%
Capacity (ASK millions)	70,746	66,558	6.3%	137,277	126,993	8.1%
Load factor	86.1%	84.8%	1.3 pts	83.7%	83.3%	0.4 pts
Total passenger revenues (€m)	5,276	5,125	2.9%	10,078	9,493	6.2%
Revenues from scheduled passenger business (€m)	5,055	4,897	3.2%	9,641	9,061	6.4%
Unit revenue per RPK (€cts)	8.30	8.70	(4.6) %	8.39	8.59	(2.3) %
Unit revenue per RPK ex currency (€cts)	-	-	(2.0)%	-	-	(0.4)%
Unit revenue per ASK (€cts)	7.14	7.38	(3.2)%	7.02	7.15	(1.8)%
Unit revenue per ASK ex currency (€cts)	-	-	(0.6)%	-	-	0.0%
Unit cost per ASK (€cts)	6.56	6.62	(0.9)%	6.79	6.82	(0.5)%
Unit cost per ASK at constant currency and fuel price (€cts)	-	-	(3.0)%	-	-	(2.8)%
Operating income (€m)	356	453	(21.4)%	216	311	(30.5)%

Cargo

	Quarter to 30 th September			Half year to 30 th September		
	2011	2010	Change	2011	2010	Change
Traffic (RTK millions)	2,813	2,872	(2.1)%	5,680	5,685	(0.1)%
Capacity (ATK millions)	4,418	4,352	1.5%	8,711	8,393	3.8%
Load factor	63.7%	66.0%	(2.3) pts	65.2%	67.7%	(2.5) pts
Total cargo business revenues (€m)	773	786	(1.7)%	1,572	1,560	0.8%
Revenues from the transportation of cargo (€m)	731	741	(1.3)%	1,490	1,475	1.0%
Unit revenue per RTK (€cts)	26.02	25.84	0.7%	26.25	25.96	1.1%
Unit revenue per RTK ex currency (€cts)	-	-	6.1%	-	-	5.5%
Unit revenue per ATK (€cts)	16.58	17.05	(2.8)%	17.12	17.58	(2.7)%
Unit revenue per ATK ex currency (€cts)	-	-	2.4%	-	-	1.6%
Unit cost per ATK (€cts)	17.14	16.62	3.2%	17.43	17.10	1.9%
Unit cost per ATK on constant currency and fuel price (€cts)	-	-	(0.6)%	-	-	(2.0)%
Operating income (€m)	(37)	7	nm	(51)	18	nm

Maintenance

Maintenance generated third party revenues of 272 million euros for the quarter July-September 2011 versus 288 million euros at 30th September 2010. This 5.6% decline was mainly attributable to a negative currency effect of 8%, since a large part of revenues are invoiced in US dollars. The operating result stood at 18 million euros (61 million euros at 30th September 2010). Over six months revenues amounted to 534 million euros versus 532 million euros a year earlier, also affected by an 7% negative currency impact. The operating result stood at 41 million euros after 23 million euros in exceptional costs linked to a strike at line maintenance (81 million euros at 30th September 2010). The engines and components business continued to perform well.

Other businesses

Other activities comprise mainly the leisure and the catering business. In the July to September quarter total revenues for these businesses amounted to 468 million euros (450 million euros at 30th September 2010). The operating result stood at 60 million euros (55 million euros at 30th September 2010).

For the half year, revenues stood at 825 million euros (785 million euros a year earlier) and the operating result at 46 million euros (34 million euros a year earlier).

The **leisure** business includes Transavia and the leisure activity of Martinair. The latter is continuing to shrink this business, as KLM progressively assumes its capacities. For the quarter July to September this business generated revenues of 357 million euros (+2.7%) and an operating result of 52 million euros (43 million euros a year earlier). Over six months, revenues rose 3.9% to 612 million euros while the operating result rose from 23 million euros at 30th September 2010 to 40 million euros at 30th September 2011.

Catering saw third party revenues of 95 million euros (+0.8%) and an operating result of 10.5 million euros down 6.5% for the July to September quarter. Over six months third party revenues stood at 179 million euros (+11%) while the operating result rose from 8.4 million euros to 13 million euros (+54.8%).

Additional information

The statutory auditors have completed their limited review of the interim consolidated financial statements and the limited review report will be published on finalisation of the procedures required for the publication of the first half financial report.

The results presentation will be available on line at www.airfranceklm-finance.com on November 10th 2011 at 8h00 CET.

Practical information

An Analysts' Meeting will be held on November 10th 2011 at 10h00 CET in Pavillon Gabriel, 5, avenue Gabriel, 75008 Paris.

- ▶ A live broadcast of the Analysts' Meeting will also be available on the website: www.airfranceklm-finance.com (password: AKHH1)
- ▶ A recording of the meeting will be available on the website in the afternoon.

Audio-web conference:

- ▶ to connect to the conference call, please dial
 - UK 44 (0)20 7162 0125 (password: AKH)
 - US 1 334 323 6203 (password: AKH)
- ▶ To listen to a recording of the conference in English, dial
 - UK 44 (0)20 7031 4064 (code: **904569**)
 - US 1 954 334 0342 (code: **904569**)

Contact

Dominique Barbarin
SVP Investor Relations
Tel : +33 1 41 56 88 60
Email : do barbarin@airfrance.fr

Bertrand Delcaire
VP Investor Relations
Tel : +33 1 41 56 72 59
Email : bedelcaire@airfrance.fr

INCOME STATEMENTS (unaudited)

In euros millions

	2 nd Quarter (July to September)			April to September		
	2011	2010	Variation	2011	2010	Variation
SALES	6,789	6,649	2.1%	13,009	12,370	5.2%
Other revenues	5	5	0.0%	26	5	nm
EXTERNAL EXPENSES	-4,093	-3,822	7.1%	-8,052	-7,431	8.4%
Aircraft fuel	-1,717	-1,503	14.2%	-3,390	-2,944	15.1%
Chartering costs	-157	-127	23.6%	-301	-245	22.9%
Aircraft operating lease costs	-210	-215	-2.3%	-421	-416	1.2%
Landing fees and en route charges	-485	-475	2.1%	-948	-901	5.2%
Catering	-153	-150	2.0%	-297	-285	4.2%
Handling charges and other operating costs	-356	-343	3.8%	-689	-665	3.6%
Aircraft maintenance costs	-324	-310	4.5%	-614	-595	3.2%
Commercial and distribution costs	-227	-257	-11.7%	-461	-496	-7.1%
Other external expenses	-464	-442	5.0%	-931	-884	5.3%
Salaries and related costs	-1,860	-1,823	2.0%	-3,792	-3,690	2.8%
Taxes other than income taxes	-50	-45	11.1%	-100	-90	11.1%
Amortization and depreciation	-411	-413	-0.5%	-817	-812	0.6%
Provisions	-	-28	nm	-31	-44	-29.5%
Other income and expenses	17	53	-67.9%	9	136	-93.4%
INCOME FROM CURRENT OPERATIONS	397	576	-31.1%	252	444	-43.2%
Sales of aircraft equipment	9	-5	nm	9	6	50.0%
Sales of subsidiaries	-	-	nm	-	-	nm
Negative goodwill	-	-	nm	-	-	nm
Other non-current income and expenses	-12	-122	nm	-10	877	nm
INCOME FROM OPERATING ACTIVITIES	394	449	-12.2%	251	1,327	nm
Income from cash and cash equivalents	22	19	15.8%	48	42	14.3%
Cost of financial debt	-117	-112	4.5%	-230	-231	-0.4%
<i>Net cost of financial debt</i>	<i>-95</i>	<i>-93</i>	<i>2.2%</i>	<i>-182</i>	<i>-189</i>	<i>-3.7%</i>
Foreign exchange gains (losses), net	-125	46	nm	-158	-54	nm
Change in fair value of financial assets and liabilities	-145	-8	nm	-140	-26	nm
Other financial income and expenses	2	3	nm	1	8	nm
INCOME BEFORE TAX	31	397	nm	-228	1,066	nm
Income taxes	-9	-103	-91.3%	72	-10	nm
NET INCOME OF CONSOLIDATED COMPANIES	22	294	nm	-156	1,056	nm
Share of profits (losses) of associates	-6	-1	nm	-24	-32	nm
INCOME FROM CONTINUING OPERATIONS	16	293	nm	-180	1,024	nm
Net income from discontinued operations	-	-	nm	-	-	nm
NET INCOME FOR THE PERIOD	16	293	nm	-180	1,024	nm
Minority interest	-2	-3	-33.3%	-3	2	nm
NET INCOME FOR THE PERIOD - GROUP	14	290	nm	-183	1,026	nm

CONSOLIDATED BALANCE SHEET (unaudited)

	in € millions	September 30, 2011	March 31, 2010
Assets			
Goodwill		421	422
Intangible assets		744	695
Flight equipment		10,894	11,040
Other property, plant and equipment		2,051	2,111
Investments in equity associates		401	422
Pension assets		3,143	2,995
Other financial assets <i>(including €569 million of deposits related to financial leases and €150 million of investments over one year as of September 30, 2011, compared to €503 million of deposits related to financial leases as of March 31, 2011)</i>		1,785	1,654
Deferred tax assets		1,140	933
Other non-current assets		116	156
Total non-current assets		20,695	20,428
Assets held for sale		21	21
Other short term financial assets <i>(including €95 million of deposits related to financial leases and €359 million of investments between 3 months and 1 year as of September 30, 2011, compared respectively to €149 million and €574 million as of March 31, 2011)</i>		482	751
Inventories		595	558
Trade accounts receivables		2,140	1,938
Income tax receivables		5	6
Other current assets		922	1,550
Cash and cash equivalents		2,879	3,717
Total current assets		7,044	8,541
Total assets		27,739	28,969

	in € millions	September 30, 2011	March 31, 2010
Liabilities and equity			
Issued capital		300	300
Additional paid-in capital		2,971	2,971
Treasury shares		(87)	(94)
Reserves and retained earnings		2,990	3,675
Equity attributable to equity holders of Air France-KLM		6,174	6,852
Non-controlling interests		53	54
Total equity		6,227	6,906
Provisions and retirement benefits		2,006	1,930
Long-term debt		8,676	8,980
Deferred tax liabilities		462	511
Other non-current liabilities		319	272
Total non-current liabilities		11,463	11,693
Liabilities related to assets held for sale		-	-
Provisions		174	287
Current portion of long-term debt		1,822	1,808
Trade accounts payables		2,338	2,211
Deferred revenue on ticket sales		2,217	2,440
Frequent flyer programs		784	806
Current tax liabilities		6	3
Other current liabilities		2,549	2,686
Bank overdrafts		159	129
Total current liabilities		10,049	10,370
Total liabilities		21,512	22,063
Total liabilities and equity		27,739	28,969

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

In € millions	2011	2010
Period from April 1 to September 30,		
Net income for the period – Equity holders of Air France-KLM	(183)	1,026
Non-controlling interests	3	(2)
Amortization, depreciation and operating provisions	848	856
Financial provisions	(1)	(8)
Gain on disposals of tangible and intangible assets	(15)	(8)
Gain on Amadeus operation	-	(1,030)
Derivatives – non monetary results	107	(14)
Unrealized foreign exchange gains and losses, net	136	61
Share of (profits) losses of associates	24	32
Deferred taxes	(94)	(4)
Other non-monetary items	(225)	(67)
Subtotal	600	842
(Increase) / decrease in inventories	(36)	(23)
(Increase) / decrease in trade receivables	(159)	(229)
Increase / (decrease) in trade payables	48	253
Change in other receivables and payables	(190)	(135)
Net cash flow from operating activities	263	708
Acquisition of subsidiaries and investments in associates, net of cash acquired	(6)	(6)
Purchase of property, plant and equipment and intangible assets	(1,423)	(1,128)
Proceeds on Amadeus transaction	-	193
Proceeds on disposal of property, plant and equipment and intangible assets	680	432
Dividends received	26	6
Decrease (increase) in investments, net between 3 months and 1 year	65	(76)
Net cash flow used in investing activities	(658)	(579)
Purchase of non-controlling interests, of shares in non-controlled entities	(2)	(3)
Disposal of subsidiaries without loss of control, of shares in non-controlled entities	-	10
Issuance of long-term debt	510	297
Repayment on long-term debt	(778)	(435)
Payment of debt resulting from finance lease liabilities	(276)	(258)
New loans	(33)	(43)
Repayment on loans	112	107
Dividends paid	(2)	(2)
Net cash flow from financing activities	(469)	(327)
Effect of exchange rate on cash and cash equivalents and bank overdrafts	(4)	(3)
Change in cash and cash equivalents and bank overdrafts	(868)	(201)
Cash and cash equivalents and bank overdrafts at beginning of period	3,588	3,635
Cash and cash equivalents and bank overdrafts at end of period	2,720	3,434

AIR FRANCE-KLM FLEET

Air France fleet

Aircraft	AF	Brit Air	City Jet	Régional	VLM	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 3/31/11
B747-400	10						3		7	10	10	
B777-300	34						14	5	15	34	34	3
B777-200	25						15	2	8	25	25	
B767-300												
A380-800	6						2	1	3	6	6	2
A340-300	16						10	2	4	16	15	-1
A330-200	15						3	2	10	15	15	
MD11												
Long haul	106						47	12	47	106	105	4
B747-400 cargo	5						2		3	5	3	
B777- cargo	2							2		2	2	
MD-11-CF												
MD-11-F												
Freighter	7						2	2	3	7	5	
B737 900												
B737-800						8			8	8	8	-1
B737-700												
B737-400												
B737-300												
A321	24						11	1	12	24	24	
A320	61						24	3	34	61	59	4
A319	44						21	4	19	44	44	
A318	18						13	5		18	18	
Medium haul	147					8	69	13	73	155	153	3
AVRO RJ 85			26				15		11	26	22	
Canadair Jet 1000		10					10			10	10	4
Canadair Jet 900												-1
Canadair Jet 700		15					6	9		15	15	
Canadair Jet 100		14					11	2	1	14	14	-1
Embraer 190				10			4		6	10	10	
Embraer 170				10			8	2		10	10	
Embraer 145				26			9	13	4	26	26	-1
Embraer 135				7			4	3		7	4	-2
Fokker 100		4					3		1	4	4	-2
Fokker 70												
Fokker 50					14		12		2	14	14	-1
Regional		43	26	53	14	8	82	29	25	136	129	-4

TOTAL	260	43	26	53	14	8	200	56	148	404	392	3
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KLM fleet

Aircraft	KLM	KLM Cityhopper	Transavia	Martinair	Owned	Finance lease	Operating lease	Total	In operation	Change / 3/31/11
B747-400	22				13	4	5	22	22	
B777-300	5					5		5	5	
B777-200	15					6	9	15	15	
B767-300				3			3	3	3	-1
A380-800										
A340-300										
A330-200	11					6	5	11	11	
MD11	10				8	2		10	10	
Long haul	63			3	21	23	22	66	66	-1
B747-400 cargo	4			4		3	5	8	5	
B777- cargo										
MD-11-CF				4	3		1	4	4	
MD-11-F				3		2	1	3	3	
Freighter	4			11	3	5	7	15	12	
B737 900	5					2	3	5	5	
B737-800	23		21		10	9	25	44	44	3
B737-700	16		10		3	12	11	26	26	6
B737-400	7				6		1	7	3	-5
B737-300	2				2			2	2	-1
A321										
A320										
A319										
A318										
Medium haul	53		31		21	23	40	84	80	3
AVRO RJ 85										
Canadair Jet 1000										
Canadair Jet 900										
Canadair Jet 700										
Canadair Jet 100										
Embraer 190		17				13	4	17	17	
Embraer 170										
Embraer 145										
Embraer 135										
Fokker 100		5			5			5	5	
Fokker 70		26			23	3		26	26	
Fokker 50										
Regional		48			28	16	4	48	48	
KLM	120	48	31	14	73	67	73	213	206	2
TOTAL Air France-KLM Group					273	123	221	617	598	5